

**FACTORS AFFECTING THE ESTABLISHMENT OF SMALL AND MEDIUM -
SIZED ENTERPRISES (SMEs) IN STAREHE CONSTITUENCY, NAIROBI
COUNTY**

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DECLARATION

I declare that this research Project has never been submitted to any other university for similar or any other academic award. All the information in this Project is based on my own observations and in case of any consultation, the references are quoted.

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This project has been submitted for examination with my approval as the university supervisor.

Signed..... Date.....

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DEDICATION

I dedicate this project to God Almighty the creator of heaven and earth, my strong pillar, my source of inspiration, knowledge, wisdom and understanding. I also dedicate this project to my husband, Luka Toroitich who has encouraged me all the way and has made sure that I give it all it takes to finish that which I started. To my son Kigen and my house help Jacky, who have been affected in every way possible by this quest. Thank you my love for you people can never be quantified. God bless you abundantly.

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LIST OF ABBREVIATIONS

AFDB	African Development Fund
CBK	Central Bank of Kenya
GDP	Gross Domestic Product
LCDs	Less Developed Countries
IDPs	Investment and Development Plans
PFM	Financial Management
GDP	Gross Domestic Product
SMEs	Small and Medium-sized Enterprises
MSEA	Micro and Small Enterprise Authority
GOSKE	Government of Kenya

DEFINITION OF TERMS

Access to capital	To keep the firm with adequate liquid and use the surplus capital in some gainful way (Block & Geoffrey, 2016).
Government Support	The provision of funds or resources which could consequently improve small business firm's access to other resources (Baldry, 2013)
Financial Reporting	Financial reporting is the disclosure of financial information to the various stake stakeholders about the financial performance and financial position of the organization over a specified period of time (PEFA 2015).
Budgetary Allocations	Budgeting allows resources to be released to the spending agencies to enable them implement their expenditure programmes (Lee, 2012).
Financial Management	Financial Management means planning, organizing, directing and controlling the financial activities such as procurement and utilization of funds of the enterprise (Baldry, 2013).
.Resource Management	A control and risk management system that ensures procedures is in place to protect the organization against fraud or insolvency (Havens, 2014).
Managerial Skills	Refers to the social process of identifying and effectively utilizing organizations recourse for example human capital among others to achieve the stated goals (Havens, 2014).

ABSTRACT

Small and medium business ventures around and within Nairobi County have experienced little growth in size. Close to half of the businesses fail after operating for a short while. This kind of failure unfortunately does not only affect new players; it also affects old and already established businesses hence the purpose of this study examined the factors affecting establishment of SMEs in Starehe, Nairobi County. The study was guided by the following specific objectives; to determine the effects of access to capital on establishment of SMEs in Starehe, Nairobi County, to explore the effects of government support on establishment of SMEs in Starehe, Nairobi County and to determine the effects of managerial skills on establishment of SMEs in Starehe, Nairobi County. This study was anchored by the following theories; Resource Based View and Positive Accounting Theory. The research design for this study was descriptive research design. The target people of the study consisted of SMEs tax payers in Starehe, Nairobi County. This population was targeted to give comprehensive information that was significant for analysis and explanation of the data. The study population comprised of 373 SMEs within Starehe, as per the Nairobi county register. The sampling technique that was used in this study is stratified random sampling. The researcher used questionnaire as a tool for data collection. The questions presented to the respondents were closed ended questions. Both quantitative and qualitative data were collected. This study used both primary and secondary statistics, also used quantitative and non-quantitative methods to conduct the analysis of the results. The data analysis procedure involved the use of quantitative techniques whereby the information to be dealt with was derived from the questionnaires. The quantitative technique was used in employing statistical methods such as the ones listed below: The following techniques of analysis and interpreting data were used: Tabulation, Bar graphs, Pie charts and Percentage. Multiple regression analysis was used to establish the factors affecting establishment of SMEs in Starehe, Nairobi County. The findings revealed that Access to capital has a positive influence on Establishment of SMEs in Starehe in Nairobi County. The results showed that Government support practices have a moderate influence on Establishment of SMEs in Starehe in Nairobi County. Majority of the respondents agreed that Managerial skills had a negative influence on Establishment of SMEs in Starehe. The study conclude that Access to capital, Government support and Managerial skills have significantly affected Establishment of SMEs in Starehe in Nairobi County. This study recommends that the central government work with private sector financial providers to address the challenges facing SMEs in terms of access to finance. The role of government funding in resolving the financial crisis facing SMEs is a matter of controversy that needs to be thoroughly investigated. It is therefore important to examine the effectiveness of the electoral system in Kenyan literature and to look at the progress made in promoting fiscal reform by SMEs.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Small and medium enterprises worldwide know through strategic methods, such as: job creation, creation of work and poverty reduction, their role in economic growth (Kithae, Gakure, & Munyao, 2015). In many developing nations, small and medium-sized enterprises play a vital role in encouraging development, innovation and wealth. Japan accounts for more than ninety percent of all small companies in the industrialized countries (Ebitu, 2018).

Several nations in Africa account for more than 20% of the GDP of small businesses; 22% in South Africa, 25% in Nigeria, 30% in Liberia, 21% in Benin and 25% in Namibia (Abor & Quartey 2010; Ebitu, 2018). SMES accounted for 95% of companies and 60%–70% of the employment generation of ordinary countries across the world, in the Micro and Small Business Authority (MEA, 2016). The development of jobs, support for Gross Domestic Product (GDP) growth, promotion of skills and promotion of other economic activities, are an essential factor in all economists (Gamage, 2017).

In order for development to be further promoted, it is therefore necessary for developing nations to speed up the expansion of SMMs. Kenya's record for SMEs is steadily rising. For SMEs, the most essential information is on alphabetical training, because it can assist companies in crucial areas like as cost, expenditure and cash flow to test short-term testing difficulties by provide support, monitoring and monitoring information (Mitchell, 2018).

SMEs are acknowledged for their vital role in supporting grassroots economic growth and proportionate development in the promotion of small and medium-sized companies. SMEs and emerging nations have a significant role in transformation. These companies build a major foundation of operations and enter big household and export markets. Therefore, the development of SMMs is an essential instrument of poverty eradication and it is the key to supporting economic growth as it is a vital component of and contributes to the success, design, economic growth and skills of the country.

Historical control measures influence the supply of consumer products according to Dima (2017). It ensures that a goal to satisfy marketing objectives is purchased, manufactured and distributed. This role involves the supply of the most advanced sales products, new goods, equipment, remaining components, finished products and other materials. Invention permits a firm in instances where the acquisition or manufacture of commodities cannot meet demand to safeguard customers, logistics or manufacturing items. There may be no satisfaction because of a fast shopping or production process, or because without equipment, the amount cannot be supplied.

In Kenya, business development has been acknowledged as a key instrument for attaining economic growth. The major cause for this issue is the rising development of expanding firms, via innovation and profitability (Mungai, 2016). The SME Division is acknowledged as a key step towards the Kenyan Government's strategic objectives (GOSKE). Abundance, regional development, creation of jobs and elimination of poverty. In developing regions of poverty, the SME segment is projected to further the remaining areas.

Unemployment remained significantly high in comparison to the proportion of non-skilled employees in Nairobi County according to the National Survey Report (2016). The Nairobi County Government has a significant problem of people's employment generation. The success and expansion of small and medium-sized enterprises in Nairobi County provide clarity. The Nairobi Country Government considers small and medium-sized businesses in the County of Nairobi an economic centre, accounting for more than 75% of business volume, 45% of employment and 52% of rural gross domestic product (GDP).

1.2 Statement of the problem

In Kenya, a substantial part of the population has revenue and employment as a main source of wealth in the SME sector (Ngugi & Bwisa, 2017). The 2017 Kenya Economic Survey (GoK) indicated that 79.7 percent of the new employment generated in Kenya in 2017 were created by the small and medium-sized companies. In 2016, more than 80% of the country's jobs have been created by the SME sector with new positions (430,000 out of 503,000 new jobs produced in 2016) and 70% of the country's GDP (GoK, 2018).

Ganbold (2016), highlighted that despite the importance of bookkeeping in company performance, a lot of small firms did not give much consideration to their business transactions.

Gert (2019) reports that small and medium-sized commercial enterprises have had minimal increase in size in and around the county of Nairobi. Many small enterprises around Nairobi and Kenya stagnate and occasionally worsen performance, which causes a breakdown (Aden, 2018; Useem, 2018). According to Nandan (2017), small and medium-sized businesses, like larger businesses, need sufficient and sophisticated accounting procedures and systems to enhance resource management and corporate standards. Although SMEs may encounter certain limits in fully employing accounting practices/practices owing to their small size and limited resources, they confront comparable issues, uncertainties, and are more prone to failures than bigger enterprises.

It is against this basis that the researcher wished to intervene and provide an in depth investigation to the factors affecting establishment of SMEs in Starehe, Nairobi County

1.3 Research objectives

To examine the factors affecting establishment of SMEs in Starehe, Nairobi County.

1.3.1 Specific Objectives of the Study

1. To determine the effects of access to capital on establishment of SMEs in Starehe, Nairobi County.
2. To explore the effects of government support on establishment of SMEs in Starehe, Nairobi County.
3. To determine the effects of managerial skills on establishment of SMEs in Starehe, Nairobi County.

1.4 Research Questions

1. What are the effects of access to capital on the establishment of SMEs in Starehe, Nairobi County?
2. What are the effects of government support on the establishment of SMEs in Starehe, Nairobi County?

3. What are the effects of managerial skills on the establishment of SMEs in Starehe, Nairobi County?

1.5 Significance of the study

This study will provide a better insight of entrepreneurship as a significant movement not only for the achievement of successful entrepreneurs, but also for the creation of economic development of a nation like educating potential entrants on what is expected of them before starting a business, providing current managers with insights and knowledge into the barriers to successful SMEs management, Government policy on SMEs can be improved by using it as a foundation for SMEs research by interested people and organizations and contributing to the evolution and formulation of appropriate government policies in the sub-sector of the economy.

The research study will act as a future reference to other researchers who will be undertaking their study in the related field of study for the purpose of partial accomplishment of Diploma in business Management.

The study is beneficial for the Kenyan government as its outcomes may help the government in coming up with good agendas and policies that will benefit in streamlining operations in the SME sector.

Lastly, it will also be of use to the undergraduate, scholars for further research study, the prevailing and prospective entrepreneur as well as any concerned party. It will assist students in their knowledge build-up and gratefulness of the knowhow of vital factors influencing the establishment of small scale business.

1.6 Scope of the study

The research primarily focuses on the factors affecting establishment of SMEs in Kenya but the researcher resolve narrow it down to all SMEs situated in Starehe, Nairobi County in order to attain a convincing and manageable population for the study.

The target people of the study comprised SMEs tax payers in Starehe, Nairobi County. Both owners and workers of privately owned (SMEs) and those registered at county levels that were about three hundred and seventy-three were targeted. A sample of 75 respondents was taken from owners of small businesses of the one hundred and fifty selected (SMEs) in Starehe. Simple

random sampling technique was used in this research study. The study was undertaken between the months of July and September, 2020.

1.7 Chapter Summary

This chapter presents and discusses the context of the study, the problem statement and the objectives of the study, the research questions and the importance of the study.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This section exhibit a far reaching audit of literature allied to the investigation offering to put it in a suggested structure. In this manner it will discuss about discoveries of related researches to this study. The literature review gives the reader a clarification of the hypothetical method of reasoning the issue being contemplated, what research has been carried out, relationship between findings and the current problem.

This part will also provide the far-reaching literature review associated with the research which places it in a relevant hypothesis. In this way, it will be discussing the findings of linked studies. The literary review clarified the hypothesis of the reasoning technique, what research was conducted and the link between the findings and the current situation.

The basic reason for the review is to avoid the requirement to repeat materials that have already been presented. The books, reports, work documents, diaries, web sources and magazines will be studied.

2.1 Theoretical Literature Review

Theories are methodical tools for understanding, elucidating, and making estimates about a given topic matter (Zimaman, 2014).

2.1.1 Poverty alleviation theory

The poverty alleviation theory has been used for decades to argue that the poor who do not have the right savings to start their own businesses end up in poverty all their life. However, if they are given the microloans they will be in a position to empower themselves (Babajide, 2012). The rural areas have bene faced with poor economy plus high levels of unemployment and young people only wait to be employed. However, with the new entrepreneurial spirit in the world today people are desiring to start their own business and it becomes critical for them to access loans. While employment or daily wages do not provide the right or sufficient income that could earn them the saving to start their own business (Babajide, 2012). Therefore, when they get the loans it becomes easy to start their own businesses. The theory is relevant to the study because

the study deals with the specific people who are in rural and urban areas yet they do not have the capacity to acquire finances in commercial or standard banks due to their poverty level. The microloans have also been set up for the purposes of coming up with solutions to alleviate the high levels of poverty. When people cannot access the right amount of cash to start their business, they may end up in a cycle of poverty but with the emergence of microloans solutions, it is now easy for the poor people to walk away from poverty.

2.1.2 Social entrepreneurship theory

According to the social entrepreneurship theory, those who become change agents discover new methods to alter society (Kuratko, 2016). As a result, they come up with novel solutions to challenges that others may encounter. Social entrepreneurs go beyond the box when it comes to finding answers, and they don't simply recycle what's already out there. As a result, they are seen as visionaries and change agents in society (El Ebrashi, 2013). Muhammad Yunus, for example, is credited with inventing the microfinance idea by founding the Grameen Bank. The desire to see a new form of society motivates social entrepreneurs. They try to make an effect on society and establish the necessary tools in order to free individuals from poverty's shackles. The refugee at work initiative, which tries to create job possibilities for refugees, is another classic example of social entrepreneurship.

Social entrepreneurs that strive for the community's growth and development have had an influence on communities all around the globe (Kuratko, 2016). As they work to bring about the change they want in a society, social entrepreneurs need finances to support their projects. The numerous sorts of impacts might span a large region or have a large population, necessitating funding from a microfinance bank (Kuratko, 2016). A social entrepreneur's main goal is to develop solutions that will help people break free from poverty's shackles. Lack of education is one of the primary causes of poverty. As a result, according to a World Bank Report (2014), poverty levels among those with little or no financial education continue to rise. When a community is educated on such topics and given a platform to put their abilities to use, they are better able to overcome poverty. As a result, microfinance banks play a critical role since empowering communities makes it easier for them to acquire education. This is because when a community is impoverished, it will be difficult for them to get basic or higher education (Grimes, McMullen, Vogus& Miller, 2013). Because entrepreneurship takes many forms, the theory is

pertinent to the research. Various entrepreneurs make attempts to have an effect on their businesses. Entrepreneurs of the present age, like Yunus Muhammad, who was helped by many banks in founding the Grameen Bank owing to the resources required, need finance. Different young individuals have wonderful ideas about how to change society, but they lack the necessary funding (Grimes, McMullen, Vogus & Miller, 2013). In most cases, basic ideas in the agriculture sector, security, or education end up being revolutionary. As a result, it is critical to invest in such concepts, and microfinance banks are in the forefront of providing money as well as management expertise to such enterprises.

2.2 Empirical Literature Review

2.2.1 Access to capital

Capital is utilized to pay off debts owed to the company. Access to capital is more important than any other current asset, and the main goal is to maintain appropriate control over capital position in order to keep the business liquid and employ excess money profitably. Because it keeps a firm functioning, capital is an essential component of working capital. It serves as the axis around which all financial concerns revolve. As a result, capital management is critical to a company's success. The existence or extinction of a corporate concern is largely determined by the availability of cash and other current assets, as well as their effective management. Capital is a vital current asset for corporate operations. It is a necessary input to keep the firm working on a continuous basis (Abu, 2015).

According to a recent poll, limiting access to capital is still a major barrier for Thai small businesses (Pandey, 2014). Access to cash is inextricably linked to every company decision. The most important current asset for the running of a corporation is capital (Olowe, 2016). Capital is the fundamental investment required to keep a company working on a continual basis, as well as the expected end output to be recognized by selling the firm's services or goods (Pandey, 2014)

Access to capital denotes to the controlling of an entity's capital to guarantee adequate capital to withstand the entity's daily operations, finance continuous growth and afford for unanticipated payments while not improperly forfeiting profit owing to additional capital holdings (Akinyomi, 2016). In the end, controlling capital flows, or capital inflows and outflows, is what access to money is all about. Capital from operational actions, as well as the sale of corporate assets, are

among the most significant sources of capital intake. Resolving debtors and purchasing inventory, among other things, are the foundations of capital outflows. To fulfill typical business goals, capital must be properly managed and allotted. The difference between capital expenditures and capital collection enhances liquidity and profitability, which leads to total firm growth over time. 2014 (Brinchk, Soeren, & Gemuenden).

Because of the shortage of financial resources in various companies, and for various goals, the decision to access capital is one of the most important decisions. As we all know, capital is the most liquid asset, and capital is measured as a vital element in the management of the company's operational process in order to achieve success. The function of financial management in terms of access to money is concerned with financing and investment activities, since the capital element influences the performance of firms and rivals in markets. Many companies are motivating their employees to think about the following decisions: capital structure, capital budgeting, and operational capital decisions, where the working capital verdict is one of the most important decisions that affects the performance of companies in terms of liquidity, which is reflected in profitability and thus the level of competition in the market, as it can control the company's existence or exclusion from the market (Appuhami, 2015)

The Chinese Microfinance Analysis Report of the Church Microfinance Association, for example, gives a definition of microfinance in China, and discusses the consequences for boosting macro-funded circulation across the farming, financial and vulnerable industries, such as women, and farmers. (He, Du, Bai and Li, 2018).

Dyar, Harduar, Koenig and Reyes (2016) have jointly studied the influence of low income on inequalities among women in China and found that, despite the lack of evidence to substantially reduce gender disparity, there are many good features of women's support. Park, Ren and Wang (2018) investigate the potential role that currency exchange microfinance might play in China. They argue that financial reforms in China have yet to provide a framework for the institutional microfinance industry to function, thrive and develop.

Park and Ren (2015) evaluate financial and non-government financial plans from a cultural point of view and determine that non-governmental programs perform well in terms of access to the poor (direct), finance and performance management (promotion), and system benefits (violations). Meanwhile, Tsai (2017) points to four reasons for the existence of unplanned

microfinance services: lack of legal credit; restrictions on the size of the government to make its plans; the political and economic part of the local market, and the lack of institutions for small financial institutions.

In order to analyze the developments of small and medium-sized enterprises at home, Chen (2016) gives an overview of the history and present status of small and medium-sized enterprises across the world. For example, the data indicate that there is typically no more financing need for a successful company and that reduced income may be overcome by talent and action (Hart, 2017). Again, Kallon (2016) showed that when it comes to the growth rate of the business, the money needed to start a firm is far worse.

As an example, in 1990, Kallon (1990) reported that 65.6% of educated companies had been able to gain family support, 9.4% had utilized retail companies and 7.8% earned profits from their own other source, in proportion to their care as a single source of income. Results from a research conducted by Tushabomwe-Kazooba (2016) have shown that inadequate security and poor management skills are the primary reasons for the failure of small enterprises in Africa. Researchers have also found additional factors, like accounting, lack of business expertise and technical knowledge, managerial ability, insufficient planning and market research, that impact the success of small company (Lussier, 2016).

Karunananda and Jayamaha (2013) reviewed the utilization and commercial performance of financing amongst SMEs in Sri Lanka. One hundred firms have been utilized to assess how large their 5 advertising systems are complied with. In questionnaires the statistics were gathered. The research was aimed at increasing finance performance for small and medium-sized enterprises. They addressed financial systems for small-sized businesses, financial analysis, financial reporting systems historic and future-oriented as well as the examination of past financial reports. By comparing coefficients they have been able to underline that the amount of expenditure incurred by SMEs and their performance are significantly interrelated. SMEs have discovered themselves to be better off than those with less systems with adequate financial systems. Their results showed that small and medium-sized enterprises retain records, ineffective use of financial information, poor quality and poor financial data. He advised that small and medium-sized enterprises should employ financial resources to provide excellent services. Sri Lanka demonstrates the necessity for SMEs to develop quickly and strongly.

Muchira (2016) looked at the link between retention of names and small- and medium-sized business development in Thika district. The study comprised owners and managers of small and medium-sized enterprises from Thika district, using research approach and target persons. The model was objectively selected and the data obtained using surveys. The necessary data were obtained from the 84 samples of chosen small and medium-sized enterprises using both quantitative and qualitative approaches. This study showed that most SMEs do not maintain big accounts and so have insufficient reading information to assist the operations of enterprises. He proposed entrepreneurial training programs and archives for small and medium-sized enterprises to enhance livelihoods.

Waweru (2016) looked at the financial management challenges of small and medium-sized enterprises. The Nairobi Central Business Branch utilized a thorough description of the search for a target demographic of 600 SMEs. The selected model is based on the basic technique chosen from the quantity chosen. Questionnaires have been used to record the data requested. In order to identify the link between the variables, data was then examined using descriptive statistics. SMMs keep accountancy records and create foolish financial statements with the regional business in Nairobi, according to this survey. He therefore proposes that SMM training and technology be maintained in line with textbooks.

2.2.2 Managerial Skills

Management is the social process of recognizing and successfully employing an organization's resources, such as human capital, to meet specified objectives. Many owners and managers of small scale businesses (SSEs) lack management training and experience. As a consequence, their managerial approach is more intuitive than analytical, focused on day-to-day operations rather than long-term challenges, and opportunistic rather than strategic (Hill 1987).

Because of their lack of management competence, small-scale business owners are unable to deal with technological advances. The bulk of individuals who own SSEs are ordinary people with limited educational backgrounds. As a result, they may be ill-equipped to carry out management tasks for their company (Pandey, 2014). An entrepreneur is a person or company that takes a risk in order to maximize profits. To maintain the proper running of an organization, several unique abilities are required. Few individuals have what it takes to run a successful company. They hire personnel or consultants to help them overcome their limitations, and they acquire expertise via

education or training. To compete in a competitive market climate, one must have a wide variety of management abilities while starting a firm. Personal characteristics, business skills, and managerial qualities are among them. Most business owners and managers lack the necessary management abilities, making it difficult to efficiently manage the company.

According to Elmore & Plowman in Saleemi (2017), management is a technique for determining, clarifying, and affecting the purpose and objectives of a particular human group, whereas Sir Charles sees management as a process of getting things done through agency and community in order to fulfill the purpose for which it exists. He highlighted that tasks are completed via the efforts of individuals, implying that it is the manager's responsibility to steer and organize their efforts toward the achievement of the objectives. This can only be accomplished if the owners or managers have proper management knowledge and abilities.

According to Orwa (2018), individuals enter the business world without sufficient preparation and sometimes for the wrong reasons, such as the desire for large sums of money. It is beneficial to have goals in place, regardless of how much money they expect to make. This will assist the company in achieving its goals and will serve as a guideline for the firm's relationships with its employees, associates, customers, the government, and lenders, among other things.

2.2.3 Government Assistance

Kenya, like the majority of emerging nations, has a continuous low per capita income. In 2006, the Kenyan government attempted to address the capital shortage with the youth entrepreneurship fund, however they were unable to match demand (Wanjora, 2016). Wanjora (2018) feels that there are a large number of innovative company concepts that do not get financing within the country's present funding environment.

As a result, it is critical to establish procedures that allow small businesses to get the required finance in order to boost the economy (Kenya Economic survey, 2019). Inadequate external finance is a key barrier to small company development in both urban and rural areas, and it has played a significant role in the high failure rates among them (Beck, 2017).

While the government supports micro, small, and medium-sized youth businesses, studies show that the majority of them fail within five years, according to Gallup (2014). The high failure rate shows that the industry is unable to properly handle the changes it faces in the face of a changing

business climate, as well as other problems (Collaghan&Vener2011; Lots& Vander, 2013). With this in mind, government initiatives are crucial in helping this industry, as are other issues such as insufficient capital, poor infrastructure, inadequate knowledge and skills, restricted market access, and fast technological advancements. According to the National Bureau of Statistics (2016), around 2.2 million MSMEs were closed in rural regions compared to 1 million in metropolitan areas. Scholars agree that youth entrepreneurship may play an important role in employment creation among young people (UNCTAD, 2015). According to a poll conducted by Geo Poll in 2017, unemployment is the greatest danger to the youth's future since it generates crime, violence, drug usage, and other social problems (Kwonyike, 2017). As a result, the government must promote Kenya's micro and small youth businesses via initiatives such as providing a correct legal framework for MSMEs, facilitating market access, and providing finance possibilities, among other things.

Despite these efforts, SMEs continue to have a poor survival rate, with major obstacles contributing to 60% failure in the first three years of operation (Sharu, 2013). Kenyan SMEs, according to Kiveu (2013), are ill-prepared to compete in global marketplaces, and fewer of them are capable of entering the export market. However, it is unclear if these measures would result in long-term expansion of MSMEs in Kenya. The Kenyan constitution (2010) defines a youngster as a young person between the ages of 18 and 35, in order to effectively target youth businesses and activities. According to this description, the research will concentrate on young people in these age groups who run a startup or a micro, small, or medium business in Kenya (Oseifuah, 2010). Youth entrepreneurship, according to the GEM report (2012), is an additional way of allowing youth into the labor market and promoting job creation by utilizing existing support structures aimed at developing entrepreneurship, particularly in the micro, small, and medium enterprise (MSME) sector, which exists in a number of countries, including Kenya. According to Kenya's SME Act 2012, micro enterprises are businesses with a maximum annual turnover of KES 500,000 and fewer than 10 employees, whereas small businesses have an annual turnover between KES 500,000 and KES 5 million and employ between 10 and 49 people, and medium businesses have an annual turnover between KES 500,000 and 5 million and employ between 10 and 49 people. According to Akwalu (2014), despite an increasing tendency in Kenya to promote youth-owned businesses, nothing has been accomplished. The majority of the promotions have been through affirmative action, such as the Youth Enterprise Development

Fund (YEDF), which was established in 2007 to provide funds to registered youth groups to start and develop businesses, and the Uwezo Fund, which was established through the 2013/2014 financial budget and set out an ambitious youth and women empowerment programme by allocating \$6 billion as a revolving fund to be loaned to youths and women. The administration has announced a strategy to provide 30% of all government procurement to youth, women, and people with disabilities as part of the plan (GOK, 2013). Other initiatives in Kenya that foster youth entrepreneurship, particularly micro and small businesses, include Vision 2030, which emphasizes specialized youth development programs such as access to business venture capital, skills training, and company development services, among other things.

2.3 Summary and Research Gaps

Many of the literacy enterprises in SMEs in Kenya tend to be interested in the use of financial systems and methods by small businesses, the adoption of technology and to seek credit opportunities for SMEs, especially for the respect for the adoption of modern reading practices survived by SMEs in Kenya.

Corruption, poor infrastructure, unfriendly environment, a failure to undertake market research, and the economy are all legitimate elements impacting the success of small enterprises (Tushabomwe-Kazooba, 2015; Mambula, 2015). Bribery, dishonesty, and other criminal behaviors, according to Kiggundu (2016), are among the most serious issues confronting African enterprises.

It not only weakens the rule of law, national integrity, and the system, but it also destroys company owners' faith and confidence (Langseth, 2016). Small company entrepreneurs make a significant contribution by allowing individuals, particularly the impoverished, to access economic and social resources (Harris & Gibson, 2016).

Audit reports have shown that SMEs in Kenya have not acted responsibly and that it is therefore necessary to obtain the necessary rewards as they are part of the work and make an important contribution to economic development.

2.4 Conceptual Framework

A conceptual structure can be well-defined as a set of comprehensive ideas and values taken from appropriate fields of survey and used to structure a successive demonstration (Reichel and Ramey, 2013) as shown in the figure 2.1 below.

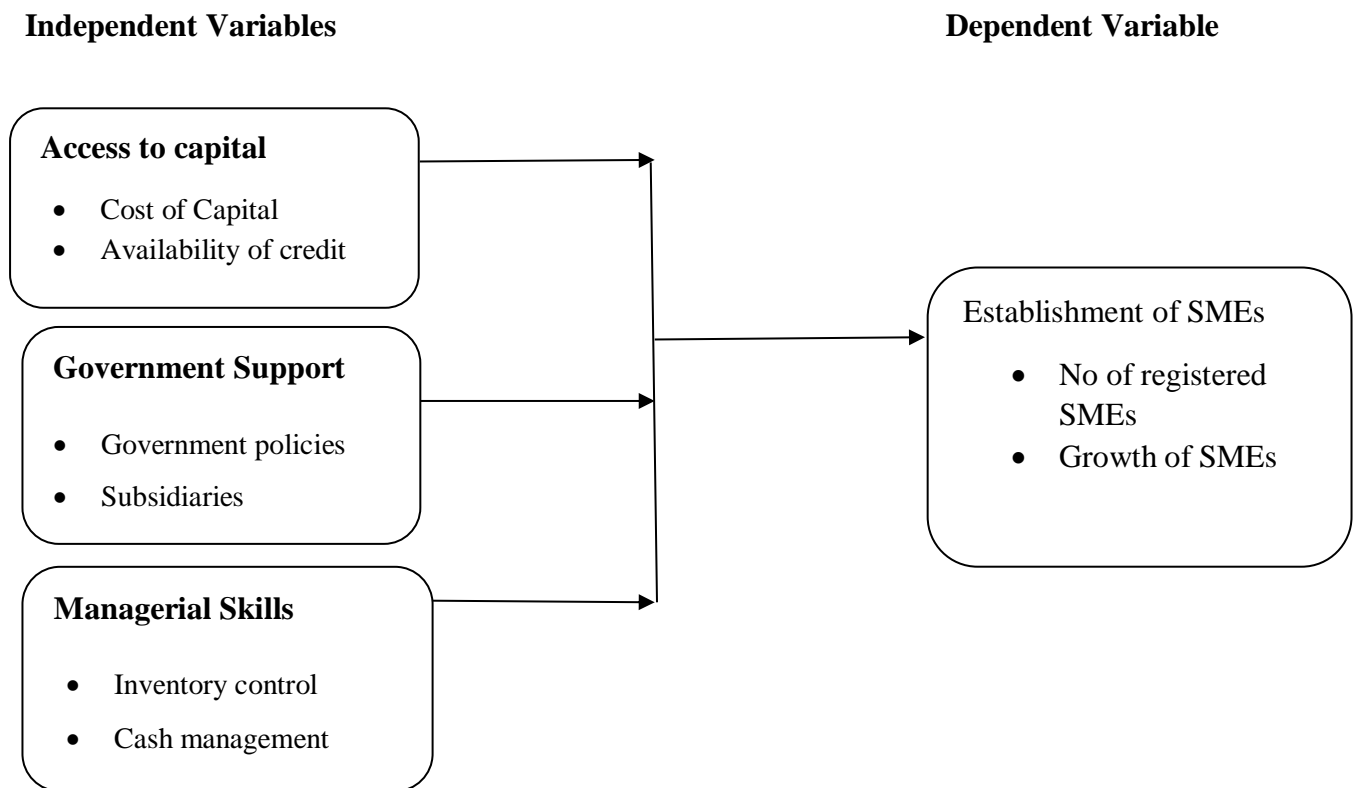


Figure 2. 1 . Conceptual framework

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter shows how the study was piloted in order to accomplish the stated objectives. It summarizes the research design, population, sampling procedures to be used, the methodology of data collection and instruments, how data is to be scrutinized and the expected output of the study, data validity and reliability.

3.1 Research design

The design of the research used was a quantitatively descriptive study based on the use of questionnaires to get relevant information. Questionnaires which are not just open-minded are free of the favoritism of respondents: they can be approached properly and in accordance with the target demographic for this study.

Malhotra (2017) articulates that descriptive research is conducted to attain different goals such as describe the characteristics of significant groups, estimate the percentage of units in a specific population, determine the opinions, determine the degree to which such variables are connected and in conclusion to make specific expectations. This study process is also termed as statistical investigation as it offers information and data about population being surveyed of the concerned subject. As a result this study design was employed to describe the factors affecting establishment of SMEs in Starehe, Nairobi County.

3.2 Target population distribution

The target people of the study consisted of SMEs tax payers in Starehe, Nairobi County. This population was targeted to give comprehensive information that was significant for analysis and explanation of the data. The target population of the study comprised of 373 SMEs within Starehe, as per the Nairobi county register. According to the register, about 5,490 SMEs were registered as at 2020 report. The study choose SMEs in Starehe as they are a close proximity to

the researcher and also most business in that areas are not realizing the benefits after successfully establishing business.

Table 3. 1 Target Population

Category	Population Size
Commercial and Trade	185
Light Manufacturing	63
Service	125
Total	373

Source: Nairobi County Registers 2021

Table 3. 2 Sample size analysis table

Category	Population size	Sample%	Sample
Service	125	20	25
Commercial and trade	185	20	37
Light manufacturing	63	20	13
Total	373		75

According to Mugenda (2013), a sample size of 20% is regarded appropriate; thus, the researcher utilized 20% as the sample size and calculated it as follows for each management category:

Sample size of Service was

$$(125/100) * 20 = 25$$

Sample size of Commercial and Trade was

$$(185/100) * 20 = 37$$

Sample size of Light Manufacturing was

$$(40/100) * 50 = 13$$

3.3 Sample and Sampling Technique

A sample of 75 respondents was being taken from owners of small businesses of the three hundred and seventy-three selected (SMEs) in Starehe, Nairobi County.

According to Grazino and Raulin, (2017) it is not promising to collect and gain data from all existing sources to resolve research problems and to find the resolutions. Sampling procedures provide means that help to moderate the amount of data required to collect by allowing for only data from a sub-group rather than all potential cases or elements Saunders et al, (2018). There are a number of methods to select a sample for case studies. The sample collection process is continued till the essential sample has been reached Tin, (2016).

Simple random sampling procedure was used in this research study. Random sampling confirmed that each associate of the target population has similar chance and independent chance of being designated Oso and Onen, (2015). The selection of (SMEs) under the above method is to succeed a desired illustration from the numerous departments in the population.

3.4 Instruments

Procedures of data gathering that was used are together primary and secondary data. Primary data was resultant from questionnaires dispersed to those targeted in this study. The forms had closed-ended questions and enclosed all the issues connecting to the factors affecting establishment of SMEs in Starehe, Nairobi County. The researcher recorded and distributed the questionnaires to the identified sample and gave the respondents a time frame within which the questionnaires were collected and observations data was naturally recorded. The research used both primary and secondary data.

3.4.1 Primary Data

The first data are raw data collected from first-hand responders (Flick, 2015). A structured query consisting of open-ended and closed-ended queries used to collect initial data. This tool was considered appropriate study because it was inexpensive in terms of data and flexible for respondents.

3.4.2 Secondary Data

Secondary data is the processed data collected from other sources which are not primary sources of the data (Mugenda & Mugenda, 2003). In the study, the researcher intends to collect secondary data from journals, books, published and unpublished thesis. Secondary data is data that already exists, having been collected for some other reason, other than the one under investigation (Scholes, 2013). This was drawn from the review of literature, published reports, websites, internet, company records and magazines. The scholar individually administered the questionnaires to the defendants, purposefully selected respondents were asked to fill the questionnaires. Secondary data was assembled from library factual, tax compliance and non-compliance newsletters and reports, media magazines and several Internet search engines covering the factors affecting establishment of SMEs in Starehe, Nairobi County.

3.5 Pilot Study

A pilot test is for estimating questions or other types of tests in a small matter to test the methods and types of answers. It must therefore draw lessons from the population and adhere to the practices and programs designed for data collection (Rimando, et al., 2015). The purpose of the pilot test is to refine the questionnaire so that respondents do not have to answer questions and eliminate problems in compiling data (Cooper & Schindler, 2014). For this study, five questions were used to test the driver who makes up 10 percent of the total sample. Integrity and integrity were tested.

3.6 Data Collection Procedure

An introductory letter from the Management University of Africa was introduced to SMEs in Starehe, Nairobi County. The researcher then distributed the questionnaires to the respondents. Questionnaires were self-administered to the respondents on the give and take up later basis. The researcher picked the questionnaires after a period of three days from date of issue in order to allow ample time to the respondents to fill them.

3.7 Data Analysis and Presentation

This study used both primary and secondary statistics and also uses quantitative and non-quantitative methods to conduct the analysis of the results.

The data analysis procedure involved the use of quantitative techniques whereby the information to be dealt with was derived from the questionnaires. The quantitative techniques were used in employing statistical methods such as the ones listed below: The following techniques of analysis and interpreting data were used: Tabulation, Bar graphs, Pie charts and Percentage. Multiple regression analysis was used to establish the factors affecting establishment of SMEs in Starehe, Nairobi County.

3.8 Ethical Consideration

Ethics are norm of standards of behavior that guide moral choice above our behavior and our relationships with others. Ethical considerations are:

All people have the right to privacy, and investigators must respect that right. The privacy guarantee is important not only to maintain the integrity of the search, but also to protect respondents. Once a privacy guarantee has been granted, secrecy is essential. Searchers must control access to information that shows names, phone numbers, addresses or other indicators.

3.9 Chapter Summary

This chapter outlines the different components and components that were implemented during the conclusion of the study. It includes a data capture system. This section is a summary of an entire program, program or format designed to assist the researcher in answering search questions. In this section, the methods and techniques used in the retrieval, processing and analysis of data are explored. The following are the most included sections; search design, target population, sampling methods, data collection tools, and data collection methods and data analysis.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSIONS

4.0 Introduction

This chapter provides an overview of the amount of information collected from owners and non-owners (SMEs) and those registered at district level. It contains the findings from the questionnaires and other observations found during field service. The data were comprehensively organized to provide clear and concise results for the study.

4.1 Analysis of questionnaire

The total questionnaires that were distributed to the field were 75, and out of these 45 were returned fully answered which represents 60% and 30 which were not returned represented 40% of the overall questionnaire that were administered to the field.

4.1.1 Response Rate

Table 4. 1 Response Rate

Category	Frequency	Percentage %
Response	45	60
Non-response	30	40
Total	75	100

4.2 Research findings

This section describes the general information obtained from respondents and characteristics of the study.

4.2.1 Gender of the respondents

On gender findings were as follows.

Table 4. 2 Gender of respondents

Gender	Frequency	%
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Male	27	60
Female	18	40
Total	45	100

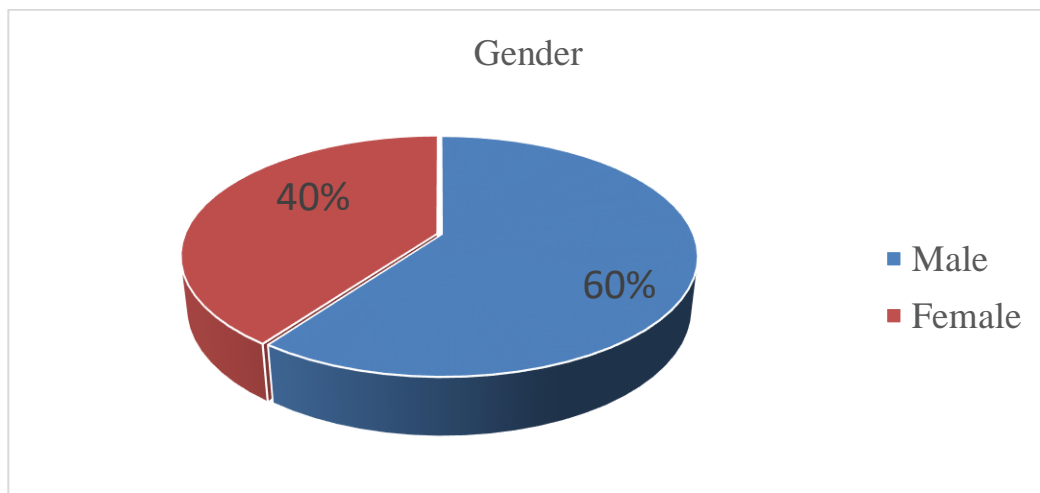


Figure 4. 1 Gender

From the above finding it is clearly indicated that 60% of representatives were male and 40% were female. This clearly indicates that the majority of the respondents were male.

4.3.2 Position in the small scale and medium enterprises

Findings about the positions in the organisation were as follows.

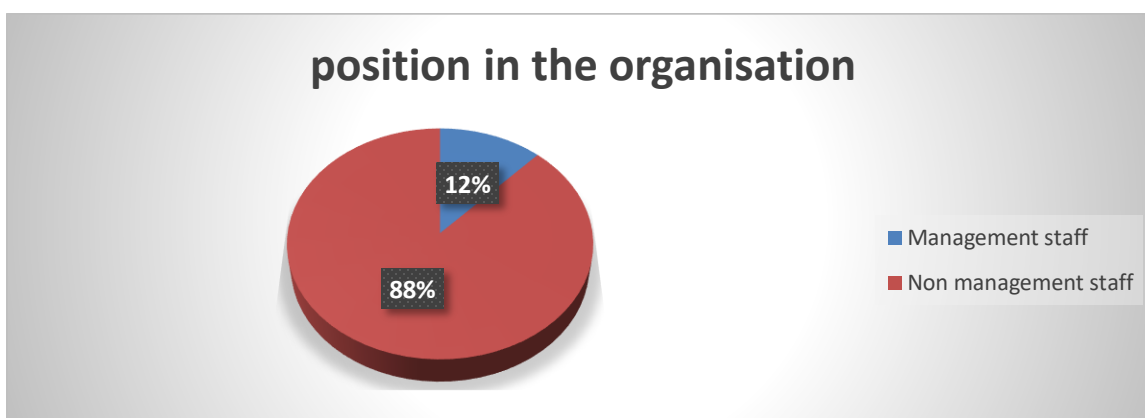


Figure 4. 2 positions in the small scale and medium enterprises

Findings in figure 4.2 above show that (88%) of the respondents were non-management staff while (12%) were management staff, this is a clear indication that the majority of the target respondents were from the low level cadre.

4.3.3 Age of respondents

Findings on the ages of respondents were as follows.

Table 4. 3 Age of respondents

Age bracket	Frequency	Percentage (%)
18 – 24 years	7	16
25 – 34 years	22	57
35 – 44 years	16	29
Total	45	100

Findings on Table 4.2 above revealed that majority of the respondents 4(57%) were aged between 25-34 years, 2(29%) between 35-44 years and 1(14%) between 18-24 years. This shows that majority of the respondents were mature with appropriate work experience and therefore they were well versed with relevant information on financial performance which was needed for the study.

4.3.4 Level of education of respondents.

Table 4.3 level of education

Level of education	Frequency	Percentage (%)
Diploma	15	43
Bachelor's degree	30	57
Total	45	100

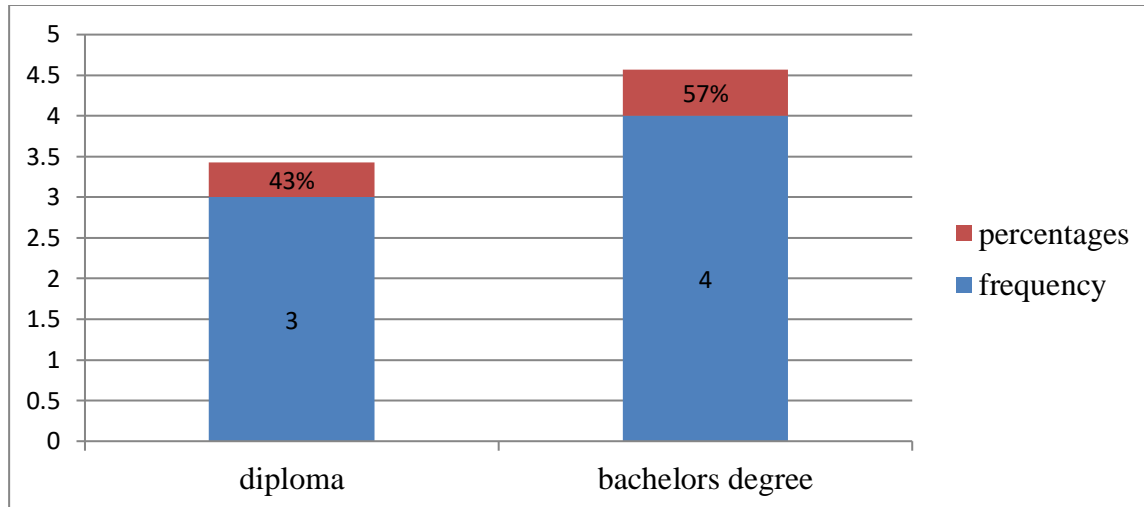


Figure 4. 3 level of education

The findings in Figure 4.3 above show that the majority of respondents 4 (57%) had a degree, and 3 (43%) had a diploma; this indicates that the respondents were well aware of the issues related to financial performance and that they therefore provided the appropriate and relevant information required for the study.

4.3.5 Period of time working in small scale and medium enterprises.

Findings on the length of service were as follows;

Table 4. 4 Period of time working in small scale and medium enterprises

Length of service	frequency	Percentage (%)
1 -5 years	25	57
6- 10 years	15	29
Over 10 years	5	14
Totals	45	100

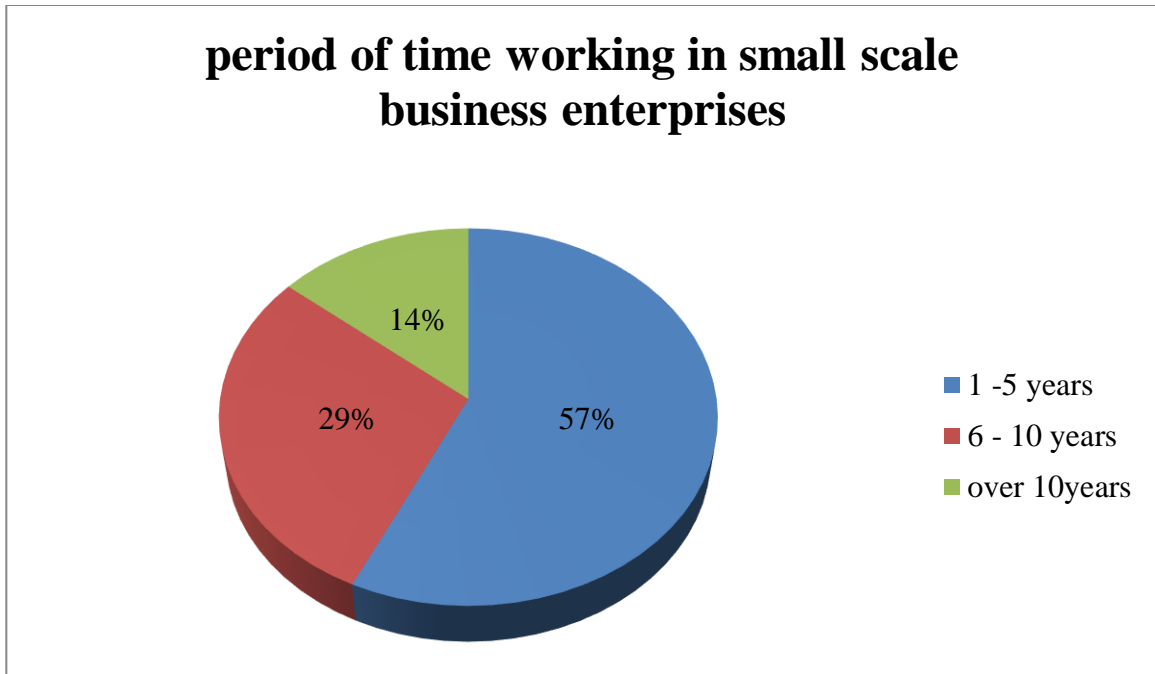


Figure 4. 4 Period of time working in small scale and medium enterprises

The findings in Figure 4.4 above show that the majority of respondents (57%) worked 1-5 years in small and medium-sized enterprises, while 29% worked 6-10 years, which means that respondents were more communicative in tax matters. and thus provide more accurate and clearer information in which the examiner of the required subject is required.

4.4 Analysis of Objectives

4.4.1 Effects of access to capital on establishment of SMEs in Starehe Nairobi.

Table 4. 5 Effects of access to capital on establishment of SMEs

Descriptive Statistics

	N	Mean	Std. Deviation
Cost of Capital limits access to finance faced by SMEs	45	3.74	1.353
Availability of credit for SMEs contributes to economic growth	45	4.01	.718

Capital Position affect the performance of SMEs in terms of liquidness	45	3.77	1.441
Valid N (list wise)	45		

The first objective of the study was to determine the effect of access to capital on establishment of SMEs in Starehe Nairobi. Respondents were required to respond to set questions related to access to capital and give their opinions. The statement that Cost of Capital limits access to finance faced by SMEs had a mean score of 3.74 and a standard deviation of 1.353. The statement that Availability of credit for SMEs contributes to economic growth had a mean score of 4.01 and a standard deviation of 0.718. The statement that Capital Position affects the performance of SMEs in terms of liquidness had a mean score of 3.77 and a standard deviation of 1.441.

4.4.2 Effects of government support on establishment of SMEs in Starehe Nairobi

Table 4. 6 Effects of government support on establishment of SMEs

Descriptive Statistics

	N	Mean	Std. Deviation
Government policies attract funding within the current funding framework in the country	45	3.87	1.143
Subsidiaries provision by the government enabling small business ventures attain necessary funding so as to enhance the economy	45	3.92	1.220
Provision of grants of by the government is a determinant on the establishment of SMEs in Starehe Nairobi	45	3.62	.993
Valid N (list wise)	45		

The second objective of the study was to find out the effect of government support on establishment of SMEs in Starehe Nairobi. Respondents were required to respond to set questions related to government support and give their opinions. The statement that the Government policies attract funding within the current funding framework in the country had a mean score of 3.87 and a standard deviation of 1.143. The statement that the Subsidiaries provision by the government enabling small business ventures attain necessary funding so as to enhance the economy had a mean score of 3.92 and a standard deviation of 1.220. The statement that the Provision of grants of by the government is a determinant on the establishment of SMEs in Starehe Nairobi had a mean score of 3.62 and a standard deviation of 0.993.

4.4.3 Effects of managerial skills on establishment of SMEs in Starehe Nairobi

Table 4. 7 Effects of managerial skills on establishment of SMEs

Descriptive Statistics

	N	Mean	Std. Deviation
Inventory control enhances the establishment of SMEs in Starehe Nairobi	45	4.50	.772
Cash management enhances the establishment of SMEs in Starehe Nairobi	45	4.32	1.213
Record Keeping enhances the establishment of SMEs in Starehe Nairobi	45	3.82	1.058
Valid N (list wise)	45		

The third objective of the study was to establish the effects of managerial skills on establishment of SMEs in Starehe Nairobi. Respondents were required to respond to set questions related to managerial skills and give their opinions. The statement that Inventory control enhances the establishment of SMEs in Starehe Nairobi had a mean score of 4.50 and a standard deviation of 0.772. The statement that Cash management enhances the establishment of SMEs in Starehe Nairobi had a mean score of 4.32 and a standard deviation of 1.213. The statement that record

keeping enhances the establishment of SMEs in Starehe Nairobi had a mean score of 3.82 and a standard deviation of 1.058.

4.4.5 Establishment of SMEs

Table 4. 8 Establishment of SMEs

Descriptive Statistics

	N	Mean	Std. Deviation
Access to capital has an effect on the establishment of SMEs.	45	3.91	1.525
Government support have an effect on the establishment of SMEs	45	3.45	.978
Managerial skills have an effect on the establishment of SMEs	45	4.08	.734
Valid N (list wise)	45		

The statement that Access to capital has an effect on the establishment of SMEs in Nairobi had a mean score of 3.91 and a standard deviation of 1.525. The statement that Government support has an effect on the establishment of SMEs in Nairobi had a mean score of 3.45 and a standard deviation of 0.978. The statement that Managerial skills have an effect on the establishment of SMEs in Nairobi had a mean score of 4.08 and a standard deviation of 0.734.

4.5 Correlation Analysis

4.5.1 Coefficient of Correlation

The Pearson Bivariate correlation coefficient was used to calculate the correlation between reliability variability (establishment of SMEs) and independent measures (entry into the capital, government support and management skills). According to Sekaran, (2015), this correlation is assumed to be equal and the ratio range from 1.1.0 (absolute uncommon) to 1.0 (absolute

positive correlation). The correlation coefficient was calculated to confirm the strength of the relationship between the reliable and independent variants (Kothari and Gang, 2014).

Table 4. 9 Pearson Correlation

Correlations

	Establishment of SMEs	Access to capital	Government to support	Managerial skills
Establishment of SMEs	1			
	45			
Access to capital	.768**	1		
	.000			
	45	45		
Government support	.741**	.710**	1	
	.000	.000		
	45	45	45	
Managerial skills	.557**	.437**	.291**	1
	.000	.000	.003	
	45	45	45	45

** . Correlation is significant at the 0.01 level (2-tailed).

In an attempt to show the relationship between different studies and their findings, the study used the correlation coefficient of Karl Pearson (r). This is shown in Table 4.12 below. Based on the findings, it was clear that there was a positive relationship between the different autonomy,

access to finance, government support, management skills as well as the selected SMEs. The analysis shows the correlation ratio, r is 0.768, 0.741, 0.557 and 0.354 earnings, government support and management skills respectively. It shows a positive relationship between the dynamics being funded, namely access to finance, state support and governance systems, together with the implementation of face-to-face SMEs.

4.5.2 Coefficient of Determination (R^2)

To assess the nature of the search, to confirm the object analysis performed The four items were then placed under the context of a review to measure the success of the model and to predict the relationship between independent variance (capital gains, government support and management skills) and related variables (SMEs).

Table 4. 10 Coefficient of Determination (R^2)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.904 ^a	.817	.459	1.06178

a. Predictors: (Constant), Managerial skills, Government support, Access to capital

The mode explains 81.7% of the variance (Custom R-square = 0.459) for setting SMEs. There are, of course, three other things than those described in this mode that can be used to predict the establishment of SMEs. This is therefore still a good example as Cooper and Schinder, (2013) have shown that a lower value of R 0.10-0.20 is acceptable in scientific research.

This means that 81.7% of the ratio is defined by three known factors, namely earnings, government support and managerial skills. The remaining 18.3% is explained by other factors in the emphasis on SMEs not taught in this study. In summary, the three things learned are: earnings, government support, and managerial skills, or seeing 81.7% of ratios, while the other 18.3% are defined or predetermined by other factors.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This study investigated the factors affecting establishment of SMEs in Starehe, Nairobi County. The factors affecting establishment of SMEs that were studied are; Access to capital, Government support and Managerial skills. This chapter summarizes the findings of the study and makes conclusions upon which recommendations are drawn. Suggestions for further study are also captured as a way of filling the gaps identified in the study.

5.1 Preliminary Findings

The findings of the study revealed that factors affecting establishment of SMEs influenced Establishment of SMEs positively. These findings were supported by the frequencies of the responses from the respondents which were presented in the form of percentages and mean scores. Further the findings were supported by the coefficient of determination (R square = 0.459) which shows that 45% of variations in Establishment of SMEs are explained by Access to capital, Government support and Managerial skills.

5.1.1 Effects of Access to capital on Establishment of SMEs

The first objective of the study was to set to examine the effect of Access to capital on Establishment of SMEs in Starehe in Nairobi County. The findings revealed that Access to capital has a positive influence on Establishment of SMEs in Starehe in Nairobi County. This finding is supported by the coefficient of determination which shows that the variations in Establishment of SMEs are explained by Access to capital. The analysis produced results with an overall mean score of 3.74 which showed that majority of the respondent's concurred that Access to capital on Establishment of SMEs had a coefficient of 0.455, meaning that Access to capital influences Establishment of SMEs in Starehe by 45%.

5.1.2 Effect of Government support on Establishment of SMEs

The second objective of the study was to determine the effect of Government support on Establishment of SMEs in Starehe. The results showed that Government support practices have a moderate influence on Establishment of SMEs in Starehe in Nairobi County. The analysis

produced results with an overall mean score of 3.92 which showed that majority of the respondents supported contribution of Government support on Establishment of SMEs and had a coefficient of 0.914, meaning that Government support influences Establishment of SMEs in Starehe by 91%.

5.1.3 Effect of Managerial skills on Establishment of SMEs

The third objective of the study was to establish effect of Managerial skills on Establishment of SMEs in Starehe in Nairobi County. Majority of the respondents agreed that Managerial skills had a negative influence on Establishment of SMEs in Starehe. Managerial skills had an overall mean score of 4.32 meaning that majority of the respondent agreed that Managerial skills influences Establishment of SMEs and has a coefficient of 0.266 meaning it influences Establishment of SMEs in Starehe by 26%.

5.3 Conclusion

SMEs are the backbone of the world economy and are the key to economic growth, energy and transformation in the developed world, as well as the emerging economy. SMEs are instrumental in promoting the national economy in the workplace, skills and business sectors. Within the design and operation, they face financial and non-financial challenges.

Although both problems tend to control the growth of these businesses, access to credit is most emphasized.

There is a strong desire for the government to explain and implement the mechanisms and procedures for levying SMEs, as well as to improve and enhance financial institutions and financial instruments; The plans and plans should be compared with the equipment to be used; The legal system plays an important role in the creation and successful operation of SMEs and should promote the simplification of the processes involved in the production, financing, training and other aspects of the SME sector;

In Nairobi County, banks do not pay in full for upgrading SMEs. The role of the state should be to open dialogue and create mechanisms and banks to promote the financial viability of SMEs;

There is a great need to develop different financial services for SMEs money, pay, business expenses and investment expenses. The lack of long-term loans; the amount of yields is still

high, and so on. All this hinders the growth of SMEs; Dissemination of first-class financial support, growth and efficiency of SMEs contributes significantly to the development and promotion of SMEs; It is necessary to look at all support programs that differ in the needs of small, medium and micro enterprises; More sophisticated equipment is needed for monitoring, evaluation and implementation of the various components of SME support programs and events; and developing a system of education and training on the various aspects of SME business opportunities that are important to promote the sector.

We can therefore conclude that fundraising, government support and management expertise has seriously impacted SMEs in Starehe in Nairobi County.

5.4 Recommendations

Based on the findings of the study, the researcher did the following:

The study recommends that the central government work with the private sector to reduce the financial burden on SMEs. The role of state-owned enterprises in resolving the financial crisis faced by SMEs is a contentious issue that needs to be seriously considered. It is therefore of the utmost importance to examine the effectiveness of political strategies in the Kenyan literature, as well as to look at the progress in improving access to finance through SMEs.

The need for SMEs to create a network or partnership; financial houses are natural resources and sometimes have joint projects. Such money can help these businesses to take such a step. This is because they can see common areas of intelligent interaction and cooperation when interacting. Second, such funds allow small and medium-sized businesses to earn money with little or no strings attached to them and with or without the minimum wage. Also, under less pressure, they will pay interest less compared to loans from banks or other lenders. SMEs can also earn money without any contract.

There is an opportunity for donors to support (from local and local representatives) if there is evidence that the fund is well managed. Again, not only do members get access to a cheaper fund, but they can also benefit from putting their money into the fund.

SMEs can benefit from additional group training and mentoring. The peer-to-peer check itself is a business monitoring system. Members will have a say in the handling of this money

It is also recommended that management information can alleviate the perceived problem of access to financial resources and / or banking products. This can be done through electronic marketing, business records and information looking for other ways to earn money. Lack of technical skills and awareness of the benefits of e-commerce can be reduced through training and advertising-programs.

5.5 Areas for Further Research

The findings of the research were confined to SMEs in Nairobi County Stareheconstituency, which implies that the findings cannot be generalized to other constituencies, cities and counties in Kenya therefore the researcher recommends a replica research in other industries. In future the researcher could also consider using a larger sample in order to achieve a much higher precision.

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APPENDICES

APPENDIX I: LETTER OF INTRODUCTION

The Management University Of Africa

Nairobi.

Dear Sir/Madam

RE: PERMISSION TO CONDUCT RESEARCH WORK

I am a final year student from Management University of Africa currently pursuing a diploma in Leadership and Management. As part of my coursework, I am required to conduct a research survey. The title of my research project is to **EXAMINE THE FACTORS AFFECTING ESTABLISHMENT OF SMES IN STAREHE, NAIROBI COUNTY**. I would be grateful if you could spend a few minutes of your time to complete the questionnaire. I assure that all information to be collected will be strictly for academic purposes and will be kept confidential.

Thank you for your kind assistance.

Thank you so much for participating.

Yours Sincerely,

DAISY KOMEN

SECTION II: factors affecting establishment of SMEs in Starehe, Nairobi County.

SECTION B: Access To Capital

Please tick on the provided spaces in the table below to show your level of agreement on issues pertaining access to capital in your organization. Where 5 = Strongly Agree (SA), 4 = Agree (A), 3 = Undecided (UD), 2 = Disagree (D) and 1 = Strongly Disagree.

S/N	Statement	Response				
		SA	A	UD	D	SD
1.	The cost of Capital affects the establishment of SMEs to a great extent?					
2.	Availability of credit affects the establishment of SMEs to a great extent?					
4.	Working capital affects the establishment of SMEs to a great extent?					

SECTION C: Government Support

Please tick on the provided spaces in the table below to show your level of agreement on issues pertaining Government Support in your organization. Where 5 = Strongly Agree (SA), 4 = Agree (A), 3 = Undecided (UD), 2 = Disagree (D) and 1 = Strongly Disagree.

S/N	Statement	Response				
		SA	A	UD	D	SD
1.	Government policies affects the establishment of SMEs to a great extent?					
2	Subsidiaries affects the establishment of SMEs to a great extent?					
3	Provision of grants affects the establishment					

of SMEs to a great extent?

SECTION D: Managerial Skills

Please tick on the provided spaces in the table below to show your level of agreement on issues Managerial Skills in your organization. Where 5 = Strongly Agree (SA), 4 = Agree (A), 3 = Undecided (UD), 2 = Disagree (D) and 1 = Strongly Disagree.

S/N	Statement	Response				
		SA	A	UD	D	SD
1.	Inventory control affects the establishment of SMEs to a great extent?					
2.	Cash management affects the establishment of SMEs to a great extent?					
3.	Record Keeping affects the establishment of SMEs to a great extent?					

SECTION C: Establishment of SMEs

Please tick on the provided spaces in the table below to show your level of agreement on issues pertaining Establishment of SMEs in your organization. Where 5 = Strongly Agree (SA), 4 = Agree (A), 3 = Undecided (UD), 2 = Disagree (D) and 1 = Strongly Disagree.

S/N	Statement	Response				
		SA	A	UD	D	SD
1.	Does access to capital enhance establishment of SMEs in Starehe, Nairobi?					
2.	Does government support enhance establishment of SMEs in Starehe, Nairobi?					
3.	Do managerial skills enhance establishment of SMEs in Starehe, Nairobi?					

APPENDIX IV: TIME PLAN

Activities	Week 1	Week 2	Week 3&4	Week 5,6,7&8	Week 9	Week 10	Week 11	Week 12
Topic								
Project writing/presentation								
Data gathering								
Data analysis & report writing								
Project presentation								
Project correction								
Project binding								
Submission								

APPENDIX IV: BUDGET

ACTIVITY	COST
Typing cost	4,000
Stationery Cost	3,000
Binding	3,000
Travelling	2500
Internet	2000
Miscellaneous	2,000
TOTAL	16,500