

## **EFFECT OF INNOVATIVENESS ON PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN NAKURU COUNTY, KENYA**

**Sila Kiprotich**

PhD Student, School of Business and Economics, Moi University  
P.O. Box 3900, Eldoret, **KENYA**  
ksila32@gmil.com

**&**

**Dr. Joyce Komen**

Senior Lecturer, School of Business and Economics, Moi University  
P.O. Box 3900, Eldoret, **KENYA**  
joycekomen@yahoo.com

### **ABSTRACT**

Access to new markets remains a major challenge to the performance of Small and Medium Enterprises in Kenya. The study sought to establish the effect of innovativeness on the performance of small and medium enterprises. The study adopted Explanatory research design that enabled the understanding of the traits and mechanisms of the relationship and association between independent and dependent variables. The sample was obtained using coefficient of variation. Using this formula a sample of 214 SMEs was selected. The results indicated that innovativeness was found to have a positive and significant effect on the performance of SMEs. It was established that SMEs that innovate successfully increase their chances of survival and growth. As a result, firms need to lay emphasis on product development, technological leadership and innovation. Firms should also favor experimentation and original approaches to problem solving rather than initiating methods that other firms have used for solving their problem. Finally, it is most preferable for firms to design its own unique new processes and methods of production.

**Keywords:** Innovativeness, performance, small and medium enterprises.