

KNCCI 2025 BUSINESS BAROMETER

January 2025



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Introduction: Word from Chamber President



Welcome to the KNCCI 2025 Business Barometer report!

The KNCCI Business Barometer continues to be a reliable pulse of Kenya's business environment, providing valuable insights into private sector performance and guiding decision-making for the government, private sector, and development partners.

Since March 2024, the Business Barometer has been a quarterly report offering forward-looking data on Kenya's private sector performance. In line with its evolving nature and at the start of the year, we present a report that not only captures sentiments on Kenya's business environment for Q1/2025 but also for the entire year. Notably, we will continue to issue Quarterly Business Barometers throughout 2025, using this report as a benchmark.

In 2025, private sector sentiment is generally less optimistic compared to the last two quarters of 2024, with a growing negative outlook on revenue, workforce size, and the cost of primary inputs. This underscores the urgent need for revitalization measures to proactively enhance Kenya's business environment.

We extend our heartfelt gratitude to **TradeMark Africa** and the **British High Commission Nairobi** for their support in this initiative. We also appreciate all the businesses that participated in the Business Barometer survey—your contributions made this report possible.

Dr. Erick Rutto
President, KNCCI

Introduction: About KNCCI

The Kenya National Chambers of Commerce and Industry (KNCCI) is a non-profit, **membership-based organization** established in 1965. KNCCI has a national office in Nairobi as well **countrywide representation** through County Chamber offices in all the **47 Counties**. Additionally, In 2023 KNCCI opened its first overseas office in **Changsha, China**.

KNCCI advocates for the creation of a favorable trade and investment environment that supports enterprise expansion. We have a diverse pool of membership constituting micro, small, medium (MSME), and large enterprises with MSMEs being the bulk of it.

KNCCI fosters market access by organizing trade missions, exhibitions, business matchmaking, and issuing the ordinary certificate of origin for exporters. We also conduct capacity building on corporate governance, export readiness, finance and investment readiness, among other business support trainings.

KNCCI is part of the global chamber movement of 177 countries facilitating trade across the globe. We partner with governments, private sector, and non-profits in advancing our mission of promoting a sustainable business environment for economic growth and prosperity.

Highlights (1/2)

- ❖ The 2025 Business Barometer Survey attracted responses from all sectors with retail & wholesale (41.6%) and agriculture (19.8%) topping the chart
- ❖ The 2025 Barometer Survey gathered responses from all counties with Marsabit, Isiolo, and Kakamega counties leading the pack
- ❖ Majority of the respondents we engaged are owners (79.8%) of the businesses
- ❖ Most of the businesses sampled have an annual revenue of less than KES 1 million (74.1%) and staff size of less than 10 employees (93.6%)
- ❖ Majority of the businesses sampled remain optimistic about the growth of their revenues in 2025, however, they are less optimistic compared to the last two quarters of 2024
- ❖ Businesses anticipating revenue growth (65%) expect modest increases, driven by an expanding customer base and enhanced marketing efforts
- ❖ Businesses not expecting revenue growth (24%) primarily anticipate stagnation and modest cutbacks, driven by high cost of living and an unfavorable regulatory environment
- ❖ While education (69%) and energy (67%) sectors remain the most optimistic about hiring in 2025 retail & wholesale (26%) and mining (14%) are at the opposite end of the spectrum

Highlights (2/2)

- ❖ The majority of businesses sampled (55%) are pessimistic about a reduction in their primary input costs in 2025, reflecting a further loss of confidence compared to the last two quarters of 2024
- ❖ Businesses not anticipating an increase in primary input costs (37%) are largely expecting slight reductions, spurred by improved macroeconomic conditions and seasonal factors
- ❖ Businesses expecting a rise in primary input costs (55%) are largely anticipating a slight increase, fueled by poor macroeconomic conditions, high taxation, and unfavorable government policies
- ❖ Save for energy and education, all sectors largely maintain a pessimistic outlook on primary input costs with retail & wholesale, manufacturing, ICT, and transport sectors expressing the biggest concerns
- ❖ 43% of the businesses surveyed are implementing climate change mitigation and adaptation measures in their operations, with tree planting and effective waste management being the most common actions
- ❖ 40% of the sampled businesses are women-owned, facing significant concerns related to limited financial resources, gender bias, and the balance between family and business responsibilities
- ❖ High taxation, unfavourable government policies, and limited access to capital are set to pose significant challenges to the growth of Kenya's private sector in 2025
- ❖ Access to capital, improved regulatory environment, and access to markets are the key needs of Kenya's private sector in 2025

Methodology

The KNCCI 2025 Business Barometer Report aims to elucidate businesses' expectations for the year 2025, drawing insights from their 2024 experiences regarding the business environment. The aim of the Barometer is to advocate for a favorable business environment in Kenya by generating evidences for policy action.

In the 2025 Business Barometer Survey, KNCCI received **1981 responses** from businesses across the country, in all sectors, both members and non-members of KNCCI, and from the formal and informal sectors. The data collection was conducted through an online survey in the first 2 weeks of January 2025 alongside physical interviews in all 47 counties through the KNCCI County Filed Officers and County Chapter Managers.

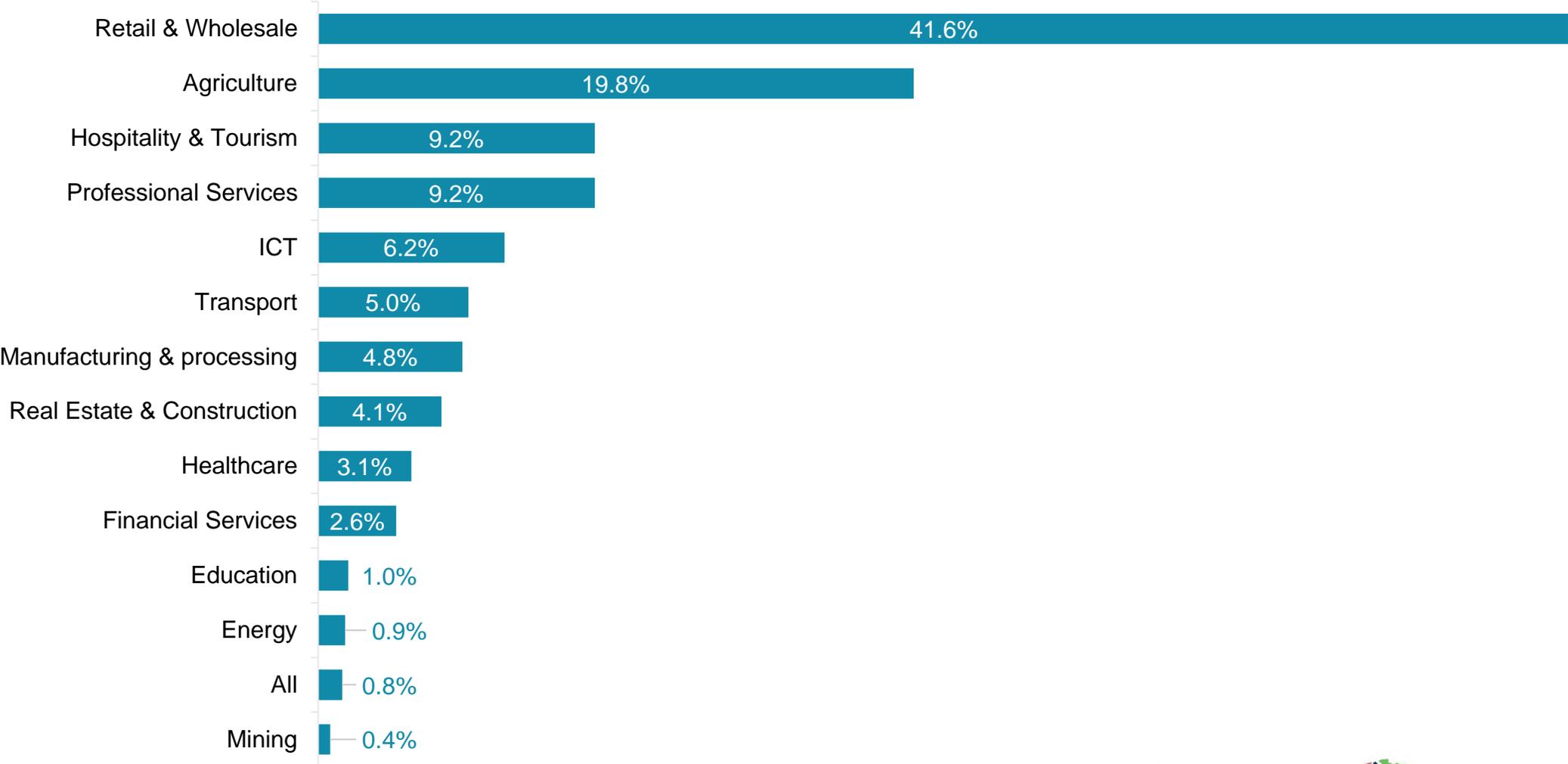
Questions were posed on the businesses' revenue, workforce size, cost of primary inputs, climate change, and challenges for 2025. Following the feedback we received on previous reports, this issuance continues to track some key themes such as gender and climate change action. To provide more context, this report also provides a sector based breakdown on the revenue, workforce, cost of primary inputs, and climate change.

Within the pool of responses, a diverse array of businesses emerged, ranging from sole proprietorships such as *Boda Boda* operators to multinational enterprises. Importantly, majority (86.3%) of the respondents were drawn from the ranks of management and directorship within their respective organizations, ensuring a comprehensive and insightful perspective on the business landscape.

Click [HERE](#) to access the KNCCI 2025 Business Barometer Survey.

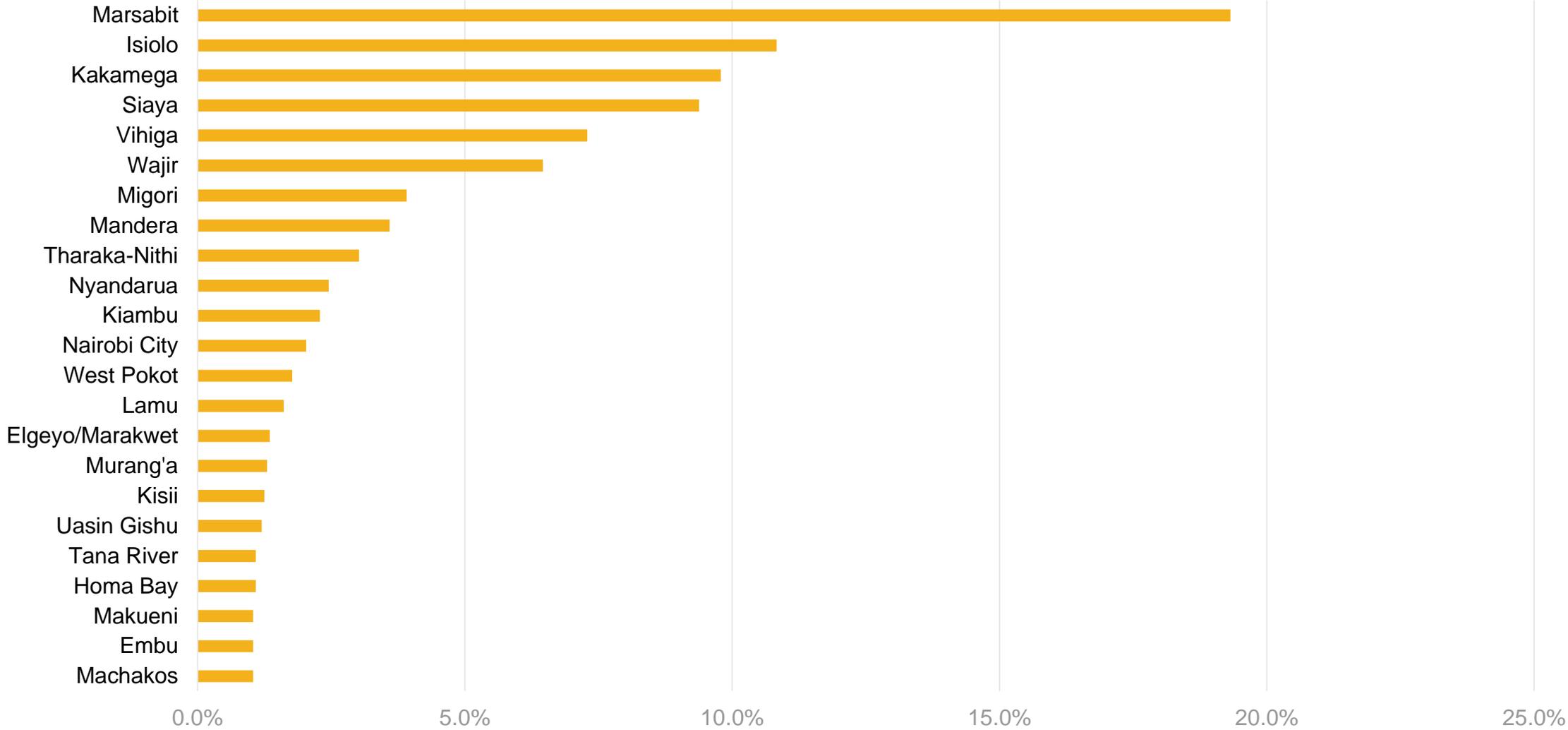
The 2025 Business Barometer Survey attracted responses from all sectors with retail & wholesale (41.6%) and agriculture (19.8%) topping the chart

Sector breakdown of respondents (% of total businesses sampled)



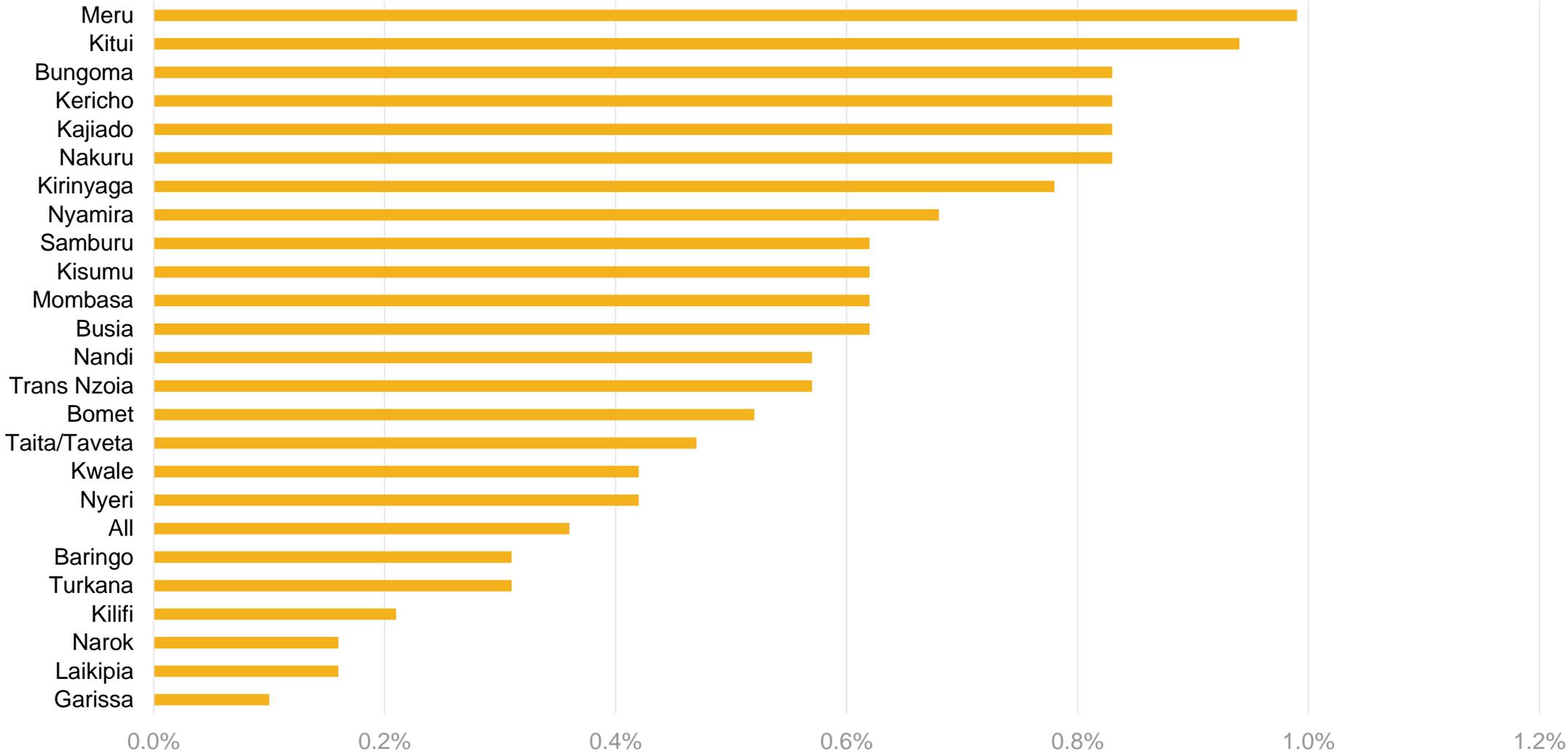
The 2025 Barometer Survey gathered responses from all counties with Marsabit, Isiolo, and Kakamega counties leading the pack (1/2)

County of operation (1/2)

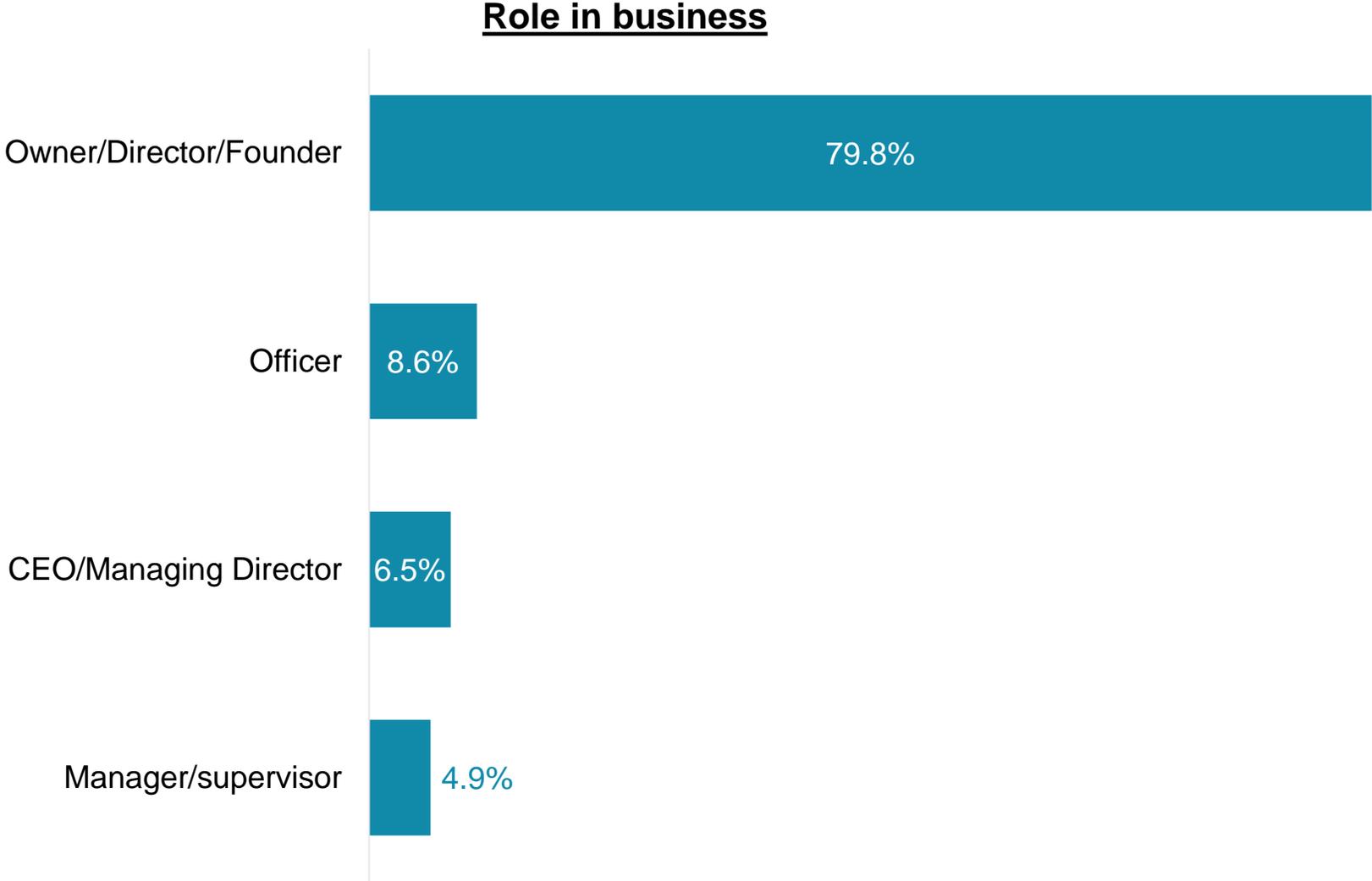


The 2025 Barometer Survey gathered responses from all counties with Marsabit, Isiolo, and Kakamega counties leading the pack (2/2)

County of operation (2/2)

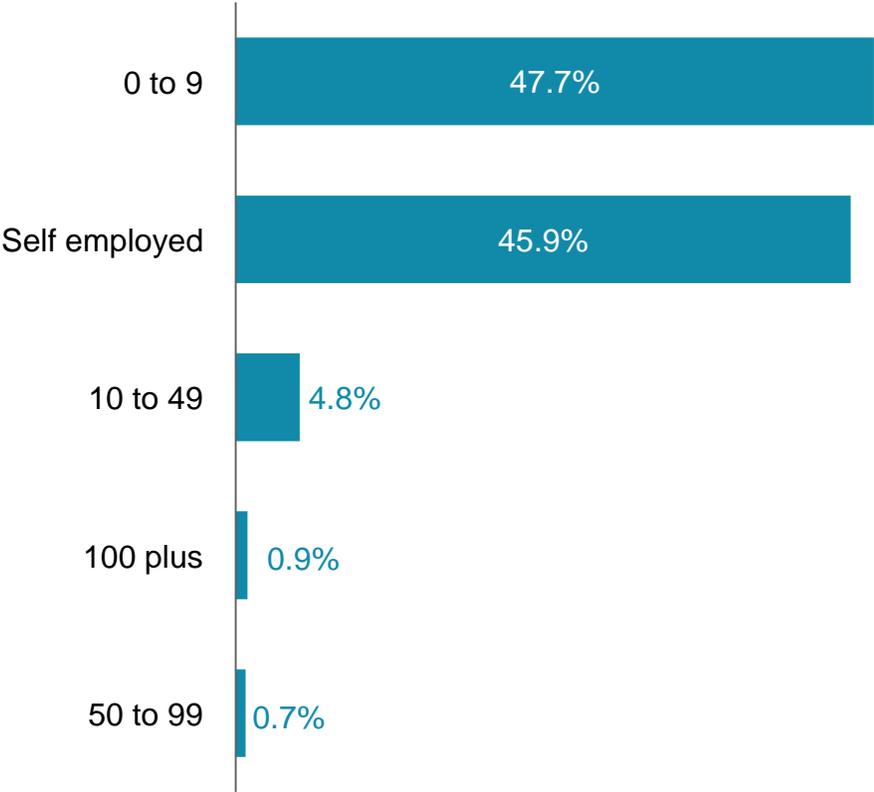


Majority of the respondents we engaged are owners (79.8%) of the businesses

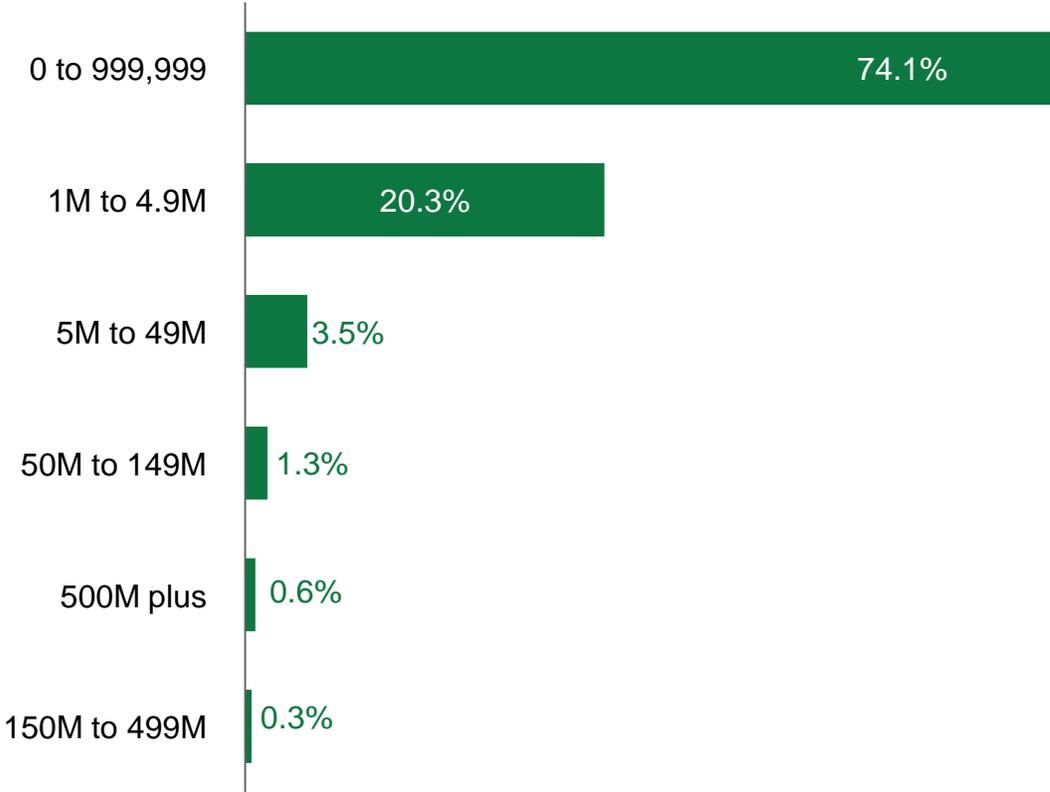


Most of the businesses sampled have an annual revenue of less than KES 1 million (74.1%) and staff size of less than 10 employees (93.6%)

Workforce size breakdown of respondents
(number of employees)

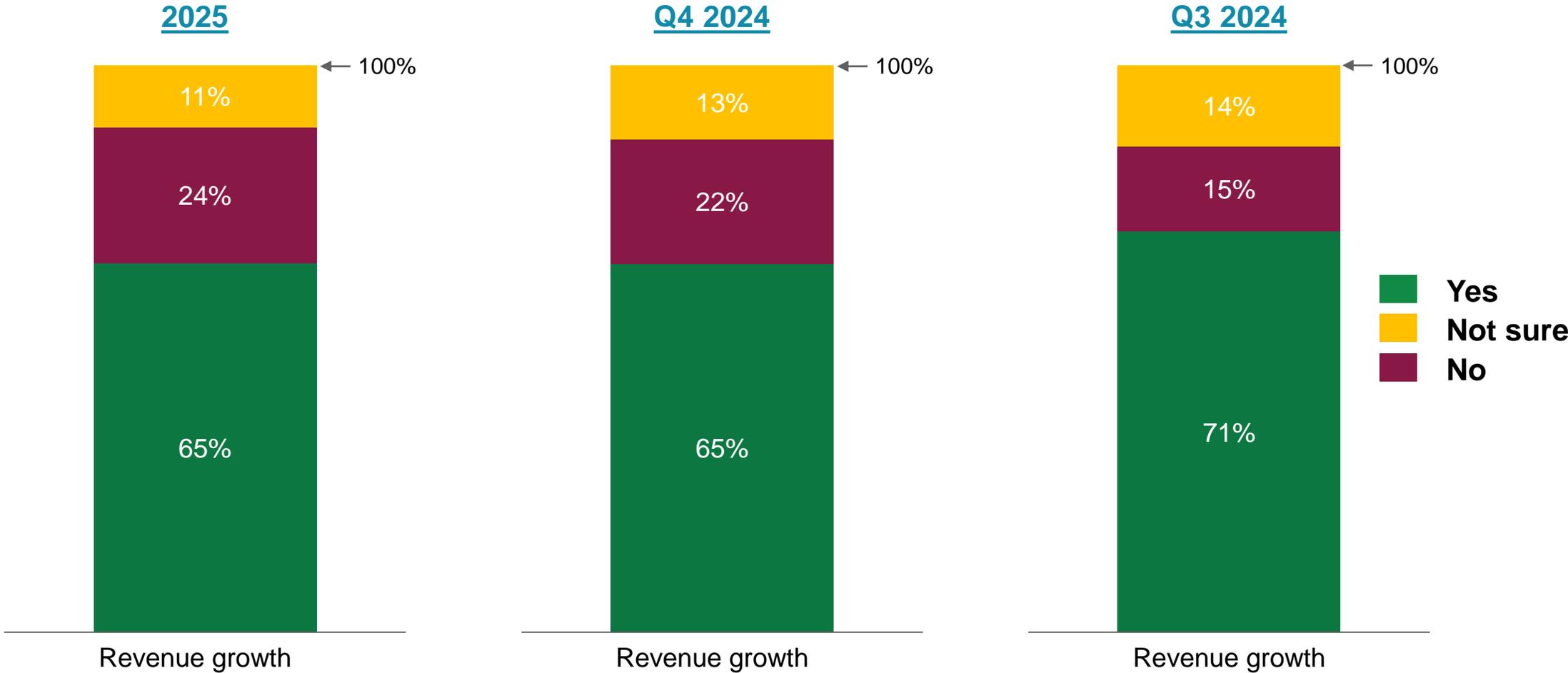


Revenue size breakdown of respondents
Annual sales in KES



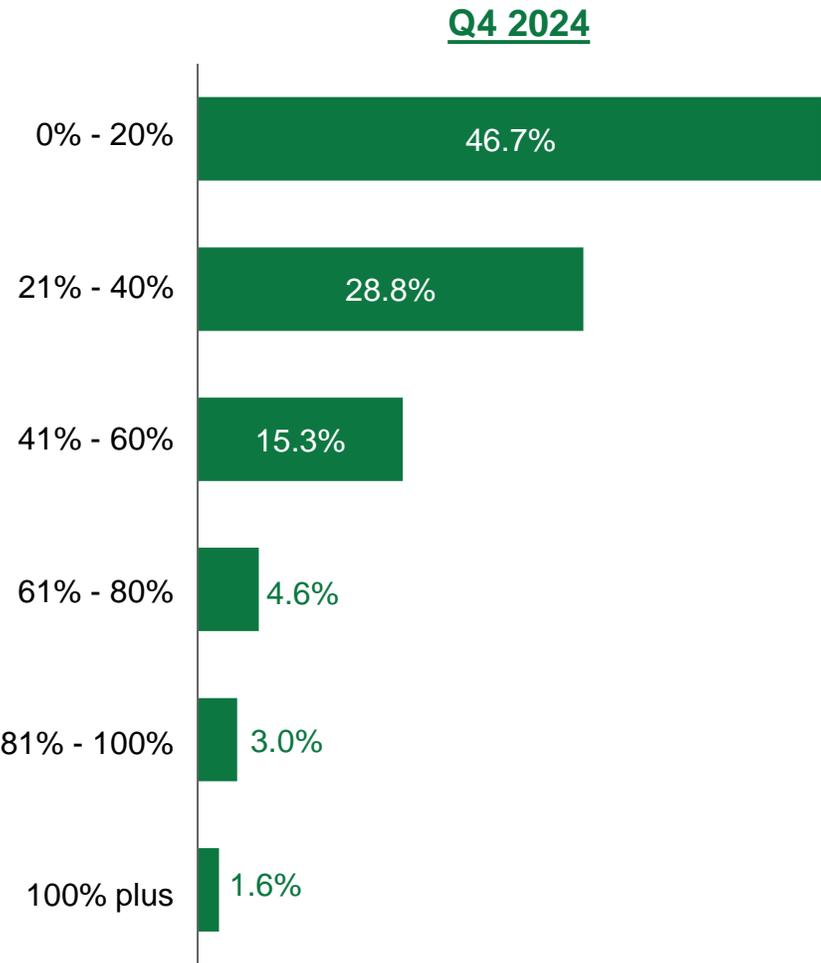
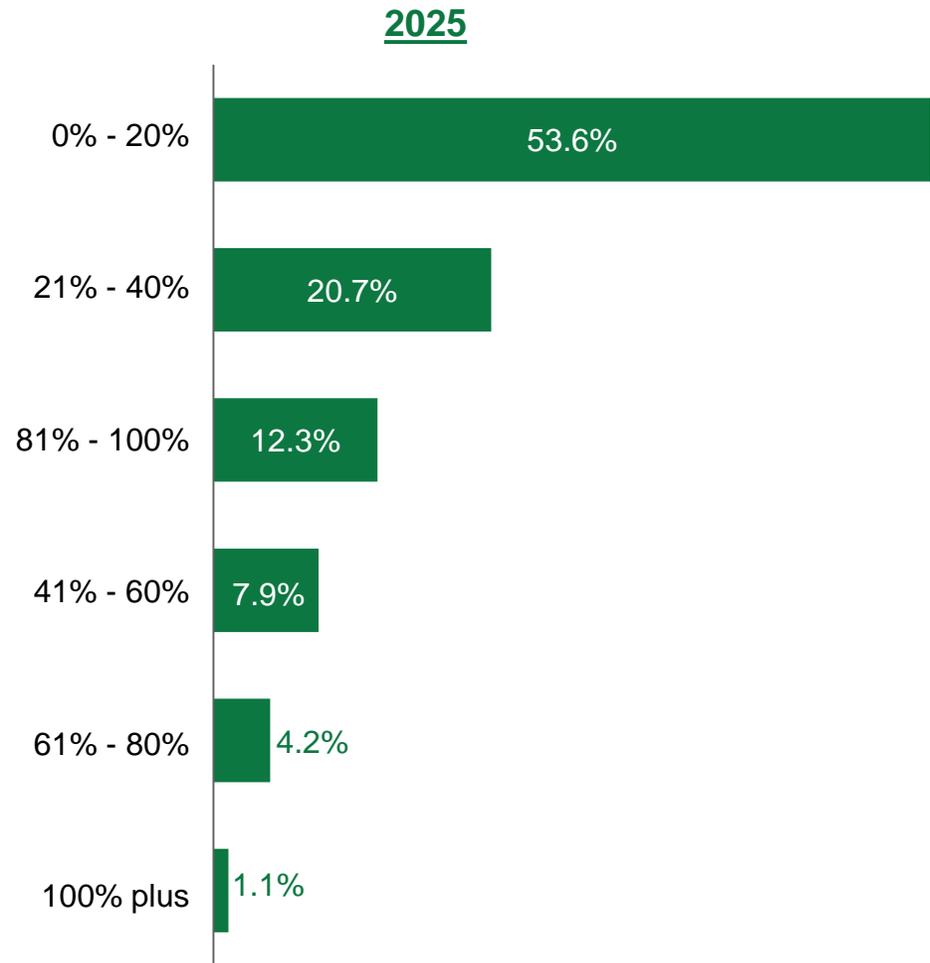
Majority of the businesses sampled remain optimistic about the growth of their revenues in 2025, however, they are less optimistic compared to the last two quarters of 2024

Q: Do you expect your revenue to grow in 2025 compared to the previous quarters?



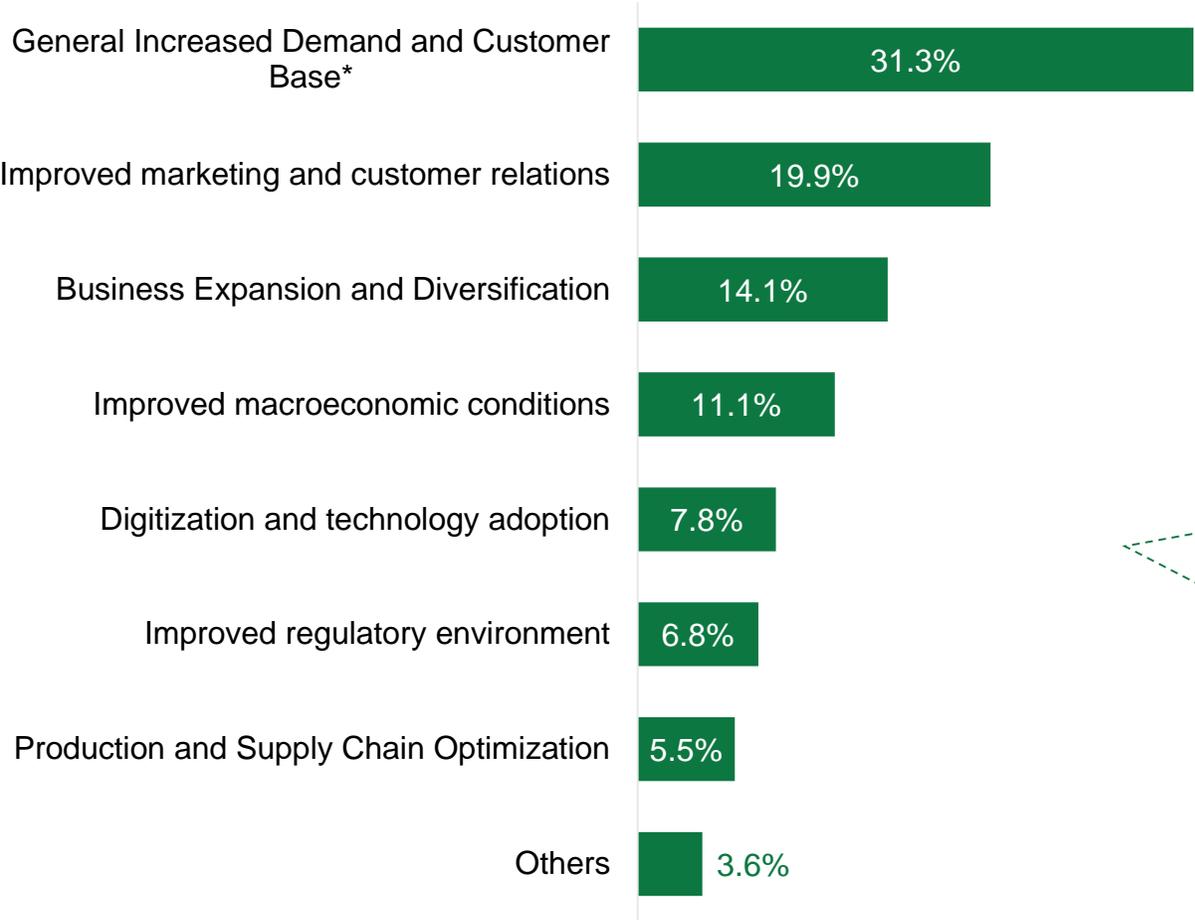
Businesses anticipating revenue growth (65%) expect modest increases, driven by an expanding customer base and enhanced marketing efforts (1/2)

Q: If you expect your revenue to **increase**, by how much?



Businesses anticipating revenue growth (65%) expect modest increases, driven by an expanding customer base and enhanced marketing efforts (2/2)

Reasons for the expected growth in revenue in 2025



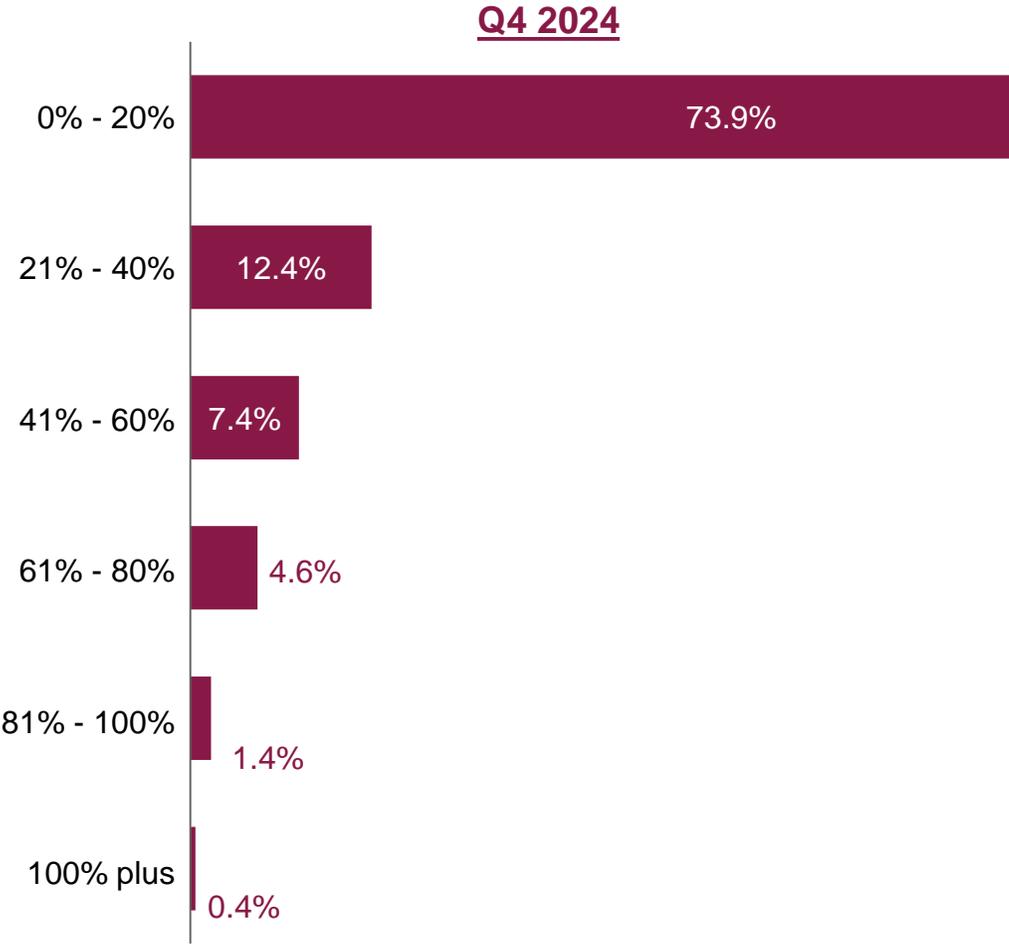
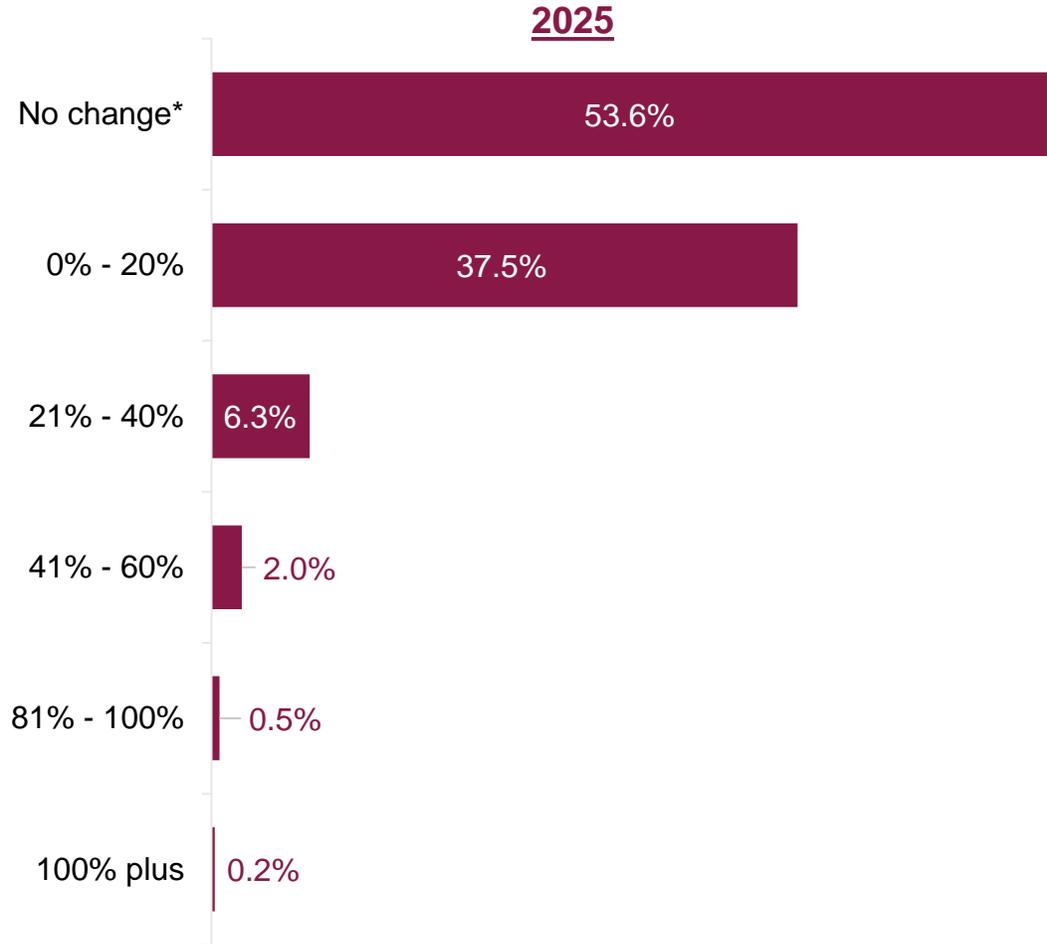
“New contracts for consulting services as more companies are interested in the east African market.” Respondent in professional services from Nairobi City County

“Increased production of chicken. I will also include goat keeping in my business and expand market.” Respondent in agriculture from Makueni County

* Businesses expect a rise in demand and growth in their customer base, driven by market growth and increased purchasing power among consumers.

Businesses not expecting revenue growth (24%) primarily anticipate stagnation and modest cutbacks, driven by high cost of living and an unfavorable regulatory environment (1/2)

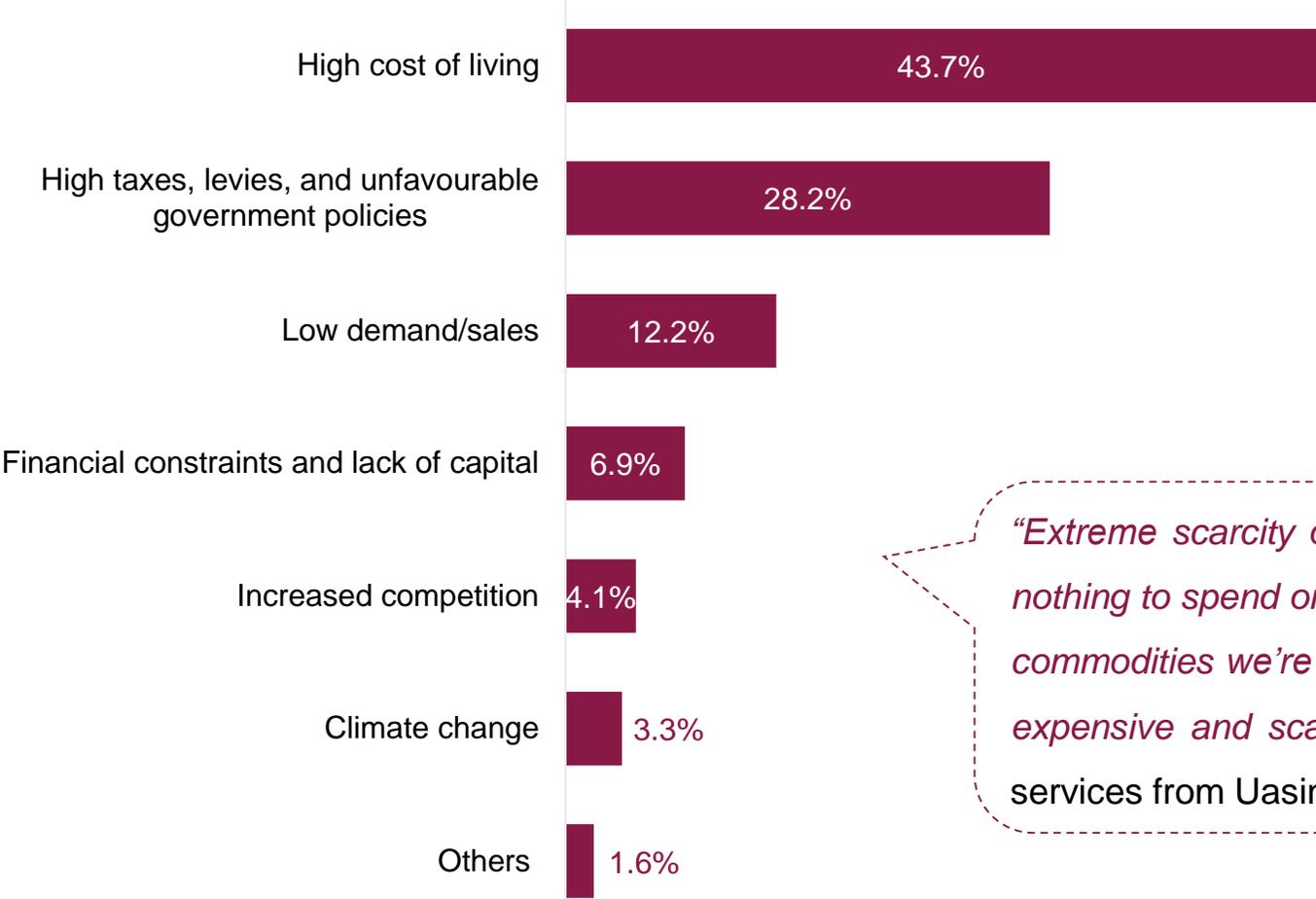
Q: If you expect your revenue to **decline**, by how much?



* Category added following feedback received on the Q4 Barometer report

Businesses not expecting revenue growth (24%) primarily anticipate stagnation and modest cutbacks, driven by high cost of living and an unfavorable regulatory environment (2/2)

Reasons for the expected revenue decline in 2025



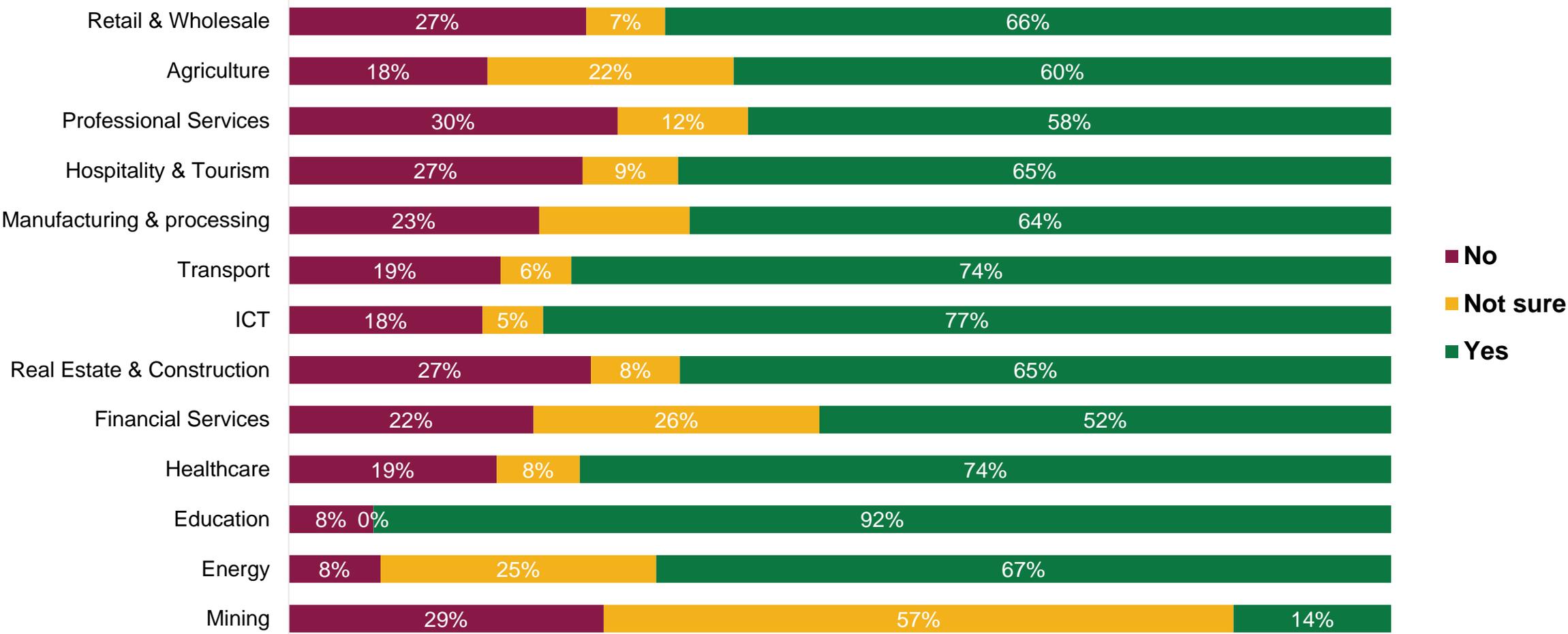
“The cost of raw materials are rapidly increasing while sales are very low.”
Respondent in manufacturing from Kisii County

“Extreme scarcity of currency in circulation that is leaving people with nothing to spend on beauty services, also some taxation policies on the commodities we’re dealing with are unfavourable, making our services expensive and scaring our customers.” Respondent in personal care services from Uasin Gishu County

*Decline in customers or sales, often tied to seasonality, economic downturn, or product demand fluctuations.

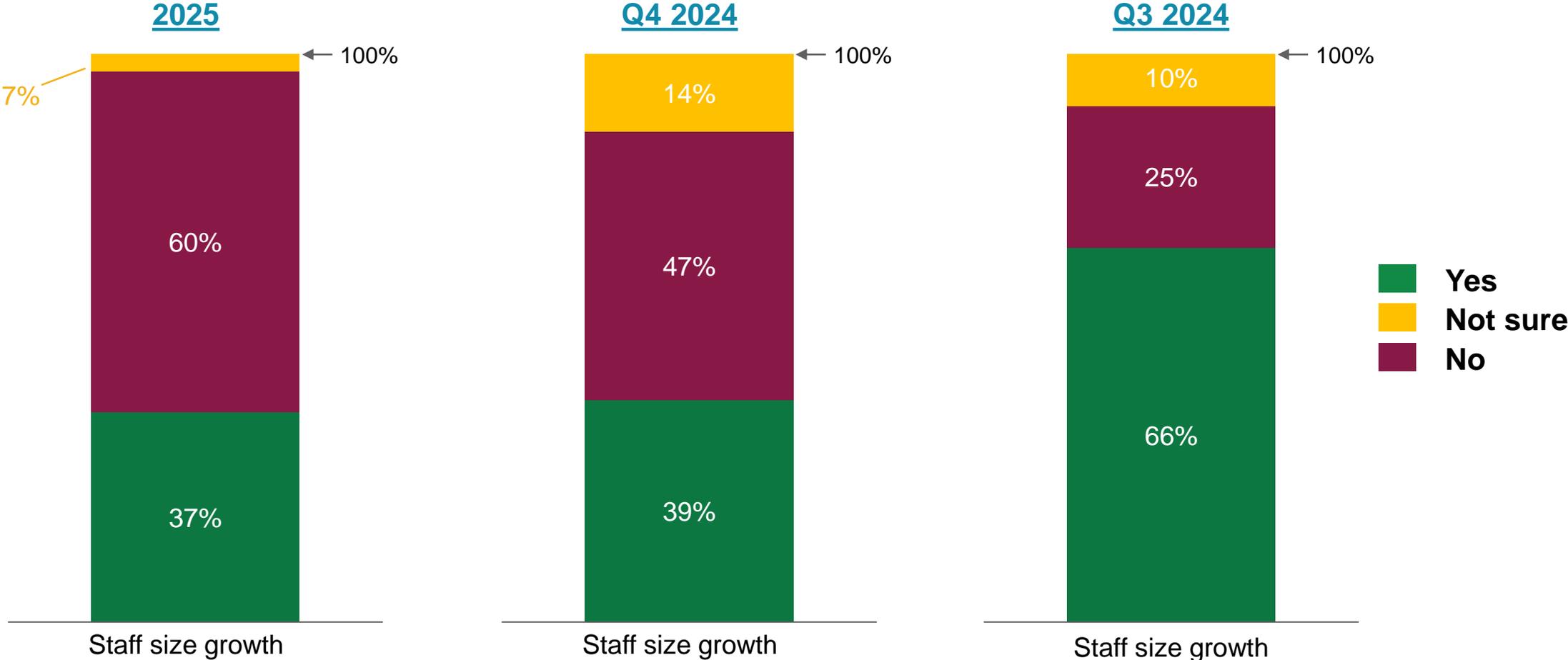
Save for mining, all sectors have a majorly positive outlook for revenue growth in 2025 with education (92%) and ICT (77%) being the most optimistic

Breakdown of revenue expectation by sector



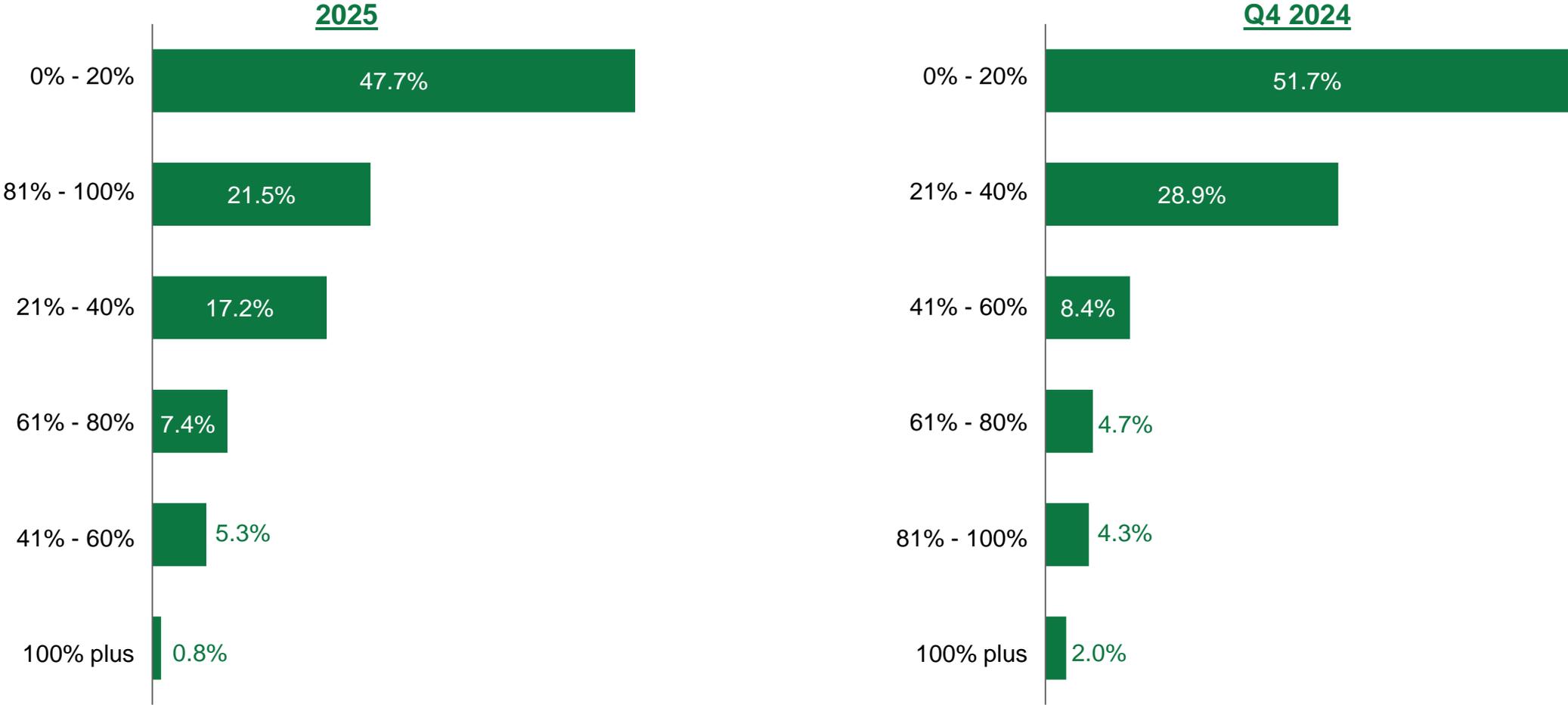
Majority of businesses sampled (60%) do not expect to grow their workforce size in 2025, a more pessimistic outlook compare to the last two quarters of 2024

Q: Do you expect your number of staff to grow in 2025 compared to the previous quarters?



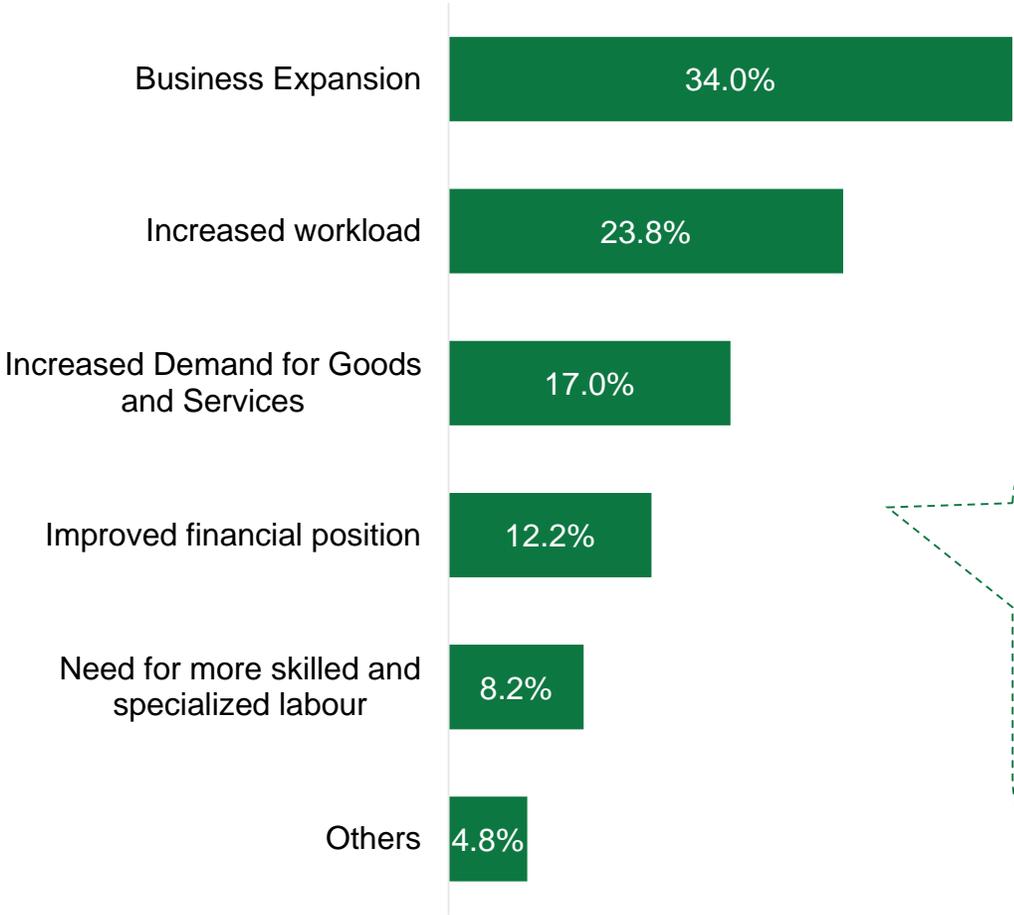
Businesses looking to hire (37%) are primarily anticipating marginal increases in workforce size, driven by increased workload and business expansion plans (1/2)

Q: If you expect your staff size to **increase**, by how much?



Businesses looking to hire (37%) are primarily anticipating marginal increases in workforce size, driven by increased workload and business expansion plans (2/2)

Reasons for the expected growth in staff size in 2025

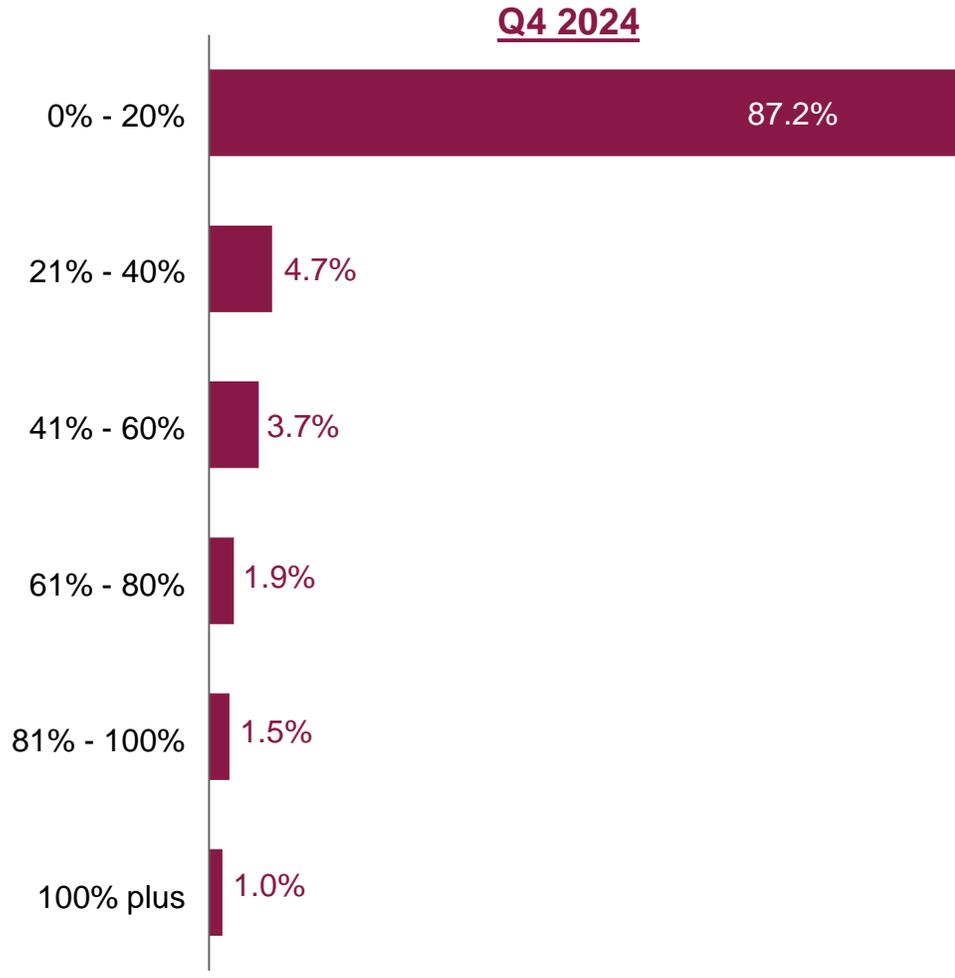
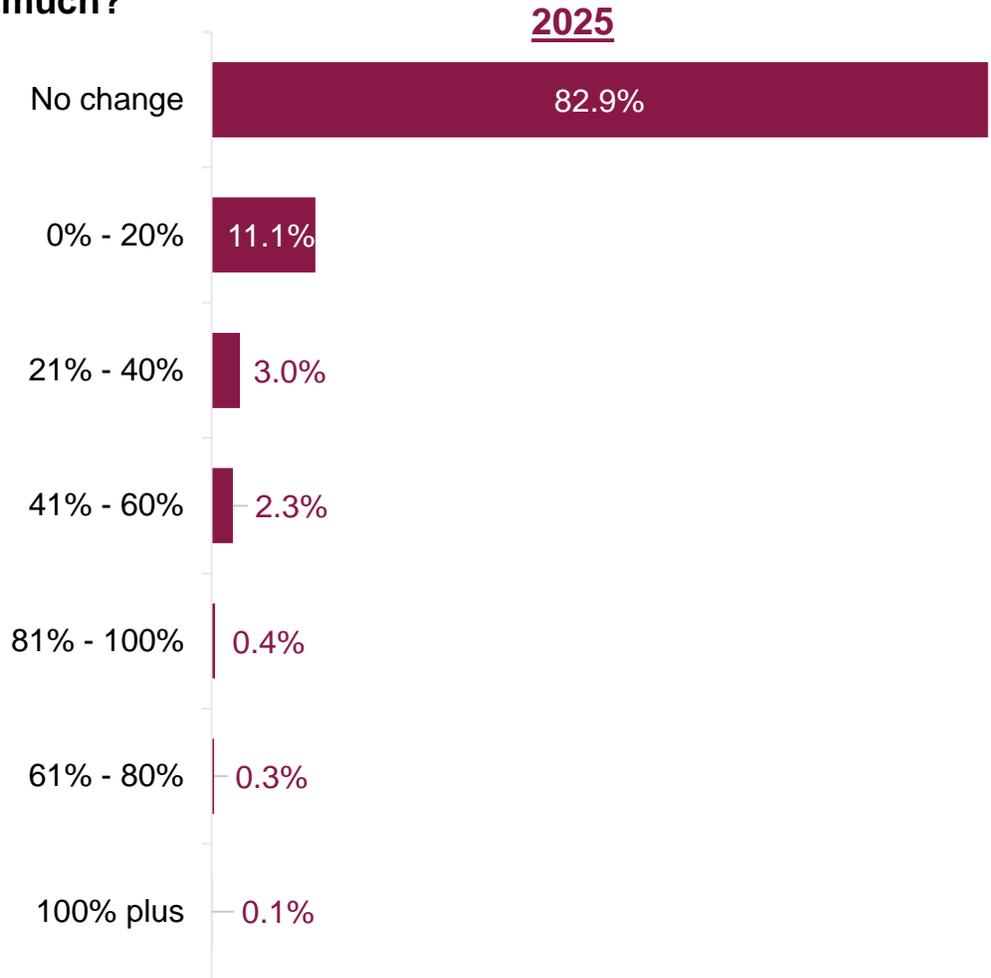


We expect more outside catering jobs since we continue growing through referrals, online presence, and quality services that we have offered our previous clients.” Respondent in hospitality and tourism from Mombasa County

“I expect my workforce to grow by approximately 20–30% in 2025 to support increased production, expanded markets, and the rising demand for honey, value-added products, and pollination services. This growth will also help manage advanced technologies and sustainability initiatives effectively..” Respondent in agriculture from Nyamira County

Businesses not expecting growth in workforce size primarily anticipate stagnation, driven by a reduction in sales and an increase in operational costs (1/2)

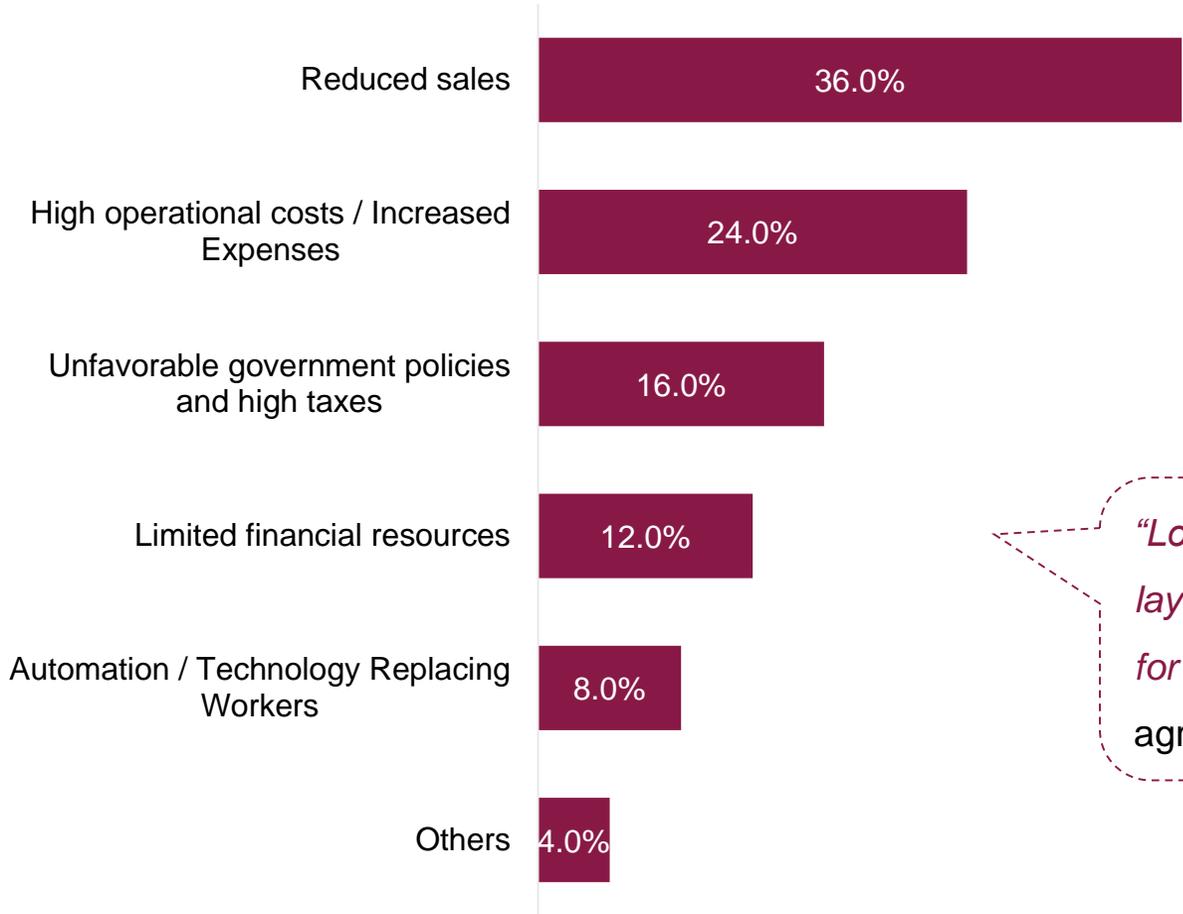
Q: If you expect your staff size to **decline** in 2025, by how much?



* Category added following feedback received on the Q4 Barometer report

Businesses not expecting growth in workforce size primarily anticipate stagnation, driven by a reduction in sales and an increase in operational costs (2/2)

Reasons for the expected workforce decline in 2025

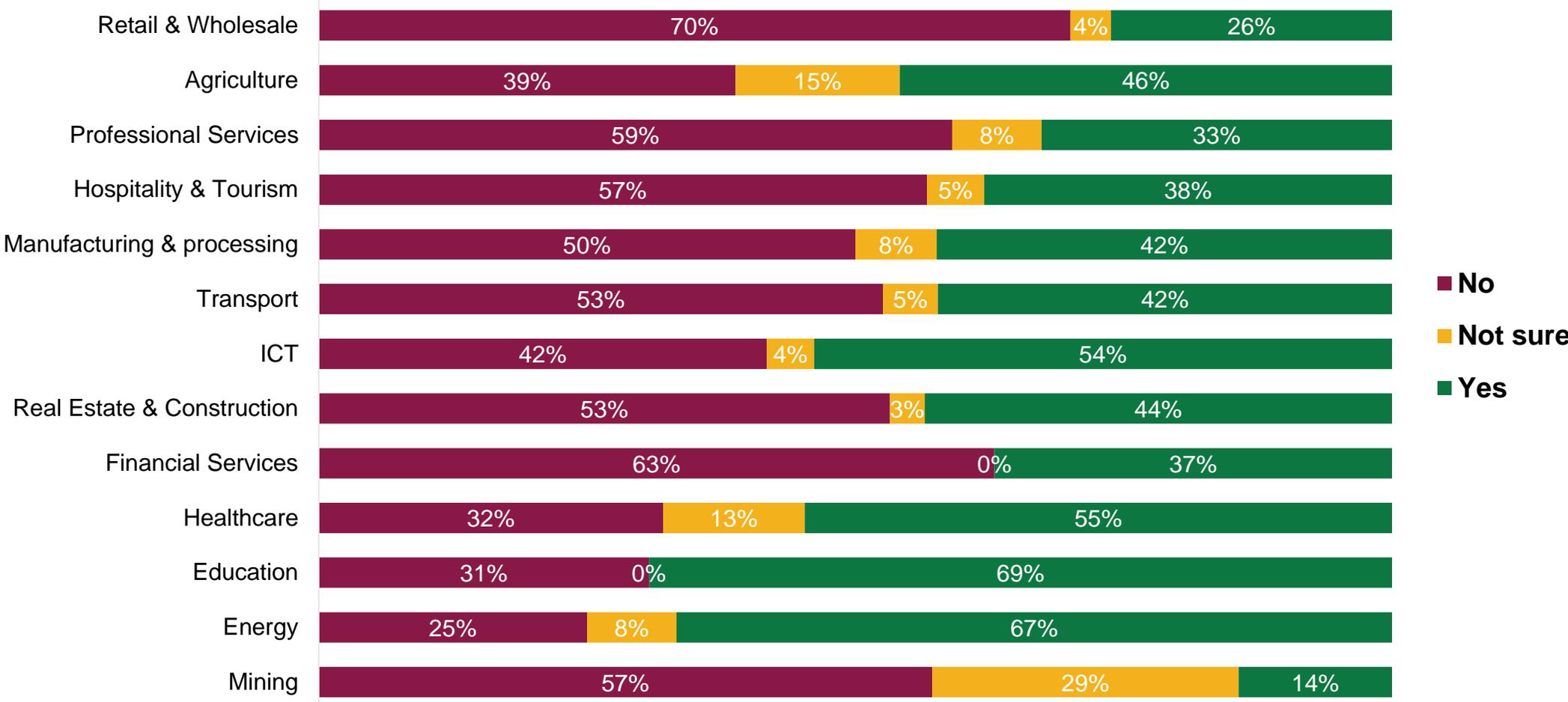


“We have to use technology instead of human labour and build on the skills of those who will remain.” Respondent in Transport from Busia County

“Lower production rate and shrinking market hence layoffs and higher production costs coupled with clamor for salary increments from unions.” Respondent in agriculture from Machakos County

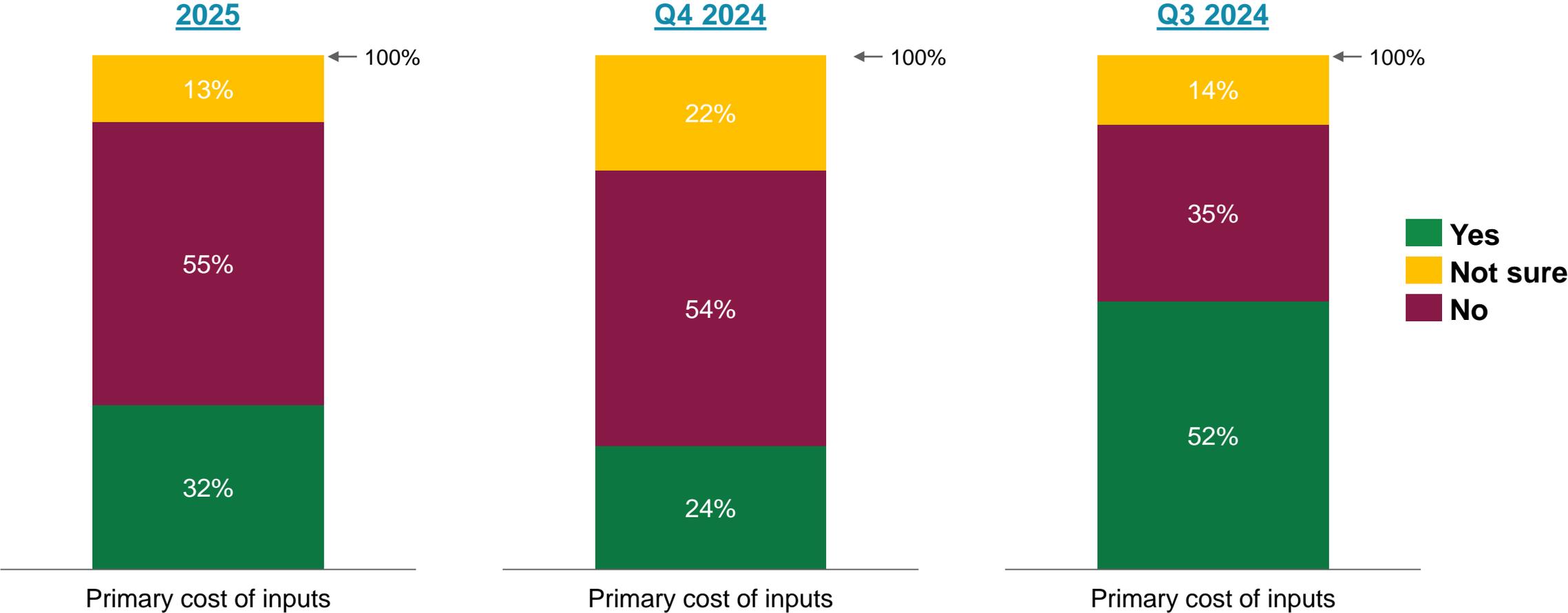
While education (69%) and energy (67%) sectors remain the most optimistic about hiring in 2025 retail & wholesale (26%) and mining (14%) are at the opposite end of the spectrum

Breakdown of staff size expectation by sector



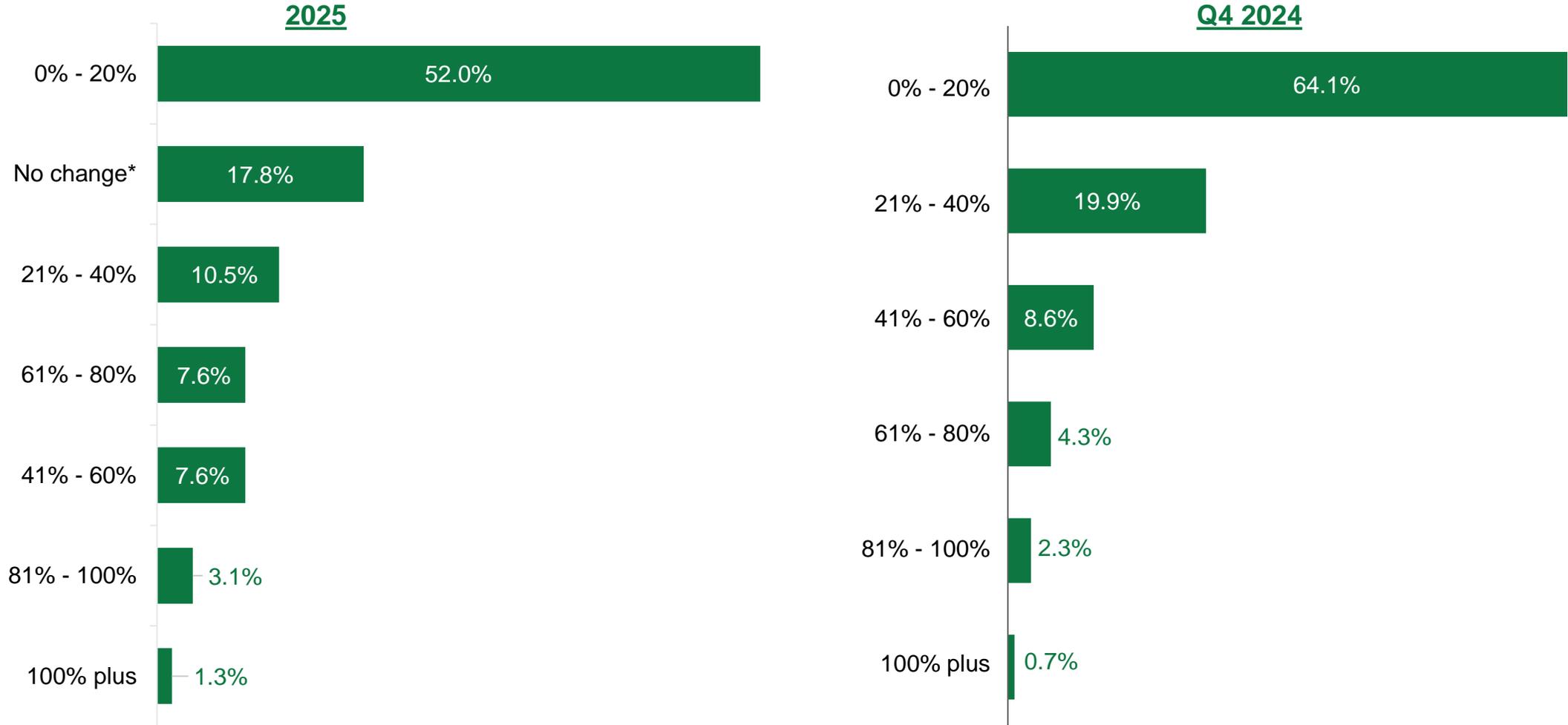
The majority of businesses sampled (55%) are pessimistic about a reduction in their primary input costs in 2025, reflecting a further loss of confidence compared to the last two quarters of 2024

Q: Do you foresee a drop in the cost of your primary inputs (i.e., raw material) in 2025 compared to previous quarters?



Businesses not anticipating an increase in primary input costs (37%) are largely expecting slight reductions, spurred by improved macroeconomic conditions and seasonal factors (1/2)

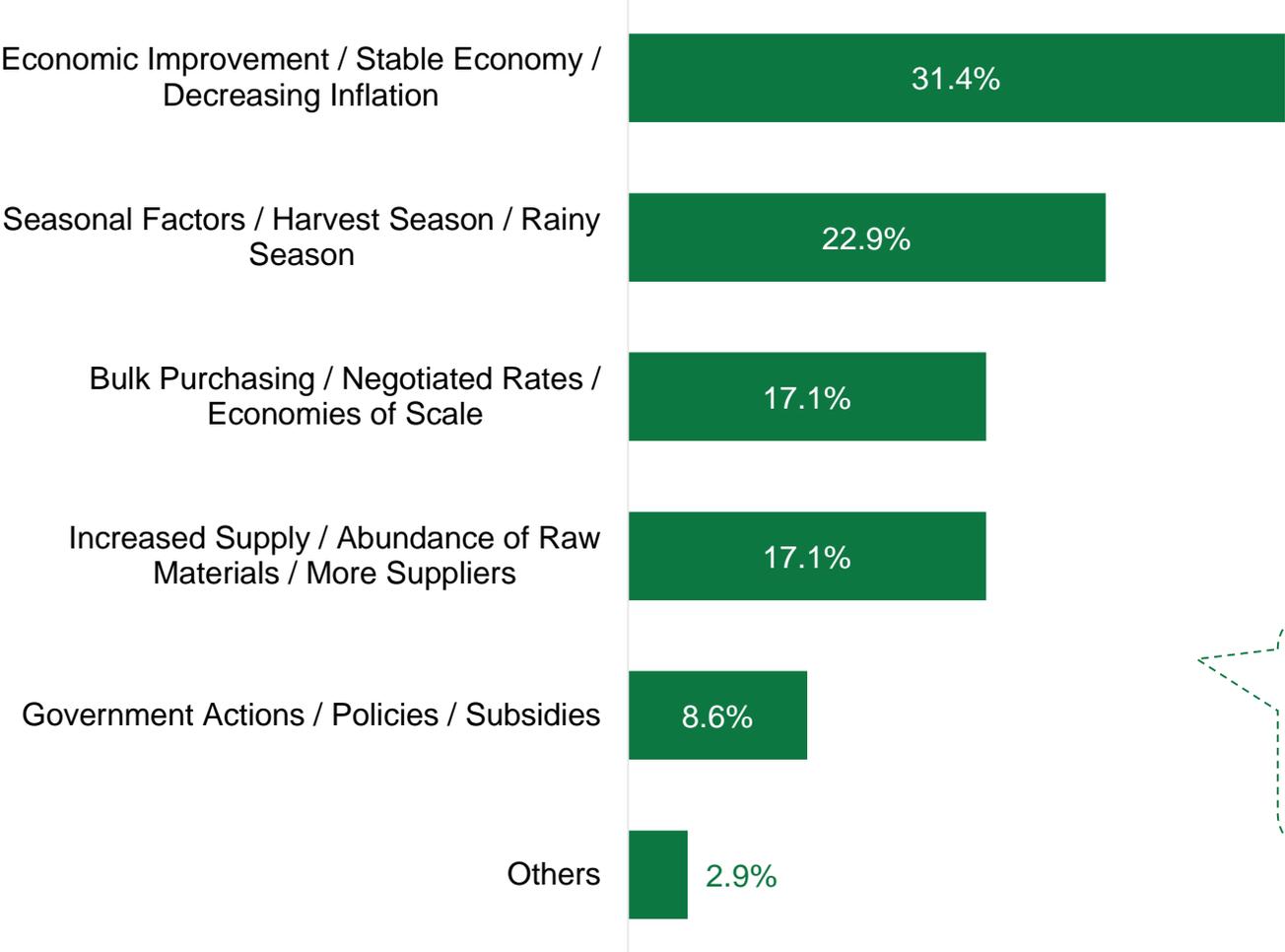
Q: If you expect a **drop** in the cost of your primary inputs, by how much?



*Decline in customers or sales, often tied to seasonality, economic downturn, or product demand fluctuations.

Businesses not anticipating an increase in primary input costs (37%) are largely expecting slight reductions, spurred by improved macroeconomic conditions and seasonal factors (2/2)

Reasons for the expected drop in cost of primary input in 2025

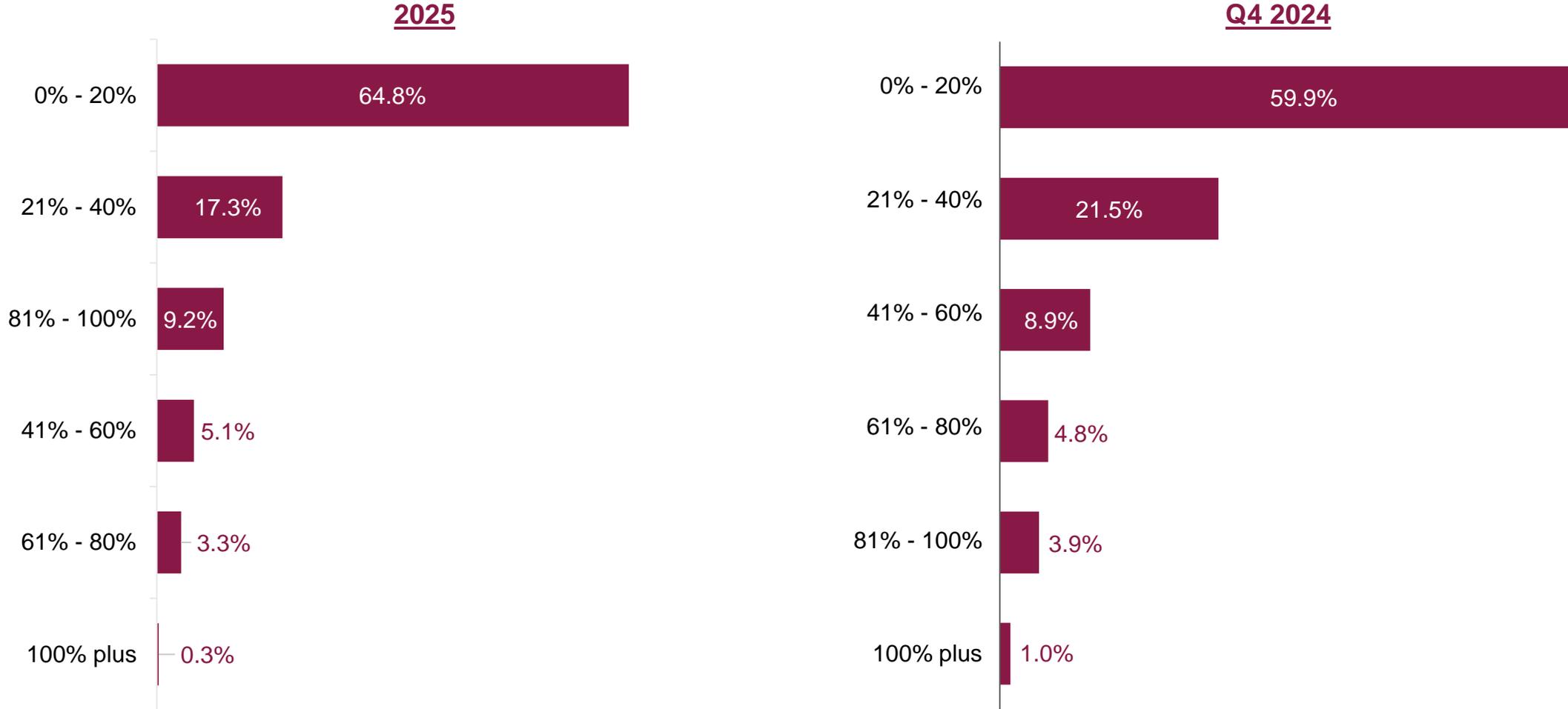


“Increased supply in production and reduced demand in neighbouring countries.” Respondent in retail & wholesale from Mandera County

“Farm produce expected to be relatively cheaper because of good rains.” Respondent in hospitality and tourism from Siaya County

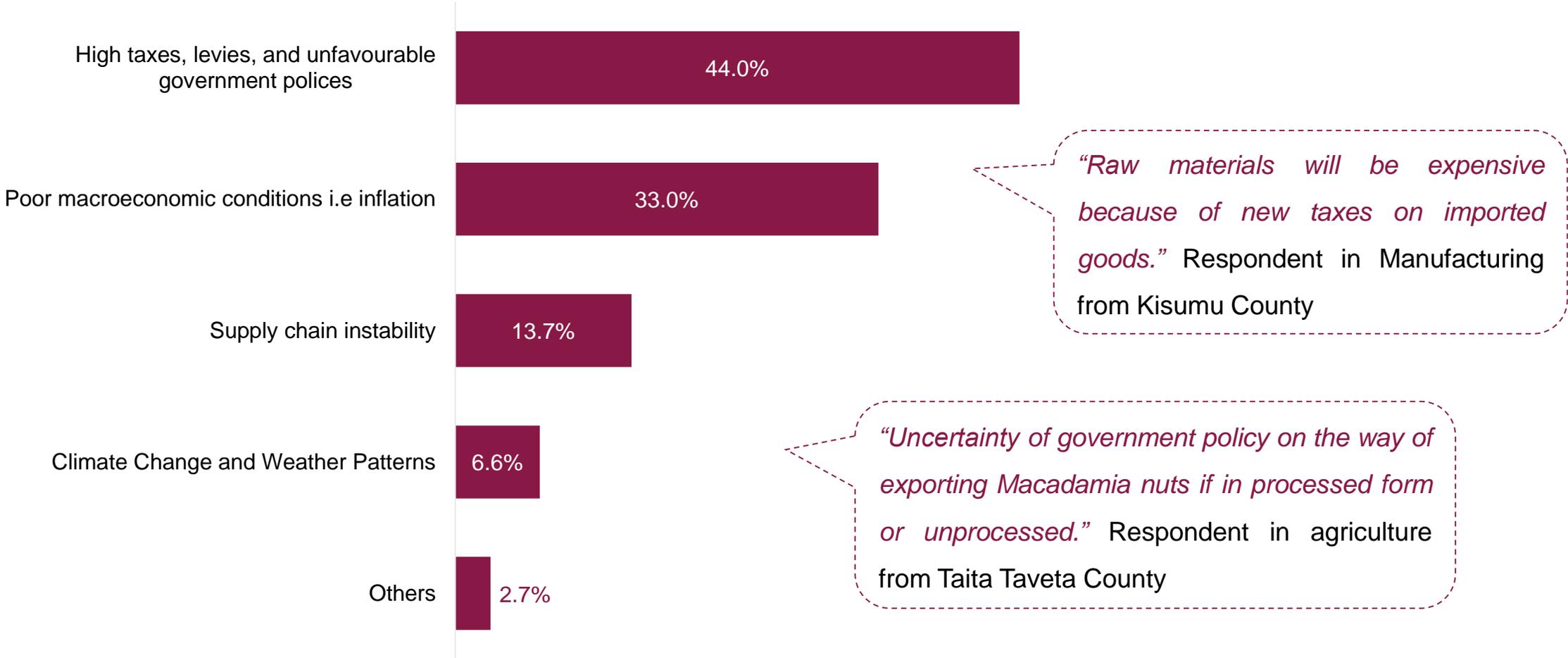
Businesses expecting a rise in primary input costs (55%) are largely anticipating a slight increase, fueled by poor macroeconomic conditions, high taxation, and unfavorable government policies (1/2)

Q: If you expect a **increase** in the cost of your primary inputs, by how much?



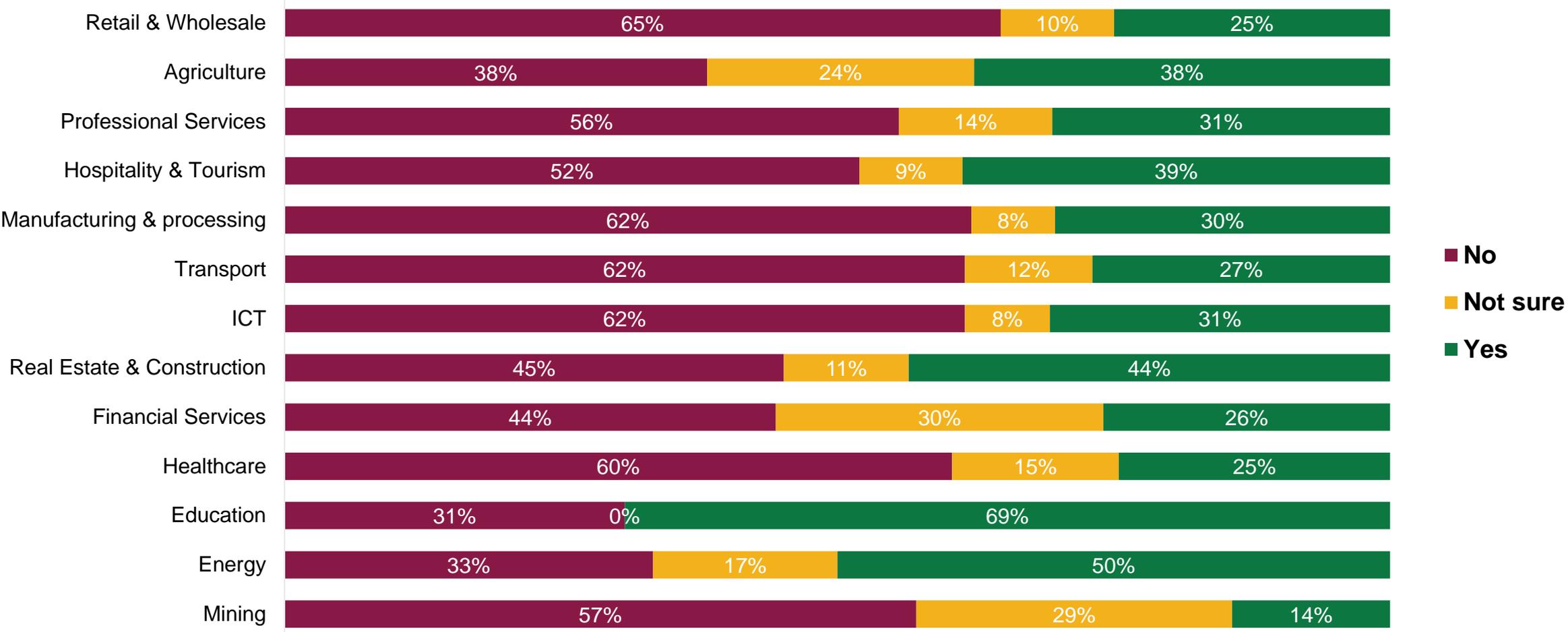
Businesses expecting a rise in primary input costs (55%) are largely anticipating a slight increase, fueled by poor macroeconomic conditions, high taxation, and unfavorable government policies (2/2)

Reasons for the expected increase in cost of primary input in Q4



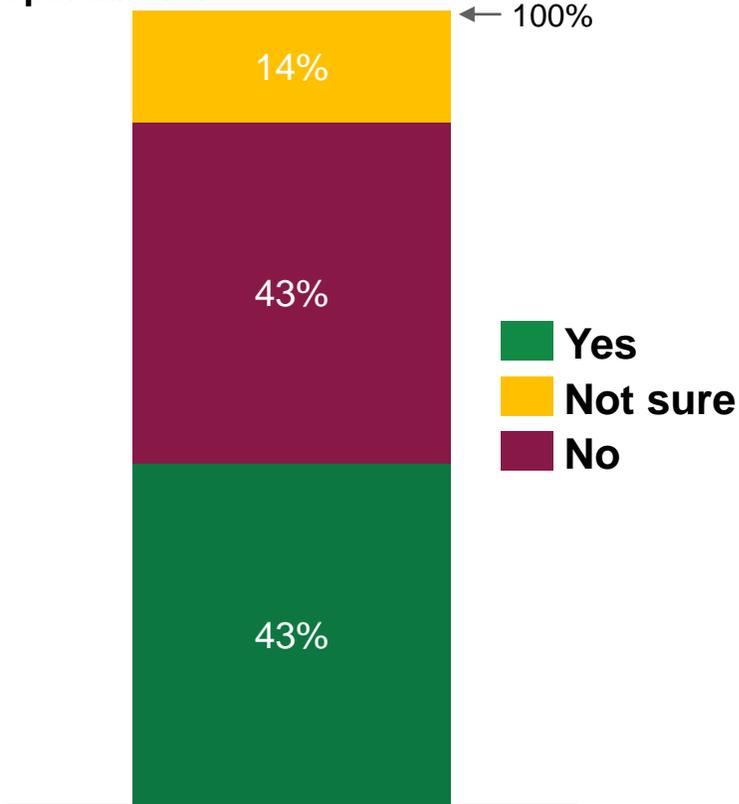
Save for energy and education, all sectors largely maintain a pessimistic outlook on primary input costs with retail & wholesale, manufacturing, ICT, and transport sectors expressing the biggest concerns

Breakdown of primary input cost expectation by sector



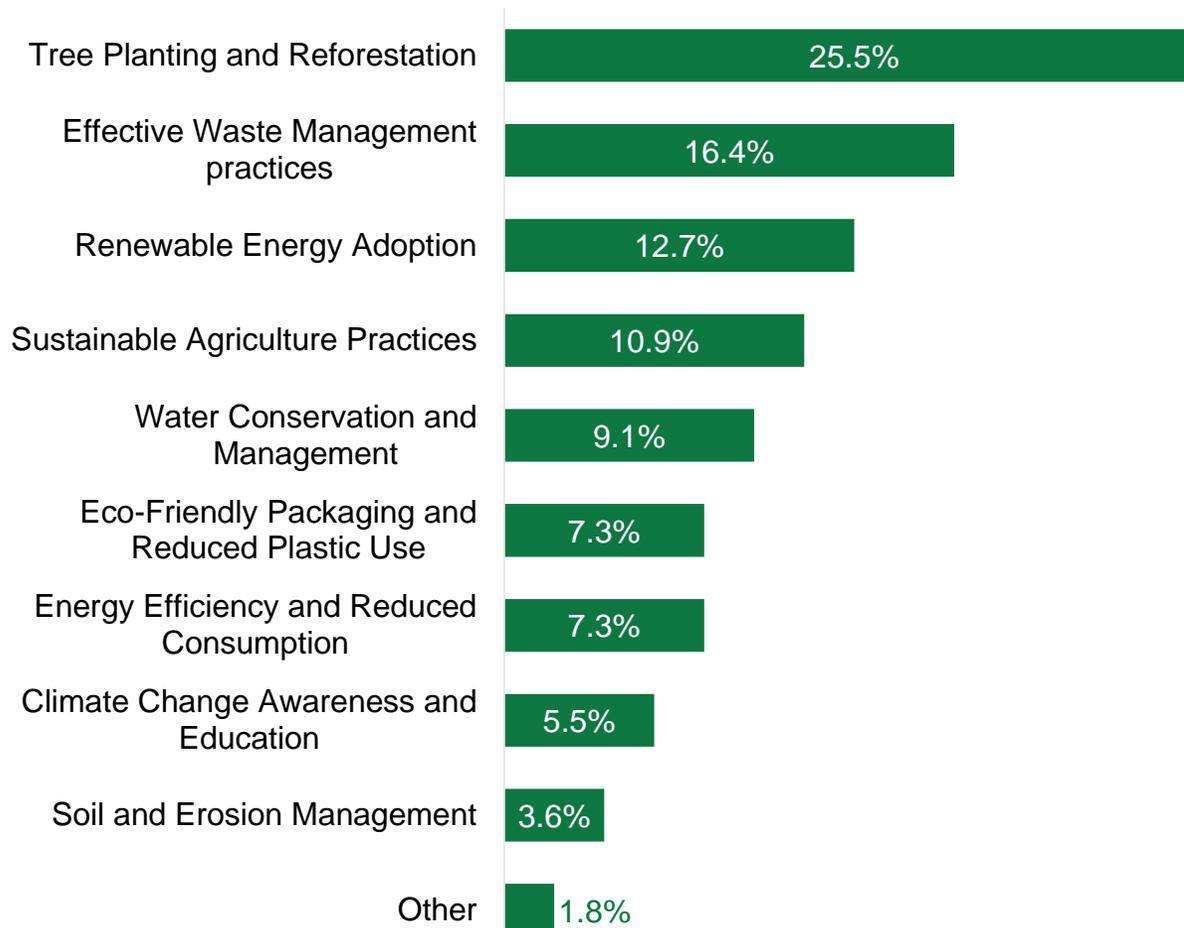
43% of the businesses surveyed are implementing climate change mitigation and adaptation measures in their operations, with tree planting and effective waste management being the most common actions

Q: Are you intentionally applying any climate change mitigation and adaptation actions in your operations?



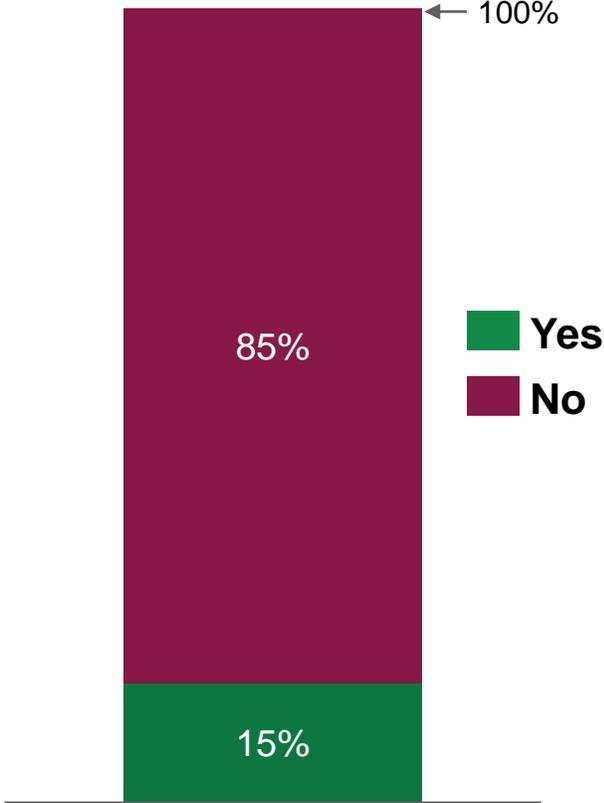
Application of climate change mitigation and adaptation

Q: What climate change mitigation and adaptation actions are you currently applying?



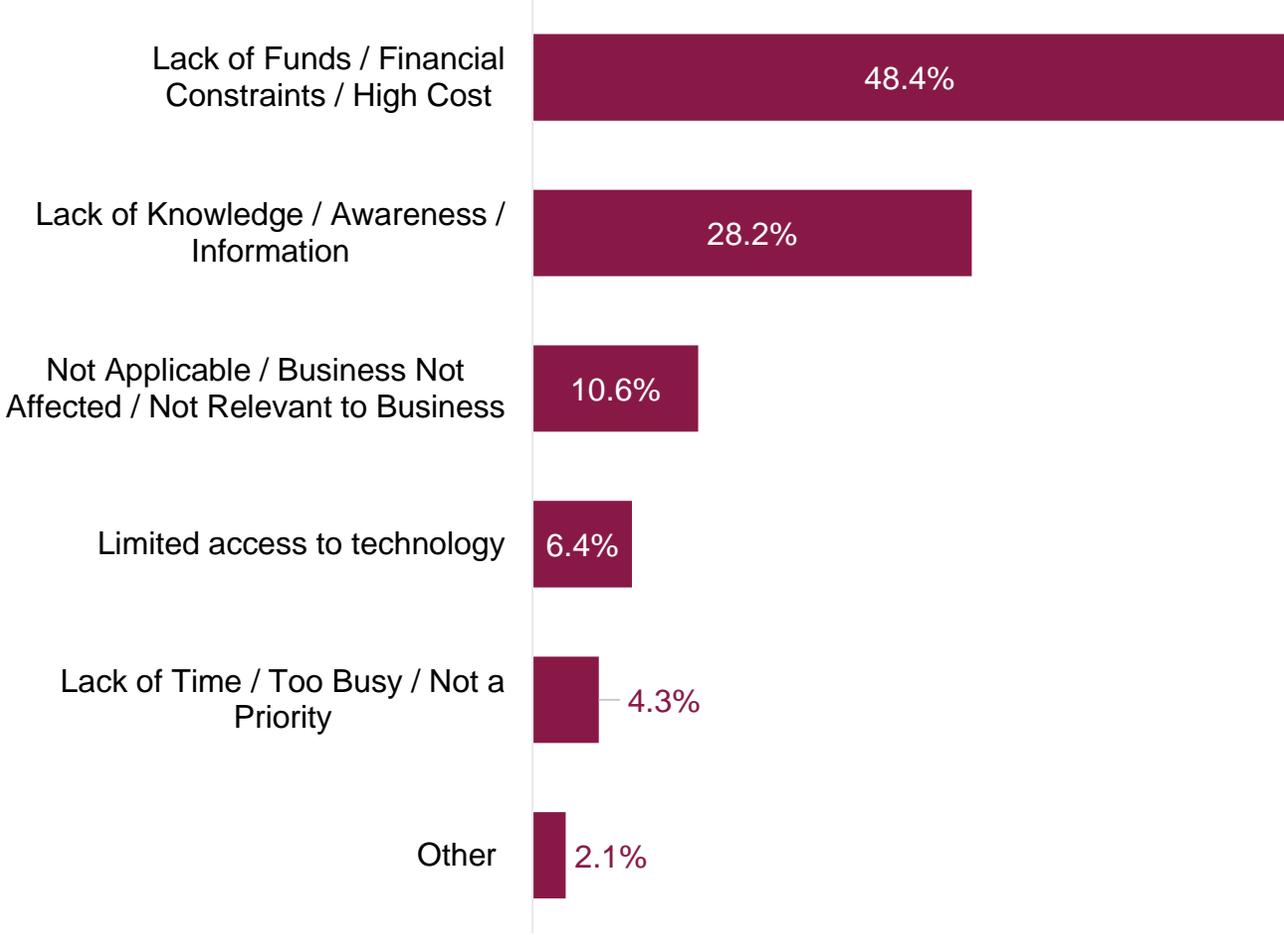
The majority of businesses sampled (85%) are not receiving any external support for climate action, with financial constraints and limited technical know-how presenting significant barriers (1/2)

Q: Are you receiving any external support in applying the climate change mitigation and adaptation actions?



External support for climate initiatives

Q: For those not applying any action, what are some of the factors/issues preventing you?



The majority of businesses sampled (85%) are not receiving any external support for climate action, with financial constraints and limited technical know-how presenting significant barriers (2/2)

Q: For those not applying any action, what are some of the factors/issues preventing you?

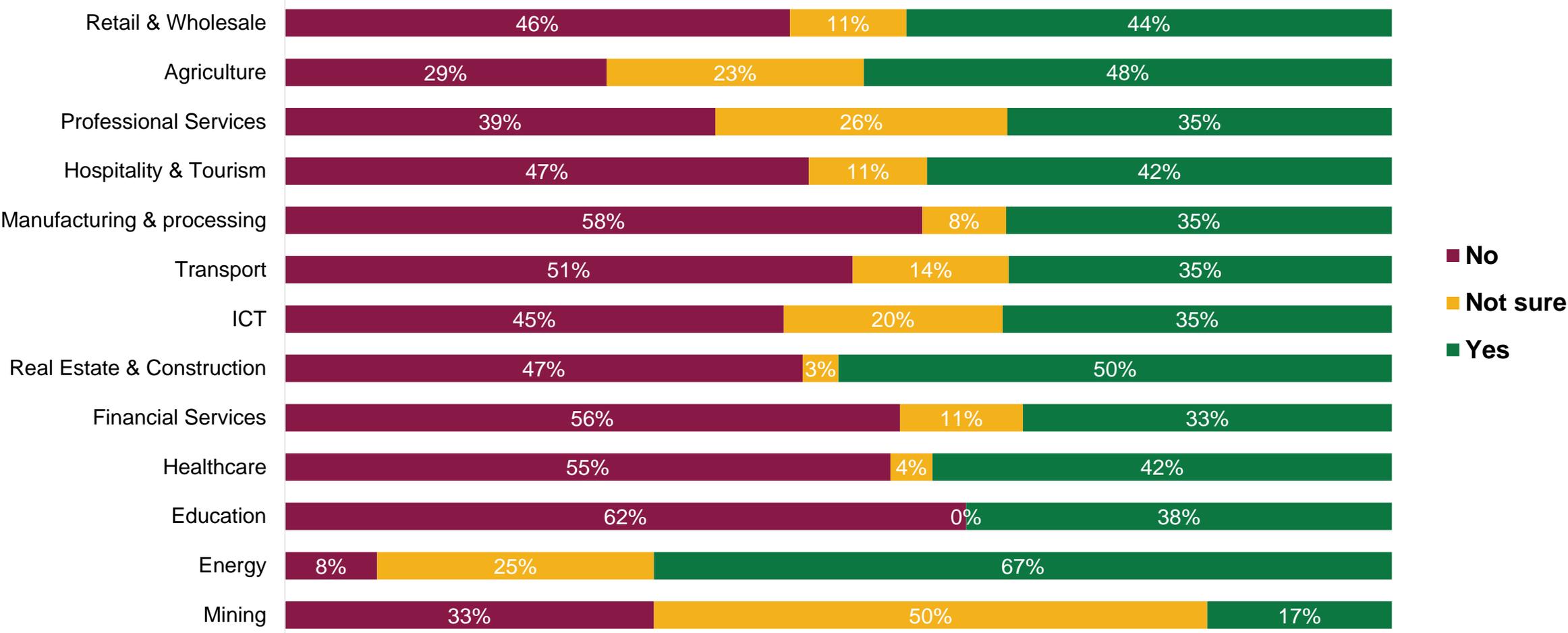
“High costs of transitioning to renewable energy in clinics.” Respondent in healthcare from Kilifi County

“Limited access to funding for green farming technologies.” Respondent in agriculture from Kiambu County

“Limited technical knowledge for sustainable farming practices.” Respondent in agriculture in Laikipia County

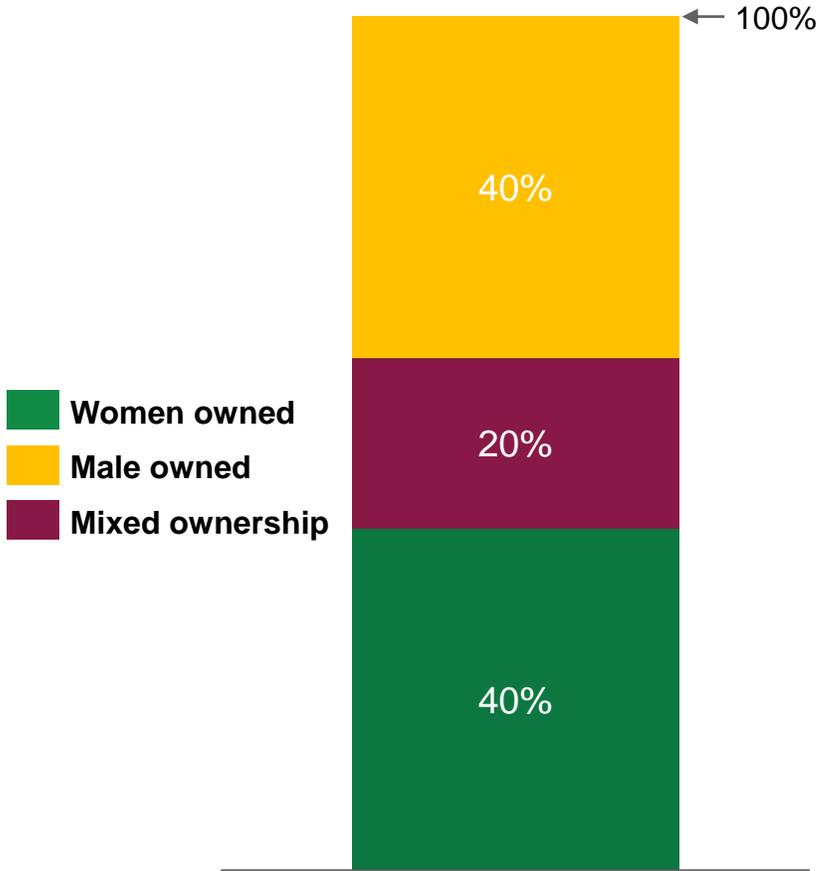
From the businesses sampled, energy (67%) and real estate & construction (50%) sectors are at the forefront of applying climate change mitigation and adaptation actions in their operations

Breakdown of application of climate change mitigation and adaptation actions in business operations by sector



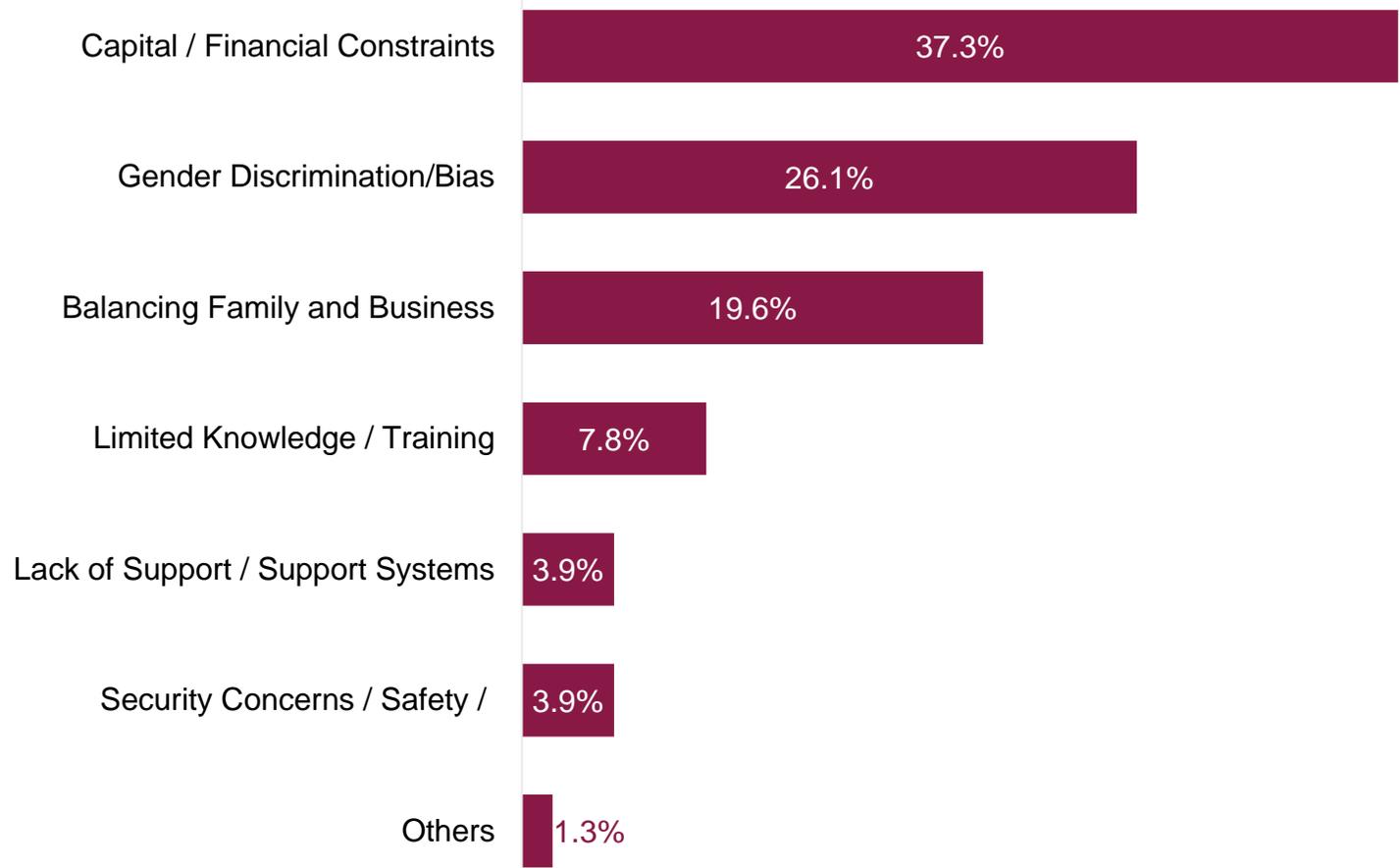
40% of the sampled businesses are women-owned, facing significant concerns related to limited financial resources, gender bias, and the balance between family and business responsibilities (1/2)

Q: Are you a women-owned business?



Application of climate change mitigation and adaptation

Q: What are some of the specific challenges you face as a women-owned business?



40% of the sampled businesses are women-owned, facing significant concerns related to limited financial resources, gender bias, and the balance between family and business responsibilities (2/2)

Q: What are some of the specific challenges you face as a women-owned business?

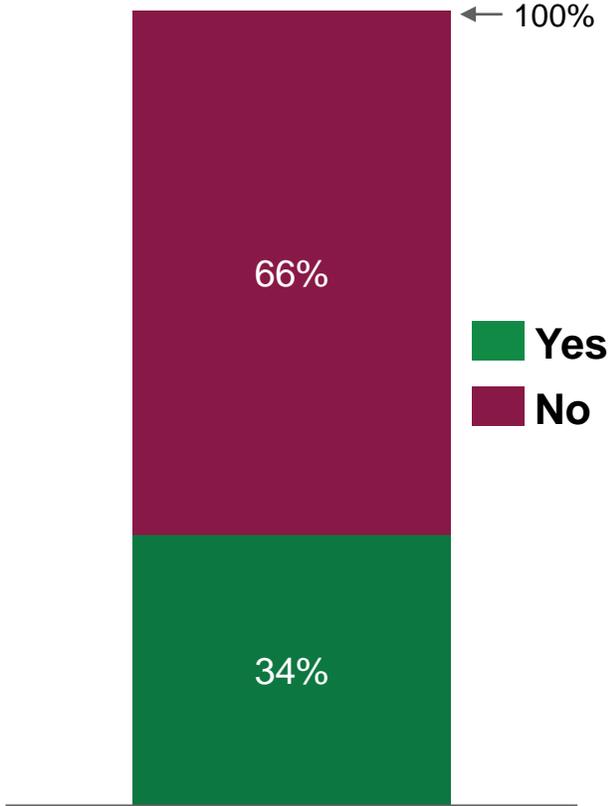
“Sometimes, people don't take my expertise or business seriously simply because I'm a woman in a field that's traditionally been male-dominated.” Respondent in agriculture from Nyamira County

“Lack of enough time to concentrate in the business since there are other household activities.” Respondent in professional services from Migori County

“Labour intensive activities require the participation of men, capital ownership of land and utilities by men and not women which limits access to funding.” Respondent in ICT from Nakuru County

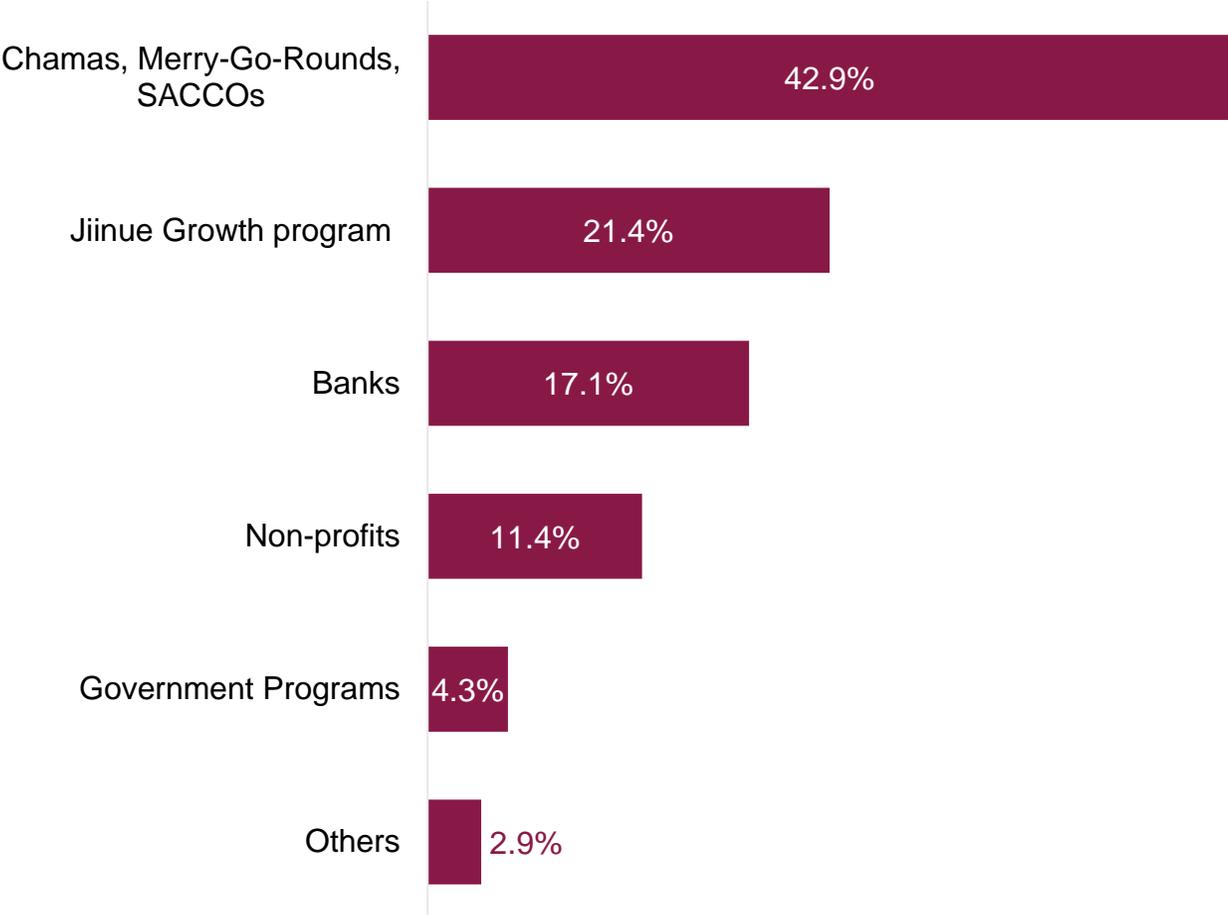
Of the women-owned businesses sampled, 34% are part of programs supporting women, with Chamas, SACCOs, and Merry-go-rounds being the most notable initiatives

Q: Are you part of any programs supporting women-owned businesses?



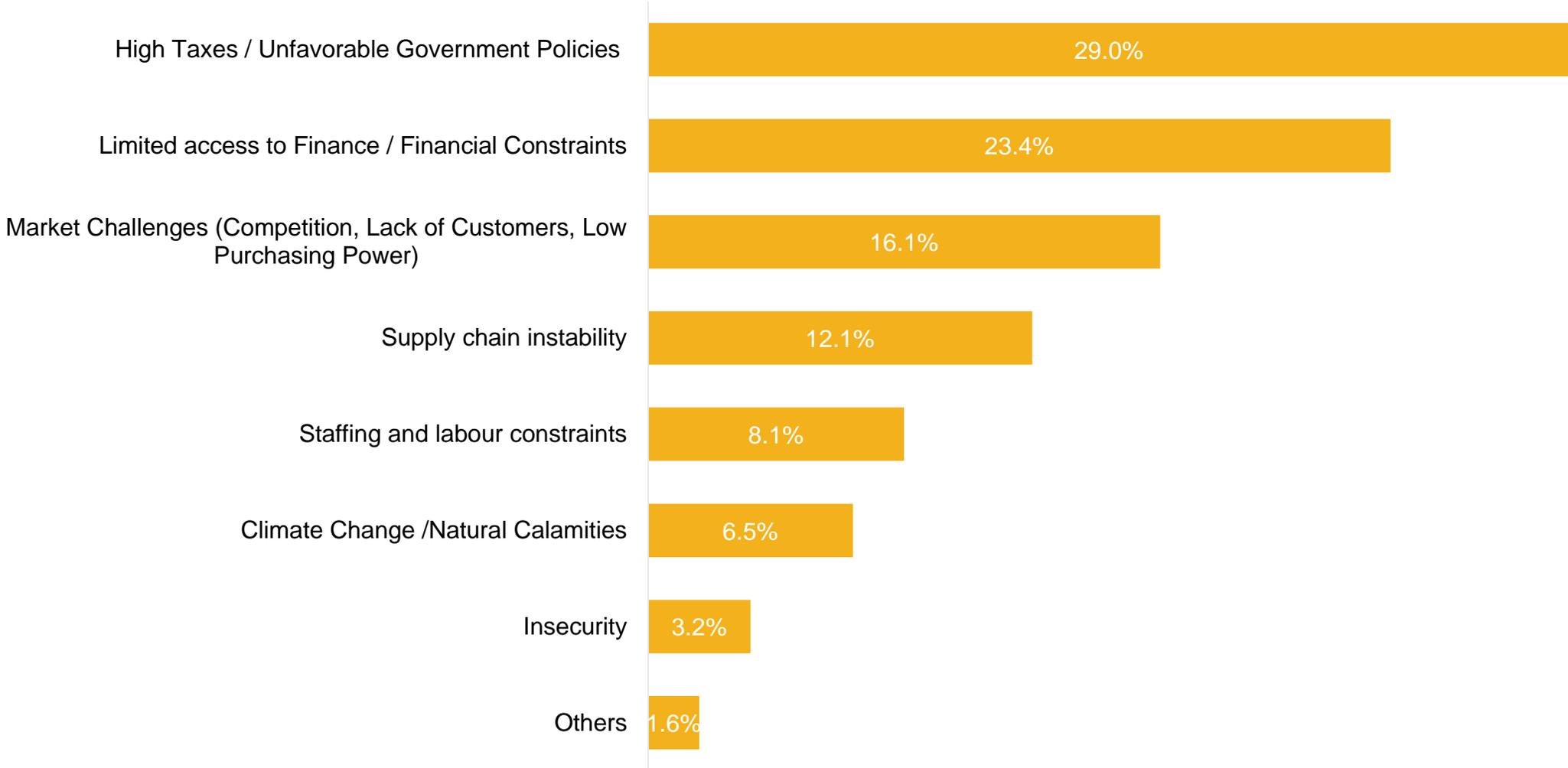
Involvement in programs supporting women

Q: What are some of the programs that are supporting your business?



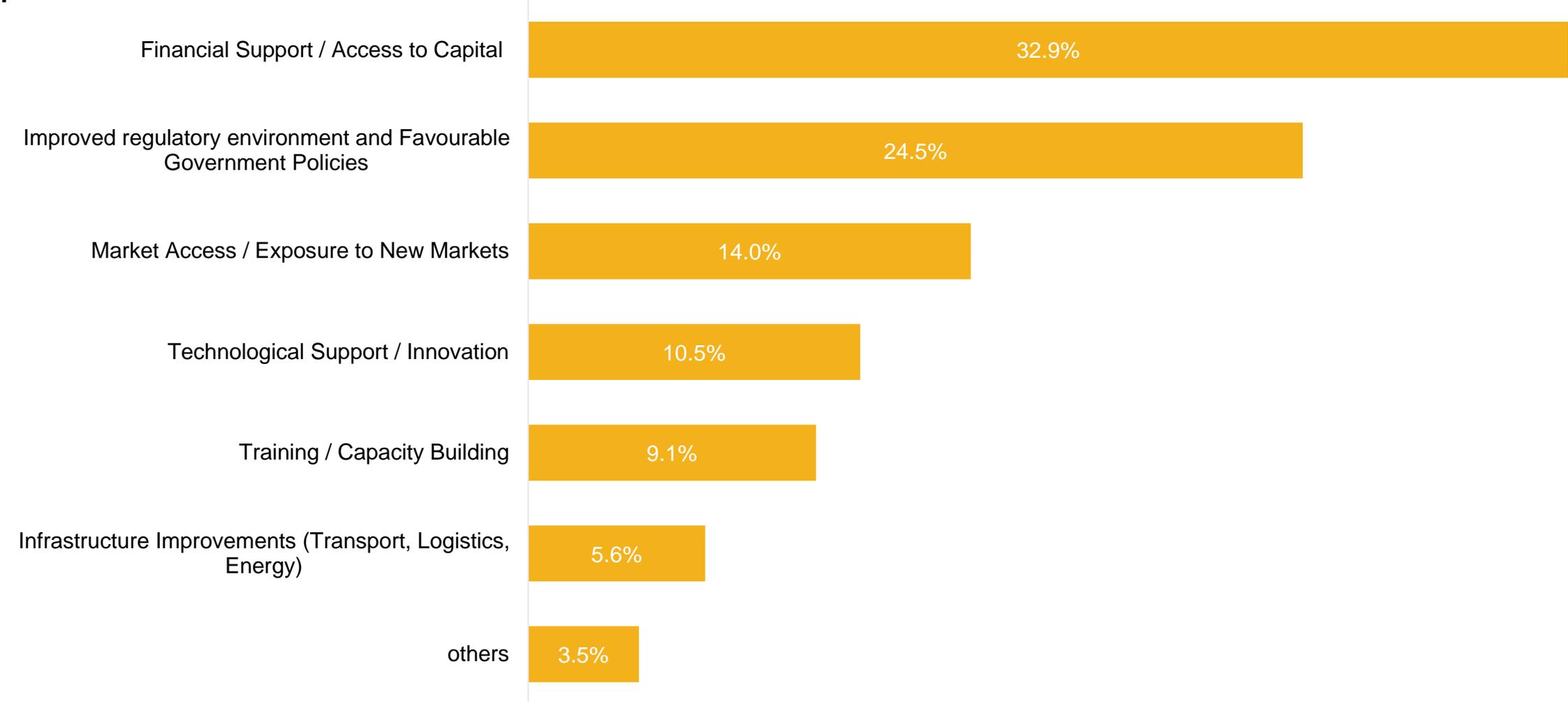
High taxation, unfavourable government policies, and limited access to capital are set to pose significant challenges to the growth of Kenya's private sector in 2025

Q: What factors or issues may pose a concern or challenge to your business performance in 2025?



Access to capital, improved regulatory environment, and access to markets are the key needs of Kenya's private sector in 2025

Q: In What ways would you like to be supported to address the barriers in the business environment that impede higher performance or returns?



Acknowledgments

KNCCI sincerely thanks all respondents for taking their time to participate in the 2025 Business Barometer survey and for trusting us with their information. This report would not have been possible without you!

Data collection and insights prepared by:

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KNCCI advocates for the creation of a favorable trade and investment environment that supports enterprise expansion.