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Influence of valuable resources in performance of SMEs in Nairobi County

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ABSTRACT

Resources and capabilities in SMEs are only advantageous when the SMEs have the potential to execute the right strategies and processes. SMEs must analyze their business environments and understand the resources available to operate efficiently and effectively and achieve a sustained performance. This study is the subject of the influence of valuable resources on performance of SMEs. This study used a cross-sectional survey design. The target population for this study comprised of 121, 680 SMEs. The research used stratified random sampling technique. The sample size of this study was 399 SMEs. A structured questionnaire was used to collect data. Findings showed that there was a positive significant correlation between valuable resource and SMEs performance (r=.270; p<.01). According to the linear regression analysis valuable resources account for 7.3% of SMEs performance. According to the regression coefficients, one-unit increase in valuable resources improved SMEs performance by 0.269 units (β = 0.269). The t-statistics results showed that t = 4.778, p<0.05. Therefore, there was enough evidence to reject the null hypothesis and conclude that valuable resources have a statistically significant influence on SMEs Performance. The study concluded that valuable resource has a significant relationship with SMEs Performance. Valuable resources have a statistically significant influence on SMEs Performance. Increasing valuable resources in an SMEs will help the enterprise register higher performance.

Introduction

Small Medium Enterprises (SMEs) operate in a complex, competitive environments and demand creativity and innovativeness to sustain their performance (Zimon, 2018). Their survival is vital for the growth and sustainability of many economies. However, the survival rate of SMEs is on the decline due to poor performance as result of the intense competition from large organizations. According to Mwaniki and Ondiek (2018) SMEs perform poorly as they struggle to stay operation with three out of five SMEs closing shop within 12 months of their operation while 80% of SMEs that sustain their operation past 1-year fail survive beyond 5 years. SMEs have an opportunity to attain positive performance by utilizing the resources within their organization. Their extensive resources and quality talent provide the SMEs with a source for their performance (Kiyabo & Isaga, 2019).

Resources and capabilities in SMEs are only advantageous when the SMEs have the potential to execute the right strategies and processes. SMEs must analyze their business environments and understand the resources available to operate efficiently and effectively and achieve a sustained performance (Bisschoff et al., 2019). Scholars and experts in the industry have suggested various frameworks to analyze their external and internal environments. The valuable, rare, imitable resources and organization (VRIO) model provides a theoretical framework to guide an organization to analyze business resources and determine its ability to perform positively in the market (Ferreira et al., 2022).

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Barney and Hesterly (2010) stated that organizations with resources that meet the VRIO requirements have the potential to help it attain high performance level. The VRIO framework analyzes if a valuable resource can sustain a competitive advantage. The resources create value for the enterprise by allowing it to implement strategies that improve its efficiency and effectiveness. When an SME and its competitor hold similar valuable resources, they may explore similar strategies creating a competitive advantage that results in similar performance (Bisschoff et al., 2019). If an SME holds a valuable and rare resource easily imitable, competitors can copy and implement them, neutralizing the resulting competitive advantage. On the other hand, a higher cost of imitation leads to a longer period of sustained performance for the enterprise. SMEs that depend on valuable, rare, and imitable resources and capabilities create high efficiency and effectiveness to realize positive performance (Laamanen & Wallin, 2009). This study is the subject of the influence of valuable resources on performance of SMEs.

A resource is valuable if it enables a firm to implement strategies and help exploit opportunities by mitigating threats. This resource must have a good net present Value (NPV) meaning the costs invested in the resource should lower the expected future cash flows discounted back in time (Barney et al., 2010). Resources should help enable strategies, exploit opportunities, or mitigate threats. Furthermore, they should improve efficiency and effectiveness (Nason & Wiklund, 2018). Net Present Value (NPV) appraisals help ascertain the *quantitative value* of resources. A company is at a *competitive disadvantage* if none of its resources are considered valuable (Zimuto & KudakwasheZvobgo, 2021).

According to Bowman and Ambrosini, (2007) a valuable resource is a resource which permits premium pricing or enables costs to be lowered relative to competitors. Resources can be used as an advantage; it is possible they will provide beneficial opportunities. They can also eliminate or reduce the impact of a threat. Stakeholders determine value by whether or not resources are beneficial to the company. The resource can assist organization in different areas within and outside the organization. When a resource help the organization in different sphere include, socially, economically, and technology advancing, it becomes critical for the organizational development (Melián-González et al., 2010). But if it does not provide benefits, it is not useful. That makes it a weakness in VRIO analysis. For example, it could be an expensive resource. If the firm cuts the funding, they can allocate the money elsewhere to see a growth in revenue. One must consider buyers, suppliers, and rivalry too. The resource may be a threat to consumers, an issue with vendors, or increased competition from others. If it can be substituted, that is also a weakness. With this, the V in the VRIO analysis framework is complete. Valuable resource and capabilities among SMEs extent to talent management, location, technology capability, and brand equity.

Talent management is perceived as part of human resource management strategies consisting of the execution of integrated strategies to enhance and sustain the performance by streamlining processes for enticing, retaining, developing, and profiting from individuals with the qualifications and skills necessary to attain current and future organizational requirements. Al Aina and Atan (2020) state that talent management enables organizations identify the most talented workers who would become future leaders whenever a job becomes available by offering crucial knowledge and change-and improvement-oriented techniques. In addition to employee talent, talent management is closely related to the organization's mission and vision during its development, resulting in competitive edge and sustainability (Almaaitah et al., 2020; Al Aina & Atan, 2020).

Location refers to the nearness and accessibility of the firm to raw materials, infrastructures, how busy the location is? And how accessible the location is to the customers? (Lucky, 2011). Research suggested that business location correlates to the success or survival of SMEs. Business location determines strategic issues in a business performance entail connectivity, communication, resources and production including air transport, internet users, railway, rail line, telephone, mobile cell, urban population, agriculture, improved water and gross domestic product (Singh, & Sanjeev, 2019).

Mohamed et al., (2021) state that technological capabilities include the capacity to create new goods and processes, run facilities efficiently, and carry out any other pertinent technical function or volume activity within the company. Technological capability can also be defined as the ability to employ technological knowledge effectively for engineering, invention, and production (Srivastava et al., 2015). Technology capability helps firms to be more flexible in their designs, thus, innovative companies do not encounter many problems in adapting to the rapidly changing business environment UNCTAD (2014). Technological capability and innovation are the pillars of economic development (Rosa et al., 2017). Technology helps firms improve business processes and result in cost effectiveness. Generally, organizations use technological capability in carrying out their business routine, processes, and activities in order to improve performance (UNCTAD, 2014).

Brand equity is considered to be one of the most important organizational resources. The importance of brand equity is not only agreed by large companies, but SMEs also can build brand equity to ensure strength of their companies. Brand equity is critical to any organization including in SMEs as it conceptualized based on marketing and financial perspective. Obviously, higher brand equity can increase revenue, lower costs and greater profits (AbdGhani et al., 2021).

Upon this background this study objective was:

i. To establish the influence of valuable resources on SMEs Performance in Nairobi County.

This paper is organized as follows: following the introduction part, a second part is a literature review with theoretical and empirical studies that shed a light on linkage between theory and practice. The third part presents the research methodology. After analysis and findings of the study, authors provide discussions and conclusions.

Literature Review

Theoretical Framework

Resource-Based View of the Firm Theory

The resource-based theory is credited to the work of Penrose and Wernefelt, complements the traditional Porter's competitive advantage model and focuses on the utilization of a business's unique resources to achieve desired performance (Safari & Saleh, 2020). The theory's central premise is that SMEs' key strengths are underpinned by their resources such as core competencies and shared vision because they provided a competitive advantage in the market. Pearce and Robinson (2011) define the Resource-Based Theory (RBT) as a method of analysing and identifying a firm's strategic advantages based on examining its distinct combination of assets, skills, capabilities, and intangibles as an organization. This theory is concerned with internal firm characteristics and their influence o firm performance. It views the firm as a bundle of resources which are combined to create organizational capabilities which it can use to earn above average profitability (Grant, 2016). Resources and capabilities that organizations possess include organizational, human, technological, and financial. In evaluating the potential of organizational resource in enhancing organizational performance, a set of four variables are identified and how they affect organizational performance as outlined in the VRIO model. The resource-based view (RBV) as a basis for organizational performance lies primarily in the application of a bundle of valuable tangible or intangible resources at the firm's disposal (Grunig, Grunig & Dozier, 2018).

VRIO Model

The VRIO model framework was conceived in 1991 by Dr. Jay Barney and is used to evaluate an organization's competitive advantage based on value, rarity, inimitability, and organization (Fisher et al., 2020). It is utilized to analyze a firm's internal capabilities and resources to determine whether they can become a source of competitive advantage. This study is anchored on the VRIO framework. VRIO framework is vital as it enables SMEs to understand their performance to elevate it. The model is effective, simple, and comprehensive in its review and offers crucial insights essential to enhancing organizational performance (Vargas-Hernández & Garcia, 2018). Barney and Hesterly (2010) stated that organizations with resources that meet the VRIO requirements have the potential to help it attain high performance level. According to Ferreira et al. (2022) the valuable, rare, imitable resources and organization (VRIO) model provides a theoretical framework to guide an organization to analyze business resources and determine its ability to perform positively in the market (Ferreira et al., 2022).

Conceptual Framework

This study constructed a conceptual framework on the interaction of the study independent variable, valuable resources and the dependent variable, SMEs performance, as shown in Figure 1.

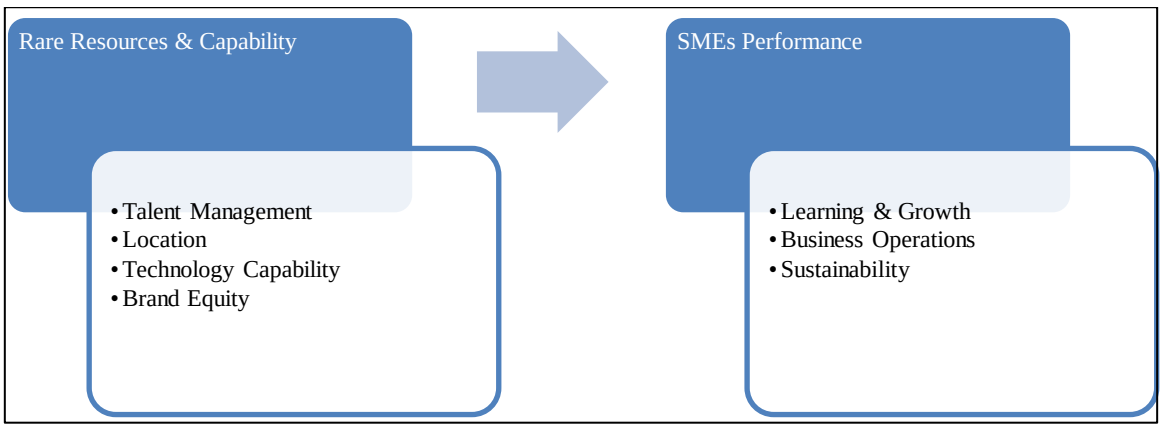

Figure 1: Conceptual Framework of the Study; *Source:* Authors

Empirical Review

Talent Management and SMEs Performance

Pauli and Pocztowski (2019) in their study on talent management in Polish SMEs found that SMEs apply talent management in various ways. The study sought to determine how SMEs define talent and the activities undertaken by the SMEs with regards to talent management. The researchers adopted an exploratory research design. A sample of 200 Polish SMEs was selected randomly for data collection through interviews using the CAPI technique. Descriptive statistics and data clustering was utilized to analyze the collected data. The study recommends defining the aim of introducing TM practices. Although the study identifies a positive impact of HRM practices on SMEs performance, it does not address how TM practices affect the performance of SMEs.

Rauch and Hatak (2016) studied SMEs performance and human resource practices and established that human resources affect SMEs performance. The study sought to evaluate the impact of HR-enhancing practices on performance of SMEs. The researchers adopted a systematic literature review of 56 studies for data collection which was analyzed using meta-analysis. The study's findings indicate that HR-enhancing practices are positively correlated with firm's performance. These practices are crucial to young organizations. Although the study shows a relationship between HR practices and performance of SMEs, it is not specific to talent management. The study discusses HR-enhancing practices in general.

Vlachos (2016) in a study titled high-performance workplace practices for Greek companies found out that such practices are worthy investing in. In this study, the researcher sought to determine the impact of HR practices on SMEs performance. The researcher reviewed existing literature on HR practices of companies in the Mediterranean region. In addition, self-reported questionnaires were used to collect data from managers in Greece. Univariate and hierarchical multiple regression was used for data analysis. The findings show that all HR practices are predictors of performance in SMEs. Although the study identifies a positive relationship between HR practices and SMEs performance, it is specific to a particular industry. The study does not specifically evaluate the role of talent management as part of HR practice on the performance of SMEs.

Lokhande (2023) in a study titled talent management and its impacts on organizational performance found that talent management is a strategic tool that facilitates employee engagement leading to improved organizational performance. In this study, the main purpose was to determine how talent management impacts performance in firms. The researcher reviewed literature comprising empirical research on talent management. Results from the analysis indicate that talent management strengthens the firm's strategy and increases employee retention. Besides, higher employee engagement that is achieved through talent management results in higher performance. Although the study identifies a positive correlation between talent management and organization performance, the study is not specific to small and medium sized firms.

Kibera and Mwasaji (2019) in a study titled talent management and performance of medium sized family-owned business found that strategic leadership has a positive influence on performance of SMEs. The study also identified a positive significant relationship between employee empowerment and performance of family-owned SMEs. A sample of 89 respondents comprising teaching staff and administration staff members from Riara Group of schools were selected for data collection which was analyzed using SPSS. Empowering employees was identified to have a significant effect that results in increased performance in SMEs. One of the limitations of this study is that it only discusses employee empowerment aspect of talent management and does not cover compensation, onboarding, training, workforce planning and development and their impacts on performance of SMEs.

Ismail et al. (2021) studied the effect of talent management practices on SMEs in Malaysia. The researcher adopted a quantitative research design, whereby data was collected using questionnaires from 55 respondents and analyzed with SPSS. Results show that talent management practices are positively correlated with employee retention and employee engagement. Talent management results in 92% increase in employee engagement. Hence, talent management positively influences engagement and promotes business success. The study identifies a positive influence of talent management on employee engagement but does not explore how it affects performance.

Location and SMEs Performance

The business location is a vital determinant of the success of any organization. Good locations have a positive impact as they boost the firm's long-term performance. Selecting a poor location can be costly to the business in terms of lost productivity, talent, and capital. Harahap et al. (2017) evaluated the effect of location and product completeness on consumer buying decisions of SMEs. Explanatory research utilizing a quantitative approach was conducted using a sample of 96 respondents. The study's findings showed that the location and availability of complete products were major considerations for consumers when deciding where to purchase products. Consumers in the SME market prioritize completeness of the product and a strategic location. Besides, location plays a significant role in attracting and retaining the best employees concerned about their work to maximize the work-life balance. The business cost of a company is determined by various factors, among them being the location. Hence, locating an SME in a strategic location can positively impact the buying decision of consumers, thereby promoting the performance and growth of such firms.

The model of SME development identifies the issue of SME location as a significant factor in how successful the firm is perceived. The study by Sefiani et al. (2022) evaluates the effect of location on the performance of small and medium enterprises as perceived by owners. Prior studies have attempted to explore location's role on SMEs' business performance in Tangier. Some studies have identified rural and urban locations, while others connect location with clustering effect and taxation, making the findings insufficient in understanding the role of location. Data collected through fifteen semi-structured interviews were conducted and analyzed. The study findings showed that location is a crucial factor influencing SMEs' performance in Tangier. The location of a firm within the free zone was linked with increased benefits related to competition and taxation, with firms outside the zones being excluded from the benefits. Hence, the location of a business concerning free zones has an essential financial impact on the success of such firms.

Many managers or owners of SMEs overlook the importance of the business location to its performance, success, and survival. The factors that guide the location decision have either a positive or negative outcome on business performance. Lumbwe et al. (2018) assessed the various location factors that determine location decision and their effect on the performance of SMMEs. The study showed that electricity affordability, safe, healthy areas, and customer flows positively correlate with performance. The affordability

of electricity has a strong positive relationship with performance making it an important factor in selecting suitable business premises. Locations offer various opportunities and sometimes threats which can advantage or hinder performance. Affordable electricity tariffs and healthy and high customer flow are location factors that result in high performance among SMEs.

The location usually determines who the business will attract, comprising its target customers. Accordingly, business location is important for organizations because it is a long-term commitment. Once chosen, it cannot be easily changed as it represents a significant financial investment. Location and ownership strategies are contingent factors that affect the relationship between SMEs' open innovation activities and innovation performance in emerging markets. The study by Chen et al. (2020) evaluated the impact of location strategies on innovation performance. A sample of 1050 SMEs firm in China was utilized for the research. The study findings of this study indicate that SMEs located in regions with a strong pro-business environment, open innovation, and higher market development generate more value than those firms located in areas with lower levels of these factors. Hence, the subnational environments where SMEs are located are vital in enabling them to capture value from open innovation.

Technological Capability and SMEs Performance

Technological capability (TC) is a strategic source of wealth and growth for all firms. Chantanaphant et al. (2013) observe that product innovation and innovative processes contribute to the success of SMEs. Their study sought to determine the impact of TC on the export performance of small and medium-sized enterprises in Thailand's plastic industry. Personal and telephone interviews were utilized to collect data from 111 SMEs operating in the plastic industry. Data analysis was conducted using multiple and descriptive regression analyses to assess the relationship between TC and export performance. The study's findings showed that TC is vital in enabling SME firms to achieve higher international performance-enhancing their competitive ability in global markets. Besides, superior technology facilitates the acquisition of greater efficiency gains by promoting process innovation leading to higher differentiation to align with changes in the market environment. Hence, accumulating technological knowledge is essential to developing distinctive technologies to enhance SME performance in the global economy.

In their study on information technology (IT) capabilities and SMEs' performance, Nabeel-Rehman and Nazri (2019) identify a positive impact of IT capabilities on SMEs' performance. Their study sought to establish the effect of IT capabilities such as IT alignment and integration on the performance of small and medium-sized enterprises through the mediating effect of corporate entrepreneurship and absorptive capacity. The study utilized a sample of 489 manufacturing SMEs in Pakistan. The cluster sampling technique was utilized to facilitate data collection through surveys. The study showed that absorptive capacity affects the firm's performance outcomes. According to this study, advanced technology is vital for the survival of SMEs as it provides the competitive advantage required to enhance performance. IT capabilities positively affect a firm's performance and innovation performance.

Technological capability plays an essential role in achieving competitive advantage and enhancing the performance of companies. Al-Mamary et al. (2020) reviewed the literature to determine the relationship between technological capacity and manufacturing performance. The study identifies that maintaining technological interactions is essential to gaining a competitive advantage. Study findings indicate that TC contributes to the operation and production sectors in manufacturing. Developing technological capabilities results in improved performance in manufacturing and generates a competitive advantage that maintains commercial success in global and local markets.

Brand Equity and SMEs Performance

Branding is essential to organizations that seek to pursue competitiveness and differentiation. The study by Grashuis (2018) identifies that brand equity has a positive relationship with financial performance among marketing cooperatives. The study evaluated the effect of brand equity on the financial performance of marketing cooperatives in the United States to determine if it is profitable. A sample of 707 marketing cooperatives in the U.S was selected for the study. The study findings showed that an increase in the total stock of service marks and trademarks is positively related to the net sales of the mean marketing cooperative. A 1% increase in the total stock of trademarks and service marks results in an estimated $3,815 and $17 286 in net income, respectively. However, the researchers identify a delayed impact of brand equity on performance as the most impact of brand equity is observed on older trademarks.

He et al. (2019) conducted a study assessing how brand equity affects a firm's productivity. The study sought to determine the relationship between brand equity and firm-level productivity and the effect of human capital. Data for the research was collected from Chinese listed firms, which were evaluated by testing various hypotheses. The findings showed that research, development, and human capital have significant interaction. Besides, firms utilize research and development coupled with human capital to enhance brand equity's impact on an organization's productivity. However, the relationship between a firm's performance and brand equity is insignificant in the service sector and non-state-owned enterprises. The study concludes that brand equity is crucial to future enterprises' growth in China.

Corporate brand equity is positively related to market-based performance, including financial performance and market share. Rahman et al. (2019) studied the impact of brand equity on the firm's performance. The study is contingent on the relationship between firm performance and brand equity and the moderating effect of corporate social responsibility. A data set from 62 US corporate brands was used for this research. The study's findings showed that brand equity positively relates to market-based performance. In this case, performance is measured based on financial performance. Additionally, CSR moderates the relationship between the firm's

performance and rand equity by increasing the long-term value above the direct effect of the organization's brand equity. Similarly, Nana et al. (2019) identifies that brand equity has a significant positive effect on the firm's performance. The influence of brand equity on performance is strong even without rebranding.

To this end, the following hypothesis was proposed:

H_0: Valuable resources have no statistically significant influence on SMEs Performance in Nairobi County.

Research and Methodology

This study used a cross-sectional survey design. The target population for the study comprised of 121,680 SMEs in Kenya. The research used stratified random sampling technique to select the SMEs to participate in the study. SMEs were selected from the following sectors: manufacturing; wholesale and retail trade; service; manufacturing; and service. The sample size of the study was 399 SMEs. A structured questionnaire was used to collect data. This study used quantitative methods of data analysis including, descriptive and inferential analysis. Descriptive analysis included, frequencies, means, and standard deviation. Inferential analysis included correlational and regression analysis.

Findings and Discussions

Findings

Findings in Table 1 highlights the demographic characteristic of the study participants.

Table 1: Demographic Characteristics

Variable	Indicator	Frequency	Percentage
Gender	Male	161	53.7%
	Female	139	46.3%
Age Bracket	18 - 25 years	28	9.3%
	25 – 29 years	38	12.7%
	30-39 years	93	31%
	40- 49 years	92	30.7%
	50 years and above	49	16.3%
Educational Qualification	Diploma	94	31.3%
	Bachelor's Degree	145	48.3%
	Master's Degree	57	19%
	Doctoral Degree	4	1.3%
Industry	Manufacturing	21	7%
	Wholesale & Retail Trade	156	52%
	Service Provider	123	41%
Number of Years of Operation	1 – 9 years	169	56.3%
	10-19 years	96	32%
	20- 29 years	24	8%
	30 years and above	11	3.7%

Valuable Resources

The valuable resource was examined on 5-point Likert scale statement where, 1=Strongly Disagree, 2= Disagree, 3= Moderately Agree, 4= Agree, 5= Strongly Agree. Data was analyzed by computing the mean score of the responses and interpreted as 1.0-1.4=Strongly Disagree, 1.5-2.4= Disagree, 2.5-3.4= Moderately Agree, 3.5-4.4= Agree, 4.5-5.0= Strongly Agree.

Findings showed that respondents agreed that the management team in their enterprise demonstrate managerial competency as shown with a mean of 4.22 and a standard deviation of 0.50. Respondents also agreed that their enterprise management team demonstrated entrepreneurial competency as revealed with a mean of 4.18 and a standard deviation of 0.58. It was also agreed that the management team demonstrate opportunity competency as indicated with a mean of 4.17 and a standard deviation of 0.54. These results are contained in Table 2.

Table 2: Valuable Resources

	Mean	Std. Deviation
The management team demonstrate managerial competency.	4.22	0.50
Our employees demonstrate self-management competency.	4.15	0.55
Our employees have demonstrated communication competency.	4.09	0.59
Our employees demonstrate planning competency.	4.08	0.63
Our employees demonstrate strategic action competency.	4.04	0.63
The management team demonstrate conceptual competency.	4.08	0.65
The management team demonstrate entrepreneurial competency.	4.18	0.58
The management team demonstrate strategic competency	4.15	0.56
The management team demonstrate organizing competency	4.15	0.58
The management team demonstrate opportunity competency	4.17	0.54
Our enterprise strategic location has enhanced our sales and services.	4.08	0.72
Our enterprise is in a suitable business premises where we have access to affordable electricity.	4.01	0.78
There is a high customer flow in our enterprise location.	3.94	0.70
Our enterprise is located in a strong pro-business environment.	4.04	0.62
Our enterprise location has a potential for higher market development	4.06	0.60
Our enterprise location enables us to capture value from open innovation.	4.01	0.65
We have a superior technology ability that promotes process innovation leading to higher differentiation.	3.98	0.72
We have accumulated technological knowledge that has enable us to develop distinctive skills in our enterprises.	4.05	0.67
Our enterprise growth and survival has been supported by advanced technology that offers us a competitive advantage.	4.07	0.70
Our enterprise technology capability has driven our innovation performance.	4.08	0.65
We adopt/adapt external technology tailored to our enterprise needs.	4.06	0.60
Our technological capability supports our enterprise innovativeness, which contributes to product innovation.	4.00	0.65
Our enterprise is identified with a service mark/trademark.	4.06	0.61
Our enterprise has a clear and consistent identity that it communicates to the customer.	4.16	0.54
Our products/services have unique features and characteristics distinguished	4.05	0.65

SMEs Performance

SMEs performance was examined under three constructs including, learning and growth, business processes, and sustainability. In terms of learning and growth respondents agreed that there was an improvement in their skills (Mean=4.36 SD=0.63), know-how capabilities (Mean=4.34; SD=0.58), capabilities of data analysis and interpretation (Mean=4.14; SD=0.76). In terms of business processes, it was agreed that the SMEs achieved customer selection (Mean=4.12; SD=0.59), acquisition (Mean=4.13; SD=0.60), and retention (Mean=4.12; SD=0.65). In terms of sustainability, it was agreed that the SMEs created new jobs opportunities (Mean=4.18; SD=0.60), fully complied to regulations (Mean=4.21; SD=0.61), had fewer number of violations (Mean=4.10; SD=0.63), perform well health wise (Mean=4.05; SD=0.65). These results are shown in Table 3.

Table 3: SMEs Performance

SMEs Performance	Mean	Std. Deviation
Learning and Growth		
My skills have improved.	4.36	0.63
My know-how capabilities have improved.	4.34	0.58
I have access to various information.	4.28	0.58
There is availability of various information.	4.26	0.55
I have improved my capabilities of data analysis and interpretation.	4.14	0.76
There is increased communication by sharing of knowledge.	4.24	0.53
There is increased awareness of shared vision, objectives, and value.	4.18	0.58
Business Processes		
There is improved efficiency in operational process.	4.20	0.59
There is improved quality of operational process.	4.20	0.60
There is enhanced delivery dependability of operational process.	4.15	0.57
My enterprise has facilitated target customer selection.	4.12	0.59
My enterprise has customer acquisition.	4.13	0.60
My enterprise has customer retention.	4.12	0.65
We identify the opportunities to develop new products or services.	4.09	0.62
We develop new products or services more effectively.	4.04	0.63

We reduce the cycle time of new product development.	3.95	0.76
We have extended product portfolio through collaboration.	4.05	0.69
We have increased effective production of new products.	4.04	0.68
Sustainability		
My enterprises have created new jobs opportunities	4.18	0.60
We have had fewer number of violations	4.10	0.63
We perform well health wise	4.05	0.65
We have fully complied to regulations	4.21	0.61
We gave sustainability audit and communication	4.06	0.75
A high number of our products are recycled	3.72	0.99
A high number of our products decompose	3.68	1.01

Correlations between Valuable Resource and SMEs Performance

The correlational analysis was used to evaluate the relationship between valuable resource and SMEs performance. Results in Table 4 showed that there is a positive significant correlation between valuable resource and SMEs performance (r=.270; p<.01).

Table 4: Correlations between Valuable Resource and SMEs Performance

		SMEs Performance	Valuable Resource
SMEs Performance	Pearson Correlation	1	.270**
	Sig. (2-tailed)		0
Valuable Resource	Pearson Correlation	.270**	1
	Sig. (2-tailed)	0	

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

Regression on Valuable Resource and SMEs Performance

Linear regression analysis was to determine the influence of valuable resources on SMEs performance. Table 5 illustrates the model summary, which shows that $R^2 = .073$. This means that valuable resources account for 7.3% of SMEs performance in Nairobi County. The other extent of SME performance is accounted for by other factors outside this model.

Table 5: Model Summary between Valuable Resource and SMEs Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.270a	0.073	0.07	0.37893

a Predictors: (Constant), Valuable Resource

b Dependent Variable: SMEs Performance

The regression ANOVA evaluated the significance of the model in predicting SMEs Performance. Results in Table 6 revealed that the model was significant in predicting SMEs Performance (F (1,291) = 22.829, p<.05).

Table 6: ANOVA between Valuable Resource and SMEs Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.278	1	3.278	22.829	.000b
	Residual	41.784	291	0.144		
	Total	45.062	292			

a Dependent Variable: SMEs Performance

b Predictors: (Constant), Valuable Resource

The regression coefficients showed that valuable resources had a statisitcally signficant influence on SMEs performance (t = 4.778, p<0.05). Accoring to findings one unit increase in valuable resources improved SMEs performance by 0.269 units (β = 0.269).

The t-test was used to test the study hypothesis, that was stated as:

H_0: Valuable resources have no statistically significant influence on SMEs Performance in Nairobi County.

The t-statistics results showed that t = 4.778, p<0.05. Therefore, there was enough evidence to reject the null hypothesis and conclude that valuable resources have a statistically significant influence on SMEs Performance in Nairobi County.

Table 7: Coefficients between Valuable Resource and SMEs Performance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.012	0.231		13.025	0
	Valuable Resource	0.269	0.056	0.27	4.778	0

a Dependent Variable: SMEs Performance

Discussion

Results on the influence of valuable resources on performance of SMEs showed that there was a positive significant correlation between valuable resource and SMEs performance (r=.270; p<.01). In line with this observation, Zimuto and Maritz (2019) study proved that the value of resources which an enterprise utilizes is significantly related to its performance. According to the linear regression analysis valuable resources account for 7.3% of SMEs performance in Nairobi County. According to the regression coefficients, one-unit increase in valuable resources improved SMEs performance by 0.269 units ($\beta = 0.269$). The t-statistics results showed that $t = 4.778$, $p<0.05$. Therefore, there was enough evidence to reject the null hypothesis and conclude that valuable resources have a statistically significant influence on SMEs Performance in Nairobi County. The findings here agree with the study of Zimuto and Maritz (2019) which demonstrated that one unit increase in valuable resources causes a 0.2% increase in performance. Contrary to findings here Newbert (2008) found out that valuable resources was not related to performance. Newbert (2008) argued that although valuable resources are significant in influencing organizational level performance, its influence on performance is neither direct nor inevitable. Similarly, Moscare-Balanquit (2021) found out that valuable resources had a significant positive effect on micro enterprise performance ($\beta = 0.042$, $P = 0.021$). Moscare-Balanquit (2021) concluded that the greater the valuable resources of a micro enterprise the more probable it will enhance its performance.

Findings showed that employees at the SMEs demonstrated self-management competency, communication competency, and planning competency. In line with these findings, Ncube and Chimucheka (2019) demonstrated that self-management competencies, communication competencies, and planning competencies had a positive effect on the performance of SMEs. Further, the employees demonstrated strategic action competency, and the management team demonstrated entrepreneurial, conceptual, strategic, organizing, and opportunity competencies. Garba (2019) examined the effect of conceptual, strategic, and opportunity competencies on the performance of SMEs. The results indicated that strategic competencies significantly affected SMEs' performance while opportunity competencies had a positive effect on the performance of SMEs. Babayayi *et al*. (2021) examined the competencies needed to ensure SME performance, such as organizing, strategic, and opportunity competency. The study results indicated that core competencies of strategic action, strategic thinking, and visionary leadership positively relate to SME performance.

Results showed that the SMEs strategic location had enhanced their sales and services. In line with these findings, Harahap *et al*. (2017) stated that location and availability of complete products were major considerations for consumers when deciding where to purchase products. They noted that the business cost of a company was determined by various factors, among them being the location. Therefore, locating an SME in a strategic location could positively impact the buying decisions of consumers, thereby promoting the performance and growth of such firms. Further, the study results showed that SMEs were in a suitable premise where they had access to affordable electricity. They also agreed that there was a high customer flow in their enterprise location. Parallel to these findings, Lumbwe *et al*. (2018) observed that electricity affordability, safe, healthy areas, and customer flow positively correlated with performance. They also noted that electricity affordability had a strong positive relationship with performance, making it an important factor in selecting suitable business premises. Affordable electricity tariffs and healthy and high customer flow are location factors that result in high performance among SMEs.

Findings showed that SMEs were located in strong pro-business environment. The location had a potential for higher market development. The location enabled SMEs to capture value from open innovation. In congruence with these findings, Chen et al. (2020) noted that SMEs located in regions with strong pro-business environments, open innovation, and higher market development generated more value than those firms located in areas with lower levels of these factors. Therefore, the subnational environments where SMEs are located are vital in enabling them to capture value from open innovation.

Results showed that SMEs had a superior technology that promoted process innovation leading to higher differentiation. In relation to these findings, Chantanaphant et al. (2013) observed that superior technology facilitated the acquisition of greater efficiency gains by promoting process innovation leading to higher differentiation to align with changes in the market environment. Further, SMEs had accumulated knowledge that enabled them to develop distinctive skills in their enterprises. In correspondence to these findings, Chantanaphant et al. (2013) stated that the accumulation of technological knowledge was essential to developing distinctive technologies to enhance SME performance in the global economy. In addition, SMEs growth and survival were supported by advanced technology that offered a competitive advantage. In line with these findings, Nabeel-Rehman and Nazri (2019) identified that advanced technology was vital for the survival of SMEs as it provided the competitive advantage required to enhance performance.

The study findings showed that the SMEs technology capability had driven innovation performance. In relation to these findings, Nabeel-Rehman and Nazri (2019) observed that IT capabilities positively affected a firm's performance and innovation performance. Based on the results, SMEs technological capability supported their enterprise innovativeness, which contributed to product innovation. In congruence with these findings, Salisu and Bakar (2018) asserted that technological capability was necessary to support firms' innovativeness, which contributed to product innovation performance among SMEs. Further, SMEs adopted/adapted external technology tailored to their enterprise needs. Parallel to these results, Salisu and Bakar (2018) observed that adopting and adapting external technology tailored to the firm's needs ensured the development of technological capability leading to enhanced firm performance due to increased access to knowledge and resources.

Conclusion

The study concluded that valuable resource has a significant influence on SMEs Performance. Increasing valuable resources in an SMEs will help the enterprise register higher performance. This study recommends a framework for a successful SMEs Performance (Figure 2) that include:

The SMEs managers and owners should endeavor to recruit talented individuals who are resourceful and creative and can help the SMEs achieve its performance objectives.

The SMEs managers and owners should also find a strategic location where to position their SMEs, with consideration to accessibility, safety, and healthy environment. Policy makers and government entities should develop business park with strong pro-business environment, open innovation, and higher market development to support SMEs growth and development.

SMEs managers and owners should invest in superior technology with the capability to innovate. SMEs should build a strong brand through consistent brand message, quality product, consumer engagement, creative marketing, and monitoring and adaptation.

This study explored the influence of the valuable resource on the performance of small and medium enterprises. More research can be done on other factors that influence organizational performance such as organizational leadership, human resources, and technology.

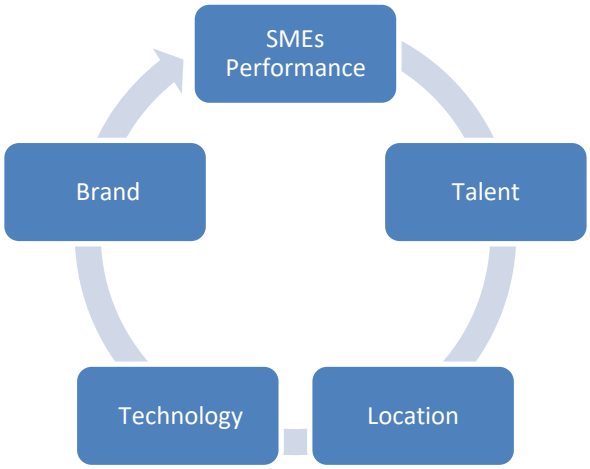

Figure 2: A Framework for a Successful SMEs Performance; *Source:* Authors

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