

**MANAGEMENT FACTORS INFLUENCING MICRO AND SMALL ENTERPRISE'S
GROWTH, FUNDED BY YOUTH ENTERPRISE DEVELOPMENT FUND: A CASE
OF WEST MUGIRANGO CONSTITUENCY**

ISAIAH MWANGI WAITHERA

**A Research Project Report Submitted to School of Business and Economics in Partial
Fulfilment for the award of Degree of Masters in Business Administration (Accounting
and Finance Option) of Mount Kenya University**

JUNE, 2015

ABSTRACT

Micro and small enterprises are important to the economic growth and development, poverty alleviation and employment creation in Kenya. The government of Kenya through the Youth Enterprise Development Fund (YEDF) assists the youth to set up and run viable micro and small enterprises (MSEs). However, as documented by various reports many micro and small enterprises fail within the first few years of operation, some stagnate, others show minimal growth and few are able to grow into large enterprises. This situation is also true for micro and small enterprises in Nyamira County. Several Youth groups in West Mugirango Constituency, Nyamira County have been funded by the YEDF and the scenario is the similar. To the best of the knowledge of the researcher no research has been done on management factors influencing micro and small enterprise's growth, which are owned by youth groups and funded by the YEDF in West Mugirango Constituency. This study was therefore conducted to find out these management factors. The specific objectives of the study were; to examine the effect of managerial skills on MSE's growth; to investigate the influence of entrepreneurial skills influence MSE's growth and to determine the effect of utilization finances on MSE's growth, for enterprises owned by youth groups and funded by the YEDF in West Mugirango Constituency. The independent variables for this study were managerial skills, entrepreneurial skills and utilization of finances while the dependent variable was growth of MSE. Descriptive research design – a case study was used to study the research objectives. A sample of 86 MSEs' was selected from a population of 106 funded by the YEDF as at June 2014. The researcher used cluster sampling and simple random sampling techniques to get the sample. One respondent from each of the randomly selected MSEs was selected using simple random sampling. Questionnaires were directly administered to eighty six respondents in the study area. The questionnaire was first pilot tested on ten other respondents in a different area from study area to ensure reliability of research instrument. Descriptive statistics and inferential statistics were used to analyze the data before reporting and making recommendations. The study used frequencies, percentages and tables to present results. Person correlation and chi square tests were applied in order to draw inferences from the analyzed data. The major findings of the study were that managerial skills, entrepreneurial skills and utilization of finances to a great extent influence MSE's growth. Based on these findings the study recommended that management, entrepreneurship and financial management trainings be a continuous exercise to MSEs as this will enhance their growth. In addition MSEs should seek and implement skills acquired in the running of their enterprises. The study further makes recommendations on areas that require further research among them other factors influencing MSE's growth.