

**EFFECTS OF INTERNAL FACTORS ON GROWTH AND SUSTAINABILITY OF
SMALL AND MEDIUM ENTERPRISES IN KENYA A CASE OF NAIROBI KENYA**

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ABSTRACT

Globally many nations spend significant parts of their national budgets to promote the virtues and external conditions of SMEs. And truly external conditions encourage the start up and management of SMEs. Even so many SMEs fold up within the first 6 months and those that linger on do not see their first birthday and few make it to the third anniversary. This has been a big cancer to many stakeholders. It is the intention of this research Project to examine the effects of internal factors of SMEs and their impact in SME growth and sustainability. It is the Author's interest that if internal factors are improved that would contribute significantly to the sustainability and performance of SMEs in Kenya.

The importance of small and medium enterprises sector (SME) cannot be over emphasized. It is a big employer. According to Kenya's 2016 economic survey report, jobs generated in the country amounted to 15.1 million of which 713,600 jobs were created from the SME sector and 841,600 jobs from all business outside agriculture, pastoralism and forestry. Still the failure rate of SMEs continues to baffle many. This is the aspect the author was concerned about, on one side lies the importance of SMEs, a huge employer, big generator of new jobs and the national economic importance. While on the other hand lies the vulnerabilities, failure rate and slow development of the SME- sector. While the government has created conducive environment for SMEs there seems to be ongoing teething problems among the SMES. The author delved into these problems by researching the internal based factors that cause success or failure of SMEs.

The research design was a survey research with data obtained through questionnaire method and conducted among an initial sample of 100 potential respondents.

The data obtained underscored the fact that internal factors and competencies indeed contribute to success or failure of SMEs.

These findings emphasized the fact that for governments and other stakeholders should not focus on SME financing but also other factors such as arranging for, enhancing entrepreneurial, managerial and worker skills.

The conclusion is that there should be a policy change to support, train and empower SMEs owner managers and their staff for higher productivity.