AN INVESTIGATION OF FACTORS INFLUENCING THE SUCCESS AND GROWTH OF SMALL BUSINESSES- A CASE OF MUTHURWA RETAIL MARKET, NAIROBI.

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ABSTRACT

This study sought to investigate factors that influence the success of the micro and medium enterprises at Muthurua market, Nairobi, Kenya. The study sought to test and determine the strength of relationships existing between the variables of the study (Independent variables; Capital, Goal importance, Possibility factors, Ability factors and Societal valuation) and (Dependent Variable : Success of Micro-Businesses) and whether they (relationships) are significant .Theoretical orientation focused on the goal setting theory and experiential learning theory. The study was cross sectional and descriptive survey in design. The population of the study comprised of two thousand (2000) small business owners at muthurwa retail market in Nairobi. The study derived a sample size of two hundred (200) arrived at by calculating the 10% of the study population, the study's sampling technique used was systematic random sampling method.

The survey used a self administered likert scaled questionnaire with open ended questions and both quantitative and qualitative data collection methods. The questionnaire was tested before a refined one was administered to the respondents. The data was analyzed using the statistics package for social science. Cronbach's Alpha Statistics was used to test data reliability. A multiple regression equation was generated and test of significance done. All independent variables were significant with an exception of Ability factors. The Regression equation gave an adjusted R-square of 62%.

The study findings were that funding, selling skills (ability factors) and market innovativeness (possibility factors) were vital factors to small business success. Researcher recommended a change in the education system to widen the scope of entrepreneurship. The government should enact policy to encourage youth to join the sector for gainful employment and demystify the negative societal valuation. The bank management should understand other factors for small business success when funding the business plans. The researcher recommends further study can be done on whether cultural or tribal background of the entrepreneur has a significant influence on the success of small scale businesses.

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