International Journal of Small Business and Entrepreneurship Research
Vol.11, No.1, pp.,25-39, 2023
Print ISSN: 2053-5821(Print)
Online ISSN: 2053-583X (Online)
Website: https://www.eajournals.org/
Publication of the European Centre for Research Training and Development-UK

Major Determinants of Small and Medium-Sized Enterprises Growth in Ragwe Market, Homabay County, Kenya in Post Covid -19

Celestine Akoth [1], Michel Mutabazi [2]
[1] Student at Tangaza University College, Catholic University of Eastern Africa
[2] Faculty and Program Leader at Tangaza University College, Catholic University of Eastern Africa

doi: https://doi.org/10.37745/ijsber.2013/vol11n12539 Published March 15 2023

Citation: Akoth C. and Mutabazi M. (2023) Major Determinants of Small and Medium-Sized Enterprises Growth in Ragwe Market, Homabay County, Kenya in Post Covid -19, *International Journal of Small Business and Entrepreneurship Research*, Vol.11, No.1, pp.,25-39

ABSTRACT: *Small and Medium-Sized Enterprises (SMEs) play a pivotal economical role in various countries. The SMEs propel the growth of a country, create job opportunities, and increase the national income. There is a number of SMEs in Ragwe market on which many entrepreneurs rely for income and livelihood. However, SMEs growth is challenged with some of them dying in their first years of operations. The main objective of this study was to examine major determinants of growth of SMEs. The specific objectives were to examine how the i) management skills; ii) availability of ready market; iii) source of capital, iv) availability and accessibility to credit facilities, v) government policies and regulations affect the growth of SMEs in Ragwe Market. This was a cross-sectional study that targeted SMEs within Ragwe Market. A sample of 41 SMEs was selected using purposive sampling. The study made use of a questionnaire and SPSS 22 was used to analyse the data. The frequencies, percentages, chi-square test, multiple linear regression and ANOVA were used in data analysis. The study found that management skills, availability of ready market, source of capital, availability and accessibility of credit facilities, and government policies and regulations significantly influence the growth of SMEs in Ragwe Market ($p < 0.05$) with management skills being the most important determinant of SMEs growth. The regression model with the five variables managed to explain 73.9% of variance. Therefore, further studies should be done to capture more factors influencing SMEs growth in post covid-19 era.*
KEYWORDS: SMEs, management skills, credit facilities, capital, ready market, government policies and regulations, growth.

INTRODUCTION

The Small and Medium-Sized Enterprises (SMEs) are interpreted in various ways across the globe. SMEs are critical for long-term expansion in almost all the sectors of the economy, particularly in developing countries. According to World Bank (2023) SMEs represent about 90% of businesses and more than 50% of employment worldwide. Besides, Formal SMEs contribute up to 40% of national income in emerging economies. There are many other informal SMEs which make the above numbers significantly higher (World Bank, 2023). In emerging markets, most formal jobs are generated by SMEs, which create 7 out of 10 jobs (World Bank, 2023). The SMEs represent 99% of all businesses in the EU (2023). In the United Kingdom and Finland, SMEs represent respectively over 90% and 70% of clean technology businesses (Carbon Trust; ETLA, 2017). The Small Business Administration (SBA) Office of Advocacy reported over 32.5 million small businesses in the U.S. at the end of 2021 (SBA, 2021). In addition to this, within the United States economy, small businesses comprise 99.9% of all firms, 99.7% of all firms with paid employees, and 97.4% of exporters (SBA, 2021).

Most companies that have prospered and persisted for a long time build their management on appropriate knowledge and abilities. These abilities include managerial skills, character traits, and business competencies to lead an enterprise (Njuguna, 2016). This emphasizes the requirement for the business owner to have management abilities for any business to succeed. Through this, he or she will be able to assess whether the company is making a profit/loss or not and may be able to decide what strategies to implement to grow the company. Because the owners lack the necessary essential abilities for managing business operations and business contacts, most enterprises fail in their early phases of operations due to the influence of individual factors (Sarwoko and Frisdiantara, 2016). Lack of necessary management and maintenance skills will ultimately hinder the expansion of those businesses.

It is said in business that the customer is king (Ebitu, 2016). In general, anyone starting a firm need to keep the customers in mind. These are the people who purchase the goods and services on the market. Customers are crucial to the viability of any firm because they enable a steady flow of money. Therefore, a key aspect influencing how quickly a business grows is the market availability. Indeed, it is crucial for every businessperson to ascertain which products and services best suit the customers in a specific area. The method used for this is marketing. Marketing aids in raising consumer knowledge of specific products and services that are offered on the market. Because of this, "marketing continues to be the core engine of any existing firm, and its primary goal is to attract, expedite transactions or exchange process, and preserve clients at a profit" (Ebitu, 2016). The entrepreneur must conduct market research and understand the demands of the local populace before starting a firm. If done incorrectly, this could hinder the company's expansion and ultimately result in failure.

The capital is crucial to any company endeavour. This is due to the fact that without money to propel it into existence, no firm can exist. Despite the necessity of cash for any firm, the majority of SMEs have inadequate financial resources. This has an impact on the expansion of these businesses. This necessitates the creation of chances that make it simple to get capital for business growth. Loans and other forms of credit can be used to achieve this (Njuguna, 2016). Capital must be considered before starting a business because no one can start one without readily available capital. In this situation, business investment capital substantially aids in the growth of SMEs globally, and Kenya in particular. Financial constraints are a significant barrier to the expansion of majority of small businesses in Kenya (Njuguna, 2016) before covid-19. The biggest obstacle to the growth of Kenya's smallest businesses is obtaining the necessary business finance to expand. Small businesses typically need smaller loans to launch new ventures or expand already existing ones. Therefore, if finding a way to access loan facilities proves difficult, this poses a serious difficulty for them and impedes their progress. This is supported by the fact that most developing nations lack adequate regulatory frameworks, which makes it more challenging for financial institutions to give loans to small- and medium-sized businesses (Macharia, 2011). As a result, the majority of Kenya's small enterprises find it extremely difficult to access capital, which limits their ability to expand.

On the significance of SMEs, Nemanja and Slavica (2014) asserted that SMEs play a significant role in economic growth in the world, especially in the developing countries. The problem of SMEs access to funds has been discussed for years now, ever since the publication of Macmillan Report in 1931 (Stamp, 1931). Abor and Biekpe (2006) conducted research on SMEs financing initiatives in Ghana. In their research, they deduce that SMEs play very crucial function in economic development in Ghana. They also discovered that the main challenge facing SMEs is difficulties in accessing funds to run and maintain business operations. A study was done in Nairobi County to determine the factors affecting SMEs by Akinyi (2018). The study concluded that government regulations affect to a very large extent the growth of SMEs. The study also established that access to capital had led to improvements in business performance and competition from rival businesses affect performance (Akinyi, 2018). Another study was done by Njuguna (2016) to examine the factors affecting growth of SMEs in Kenya. The study concluded that access to and cost of capital is the biggest challenge facing small entrepreneurs in Nairobi. The study also concluded that, the cost of training the small business operators is high and majority of business owners opt to run business without any training (Njuguna, 2016).

According to the Kenya Bankers Association (2021), MSMEs (Micro, Small and Medium-Enterprises) play an instrumental role in the Kenyan economy, in creating employment and supporting livelihoods. It is estimated that the sector employs over 15 million people and contributes about 30% to the national value-added. Despite this, MSMEs continue to face substantial challenges, key among them limited access to finance that impedes their growth (Kenya Bankers Association, 2021). In addition to this, despite the significance of SMEs, they have been faced with a number of factors that hinder them to flourish. For example, during the onset of COVID-19 pandemic (Siddiqui et al., 2020) many SMEs were affected, some were forced to lay off some workers which in turn reduced their output and sales. Other SMEs were also forced to shut down because they were not able to operate under COVID-19 environment. Manufacturing

SMEs were also affected in that they were not able to import raw materials for their production because cargo transportation was on hold due to COVID-19 (Siddiqui et al., 2020; WHO, 2020, WHO, 2023).

The Kenya's economy, like that of many other countries, has been affected by Covid-19. Although the overall unemployment in Kenya is at 12.7 percent, youth (15 - 34 years old), who form 35 percent of the Kenyan population, have the highest unemployment rate of 67 percent (Federation of Kenya Employers, 2023). While this is lower than the average for many African countries, it is still a significant issue, and a major challenge for the government. In order to address this issue, the government is implementing various policies to promote job creation which include provision of funds such as the youth enterprise development fund which facilitate the youth to start new businesses. Debt and borrowing is another major economic challenge in Kenya. Kenyan debt has increased to 8898.83 billion Kenyan shilling in November 2022 from 8745.66 billion KSH in October of 2022. As of June 2022, external debt constituted about 50% of the public debt, up from 45% as of March 2013 (Mageto, 2022). High proportions of revenue go to debt servicing and therefore the government appears to be borrowing beyond the nation's means (Mageto, 2022). The external debt burden has worsened due to persistent fall in the value of the Kenya Shilling and the economic crisis that followed the Covid-19 restrictions. As of 2021, the total public debt stands at over 70% of the Kenya's GDP, which has raised concerns about its sustainability and potential impact on the economy. The increase in debt levels has had both positive and negative effects on the Kenyan economy. The borrowing has helped to finance the government spending and investment in infrastructure, but on the other hand, it has also put pressure on the country's fiscal position and increased its vulnerability to external shocks. The government has however taken steps to manage the growth of debt and borrowing to ensure sustainability and stability of the economy, while also promoting economic growth and development. It is in this environment that may SMEs are operating during post covid-19 times. Therefore, government policies and regulations will indeed either promote the growth of SMEs or hinder them from developing.

The bulk of Kenyan SMES are in the retail, restaurant, carpentry, butchery, welding, and vegetable vending industries, but these small businesses have not been particularly assisted over the last several years (Njuguna, 2016). This has had a negative impact on such firms to the point that they must shut down quickly after beginning. This explains why small and medium-sized businesses don't last very long before going out of business. This indicates that the government has not provided enough financial assistance to these firms. The ever-changing world and the fast-paced nature of life today, has pushed people to engage in multiple streams of income in order to meet and satisfy their needs especially in post covid-19 period. For example, in Kenya today, the desire and need to run a business is evident in both urban and rural areas. Most people have found themselves starting and engaging in small and medium -sized businesses as the only way out of financial difficulties. This study sought to examine the major determinants of the growth of SMEs in Ragwe Market, an almost rural area market, during the post covid-19 period. This study chose

Vol.11, No.1, pp.,25-39, 2023
Print ISSN: 2053-5821(Print)
Online ISSN: 2053-583X (Online)
Website: https://www.eajournals.org/
Publication of the European Centre for Research Training and Development-UK

to analyse only 5 major factors namely management skills, availability of ready market, source of capital, availability and accessibility of credit facilities, and government regulations and policies. This will help us to see if there is any change in the way these factors influenced the SMEs before the onset of covid-19 and during the recovery from the pandemic. Specifically, the study answered the following research questions: (i) In what ways do management skills affect the growth of SMEs in Ragwe Market, Homabay County? (ii) How does the availability of ready market affect SMEs growth in Ragwe Market, Homabay County? (iii) How does source of capital affect the growth of SMEs in Ragwe Market, Homabay County? (iv)How does availability and accessibility of credit facilities affect the growth of SMEs in Ragwe Market, Homabay County? (v) In which way does the government regulation and policies affect the growth of SMEs in Ragwe Market, Homabay County?

Figure 1.1 Conceptual Framework

Independent Variables **Dependent Variable**

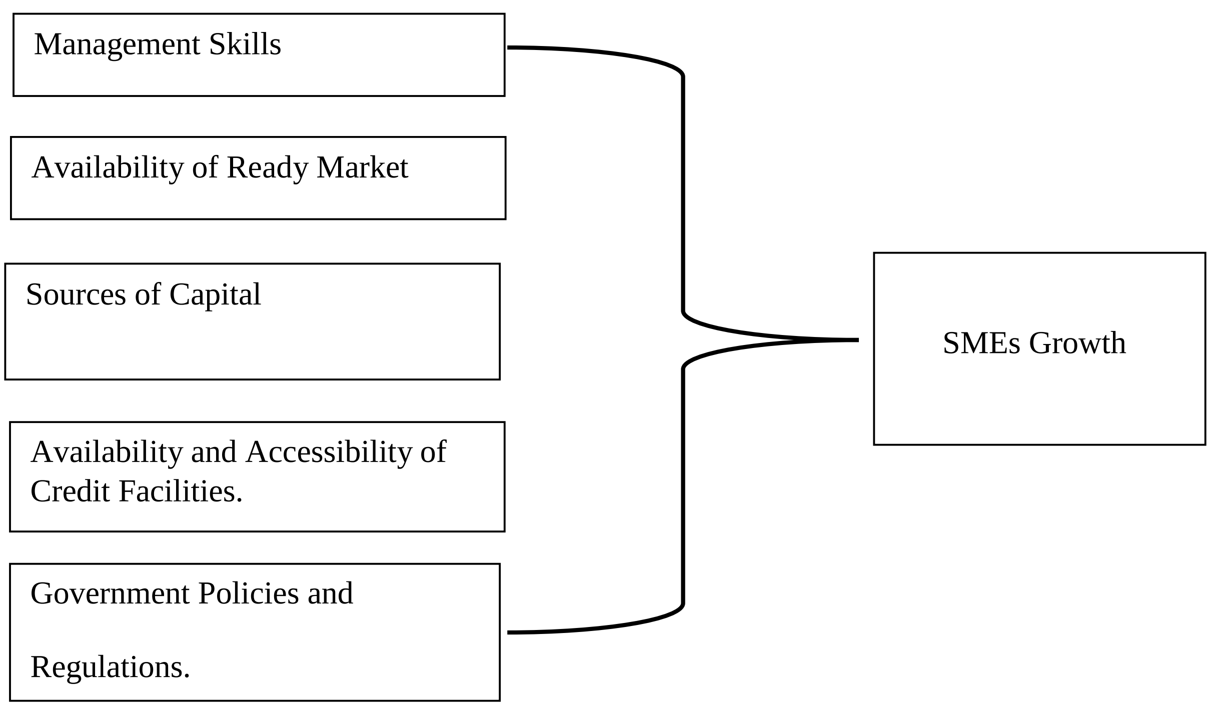
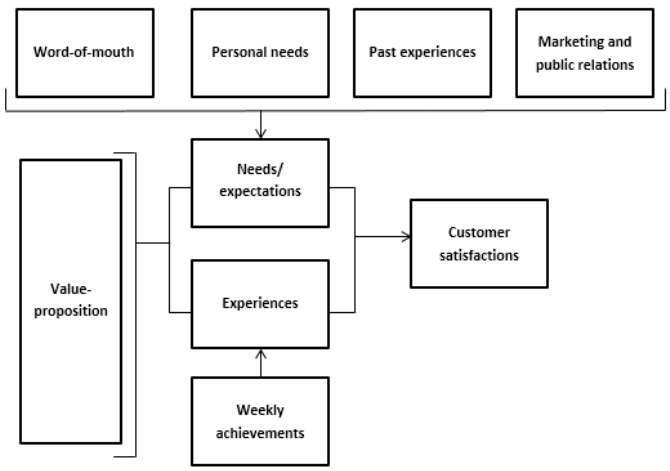


Figure 1.1 represents the researchers' view on how the variables in this study are interrelated or how they connect with each other. It identifies the independent variables and dependent variable under investigation in this study.

This study adopted Thomassen customer satisfaction model as its theoretical framework.

Figure 1.2 Theoretical Framework



In relation to this study, Thomassen' s model was applicable in the way that for the growth of SMEs, customers must be satisfied. This was because consumers must have value for their money and once these were assured, the business was likely to have a ready market for its goods. This therefore, demands that retailers must understand the needs of their customers all the time. This is important as it acts as a form of feedback to the retailer who may put in place proper mechanisms to ensure customer satisfaction (Vinz, 2022). Customer satisfaction is a key performance indicator that is also part of the Balanced Scorecard.

MATERIALS AND METHODS

Study adopted a cross-sectional study design. The study area was Ragwe Market in Homabay County. The market several SMEs and no research had been done on them. Besides, the area was not spared by the covid-19 impact.

Mugenda and Mugenda (2003) defined target population as the entire population to which the researcher intends to draw conclusions from the results of the study. The study targeted SMEs within Ragwe Market, Homabay County. The target population included retail shop owners, hardware, salons, butchery, carpentry, welding, and vegetable vendors. The researchers chose these group in order to get different views on the main factors that influence SMEs growth in Ragwe Market, Homabay County.

The participants in the study were selected using purposive sampling. The sample consisted of 41 small and medium- sized enterprises operators. The sample was as follows:

Table 2.1

SMEs	**Frequency**
Vegetable Vendors	4
Retail shop owners	10
Salons	11
Butchery	3
Hardware	7
Carpentry	3
Welding	3
Total	**41**

The study used questionnaires as its data collection instrument. The questionnaire was constructed in relation to the study objectives to collect relevant data. The questionnaire was administered to respondents who could read and write.

The data collected was checked for completeness by going through question by question. Then, the data was entered in SPSS version 22 for analysis. Descriptive statistics involved the use of frequencies and percentages. For inferential statistics, the chi-square test, multiple linear regression, and ANOVA were adopted. The results are presented in tables.

The study observed the research ethical considerations. Before the administration of the questionnaire, the participants were given the information and clarification on what was expected of them while answering the questions. The informed consent was sought from the respondents and participation was on a voluntary basis. The principles of confidentiality and anonymity were fully observed.

International Journal of Small Business and Entrepreneurship Research
Vol.11, No.1, pp.,25-39, 2023
Print ISSN: 2053-5821(Print)
Online ISSN: 2053-583X (Online)
Website: https://www.eajournals.org/
Publication of the European Centre for Research Training and Development-UK

FINDINGS

Table 3.1 below shows the socio-demographic characteristics of the participants.

Variables	Categories	Female	Male	Total
Age group	20 and below	2(4.9%)	2(4.9%)	4(9.8%)
	20-29	2(4.9%)	2(4.9%)	4(9.8%)
	30-39	8(19.5%)	4(9.8%)	12(29.3%)
	40-49	3(7.3%)	3(7.3%)	6(14.6%)
	50 and above	12(29.3%)	3(7.3%)	15(36.6%)
	Total	**27(65.9%)**	**14(34.1%)**	**41(100%)**
Education Level	Primary	3(7.3%)	0(0%)	3(7.3%)
	Secondary	15(36.6%)	3(7.3%)	18(43.9%)
	Certificate	1(2.4%)	1(2.4%)	2(4.9%)
	Diploma	1(2.4%)	4(9.8%)	5(12.2%)
	Bachelor	4(9.8%)	3(7.3%)	7(17.1%)
	Master	1(2.4%)	3(7.3%)	4(9.8%)
	PhD	2(4.9%)	0(0%)	2(4.9%)
	Total	**27(65.9%)**	**14(34.1%)**	**41(100%)**
Religion	Christian	14(34.1%)	9(21.9%)	23(56.0%)
	Muslim	13(31.7%)	3(7.3%)	16(39.0%)
	Total	**27(65.9%)**	**14(34.1%)**	**41(100%)**
Number of employees	50 and below	25(61.0%)	11(26.8%)	36(87.8%)
	50-59	2(4.9%)	3(7.3%)	5(12.2%)
	Total	**27(65.9%)**	**14(34.1%)**	**41(100%)**
Type of SME	Vegetable vendor	3(7.3%)	1(2.4%)	4(9.7%)
	Retail shop	5(12.2%)	5(12.2%)	10(24.4%)
	Hardware	5(12.2%)	2(4.9%)	7(17.1%)
	Salon	9(21.9%)	2(4.9%)	11(26.8%)
	Butchery	1(2.4%)	2(4.9%)	3(7.3%)
	Carpentry	1(2.4%)	2(4.9%)	3(7.3%)
	Welding	3(7.3%)	0(0%)	3(7.3%)
	Total	**27(65.9%)**	**14(34.1%)**	**41(100%)**

From Table 3.1, the results indicated that majority of participants 27(65.9%) were female and male were 14(34.1%). Majority of participants were aged 50 and above 15(36.6%). As far as religion is concerned, majority were Christians 23(56.0%). Majority of SMEs had below 50 employees representing 36(87.8%). The saloon and retail shops represented 11(26.8%) and 10(24.4%) respectively. Table 3.2 shows the life of the SMEs with majority of them 35(85.4%) being less than or equal to 5 years old.

Table 3.2

Period the business started	Frequency	Percent
1 year and below	10	24.4
2 - 3 years	13	31.7
4 - 5 years	12	29.3
5 years and above	6	14.6
Total	41	100.0

Management skills

Table 3.3

	Agree or strongly agree	uncertain	Disagree or strongly disagree	Total
Managerial skills are very crucial in running of business	35(85.4%)	2(4.9%)	4(9.7%)	41(100.0%)
Does management skills affect the performance of your business	38(92.7%)	1(2.4%)	2(4.9%)	41(100.0%)

Majority 35(85.4%) recognize that managerial skills are very crucial to running of their businesses while 38(92.7%) confirmed that management skills affected the performance of their business. A chi-square test was conducted to determine whether a relationship existed between management skills and SMEs growth. The relationship between management skills and SMEs growth was found to be statistically significant ($p < 0.05$).

Availability of ready market

The majority 37(90.2%) agreed or strongly agreed that the availability of ready market affects the operation of business. The chi-square test found a statistically significant relationship between availability of ready market and SMEs growth ($p < 0.05$).

Sources of Capital

As far as the source of capital is concerned, 20(48.8%) had their source of capital from savings, 14(34.1%) of the respondents got their capital from bank loans and 7(17.1%) obtained their capital from donations by family and friends. Among participants, 11(26.8%) found their capital to be insufficient to grow their businesses. A statistically significant relationship between the sufficiency of capital and growth of SMES was found ($p < 0.05$).

Availability and accessibility of credit facility

Table 3.4

	Agree or Strongly	uncertain	Disagree or strongly disagree	Total
The credit facilities available offer easy access to funds	15(36.6%)	7(17.1%)	19(46.3%)	41(100.0%)
The interest rates charged by credit facilities were friendly to business owners	6(14.6%)	3(7.3%)	32(78.0%)	41(100.0%)
You can repay the loan borrowed with ease	12(29.3%)	2(4.9%)	27(65.8%)	41(100.0%)

From the table, majority of participant did not have an easy access to funds, the interest rates charged were not friendly and majority of respondent found it not easy to repaid the loan borrowed. The chi-square test showed that there was a statistically significant relationship between accessibility and availability credit facilities and the growth of SMEs using the data collected ($p < 0.05$).

Government policy and regulations

On the question whether the SMEs have been affected by the policies and regulations of the Government of Kenya. The findings showed that most of the respondents 40(97.6%) agree or strongly agree that their businesses have been affected by Government policies and regulations whereas only 1(2.4%) respondent disagreed that his business has not been affected. On the nature of the effect, it was found that 9(22.0%) reported positive or no effect at all while majority 32(78.0%) of respondents complained about the negative effect from Government policies and regulations on their SMEs. The results showed that 13(31.7%) of the respondents were mainly affected through taxation, 23(56.1%) through licensing, 2(4.9%) through subsidies and 2(4.9%) through economic recovery measures. The study found a statistically significant relationship between the SMEs growth and the Government policies and regulations ($p < 0.05$).

Regression Analysis

Multiple linear regression was done to ascertain the extent to which the variables in the objectives influences the growth of SMEs. The regression model was $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon$ where, Y is the growth of SMEs, $\beta_{i's}$ represent the coefficient of regression, ε represent the error term, X_1 represent availability of market, X_2 represent source of capital, X_3 represent management skills, X_4 represent availability of and accessibility to credit facilities and X_5 representing government policies and regulations.

The model summary shows the variations than can be explained by the regression model. the results showed that R= 0.860 meaning R^2= 0.739 meaning that 73.9% of the variance in SMEs growth is explained by the five variables within the study objectives. The remaining 26.1% can be explained by other factors.

International Journal of Small Business and Entrepreneurship Research
Vol.11, No.1, pp.,25-39, 2023
Print ISSN: 2053-5821(Print)
Online ISSN: 2053-583X (Online)
Website: https://www.eajournals.org/
Publication of the European Centre for Research Training and Development-UK

Table 3. 4 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.860[a]	.739	.735	.034

Table 3.5 below show the results of the ANOVA

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.125	5	2.425	2.270	.000[b]
	Residual	37.388	35	1.068		
	Total	49.512	40			

Since $p < 0.05$, the predictors variables can be used to predict the dependent variable since, overall, the model was significant.

The regression coefficient implies the extent to which the specific objectives influence the growth of SMEs. The regression model was $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon$ replacing the values of coefficients, $Growth = 0.478 + 0.216X_1 + 0.270X_2 + 0.661X_3 - 0.041X_4 - 0.290X_5$. This shows that a unit change in the availability of market increases growth of SMEs by 0.216, if capital availability for SMEs is increased then the growth of SMEs increases by 0.27 units, change in management skills by one unit changes the growth of SMEs by 0.661 units, a one-unit decrease in availability for credit causes a change decrease in growth of SMES by 0.041, and an increase in government policies and regulations decreases the growth of SMEs by 0.290.

DISCUSSION

For any business to perform well, it ought to have readily available market for its products and services. This is especially true for SMEs that are faced with problem of stiff competition for the few available customers in the market with the large business enterprises. From the regression analysis, it was observed that availability of market affects positively the growth of SMEs by 0.216 units. Most of SMEs are stagnant or experience little growth or even collapse due to inadequate customers for their products and services. This is sometimes due to the stiff competition from large established firms within the area.

Another objective of this study was to find out how the capital determine the growth of SMEs. The results showed that majority of SMEs operate using personal savings 20(48.8%), from bank loan 14(34.1%) and very few use capitals from donation from family and friends 7(17.1%). From regression analysis, it was observed that source of capital affects positively the growth of SMEs by 0.270 units. Most of SMEs remains in the same position or collapse due to lack of funds to run the business in order for it to grow.

Managerial skills are among the factors determining the growth of SMEs as found in previous studies. In this study, it was discovered that 34(82.9%) of the respondents argued that managerial skills had affected their business. The regression analysis results showed that having appropriate managerial skills positively affect the growth of SMEs by 0.661 units. Business people are faced with daily challenge of making decisions on day to day running and operations of the business which makes these management and leadership skills very important in determining performance and growth.

This study aimed to determine whether accessibility to and availability of credit facilities affect growth of SMEs. It was found that it was not easy to get access to credit facilities. Moreover, the interest rates charged by credit facilities were not friendly to business owners. The accessibility to and availability of credit facility affected negatively the growth of SMEs. This poses a challenge to business owners who run out of funds to develop their business.

The last objective was to determine how government policies and regulations affected SMEs growth. It was discovered that a very big majority of SMEs were affected by government regulations either by taxation, licensing, subsidies, or economic recovery measures. It was however, discovered that, government policies and regulations affect negatively the growth of SMEs by 0.290 units. Government intervention in the market is a necessary measure in regulating the market, controlling prices, providing subsidies to producers, providing license and taxing the business. While the government may be concerned about collecting revenues, it is equally important to consider how policies and regulations put in place affect the SMEs.

While the findings of this study agree with previous studies, it was found that managerial and leadership skills had a big significant effect on the growth of SMEs. Indeed, whether it is to do a market research, to position the SME on the market, to access capital and credit facilities, or to comply with the government policies and regulations, the entrepreneurs, SMEs owners and managers need above all to have proper knowledge, skills, attitudes, and qualities that can propel their SMEs growth (Njuguna, 2013; Sarwoko and Frisdiantara, 2016) both in pre- and post-covid 19 times.

CONCLUSIONS AND RECOMMENDATION

From the findings, it was concluded that the availability of market for SMES plays a role in ensuring the growth of SMEs; personal savings and bank loans remain the main sources of acquiring funds to run their business; the availability of capital is a determinant of SME growth; having proper managerial skills is a key determinant of growth of SMEs; it is difficulty for SMEs to obtain credit, and when it is obtained, the burden of paying the interest rates is so high that very few can afford to pay back; and majority of SMEs were affected by the government policies and regulations.

The study made the following recommendations:

i) the entrepreneurs who wish to establish small and medium- sized enterprises should conduct a thorough market research for their products and services that they intend to bring to the market.

ii) The entrepreneurs and business managers should, above all, seek opportunities to get the required management knowledge, skills, and attitudes for running a business by attending short courses, workshops, business training seminars, entrepreneur summits, company visits, incubation centers, among others. The government, training institutions and private sector should provide training opportunities for SMEs owners and managers specially to equip young entrepreneurs with knowledge, skills and attitudes needed to develop and sustain their SMEs.

iii) Commercial banks and other financial institutions should provide support in form of advisory and loans to SMEs owners to fund their business operations in order to promote growth. The interest rates should be made friendly and affordable to borrowers who wish to use the funds in expanding their SMEs.

iv) The government should continue to create an enabling environment for SMEs growth given that the policies and regulations put in place determine the SMEs success or failure especially during the period following the covid-19 pandemic and its influences on the global economy.

In this study, the regression model managed to explain 73.9% of variance meaning that there are more factors that were left outside the model. Thus, the study recommends to explore them to explain the remaining 26.1% of variance. Critical factors such as infrastructure, technology and globalization should be put into considerations to determine their effect on the growth of SMEs at Ragwe Market and elsewhere in this post covid-19 era.

References

Abor, J., & Biekpe, N. (2006). Small business financing initiatives in Ghana. Problems and Perspectives in Management, 4(3), 69-77.

Akinyi, J. R. (2018). Factors Affecting Performance of Small and Medium Enteprises in Kenya: A Case Study of Gikomba Market in Nairobi County.

Siddiqui, D., Matibe, E., Obiero, O. and Singh, A. (2020). Impact of the COVID-19 pandemic on micro, small, and medium enterprises (MSMEs). Kenya Report, MicroSave Consulting, https://www.microsave.net/wp-content/uploads/2020/07/Impact-of-COVID-19-pandemic-on-MSMEs-Kenya.pdf

Ebitu, E. (2016). Marketing Strategies and the Performance of Small and Medium Enterprises in Akwa Ibom State, Nigeria.

Enterprises (SMEs). Universal Journal of Management 4(1): 36-41, 2016 http://www.hrpub.org DOI: 10.13189/ujm.2016.040105.

European Commission, SWD (2021). Commission Staff Working Document evaluation of Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (2003/361/EC). Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs, file:///C:/Users/Bro.%20Michel/Downloads/SWD(2021)279.pdf

Federation of Kenya Employers (2023). Youth Unemployment. https://www.fke-kenya.org/policy-issues/youth-employment, accessed 04 March 2023.

Kenya Bankers Association (KBA) Centre for Research on Financial Markets and Policy and Japan International Cooperation Agency (JICA). Micro, Small & Medium Enterprises (MSMEs) Survey Report – 2021.

Macharia, G. P. (2011). The Effects of Access to Finance on Micro and Small Entetrprises Investment Growth in Ongata Rongai Township, University of Nairobi.

Mageto, W. (2022). "Resolving the Debt Sustainability Issues from A Legal and Institutional Perspective: A Focus on East Africa", Working Paper 02/03 ADHR (CFS, 2022).

Tessler, A. M. and Funk, G. (2022). The Political Economy of Kenya Growth and Development.

Mugenda, O.M. and Mugenda, A.G. (2003) Research Methods, Quantitative and Qualitative Approaches. ACT, Nairobi.

Nemanja, D. & Slavica, A. (2014). Business Economic and Entrepreneurship, 4th Edition, USA: Belgrade.

Njuguna, S. (2016). The factors affecting growth of SMEs in Kenya

OECD (2017). Enhancing the Contributions of SMEs in a Global and Digitalised Economy, Paris.

Sarwoko, E. and Frisdiantara, C. (2016). Growth Determinants of Small Medium

Stamp, J.C. (1931). The Report of the Macmillan Committee, The Economic Journal, pp. 424–435, Vol. 41, No. 163, September 1931. Macmillan, 1931.

US Small Business Administration (2021). Frequently Asked Questions. https://cdn.advocacy.sba.gov/wp-content/uploads/2021/12/06095731/Small-Business-FAQ-Revised-December-2021.pdf

Vinz, S. (2022, October 10). Example Theoretical Framework of a Dissertation or Thesis. Scribbr. Retrieved 27 February 2023, from https://www.scribbr.co.uk/thesis-dissertation/example-theoretical-framework/

WHO (2020). WHO announces COVID-19 outbreak a pandemic, https://reliefweb.int/report/world/who-announces-covid-19-outbreak-pandemic?gclid=EAIaIQobChMIgJLWzZzD_QIVEeJ3Ch3Irw3OEAAYAyAAEgIuevD_BwE

Vol.11, No.1, pp.,25-39, 2023
Print ISSN: 2053-5821(Print)
Online ISSN: 2053-583X (Online)
Website: https://www.eajournals.org/
Publication of the European Centre for Research Training and Development-UK

WHO (2023). WHO Coronavirus (COVID-19) Dashboard. https://covid19.who.int/

World Bank (2023). Small and Medium Enterprises (SMEs) Finance - Improving SMEs' Access to Finance and Finding Innovative Solutions to Unlock Sources of Capital. https://www.worldbank.org/en/topic/smefinance