

ENTREPRENEURIAL PLANNING AND BUSINESS DEVELOPMENT FOR SMALL MEDIUM ENTERPRISES IN KENYA

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ABSTRACT

Small and Medium Enterprises (SMEs) play an important economic role in many countries. In Kenya, for example the SME sector contributed over 73% of new jobs created in 2014 but despite their significance, SMEs are faced with the threat of failure with past statistics indicating that three out five fail within the first few months of inception. This paper clarifies prior inconsistent findings on business planning and SMEs development by unbundling the generalized construct of business planning into three components: designing an inspiring vision, employing a system of success metrics and developing a marketing plan. The study examined how each of the components and interactions, influence SME development, while controlling for

firm age and target market.

The study was guided by specific objectives which were; to determine effect of inspiring business vision on SMEs development,

to establish how

system of metrics and performance affect SMEs development and

to analyze the effects of

regularly evaluated marketing plan on SMEs development. The study used descriptive research design, targeting

150 retail outlets in Konoin Sub-County. Data was collected by use of structured questionnaires.

The data was analyzed using descriptive statistics. Findings revealed that

enterprises in the region do not have vision, the findings indicated that the vision of most

enterprises are measured according to the ability to hold more stock as a sign of development.

It is very significant to note that marketing strategies enable the enterprise not only to be

competitive but also to develop. System of metrics and performance has significantly affected

business development. Most enterprises in the region do not carry out stock taking, audit and

financial activities like profit and loss, and statements of financial income. Conclusions are that

since diversification is the riskiest strategy available for development, it would be advisable for

the entrepreneur to focus on Product development strategy through new products in existing

markets. Moreover, it is difficult for the entrepreneur to drive down costs and selling the product

at a low price would not be advisable. The best way the entrepreneur can grow the business is

looking for new geographical markets, new product dimensions or packaging, new distribution

channels or different pricing policies to attract different customers or create new market

segments.

Key Words: Business planning, Development, Entrepreneurship

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