

INNOVATIVE MANAGEMENT AND GROWTH OF MICRO AND SMALL MANUFACTURING ENTERPRISES IN KENYA

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ABSTRACT

In Kenya, MSEs contribute over 80% of the country's employment and over 40% of the country's GDP. Statistics show that MSEs have high collapse rate. Low utilization of entrepreneurial management leads to poor quality of products and technology. Entrepreneurial management has been identified as having capability to innovate, an important effect on the enterprise growth and gives to enterprises a better competitive advantage. MSE growth is often closely associated with firm overall success and survival. Growth is the most appropriate indicator of the performance for surviving small firms. It is generally accepted that MSEs are becoming increasingly important in terms of employment, wealth creation, and the development of innovation.

The main objective of this study was to establish the role of entrepreneurial management practices on the growth of manufacturing Micro and Small Manufacturing Enterprises in Nairobi County, Kenya. The study was guided by the independent variable: Innovation management with firm characteristics as the intervening variable. Fisher, Laing & Stockel formulae for determination of sample size was employed and further stratified to select a sample of 379 manufacturing MSEs. Data was presented in tables, charts and graphs. Content analysis was used to analyze qualitative data.

A regression model was applied to determine the relationship between each of the five variables with respect to performance of manufacturing MSEs. The study found that

owner manager level of education, experience in the enterprise a critical factor affecting growth of MSEs

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Over and above the period in which MSEs have been in business, educational qualification of entrepreneur, size of the firm, sector of the firm, location of the firm, experience of the entrepreneur and innovative management all have statistically significant positive effects on success of the MSEs even though their owner managers are committed in being engaged in business promotion forums whereby most of them participates in business seminars and workshops. The study recommends that MSMEs should adopt innovative management to ensure their growth

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Key Words: Innovative Management, Growth of MSMEs

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