

**EVALUATION OF THE FACTORS THAT DETERMINE THE  
SUCCESS OF SMALL SCALE RETAIL BUSINESSES:**

*(A survey of Meru municipality)*

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A research thesis submitted in partial fulfillment of the  
requirement for the Degree of Masters of Business  
Administration of Kenya Methodist University

**January 2009**

## **ABSTRACT.**

The main purpose of this study was to evaluate the factors that determine the success of small-scale retail businesses within Meru Municipality. Small-scale retail businesses play a significant role in the country's economy. This sector provides goods and services and is also a driver in promoting competition and innovation; hence enhancing the enterprise culture, which is necessary for private sector development and industrialization. In this study small scale retail businesses are treated as MSE"s for purposes of this research. Many countries in the world have realized the importance of small-scale retail businesses and therefore are working to increase performance and competitiveness. This is necessary if the small - scale retail businesses can effectively respond to the challenges of creating productive and sustainable employment opportunities, promoting economic growth and poverty reduction. In Kenya, small scale retail businesses cut across all sectors of the country's economy and provide one of the most prolific sources of employment not to mention the breeding ground for medium and larger industries, which are critical industrialization today, these enterprises are found in every corner of Kenya they have great potential for creating a variety of jobs, while generating widespread economic benefits in order to enhance the capacity of small scale businesses to create durable and decent jobs, the government, in consultation with key stakeholders have reviewed a way forward for the millennium goals. It was in the light of the above that the study was designed to evaluate the factors that determine the success of small scale retail businesses. The scope of the study was limited to Meru Municipality. The location was chosen because it gave good representation of small scale retail businesses. The enterprises provided good characteristics and results of small-scale retail businesses. The research design for the study was a survey, where both qualitative and quantitative data was collected, in order to evaluate the factors that determine the success of small scale retail businesses. The population of the study was small scale businesses operating within Meru municipality. The target respondents were **owners** of small scale retail businesses. Random sampling method were used, which realized a sample size of 265 businesses out of the 1325 registered retail businesses ,across all sectors of the total population. Questionnaires were the main data collection tool. Secondary data was from Meru municipal Council records. Analysis of the data used multiple regressions to check the relationship between the independent variables i.e. financial resources, external business environment, education, experience of entrepreneurs and dependent variable i.e. business profits. It was established that most of the retail businesses in Meru Municipality are Some of the major challenges these businesses face include lack of business skills, unfavorable governments polices and dynamic consumer behavior. Among the recommendations that the government should initiate are incentives to encourage the retail traders to train in basic business management skills, as this **be** achieved by liaising with prospects.