

# FACTORS INFLUENCING ENTREPRENEURIAL PRACTICES IN KIKUYU TOWN, KIAMBU COUNTY

**Degree Programme:** [MASTER OF ARTS IN PROJECT PLANNING AND MANAGEMENT](#) [1]

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Entrepreneurship is one of the most important inputs in economic growth and development. The number and competence of entrepreneurs in a country affects the economic growth and development of a country. The crucial and significant role played by entrepreneurs in the economic development of advanced countries has made the people of underdeveloped and developing countries conscious of the importance of entrepreneurship in economic growth and development.

The key objective of this study was to analyze the factors influencing entrepreneurial practices in Kikuyu Town. This study sought to find out how entrepreneurial skills, availability of financial resources, the economic environment, government policies and government support influence entrepreneurial practices. This study also outlines the historical development of entrepreneurship, theories of entrepreneurship, role and importance of entrepreneurship in an economy as well as characteristics of entrepreneurs.

In this study, the target population was enterprises operating in Kikuyu Town and government officials who answered questions on behalf of the government. The research design that was used is descriptive survey design. Stratified random sampling was used to divide the target population into various groups or strata. The sample population was picked from each stratum using simple random sampling. Primary data was collected through interviews, administering questionnaires and observation. Secondary data was collected from written records and reports from previous studies carried out. The data was analyzed using statistical packages for social sciences and presented using percentages, frequencies and tables.

From the data collected, majority of the respondents run their businesses personally and do financial accounting in their businesses. In addition, all the entrepreneurs interviewed had attended at least one business training course. The major source of initial capital for the respondents was personal savings coupled with borrowing from friends and relatives. None of the respondents got loans from commercial banks for their initial capital due to lack of collateral and the high cost of credit. When it came to expanding the business, the major source of capital was ploughed back profits followed by loans from microfinance institutions.

Research findings show that the economic environment within which the entrepreneurs are operating is unfavorable for business. Businesses are struggling to survive due to high inflation rates and high operation or production costs. This has greatly reduced profitability of businesses. Consequently, entrepreneurs have had to raise the prices they charge for their products, reduce number of workers, change to alternative business ventures and buy sub-standard or low quality inputs.

Majority of the respondents felt that the government had not done enough to support entrepreneurship in the town. They complained of poor road network in the town, high levels of insecurity, poor drainage and sewerage systems, heaps of uncollected garbage, lack of a regular supply of water and poor town planning.

Further, most of the respondents felt that the policies formulated by the government on entrepreneurship were sufficient but they were not properly implemented. They felt that the government should develop a one stop shop to deal with matters concerning businesses and to regulate business activities. In addition, bar owners feel that the infamous Mututho Law should be discarded since it has negatively impacted on their businesses and significantly reduced their profit margins.

The study recommended that the government should help businesses to reduce production or operation costs by reducing the cost of fuel and energy. In addition, the government can provide subsidies to entrepreneurs and other incentives to promote entrepreneurship. The government should establish an entrepreneurship development plan that will enable entrepreneurs and other stakeholders to be more focused in their endeavour to develop entrepreneurial ventures.

The government should also develop programs that provide entrepreneurial education to

entrepreneurs and people thinking of starting their own businesses. Finally, organisations or institutions involved in providing courses on various aspects of business should offer more affordable courses so as to encourage more entrepreneurs to get trained.

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