FACTORS HINDERING THE PERFORMANCE AND SURVIVAL OF SMALL SCALE ENTERPRISES

(A case study of local business enterprises in Nairobi)

BY PHILNA AWUOR OTIENO

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DECLARATION

This is my original work and has not been presented to any individual or any university.

Signature

Otieno Philna

Date 04/06/2012

This thesis has been submitted for examination with our approval as university supervisors

Signature

Mr. John Kairu

Date 18/06/2012
ABSTRACT
Small-scale enterprises are usually a good option to individuals who may not have had a chance of being in employment. This study focused on factors that hinder the performance and survival of small-scale enterprises, a case of the local business enterprises in Nairobi. The main objective of the study was to determine the factors hindering the performance and survival of small-scale enterprises. The specific objectives sought to establish the problems or challenges determine the impact of recordkeeping, education levels of the entrepreneurs and establish the impact of competition on business performance and survival.

This study sought to evaluate the alternative funding arrangement available to the SMEs sector identified the sector as the key to unlocking the economic potentials of Kenya. The importance of Small and Medium Scale Enterprises as being crucial to the economic development strategies cannot be overemphasized. It is therefore, important to consider conditions that would ensure sustained growth in this sector. The SMEs should be seen as an important sector of the economy requiring specific incentives to assist its development. Government can accelerate the development of markets for financial services suited to the special characteristics of SMEs by promoting product innovation and building institutional capacity. Improving SMEs access to credits requires an increase in the number of financial institutions that find lending to SMEs to be profitable and therefore sustainable especially the microfinance institutions (MFIs). Government can also improve in the provision of infrastructural facilities. Easy accessibility to credit through specialized or development oriented banking or financing institutions and at preferential interest can go a long way to boost the sector.