

Enhancing market access in Kenyan SMEs using ICT

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Abstract

Small and Medium Enterprises (SMEs) are perceived as the engine of growth in Kenya yet face formidable constraints that hinder them from realising their potential. Limited market access remains a critical constraint to their growth and competitiveness whereas Information and Communication Technology (ICT) presents enormous opportunities for improved market access.

The aim of this study was to explore opportunities offered by ICT in enhancing market access in Kenyan SMEs and the various ICT tools and applications that can be harnessed. Exploratory research design was used based on desk research that involved a review of relevant literature and studies. Findings of the study identified limited access to information, poor access to physical markets, stiff competition due to liberalization of markets and globalization, limited market research and analysis, narrow product diversity, weak capacity for e-commerce and high transaction costs as constraints to market access by Kenyan SMEs. Findings also indicate that opportunities exist for SMEs to apply ICT to facilitate communication and access to information, identify markets, for production of innovative quality products, product promotion, to improve transactions, for market research and analysis, to access international markets, for on-line selling, for networking and to lower transaction costs. The study recommends awareness creation for ICT use, improvement in ICT literacy levels and infrastructure, development of user friendly relevant ICT programs for SMEs, development of databases for SMEs, use of popular social sites for marketing and inclusion of ICT in SMEs marketing strategies.

Keywords: globalization, information and communication technology, market access, small and medium enterprises

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1. INTRODUCTION

Small and Medium Enterprises (SMEs) are perceived as the engine of growth in Kenya because of their key role in economic development. The sector generates employment opportunities, provides goods and services and steers competition and innovation (KIPPRA, 2002) SMEs comprise about 75 % of all businesses, employ 4.6 million people (30%), accounts for 87% of new jobs created and contributes 18.4 % of the GDP. (GOK, 2009) The Kenyan government considers the sector the centre of industrial development and has hinged several development strategies on it (GOK, 2007). However the sector faces binding challenges that make it impractical for it to realise its full potential and deliver to the government expectations. These include limited market access, limited access to information, finances and technology and unfavourable policy and regulatory environment among others (GOK, 2005).

Limited access to markets remains a severe constraint to SME growth and competitiveness in Kenya owing to a shrinking domestic market due to globalization. (GOK, 2005; KIPPRA, 2006). Limited access to market information makes SMEs less aware of opportunities in the market. Overall aggregate demand for the sector's products is low and markets are saturated due to overproduction and dumping of cheap imports. Markets do not function well due to insufficient information, high transaction costs and stiff competition for similar products. High transaction costs are due to market inefficiencies and information asymmetry. SMEs face difficulties accessing markets due to limited market information, poor marketing capacity and poor market research leading to a discrepancy between the supply and demand. (KIPPRA, 2006).

On the other hand, Information and Communication Technology (ICT) is identified as an enabler of other sectors, (GOK, 2007) presenting enormous opportunities for SMEs to improve market access. ICT is an indispensable tool in the highly globalised, knowledge economy. Market access constraints facing SMEs include; poor quality products, lack of knowledge to explore niche markets, limited resources to promote their products and poor market research. ICT can improve market access by facilitating communication with customers, competitive positioning, enable information acquisition and production of quality products, generation of market information, reduction in logistic costs, facilitating access to global markets, facilitating market research, networking, market transactions and market identification.

2. LITERATURE REVIEW

Although the pivotal role played by SMEs is widely acknowledged, there is no standard definition of SMEs. The scale of enterprise according to established researchers and analysts can be measured in terms of total work force, turnover, investment and number of business units. (KIPPRA, 2006) In Kenya, enterprises are mostly classified by the number of employees engaged in the enterprise. The 1999 National Micro and Small Enterprises baseline Survey defined SMES as enterprises in both formal and Informal sectors employing 5-99 fulltime employees. Small scale enterprises employ 5-49 employees while medium enterprises employ 50-99 fulltime employees (CBS, ICEG & K-REP, 1999).

SMEs cut across all sectors of the economy, providing a prolific source of employment, income, government revenue and poverty reduction. The sector comprises 98% of all businesses in the country, employs more than 4.6 million people (30%) and accounts for 18.4 % of the country's GDP. Total capital employed in the sector is 28 billion (GOK, 2009). The sector provides goods and services; promotes competition, innovation and an enterprise culture and provides opportunities for the development of appropriate technological and managerial competencies. Since they dominate the business sector in Kenya, SMEs are an important factor in the context of poverty reduction as a source of income and employment especially for poor households. Growing concern about persistent stagnation and decline in economic growth accompanied by chronic unemployment, poverty and its resultant social problems has led to increased search for strategies which could stimulate economic activity in many economies. SMEs development has been at the centre of these efforts in Kenya based on the notion that small businesses form the context within which entrepreneurial activity takes place. (Oluoch, 2002; GOK, 2005).

2.1 Marketing challenges faced by SMEs

Access to markets and marketing information remains a severe constraint to SMEs development and competitiveness in Kenya. Prescribed policies to address these challenges seem not to be effective (GOK, 2005). Overall aggregate demand is low; markets are saturated due to dumping and overproduction, and in most cases markets do not function well due to lack of information and high transaction costs. Most of the SMEs are ill-prepared to compete in globalised liberalized markets while fewer are capable of venturing into the export markets to tap into new market frontiers. This confines majority of SMEs to narrow local markets characterised by intense competition. Small capital base and limited technology also confine SMEs to poor quality products that cannot compete effectively in a globalised competitive market environment. (KIPPRA, 2006).

SMEs seem ill equipped to embrace opportunities presented while confronting challenges of globalization. Globalization offers SMEs Opportunities to participate in the regional and international markets while internationalisation presents opportunity for growth and development beyond the local market. However globalized production by multinationals presents new threats in form of increased competition. (Kaushalesh & Peedoly, 2006) Limited access to global markets denies SMEs significant opportunities confining them to saturated local markets whereas internationalization is necessary for their survival and expansion. Barriers that limit SME internationalisation include limited information on foreign markets and technology, lack of managerial skills, limited knowledge, limited resources to finance exports, inefficient transactions and limited product and service quality to meet customer requirements (OECD, 2010).

The ability of SMEs to survive in an increasingly competitive global environment is largely dependent upon their capacity to leverage information as a resource and to benefit from the value of information. SMEs need ready access to comprehensive relevant information since they operate in severe time and capacity constraints. They require information on business trends and markets; business environment, legal and regulatory aspects, business management, customer needs, business expansion and diversification; technology; business opportunities; linkages and business partnerships. (Schleberger, 1998) Limited access to opportune, current, relevant and adequate information is a notable constraint to SMEs in Kenya. The enterprises struggle to gain access to important information needed for improved productivity, customer satisfaction, improved cycle time and opportunities at the market place. (ITG, 2002 in Hanna, 2010) Market signals on business opportunities and customer trends are not communicated effectively to SMEs, who perform better in information rich environments (KIPPRA, 2006). Major challenges in relation to market information relate to acquisition and capacity to interpret and effectively use the acquired information. Without access to timely, simplified, reliable and relevant information on market opportunities, production technology, the sector is unable to survive and grow in a highly globalised and competitive market environment (GOK, 2005). Even though acquisition of information is costly in developing countries, there is evidence to suggest that SMEs are willing to pay significant sums for relevant information where available (KIPPRA, 2006). Difficulties associated with information acquisition have negative implications; lack of information may reduce the extent of mutually beneficial exchanges and lead to uncertainty concerning economic decisions in the enterprises, Information asymmetries leads

to high transaction costs, uncertainty and therefore market failure. (Matambalya & Wolf, 2002)

2.2 Theoretical framework

Several theories have been put forward to explain the concept of marketing and market Access. This study reviewed the theories with the view of isolating and understanding key marketing factors that relate to SMEs' market access.

Market orientation theory holds that the key to achieving organizational goals is being more effective than competitors in integrating marketing activities to determine the needs of target markets (Kotler, 1999) Firms with better understanding of their customers, competitors and environment have a competitive edge. Enterprises should thus strive to understand customer needs which should then be translated into products or services. To achieve this, enterprises need market information to effectively market its products. Market research and consumer analysis are important to enable firms meet their customer needs to remain competitive. Market orientation aims at delivering superior customer value. There is a positive relationship between market orientation and firm performance (KIPPRA, 2006).

Closely linked to market orientation theory is the Evolutionary systems change theory which argues that the ability of a firm to survive and succeed depends upon its ability to search for and respond to the needs of the market niches. However market systems are dynamic, changing in response to evolving needs and the behaviour of competitors; making the market system to be in a continuous shift towards disequilibrium. Firms thus need to adapt to the new environment and find a competitive edge through improvements, maintaining high quality, selecting strategic market sites, promoting products and services, identifying niche markets and access other markets outside their localities.

The neoclassical paradigm theory is based on the concept of competition which is guided by several assumptions of perfect and costless information, no transaction cost, no public goods, no economies of scales, perfect rationality and that firms maximise profits. All players in the perfect market will seek to maximize their gains and in the long run, the market will tend towards equilibrium in which returns equals to costs. However Perfect markets are not realistic and in the absence of advanced legal structures, competition law and regulation, firms operating in imperfect markets suffer from high transaction costs, monopoly distortions, information failure, mistrust, uncertainty and risk- aversion. For perfect competition, firms require perfect and costless information and minimal transaction costs to compete effectively.

Relationship marketing theory posits that customers are increasingly looking for suppliers who provide value not only in terms of acceptable prices and an attractive range, but also in terms of relationship value. This approach leads to the need for relationship marketing which is defined as establishing, developing and maintaining successful relational exchanges (KIPRA, 2006). It typifies collaborative relationships, networks and processes, encompassing horizontal and vertical stakeholder relationships in a concerted effort to improve customer value. Firms need to develop customer relationship to obtain and retain customers.

The transactional cost theory tries to explain the significance of market and non-market institutions in economic exchange. This theory recognises that markets are driven by transaction costs created by information asymmetry, opportunism and asset specificity. Transaction costs include the costs of information, negotiation, monitoring, coordination and enforcement of contracts. (Adegbidi, 2012) It implies that reduced transactional costs is important in marketing and in enhancing market access.

The above reviewed marketing theories give insight to the study on marketing functions and other aspects that are essential to improve market access. These functions include; market research, relationship marketing, leveraging information for competitive advantage and other aspects are reduced transaction costs, access to information and understanding market needs. However the theories don't connect market access to use of ICT. The author tries to make the connection after reviewing literature on the role of ICT and how it facilitates the above functions necessary for market access.

2.3 Information and communication technology (ICT)

ICT is defined as an array of primarily digital technologies designed to collect, organise, analyse, store, process and communicate information. (Ritchie & Bridley, 2005) As a broad concept ICT includes; Information systems, information technology and digitization. ICT can be categorised into old that include telephones, radio, television, films, audio and video cassettes and new ICT that include, computers, mobile phones, faxes, point of sale systems, global positioning systems, Informational geographical systems, satellites, networked environments and Internet (Lashgarara et al., 2011).

2.4 The role of ICT in marketing

ICT offers enterprises a wide range of possibilities for improving competitiveness and market access that include; providing mechanisms for accessing new market opportunities, facilitating product innovations, accelerating market transactions and intensifying the use of information, knowledge and communication in processes. (Fulantelli & Allegra, 2003). ICT

is also closely linked to knowledge, communication and human intelligence enabling new types of innovation in management, organization and business models. Enterprises can benefit from ICT in terms of reduced transaction costs, inventory controls, quality controls, access to wider market space and global networking (Fulantelli & Allegra, 2003). ICT provides information channels that facilitate the decoupling of information from its physical repository to permit access and transmission (KIPPRA, 2006). Application of ICT can be a catalyst for enterprise competitiveness by improving access to information, increasing trade in commodities and services and in achieving efficiency gains in resource allocation (Fulantelli & Allegra, 2003). In Kenya where transaction costs are very high as a result of logistics, ICT can contribute to market efficiency as well as in the reduction of transaction and coordination costs within and across organizations.

ICT transforms traditional firm transactions and creates new market places by altering the process by which transactions take place, creating new products and services and by creating new markets in time, space and information that did not previously exist (Hanna, 2010). The power of ICT enables business networking within and between enterprises and geographical regions to grow. This in turn provides a platform for the exchange of experiences, options and opportunities for mutual cooperation and technology transfer (GOK, 2006). Firm's marketing networks also helps organizations to access disseminate, and incorporate best practices). Investment in ICT in the business sector makes firms more productive, more competitive, network ready and able to exploit new trading opportunities such as E-commerce.

2.5 ICT and SME market access

Marketing is important success function for SMEs that is facilitated by market access. Information plays a key role in market access and is the main core of any marketing system. Market access in developing countries is a major challenge to small businesses due to market imperfections that can be attributed to lack of market information, lack of linkages between the actors in the supply chain, distortions or absence of input and output markets, high transaction cost and high presence of trade intermediaries. Different strategies exist for improving market access of which the use of ICT is one. Strategies that enhance market access greatly impacts on the performance of small enterprises (Shepherd, 2007).

Potential benefits of ICT to SMEs include enhancing efficiency, reducing costs and broadening the market both locally and globally, empowering SMEs to participate in the knowledge economy by facilitating connectivity; helping to create and deliver products and services on a global scale and providing access to new markets (Chyau, 2005). ICT can

significantly impact the market –oriented dimensions of products and services (Ritchie & Bridley, 2005). Market –oriented ICT include websites which display the goods, services and information of a firm on the world wide-web (WWW). It can also integrate the e-commerce functionality, such as offering the ability to place orders. The www is a powerful platform for expanding and reaching new markets for SMEs while the Internet is critical in enhancing a firm's market reach and operational efficiency. ICT offers SMEs flexibility in trading by enabling 24 hours of trading, borderless market space and leverage SMEs to compete against larger enterprises on the same platform. In addition, ICT facilitates remote access to knowledge, suppliers and a borderless environment, offering SMEs the ability to deliver products and services on a different platform that is easily accessible. ICT can be used to reduce barriers of entry into different market segments exposing SMEs to a wider customer base (Lloyd & Kroeze, 2008). Mutula & Van Brakel (2006) noted that ICTs, especially the internet, have a significant impact on the operations of SMEs by facilitating their access to global markets, enabling them to sell to international customers, and to compete favourably with large corporations. Strategic use of ICTs is viewed as near solutions to firm's problems e.g. ICT has the potential to reduce the impacts of distance, reduce transaction costs, be used in information gathering and dissemination, inventory control, and quality control. ICT can enable SMEs to participate in the regional and international markets which are strategic for competitiveness, growth and further development (Ramsey et. al., 2003). Access to global markets offers a host of business opportunities, such as new niche markets; possibilities to exploit economies of scale, the upgrading of technological capability; and ways of spreading risks (OECD, 2000). Internet based technologies provide small firms the Opportunity to effectively overcome the limitations of size and compete and/or in larger markets with bigger sized establishments. There is some evidence to suggest that the Internet has increased international opportunities for SMEs (Hanna, 2010).

ICT also has the ability to transform global and local markets to become more efficient. Electronically mediated markets greatly impacts on the cost, speed and transparency of market-based transactions. As a result lower transaction cost and increased reach result in up to 15% lower costs to consumers, and up to 20% lower costs in business procurement .Business-to-business (B2B) net-based transactions are transforming supply chains across the globe, leading to the rise of new channels or net-based intermediaries, and enabling SMEs to pool resources and auction or collectively supply large multinationals. Net-based business-to-consumer (B2C) transactions and point-of-sale scanners provide producers, with detailed and instant information on local and distant buyers and markets. For consumers, C2B transactions

cut consumer search costs, reduce lead time wait, and broaden choices. Increased information on both sides helps align supply and demand ever more tightly (Hanna, 2010). At a more basic level, ICTs are the lifeblood of efficient markets and have the potential to develop markets and alleviate poverty.

Market prices act as coordinating signals for producers and consumers, where sources of information are limited basic ICT could play a major role in creating efficient markets, improving producer practices and speeding innovation, through the provision of information on market prices (Hanna, 2010). ICT causes fast accessibility to the market, increases selection power, improves communication, facilitates identification of markets, improves marketing and reduces business transaction costs. From a Survey conducted in Kenya and Tanzania (Matambalya & Wolf, 2007); 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. (Minges, 2003; OECD, 2000).

2.6 Problem Statement

Despite the high potential of SMEs in contributing to Social-economic development, the sector continues to face binding constraints that limit their potential and growth. Market access constraints continue to persist despite numerous policy interventions (KIPPRA, 2006). Overall aggregate demand for the sector remains low, markets are saturated due to dumping and over-production, transaction costs are very high and markets do not function well due to limited market information and competition from imported goods (GOK, 2005). This scenario seems to suggest that the traditional approaches to marketing intervention may be inadequate and ineffective. This calls for a new approach to address the marketing problems of the sector. ICT as an enabler of other sectors offers many opportunities for enhance market access. Kenya vision 2030 has acknowledged the critical role it plays in the development, growth and competitiveness of all sectors. Studies indicate a low adoption of ICT by SMEs (Ritchie & Bridley, 2005; Kiveu, 2008) SMEs have not harnessed ICT potential as compared to larger enterprises that enjoy better market access. Whereas many studies have looked at the determinants of ICT adoption by SMEs and factors affecting SME growth including marketing separately, this study investigated the role of ICT in improving market access in the SME sector, by identifying various dimensions of market access and exploring ICT

opportunities and applications that can be harnessed to improve market access. Literature on the use of ICT to enhance market access in SMEs is really scanty and this study undertook to bridge this knowledge gap.

2.7 Importance of the study

The SME sector plays a critical role in the social-economic development of Kenya and as such, the government expect it to deliver on its several development strategies in terms of employment creation, poverty eradication and industrialization. This requires that the sector remains competitive to deliver. It is imperative that the various constraints to the sector's competitiveness especially market access are effectively addressed if the sector is to remain relevant to economic development as envisioned. ICT is taking centre stage in the growth and competitiveness of all sectors globally and there is need to apply ICT to improve SMEs competitiveness. By exploring the opportunities offered by ICT to improve market access in SMEs, this study provides the necessary knowledge required for improving the sector's competitiveness to enable it deliver to the country's expectations. The knowledge is important for policy makers, SMEs as well as researchers/ academicians

2.8 Study objectives

1. To determine the various Market Access constraints faced by SMEs in Kenya
2. To explore opportunities in ICT that SMEs in Kenya can harness to improve market access
3. To propose appropriate ICT tools and applications that can be used to improve market access
4. To make recommendations for enhanced ICT use by SMEs to improve market access

3. RESEARCH METHODOLOGY

The study is exploratory in nature. To achieve the research objectives, desk research that used secondary data was employed. This was accomplished through literature review of relevant books, government publications, journals and studies to obtain information on SMEs, market access and ICT applications. Information reviewed was evaluated to draw meaningful conclusions and recommendations.

4. STUDY FINDINGS AND DISCUSSIONS

The importance of the SME sector as a driver of economic development and innovation is acknowledged in majority of literature reviewed. Limited market access constraint in Kenyan SMEs is indicated by narrow product range, limited participation by the sector in the international markets, dwindling income, limited linkages with other enterprises, customers/

markets, restricted market penetration, lack of physical market spaces to sell their goods, limited access to market information. This has restricted the SMEs to local markets that are overcrowded. Globalization has opened up markets and removed trade barriers opening them up to competition from large enterprises, multinational companies.

4.1 Market access constraints for SMEs in Kenya

Several factors are identified as limiting market access to SMEs in Kenya and include; lack of market information, poor access to physical markets, market premises and spaces, poor linkages with export markets, weak advertising and promotional capacities, poor quality products and services that restrict entry in some markets, limited market research and analysis, narrow product diversity, weak capacity for e-commerce and imperfect markets. Stiff competition due to globalization, high transaction costs due to inefficiency, distance to markets, poor systems and concentration of activities in a few sectors making them vulnerable to risks and competition (GOK, 2005, KIPPRA, 2006). Many SMEs lack the necessary information on market opportunities limiting them to narrow local markets; on customers and market demand due to lack of market research leading to saturated markets with goods whose demand is low. Many SMEs produce goods and services without considering the market and customer needs and consequently they are not able to penetrate the market. Lack of physical market structures to sell is another challenge for Kenyan SMEs resulting in illegal hawking of their goods at the road side and in town streets leading to running battles with the authorities. Transaction costs remain a major problem affecting market access in SMEs. According to the Transactional cost theory, reduced transactional costs are important in marketing and in enhancing market access. The high costs arise due to market inefficiencies, poor infrastructure and information asymmetry. Stiff competition due to globalization and liberalization bar SMEs from accessing most of the local and international markets. SMEs are not able to compete effectively due to poor quality products, skewed customer preference, unconducive pricing and limited product diversity. Most SMEs in Kenya exhibit weak linkages with customers contrary to the relationship marketing theory that argues that good customer's relationships are essential for successful marketing. (KIPPRA, 2006).

4.2 ICT opportunities for enhanced market access in SMEs

ICT holds a lot of potential for improved market access by addressing the various market access challenges in SMEs. It offers various opportunities to improve access to market information, communication, market research, market identification, promotion of goods and services, to enable on-line marketing and transactions, production of quality products, market

expansion, to enable networking and linkages, for efficient transactions with lower transaction costs, improved market coordination and linkages. This can be achieved through the use of different ICT tools that include; mobile and fixed phones, Computers, Television and Radio.

4.3 Use of ICT tools to increase market access

The mobile phone is the most used ICT tool in that is rated most significantly in terms of desirability, accessibility and affordability. Mobile phones emerge as the preferred ICT tool to SMEs due to affordability, ease of use, and a reliable network. More than 95% of SMEs in Kenya own mobile phones with subscription reaching 30.7 million in April, 2013 and mobile penetration at 78%. (CCK, 2012) This offer SMEs a great opportunity to employ the services of this preferred tool to enhance market access. Mobile phones offer various functionalities that can enhance market access and include communication, enabling market transactions, product promotion, customer relationship, market research and other internet enabled services. Mobile phones offer a quick, efficient and affordable way of communication to SMEs which is essential for initiating and maintaining customer relationship, facilitating market transactions, acquisition of market information and for communicating product information to customers. Communication can be achieved through voicemail or the short message service that is relatively cheap. SMEs can also benefit from the use of Interactive Voice response which uses voicemail for information delivery on the user dialling given numbers to access information through simple menu steps. This will give SMEs the opportunity to obtain market information necessary to achieve market access. (Mukhebi et al, 2007) Mobile phones can also be used to facilitate market transactions to improve efficiency and reduce high transaction costs. Such transactions include m-banking, m-payments and mobile money transfer. SMEs can take advantage of services that already exist e.g. pay-bill service, “Lipa na M-Pesa”, “M-Pesa banking and money transfer from Safaricom service providers. M-internet is a fast growing technology that can be used for mobile commerce to facilitate online marketing, communication, networking, and market research. SMS-marketing can used to market their products at low costs while Social-networking can be used for communication, promotion and in the actual selling through the phone. However, many SMEs use mobile phones for basic functions like communication despite the wide range of applications it offers with marketing functionality. SMEs and individuals are still wary of security issues in mobile transactions even- though the use of M-Pesa (used for money transactions, transfers and payments) has grown tremendously easing market transactions. The study also notes that mobile phone services are limited in some marketing functionality

especially that relating to the design and development of superior products and services. The cost of the mobile phone services is still relatively expensive for many small enterprises if used frequently. Network infrastructure is still an issue in some regions of the country. Marketing systems and programs using the mobile platform are still limited compared to those using the computer. Still, the mobile phones offer the greatest opportunity for enhanced market access in SMEs.

Another promising ICT tool for enhanced market access in SMEs is the computer with all the computer related applications. Statistics indicate computer usage in Kenya has increased over the years, 77% SMEs indicating they own a computer (Kiveu, 2008). However, majority use computers for basic applications like automation and communication. In a study on ICT adoption and use by SMEs, only 28% of interviewed SMEs had Websites and 24% indicated they used ICT for product marketing and e-commerce (Kiveu, 2008). The computer has the advantage of having much functionality that can be used to for communication, e-commerce, promotion, design and development of superior products, market research, customer-relationships, networking and the creation of linkages, acquisition of important market information. A significant application for market access in computers is the internet whose users in Kenya stand at 16.2 million currently, with an internet penetration of 41.1%. Internet offers SMEs an opportunity to create their websites for promotion, communication and for efficient market transactions. According to Chacko and Harris (2006) the use of e-commerce has emerged as an efficient gateway for SMEs to take greater advantage of opportunities in the global markets. Internet can be to identify markets and for market research, for social networks to promote products, for communication and networking to increase market access. However a great impediment to the use of computer by SMEs is the high cost of computer hardware and connectivity, unreliable network, lack of awareness and limited computer knowledge and skills (Minges, 2003; Kiveu, 2008).

Radio and television can be used by SMEs to improve market access as they are widely used in Kenya and have the advantage of reaching a larger audience. They can be used for product promotion, acquisition of market information disseminated by various actor and for interaction with potential customers. Through radio and TV media, SMEs have the opportunity to develop and use virtual markets to promote and sell their products through interactive programmes. Such will require the integration of several ICT tools like e-payments or M-payments and an information system to facilitate, transactions. (Mukhebi et al, 2007)

5. CONCLUSION AND RECOMMENDATIONS

ICT holds a lot of potential for enhancing market access and yet use by SMEs is limited as compared to larger enterprises. The use of ICT for marketing by SMEs still remains low despite SMEs having access to these tools. Majority of SMEs use ICT for communication, social networking and general information acquisition. There seems to be lack of awareness of the range of opportunities that ICT offers for increased market access. Limited use of ICT for marketing can also be attributed to perceived high costs of appropriate applications, security issues and limited knowledge and skills on some ICT applications e.g. e-commerce.

The study concludes that to improve market access by SMEs there is need to improve ICT use by SMEs for marketing and recommends the following:

1. Increased awareness creation by the government and other stakeholders to promote the use of various available ICT applications already in use to improve market access. This includes the use of popular social sites for marketing by SMEs, e.g. face book. Several enterprises are already using these sites to advertise their products and services, to communicate with potential customers. Use of such sites will address the constraint of market spaces, high marketing costs, and use of intermediaries to reach more potential customers. Social sites have a very high traffic of potential customers who can be reached.
2. Improving ICT literacy levels through training in schools and institutions of higher learning. Studies have shown that high ICT literacy levels among employees and owners translated to higher degree of ICT use in enterprises (Kiveu, 2008)
3. Improving ICT infrastructure by the government and other stakeholder's as this is one of the factors affecting ICT use by SMEs in several parts of Kenya.
4. Program developers need to develop relevant programs for SMEs that are easy to use and can be accessed from various ICT platforms like mobile phones
5. To increase access to useful information, ICT intermediaries need to make information available. Government ministries need to compile market information in databases for SMEs to access. This should be updated regularly for relevance and currency. Intermediaries include the ministry of industrialization and Enterprise development, Ministry of Information and Communication, SME associations and Research Institutions. Ministry of Industrialization and Enterprise development to develop an online trading portal for SMEs to connect them to markets and market information.

6. The government should quickly implement the ICT policy that aims at enhancing ICT use, the development of ICT Infrastructure and making ICT hardware and software accessible and affordable to majority.

5.1 Scope for further research

This study is based on desk research that utilized secondary data; the author recommends that a field survey be done to collect primary data on the same for further analysis to give more insight to the study. Further research can also be carried out to investigate the correlation of market access versus the use of ICT.

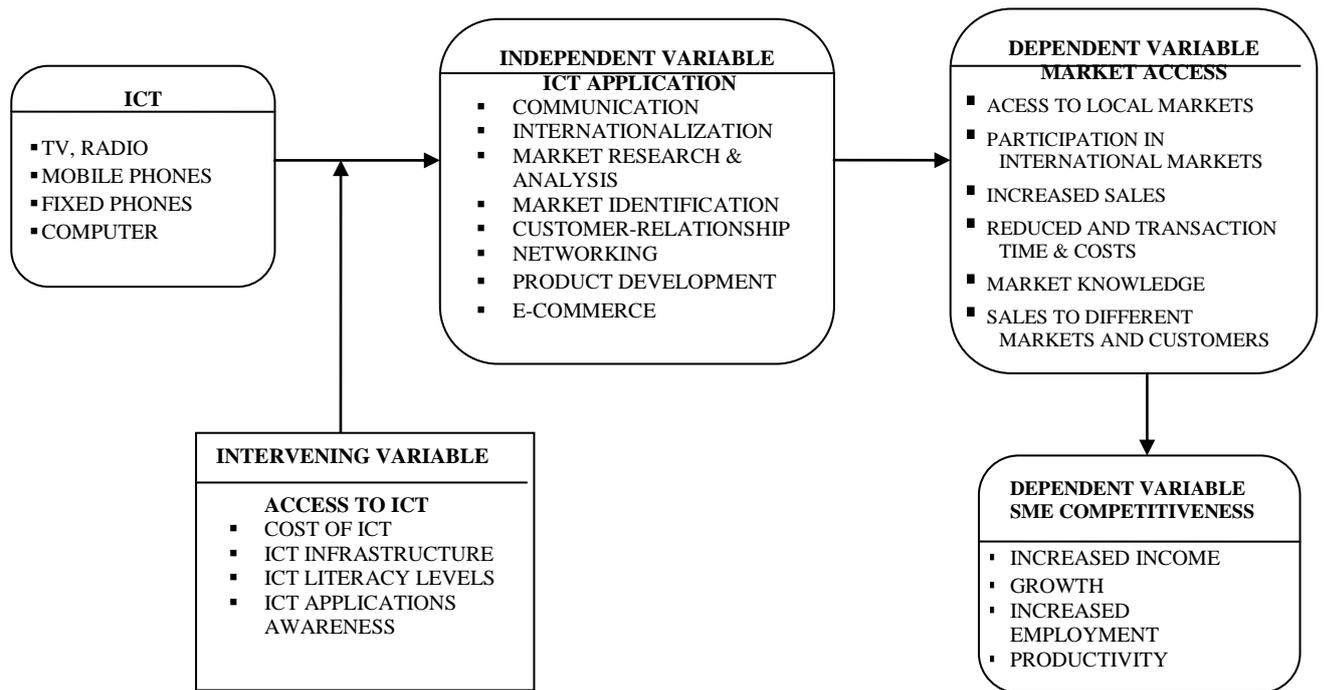
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APPENDIX 1: CONCEPTUAL FRAMEWORK



From the conceptual framework, the independent variable is ICT applications which are made possible through the use of ICT tools. The dependent variables are market access which depends on the use of ICT and SME competitiveness which depends on market access. Access to ICT is the intervening variable that determines whether the SMEs use ICT for enhanced market Access. It is conceptualized that use of relevant ICT by SMEs will lead to increased market access which will lead to improved competitiveness of the SMEs. However this will depend on the accessibility of the various ICT to SMEs.

SOURCE: Author's Conceptualization