

Quality of Goods Produced By Small and Medium Enterprises as A Determinant of Their Growth in Kenya

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Abstract

Small and Medium Enterprises (SMEs) form the bulk of enterprises in Kenya currently standing at a population of over 7.5 million. They contribute about 80 percent of total employment and generate 92 percent of all new jobs in the country. In Kenya, SMEs contribute about 40 percent of the country's gross domestic product (GDP). Research has shown that in most countries, SMEs generate by far more employment opportunities than big companies or the public sector. Employment is the major source of livelihood globally. No wonder the search for employment is one of the greatest reasons that accounts for the Rural-Urban migration. The resultant consequence is strained resources and auxiliary facilities such as housing, schools, security water, power, sewerage and so on. Undoubtedly, growth of SMEs can check against these odds by creating equal employment opportunities within the rural areas and subsequently attracting development of infrastructure and presence of auxiliary services within those areas. Many studies have been conducted to determine factors that influence growth of SMEs. The mixed results can perhaps be explained by contextual differences (including both micro and macro environment operative) or the mix of variables observed. This study looked at the quality of the goods produced by the SMEs as one of the determinants of growth in four of SME subsectors; manufacturing metal items, wooden furniture, textiles and leather goods in Nairobi City County. This study used a survey research design. The target population was all registered SMEs operating in Nairobi City County, total number, 556. The sampling frame was all the SMEs from the four subsectors who are involved in manufacturing activities and these were 316. The sample size of 177 was picked randomly from the sampling frame. The data collected was mainly quantitative. This data was collected by way of a questionnaire served to owner managers, managers and senior managers of the enterprises. Both descriptive and inferential statistics were used to summarize the results. The study concluded that the quality of produced goods greatly influences growth of SMEs in Kenya with use of electrical power playing a catalytic role.

Keywords: Growth, market information, small and medium enterprises, rural to urban migration.

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