

**AN ASSESMENT OF THE IMPACT OF BUSINESS INCUBATION ON GROWTH AND
PROFITABILITY OF SMALL AND MEDIUM BUSINESS ENTERPRISES IN KENYA.**

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ABSTRACT

The small and medium enterprises play a significant role in socio-economic development of the Kenyan economy. By the nature of their operations, they face a myriad of challenges as a result of lack of structured support. With liberalization of trade and increased business competition, business support through incubation has become a necessity and despite enormous benefits that can be derived from using incubators on business success and profitability, Kenyan small and medium enterprises have not largely benefited due lack of a information on existence of business incubation and the limited number of incubators in Kenya. The research hope to investigate the impact of business incubation in Kenya and its effect on profitability and growth of small and medium enterprises in Kenya. Incubation benefits examined included managerial support, market support and financial support. Census research design was used where all the fourteen firms under the Kenya Kountry Business Incubation (KEKOBI) were studied. Areas examined included their profitability during and after incubation, their stability in business operation and their financial growth. Questionnaires were used to solicit data. Descriptive data was analyzed using frequency counts, percentages and mean while inferential analysis was done using Pearson correlation analysis. The study hoped to explore and document the various benefits of business incubation to small and medium enterprises especially during their first stages of incorporation.