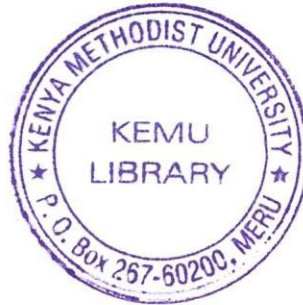


**AN ANALYSIS OF FACTORS THAT INFLUENCE
ACCESSIBILITY OF DEVOLVED FUNDS BY MICRO AND
SMALL ENTERPRISES IN KENYA**

(A Survey of Hardware Outlets in Nyeri Municipality)



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ABSTRACT

Concentration of power and resources at the center has led to a skewed development pattern in many countries. Awiti (2008) defines devolution as the delegation of authority to formally constituted government bodies to discharge specified/residual functions. As a principle of organizational theory devolution is premised on the fact that by nature, society is structured in concentric circles; the individual – the family – neighbors – voluntary organizations and associations – local authorities – constituencies and superior state bodies. The respective inner circle has the priority for securing and improving the welfare of the individual than the larger and more complex outer circles by encouraging self responsibility. In the Kenyan context devolution has been understood as an agenda to redesign government where power and resources are shared equitably. It involves delegation of political and legislative power to semi autonomous regional or sub national entities. Legal political and fiscal powers are also devolved to the subordinate entity yet at the same time the centre maintains control over how these powers are used. The specific objectives of the study are to determine how accessibility to information about devolved funds affects their utilization by MSEs, assess the impact of entrepreneurial training and affordability on accessibility to funds as well as assessing how the management structures and legal frame work influence the level to which they are accessible. The purpose of the study is to make an analysis of the factors influencing the accessibility of devolved funds by the owners of Micro and Small Enterprises in order to meet the financial needs of their businesses. The target population was 151 hardware operators in Nyeri Municipality. Data was collected from selected hardware outlets selected through simple random sampling. The main data collection instruments were questionnaires administered to the hardware owners as well as secondary data obtained from policy documents from program managers and bank credit managers. The data collected was analyzed and interpreted quantitatively using Statistical Package for Social Sciences (SPSS) while presentation of data was in descriptive statistics such as tables, percentage bar graphs and measures of central tendency. The study revealed that affordability of funds played the greatest role in influencing accessibility of devolved funds by MSEs. The legal framework, access to information and level of entrepreneurial training influenced accessibility of funds in that order while approval procedures had the least impact. The key recommendations of the study were that the government should reduce the barriers to finance so as to increase access to funds by MSEs. Use of ICT for accessing information should be enhanced while individualised rather than group-based approaches of extending funds should be enhanced. The findings of the study were aimed at guiding the policy makers, MSE owners and scholars in this area, on establishing the determining forces in accessibility of devolved funds.