Affirmative Action Funds and The Growth of Small and Medium Enterprises (SMEs) In Nairobi County

[1]Abdi Ismail Abdi and [2]Fanice Nafula Waswa

Abstract

Small and medium-sized enterprises (SMEs) are critical drivers of economic growth, yet many face barriers such as limited financing and weak managerial capacity. This study examined the influence of affirmative action funds on SME growth in Nairobi County, focusing on the Uwezo Fund, Youth Enterprise Development Fund (YEDF), and Women Enterprise Fund (WEF). Anchored on growth, human capital, and social capital theories, the study adopted a cross-sectional survey design with a sample of 376 SMEs selected using Yamane's formula. Data was collected through questionnaires and analyzed using SPSS, applying descriptive statistics, regression, and correlation methods. Findings revealed that all three funds positively impacted SME growth: Uwezo Fund enhanced credit access through group lending, YEDF strengthened managerial skills via training, and WEF provided affordable financing that enabled expansion. The study recommends broadening fund outreach, simplifying access, and integrating mentorship and market linkages to foster inclusive, sustainable SME development in Kenya.

Keywords: Affordable credit, Business Development, group lending, loan products, revolving funds