

Abstract

Private investment is a powerful tool for maintaining and expanding an economy. Many developed and developing countries have for several decades relied greatly on it to solve their economic problems related to growth and development. This research focuses on establishing the impact of factors of production on private investment in Kitui County. The Tobin Q theory, acceleration theory and neoclassical theory are just but a few theories that illustrate the different factors that influence private investment. This report has six chapters; the introduction chapter that basically gives the background of the study in a broader perspective, the second chapter gives a clear theoretical and empirical review of the topic including the conceptual frame work, the third chapter gives details of the research methodology, the fourth chapter presents the results, the fifth chapter is basically the discussion of the results while the sixth chapter entails the conclusion and recommendation. Primary data was collected by use of structured questionnaires as data collection instruments. Sampling technique was stratified random sampling after which piloting followed to ensure data validity and reliability. The target population of the study was the 2000 people who attended the first Kitui County Investors Conference Forum in the year 2015. Stratification was done into two categories. i.e those who have existing business and those who are not in business. Out of the target population, questionnaires were administered to a sample of 200 respondents which was 10% of each strata summed up together. The quantitative data was properly recorded and summarized. Data was analyzed mathematically by use of inferential statistics and multiple regression through the assistance of SPSS (statistical package for social scientists). The study found out that access to land, availability of labor, access to capital and availability of entrepreneurship have a positive correlation with private investment. A regression analysis on the data reviewed that all the four factors of production had a significant effect on private investment. Therefore, the study recommends the enhancement of the four factors of production since they all contribute immensely on private investment.