

**AN INVESTIGATION INTO MANAGEMENT STRATEGIES
AFFECTING PERFORMANCE OF MICRO, SMALL AND MEDIUM
ENTERPRISES (MSMEs) IN KENYA**

by

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DECLARATION

Student number **3590-515-6**

I declare that '**AN INVESTIGATION INTO MANAGEMENT STRATEGIES AFFECTING PERFORMANCE OF MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs) IN KENYA**' is my own work and that all the sources that I have used or quoted have been acknowledged by means of references.

SIGNATURE

(MS W L NJANJA)

DATE

ECCLESIASTES 12:13

Let us hear the conclusion of the whole matter, “Fear God and keep His commandments, for this is the whole duty of man.”
(KJV)

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All Glory to God for his mercies endureth forever!

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*To my guardians and in particular,
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2.1 Conceptual Model

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ABSTRACT

This research was geared towards the investigation of management strategies (factors) that affect the performance of MSMEs in Kenya. Many developed countries record a time in history when entrepreneurial activities led to revival of economical growth after decline. This implies MSMEs is a very vital sector especially for a developing country like Kenya. MSMEs stagnate and their performance is uncertain according to writers such as Namusonge, Management inadequacies have been suggested in several studies. The objectives of this research was to,

- i. To identify the critical management factors affecting the performance of MSMEs in Kenya ;
- ii. To establish the process through which managerial factors affect the performance of a MSMEs in Kenya ;
- iii. To determine the integrative effect of various management factors in the MSMEs in Kenya ;
- iv. To establish the effect of demographics and management factors on performance ,
- v. To establish effects of external environment on internal management factors

A conceptual model was formulated from the literature review showing relationships of the management strategies and the environment they operate in. These relationships became the basis for the hypotheses which were later tested.

In chapter 4, a mini research (pilot study) was conducted in May 2007, whose main aim was to test the reliability and validity of the research instruments. The 36 questionnaires returned were analysed through descriptive method. Results obtained indicated the instruments were reliable and the results valid. A few corrections suggested were made. The major correction was addition of question 35 to collect financial information.

The data collection was done between mid August and mid October 2007. In chapter 5, the researcher analysed the results of the survey after receiving 180 questionnaires. Time was a constraint.

In chapter 6, the hypotheses and conceptual model were analysed and the results obtained suggested that, most strategies did not affect the profitability separately but severally. The integrated effect of the management strategies and the associated factors had a higher impact on performance of the MSMEs than any individual strategies.

In chapter 7, the conclusions, summaries and Recommendations are given

Key Terms

Management strategies; Business performance; (MSMEs) in Kenya; Development plans; Research strategies; Pilot Study; Sessional Papers; Cross tabulations; logistic regressions; Pearson's correlations; Discriminant analysis; Composite means