FACTORS INFLUENCING PERFORMANCE OF SMALL AND MICROENTERPRISES A CASE OF GIKOMBA MARKET, NAIROBI COUNTY, KENYA

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DECLARATION

This project is my original work and has never been presented in any other university for any academic award.

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This research project has been submitted for examination with my approval as the University supervisor.

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ABSTRACT

Small and Micro enterprise SMEs play an important economic role in many countries. In Kenya, for example, the SMEs sector acts as provider of goods and services, facilitate transfer of technology, create employment and also create wealth. In 2005, they were also credited with creating over eighty percent of all new jobs in Kenya. The government of Kenya and other developing agencies has put resources to harness the potential presented by these entrepreneurs with the aims of reducing poverty while creating employment and wealth. Despite the significances, most SMEs do not survive to their fifth year while others stagnate and are not able to generate permanent and highly remunerative jobs due to numerous challenges, threats and weakness hence failures according to the recent SWOT analysis conducted. These include competition, low capitalization, insecurity, unskilled management, poor infrastructures, national policy and regulatory environment, lack of access to credit facilities among others. The main objective of the study was to examine the business performance of SMEs as the dependent variable to factors that influence it including demographics, training on business skills and access to credit among others as the independent variables. The study focused on the business owners who operate their SMEs at Gikomba market around Nairobi County in Nairobi province. The study employed stratified random sampling to capture the data from five hundred entrepreneurs of which 248 respondent were surveyed using questionnaires and interviews to capture the richness in diversity of the population. The data collected was cleaned organized descriptive and presented through tables, figure and percentages. The study found out that credit constraint seems to be easing up when compared to previous researchers. It also established that micro-finance institutions were accessible to entrepreneurs of both gender and was more favorable to women than men; it also found out that relevant training in education on business management skills and access to credit significantly influence business performance. The research employed the following strategies to overcome these challenges faced by the SMEs especially to entrepreneurs in Gikomba market in Nairobi country. The study proposed the formulation of curriculum for entrepreneurs running SMEs, since most of them have no skills and knowledge on business management. The government should also come up with business development councils to teach and counsel SMEs entrepreneurs on issues