



KNCCI QUARTELY BUSINESS BAROMETER *Q4/2024 Report*



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Introduction: Word from Chamber President



Welcome to the KNCCI Q4/2024 Business Barometer report!

This third edition of the KNCCI Quarterly Business Barometer reflects the continuous growth in quality and impact since the inaugural Q2 report. It remains a key tool in offering valuable insights into private sector performance, helping guide decision-making for government, private sector players, and development partners in their efforts to strengthen the economy.

We appreciate the feedback received on the Q3 report, which has been fully incorporated into this Q4 edition. Noteworthy updates include the introduction of a gender lens and more precise quantitative projections on key performance factors.

This quarter, private sector sentiment is notably less optimistic compared to previous periods. While businesses anticipate increased revenue due to the peak festive season, their overall outlook remains more cautious than in Q2 and Q3. Furthermore, the majority of businesses are not planning to hire additional staff and do not foresee a decrease in input costs, highlighting the urgent need for revitalization measures.

We extend our heartfelt gratitude to Center for International Private Enterprise, Trade Mark Africa, and the British High Commission Nairobi for their support in this initiative. Further, we appreciate all 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.

Methodology

The KNCCI Q4 2024 Business Barometer Report aims to elucidate businesses' expectations for October, November, and December 2024, drawing insights from their Q3 2024 experiences regarding financial performance and the broader 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 Q4 Business Barometer Survey, KNCCI engaged **1255 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 last 2 weeks of September 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 Q4. Following the feedback we received on the Q3 Barometer report, this issuance has incorporated a **gender lense** in a bid to promote an inclusive private sector. 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 (81.4%) 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 Q4 Business Barometer Survey.

Highlights (1/3)

- ❖ The Q4 Business Barometer Survey attracted responses from all sectors with retail & wholesale (42.2%) and agriculture (15.9%) topping the chart
- ❖ The Q4 Survey gathered responses from all counties with Marsabit, Siaya, and Kakamega counties leading the pack
- ❖ Majority (65.1%) of the respondents were engaged owners of the businesses
- ❖ Most (72.9%) of the businesses sampled had an annual revenue of less than KES 1 million and staff size of less than 10 employees (89.1%)
- ❖ Majority (65%) of the businesses sampled remain optimistic about the growth of their revenues in Q4, however, compared to Q3 (71%), they are less optimistic
- ❖ Businesses expecting revenue growth are primarily anticipating modest increases, driven by an expanding customer base and the seasonal boost from the festive period
- ❖ Businesses expecting revenue decline are mainly anticipating modest cutbacks, driven by poor macroeconomic conditions and limited consumer spending
- ❖ All sectors have a majorly positive outlook for revenue growth in Q4 with agriculture (70%), energy (69%), and ICT (69%) being the most optimistic while mining (0%) energy (8%), and healthcare (9%) being the least optimistic

Highlights (2/3)

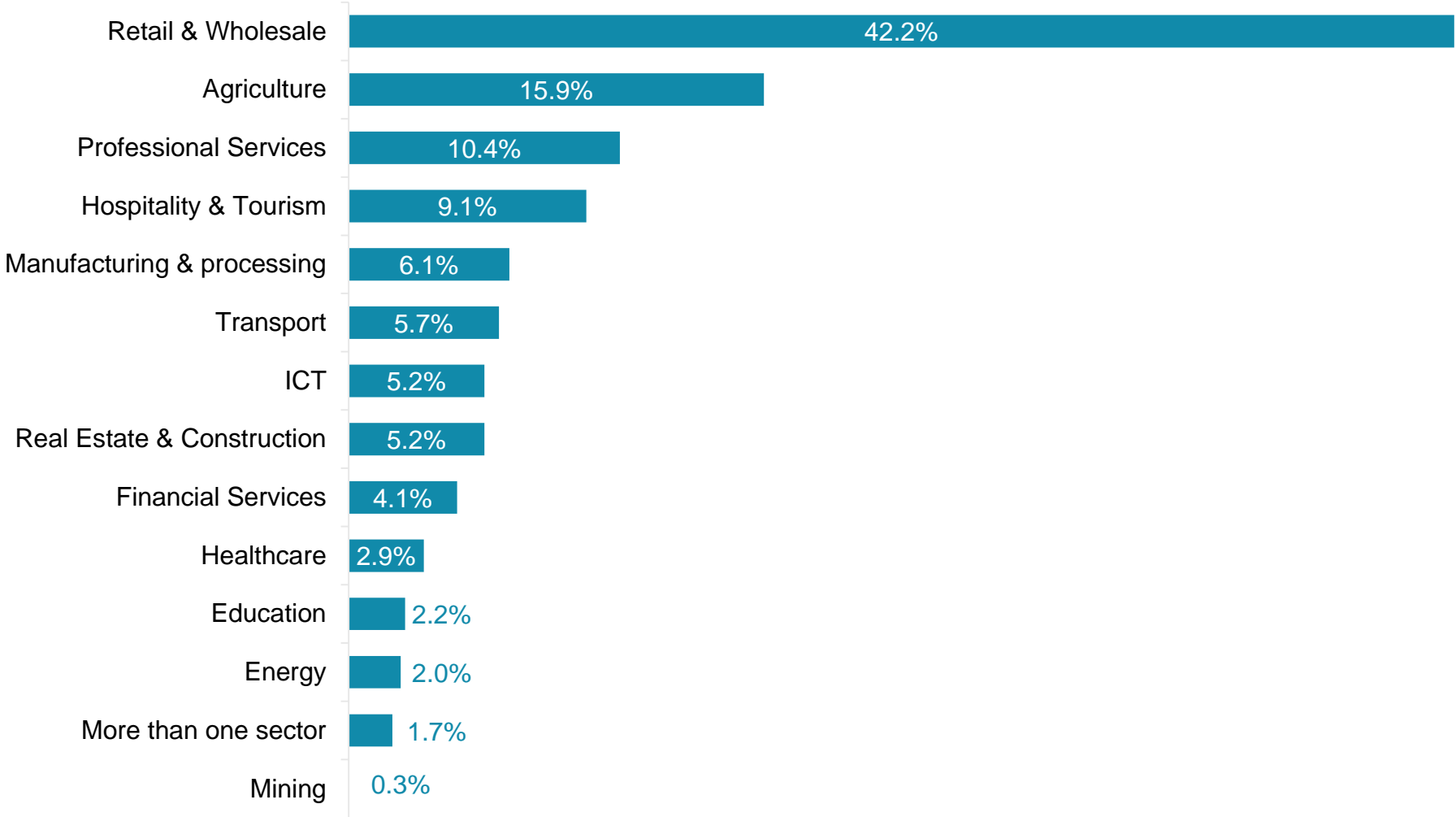
- ❖ Unlike in Q3, the majority (47%) of businesses surveyed do not plan to hire additional employees in Q4
- ❖ Businesses looking to hire are primarily anticipating marginal increases in staff size, driven by increased demand for commodities and business expansion plans
- ❖ Businesses planning to reduce staff are primarily expecting only slight reductions, driven by declining sales and challenging macroeconomic conditions inflation and disposable income
- ❖ While manufacturing and energy sectors remain the most optimistic about hiring in Q4 retail & wholesale and education are at the opposite end of the spectrum
- ❖ While manufacturing (60%) and energy (54%) sectors remain the most optimistic about hiring in Q4 retail & wholesale and education are at the opposite end of the spectrum
- ❖ 54% of businesses are pessimistic about a reduction in their primary input costs in Q4—marking a sharp contrast to the optimism seen in Q2 (39%) and Q3 (35%)
- ❖ Businesses anticipating a decline in primary input costs are largely expecting slight reductions, spurred by better access to inputs and seasonal factors i.e. harvest period
- ❖ Businesses expecting a rise in primary input costs are largely anticipating a slight increase, fueled by inflation, high taxation, and unfavorable government policies

Highlights (3/3)

- ❖ All sectors maintain a pessimistic outlook on reducing primary input costs, with mining, energy, and manufacturing expressing the greatest concerns
- ❖ Just over half of the surveyed businesses (51%) are taking climate change mitigation and adaptation measures, primarily through reusable bags and tree planting
- ❖ Despite most (88%) businesses receiving external support for climate change mitigation and adaptation, a lack of awareness about climate action remains a significant barrier
- ❖ From the businesses sampled, agriculture and healthcare sectors are at the forefront of applying climate change mitigation and adaptation actions in their operations at 61% and 63% respectively
- ❖ 39% of the sampled businesses are women-owned, with limited financial resources and the challenge of balancing work and family responsibilities being their most significant concerns
- ❖ Programs supporting women have a substantial presence nationwide, with Chamas, SACCOs, and Merry-go-rounds being the most notable initiatives
- ❖ Similar to Q3 and Q3, high taxation, unfavourable government policies, and limited financial resources remain the most pressing challenges for businesses in Kenya
- ❖ Access to capital, capacity building, and favourable government policies are the key needs of Kenya's private sector, cited 74.2% of the respondents

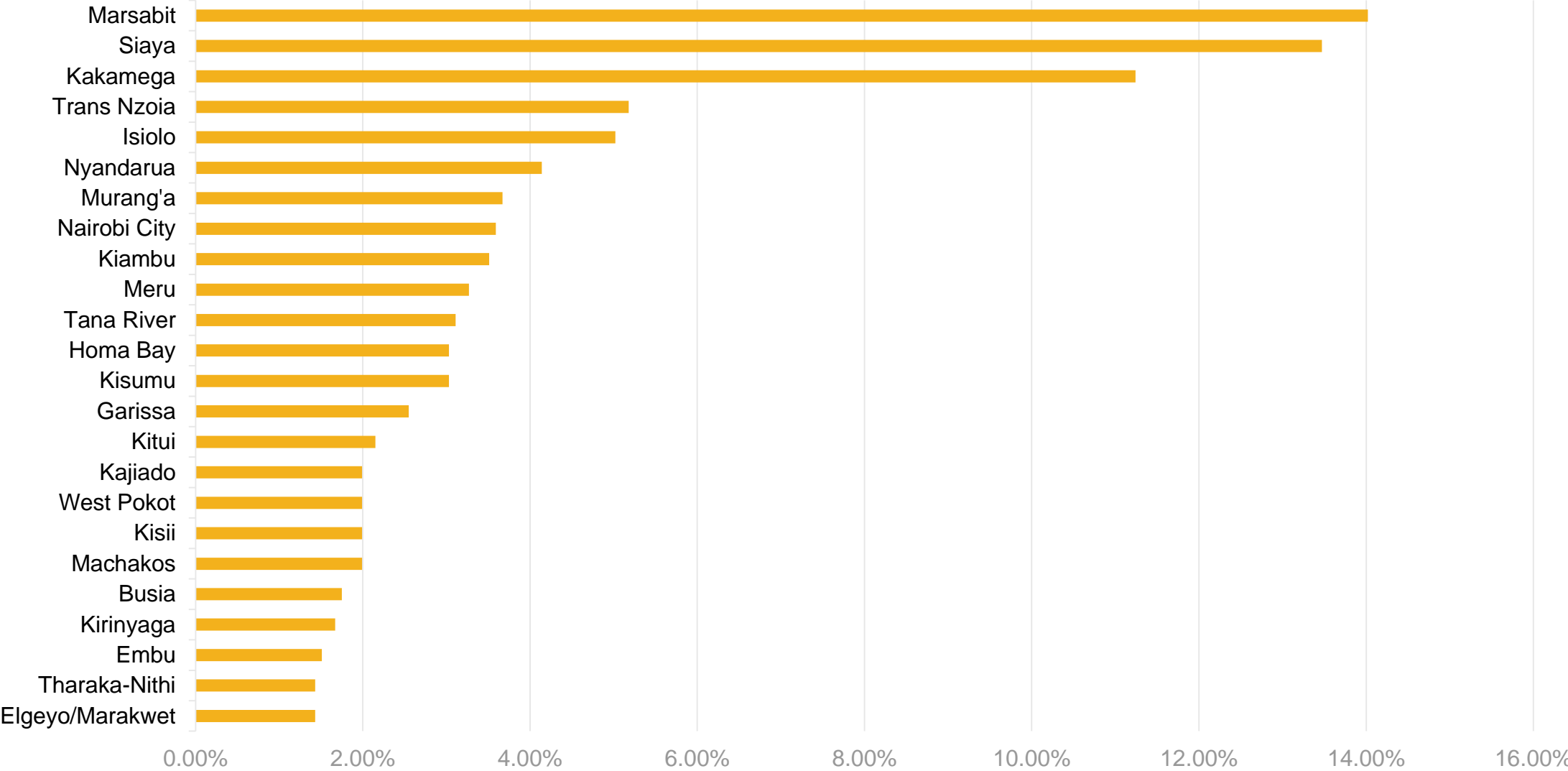
The Q4 Business Barometer Survey attracted responses from all sectors with retail & wholesale (42.2%) and agriculture (15.9%) topping the chart

Sector breakdown of respondents (% of total businesses sampled)



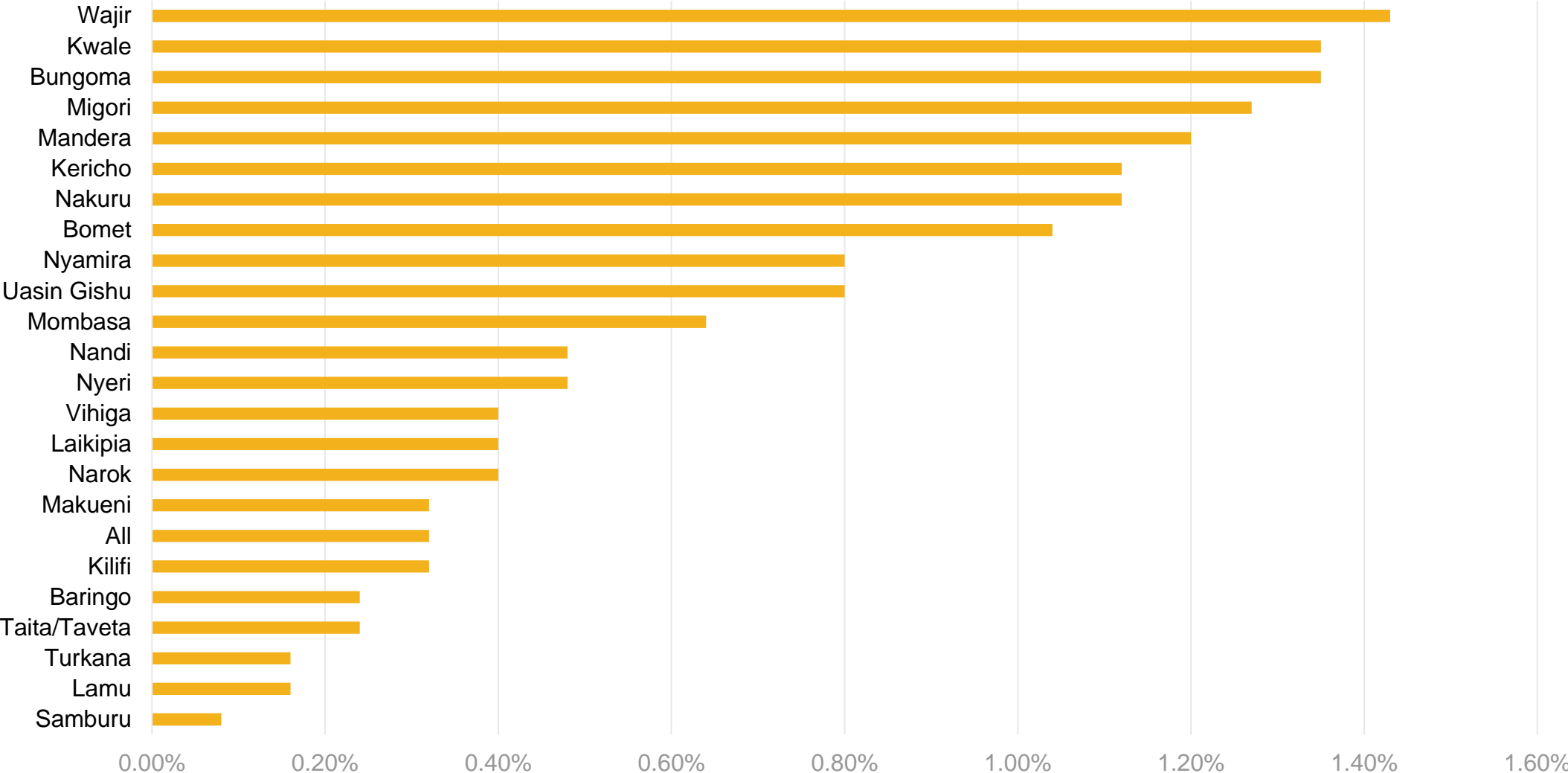
The Q4 Survey gathered responses from all counties with Marsabit, Siaya, and Kakamega counties leading the pack (1/2)

County of operation (1/2)

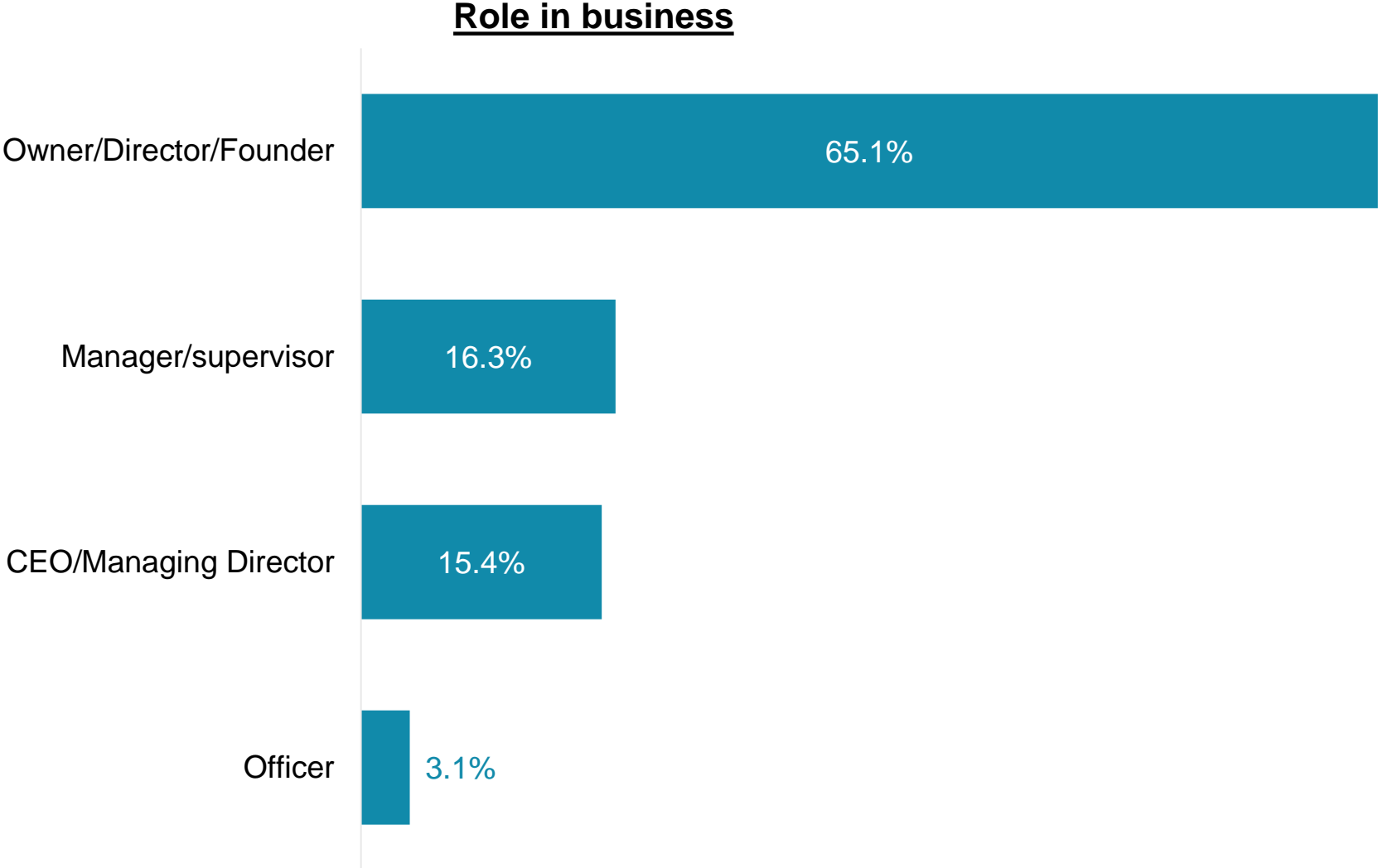


The Q4 Survey gathered responses from all the 47 counties with Marsabit, Siaya, and Kakamega counties leading the pack (2/2)

County of operation (2/2)

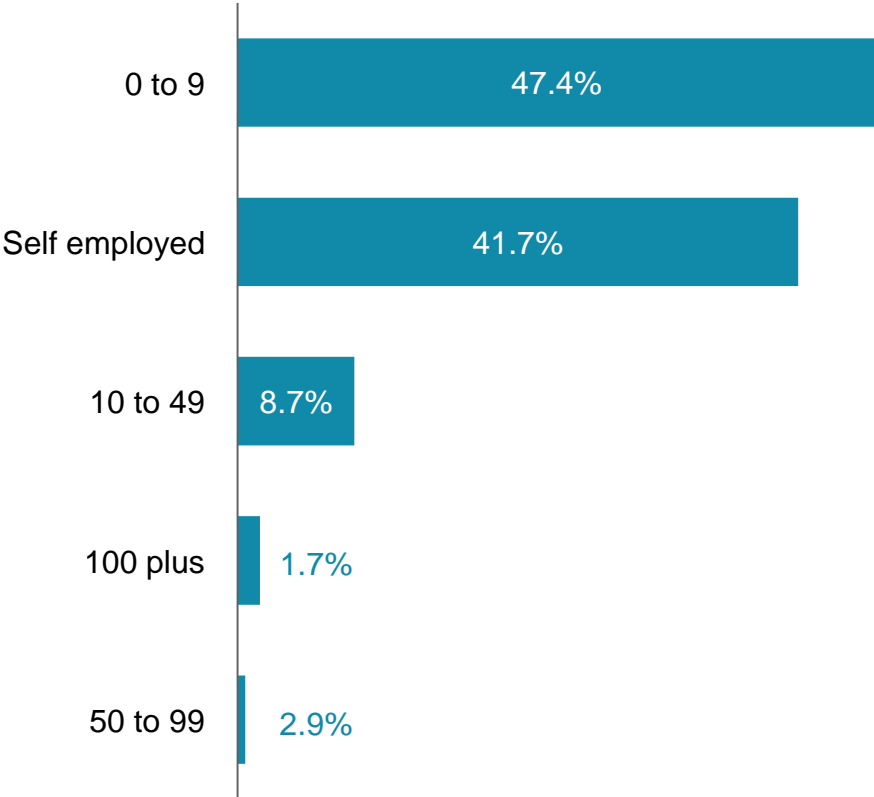


Majority of the respondents we engaged are owners (65.1%) of the businesses

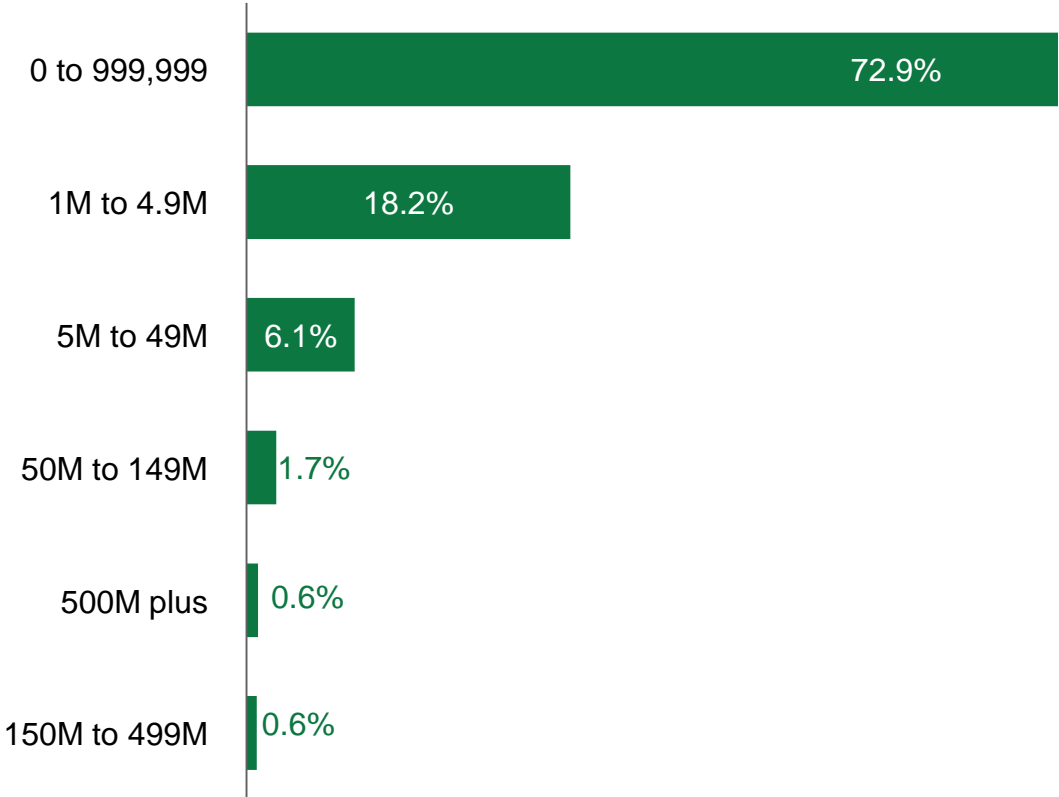


Most of the businesses sampled have an annual revenue of less than KES 1 million (72.9%) and staff size of less than 10 employees (89.1%)

Workforce size breakdown of respondents
(number of employees)

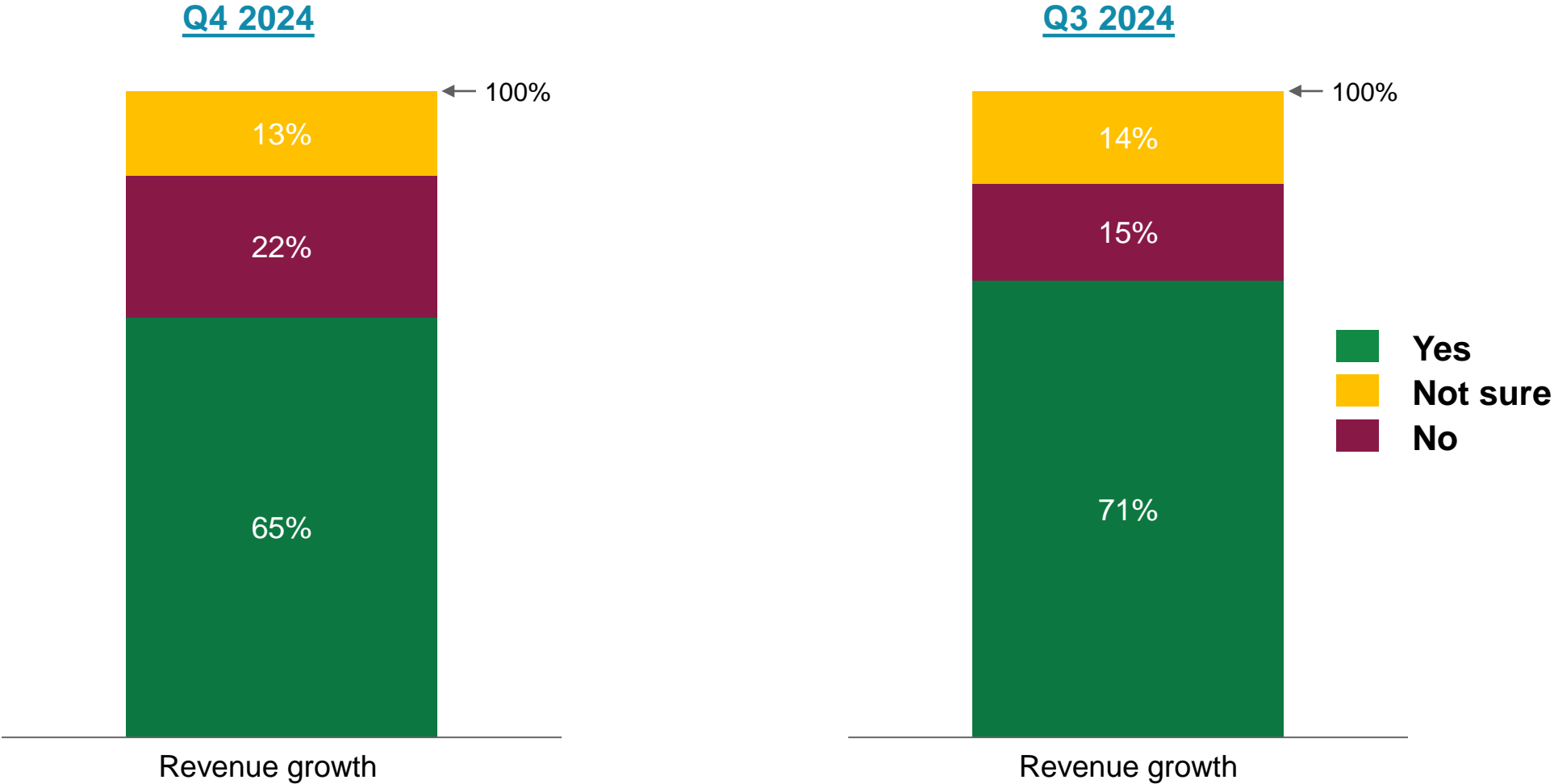


Revenue size breakdown of respondents
Annual sales in KES



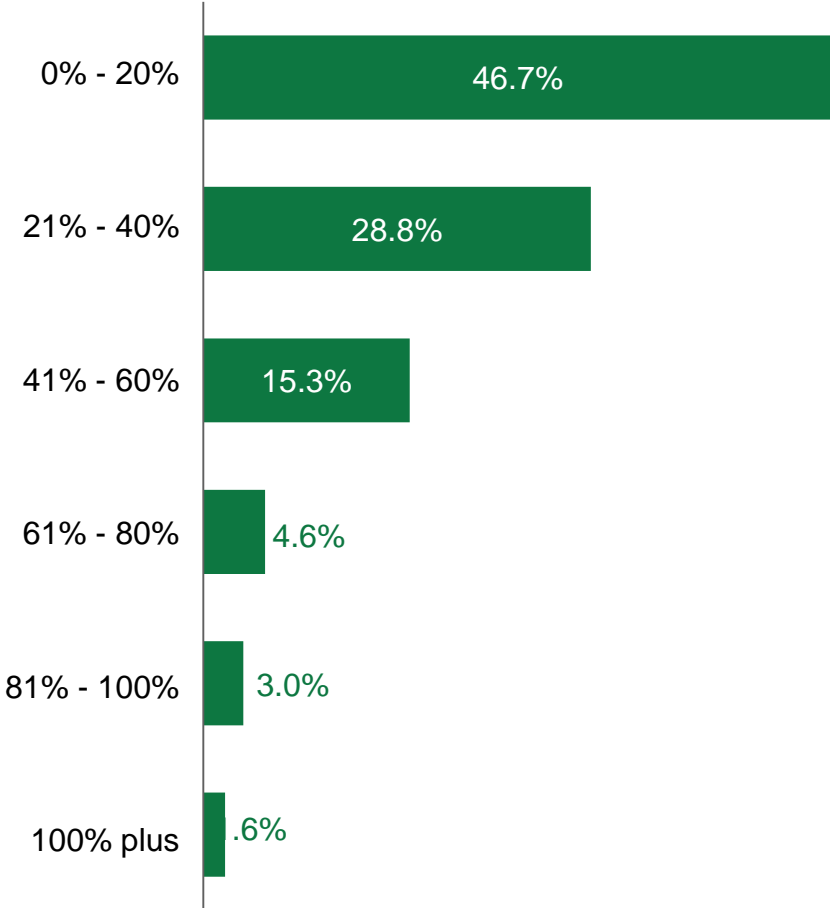
Majority of the businesses sampled remain optimistic about the growth of their revenues in Q4, however, compared to Q3, they are less optimistic

Q: Do you expect revenue to grow in this quarter compared to the previous quarter?

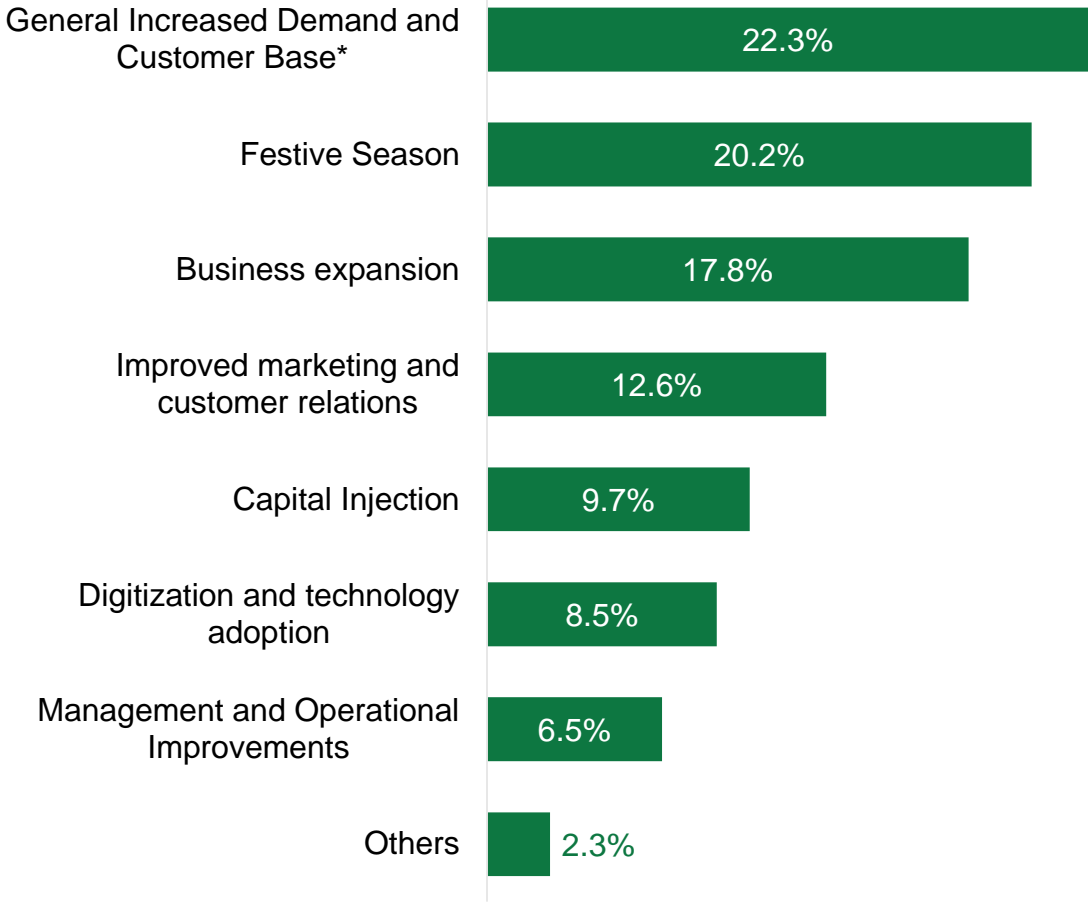


Businesses expecting revenue growth are primarily anticipating modest increases, driven by an expanding customer base and seasonal boost from the festive period (1/2)

Q: If you expect your revenue to **increase** in Q4, by how much?



Reasons for the expected **growth** in revenue in Q4



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

Businesses expecting revenue growth are primarily anticipating modest increases, driven by an expanding customer base and seasonal boost from the festive period (2/2)

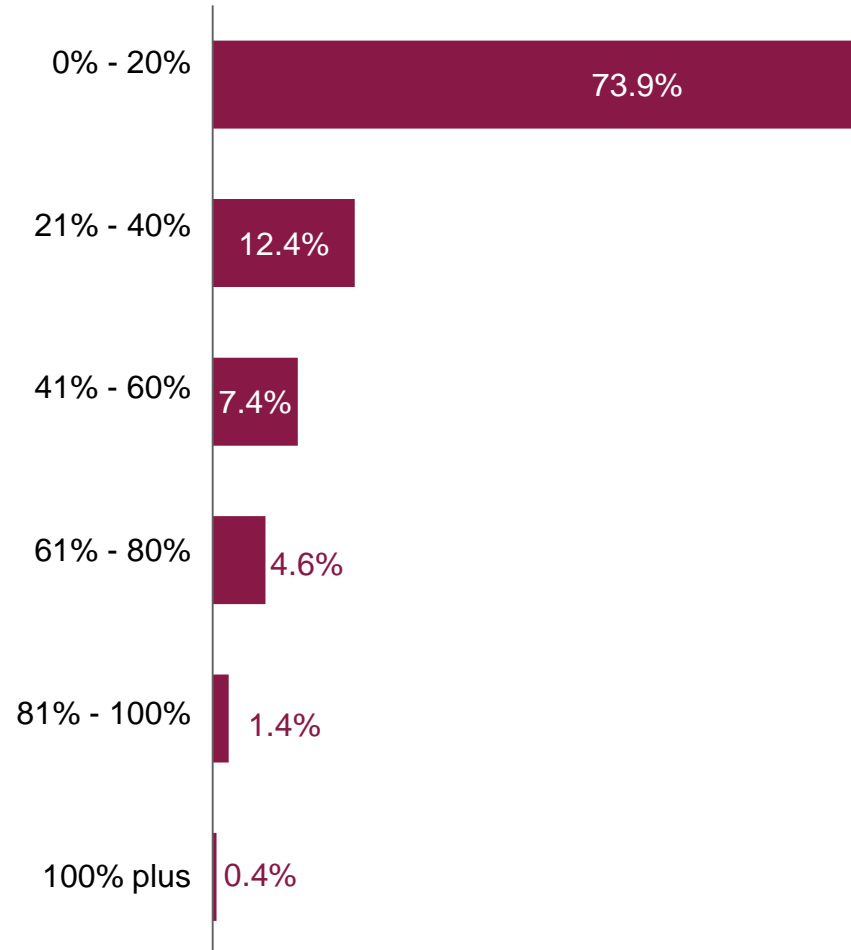
Reasons for the expected **growth** in revenue in Q4

“From the number of enquiries that have come in most are peak season requests for Christmas.” Respondent in hospitality and tourism from Kiambu County

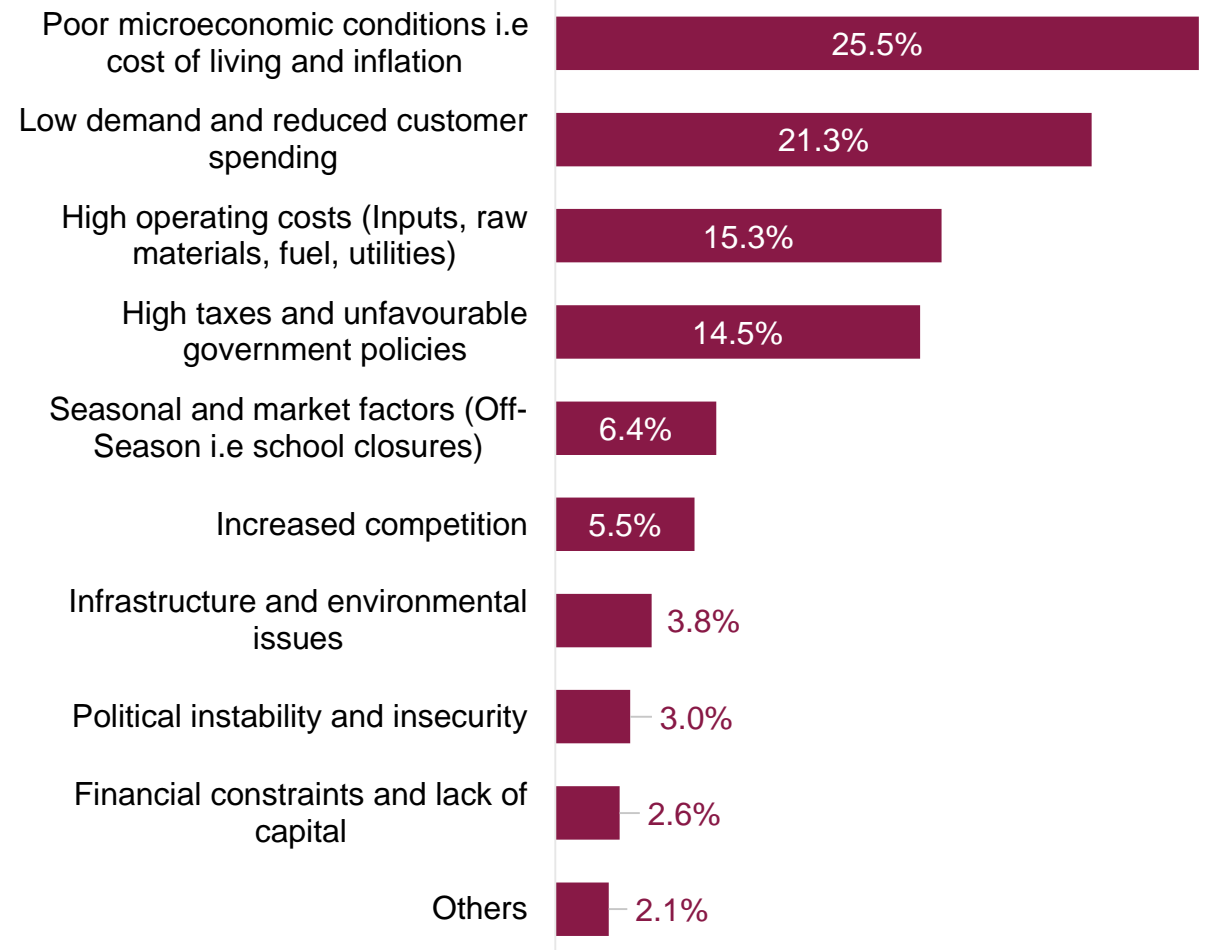
“Offering products that are affordable to accommodate more customers.” Respondent in real estate and construction from Laikipia County

Businesses expecting revenue decline are mainly anticipating modest cutbacks, driven by poor macroeconomic conditions and limited consumer spending (1/2)

Q: If you expect your revenue to **decline** in Q4, by how much?



Reasons for the expected revenue **decline** in Q4



Businesses expecting revenue decline are mainly anticipating modest cutbacks, driven by poor macroeconomic conditions and limited consumer spending (2/2)

Reasons for the expected revenue **decline** in Q4

“Unconducive environment for doing business especially the government holding on money and not disbursing on time hence leading to financial defaulting-lending institutions.”

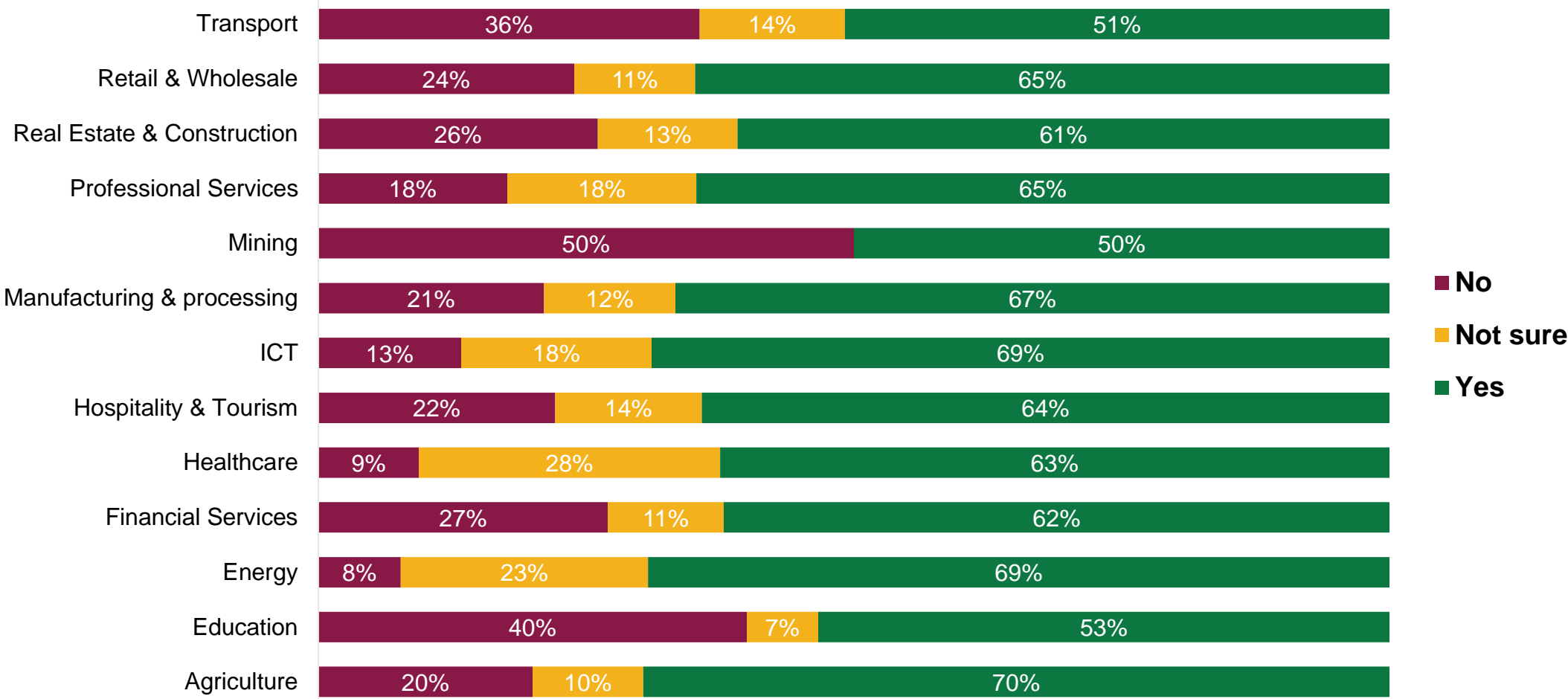
Respondent in ICT Sector Busia County

“A better part of the quarter, university students who are our clients will have gone home for holidays.” Respondent in hospitality and tourism from Kakamega County

“The flow of money has reduced, people do not have money. There are a lot of financial responsibilities.” Respondent in professional services from Marsabit County

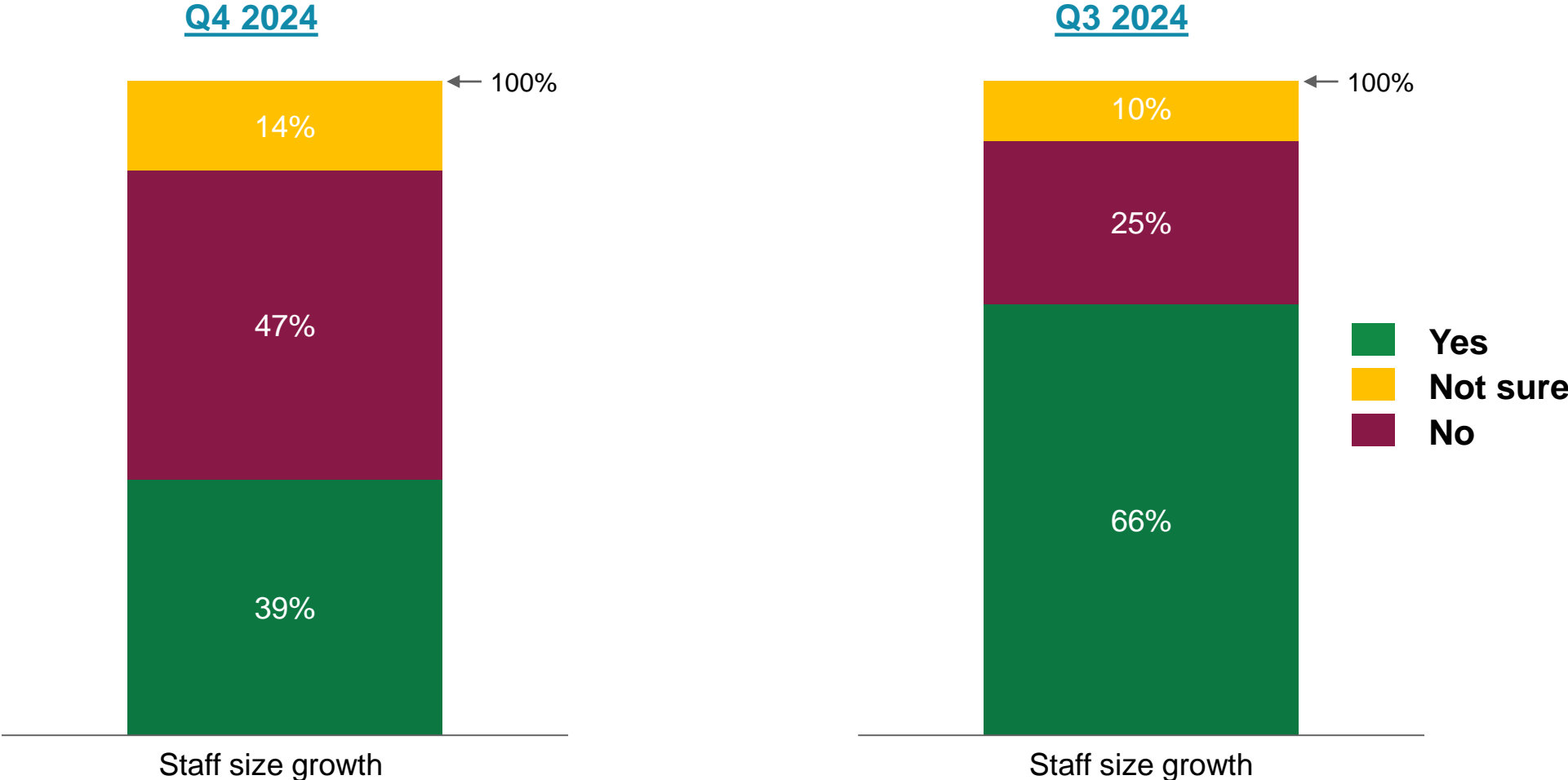
All sectors have a majorly positive outlook for revenue growth in Q4 with agriculture (70%), energy (69%), and ICT (69%) being the most optimistic

Breakdown of revenue expectation by sector



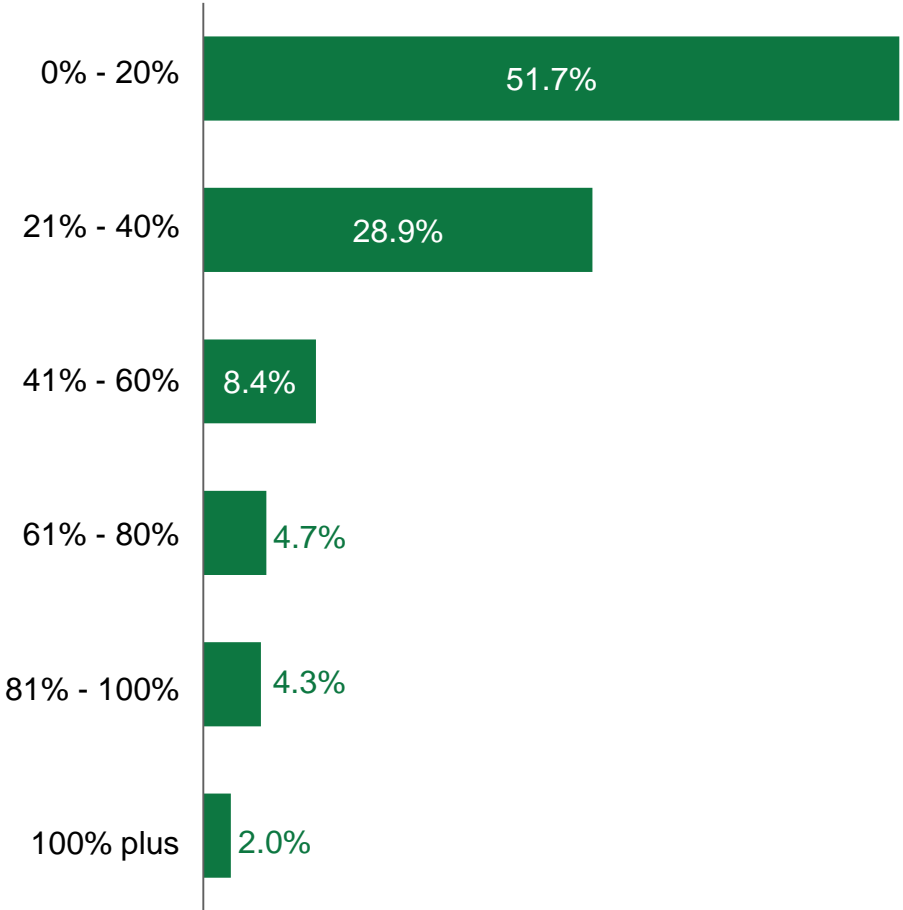
Unlike in Q3, the majority of businesses surveyed do not plan to hire additional employees in Q4

Q: Do you expect number of staff to grow in this quarter compared to the previous quarter

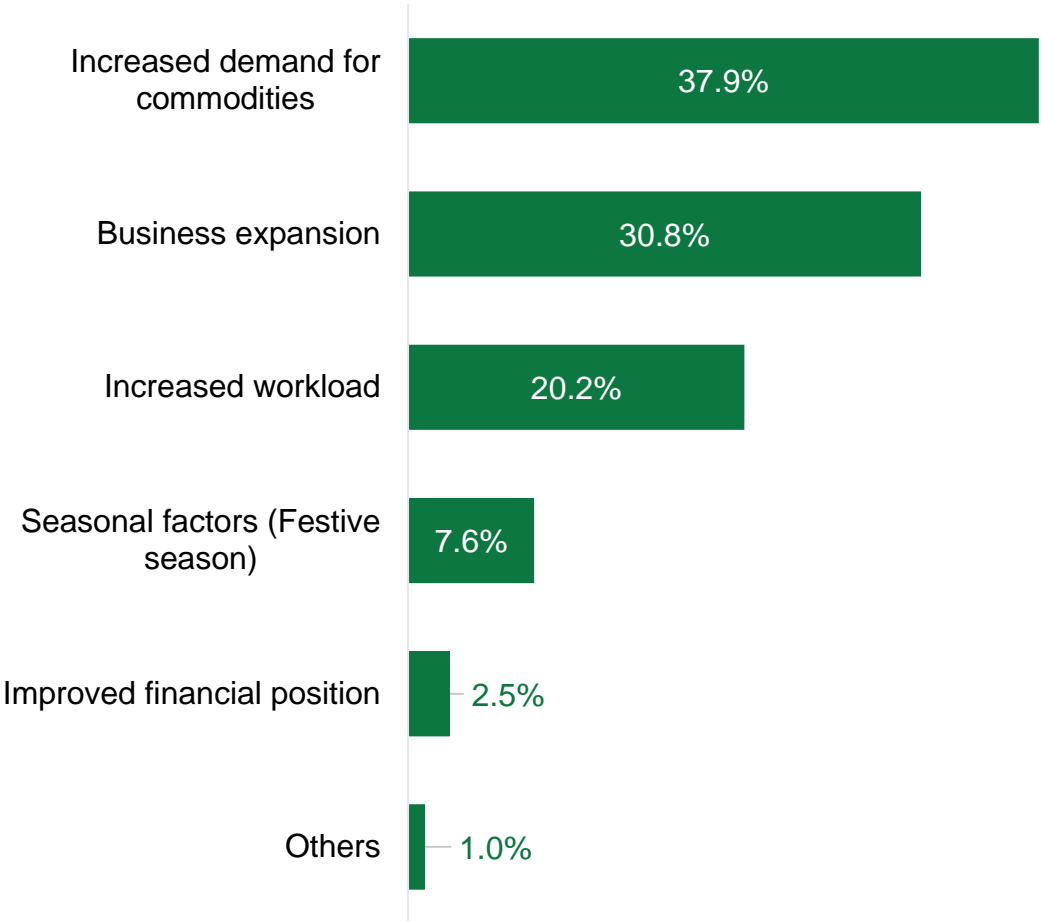


Businesses looking to hire are primarily anticipating marginal increases in staff size, driven by increased demand for commodities and business expansion plans (1/2)

Q: If you expect your staff size to **increase** in Q4, by how much?



Reasons for the expected **growth** in staff size in Q4



Businesses looking to hire are primarily anticipating marginal increases in staff size, driven by increased demand for commodities and business expansion plans (2/2)

Reasons for the expected **growth** in staff size in Q4

Specialization on specificity within the value chain of waste management: loaders, sorters, composting operators.”

Respondent in professional services from Isiolo

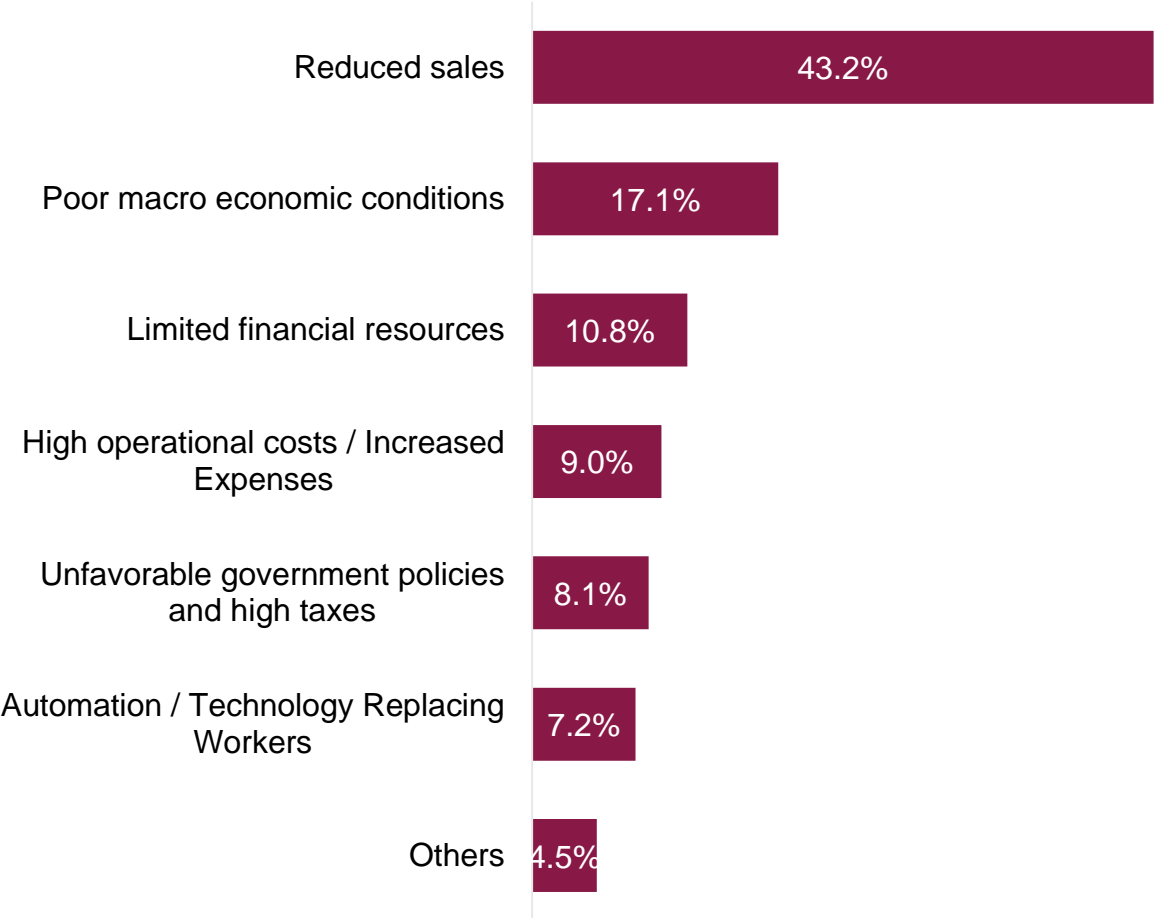
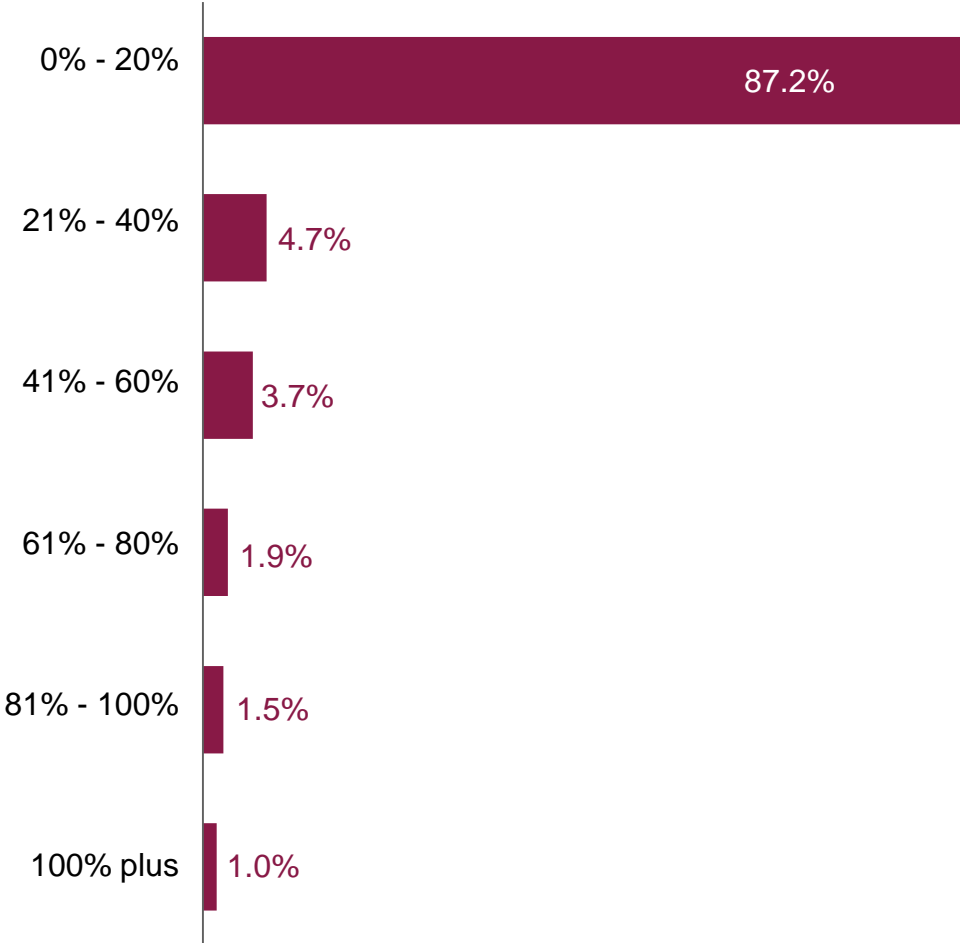
“Because we are planning to explore in other areas of investment and expand our brand to few other counties.” Respondent in real

estate and construction from Laikipia County

Businesses planning to reduce staff are primarily expecting only slight reductions, driven by declining sales and challenging macroeconomic conditions (1/2)

Q: If you expect your staff size to decline in Q4, by how much?

Reasons for the expected staff size decline in Q4



Businesses planning to reduce staff are primarily expecting only slight reductions, driven by declining sales and challenging macroeconomic conditions (2/2)

Reasons for the expected staff size **decline** in Q4

“Business is doing poorly, low goods consumption, inability to pay more workers due to poor business income.”

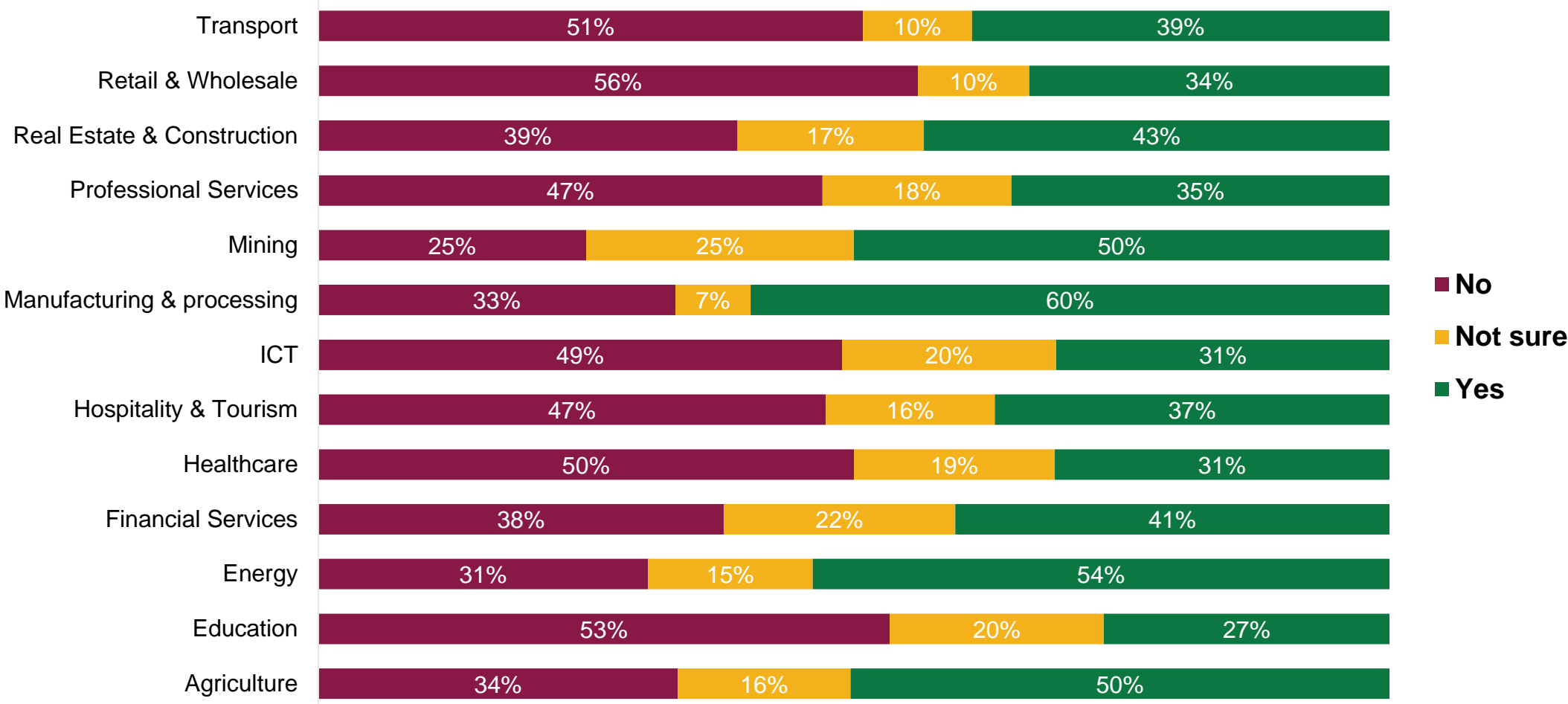
Respondent in Manufacturing from Elgeyo Marakwet County

“Cost of living hence reducing the number of customers.” Respondent in hospitality and tourism in

Bomet County

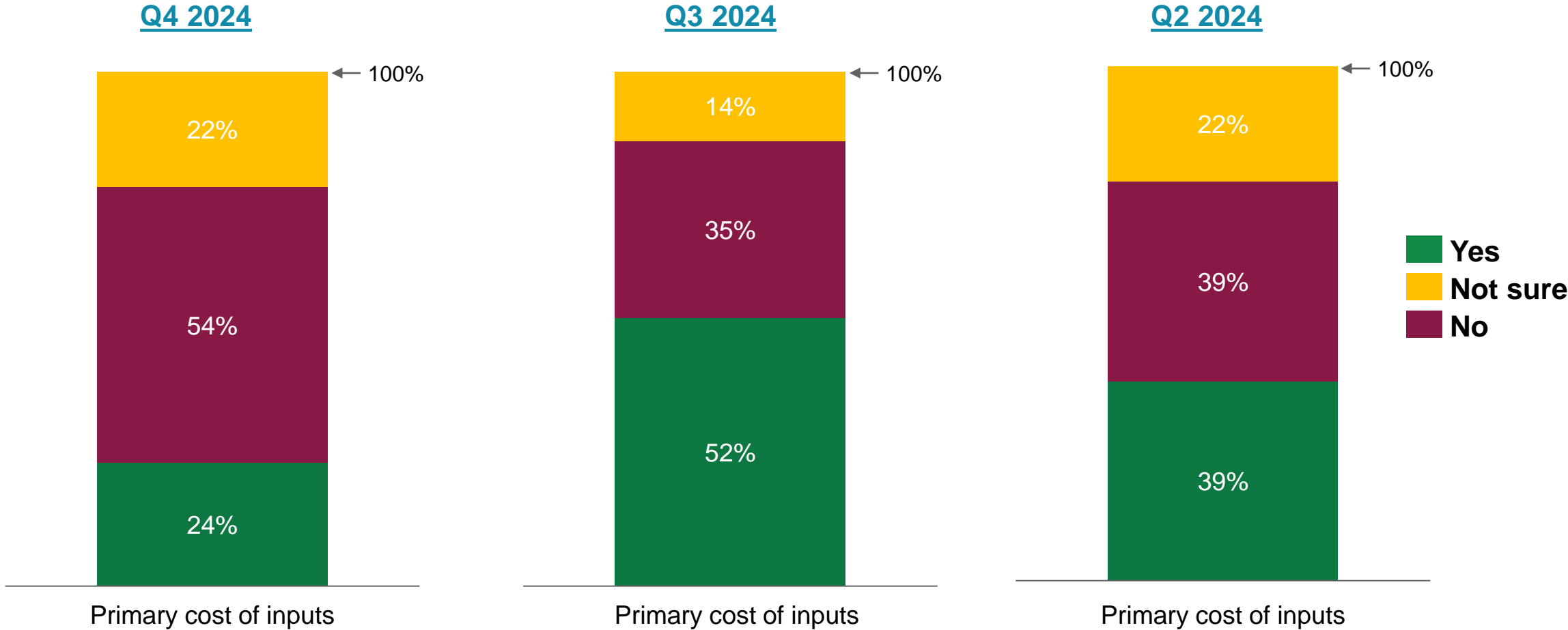
While manufacturing (60%) and energy (54%) sectors remain the most optimistic about hiring in Q4 retail & wholesale and education are at the opposite end of the spectrum

Breakdown of staff size expectation by sector



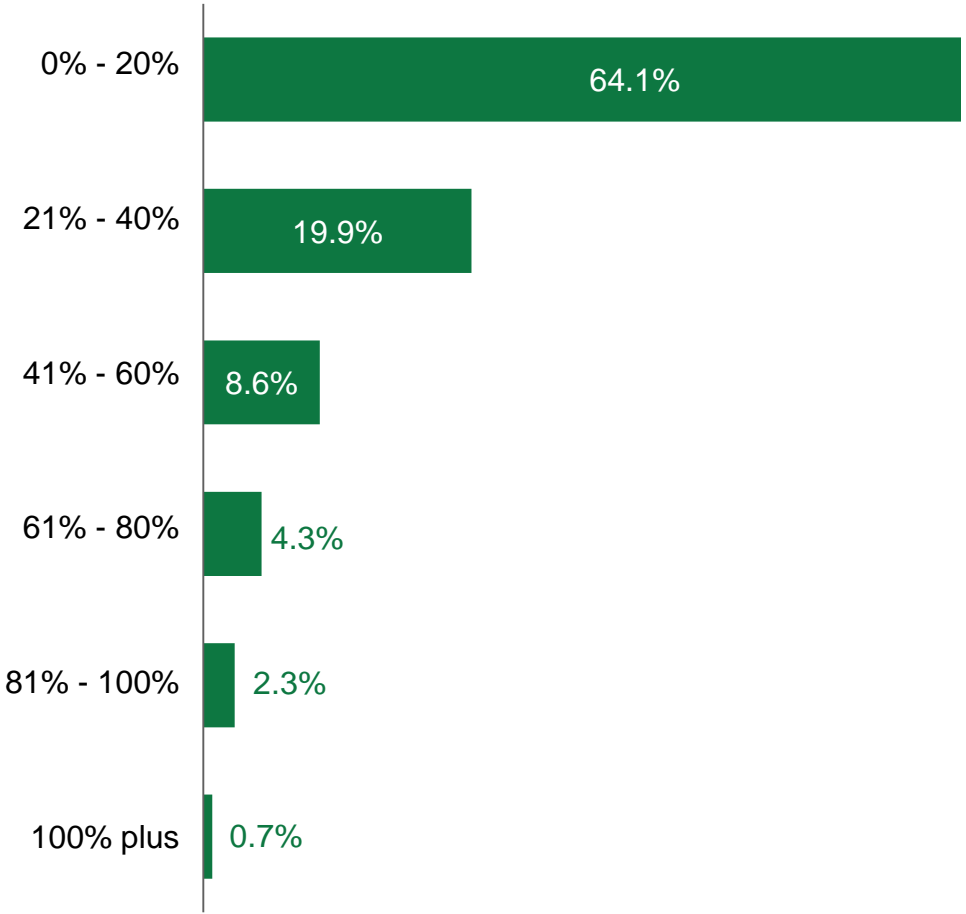
Businesses are now more pessimistic than ever about a reduction in their primary input costs in Q4—marking a sharp contrast to the optimism seen in Q2 and Q3

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

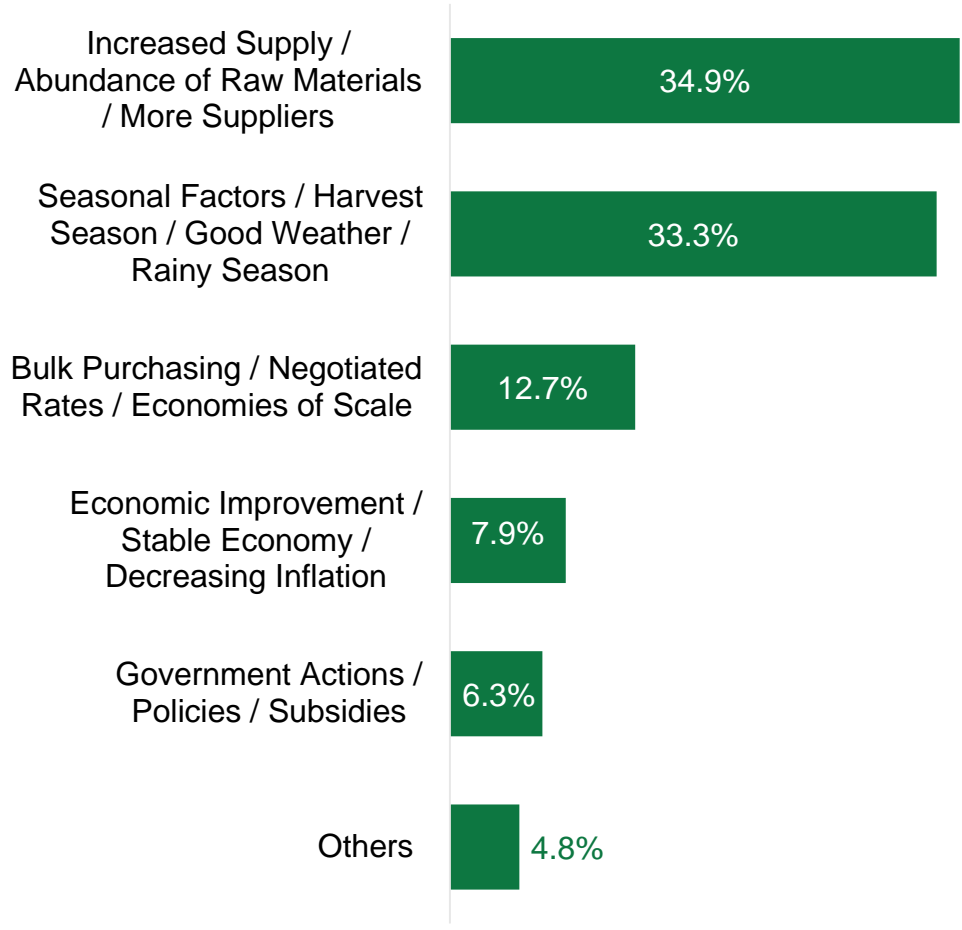


Businesses anticipating a decline in primary input costs are largely expecting slight reductions, spurred by better access to inputs and seasonal factors (1/2)

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



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



Businesses anticipating a decline in primary input costs are largely expecting slight reductions, spurred by better access to inputs and seasonal factors (2/2)

Reasons for the expected **drop** in cost of primary input in Q4

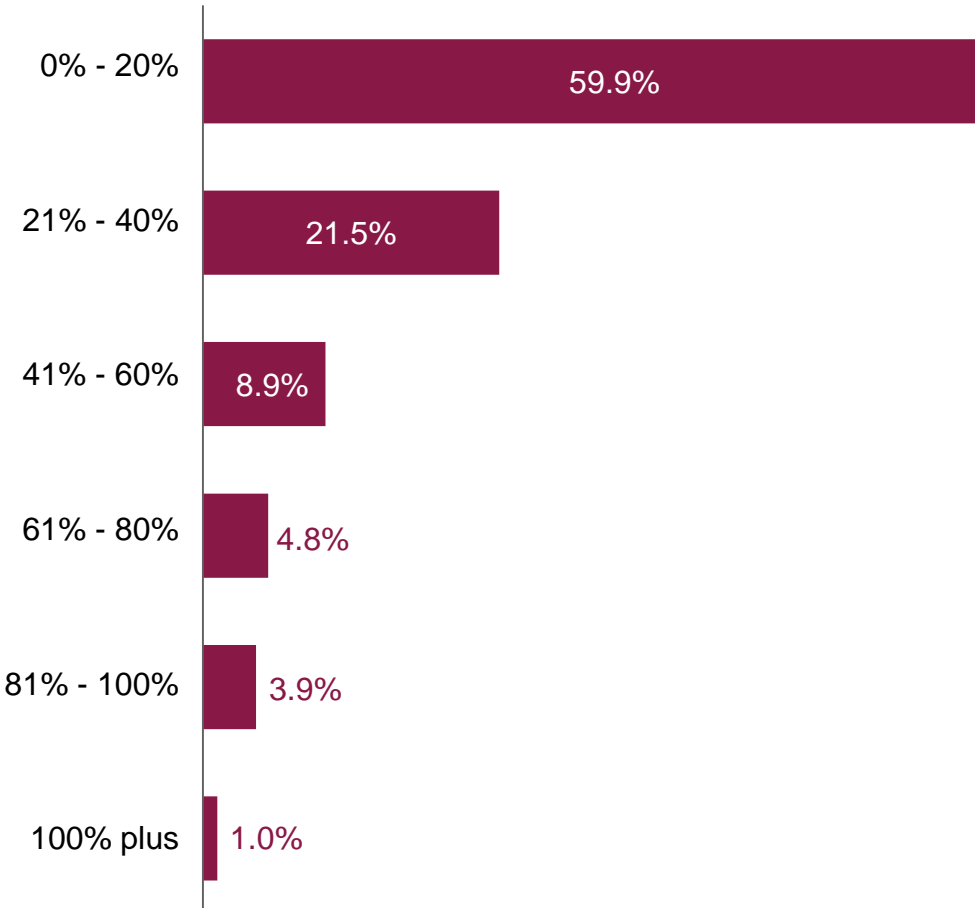
“Most items are low due to increased offers from suppliers.” Respondent in retail & wholesale from Kakamega County

“The Kenyan economy is becoming stable after gen z demos thus causing stability.”
Respondent in agriculture from Nakuru County

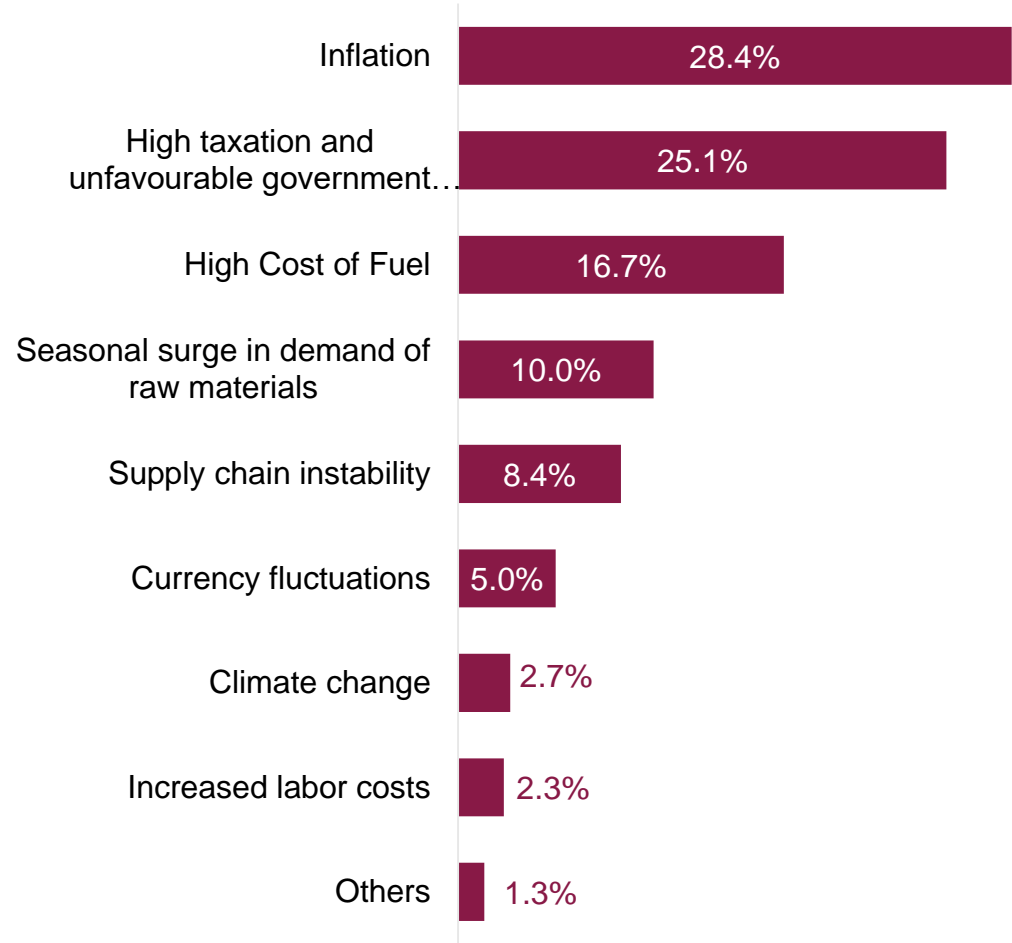
“Many farmers planted maize so we will have a lot of food to our chickens.”
Respondent in agriculture from Busia

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

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



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



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

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

“Due to the current economic challenges in Kenya, we have observed a significant decline in demand for events and food services. Many clients are scaling back or postponing events as they focus on essential spending, making it difficult for our business to maintain the usual flow of bookings.”

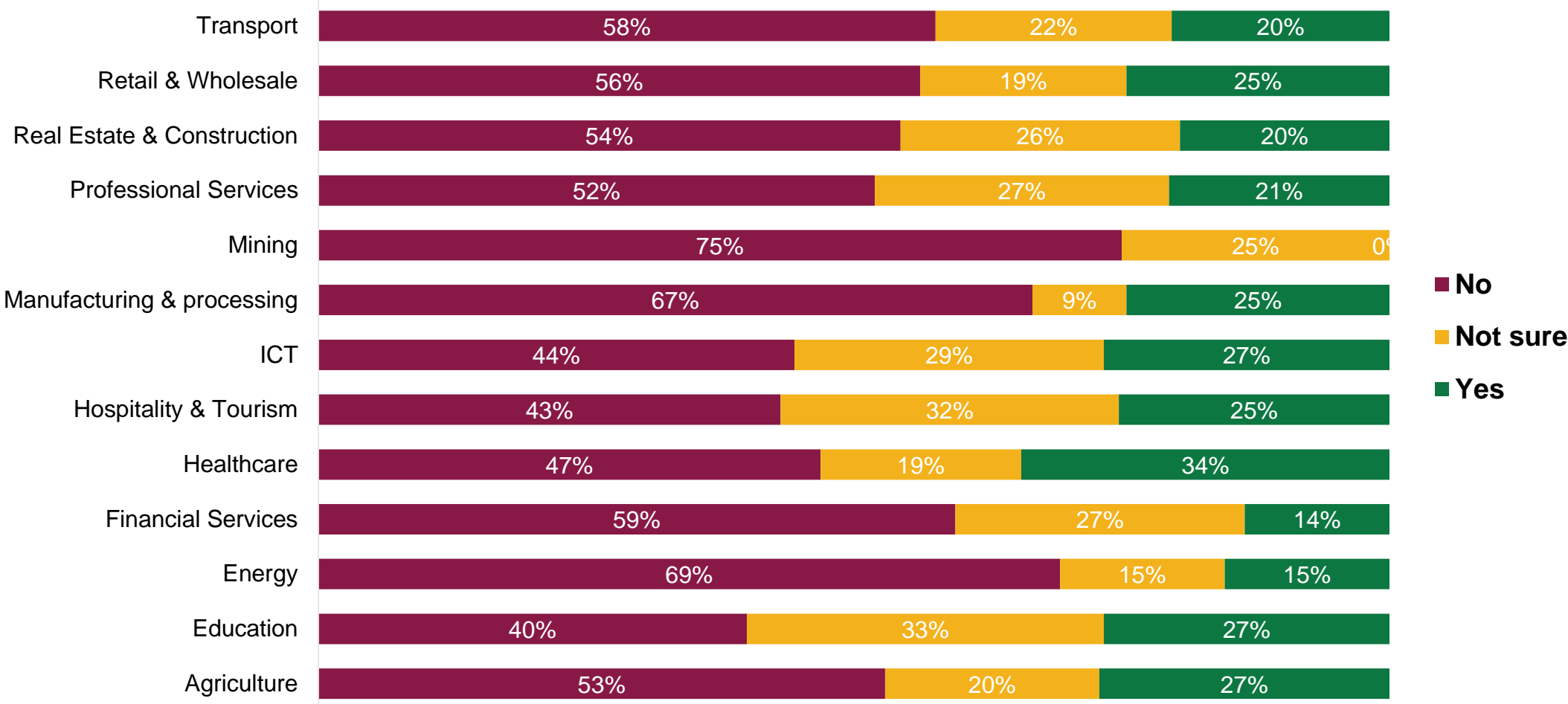
Respondent in hospitality and tourism from Nakuru County

“Staff wages for temporary staff are likely to go higher. There is already demand for better pay.” Respondent in professional services from Kisumu County

“High Cost of Electricity, High cost of Fuel, High Taxes, High Exchange Rates and High cost of Borrowing.” Respondent in manufacturing from Kisumu County

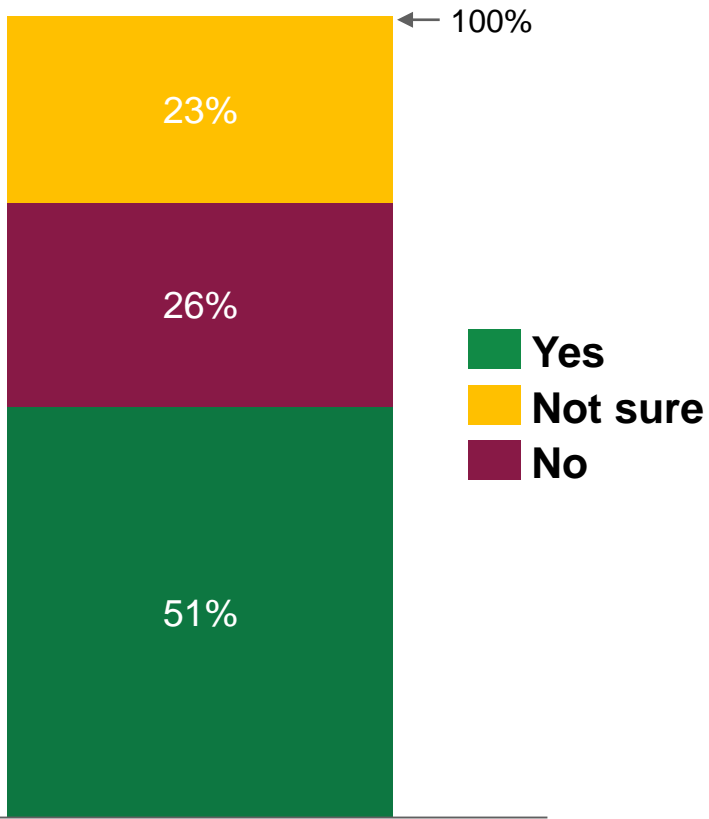
All sectors maintain a pessimistic outlook on reducing primary input costs, with mining, energy, and manufacturing expressing the greatest concerns

Breakdown of primary input cost expectation by sector



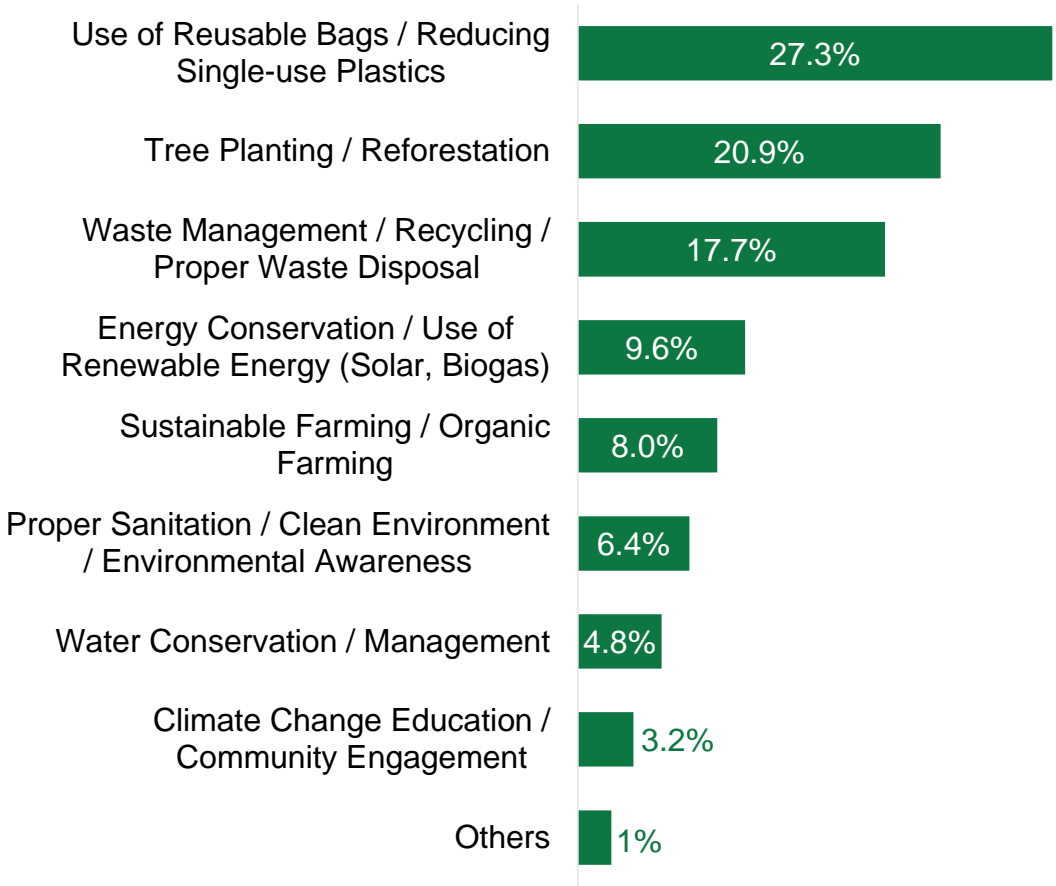
Just over half of the surveyed businesses (51%) are taking climate change mitigation and adaptation measures, primarily through reusable bags and tree planting

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



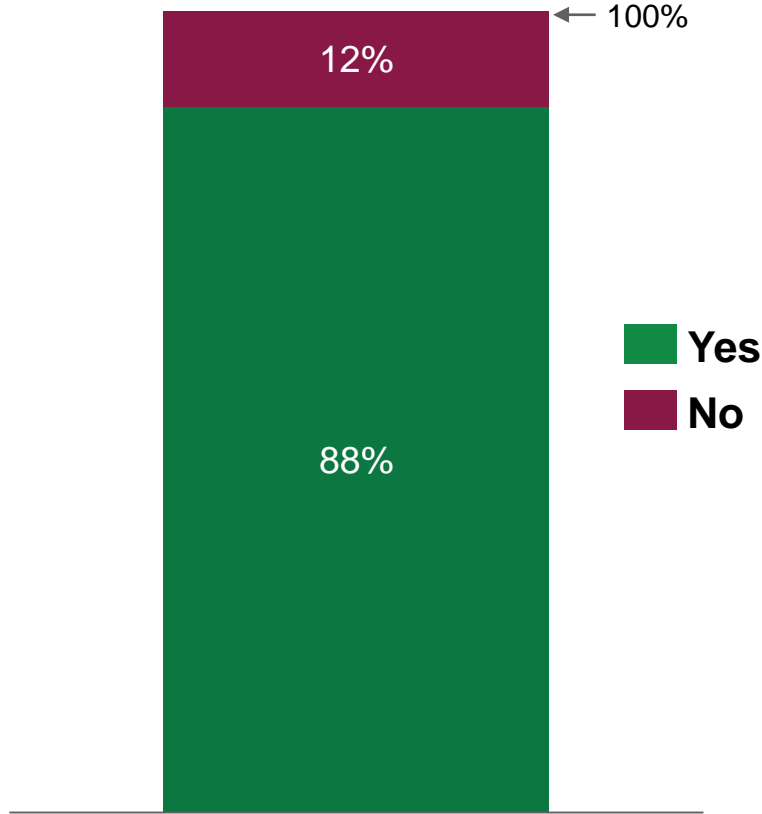
Application of climate change mitigation and adaptation

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



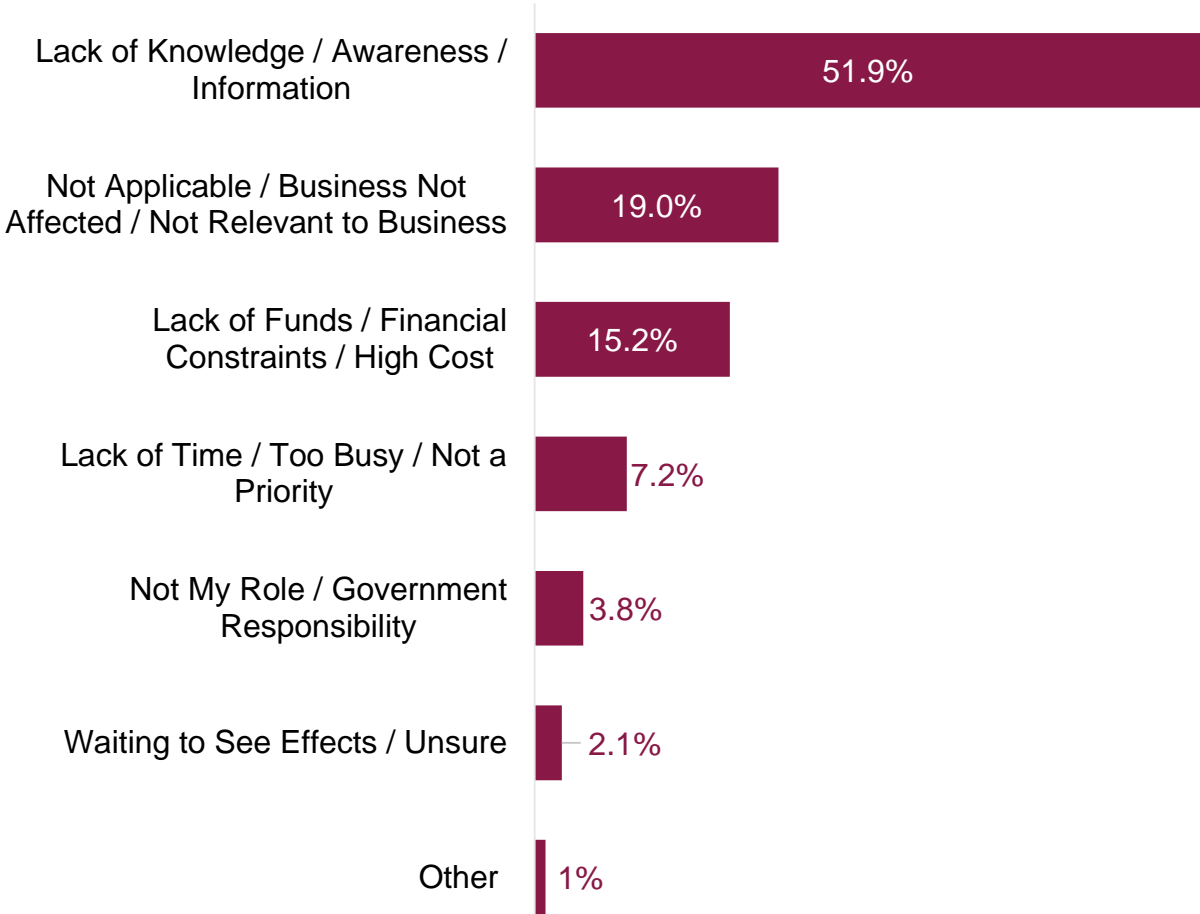
Despite most businesses receiving external support for climate change mitigation and adaptation, a lack of awareness about climate action remains a significant barrier (1/2)

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?



Despite most businesses receiving external support for climate change mitigation and adaptation, a lack of awareness about climate action remains a significant barrier (2/2)

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

“I believe in GOD in operations of my business.” Respondent in manufacturing from Wajir

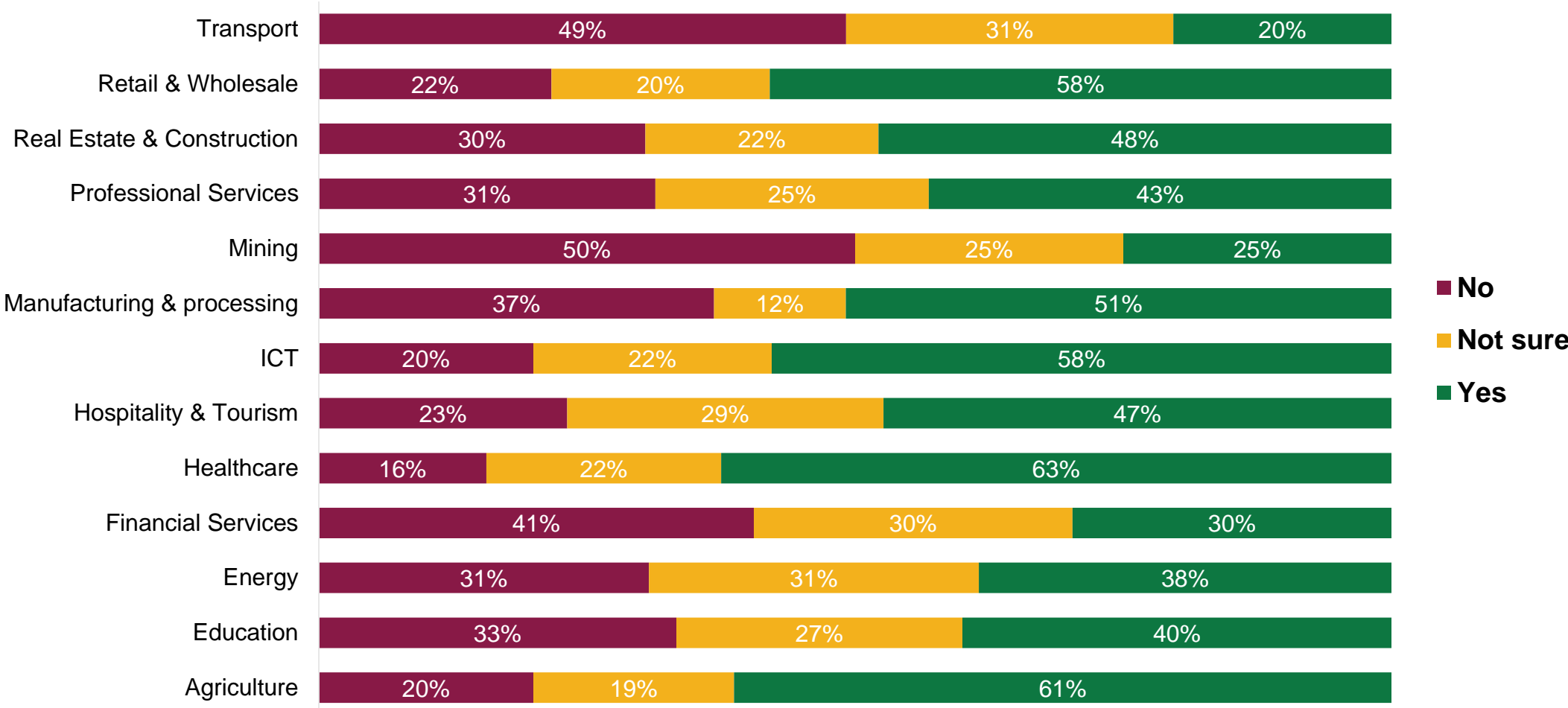
“I do not know what measures to take specifically for climate change mitigation.” Respondent in healthcare in Muranga

“Lack of adequate finances to support climate change mitigation.” Respondent in manufacturing from Nairobi

1%

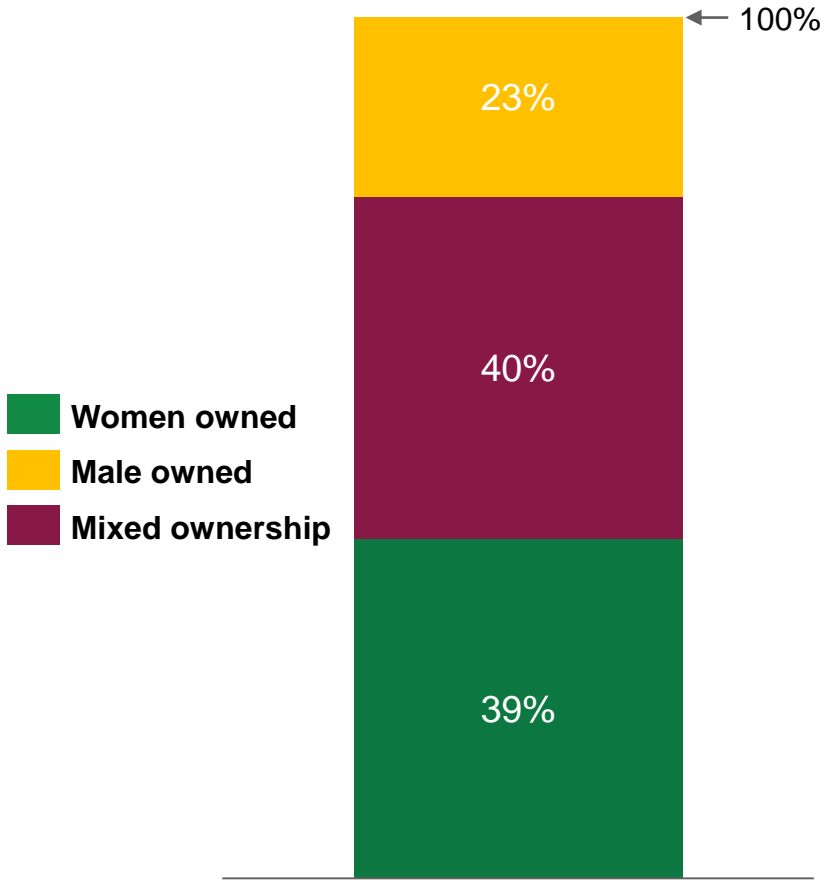
From the businesses sampled, agriculture and healthcare sectors are at the forefront of applying climate change mitigation and adaptation actions in their operations

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

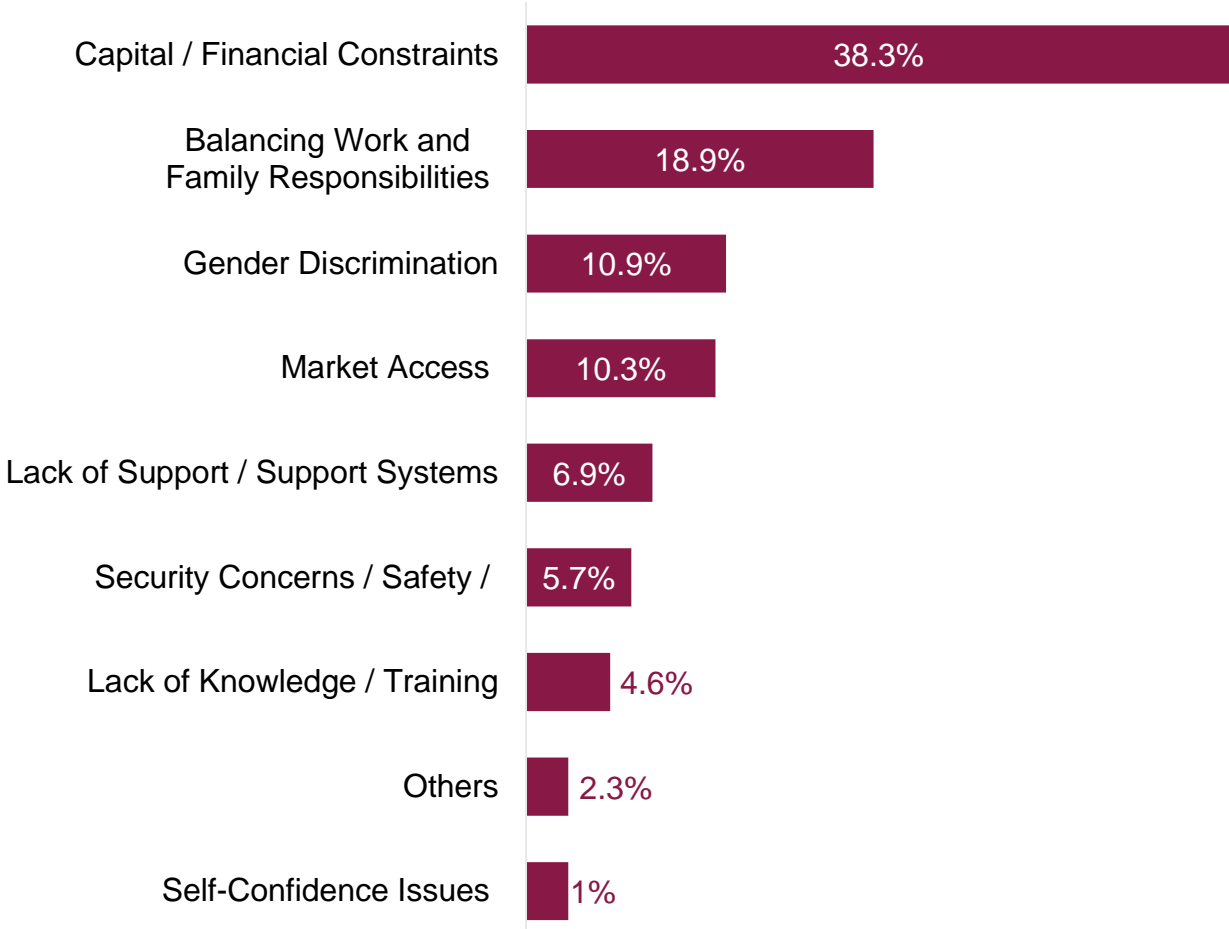


39% of the sampled businesses are women-owned, facing significant concerns related to limited financial resources and the challenge of balancing work and family (1/2)

Q: Are you a women-owned business?



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



Application of climate change mitigation and adaptation

39% of the sampled businesses are women-owned, facing significant concerns related to limited financial resources and the challenge of balancing work and family (2/2)

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

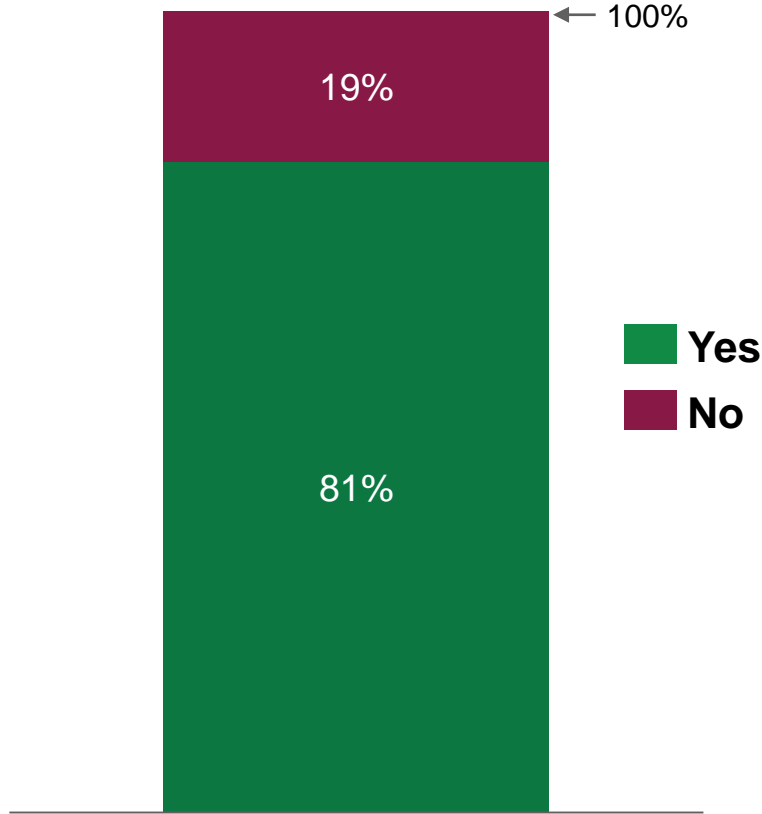
“Duties are too much, I have to attend to my kids and husband. I get tired looking for more products and attend to my family.” Respondent in agriculture from Bungoma

“Stereotypes that women are not supposed to lead, flexibility, challenges in acquiring new skills.” Respondent in hospitality & tourism from Bomet

“Insufficient financing, poor training and capacity building, women are always underrated however they perform well in business.” Respondent in manufacturing from Garissa

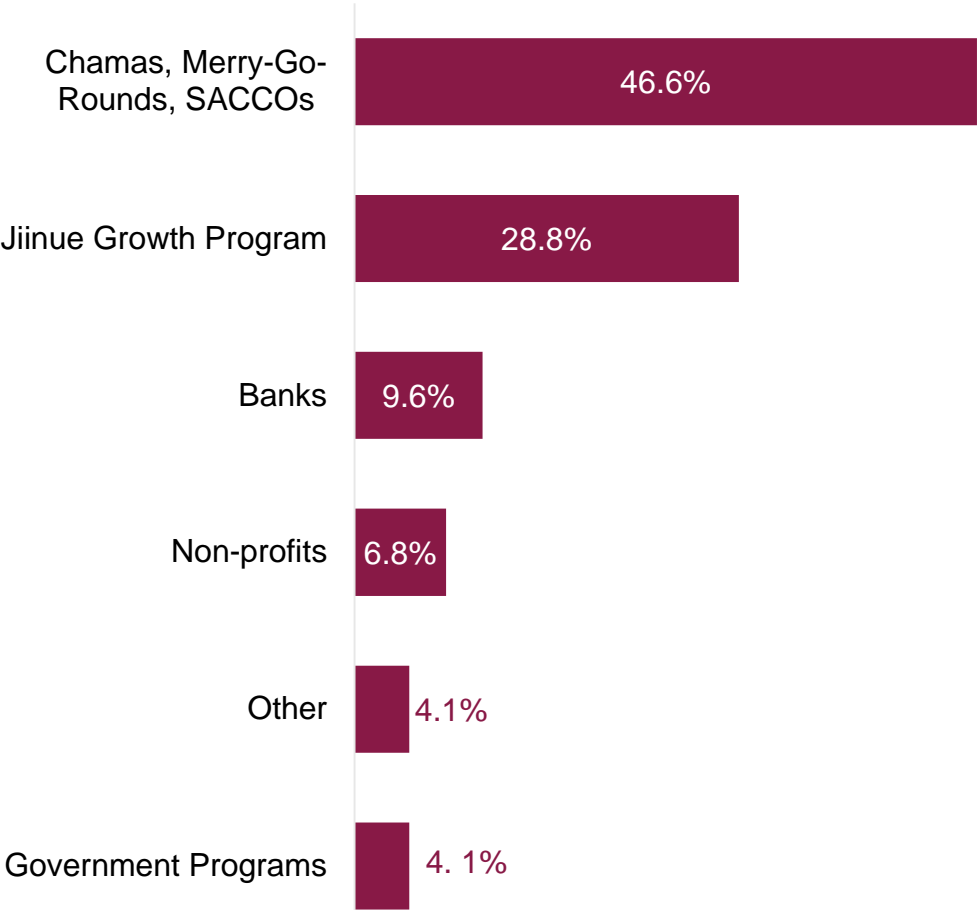
Programs supporting women have a substantial presence nationwide, with Chamas, SACCOs, and Merry-go-rounds being the most notable initiatives

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



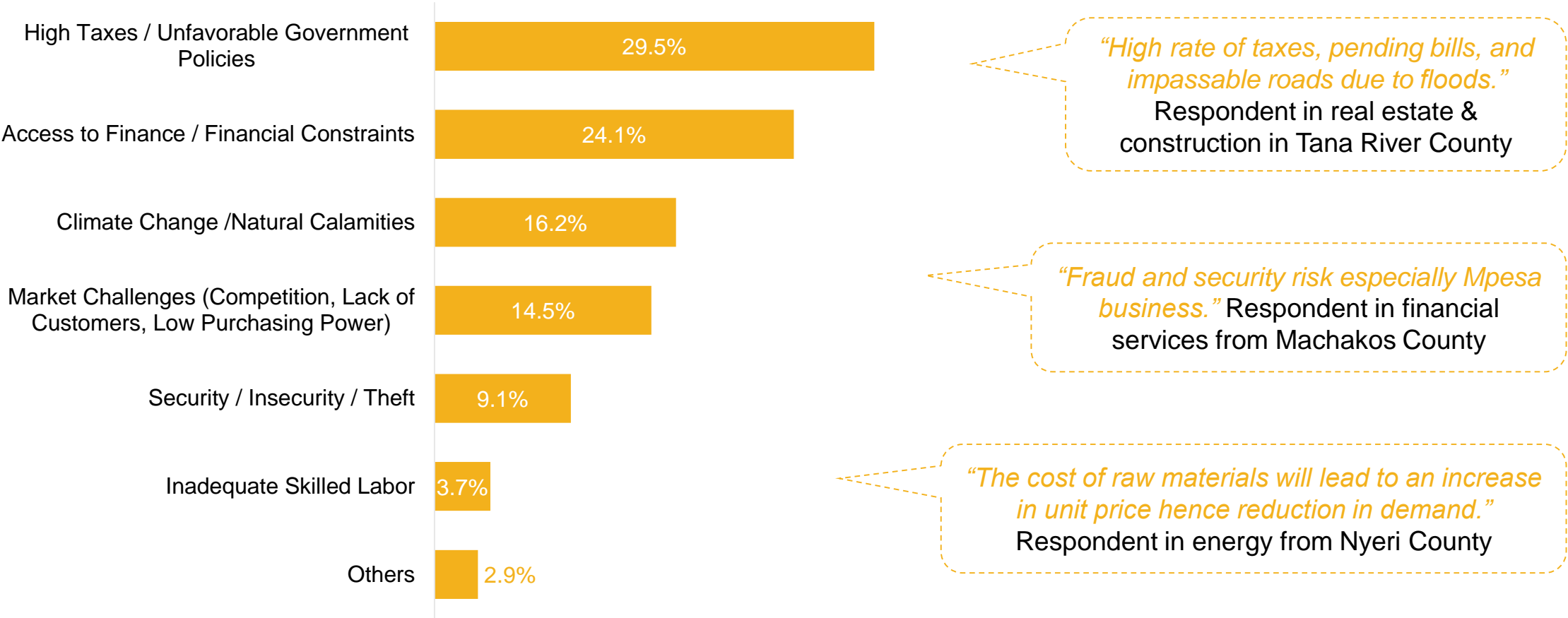
Involvement in programs supporting women

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



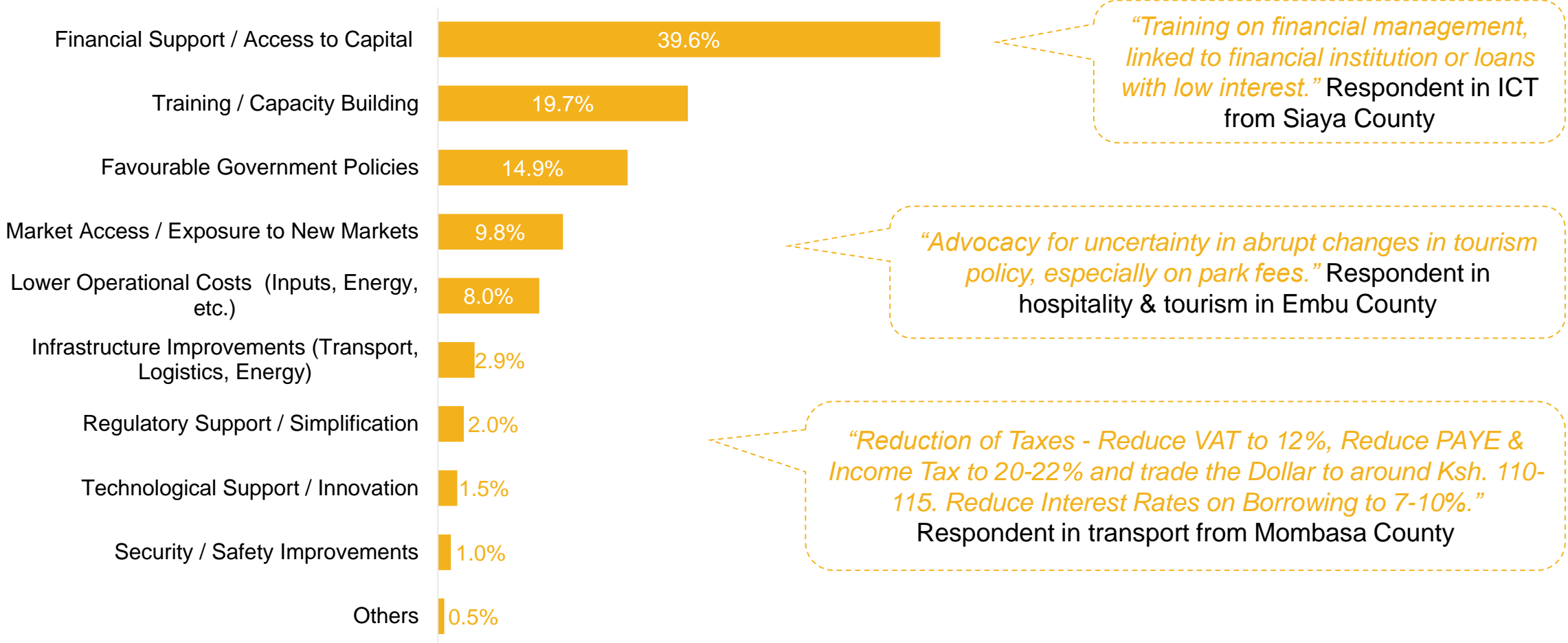
Similar to Q3 and Q3, high taxation, unfavourable government policies, and limited financial resources remain the most pressing challenges for businesses in Kenya

Q: What factors or issues may pose a concern or challenge to your business performance in Q4 2024?



Access to capital, capacity building, and favourable government policies are the key needs of Kenya's private sector

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 Q4 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:

Kiplimo Kigen

Policy Research & Advocacy

Kennedy Okumu

Center for International Private Enterprise (CIPE)

County Field Officers

KNCCI

County Chapter Managers

KNCCI

For more information, contact: kncci.pra@kenyachamber.or.ke

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