FACTORS WHICH CONTRIBUTE TO FAILURE OF SMALL AND MEDIUM ENTERPRISES IN KENYA:
CASE OF STUDY OF NAIROBI

Zamzam Yussuf Ahmed
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DECLARATION

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

Name  
Zam Zam Yusuf Ahmed  

Signature  

Date  
9th October 2012

Submitted with the approval of university supervisor.

Name  
Micah Origa  

Signature  

Date  
18/10/2012
Abstract

Small and medium enterprises (SMEs) play a vital role in the Kenyan economy and are considered to be the backbone of economic growth. Small and medium-sized enterprises contribute significantly to the national economy. The sector is estimated to comprise comprises about 80 percent of the private sector in Africa (Bbenkele, 2007) and provides employment to many. SME employs about 74.2% of the Kenyan workforce and contributes to about 18.4% of the country's Gross Domestic Product (Mbithi and Mainga, 2006). This explains why, many governments have given policy priority in supporting the development of this sector.

However, few studies examined their development, challenges and future prospects. The study, therefore, aims to examine and analyze the factors which contribute to SMEs failure in different sectors as well as identify strategies to curb their effect. The paper goes further to review the existing literature as well as the empirical studies in order to identify the major challenges that face this sector.

Questionnaire is used to collect the required data. This data collection instrument is deemed appropriate and is more adequate to the respondent because of their busy schedules, it’s also used to extract valuable information for the purpose of qualitative or quantitative analysis since it forms the basis of the data that are analyzed at later stages to reach concrete solutions to the research queries and frame relevant recommendations and conclusion for the research. Closed ended questions were used to ensure that the given answers were relevant.