

## **Determinants of growth of small and medium enterprises in Kakamega central sub-county, Kenya**

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### **Abstract**

The purpose of this study was to examine the determinants of growth of Small and Medium Enterprises in Kakamega Central Sub-County, Kenya. Conceptual framework guided the study by illustrating how the various variables were interrelated. The study adopted a descriptive survey design. The target population consisted of total of 1,500 registered SMEs under Single Business Permit Registration. Simple random sampling techniques were used to select 103 SMEs entrepreneurs while purposive sampling technique was used to select registrar of single business permit. Data was collected by use of questionnaires and interview schedules. On validity of the instruments, the researcher used content validity while through pilot testing process was used to test reliability comparing with a Cronbach's Alpha Coefficient which yielded an alpha of 0.82. The study findings indicated that there was a marginal weak association between financial factors and growth of SMEs. Correlational results between law and regulations on growth of SMEs do indicate that income taxes and collection of revenues from the government agents hamper the running of the business, thus, slowing the growth of the SMEs. Business accessibility to customers and business location did not significantly affect the growth of SMEs in Kakamega Central Sub-County. The usage and integration of internet and intranet, mobile phones and advance in technology had significant ( $p < 0.05$ ) influence on the growth of SMEs. The following recommendations were made: the government should ensure that the interest rates suggested by the Central Bank of Kenya are adopted by both commercial banks and micro financial institutions so as to encourage the business owners to access micro credit facilities. There is need to improve infrastructure, costs and IT training and in information relating to the business opportunities that like e-commerce and creation of e-knowledge among business owners. On the business location, the counties should subsidize the land rates and rents within the Central Business District to encourage more SMEs accessibility to customers. The researcher then analysed the data and present the results in form of frequency tables. The findings of this study may be useful to the Ministries Trade, academicians and researchers in their improvement of policies and practices on SMEs.

**Key words:** Small and medium enterprises (SMES), determinants and growth.