

## **Abstract**

Small and medium sized enterprises are significant in economic development, poverty eradication, dynamism and innovation. They are also responsible for job creation and promotion of innovative products and techniques in the market. For this reason there has been a major interest in understanding and identifying major factors that impact the growth of small and medium enterprises in developing economies. Literature on SME growth is limited in developing economies and therefore it is literature from developing economies that will be used and tested to see if it applies in developing economies. Some of the major factors identified to have an impact on SME growth were management skills, availability of finances, technology and employees. In addition a number of growth indicators were identified and profit was pointed out as the most appropriate measure of SME growth. The study was limited to Nyeri Municipality and a total population of 88 SMEs was identified. The research employed stratified random sampling technique. It used a sampling size of 40% of the entire population to come up with a sample of 35 respondents. Data was collected by use of questionnaires and then processed using SPSS to reveal descriptive and inferential statistics. The findings revealed that four factors stated above were statistically significant in the study but with different impacts on growth. Management skills had the greatest impact on growth. Management skills had the greatest impact on growth, followed by availability of finances, employees and finally technology. The research was important to the government as it guides in making policies that focus on SME growth; Start up SMEs as their owners are able to know factors that impact SME growth and finally research on growth of SMEs.