Abstract

This study sought to determine the clusters of factors that are significant determinants of the slow growth of small and micro enterprises (SMEs) in Kakamega town of Kenya. The case study was beauty salons. Salons provide employment, contribute to entrepreneurship and innovation and foster competitiveness. However, they have continually faced difficulties resulting in slowed growth of the sector .The growth of salons was measured by their lifespan, profits per annum, sales volumes and infrastructural improvements are lower than the national and World bank figure of 60%.There was therefore need to determine the factors influencing their growth in order to enable them continue to offer alternative employment for majority of Kenyans. Guided by the ecological theory the researcher conducted a study through cross –sectional survey design, on a sample of 90 salons selected from a target population of 632 salons in the town between August and November 2014 using questionnaires. The data was analyzed by use of factor analysis and the results presented in tables and figures. The study established that the average growth rate of the salons in Kakamega town is 48.28% which is below the growth rate set by the world and the government of Kenya. Some of the difficulties they face are clustered as monetary, environmental and internal. The study concludes that monetary factors are most critical to the growth of the salons. The study recommends that the government of Kenya to create an enabling financial environment for salons as well as courses on business management. Lastly, the study recommends that further research be conducted to determine the actual effects of these factors on real growth.