ABSTRACT

In Kenya, the Small Medium Enterprises (SMEs) account for 50% of the country's GDP and have employed 80% of the country's work force. SME is a very important sector for the Kenyan economy because it plays a very significant role in the provision of employment and wealth creation opportunities. The crucial role of SMEs is considered in the Kenya's Vision 2030, a blueprint which seeks to transform Kenya into a middle-income economy. Vision 2030 recognizes the need for capacity building and appropriate financial support to SMEs in order to make the sector grow. Despite their significance, SMEs are faced with strategic challenges. Studies show that three out of five SMEs businesses fail within the first few months of operation. The purpose of this study therefore was to find out the strategic challenges affecting the growth of SMEs in Kitengela Township, Kenya. The study was guided by the following specific objectives: assessing how lack of credit affects the growth of SMEs in Kitengela, finding out the effects of technology in the growth of SMEs in Kitengela, finding out how the process of registration and licensing affects the growth of SMEs in Kitengela. The study population was 120 SMEs who were doing different businesses in Kitengela Township, Kenya. A sample size of 92, which entailed SMEs owners or managers, was used. The study used descriptive research design. Simple random sampling was used to select the sample from the population. A structured questionnaire was used to collect data. The collected data was analyzed through the use of the Statistical Package for Social Sciences (SPSS). The study used the descriptive statistics such mean, median, mode, and standard deviation to explain the results. The findings of the study were presented by the use of frequency tables, graphs, and pie charts. The study found out that majority (55%) of SMEs raised capital from their own savings. It was also established that collateral requirement by most of the lenders hindered SME growth. The findings of the study further revealed that the cost of loan was high because of high bank application fees. The study found out that there was a significant relationship (r = 0. 457, p = .000) between technology and business growth. The study further found out that inefficiencies at the registration and licensing agencies derailed the process of business registration. The study concluded that SME businesses will grow very much if there is adoption of technology. SMEs should computerize all their business activities and put in place appropriate systems to make the operation of their businesses efficient. Lenders should levy reasonable charges on their loan products in order to make them attractive to SMEs.