ROLE OF INFORMATION TECHNOLOGY COSTS ON PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN KENYA

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ABSTRACT

SMEs are essential in economic development and growth in most of the countries across the globe through employment creation and contribution to the GDP. However, despite the merit surrounding the SMEs, their performance has been minimal with many recorded losses while their collapse rate remains high with more than 60% of them not celebrating their 3rd anniversary. On the other hand, available data from studies and reports across the globe have revealed that information technology is crucial to the performance of businesses especially in the current 21st century through enhanced information sharing, increased innovation, integrated operations as well as better production methods. On the contrary, studies reveal that that uptake of IT among the SMEs is below the mark, especially in the developing countries, Kenya being a perfect example. In Kenya, very few SMEs - if any, have embraced effective use of IT in their operations. The study therefore sought to find out the influence of cost of information technology on performance of SMEs in Kenya. The target population under the study was the 98598 registered SMEs in Nairobi County. A sampling formula was used to identify the sample size of 398 SMEs where the managers/owners or their representatives were surveyed. A structured questionnaire was used as the research instrument where it was administered through drop and pick method. The collected data was analysed through mixed method analysis where quantitative data was analysed by use of the SPSS software and presented in form of mean, standard deviation, frequencies and percentages in frequency tables, bar-graphs and pie-charts. On the other hand, the qualitative data was analyzed through content analysis whereby the explanations were sorted and the weighty ones presented in support of the quantitative data. The findings from the study revealed that the cost of IT positively and significantly influenced the performance of SMEs. The study concluded that indeed failure to effectively utilize information technology contributed to the continued underperformance of the SMEs in Kenya. The study recommended that the SMEs' management should invest in IT to enhance their performance and competitiveness.

Key Words: Information Technology, Cost of IT, SMEs, Performance and ICT
INTRODUCTION

1.1 Background of the Study
In developed countries such as the United States of America, Galloway & Mochrie (2010) argue that there is evidence that ICT is the driver of economic growth in the world, which explains the drive by many governments around the world for SMEs to adopt ICT. In Germany, effective ICT utilization, appropriate applications and individually tailored solutions have been found to create cross-sectorial opportunities (Lucking-Reiley & Daniel, 2010). In the economies of developing countries, SMEs have played a major role on matters relating to turnover, level of employment and also serve as a mechanism to fight against poverty (Akande, 2013). For example, in Nigeria, Bansa & Sharma (2006) argue that IT has briskly changed the performance of most businesses, thus posing new challenges to the Entrepreneurial profession.

SMEs are also of great importance for example in the food processing sector where 183,000 people are employed (Akande, 2013). The enterprises are geographically dispersed over the whole country depending on the location of the production of main inputs. The SMEs face similar problems as in other African countries like limited access to credit facilities, poor management practices and limited access to technology. In this South African country, poor information and communication management is an obstacle to SME development. Many entrepreneurs rely mainly on personal contacts, newspaper and business magazines as main source of information and feel that especially sales and procurement information is lacking (Bansa & Sharma, 2006).

Information technology (IT) is one of the most potent forces that are shaping the 21st century because its revolutionary impact affects the way people live, learn and work and, the way business organizations interact with the environment. The effective use of information system (IS) and information technology (IT) can provide SMEs with the opportunity to take advantage of ICT in order to enhance the way they conduct business and increase core competencies (Qureshi & York, 2012). Information and Communication Technology (ICT) has influenced the way in which business is conducted globally, resulting in, for example, a faster turnaround of products and production, smart products, and 24 hours of shopping around the world (Lucking-Reiley & Daniel, 2010).

1.2 Statement of the Problem
The SMEs play a tremendous role in promoting economic growth and development in most of the
countries across the globe. In Kenya, more than 60% of the annual jobs created come from SMEs while the same sector contributing to more than 40% of the country’s annual GDP. However, despite the merits surrounding these enterprises, their performance has been below the mark with more than 50% of the SMEs closing down their doors within their first five years of conception (Ngugi, 2015). According to a World Bank (2016) report on economic growth in the Sub-Saharan African countries in the year 2015, over 30% of small businesses in Kenya closed down while others recorded losses and drop in their profit margin an indication that the most important sector in the country’s economy is at high risk than ever. Poor management strategies, lack of new operational systems, increased competition as well as unfavorable market conditions have been identified as the main causes of underperformance among SMEs in Kenya (Gathenya, 2012 and MSE Authority, 2016).

Several studies have been made in the examination of the role of IT on performance of SMEs. Müller-Falcke (2008) did a study on the role of IT on performance of manufacturing SMEs in Italy and found that enterprises that use more advanced forms of ICTs have on average a higher labour productivity and a higher growth rate. However, in his study, Müller-Falcke (2008) did not elaborate the forms of ICT that affect the performance of SMEs. In Kenya, Agnes (2014) did a study on the effect of mobile phone based money transfers on the financial performance of small and medium enterprises. She found that ICT plays a major role on the performance of SMEs.

Few attempts have been made to understand the relationship between IT and performance of SMEs. Moreover, there has been minimal discussion on the role of IT on the performance of SMEs in Kenya and generally, Nairobi. However, there is no known research to the knowledge of the researcher that has studied the role of IT on performance of SMEs in Nairobi County, Kenya. Perhaps some of the factors hindering the better performance of SMEs in Nairobi County may be attributed to IT costs, lack of IT training, lack of IT management skills and lack of IT innovation among others. Therefore, this study will attempt to investigate the role of IT on performance of SMEs in Nairobi County, Kenya.

1.3 Objectives of the Study

The objective of this study was to examine the role of IT Costs on performance of SMEs in Nairobi County, Kenya.
LITERATURE REVIEW

2.1 Theoretical Review

2.1.1 Transaction Cost Theory

Transaction Cost Theory is concerned with the costs of transacting in the market (Brouthers & Hennart, 2007). According to Williamson (2009), transaction cost theory postulate that the boundaries of firms are dogged by firms selecting the governance structure that minimizes the transaction costs of implementing its business activities.

The transaction cost theory offers an understanding of the starring role that IT shows in decreasing transaction costs to an organization since the decisive goal of the firm is to recognize benefits that far exceed the costs sustained in the given process. The theory also explains the need to invest in IT through training, acquiring of IT resources as well as making it the order of the day in firm’s daily operations. This therefore affirmed the verdict by the study to adopt the transaction cost theory to instigate the influence of IT cost on the performance of SMEs in Kenya.

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Dependent Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost of Information Technology</strong></td>
<td><strong>Performance of SMEs</strong></td>
</tr>
<tr>
<td>• Cost of ICT services</td>
<td>• Market share</td>
</tr>
<tr>
<td>• Cost of training</td>
<td>• Profitability</td>
</tr>
<tr>
<td>• Cost of software and hardware</td>
<td>• Annual turnover</td>
</tr>
<tr>
<td></td>
<td>• Employees turnover</td>
</tr>
</tbody>
</table>

Figure 2.1: Conceptual Framework

2.4 Empirical Review

Brynjolfsson and Hitt (2012) did an article in United Kingdom on information technology, organizational transformation and business performance. The authors found that the cost of IT systems regulates the value of the IT system and is essential in assessing the role of IT use in performance of SMEs. Mata, Fuerst and Barney (2007) add that IT becomes more valuable if a firm possesses IT systems that other firms do not have or are unable to replicate, and thus the level of spending on IT denotes the value of an IT system. Furthermore, Matambalya and Wolf (2011) argue that Information technology causes fast accessibility to the market, increases selection
power, improves communication, facilitates identification of markets, improves marketing and reduces business transaction costs. The study by Brynjolfsson and Hitt (2012) only focused on the role of IT cost on performance of SMEs in Nairobi County, Kenya. This study therefore explored the influence of other factors such as training, management and innovation on the performance of SMEs in Nairobi County, Kenya.

A Survey conducted in Kenya and Tanzania by OECD (2011) found that SMEs that used different forms of ICT rated their effects mostly positive. On top were telephone and computer applications that are assumed by 88% and 76% of users to considerably increase management efficiency and competitiveness respectively. Mobile phones are considered to contribute significantly to regional market expansion by most enterprises followed by fixed phones and faxes. ICT has a proven role in enabling SMEs to increase their productivity and access information and markets, but remain unaffordable (Mutula & van Brakel, 2013). The study by OECD (2011) did not however explain the influence of cost, training and management on the performance of SMEs. This study therefore attempted to expound on how cost, training and management contribute to the performance of SMEs in Nairobi County, Kenya.

Dixon (2012) did a study on Topological domains in mammalian genomes identified by analysis of chromatin interactions in Africa. The author observed that cost of technology is an important influencing factor in the adoption and use of technology by many SMEs. The author also argued that SMEs will less likely adopt and use technology when its initial set-up cost is high. Matlay & Weathead (2013) noted that many SMEs in Africa often have much difficulty when outsourcing for financial support. Therefore, adoption and use of new technologies may be considered too expensive by these enterprises because of their lack of financial support. According to Paul & Pascale (2013), many SMEs in Africa face specific problems in the formulation of innovations strategies because of limited range of technological competencies and limited financial resources.

In their study on Adoption and Impact of Technology in Small Organizations, Iacovou and Benbasat (2009) found that SMEs need more financial support than big companies because of their structural characteristics such as: weakness of market power, lack of experience. Vilaseca (2013) argue that due to the proliferation of ASPs and rapid development of a variety of technologies, outsourcing of technology is becoming suitable and is emerging as an influencing factor for many SMEs sectors. However, the study by Iacovou and Benbasat (2009) did not focus on the role of
cost, training, management skills and innovation on the performance of SMEs in Nairobi County, Kenya, that was the main focus of this study.

3.0 METHODOLOGY

3.1 Research Design
The study employed descriptive survey research design to establish the role of information technology performance in SMEs in Nairobi, Kenya. This is due to the fact that descriptive research enabled description of a product use, determination of the proportion of the population that uses a product, or predicting the future demand for a product.

3.2 Target Population
Data available from the Ministry of Trade and Industrialization (2016) reveal that there are 644 SMEs in Manufacturing, 69067 SMEs in Trading, 2201 SMEs in Agriculture and 26686 SMEs in the service industry. This makes a total of 98598 SMEs in Nairobi County. Therefore the study targeted 98598 SMEs in Nairobi County. The study targeted Nairobi County because of the rural and urban influences and that this area had high concentration of SMEs in diverse areas.

3.3 Sampling Frame and Technique
The sample size was determined using Slovin’s formula as shown below:

\[ n = \frac{N}{1 + Ne^2} \]

Thus \( n = \frac{98598}{1 + 98598 \times 0.110} \); \( n = 384 \) SMEs

Therefore the sample size was 384 SMEs.

The study applied stratified sampling. The sample was selected proportionately from various cadre of SMEs from each category.

3.4 Data Collection
Structured questionnaires were adopted as the data collection instruments in the study due to their ability to prevent biasness as well as providing the respondent with ample time to respond to the study questions effectively. Drop and pick method of data collection was adopted where the questionnaires were dropped and picked at the respondents’ appropriate time.
3.5 Data Analysis
Mixed method of analysis was used in the study whereby both quantitative and qualitative techniques were adopted in the analysis. The collected data was scrutinized and cleaned for any errors and coded in SPSS version 23. Using the coded data, the researcher generated tables, graphs and pie-charts which were used in presenting the results of the study. Qualitative data was checked through and compared based on the relevancy and presented in form of explanations. Regression analysis was carried out to test for the relationship between the independent variables and the dependent variable. The following regression model was adopted:

\[ Y = \beta_0 + \beta_1 X_1 + \varepsilon \]

4.0 FINDINGS

4.1 Response Rate
In this study, out of the 384 questionnaires that were administered, 331 questionnaires were duly filled and returned. This represents a response rate of 86.2%. Mugenda and Mugenda (2003), suggests that a response rate of 50% should be considered as adequate while a response rate of more than 70% is good enough. Therefore, the response rate of this study was satisfactory and considered adequate for analysis.

<table>
<thead>
<tr>
<th>Response Rate</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responded</td>
<td>331</td>
<td>86.20%</td>
</tr>
<tr>
<td>No Response</td>
<td>53</td>
<td>13.80%</td>
</tr>
<tr>
<td>Total</td>
<td>384</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.2 Cost of IT
Information Technology (IT) plays a key role in promoting organizational performance in the modern business environment. The cost of acquiring and installing IT is therefore an aspect that cannot be overlooked as far as implementation and adoption of ICT in business operation is concerned. It is under this merit that the cost of IT formed the objective of the study which was to establish the influence of cost of IT on performance of SMEs in Nairobi County.
4.2.1 Extent to which IT Cost affect ICT adoption in SMEs

The respondents’ views on the extent to which cost of IT affected adoption of ICT in their respective SMEs were sought. The results as shown in table 4.2 concurred with those by Lopez-Nicolas and Soto-Acosta (2010) who established that cost of IT determines the adoption of ICT and more so the firm performance. According to Lopez-Nicolas and Soto-Acosta (2010) costs of IT software and hardware are sometimes so high such that the firm management may feel insecure to invest huge amount of fund to procuring them thus affecting the entire process of ICT adoption.

Table 4.2: Extent ICT Costs affect ICT Adoption

<table>
<thead>
<tr>
<th>Description</th>
<th>High extent</th>
<th>Moderate extent</th>
<th>Not sure</th>
<th>Low extent</th>
<th>No extent</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of ICT services</td>
<td>38%</td>
<td>29%</td>
<td>6%</td>
<td>17%</td>
<td>10%</td>
<td>1.39</td>
<td>0.94</td>
</tr>
<tr>
<td>Cost of Training</td>
<td>46%</td>
<td>32%</td>
<td>11%</td>
<td>3%</td>
<td>8%</td>
<td>1.26</td>
<td>0.93</td>
</tr>
<tr>
<td>Cost of software &amp; hardware</td>
<td>61%</td>
<td>18%</td>
<td>8%</td>
<td>10%</td>
<td>3%</td>
<td>0.97</td>
<td>0.62</td>
</tr>
</tbody>
</table>

4.2.2 Effectiveness of meeting IT Costs

The respondents’ views on their ability to meet the IT costs in their respective enterprises were sought in the study. The respondents were asked to indicate the level of effectiveness to which they were able to meet the IT costs in their enterprises and the results herein presented on table 4.3.

Table 4.3: Effectiveness of Meeting IT Costs

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very effective</td>
<td>69</td>
<td>20.8%</td>
</tr>
<tr>
<td>Moderate effective</td>
<td>178</td>
<td>53.8%</td>
</tr>
<tr>
<td>Not Sure</td>
<td>4</td>
<td>1.3%</td>
</tr>
<tr>
<td>Less effective</td>
<td>56</td>
<td>16.9%</td>
</tr>
<tr>
<td>Not effective</td>
<td>24</td>
<td>7.2%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>331</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

As the results portray, 69(20.8%) of the total respondents reported that their respective SMEs were very effective in meet in meeting IT costs, 178 (53.8%) indicated moderate effective, 56(16.9%) and 24(7.2%) of the respondents indicated that they were less effective and not effective in meeting IT cost in their enterprises respectively. According to Nanni (2010) the effectiveness of meeting
input costs which include ICT and other forms of inputs in an organization plays a major role in determining the success of the organization and its operations. This is to say that the more effective a firm is in meeting the IT costs the high the chances of reaping the best out of ICT implementation.

4.2.3 IT Investment Cost in last 5 Years

The study sought to find out the investment cost of the IT by the SMEs in the last five years prior to the period of this study. The respondents were asked to indicate the total amount they had invested in ICT annually from 2012 to 2016. The results are as presented in table 4.7.

**Table 4.4: IT Investment Cost in last 5 Years**

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT Cost</td>
<td>Mean(Kshs)</td>
<td>Mean(Kshs)</td>
<td>Mean(Kshs)</td>
<td>Mean(Kshs)</td>
<td>Mean(Kshs)</td>
</tr>
<tr>
<td>-------</td>
<td>----------</td>
<td>----------</td>
<td>----------</td>
<td>----------</td>
<td>----------</td>
</tr>
<tr>
<td>2016</td>
<td>200,907</td>
<td>183,046</td>
<td>202,411</td>
<td>160,100</td>
<td>214,005</td>
</tr>
</tbody>
</table>

The findings revealed that the in the year 2012, the mean cost for the IT among the SMEs was Kenya Shillings 214,005, in the year 2013 the amount reduced to Kshs. 160,100, in the year 2014 the amount increased to Kshs. 202,411 which again dropped in the year 2015 to Kshs. 183,046 and increased to 200,907 in the year 2016. The trend in the cost on IT shows that in some years, the SMEs invested much than other years whereby the costs would increase and fall in the next year only to rise in the following year. As indicated by Agnes (2014) SMEs will invest as much in IT and after they observe the results of the previous investment in the same, it determines the amount they are to invest in other years.

4.2.4 Statements on IT Cost and Performance of SMEs

The respondents were asked to state the extent to which IT cost affected the performance of SMEs.

**Table 4.5: Statements on IT Cost and Performance of SMEs**

<table>
<thead>
<tr>
<th>Statements</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>High purchase price of ICT equipment affect performance of SMEs</td>
<td>3.95</td>
<td>0.534</td>
</tr>
<tr>
<td>Financial support influences ICT adoption small and medium enterprises</td>
<td>4.43</td>
<td>0.711</td>
</tr>
</tbody>
</table>
Installation cost of ICT equipment affect performance of SMEs 4.01 0.687
Maintenance fee of ICT equipment affect performance of SMEs 3.95 0.534

From the findings, majority of the respondents rated the statements that financial support influences ICT adoption small and medium enterprises, and installation cost of ICT equipment affect performance of SMEs as important with mean scores of 4.43 and 4.01 respectively. However, majority of the respondents moderately agreed with the statements High purchase price of ICT equipment affect performance of SMEs and maintenance fee of ICT equipment affect performance of SMEs with mean scores of 3.95 for each statement. The findings therefore indicate that most the respondents were in agreement that the IT cost affects the performance of SMEs in Nairobi County. The findings concur with those by Ekuobase (2015) who established that the IT costs play a major role in determining the extent to which firms adopt ICT in their operations.

4.2.5 Inferential Analysis on Cost of IT

To bring out a clear understanding on the relationship between IT costs and performance of SMEs in Nairobi County, inferential analysis of the model was carried out. This was done using the ANOVA and the regression coefficients as herein presented. The model for the variable was Y = β₀ + β₁X₁ + ε as was shown in the previous chapter.

The findings on model summary as shown in table 4.6 revealed that the model obtained a R value of 0.774 and a R square value of 0.599. This shows that there is a positive relationship between cost of IT and performance of SMEs in Nairobi County.

Table 4.6: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.774a</td>
<td>.599</td>
<td>.598</td>
<td>.93693</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Cost of IT
b. Dependent Variable: Performance of SMEs

The ANOVA results are as shown in table 4.7. The results have it that the model had a P-value of 0.000 which is less than the standard P-value of 0.05 which again means that the model was significant.
Table 4.7: ANOVA (Cost of IT)

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>431.540</td>
<td>1</td>
<td>431.540</td>
<td>491.591</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>288.811</td>
<td>329</td>
<td>.878</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>720.350</td>
<td>330</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Performance of SMEs  
b. Predictors: (Constant), Cost of IT

Table 4.8 shows the regression coefficients for the model. The new model now becomes $Y = 0.808 + 0.777X_1 + 0$. The coefficients depict that a unit increase in cost of IT can influence up to 77.7% change in performance of SMEs. The P-value for the variable is 0.000 indicating that there is a significant relationship between cost of ICT and performance of SMEs.

Table 4.8: Regression Coefficients (Cost of ICT)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>.808</td>
<td>.130</td>
<td>6.191</td>
<td>.000</td>
</tr>
<tr>
<td>Cost of IT</td>
<td>.777</td>
<td>.035</td>
<td>.774</td>
<td>22.172</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Performance of SMEs

4.3 Performance of SMEs

4.3.1 Employees Turnover

Findings indicated that most of the SMEs had recorded over 150 increases in their number of employees over the 5 years. On the other hand, 10% of the respondents had seen their employee base increase by a margin of 151-200. A further 18% of the respondents recorded an increase of 201-250 with 16% of them having increased their employees by over 300. These findings imply that in most of the SMEs, the number of employees was more than double compared with the initial number of employees at the very first year of operation.
Table 4.9: Increase in number of employees

<table>
<thead>
<tr>
<th>Range</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>50 and below</td>
<td>31.6%</td>
</tr>
<tr>
<td>51 - 100</td>
<td>5.2%</td>
</tr>
<tr>
<td>101 - 150</td>
<td>8.4%</td>
</tr>
<tr>
<td>151 - 200</td>
<td>10%</td>
</tr>
<tr>
<td>201 - 250</td>
<td>18.8%</td>
</tr>
<tr>
<td>251 - 300</td>
<td>9.2%</td>
</tr>
<tr>
<td>Over 300</td>
<td>16.8%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

4.3.2 Increase in Annual Turnover

Concerning the gross turnover, 42.8% of the SMEs had increased their annual turnover by over 500%. Another 27.6% reported an increase of between 301% – 400% while 21.6% of them had increased their turnover by 401% - 500%

![Figure 4.1: Increase in annual turnover](image_url)

4.3.3 Increase in Capital Assets

Pertaining to the capital assets, findings indicated that 40.4% of the SMEs had increased their capital assets by more than 400% while 18.8% of them reported an increase ranging between 301% and 400%. Only 19.6% of them had increased their capital assets by 100% and below. This implies
that the SMEs had grown significantly in terms of capital assets. Salman and Yazdanfar (2012) argued that there is an influence between size and profitability where firm size in terms of company’s total assets has a negative effect to the firm profitability. According to them, negative result indicates an inverse influence, meaning that a larger size of the firm (in terms of total assets) will achieve lower level of profitability. For larger firms, it would be harder to manage their organizational effectiveness from overcoming problem in bureaucratic management structure.

Figure 4.2: Increase in capital assets

CONCLUSION

The aim of the study was to find out the influence of cost of information technology on the performance of SMEs in Kenya. The study concluded that most of the SMEs in Nairobi County have not adopted ICT in their businesses as a result of the high cost of ICT materials which include hardware, software and maintenance services. The study concluded that the SMEs through the managers agreed that cost of ICT was a key influence in the performance of the SMEs while they did not prioritize the investment in the area thus making it ineffective.

RECOMMENDATIONS

The study recommends that the SMEs through the managers should embrace investing in ICT which is a backbone to performance of SMEs. The entrepreneurs should have the best software as
well as the hardware which plays a key role to promote the adoption of ICT. Also, the managers should incorporate better ICT services and train employees on the use of ICT through setting enough budgets on these costs.

REFERENCES


