

**IMPACT OF MICROFINANCING ON THE PERFORMANCE OF SMALL AND
MEDIUM ENTERPRISES (SME'S) IN KENYA: A CASE STUDY OF MURANG'A
CENTRAL BUSINESS DISTRICT.**

BY

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ABSTRACT

Micro finance lending has greatly contributed to the economy of nations. The products and services of the micro finance institutions (MFIs) are structured to cater for the low income earners, a market in which Micro Finance Institutions operate. Thus, the MFIs are a crucial source of debt capital to the Small and Micro Enterprises (SMEs) which has relatively low interest rates affordable to the SMEs. The purpose of the study will be to investigate the impact of micro financing on the performance of small and medium enterprises (SME's) in Kenya: a case study of Murang'a Central Business District.

The study will be aimed at: determining whether relationship lending affects the performance of Small and Micro Enterprises (SMEs); examine whether Micro Finance Institutions lending policies affect the performance of SMEs; establish whether the Micro finance cost of lending affect the performance of SMEs; and to determine whether marketing strategies of the Micro finance lending affects the performance of SMEs.

The study will use the descriptive research design and will be undertaken on SMEs in Murang'a CBD. The target population was all the retail outlet (SMEs) licensed by the former Municipal Council of Murang'a. A random sample of thirty outlets will be picked to ascertain a sample size of thirty respondents. Data to be collected will be quantitative and collected using structured questionnaires administered to all the respondents in the study. Statistical data analysis will be used to organize, summarize and present the data in a way that it could be meaningfully communicated. The Quantitative data will be analyzed using descriptive statistics i.e. frequencies and percentages. The data will be presented in the form of tables, graphs and charts.