EFFECT OF VENTURE CAPITAL SUPPORT ON ORGANIZATIONAL PERFORMANCE OF TECH FIRMS IN NAIROBI CITY COUNTY, KENYA

By

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OCTOBER, 2023

DECLARATION

I declare that the work in this dissertation has not been previously published or submitted elsewhere for award of a degree. I also declare that this my own original work and contains no material written of published by other people except where due reference is made and author duly acknowledged.

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And have certified that all revisions that the dissertation panel and examiners recommended have been adequately addressed

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ABSTRACT

Given the high capital requirements and rapid pace of technological advancements in the tech industry, venture capital has emerged as an attractive funding option for these firms. The allure of venture capital lies in its ability to provide not only financial resources but also valuable expertise, industry connections, and strategic guidance. Tech firms recognize the benefits of partnering with venture capitalists who understand the intricacies of the tech landscape and can offer valuable insights, mentorship, and networking opportunities. The objective of this research was to assess the effect of venture capital support on organizational performance of tech firms in Nairobi City County, Kenya. The specific objectives were; to determine the effect of venture capital financial support on organizational performance, to establish the effect of venture capital management support on organizational performance, to assess the effect of venture capital technical support on organizational performance and to determine the effect of venture capital mentoring support on organizational performance of tech firms in Nairobi City County, Kenya. The research was based on three theories namely; the resource based view theory, agency theory and pecking order theory. Descriptive research design was employed in this study. The target population of this study was all the 106 firms' tech firms in Nairobi City County, Kenya that had received venture capital support between 2016 and 2022. Since the population was relatively small, the study was a census. The target respondent was the head of operations in each firm or their equivalent. Questionnaire was utilized in primary data collection. Quantitative data was collected. The collected data was analysed through descriptive, correlational and multiple linear regression method. Regression results revealed that venture capital financial support, venture capital management support, venture capital technical support, and venture capital mentoring support together account for 93.1% of the variation in the performance of tech firms in Nairobi County, Kenya. The explanatory power of the model was statistically significant as the p value was 0.000. Further the results revealed that venture capital financial support ($\beta = 0.316$, $p < 0.000$); venture capital management support ($\beta = 0.280$, $p < 0.000$); venture capital technical support ($\beta = 0.236$, $p = 0.004$); and venture capital mentoring support ($\beta = 0.731$, $p < 0.000$) had a positive and significant effect on performance of tech firms in Nairobi County, Kenya. The study concludes that venture capital financial, management, technical, and mentoring support positively influence overall performance of tech firms in Nairobi County, Kenya. It is recommended that policymakers should create an enabling environment to attract more venture capital investment into Nairobi's tech sector. Additionally, tech entrepreneurs should actively seek and leverage venture capital support, particularly focusing on building strong relationships with venture capitalists who offer not only financial resources but also valuable management, technical, and mentoring assistance.

Key words: Venture capital support, organizational performance, venture capital financial support, venture capital management support, venture capital technical support, and venture capital mentoring support

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TABLE OF CONTENTS

DEDICATION

I dedicate this dissertation to my beloved family and friends for their unwavering support throughout the duration of my studies. Their constant motivation, encouragement and understanding have been invaluable.

LIST OF TABLES

LIST OF FIGURES

ACRONYMS AND ABBREVIATIONS

ANOVA	Analysis of Variance
B2B	Business to Business
CLRM	Classical Linear Regression Model
IPO	Initial Public Offerings
IT	Information Technology
KPI	Key Performance Indicators
R&D	Research and Development
RBV	Resource Based View
ROI	Return on Investments
SME	Small and Medium Enterprise
SPSS	Statistical Package for Social Sciences
UK	United Kingdom
US	United States
VC	Venture Capital
VRIN	Valuable, Rare, Inimitable, and Non-Substitutable

OPERATIONAL DEFINITION OF TERMS

Organizational performance	The measurable outcomes and results achieved by an organization in relation to its strategic objectives (Armstrong, 2019).
Venture capital financial support	Refers to the provision of capital or financial resources by venture capital firms to startups or early-stage companies (Yi et al., 2023).
Venture capital support	Refers to the provision of needed assistance to early-stage, high-growth companies with significant growth potential (Kolokas et al., 2022).
Venture capital management support	Involves the guidance, expertise, and strategic assistance provided by venture capital firms to the startups or companies they invest in (Xiao et al., 2023).
Venture capital mentoring support	Involves the guidance, mentorship, and knowledge-sharing provided by venture capital firms or individual investors to the entrepreneurs and management teams of the invested companies (Nazir & Tbaishat., 2023).

Venture capital technical support	Refers to the assistance and expertise provided by venture capital firms in technical areas relevant to the invested companies (Arhinful et al., 2023).

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The organizational performance of tech firms holds immense importance in the current era of globalization. As technology plays a pivotal role in connecting businesses and individuals across the globe, tech firms are at the forefront of driving this global connectivity (Peng et al., 2019). Their performance directly impacts the efficiency, innovation, and reliability of digital services and solutions, which are integral to the functioning of organizations and individuals worldwide (Battisti et al., 2022). Tech firms' ability to deliver cutting-edge products, services, and platforms not only determines their own success but also shapes the competitiveness of other businesses that rely on their technology (Zarrouk et al., 2021). Additionally, the rapid pace of technological advancements and the global nature of tech markets demand high-performance standards from these firms to stay ahead of the curve, adapt to evolving customer needs, and seize opportunities in an increasingly interconnected world (Ye et al., 2023).

The hypothesized relationship between venture capital support and the organizational performance of tech firms posits a positive and mutually beneficial connection. As tech firms secure venture capital funding, they gain access to critical financial resources that can propel their growth and expansion endeavors (Wang et al., 2023). With this influx of capital, Nazir and Tbaishat (2023) discovered tech firms can invest in research and development, improve their technological infrastructure, and launch innovative products or services that meet market demands. Additionally, venture capitalists often bring valuable expertise, industry insights, and a vast network of contacts, acting as strategic partners who guide firms in making informed decisions and

navigating challenges effectively (Haslanger et al., 2022). Their mentorship can contribute to refining business strategies, optimizing operations, and identifying untapped market opportunities. Moreover, venture capital investors closely monitor the progress of their portfolio companies, setting specific performance milestones and providing valuable feedback. This accountability fosters a heightened focus on achieving organizational goals and operational excellence (Döll et al., 2022).

Yi et al. (2023) concluded Tech firms are widely adopting venture capital support as a crucial means to fuel their growth and innovation. Given the high capital requirements and rapid pace of technological advancements in the tech industry, venture capital has emerged as an attractive funding option for these firms. The allure of venture capital lies in its ability to provide not only financial resources but also valuable expertise, industry connections, and strategic guidance (Lerner & Nanda, 2020). Tech firms recognize the benefits of partnering with venture capitalists who understand the intricacies of the tech landscape and can offer valuable insights, mentorship, and networking opportunities (Hegeman & Sørheim, 2021). Additionally, venture capital support enables tech firms to access the necessary capital for research and development, talent acquisition, marketing, and scaling operations. The popularity of venture capital in the tech sector is evident from the substantial investments made by venture capital firms in emerging startups and established tech giants alike, underscoring its importance as a preferred financing mechanism for tech firms seeking to enhance their organizational performance (Balz et al., 2023).

In the United Kingdom (UK), the thriving tech ecosystem, supported by favorable government policies, a skilled talent pool, and renowned research institutions, has attracted venture capital investors seeking promising tech startups and high-growth

companies (Javed et al., 2019). The rise of venture capital funding in the UK tech sector can be attributed to its ability to provide crucial financial resources for innovation, expansion, and market penetration. Tech firms in the UK have embraced venture capital as a means to access not only capital but also strategic guidance, industry expertise, and valuable networks offered by venture capital firms (Cumming et al., 2023). The rise of venture capital-backed digital companies across a variety of industries, including fintech, artificial intelligence, cybersecurity, and biotechnology, is a clear indication of this trend. The availability of venture capital finance in the UK has been crucial in fostering the development and organizational performance of digital companies, allowing them to turn innovative concepts into profitable businesses and strengthening the nation's standing as a worldwide innovation powerhouse (Birch, 2023).

Chinese internet companies have made venture capital finance a significant source of investment. China's rapidly expanding and fiercely competitive Information Technology (IT) sector has increased the demand for significant funding to support innovation, Research and Development (R&D), and market expansion. Chinese IT companies have enormous potential, and both local and foreign venture capital firms have aggressively invested in them (Chen et al., 2023). These investments provide Chinese IT companies access to broad networks, substantial industry knowledge, and financial resources in addition to other benefits. Many Chinese tech titans have seen quick development and success as a result of venture capital investment, which allowed them to create ground-breaking technology, enter international markets, and dominate their respective industries (Jin et al., 2020). The use of venture capital support has been crucial in boosting the development, effectiveness, and international impact of Chinese tech companies in the fast-paced and cutthroat tech industry.

Venture capital support for tech companies is progressively developing and displaying encouraging indicators in Ghana. Although Ghana's venture capital industry is still in its infancy, there has been an increase in interest in and awareness of the potential of the nation's IT industry. To support their development and innovation activities, startups and tech companies in Ghana are actively looking for venture capital investment (Tetteh et al., 2023). Ghanaian digital entrepreneurs are now receiving investments from a number of regional and international venture capital companies, which give them access to networks, mentorship, and financial resources (Kolokas et al., 2022). However, Ghana's venture capital ecosystem is still in its infancy and faces obstacles including a lack of knowledge, a lack of access to funds, and a risk-averse investing environment (Mensah et al., 2019). The creation of venture capital funds and the implementation of helpful policies are only two examples of the actions being taken by the government, the private sector, and the entrepreneurial community to improve the venture capital landscape (Arhinful et al., 2023).

In Kenya, venture capital support has become more popular among digital companies, pointing to the expansion of the ecosystem for startup investment and assistance. The thriving tech ecosystem in the nation, sometimes referred to as the "Silicon Savannah," has caught the interest of both domestic and foreign venture capital organizations (Ogachi & Zoltan, 2023). Kenyan digital firms have been successful in obtaining venture capital funding, which has allowed them to scale their businesses, create novel solutions, and increase their market penetration. Companies like M-KOPA, a pay-as-you-go solar energy supplier, are notable examples. M-KOPA secured a sizable amount of venture capital support to support its expansion and offer sustainable energy solutions to off-grid populations. Another such is the mobile payments platform Cellulant, which received a sizable venture capital investment to improve financial

inclusion in Africa. These success tales demonstrate the expanding use of venture capital investment among Kenyan tech companies and its critical role in fostering their development, effectiveness, and societal impact (Mwasi & Oluoch, 2023).

Due to Nairobi's leadership in Kenya's innovation economy, venture capital investment has taken on special relevance inside Nairobi City County. A significant number of IT firms have relocated to Nairobi, which has developed into a hotspot for innovation and entrepreneurship (Ariffin & Samad, 2023). Venture capital firms both domestically and internationally have increased their investments in tech companies with a focus on Nairobi as a result of the city's booming tech ecosystem. Fintech, e-commerce, health tech, and agritech startups have all been successful in obtaining venture capital support to support their development and expansion goals. Examples include businesses like Sendy, an on-demand delivery service, and Twiga Foods, a mobile-based Business to Business (B2B) food supply network. Both have secured sizeable venture capital investments to extend their operations inside Nairobi and beyond. These examples demonstrate how venture capital support is essential to the growth and success of tech companies, particularly in Nairobi City County. This financing fosters innovation, generates job opportunities, and establishes the county as a thriving center for technology and entrepreneurship in East Africa. Otieno (2020) underscores the potential significance of venture capital support for firm growth in Nairobi County, Kenya while highlighting the importance of addressing awareness and knowledge gaps

1.1.1 Venture Capital Support

Venture capital support refers to a form of funding provided by specialized investment firms, known as venture capital firms, to early-stage or high-growth companies with significant growth potential (Kang, 2019). Unlike traditional forms of financing, venture

capital is typically invested in innovative startups or emerging companies that exhibit exceptional promise in terms of technology, market disruption, or scalability. According to Megginso, (2021), between 70% and 90% startups fail within five years but the intervention of venture capitalists reduced the failure rate down to 15% to 25%. Venture capitalists invest capital in exchange for an equity stake in the company, often becoming active partners and offering strategic guidance, industry expertise, and valuable networks to support the growth and success of the invested companies (Rossi et al., 2020). According to Nigam et al. (2020), venture capital support is essential for filling the financial gap for startups, fostering their growth, and assisting them in overcoming the difficulties of expanding their operations, accessing new markets, and ensuring long-term sustainability. It is a mutually beneficial partnership since venture capitalists want to make a good return on their investments while also giving entrepreneurs access to the tools and knowledge they need to succeed (Sahut et al., 2021). According to Cavallo et al. (2019), venture capitalists support their investee companies financially, technically, managerially, and mentor-wise.

The giving of funds to start-ups or fast-growing businesses is referred to as venture capital financial support. According to Bratfisch et al. (2023), this investment often takes the form of equity financing, where the venture capital firm invests in the business in exchange for a share of the company's ownership. For entrepreneurs to be able to obtain the resources they need to drive their growth, scale their operations, and engage in R&D, venture capital companies' financial assistance is essential (Sofia et al., 2022). In addition to providing the money required for initial setup and early-stage development, venture capital financial assistance also supports succeeding rounds of financing as the business develops (Frimpong et al., 2022). When companies receive this kind of help, the financial gap they confront is significantly reduced, their expansion plans are made easier,

and their prospects of success in a cutthroat market environment are significantly improved. Venture capital financial assistance serves as a catalyst by supplying funding, enabling firms to accelerate their growth and accomplish their long-term goals (González & Massieu, 2021).

A crucial part of venture capital funding is venture capital management support, in which venture capital firms provide their knowledge and assistance in managing and strategically expanding the invested company (Bertoni et al., 2019). Venture capitalists' managerial assistance is based on their extensive industry expertise, contacts, and networks. According to Piazza et al. (2023), venture capital firms frequently appoint devoted individuals to collaborate closely with the management teams of the portfolio businesses. This help may include aiding with organizational structure, financial management, talent acquisition, and strategic decision-making. The assistance with venture capital management enables entrepreneurs to overcome obstacles, take advantage of market possibilities, and streamline their processes. Venture capital firms help to improving the overall performance, effectiveness, and scalability of the funded companies by offering strategic counsel and using their sector experience (Bratfisch., 2023).

The goal of venture capital technical support is to give high-growth or startup businesses specific technological know-how. This assistance is especially important for success in tech-driven businesses where in-depth technical expertise and knowledge are essential (Kato, 2021). In order to help portfolio businesses with tasks like product development, technological innovation, intellectual property management, and technical due diligence, venture capital firms may have access to a network of technical consultants or specialized technical professionals (Dushnitsky & Yu, 2022). Startups may overcome technical obstacles, improve their goods or services, and remain at the forefront of

technological breakthroughs with the aid of venture capitalists' technical expertise (Shuwaikh & Dubocage, 2022). Hidayat et al. (2022) found that venture capital firms play a crucial role in ensuring that the funded businesses have the essential technological capabilities and competitive advantage to succeed in their respective sectors. This is because they make use of their technical experience in this way.

The provision of mentoring and advice to the management teams of the invested firms by seasoned experts within the venture capital company is referred to as venture capital mentoring assistance (Xiao et al., 2023). The goal of the mentoring support is to promote the growth of the business founders or executives personally and professionally while assisting them in navigating the entrepreneurial path and reaching wise judgments. Various topics may be covered through mentoring support, including problem-solving, market insights, strategic planning, and leadership development (Wang, 2023). In a mentoring relationship, regular meetings, helpful criticism, and the exchange of experiences and best practices are common. By offering mentorship, venture capital firms contribute to the growth and success of the invested companies by leveraging the knowledge, skills, and networks of seasoned professionals (Sofia et al., 2022). This support helps startup founders and executives gain valuable insights, expand their networks, and develop the necessary skills to overcome challenges and drive the performance of their companies (Gutmann et al., 2023). The current study focused on these four aspects of venture capital support; venture capital financial support, venture capital management support, venture capital technical support and venture capital mentoring support as used before by Chen et al. (2023).

1.1.2 Organizational Performance

The term organizational performance can be described as a value creation in a company relating to a positive change in its financial status achieved through improved Return on Investment (ROI). The better resource utilization like raw materials, labor, capital, and effective management lead to enhanced return on investment (Alchian & Demsetz, 2017). Venkatraman and Ramanujam (2018) puts an emphasis on the failure of having a consensus on the definition of organization performance. On the contrary, Eke and Adaku (2019) described organization performance as a measure of a firm capability to adapt to changes in its environment and achieve success by enhancing its productivity, innovation, and competitiveness. Armstrong (2019) however defines organization performance as the extent to which an organization can fulfill its stakeholders' expectations, including customers, employees, shareholders, and communities, while maintaining financial stability and sustainability.

Despite of increased efforts to secure VC financing to ensure success of small scale enterprises, past statistics indicate that 40% of such startups fail by the second year with at least 60% closing their doors by the fourth year (KNBS, 2007; Fina Bank Report, 2007). Organizational performance is crucial since it has a direct impact on a company's success, long-term viability, and expansion. It provides as a gauge of how successfully a company carries out its strategic objectives, completes its mission, and benefits its stakeholders (Chan, 2021). Strong financial outcomes, satisfied customers, effective operations, and a great reputation in the marketplace all signify high organizational performance. Companies may use it to draw in investors, get access to finance, and forge reliable alliances. Additionally, organizational performance encourages a culture of excellence and flexibility by supporting innovation, employee involvement, and continual

development. The capacity to manage and succeed in a dynamic business environment are ultimately dependent on excellent organizational performance (Hitt et al., 2018).

Performance has been operationalized using a variety of metrics. A well-liked instrument for performance management that is used to operationalize performance inside businesses is the balanced scorecard. According to Tawse and Tabesh (2023), it offers businesses a thorough structure that enables them to match their plans and objectives with their operational actions. Four main viewpoints make up the Balanced Scorecard framework: financial, customer, internal processes, and learning and growth (Norton & Kaplan, 1992). Organizations may monitor their performance and make data-driven choices by measuring and tracking key performance indicators (KPIs) within each viewpoint, which each reflects a distinct facet of organizational performance. Employing the Balanced Scorecard enables firms to develop a more comprehensive performance management strategy that focuses on both short- and long-term goals, allowing them to constantly improve their operations and meet their strategic goals (Kaplan & Norton, 1992). In this study, the balanced scorecard was utilized as a performance measurement tool, given its widespread recognition. The study focused on specific metrics such as customer satisfaction, business processes, and learning and growth as used before by Akpan and Onyia (2022).

1.1.3 Venture Capital Support and Organizational Performance

The anticipated association between venture capital funding and organizational performance is often favorable and supportive of one another. Startups and fast-growing businesses can access vital financial resources, specialized knowledge, and networks through venture capital investment, which can have a substantial influence on their organizational success (Andrusiv et al., 2020). First off, venture capital support gives businesses access to the funds they need for R&D, growing operations, and market

expansion. By investing in cutting-edge technology, innovative products, and strong infrastructure, businesses are better able to provide top-notch goods and services and acquire a competitive advantage (Jeong et al., 2020). Additionally, Hegeman and Sørheim (2021) argue venture capitalists can offer important networks, market insight, and strategic advice that may help businesses enter new industries, expand their customer base, and take advantage of growth prospects.

By bridging the cash gap, easing financial restrictions, and encouraging steady growth, venture capital support helps businesses operate as a whole. Startups that get venture capital funding are better equipped to draw further investment, strategic alliances, and fundraising rounds (Shao & Sun, 2021). Increased market traction and commercial prospects result from this capital infusion, which also improves the company's financial situation and inspires trust in other stakeholders like clients and suppliers (Döll et al., 2022). Additionally, venture capitalists frequently play a proactive role in tracking the development and performance of the firms in their portfolio, holding them accountable, and encouraging operational excellence and efficiency (Pierrakis & Saridakis, 2019).

As per Bertoni et al. (2019), financing from venture capital firms may benefit the larger ecosystem. Successful and high-performing businesses supported by venture capital may aid in the development of an industry, the creation of jobs, and the spread of new technologies. Their success and expansion encourage an entrepreneurial culture, talent attraction, and economic activity. The introduction of venture capital into the ecosystem can also result in knowledge transfer, teamwork, and innovation diffusion, all of which are advantageous for the ecosystem as a whole and help to ensure its long-term survival (Hidayat et al., 2022).

1.1.4 Venture Capital Financed Tech Firms in Nairobi City County, Kenya

Kenya's capital city, Nairobi City County, has developed into a booming center for technological companies in recent years. Data from market intelligence firm Briter Bridges, and The Big Deal shows Kenya raised $1.1 billion, more than double the funding that East Africa's biggest economy got in 2021, when the continent raised about $5 billion. Another report by Partech, which excluded Sun King's mega round, also shows that Kenya's funding spiked by 33% last year, to a record $758 million. Due to its thriving tech environment, burgeoning tech firms, and innovation centers, the city has earned the moniker "Silicon Savannah" (Boutueil & Lesteven, 2018). Nairobi's IT industry has been powered by elements including a youthful, active populace, improved infrastructure, talent access, and a friendly business environment. Fintech, e-commerce, healthtech, agritech, and other tech-related industries, among others, are all represented in the city (Diyamett, 2023). These businesses have made effective use of technology to produce cutting-edge answers to local problems. Successful digital firms like M-Pesa, a mobile payment network, and iHub, a well-known innovation hub that has supported the establishment of countless businesses, have both grown in Nairobi. Nairobi City County's tech companies have not only boosted the local economy but have also attracted attention on a national and worldwide scale, establishing the city as a premier innovation and technology centre in East Africa (Kelvin & Morrisson, 2023). Despite of increased efforts to secure venture capital support

In Nairobi City County, venture capital investment has been essential in the expansion and development of IT companies. Venture capital businesses both domestic and outside have become interested in the city's thriving tech environment, which has raised investments in the area (Momanyi et al., 2023). These venture capital funds offer crucial financial assistance to digital companies, helping them to scale their operations,

make investments in R&D, and increase their market share. In addition to providing the required funds, the injection of venture capital investment also adds significant industry knowledge, direction, and networks to the table (Muchira et al., 2019). Njeru (2021) said that the mix of financial backing and strategic alliance enables digital companies in Nairobi to achieve their development potential, innovate in their particular industries, and engage in global competition. The growth and performance of tech companies in Nairobi City County have been significantly aided by venture capital investment, which has enabled them to prosper in the fast-paced and cutthroat environment of the tech sector (Kato, 2021).

In Nairobi City County, the organizational performance of tech companies is strong and demonstrates a thriving and expanding tech ecosystem. In adjusting to market conditions, fostering innovation, and providing competitive solutions, these companies have shown resilience and adaptability (Nakalembe et al., 2023). In Nairobi, several tech companies have made significant strides in terms of revenue growth, market penetration, and client satisfaction. They have widened their reach beyond national boundaries and used technology to address local issues. In addition to their high performance and development prospects, the city's tech enterprises have drawn large investments from both domestic and foreign sources (Ntwiga, 2020).

1.2 Statement of the Problem

A robust and dynamic environment where digital businesses may function at their peak efficiency and significantly boost the economy would be the perfect situation for tech enterprises in Kenya. Tech companies would act as engines of innovation, economic expansion, and job creation in this scenario (Ntwiga, 2020). Disruptive technology would be introduced, creative solutions to local problems would be developed, and digital

transformation would be encouraged across industries. Tech companies would draw both local and international investment, boosting economic activity and fostering a positive business climate. These businesses would become more productive, efficient, and competitive by utilizing technology, which would encourage economic diversification and lessen reliance on established industries. Tech companies would also serve as catalysts for social impact, advancing organizational performance, healthcare accessibility, financial inclusivity, and educational development (Gornall & Strebulaev, 2021).

The reality implies that Kenyan tech companies' performance is less than ideal as a result of funding issues. The World Bank's "Ease of Doing Business" report ranks Kenya 126th out of 190 economies in terms of getting credit, indicating the challenges tech firms face in accessing credit from formal financial institutions. The Nairobi Innovation Week's report highlights that only a small percentage of startups in Kenya successfully secure venture capital funding, leaving many tech firms struggling to find adequate financing (Apuoyo, 2020). This limits their ability to develop, innovate, and expand their market. Without filling this funding vacuum, there is a chance that possibilities for technological innovation, job creation, and economic growth would be lost. Venture capital finance, however, offers hope for resolving this issue. By providing the much-needed capital injection, venture capital support can enable tech firms to unlock their growth potential, fuel innovation, and contribute to the broader economy (Waithiegeni, 2021). Facilitating greater access to venture capital support for tech firms in Kenya is crucial to harnessing their potential and reaping the associated benefits of economic growth, job creation, and technological progress (Mallinguh et al., 2020). Kenyan tech firms face a range of challenges that impact their organizational performance, hindering their ability to achieve sustainable growth and competitiveness in

the global technology market. These challenges encompass various aspects of operations, including but not limited to human resources, financial management, innovation, market penetration, and regulatory compliance. The need to identify and address these challenges is critical for Kenyan tech firms to thrive and contribute significantly to the country's economic development. Since venture capitalists have come in hand to assist Kenyan tech firms address various issues therefore the study aims at evaluating the effect of the support offered by venture capitalists.

Empirical studies in this area exist but there are research gaps. Kato (2021) sought to examine the effect of venture capital support on the organizational performance of technology startups. The findings suggest that venture capital support plays a crucial role in enhancing the performance and success of technology startups. The study presents a methodological gap as it was a review of literature and therefore lacks empiricism. In their research, Muhuhu et al. (2023) examined the relationship between venture capital support and firm performance in Kenya. The findings of the study revealed a positive and significant relationship between venture capital support and firm performance. The study reveals a conceptual gap as specific elements of venture capital support such as management support, mentoring support and technical support were not taken into account. While there is existing research on venture capital and organizational performance in general, there is a dearth of studies specifically examining the effect of venture capital support on the performance of tech firms in Nairobi City County, Kenya which was the focus of the current study.

1.3 Research Objectives

The general research objective was to establish the effect of venture capital support on the performance of tech firms in Nairobi City County, Kenya.

The specific objectives were to:

i. To determine the effect of venture capital financial support on the performance of tech firms in Nairobi City County, Kenya
ii. To establish the effect of venture capital management support on the performance of tech firms in Nairobi City County, Kenya
iii. To assess the effect of venture capital technical support on the performance of tech firms in Nairobi City County, Kenya
iv. To determine the effect of venture capital mentoring support on the performance of tech firms in Nairobi City County, Kenya

1.4 Research Hypotheses

The study addressed the following null research hypotheses:

H_{01}: Venture capital financial support has no significant effect on the performance of tech firms in Nairobi City County, Kenya

H_{02}: Venture capital management support have no significant effect on the performance of tech firms in Nairobi City County, Kenya

H_{03}: Venture capital technical support has no significant effect on the performance of tech firms in Nairobi City County, Kenya

H_{04}: Venture capital mentoring support has no significant effect on the performance of tech firms in Nairobi City County, Kenya

1.5 Justification of the Study

The results of this study might offer managers and executives in tech companies in Nairobi City County, Kenya, insightful information and practical suggestions. The study can provide best practices and tactics that can be used to enhance performance outcomes

by looking at the effect of venture capital investment on organizational performance. It can help managers comprehend the crucial impact venture capital support has on these companies' strategy, decision-making procedures, resource allocation, and overall effectiveness.

The findings of the study may be used to help develop and execute policies relating to the performance of tech companies in Nairobi City County, Kenya, and venture capital investment. The findings may be used by policymakers to create and put into effect regulations that support the growth and improvement of these businesses' capacity for venture capital support. In order to facilitate efficient venture capital funding, it might emphasize the significance of leadership development programs, training efforts, and support systems.

The study adds to the existing body of knowledge and theory in the field of venture capital support and organizational performance. By specifically focusing on tech firms in Nairobi City County, Kenya, it provides context-specific insights that can enrich the theoretical understanding of the relationship between venture capital support and performance outcomes in tech organizations.

1.6 Scope of the Study

This research study was limited to the effect of venture capital support on organizational performance of tech firms in Nairobi City County, Kenya. This study was limited to four independent variables; venture capital financial support, venture capital management support, venture capital technical support and venture capital mentoring support. The dependent variable was organizational performance as measured by balance scorecard. The research covered all the 106 firms' tech firms in Nairobi City County, Kenya that have received venture capital support between 2016 and 2022. Since the population was

relatively small, the study was a census. The target respondents were the head of operations in each firm or their equivalent. A descriptive survey research design was utilized while descriptive; correlation and regression analysis was conducted in data analysis. The study was carried out between July and September 2023.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The following chapter thoroughly examines the empirical literature of academic surveys that explore how venture capital support affects organizational performance. Additionally, the chapter explores three theories – institutional theory, stakeholder theory, and systems theory- that guide this research.

2.2 Theoretical Review

In this segment, the concepts that form the foundation for examining how venture capital support relates to organizational performance will be discussed. The resource based view theory, agency theory and pecking order theory will be discussed.

2.2.1 Resource Based View Theory

The Resource Based View (RBV) theory was pioneered by Barney (1991) and it shows that a firm's distinctive resources and skills are the fundamental drivers of preserving a competitive advantage over time. According to the notion, a company's resources can be classified as either physical or intangible. Financial, physical, and technical resources are examples of tangible resources since they are all physical and simple to assess. In contrast, intangible resources are more difficult to quantify and are a part of a company's culture, knowledge, and human capital. Examples of these include the company's reputation, brand equity, and staff expertise (Rehman et al., 2023). According to the notion, a company's resources may provide it an advantage over rivals if they meet specific criteria, including being priceless, uncommon, difficult to duplicate, and irreplaceable (VRIN). These resources are referred to be strategic resources since they can give the organization a long-term competitive edge. Additionally, according to the

RBV theory, in order for these resources to be useful, they must be in line with the company's strategy and the requirements of the external environment. Only then will they be able to provide value and develop a sustainable competitive advantage (Nayak et al., 2023).

The RBV hypothesis has been criticized for being difficult to scientifically evaluate since it mainly depends on qualitative evaluations of a firm's resources and skills. As a result, some academics have begun to doubt the reliability of the VRIN criterion and the RBV theory's capacity to account for long-term competitive advantage (Bhandari et al., 2023). Although the RBV theory offers a framework for locating strategic resources, Khanra et al. (2022) contend it might not be adequate to offer instructions on how to cultivate and utilize such resources. Because of this, some academics contend that the RBV theory does not provide enterprises seeking to develop long-term competitive advantage with any prescriptive direction.

Understanding the connection between venture capital funding and organizational success requires knowledge of the RBV hypothesis. The strategic value of a company's resources and skills in establishing a long-term competitive advantage is the emphasis of RBV. RBV underlines that the financial infusion supplied by venture capitalists is a useful resource that may enhance organizational performance in the context of venture capital funding. Startups and fast-growing businesses can receive financial resources through venture capital support that go beyond what they might get from conventional sources. This financial boost may be utilized to improve crucial resources including R&D capacities, technological infrastructure, personnel acquisition, and marketing initiatives. RBV theory emphasizes that venture capital support acts as a valuable resource that can positively influence organizational performance.

2.2.2 Agency Theory

Agency theory founded Jensen and Meckling in 1976 holds that if there is a separation between management and ownership of a firm, then it is necessary to effectively manage the relationship between the agent (management) and principal (ownership). This would enhance the value creation of the firm Divergent views between agents and shareholders necessitates various strategies by the firm. It will also result in the organization incurring agency costs in order to maintain a strong financial position (Davis et al., 2021). Agency theory proposes that the principal-agent affiliation is prone to conflicts of interest due to the differing goals and incentives of the agent and principal, and that contracts and monitoring mechanisms are necessary in aligning the parties' interests and guarantee agent action are in the principal best interests. It suggests that when there is information asymmetry, it becomes challenging to shareholders to obtain, assess and understand all the relevant information related to any unscrupulous actions taken by the managers (Solomon et al., 2021).

The agency theory has received support from prominent authors such as Tekin and Polat (2020) who argue that the theory serves a substantial role in explanation of various link in an organization setting. However, even though agency theory exists, it is not perfect. It overlooks several intricacies and difficulties that agents may encounter while executing the principal's duties and responsibilities. The agency paradigm suggests costly and ineffective control techniques. According to Khoreva and Wechtler (2020) actions made to protect shareholders' interests may hamper the execution of strategic choices, inhibit business operations, modify investment plans, and offer diminutive weight to the complaints of other stakeholders.

In the context of venture capital support, agency theory highlights the potential conflicts of interest that can arise between the venture capitalists and the entrepreneurs. The venture capitalists provide the capital and expect a return on their investment, while the entrepreneurs are responsible for managing and growing the company. The asymmetry of information and differing objectives between the two parties can create agency problems, such as moral hazard and adverse selection. Agency theory suggests that the presence of venture capitalists as external monitors can improve the performance of the invested companies through effective governance, oversight, and alignment of incentives. The venture capitalists' involvement helps mitigate agency conflicts, promotes transparency, and enhances decision-making processes. This ultimately contributes to improved organizational performance as the entrepreneurs are held accountable and guided by the expertise and experience of the venture capitalists.

2.2.3 Pecking Order Theory

The pecking order theory was proposed by economists Myers and Majluf (1984). The theory postulates that firms prioritize their sources of financing in a specific order, with internal financing (retained earnings) being preferred over external financing (debt or equity). The pecking order hypothesis asserts that businesses naturally prefer internal funding because it prevents the negative signaling consequences related to external finance. According to the hypothesis, businesses will only use external finance if their own resources are insufficient (Oktaviyanti & Sumartik, 2023). According to the pecking order hypothesis, the information gap between management and outside investors is what leads to this preference for internal finance. Managers are reluctant to issue fresh equity or debt that would telegraph bad news to investors since they have greater information about the firm's prospects (Ose et al., 2023).

The theory of the pecking order has drawn a lot of criticism. First, detractors claim that the theory oversimplifies decision-making by supposing a rigid hierarchy of financing preferences without taking into account other elements that could affect financing decisions, such as market circumstances, management preferences, or strategic concerns (Hastutik et al., 2022). Second, the theory makes assumptions that may not hold true in practice, such as that corporations have complete knowledge of their internal finances and that internal financing is free of cost. Thirdly, the pecking order hypothesis does not clearly outline how businesses should choose their ideal capital structure or how to balance debt and equity funding (Kuma & Yosuff, 2020). Finally, detractors claim that the theory fails to take into account agency issues or the possible advantages of external funding, like the use of financial leverage for tax benefits or signaling promising futures to investors (Yıldırım & Çelik., 2021).

Venture capital support goes beyond the conventional hierarchy by providing businesses with special advantages including access to seasoned investors, coaching, networks, and elevated visibility. Startups frequently look for venture capital funding to support innovation, grow operations, and quickly enter markets. Instead of a rigid hierarchy of financing preferences, the choice to get venture capital investment is driven by the possibility for value-added contributions from the investors. Because of the distinctive features of venture capital investments and the added value they provide beyond simple financial resources, pecking order theory has some relevance for understanding the financing preferences of firms in general but its applicability to the specific relationship between venture capital support and organizational performance is limited.

2.3 Empirical Literature

This section examined previous research conducted by other academicians on how venture capital support influence organizational performance globally, regionally and locally and presents the existing research gaps.

2.3.1 Venture Capital Financial Support and Organizational performance

Chen et al. (2023) sought to investigate how venture capital investment affected Chinese company growth. The study compared the growth rates of enterprises that got venture capital investment with those that did not using a matched sample of Chinese companies and a difference-in-differences technique. According to the study, venture capital support had a beneficial effect on business growth in China since venture capital-financed enterprises saw greater growth rates in terms of sales revenue, employment, and assets than non-venture capital-financed firms. The study has been criticized for the potential bias that the matching technique generated since it could not have properly taken into consideration all pertinent variables that could have an impact on business growth. Furthermore, the study was only concerned with Chinese companies, which restricted its applicability to other nations

Lin (2022) sought to examine how venture capital funding affected the performance of European businesses. The link was investigated using a sample of European businesses and panel data analysis. The results showed a substantial and positive correlation between venture capital support and business performance, indicating that organizations receiving venture capital investment do better financially than those entirely reliant on other sources of funding. Since the study did not address the potential reverse causation between business success and venture capital investment, one criticism of the study is that it may have endogeneity problems. Furthermore, the study's inability

to generalize to other continents was due to its exclusive emphasis on European businesses.

Murray (2021) aimed to investigate the impact of venture capital support on firm survival in Australia. The study utilized a sample of Australian firms and employed survival analysis techniques to compare the survival rates of venture capital-backed firms with non-venture capital-backed firms. The study found that venture capital-financed firms had higher survival rates and a lower likelihood of failure compared to non-venture capital-financed firms, indicating a positive impact of venture capital support on firm survival in Australia. One critique of the study is the potential issue of sample selection bias, as venture capital-financed firms may have been inherently different from non-venture capital-financed firms, leading to biased results. Additionally, the study focused solely on Australian firms, limiting its generalizability to other countries.

Vismara (2022) aimed to examine the impact of venture capital support on the success of initial public offerings (IPOs) in Germany. The study utilized a sample of German firms that conducted IPOs and employed regression analysis to investigate the relationship between venture capital support and IPO performance. The study found that venture capital-backed firms had higher IPO underpricing and lower underpricing uncertainty compared to non-venture capital-backed firms, indicating a positive impact of venture capital support on the success of IPOs in Germany. One critique of the study is the potential issue of endogeneity, as the study did not account for potential self-selection bias and reverse causality between venture capital support and IPO success. Additionally, the study focused solely on German firms, limiting its generalizability to other countries.

Kato (2021) set out to investigate how venture capital investment affects growth of Small and Medium Enterprises (SMEs) in emerging economies. A difference-in-

differences technique was used in the study to compare the growth results of venture capital-backed organizations with those of non-venture capital-backed enterprises, which involved a large sample of SMEs in Africa and Asia. According to the study, venture capital funding has a beneficial effect on growth since venture capital-financed businesses showed higher levels of growth than non-venture capital-financed enterprises. Omitted variable bias is a potential criticism of the study since it is possible that unobservable factors affect both venture capital support and growth results. The study's inability to be generalized to other nations was further limited by its exclusive emphasis on emerging economies.

Mwasi and Aluoch (2023) sought to identify the relationship between venture capital support and the financial performance of Kenyan technology start-ups. The specific objective of this study were to identify the relationship between equity financing, conditional loans, convertible debentures and the financial performance of Kenyan technology start-up firms. The survey conducted on technology-based start-up firms operating in Kenya. The study sampled 129 of 191 registered venture capital funded Kenyan technology start-up firms over a six-year period from 2016 to 2022. The research observed that there was an inversely relationship between equity financing and financial performance of technology start-up firms in Kenya. The research further showed that an increase in factors such as good repayment terms, Interest rates borrowing requirements increases the financial performance of technology start-up firms in Kenya.

2.3.2 Venture Capital Management Support and Organizational performance

Komala (2020) set out to examine how venture capital support and value-added services from venture capitalists affected the expansion of their portfolio firms in India. The link was investigated using regression analysis on a sample of Indian venture capital-backed companies. In addition to the supply of value-added services, such as management

guidance and networking, the study indicated that venture capital investment positively benefited firm growth. Because the study did not completely address the potential reverse causation between corporate expansion and the supply of value-added services, one criticism of the study is that it may have endogeneity problems. Furthermore, the study's inability to generalize to other continents was due to its exclusive emphasis on Indian businesses.

Jin et al. (2021) looked into how venture capital management assistance affected the success of portfolio firms in the US. Regression analysis was used in the study to investigate the link between venture capital management support and several performance measures, including profitability and sales growth. A sample of U.S. venture capital-backed businesses were used. According to the report, portfolio company performance improved as a result of venture capital management support, increasing profitability and sales. Since the study relied on a certain group of venture capital-backed enterprises, which might not accurately reflect the whole population, one criticism of the study is the possible problem of sample selection bias. The study's inability to be generalized to other nations was further limited by its exclusive emphasis on American businesses.

Wang et al. (2023) investigated how venture capitalists help their portfolio firms acquire and incorporate technology skills. To further understand the dynamics of technology acquisition and assimilation, the study included qualitative case studies of venture capital-backed businesses and in-depth interviews with entrepreneurs and venture investors. According to the study, venture capitalists were essential in helping portfolio firms get access to technology networks, facilitate knowledge transfer, and assimilate technical skills, which boosted performance. The study has been criticized for having a potential generalizability issue because the results were drawn from a small number of

case studies. Qualitative research may also be biased and may not give a complete picture of the total population of venture capital-backed companies.

Sykes (2022) examine how venture capital support affected the success of financed enterprises in Latin America. In order to compare the performance results of venture capital-financed enterprises with non-venture capital-financed firms, the study used a sample of Latin American venture capital-backed firms using a difference-in-differences technique. Higher profitability and sales growth rates were discovered to be indicators of the venture capital support's beneficial and considerable influence on the performance of funded firms in Latin America. The study has been criticized for its possible sample selection bias since venture capital-financed companies may have been fundamentally different from non-venture capital-financed companies, which might have resulted in biased findings. Furthermore, the study's inability to generalize to other areas was due to its exclusive emphasis on Latin American businesses.

Akpan and Onyia (2022) aimed to investigate the relationship between venture capital support and firm performance in Nigeria. The study used survey data from 148 Nigerian firms and employed regression analysis to examine the impact of venture capital support on firm performance measures. The findings indicated a positive and significant relationship between venture capital management support and firm performance. However, the study also pointed out that the relationship might vary based on factors such as industry type and firm size. A critique could be the potential limitations of self-reported survey data, which might introduce biases, and the study's focus on a specific country, limiting generalizability to other African contexts.

Otieno (2020) aimed to assess the impact of venture capital support on the growth of small and medium enterprises in Nairobi County. The researchers used survey data

from 120 SMEs and employed regression analysis to analyze the relationship between venture capital support and firm growth. The findings suggested that venture capital support significantly influenced SME growth. However, the study also noted that challenges related to the lack of awareness and understanding of venture capital support among SMEs might hinder its adoption. This study underscores the potential significance of venture capital support for SME growth in Kenya while highlighting the importance of addressing awareness and knowledge gaps.

2.3.3 Venture Capital Technical Support and Organizational performance

Cojoianu et al. (2023) sought to investigate how venture capital technical support influences creativity in American start-up businesses. The study looked into how venture capital technical support affected the results of innovation using survey data and interviews with start-up businesses. The research discovered that access to specialized technical skills, information exchange, and assistance with product development and commercialization had a favorable influence on start-up innovation. The study's reliance on self-reported data, which might include biases or mistakes, is one possible criticism. Furthermore, the study was limited in its generalizability to other locations or phases of company growth because it only looked at start-up businesses in the United States.

Janeway et al. (2023) sought to examine the impact of technical help from venture capital on the success of high-tech start-ups in Europe. Regression analysis was used in the study to investigate the association between venture capital technical support and performance indicators like revenue growth and market share. High-tech start-ups in Europe were the study's sample. The study discovered a positive relationship between venture capital technical help and start-up performance, indicating that venture capitalists' technical support affected high-tech start-ups in Europe's revenue growth and market share in a favorable way. Since the study could not clearly show a temporal sequence

between venture capital technical help and start-up performance, one possible criticism of the study is the potential problem of causation. Furthermore, the study was limited in its capacity to generalize to other sectors or geographical areas because it only examined high-tech start-ups in Europe.

Hellmann et al. (2021) sought to investigate how technical support for venture capital affected the success of entrepreneurial enterprises in Canada. To evaluate the impact of venture capital technical help on business performance, the study used a sample of Canadian entrepreneurial enterprises using a combination of survey data and financial performance measurements. According to the study, there is a link between venture capital technical help and firm performance, which means that businesses who receive this support have better financial performance results. One possible criticism of the study is the possibility for self-selection bias as companies who seek and get technical support from venture capital firms may already possess traits that influence their success independently of the technical support itself. Additionally, the study's limited generalizability to other contexts resulted from its exclusive emphasis on Canadian entrepreneurial enterprises.

Kriz et al. (2022) goal was to look at the connection between Australian biotechnology start-ups' success and the technical assistance provided by venture capital firms. The research examined the effects of venture capital technical support on business success using a sample of Australian biotechnology start-ups, survey data, and financial performance measurements. According to variables including product development, patent activity, and market performance, the study indicated that venture capital technical help improved the success of biotechnology start-ups. Because self-reported survey data may include biases or mistakes, measurement bias is one possible criticism of the study.

Furthermore, the study was restricted in its applicability to other businesses or geographical areas because it only examined biotechnology start-ups in Australia.

Jaoui et al. (2022) investigates the determinants of venture capital investments across 25 African countries over the period 2014–2019. In particular, it considers the significance of innovation and digitalization in Africa's venture capital activity. The results show that digital infrastructure, high-technology exports, internet coverage, market size, minority investor protection and government effectiveness are the main drivers of venture capital deals in Africa over the period examined. More generally, these findings highlight that digital infrastructure and connectivity, innovation and institutional frameworks all play an important role in shaping a favorable environment to attract venture capital funding. Omitted variable bias is a potential criticism of the study since it is possible that unobserved factors affect both venture capital technical support and firm success. The study also concentrated on African businesses, which restricted its applicability to other geographical areas.

Muhuhu et al. (2023) aimed to investigate the impact of Venture Capital (VC) financing on the growth of small and medium-sized enterprises in Kiambu County, Kenya. It had specific objectives to assess the influence of various VC components, including financial support, managerial support, technical support, and attracting other sources of VC financing, on SME growth. The study employed a descriptive research approach and targeted all 889 SMEs listed in the Kiambu Business Directory for the year 2021. Questionnaires and secondary data sheets were used for data collection, which was then coded, quantified, and processed both quantitatively and qualitatively. The findings indicated that financial, managerial, technical, and monitoring support from VC all contribute to the growth of SMEs in Kiambu County.

2.3.4 Venture Capital Mentoring Support and Organizational performance

Kolte (2023) sought to investigate how venture capital mentorship affected the success of Asian start-up companies. In order to investigate the link between venture capital mentorship support and company performance outcomes, such as profitability and sales growth, the study used a sample of start-up businesses in Asia and performed econometric analysis. The study discovered a beneficial relationship between venture capital mentoring support and company performance, showing that start-up businesses getting such help had better financial outcomes than those who did not. Given that the study could not clearly show a temporal sequence between venture capital mentorship support and business success, one possible criticism of the study is the potential problem of causation. The study further restricted its generalizability to other areas or phases of business growth by concentrating primarily on start-up enterprises in Asia.

Bellucci et al. (2021) sought to examine how venture capital mentoring support affected the success of entrepreneurial enterprises in Europe. The association between venture capital mentoring support and firm success was investigated using a sample of entrepreneurial businesses and statistical analysis. The study discovered a beneficial relationship between venture capital mentorship support and business performance, indicating that firms that got such help had better financial and market performance than those that did not. As the study did not completely address the potential reverse causation between business success and venture capital mentorship support, endogeneity is one possible criticism of the study. Furthermore, the study's inability to generalize to other continents was due to its exclusive emphasis on European businesses.

Schepis (2021) sought to investigate the connection between start-up company innovation outcomes and venture capital mentorship support. The research examined the

effects of venture capital mentorship support on innovation as assessed by patenting activity and new product development using a sample of start-up businesses and econometric analysis. According to the study, start-up businesses that received venture capitalist mentorship were more likely to participate in creative activities. This link between venture capital mentoring assistance and innovation results was shown to be favorable. One criticism of the study is that it may have biased results due to sample selection bias, since start-up companies receiving venture capital mentorship assistance may vary fundamentally from those receiving no such assistance. Furthermore, the study's capacity to generalize to subsequent stages of firm growth was constrained by its primary focus on start-up businesses.

Basha et al. (2021) set out to look into how venture capital mentorship support affected the success of businesses that had initial public offerings (IPOs) in the US. In order to investigate the association between venture capital mentorship support and several success indicators, including post-IPO stock performance and long-term business growth, the study used a sample of IPO firms and statistical analysis. The results of the study showed that businesses that got venture capital mentoring help outperformed firms without such support in terms of post-IPO stock performance and long-term growth, demonstrating the beneficial effects of mentoring on company performance. As there can be unreported factors that affect both venture capital mentorship assistance and post-IPO success, one possible criticism of the study is the potential problem of omitted variable bias. Additionally, the study was limited in its capacity to generalize to other nations or phases of business growth because it only examined IPO enterprises in the United States.

Kato and Tsoka (2020) aimed to assess the impact of venture capital support on the performance of small and medium-sized enterprises in Uganda. It was the first

empirical study to bridge the perspectives of business entrepreneurs and venture capitalists. Given the high rate of startup failures in Africa and the limited literature on venture capital performance, the study used a mixed-method approach, including survey questionnaires administered to 90 SMEs and semi-structured interviews. Multiple regression analysis and correlation coefficients were used for data analysis. The results showed that SMEs backed by venture capital demonstrated significant growth in sales turnover, profitability, and return on assets compared to non-venture-capital-backed firms, providing empirical evidence of the positive impact of venture capital support on SME performance in Uganda.

Otieno (2020) explored the influence of capital investment, monitoring and control, mentoring, and professional expertise on the growth of technology-driven startup firms. It drew from agency theory, financial contracting theory, control theory, and pecking order theory as theoretical frameworks. The research focused on a sample of 108 technology-driven startups out of 800 firms in Nairobi, selected through a precision level of 10%. Structured research questionnaires were used to collect data from 108 managers. Quantitative analysis showed that 47.5% of the variations in the growth of technology-driven startups in Kenya could be attributed to Venture Capitalists. The study highlighted the positive impact of improved venture capital support on startup growth and emphasized the importance of monitoring, control, entrepreneurial awareness, personnel management, and business development in influencing startup growth.

2.3.5 Summary of Literature Review

The link between venture capital support and organizational performance has been worked upon in countless theoretical frameworks. The resource based view theory, agency theory and pecking order theory are some of the theories used in this examination.

Several empirical research on venture capital support and organizational performance of organizations have been conducted locally and abroad.

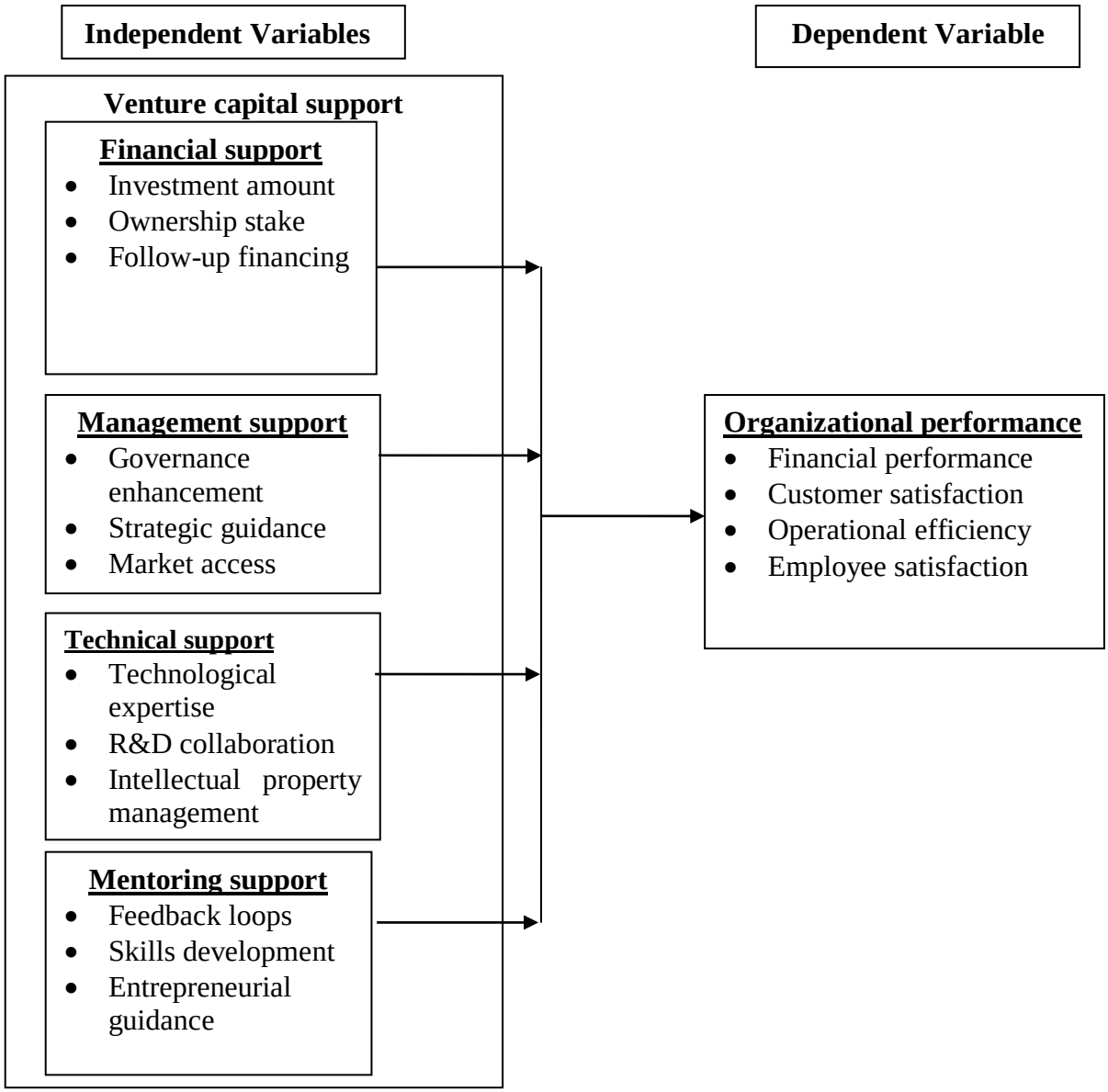
From the reviewed literature, the relationship between venture capital support and organizational performance in the context of Tech firms in Nairobi City County, Kenya presents several research gaps that can be addressed through further study. First, most of the studies conducted locally have operationalized venture capital support and organizational performance in different ways. The current study aimed to address these conceptual gaps that exist. There are also contextual gaps that arise from previous studies as most studies on venture capital support and organizational performance has focused on specific regions, such as the United States and Europe, with limited representation from other parts of the world. Examining the relationship in different cultural, institutional, and economic contexts would help to uncover the role of contextual factors in shaping the effect of venture capital support on performance. Venture capital support and its effect on performance may vary across industries, firm sizes, and growth stages. There was a need for more research that explores the heterogeneity in the relationship, taking into account different contexts and characteristics of the firms. The current study was based on these research gaps and focused on tech firms in Nairobi City County, Kenya.

2.4 Conceptual Framework

The model developed below shows the projected relationship between all the survey's variables. Venture capital financial support, venture capital management support, venture capital technical support, and venture capital mentoring support were all independent variables. The dependent variable that the research attempted to elaborate was organizational performance.

FIGURE 2.1

Conceptual Framework



2.5 Operationalization of Variables

TABLE 2.1

Operationalization of Variables

Variable type	Variable	Indicators	Measurement scales
Dependent	Organizational performance	• Financial performance • Customer satisfaction • Operational efficiency • Employee satisfaction	Likert/ordinal
Independent	Venture capital financial support	• Investment amount • Ownership stake • Follow-up financing	Likert/ordinal
Independent	Venture capital management support	• Governance enhancement • Strategic guidance • Market access	Likert/ordinal
Independent	Venture capital technical support	• Technological expertise • R&D collaboration • Intellectual property management	Likert/ordinal
Independent	Venture capital mentoring support	• Feedback loops • Skills development • Entrepreneurial guidance	Likert/ordinal

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

In this section, the focus was on the research design that was employed as a guideline for this research. Other sections discussed included the target population for the research, the method of sampling, the instruments and procedures for collecting data, and finally, the collection and analysis of data, and how the findings were presented.

3.2 Research Design

The conceptual context surrounding the carrying out of the survey refers to research design. To address the study's research problem, a descriptive cross-sectional research design was used. Descriptive research aimed to identify the occurrence of a phenomenon and its characteristics, such as what, when, or how it takes place (Cooper & Schindler, 2018). This design was suitable since it permitted the researcher to use quantitative data to determine the effect of venture capital support on the organizational performance of Tech firms in Nairobi City County, Kenya.

3.3 Target Population

The term target population can be defined as a collection of items or people with identical structures or qualities (Kothari, 2014). The characteristic is commonly shared by all population members. The target population of this study was all the 106 tech firms in Nairobi City County, Kenya that have received venture capital support between 2016 and 2022 (Disrupt Africa Kenyan report, 2022). Since the population was relatively small, the study was a census. The target respondents were the head of operations in each firm or their equivalent giving a total of 106 respondents.

3.4 Data Collection Instruments

Data collection is the organized procedure of obtaining and analyzing data related to particular variables of interest, with the goal of answering research questions, testing hypotheses, and evaluating outcomes (Burns & Burns, 2018). The nature of information to be obtained determines the research instruments to be used. The respondents were asked to fill out a questionnaire in order to obtain primary data. The primary data was crucial in describing the real situation of the dependent and independent variables' relation. Questionnaire utilization was reasonable since it is a low-cost, reliable, and productive method of collecting data in a short period. Questions were designed to have closed ended questions. Closed-ended questions allowed the researcher to derive specific answers.

3.5 Data Collection Procedures

Data collection refers to the procedure of collecting empirical data in order to obtain unique insights into a circumstance and to address the questions that prompted the study (Khan, 2018). Permission to collect data was sought from relevant authorities. The resource persons were deemed knowledgeable enough, and therefore designed questionnaire deemed useful in data collection. The researcher administered the questionnaire to the head of operations in each of the targeted firms as they were assumed to be well conversant with venture capital support and performance of their firms. The questionnaire was administered through Google forms. Follow ups were made to ensure a high response rate. All ethical considerations were adhered to.

3.6 Pilot Test

Accuracy and relevance of the research instrument is critical. In this regard this study conducted a pilot study. A Pilot study was done in determining the feasibility of

conducting a complete study. To establish the reliability and validity of the questionnaire, a pilot study was conducted on a sample of 10% of the 106 target respondents, which involved 11 participants. The researcher distributed the questionnaire to the 11 respondents in order to obtain their feedback on the questions as well as any areas where the respondents believe changes are required, to make it more consistent and reliable in answering the research objectives. The 11 respondents were not involved in the final study.

3.7 Validity and Reliability of the instrument

3.7.1 Validity of Data Collection Instrument

The validity of an instrument is its ability to measure a particular concept accurately (Cooper & Schindler, 2018). Construct validity, on the other hand, is used to determine if the operational definition of variables aligns with the intended theoretical meaning of a concept. To achieve this in the present study, the researcher modified an existing questionnaire based on previous studies to align with the research objectives. On the other hand, the guidance of expert opinion confirmed content validity. This entailed having study supervisors, scrutinize the questionnaire and offer competent opinions to ensure that all study variables were captured. They also double-checked the proposal and ensured that the theoretical dimensions were presented in the same way they were envisioned.

3.7.2 Reliability of Data Collection Instrument

Reliability is a metric that is utilized in describing the overall instrument consistency (Cooper & Schindler, 2018). A measure is considered to have high reliability when it consistently produces similar results when applied in the same circumstances. The use of Cronbach alpha analysis assisted in evaluating the dependability of the research tools by revealing the precision of the internal data gathering instrument. A reasonable reliability

statistic that shows a true "base" score is Cronbach's Alpha. Cronbach's Alpha is crucial to a researcher in verifying the validity and reliability of the questionnaire, even if comparable questions are substituted for some of the original ones (Khan, 2018). A reliability rating between 0.7 and 0.8 is typically regarded as adequate, and over 0.8 as exceptional. The study was subjected to this threshold. The reliability test results are as shown in Table 3.1

TABLE 3.1

Reliability Results

Variables	Items	Cronbach Alpha	Remark
Venture capital financial support	6	.827	Reliable
Venture capital management support	6	.794	Reliable
Venture capital technical support	6	.889	Reliable
Venture capital mentoring support	6	.917	Reliable
Organizational performance	8	.816	Reliable

3.8 Data Processing and Analysis

The procedure of refining and organizing that raw data into a clear systematic and scientific form in which it can easily be interpreted hence understood is referred to as data analysis (Burns & Burns, 2018). According to Kothari (2014), it entails a series of closely linked operations aimed at summarizing as well as arranging gathered data in such a way that it addresses the research query. The researcher reviewed the questionnaires, numbered them, and ensured that they were adequate and complete. Based on their suitability, the questionnaires were sorted. Each question received a different code, which was then scored. To determine the strength of emergent themes, the data was subsequently reviewed and summarized using a computer. The mean, as a central tendency measure, as well as standard deviation, as a measure of dispersion was utilized in analyzing the descriptive elements of the data while correlation and regression was

utilized to conduct analysis on existence of relationships between and among variables. SPSS version 27 was utilized.

3.8.1 Model Summary

The regression model below was used:

$$\boldsymbol{Y = \alpha + \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4X4 + \varepsilon}$$

Where: Y = Organizational performance

α =y regression intercept.

β_1, β_2, β_3, β_4= Model coefficients

X_1 = Venture capital financial support

X_2= Venture capital management support

X_3= Venture capital technical support

X_4= Venture capital mentoring support

ε =error term

3.8.2 Model Specification Tests

Before continuing to the calculation of the equations, diagnostic tests were run to guarantee that no violations of the classical linear regression model principles had occurred. When the conventions of a classical regression model are violated, skewed as well as inefficient model parameters result. As a result, diagnostic checks were carried out to guarantee that the regression analysis conventions were not violated.

3.8.2.1 Normality Test

A normality test was conducted to determine whether the data is normally distributed. This was important because many statistical tests, such as t-tests, ANOVA, and regression, are based on the assumption that the data is normally distributed. If the data is not normally distributed, the results of these tests may be inaccurate. The study utilized

statistical tests like the Shapiro-Wilk test or the Kolmogorov-Smirnov test to test for normality.

3.8.2.2 Multicollinearity Test

Multicollinearity was determined in the analysis using a correlation matrix, with an optimal 0.8 multicollinearity threshold (Cooper & Schindler, 2018). When multicollinearity is not taken into account, infinite standard errors and undetermined regression coefficients arise, resulting in high standard errors. This impacts the precision with which the null hypothesis is rejected or not rejected. The magnitude of the multicollinearity has an effect on the estimation process. As a result, a correlation coefficient of greater than 0.8 indicates extreme multicollinearity.

3.8.2.3 Heteroscedasticity

If heteroscedasticity occurs, it must be checked and completely accounted for in the Classical Linear Regression Model (CLRM). The error term has a constant variance, according to the CLRM. If the error variance is not constant, the data is said to be homoscedastic. If a regression analysis is run before checking for heteroscedasticity, the estimated coefficients will be unbiased and the standard errors will be incorrect. In this research, panel level heteroscedasticity was assessed via the Likelihood Ratio (LR) test invented by Khan (2018). The null hypothesis in this test was presence of homoscedastic error variance.

CHAPTER FOUR

FINDINGS AND DISCUSSION

4.1 Introduction

In this chapter, the survey's outcomes are presented. This section of the chapter are general information sections, which include demographic data and the response rate. The chapter also emphasizes the descriptive and inference statistics in relation to the aims of the research.

4.2 Response Rate

In a research study, the response rate is calculated as the number of received replies divided by the number of target participants. The response rate, which is frequently expressed as a percentage, is also known as the completion rate or return rate. Details on the response rate for this research are provided in Table 4.1.

TABLE 4.1

Response Rate

Response Rate	Frequency	Percent
Returned	81	76.4
Unreturned	25	23.6
Total	**106**	**100**

Table 4.1 shows that 106 questionnaires were distributed to the operations manager at each of the 106 tech firms in Nairobi County, Kenya. Only 81 of the 106 questionnaires dispersed to the target respondents were fully filled and returned, translating to 76.4 percent study response rate, according to the study's conclusions. This supports Kothari (2014) assertion that analysis and conclusion-drawing are appropriate for studies with a response rate of 70% or more.

4.3 Demographic Characteristics

Demographic information provides a snapshot of the characteristics of the respondents. This information helps to describe the sample or population under study and provides a basis for analyzing and interpreting the data in relation to these demographic variables. It allows researchers to understand the demographic composition of the sample and identify any potential biases or limitations in the data. The first questionnaire segment intended to get data of the general information concerning the profile of the respondents. The segment covered age, gender, highest levels of education and number of years in the current position.

4.3.1 Gender of the Respondents

The target respondents were implored to state their gender. Table 4.2 displays the findings.

TABLE 4.2

Gender Distribution

Gender	Frequency	Percentage
Male	44	54.3
Female	37	45.7
Total	**81**	**100**

The findings revealed that male respondents encompassed of 54.3 percent of the total, according to Table 4.2 data, while female respondents made up 45.7 percent. This means that the majority of the respondents were male, but there was a significant minority of female respondents. This is a positive finding, as it suggests that women are increasingly involved in the tech industry in Kenya.

4.3.2 Age of the Respondents

The study wanted to establish the age of the participants involved in this research. Age is closely tied to the respondent's stage in the lifecycle and their corresponding developmental milestones, responsibilities, and priorities. Different age groups may have different needs, aspirations, and challenges based on their life stage (young adulthood, middle age, or older adulthood). Knowing the respondents' ages is crucial since a person's age might affect how they respond to the survey. The results are shown in Table 4.3.

TABLE 4.3

Respondents' Age Composition

Age	Frequency	Percentage
Below 30 years	3	3.7
31-40 years	31	38.3
41-50 years	37	45.7
Above 50 years	10	12.3
Total	**81**	**100**

Table 4.3 outlines that the largest age group was 41-50 years old, with 37 respondents (45.7%). The second largest age group was 31-40 years old, with 31 respondents (38.3%). There were 10 respondents above the age of 50 years old (12.3%) and 3 respondents below the age of 30 years old (3.7%). This age distribution suggests that the tech industry in Nairobi City County is dominated by people in their 30s and 40s. This is likely due to the fact that it takes time to gain the experience and skills necessary to be successful in the tech industry. The tech industry is a relatively new industry in Kenya, and it is possible that the age distribution of respondents may change in the future as more young people enter the industry.

4.3.3 Highest Level of Education

The participants were expected to input their highest education level. The finds are illustrated in Table 4.4.

TABLE 4.4

Highest Level of Education

Education	Frequency	Percentage
Diploma	14	17.3
Degree	42	51.9
Masters	24	29.6
PhD	1	1.2
Total	**81**	**100%**

The majority of respondents (51.9%) had a degree. 29.6% of respondents had a master's degree, 17.3% had a diploma, and 1.2% had a PhD. This education distribution suggests that the tech industry in Nairobi City County is dominated by people with a high level of education. This is likely due to the fact that the tech industry is a complex and rapidly changing field, and it requires a strong foundation in knowledge and skills.

4.3.4 Years of Experience with the Firm

The participants were requested to designate how long they had been with their current employer. The period spent with an organization can be used to gauge their understanding of internal organizational processes, capabilities, as well as success.

TABLE 4.5

Years of Experience with Current Employer

Number of years	Frequency	Percentage
0-1 years	3	3.7
2-3 years	14	17.3
4-5 years	45	55.6
Above 5 years	19	23.4
Total	**81**	**100%**

The replies in Table 4.5 display that the majority of respondents (55.6%) had 4-5 years of experience with the firm. 23.4% of respondents had more than 5 years of experience with the firm, 17.3% had 2-3 years of experience with the firm, and 3.7% had 0-1 years of experience with the firm. This distribution suggests that the tech industry in Nairobi City County is dominated by people with a moderate amount of experience. This is likely due to the fact that the tech industry is a rapidly changing field, and it takes time to gain the experience and skills necessary to be successful.

4.4 Descriptive Statistics

The researcher was able to synthesize and define the key traits, patterns, and distributions of the gathered data using descriptive statistics. Statistical summaries that transmitted crucial information about central tendency, variability, and the shape of the data distribution were supplied by measures like mean and standard deviation. Each variable under study's descriptive data are reported in the subheading as percentages, means, and standard deviations.

4.4.1 Venture Capital Financial Support

Table 4.6 gives the mean as well as standard deviation for the definite venture capital financial support qualities. The findings demonstrate that tech firms have adopted venture capital financial support to a large extent. This is reinforced by the mere fact that, on a five-point Likert scale, the qualities connected to venture capital financial support had mean values more than 3, with a 4.16 mean score and a 0.69 standard deviation.

It is evident that respondents strongly agreed that venture capital investment enabled them to pursue growth opportunities that would have been otherwise unattainable, with an impressive mean rating of 3.75. This highlights the critical role venture capital plays in facilitating growth. Moreover, venture capital was seen as

positively influencing the ability to attract additional funding from other investors or financial institutions, as reflected in a high mean rating of 3.86. This underlines the multiplier effect of venture capital investments.

TABLE 4.6

Descriptive Statistics for Venture Capital Financial Support

Statements	N	Mean	Std. Dev
a) The venture capital funding received has significantly contributed to our company's financial stability.	81	3.68	0.68
b) The venture capital investment has allowed us to pursue growth opportunities that would have been otherwise unattainable.	81	3.75	0.43
c) The venture capital funding has provided us with the necessary resources to scale our operations effectively.	81	3.43	0.68
d) The venture capital investment has positively influenced our ability to attract additional funding from other investors or financial institutions.	81	3.86	0.58
e) The venture capital support has enabled us to make strategic investments in research and development, innovation, and technological advancements.	81	3.53	0.96
f) The venture capital funding has played a critical role in our ability to penetrate new markets and expand our customer base.	81	3.21	0.78
Overall mean Score	**81**	**4.16**	**0.69**

However, while respondents generally agreed that venture capital contributed significantly to financial stability (mean rating of 3.68) and enabled strategic investments in research and development, innovation, and technology (mean rating of 3.53), there was a more moderate level of agreement regarding the provision of necessary resources to scale operations (mean rating of 3.43). Furthermore, the ability of venture capital funding to play a critical role in penetrating new markets and expanding the customer base was rated moderately (mean rating of 3.21). In summary, these statistics

suggest that tech firms in Nairobi City County, Kenya, perceive venture capital financial support as highly beneficial for growth and attracting additional investments. However, there may be room for improvement in terms of scaling operations and market penetration.

4.4.2 Venture Capital Management Support

For the specific characteristics of venture capital management support, Table 4.7 displays the mean as well as standard deviation.

TABLE 4.7

Descriptive Statistics for Venture Capital Management Support

Statements	N	Mean	Std. Dev
a) The guidance and strategic input provided by the venture capitalists have been instrumental in shaping our business strategy.	81	4.27	0.59
b) The involvement of venture capitalists on our board of directors has contributed significantly to effective decision-making and corporate governance.	81	3.99	0.51
c) The venture capital management support has helped us overcome operational challenges and improve our overall efficiency.	81	3.88	0.33
d) The venture capitalists have provided valuable industry connections and facilitated key partnerships for our company.	81	3.99	0.68
e) The venture capital support has helped us attract and retain high-caliber talent by providing access to their network and expertise.	81	4.22	0.47
f) The venture capitalists have been actively engaged in mentoring and advising our management team, enhancing our leadership capabilities and decision-making processes.	81	3.85	0.39
Overall Mean Score	**81**	**3.46**	**1.12**

The results demonstrate that respondents strongly believe that the guidance and strategic input provided by venture capitalists have played a pivotal role in shaping their

business strategy, with a notably high mean rating of 4.27. Additionally, the involvement of venture capitalists on the board of directors is seen as moderately beneficial for effective decision-making and corporate governance, as indicated by a mean rating of 3.99. This implies a positive contribution but with some variability in responses, as reflected in the standard deviation.

Furthermore, venture capital management support is generally perceived as valuable for overcoming operational challenges and improving overall efficiency, with a mean rating of 3.88. Respondents also see venture capitalists as instrumental in providing valuable industry connections and facilitating key partnerships (mean rating of 3.99), although opinions vary to some extent. Importantly, venture capital support is strongly associated with the attraction and retention of high-caliber talent, with a mean rating of 4.22. This underscores the significance of access to the venture capital network and expertise. Lastly, venture capitalists are perceived as moderately engaged in mentoring and advising the management teams, contributing to the enhancement of leadership capabilities and decision-making processes, as indicated by a mean rating of 3.85.

The study statistics indicate that tech firms in Nairobi City County, Kenya, perceive venture capital management support as highly beneficial, particularly in shaping business strategy, attracting talent, and providing industry connections. While there is generally positive feedback, the standard deviation suggests some diversity in responses, indicating that the impact of venture capital management support may vary across different firms.

4.4.3 Venture Capital Technical Support

The mean as well as standard deviation for the precise attributes of venture capital technical support are as presented in Table 4.8. The table offers valuable insights into

how tech firms in Nairobi City County, Kenya, perceive the impact of venture capital technical support on their operations and performance. Each statement assesses various aspects of this support, and the inclusion of standard deviations allows us to understand the level of agreement and the potential variability in responses.

TABLE 4.8

Descriptive Statistics for Venture Capital Technical Support

Statements	N	Mean	Std. Dev
a) The venture capitalists have provided valuable technical expertise that has contributed to the development and improvement of our products/services.	81	3.64	0.69
b) The venture capital technical support has enhanced our research and development capabilities, enabling us to stay at the forefront of technological advancements in our industry.	81	3.56	0.85
c) The venture capitalists have facilitated collaborations with leading experts or research institutions, enhancing our technological capabilities.	81	3.64	0.82
d) The venture capital support has helped us protect and manage our intellectual property effectively.	81	4.22	0.42
e) The technical guidance provided by venture capitalists has positively influenced our ability to address technical challenges and innovate.	81	4.65	0.50
f) The venture capitalists have helped us navigate complex technological landscapes, improving our ability to identify and exploit market opportunities.	81	4.42	0.54
Overall Mean Score	**81**	**3.80**	**0.87**

Regarding the provision of valuable technical expertise contributing to product and service development, respondents moderately agree, with a mean rating of 3.64 and a standard deviation of 0.69, indicating some diversity in the extent of this contribution. Similarly, venture capital technical support's impact on research and development

capabilities is seen as positive on average (mean rating of 3.56), but the wider standard deviation of 0.85 suggests varying degrees of influence among firms.

In terms of facilitating collaborations and enhancing technological capabilities, respondents moderately agree (mean rating of 3.64), yet the standard deviation of 0.82 highlights differences in the extent of influence. However, venture capital support is strongly perceived as beneficial for intellectual property protection and management, with a high mean rating of 4.22 and a low standard deviation of 0.42, indicating a consistent consensus.

Furthermore, technical guidance from venture capitalists is highly regarded for addressing challenges and fostering innovation, with strong agreement (mean rating of 4.65) and a relatively low standard deviation of 0.50, reflecting a shared sentiment among respondents. Lastly, venture capitalists are seen as instrumental in navigating complex technological landscapes and identifying market opportunities, as indicated by a mean rating of 4.42 and a standard deviation of 0.54, underlining a widely held belief in their critical role.

In conclusion, these statistics reveal a generally positive perception of the impact of venture capital technical support on tech firms in Nairobi City County, with specific strengths in intellectual property management, technical guidance, and navigating complexity. However, the standard deviations indicate some variability in perceptions, emphasizing that the actual impact may vary across different firms and contexts.

4.4.4 Venture Capital Mentoring Support

The mean as well as standard deviation for the precise attributes of venture capital mentoring support are as presented in Table 4.9. The outcomes show that tech firms promote venture capital mentoring support to a large extent. The results reveal that the

respondents' perception of the tech firm's venture capital mentoring support is moderately positive, as indicated by a mean score of 3.92 and a standard deviation of 0.87.

TABLE 4.9

Descriptive Statistics for Venture Capital Mentoring Support

Statements	N	Mean	Std. Dev
a) The venture capitalists have provided valuable networking opportunities, connecting us with influential individuals and organizations in our industry.	81	4.11	0.99
b) The mentoring support from venture capitalists has helped us gain insights into market trends and customer needs, contributing to our strategic decision-making.	81	3.99	0.96
c) The venture capitalists have provided guidance and support in building and refining our business model.	81	3.88	0.91
d) The mentorship from venture capitalists has positively impacted our ability to pivot and adapt to changing market conditions.	81	3.86	1.00
e) The venture capitalists have actively assisted us in identifying and capitalizing on growth opportunities.	81	3.65	0.94
f) The mentoring support from venture capitalists has helped us develop our entrepreneurial skills and mindset, contributing to our personal and professional growth.	81	4.19	0.67
Overall Mean Score	**81**	**3.92**	**0.87**

Regarding valuable networking opportunities, respondents strongly agree, with a mean rating of 4.11, suggesting that venture capitalists have played a significant role in expanding firms' networks within their industry. However, the relatively high standard deviation of 0.99 suggests some variability in the extent of this networking impact. Mentoring support's contribution to gaining insights into market trends and customer needs, and thereby contributing to strategic decision-making, is seen as positive on average (mean rating of 3.99). However, the standard deviation of 0.96 implies varying degrees of influence on gaining market insights and understanding customer needs.

Respondents moderately agree that venture capitalists have provided guidance and support in building and refining business models, with a mean rating of 3.88. This suggests that venture capitalists have contributed to the development and refinement of business models, but opinions vary somewhat, as reflected in the standard deviation of 0.91. On average, respondents agree that mentoring support has positively impacted their ability to pivot and adapt to changing market conditions (mean rating of 3.86). However, the standard deviation of 1.00 indicates a broader range of perceptions, with some firms potentially benefiting more than others.

In terms of actively assisting in identifying and capitalizing on growth opportunities, respondents moderately agree, with a mean rating of 3.65. This suggests that venture capitalists have played a role in identifying growth opportunities, although there is variability in the extent of this assistance, as indicated by the standard deviation of 0.94. Respondents strongly agree that mentoring support from venture capitalists has helped develop entrepreneurial skills and mindsets, contributing to personal and professional growth, with a mean rating of 4.19. The relatively low standard deviation of 0.67 indicates a consistent consensus in this regard.

The overall mean score, calculated across all statements, is 3.92, suggesting a generally positive perception of the impact of venture capital mentoring support on tech firms in Nairobi City County. However, the standard deviations across statements highlight variability in the perceived impact, underlining that the actual influence may vary across different firms and scenarios.

4.4.5 Organizational Performance

Table 4.10 provides an in-depth look into how tech firms in Nairobi City County, Kenya, perceive their organizational performance across various dimensions. Each statement

evaluates different aspects of organizational performance, with both mean and standard deviation values included for each statement.

TABLE 4.10

Descriptive Statistics for Organizational Performance

Statement	N	Mean	Std. Dev.
Our organization consistently achieves its performance goals and targets.	81	4.32	0.68
The overall financial performance of our organization is strong and sustainable.	81	3.75	0.92
Our organization effectively meets or exceeds customer expectations.	81	3.86	1.00
Our organization demonstrates a high level of innovation and adaptability in response to market changes.	81	3.93	0.96
The quality of our products/services is consistently rated highly by customers.	81	3.88	1.00
Our organization maintains a strong market position and competitive advantage.	81	4.30	0.55
Employees in our organization are highly engaged and motivated to contribute to its success.	81	3.91	1.14
Our organization effectively utilizes resources and operates with high efficiency.	81	3.98	1.07
Average	**81**	**3.80**	**0.84**

Regarding consistent achievement of performance goals and targets, respondent's express strong agreement, with a mean rating of 4.32, indicating high confidence in consistently meeting or surpassing performance objectives. The standard deviation of 0.68 suggests a consistent consensus among respondents. Regarding overall financial performance, respondents, on average, agree, as reflected in the mean rating of 3.75. This suggests a generally positive view of financial performance, albeit with some variability

in the perception of its strength and sustainability, as indicated by the standard deviation of 0.92.

In terms of meeting or exceeding customer expectations, respondents moderately agree, with a mean rating of 3.86. This suggests a generally positive perception of their organizations' ability to meet customer expectations, though opinions vary somewhat, as indicated by the standard deviation of 1.00. Concerning innovation and adaptability in response to market changes, respondents agree, on average, with a mean rating of 3.93. This indicates a favorable perception of the organizations' innovation and adaptability, with some variation in these perceptions, as shown by the standard deviation of 0.96.

Regarding the consistent high rating of product/service quality by customers, respondents moderately agree, with a mean rating of 3.88. This suggests a generally positive view of product/service quality, although there is some diversity in perceptions, as indicated by the standard deviation of 1.00. Concerning the maintenance of a strong market position and competitive advantage, respondents strongly agree, with a mean rating of 4.30. This underscores the perception that their organizations possess a robust market position and competitive edge, with a consistent consensus among respondents, reflected in the relatively low standard deviation of 0.55.

Regarding employee engagement and motivation, respondents moderately agree, with a mean rating of 3.91. This suggests a positive view of employee engagement and motivation, although opinions vary, as reflected in the standard deviation of 1.14. Regarding resource utilization and operational efficiency, respondents, on average, agree, as shown by the mean rating of 3.98. This indicates a generally positive perception of resource utilization and operational efficiency, with some variability in perceived efficiency levels, as indicated by the standard deviation of 1.07. The overall mean score,

calculated across all statements, is 3.80, indicating a generally positive perception of organizational performance among tech firms in Nairobi City County. The standard deviation of 0.84 highlights some variability in these perceptions across different dimensions.

4.5 Correlation Analysis

The correlation result reveals significant relationships between organizational performance and the independent variables, specifically venture capital financial support, venture capital management support, venture capital technical support, and venture capital mentoring support among tech firms in Nairobi City County, Kenya. Venture capital financial support has a moderate positive correlation with organizational performance (Pearson Correlation = 0.562, $p < 0.01$). This indicates that as venture capital financial support increases, organizational performance tends to improve.

Venture capital management support has a strong positive correlation with organizational performance (Pearson Correlation = 0.712, $p < 0.01$). This signifies that as tech firms receive more management support from venture capitalists, their organizational performance significantly improves. Venture capital technical support also has a strong positive correlation with organizational performance (Pearson Correlation = 0.917, $p < 0.01$). This suggests that technical support from venture capitalists has an overwhelmingly positive influence on organizational performance.

Similarly, venture capital mentoring support demonstrates a very strong positive correlation with organizational performance (Pearson Correlation = 0.947, $p < 0.01$). This highlights that mentoring support provided by venture capitalists has a substantial positive impact on the performance of tech firms. The results are as shown in Table 4.11

TABLE 4.11

Correlation Results

		Organizational performance	Venture capital financial support	Venture capital management support	Venture capital technical support	Venture capital mentoring support
Organizational performance	Pearson Correlation	1				
	Sig. (2-tailed)					
Venture capital financial support	Pearson Correlation	.562**	1			
	Sig. (2-tailed)	.000				
Venture capital management support	Pearson Correlation	.712**	.518**	1		
	Sig. (2-tailed)	.000	.000			
Venture capital technical support	Pearson Correlation	.917**	.528**	.541**	1	
	Sig. (2-tailed)	.000	.000	.000		
Venture capital mentoring support	Pearson Correlation	.947**	.560**	.551**	.527**	1
	Sig. (2-tailed)	.000	.000	.000	.000	

**. Correlation is significant at the 0.01 level (2-tailed).
b. Listwise N=81

4.6 Diagnostic Tests

Assuming that the data follows all the assumptions of ordinary least square when performing statistical modus operandi such as correlations, regression, t-tests, and variance analysis. These analyses need to be verified since they include statistical flaws. To check for these statistical mistakes, this study checked for normalcy, multicollinearity, and heteroscedasticity. This was done to see whether the data set could be effectively modelled. To test normality, we used Shapiro-Wilk's test. Variance inflation factors and tolerance were used to examine multicollinearity and Breusch-Pagan/Cook-Weisberg test was used to examine heteroscedasticity. The outcomes of various statistical tests are shown in this subsection.

4.6.1 Tests of Normality

The Shapiro-Wilk test was used to look for normalcy. This test looks for skewness, kurtosis, or both to evaluate how normal the data are. The Shapiro-Wilk statistic has a range of 0 to 1, and values higher than 0.05 are indicative of normal data. The data significantly deviates from the normal distribution when it is less than 0.05. Data normality was verified using the Shapiro-Wilk test, and the results indicated that all variables had a p-value larger than 0.05 ($p > 0.05$). The notion that the sample distribution of the mean is normal is referred to as "normality". The results of the normalcy test are shown in Table 4.12.

TABLE 4.12

Test of Normality

	Shapiro-Wilk		
Study variables	Statistic	Df	Sig.
Venture capital financial support	0.824	81	0.172
Venture capital management support	0.869	81	0.179
Venture capital technical support	0.875	81	0.192
Venture capital mentoring support	0.893	81	0.202
Organizational performance	0.924	81	0.221

Table 4.12's findings show that all of the p values are higher than the threshold value of 0.05, supporting the theory that the data came from a population with a regularly distributed distribution.

4.6.2 Tests of Multicollinearity

Multicollinearity is the term for when there is a considerable amount of correlation between independent variables. To examine multicollinearity, one uses the variance inflation factor (VIF). The VIF counts the amount that the estimated coefficient's variance is exaggerated in the absence of any connection between the independent variables. If

there is no correlation between two independent variables, all VIFs will be 1. A VIF of 5 indicates some multicollinearity, whereas a VIF of 10 indicates severe multicollinearity. The variance inflation factor (VIF), which was used to this study's multicollinearity test, is displayed in the results. The opposite of variance inflation factor, tolerance measures the effect of one independent variable on all other independent variables. Table 4.13 displays the test outcomes.

TABLE 4.13

Test of Multicollinearity

Variable	VIF	Tolerance
Venture capital financial support	1.912	0.523
Venture capital management support	1.894	0.528
Venture capital technical support	1.488	0.672
Venture capital mentoring support	1.672	0.598
Mean VIF	1.742	

All of the variables had a VIF between 1.488 and 1.912, according to the results in Table 4.12, and tolerance values ranged from 0.523 to 0.672. This demonstrated the absence of multicollinearity in the independent variables.

4.6.3 Tests of Heteroscedasticity

When the variance of the errors in the dependent variable is not constant over the whole set of data, heteroscedasticity takes place. It happens when the values of the independent variables change the variance of errors. Heteroscedasticity in regression analysis is a systematic change in the dispersion of the residuals over the spectrum of measured values. Ordinary least squares regression makes the assumption that residuals come from a population with constant variance. High levels of heteroscedasticity in this regression can significantly skew the outcomes, undermine the analysis, and increase the likelihood of a type 1 error. In this study, homogeneity was assessed using heteroscedasticity

Breusch-Pagan/Cook-Weisberg test. The variances between groups are unequal if the Breusch-Pagan/Cook-Weisberg test for heteroscedasticity is statistically significant = 0.05. It is a test to examine if the scores in the variables have about the same dispersion. The outcomes are displayed in Table 4.14.

TABLE 4.14

Test of Heteroscedasticity

Breusch-Pagan / Cook-Weisberg test for heteroscedasticity		
chi2(1)	=	0.8229
Prob > chi2	=	0.6375

Table 4.14 demonstrates that the null hypothesis of homoscedastic error terms is not rejected with a p-value of 0.6375.

4.7 Regression Analysis

Using regression analysis enabled the researcher to evaluate the influence of venture capital financial support, venture capital management support, venture capital technical support, and venture capital mentoring support on organizational performance as well as the association between changes in the independent variables and changes in organizational performance. Model fitness, Analysis of Variance (ANOVA), and regression coefficients are all included in the regression analysis. This is shown in the tables below, Tables 4.15, 4.16 and 4.17.

TABLE 4.15

Model Fitness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.965[a]	.931	.927	.228632

a. Predictors: (Constant), Venture capital mentoring support, Venture capital financial support, Venture capital management support, Venture capital technical support

As shown in Table 4.15, venture capital mentoring support, venture capital financial support, venture capital technical support, and venture capital management support) explain approximately 93.1% of the variance in the dependent variable. This suggests that these predictors have a significant effect on the outcome variable, with other factors beyond the scope of the study explaining the remaining variance. The model that links the variables is also founded to be sufficient. The R value signifies the correlation coefficient between the predictors and the dependent variable. In this case, the value of R is 0.965, indicating a strong positive correlation between the predictors and the dependent variable. This suggests that the predictors collectively explain a substantial portion of the variance in the dependent variable.

TABLE 4.16

Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	53.249	4	13.312	254.668	.000[b]
	Residual	3.973	76	.052		
	Total	57.221	80			

a. Dependent Variable: Organizational performance
b. Predictors: (Constant), Venture capital mentoring support, Venture capital financial support, Venture capital management support, Venture capital technical support

The F value of 254.668 and the sig. value of 0.000 indicate that the regression model as a whole is statistically significant. This suggests that the predictors (Venture capital mentoring support, venture capital financial support, venture capital technical support, and venture capital management support) have a significant impact on the dependent variable (organizational performance), and the model provides a better fit than just relying on chance alone.

TABLE 4.17

Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.039	.220		4.726	.000
	Venture capital financial support	.382	.081	.316	4.694	.000
	Venture capital management support	.211	.057	.280	3.667	.000
	Venture capital technical support	.228	.077	.236	2.942	.004
	Venture capital mentoring support	.702	.078	.731	9.015	.000

a. Dependent Variable: Organizational performance

The regression coefficient table revealed that the p-value for the coefficient of venture capital financial support is 0.000. Since this value is less than the conventional significance level of 0.05, it is concluded that the coefficient for venture capital financial support is statistically significant. This suggests that there is a significant effect of venture capital financial support on organizational performance. The p-value for the coefficient of venture capital management support is 0.000. Similar to venture capital financial support, this p-value is less than 0.05, indicating that the coefficient for venture capital management support is statistically significant. Thus, there is a significant effect of venture capital management support on organizational performance.

The p-value for the coefficient of venture capital technical support is 0.004. Once again, this p-value is less than 0.05, indicating statistical significance. Therefore, there is a significant effect of venture capital technical support on organizational performance. The p-value for the coefficient of venture capital mentoring support is 0.000. Similar to the other predictors, this p-value is less than 0.05, indicating statistical significance. Hence, there is a significant effect of venture capital mentoring support on organizational performance.

The following is the regression model that was estimated from the study results:

$$\mathbf{Y = 1.039 + 0.316X_1 + 0.280X_2 + 0.236X_3 + 0.731X_4}$$

Where

Y = Organizational performance,

X_1 – Venture capital financial support,

X_2 – Venture capital management support,

X_3 – Venture capital technical support,

X_4 – Venture capital mentoring support

4.8 Hypothesis Testing

With the use of multiple linear regressions, the hypotheses were evaluated. Results of multiple regression are shown in Table 4.17. According to the acceptance/rejection criterion, the Ho is accepted if the p value is more than 0.05 but rejected if it is less than 0.05.

4.8.1 Venture Capital Financial Support and Organizational Performance

The first null hypothesis, H_{01}, stated that: venture capital financial support has no substantial effect on performance of tech firms in Nairobi County, Kenya. The results of Table 4.17 indicate that the p-value was 0.000 which is less than 0.05. This shows that the null hypothesis is rejected, proving that venture capital financial support significantly affect the performance of tech firms in Nairobi County, Kenya. Venture capital financial support has a positive and substantial effect on the performance of tech firms in Nairobi County, Kenya ($\beta = 0.316$, $p = 0.000$). This suggests that there is a significant influence of venture capital financial support on organizational performance.

The findings of the current study, which reveal a positive and substantial effect of venture capital financial support on the performance of tech firms in Nairobi County, Kenya, resonate with several previous studies in the field of venture capital and business performance. Chen et al. (2023) research in China, for instance, aligns with the current findings by demonstrating that venture capital support positively influenced business growth. Both studies underscore the importance of venture capital investment in fostering growth and performance improvements among companies. However, Chen et al.'s study has faced criticism regarding the potential bias introduced by the matching technique and its limited applicability beyond China, whereas the current study focuses on a different region, Nairobi City County, offering complementary insights.

Similarly, Lin's (2022) European-focused study reinforces the idea that venture capital support is associated with improved business performance. While the current study is geographically distinct, both suggest that venture capital can be a catalyst for financial success. Lin's study, however, has been criticized for potential endogeneity issues and its limited generalizability to regions outside Europe. Murray's (2021)

investigation in Australia, which found that venture capital-backed firms had higher survival rates, shares common ground with the current study's positive correlation between venture capital financial support and tech firm performance. Both studies highlight the beneficial impact of venture capital, although Murray's work has been critiqued for potential sample selection bias and its narrow focus on Australia.

Vismara's (2022) German-focused study, emphasizing the success of initial public offerings (IPOs), echoes the notion that venture capital support can enhance business outcomes. Nevertheless, Vismara's study is critiqued for potential endogeneity issues and its restricted applicability to Germany. In contrast, the current study widens the perspective by examining tech firms in Nairobi City County. Lastly, Kato's (2021) research in emerging economies aligns with the current study's positive findings regarding the impact of venture capital funding on growth. Both studies suggest a favorable link between venture capital support and business growth. Kato's study has been criticized for omitted variable bias and its limited generalizability, while the current study focuses specifically on tech firms in Nairobi City County, Kenya.

4.8.2 Venture Capital Management Support and Organizational Performance

The second null hypothesis, H_{02}, stated that: venture capital management support has no significant effect on performance of tech firms in Nairobi County, Kenya. Table 4.17 outcomes display that the p-value was $0.000<0.05$. This designates that the null hypothesis is rejected hence there is a significant effect of venture capital management support on performance of tech firms in Nairobi County, Kenya. Venture capital management support was positively as well as significantly correlated with performance of tech firms in Nairobi County, Kenya ($\beta = 0.280$, $p = 0.000$). The study results show that venture capital management support is a significant determinant of performance.

The current study's finding that venture capital management support has a positive and substantial impact on the performance of tech firms in Nairobi County, Kenya, resonates with several prior research endeavors, providing a broader perspective on the importance of venture capital support for firm performance. Komala's (2020) study in India, which examined the role of venture capital support and value-added services, including management guidance, demonstrated a positive influence on firm growth. The current study's findings align with Komala's research, emphasizing the positive impact of venture capital management support on tech firm performance. Both studies highlight the significance of value-added services and support provided by venture capitalists in driving business expansion.

Similarly, Jin et al.'s (2021) investigation in the United States, focusing on venture capital management assistance, found that portfolio company performance improved, including increased profitability and sales growth. This finding is in harmony with the current study's results, which suggest that venture capital management support positively influences tech firm performance. Wang et al.'s (2023) research on technology acquisition and assimilation with the aid of venture capitalists, although qualitative in nature, underscores the positive influence of venture capitalists on portfolio firms' performance through access to technology networks and knowledge transfer. This qualitative perspective complements the quantitative findings of the current study, emphasizing the importance of venture capital management support in enhancing tech firm performance.

Sykes's (2022) examination of venture capital support in Latin America, with a focus on profitability and sales growth, echoes the positive impact of venture capital support on firm performance. This finding aligns with the current study's results, reinforcing the notion that venture capital management support can lead to considerable

benefits for funded firms. Both studies face criticism related to sample selection bias and limited generalizability. Lastly, Akpan and Onyia's (2022) study in Nigeria found a positive and significant relationship between venture capital management support and firm performance. This aligns with the current study's findings in the Kenyan context, emphasizing the importance of venture capital management support in driving tech firm performance.

4.8.3 Venture Capital Technical Support and Organizational Performance

The third null hypothesis, H_{03}, stated that: venture capital technical support has no significant effect on performance of tech firms in Nairobi County, Kenya. Results in Table 4.17 show that the p-value was 0.004<0.05. This indicates that the null hypothesis is rejected hence there is a significant effect of venture capital technical support on performance of tech firms in Nairobi County, Kenya. Venture capital technical support was positively and significantly related with performance of tech firms in Nairobi County, Kenya (β = 0.236, p = 0.004). The study results show that venture capital technical support is a significant determiner of performance.

The study's finding that venture capital technical support has a significant positive impact on the performance of tech firms in Nairobi County, Kenya, aligns with several previous research studies that have examined the role of technical support provided by venture capitalists on business performance. Cojoianu et al.'s (2023) investigation in American start-up businesses found that venture capital technical support positively influenced innovation, emphasizing the significance of specialized technical skills and assistance in product development. This finding resonates with the current study's results, suggesting that venture capital technical support contributes to improved performance in tech firms.

Similarly, Janeway et al. (2023) explored the impact of technical help from venture capital on high-tech start-ups in Europe and discovered a positive relationship between venture capital technical support and revenue growth and market share. This finding parallels the current study's results, emphasizing the positive influence of venture capital technical support on tech firm performance. Hellmann et al. (2021) examined the effect of venture capital technical support on entrepreneurial enterprises in Canada and found a link between such support and improved firm performance. This aligns with the current study's results, suggesting that venture capital technical help positively impacts tech firms in Kenya.

Kriz et al.'s (2022) study in Australian biotechnology start-ups indicated that venture capital technical support enhanced success, particularly in areas such as product development and patent activity. This complements the current study's results, which also suggest that venture capital technical support contributes to the success of tech firms. Nonetheless, both studies acknowledge potential measurement biases associated with self-reported survey data and limitations regarding generalizability. These studies collectively emphasize the importance of technical assistance provided by venture capitalists in enhancing firm performance, albeit within the specific limitations and contextual constraints of their respective regions.

4.8.4 Venture Capital Mentoring Support and Organizational Performance

The fourth null hypothesis, H_{04}, stated that: venture capital mentoring support has no significant effect on performance of tech firms in Nairobi County, Kenya. Results in Table 4.17 show that the p-value was 0.000<0.05. This indicates that the null hypothesis is rejected hence there is a significant effect of venture capital mentoring support on performance of tech firms in Nairobi County, Kenya. Venture capital mentoring support

was positively and significantly related with performance of tech firms in Nairobi County, Kenya ($\beta = 0.731$, $p = 0.000$). The study results show that venture capital mentoring support is a significant determiner of performance.

The study's finding that venture capital mentoring support has a substantial positive impact on the performance of tech firms in Nairobi County, Kenya, resonates with several previous research studies that have explored the role of mentoring support provided by venture capitalists on business performance. Kolte's (2023) investigation into Asian start-up companies revealed a beneficial relationship between venture capital mentorship support and company performance, particularly in terms of profitability and sales growth. This aligns with the current study's results, suggesting that venture capital mentoring support positively influences tech firms' performance. Both studies, however, acknowledge the challenge of establishing causation, and they primarily focused on specific geographical regions, limiting generalizability.

Bellucci et al. (2021) examined the impact of venture capital mentoring support on entrepreneurial enterprises in Europe and found a similar positive association between such support and business performance, including financial and market performance. This complements the current study's results, emphasizing the importance of venture capital mentoring support for tech firms in Kenya. Schepis (2021) delved into the connection between start-up innovation and venture capital mentorship support, demonstrating that mentoring assistance positively affected innovation outcomes. This aligns with the current study's findings, highlighting the favorable impact of venture capital mentoring support on tech firm performance. However, both studies acknowledge potential biases associated with sample selection and primarily focused on start-ups.

Kato and Tsoka's (2020) study in Uganda provided empirical evidence of the positive impact of venture capital support on SME performance, which aligns with the current study's findings in Kenya. Both studies contribute to the understanding of venture capital's role in enhancing business performance, particularly in emerging economies in Africa. Otieno's (2020) study in Nairobi also emphasized the positive impact of improved venture capital support on startup growth and highlighted the importance of various aspects of support, including monitoring, control, and entrepreneurial awareness. These studies collectively emphasize the significance of venture capital mentoring support, echoing the current study's findings within the specific contexts and limitations of their respective regions and industries.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

A summary, a conclusion, and recommendations to policy and practice are presented in this chapter. With the goals of the study research, the summary, conclusion, and suggestions for research improvement are offered. There are also suggestions for further studies in this chapter.

5.2 Summary

The primary goal of the study was to determine how venture capital support influences the performance of tech firms in Nairobi County, Kenya. The resource based view theory, agency theory and pecking order theory served as the study's theoretical foundations. Performance of the organization was the dependent variable. Venture capital financial support, venture capital management support, venture capital technical support, and venture capital mentoring support served as independent variables. The study's research design used a descriptive survey approach. The target population consisted of each of 106 tech firms in Nairobi County, Kenya. The population was rather small; hence a census method was employed. 106 operational managers from Tech firms in Nairobi County, Kenya were issued a structured questionnaire using Google forms in order to collect primary data. In response to the researcher's follow-up, 81 questionnaires were obtained, yielding an 76.4 percent response rate. Descriptive statistics, correlations, and regression analysis were employed in analyzing the data. With the use of a multivariate linear regression model and the t-statistic, it was possible to assess the perceived reputation of every independent variable in relation to its influence on performance. The research findings are described in this section.

5.2.1 Venture Capital Financial Support and Organizational Performance

The research's first objective was to assess venture capital financial support influence on performance of tech firms in Nairobi County, Kenya. The descriptive results demonstrate a positive perception among respondents regarding the impact of venture capital funding. Respondents reported that venture capital financing significantly contributed to their company's financial stability and enabled them to pursue growth opportunities they might not have otherwise accessed. It was also noted that venture capital funding provided essential resources for effective operational scaling and positively influenced the firms' ability to attract additional funding from other investors or financial institutions. Furthermore, venture capital support played a crucial role in enabling strategic investments in research and development, innovation, and technological advancements.

The results also suggested that improving venture capital management support will improve organization performance. According to the regression results, a unit change in venture capital financial support resulted in a 0.316 variation in organization performance. This also confirmed that venture capital financial support approach had a significant positive influence on the performance of tech firms in Nairobi County, Kenya. This indicates that the null hypothesis is rejected hence there is a significant effect of venture capital technical support on performance of tech firms in Nairobi County, Kenya.

5.2.2 Venture Capital Management Support and Organizational Performance

The research's second objective was to evaluate the influence of venture capital management support on the tech firms' performance. The descriptive results indicate that respondents have a positive perception of the impact of venture capital management support. They reported that the guidance and strategic input provided by venture capitalists have been instrumental in shaping their business strategy. The involvement of

venture capitalists on their board of directors was seen as contributing significantly to effective decision-making and corporate governance. Additionally, venture capital management support was noted to help overcome operational challenges and improve overall efficiency. Venture capitalists were seen as providing valuable industry connections and facilitating key partnerships, contributing to the firms' success.

The results also suggested that improving venture capital management support will improve organization performance. The findings also revealed that a unit change in venture capital management support might lead in a 0.437 unit change in large and medium tech firm performance in Nairobi County, Kenya. This supported the notion that venture capital management support has a major impact on organization performance. The null hypothesis was rejected, and it was determined that venture capital management support had a significant effect on organizational performance.

5.2.3 Venture Capital Technical Support and Organizational Performance

The research's third objective was to establish influence of venture capital technical support on tech firms' performance. The descriptive results suggest a positive perception of the impact of venture capital technical support. Respondents reported that venture capitalists provided valuable technical expertise that contributed to the development and improvement of their products/services. The support enhanced their research and development capabilities, enabling them to stay at the forefront of technological advancements in their industry. Venture capitalists were noted for facilitating collaborations with leading experts or research institutions, enhancing their technological capabilities.

Moreover, the technical guidance provided by venture capitalists was seen as positively influencing their ability to address technical challenges and innovate. The

regression results revealed that venture capital technical support and organization performance have a positive and significant link. The findings suggested that a shift in venture capital technical support approach will boost tech firms' performance in Kenya. The null hypothesis was rejected, and conclusion made that venture capital technical support influences performance of tech firms.

5.2.4 Venture Capital Mentoring Support and Organizational Performance

The research's fourth objective was to establish influence of venture capital mentoring support on tech firms' performance. The descriptive results indicate that respondents highly value venture capital mentoring support. They reported that venture capitalists provided valuable networking opportunities, connecting them with influential individuals and organizations in their industry. The mentoring support helped in gaining insights into market trends and customer needs, contributing to their strategic decision-making. It was noted that venture capitalists provided guidance and support in building and refining their business models. The mentorship positively impacted their ability to pivot and adapt to changing market conditions, and it assisted in identifying and capitalizing on growth opportunities.

The regression results revealed that venture capital mentoring support and organization performance have a positive and significant link. The findings suggested that a shift in venture capital mentoring support will boost tech firms' performance in Kenya. The null hypothesis was rejected, and conclusion made that venture capital mentoring support influences performance of tech firms.

5.3 Conclusions

The conclusions derived from the study findings for each of the research goals are presented in this section.

5.3.1 Venture Capital Financial Support and Organization Performance

The study's findings reveal a compelling relationship between venture capital financial support and the performance of tech firms in Nairobi County, Kenya. Venture capital financial support has been shown to have a significantly positive effect on the financial stability, growth opportunities pursuit, resource scaling, and ability to attract additional funding for tech firms. The empirical evidence indicates that tech firms that receive venture capital funding exhibit remarkable growth in sales turnover, profitability, and return on assets compared to those without such support. This underscores the crucial role that venture capital financial support plays in enhancing the financial performance and overall success of tech firms in Nairobi County. Thus, it is evident that venture capital financial support is a vital driver of growth and sustainability for tech firms in this region.

Moreover, the study's analysis delved deeper, revealing that venture capital financial support acts as a catalyst for innovation. Tech firms with access to venture capital funding are more likely to invest in research and development, innovation, and technological advancements. These investments are essential for remaining competitive and responsive to dynamic market conditions. Therefore, venture capital financial support not only bolsters current performance but also positions tech firms for long-term success by fostering an innovative environment.

5.3.2 Venture Capital Management Support and Organizational Performance

The study's findings underscore the instrumental role played by venture capital management support in shaping the performance of tech firms in Nairobi County, Kenya. The guidance and strategic input provided by venture capitalists significantly influence business strategy, contributing to effective decision-making and corporate governance. Moreover, venture capital management support aids in overcoming operational challenges

and improving overall efficiency. The study also reveals that venture capitalists provide valuable industry connections and facilitate key partnerships, which have a positive impact on the firms' performance. Additionally, the support helps in attracting and retaining high-caliber talent and enhances leadership capabilities and decision-making processes. These results emphasize that venture capital management support is a critical driver of performance and success for tech firms in Nairobi County.

Furthermore, the study's analysis reveals that venture capital management support extends beyond immediate operational improvements. It also contributes to the long-term sustainability of tech firms. The involvement of venture capitalists on the boards of directors contributes to effective governance and strategic planning. This influence on corporate governance enhances the firms' ability to adapt to market changes, ensuring their continued relevance and competitiveness. Consequently, venture capital management support not only addresses current challenges but also positions tech firms for enduring success in the ever-evolving tech landscape.

5.3.3 Venture Capital Technical Support and Organizational Performance

The study's findings illuminate the critical role that venture capital technical support plays in shaping the performance of tech firms in Nairobi County, Kenya. Venture capitalists provide valuable technical expertise, facilitating the development and improvement of products and services. This technical assistance extends to enhancing research and development capabilities, enabling tech firms to stay at the forefront of technological advancements. Furthermore, venture capitalists foster collaborations with leading experts and research institutions, elevating the technological capabilities of the firms. Additionally, venture capital support aids in protecting and managing intellectual property effectively, a vital aspect of tech firms' competitiveness. Moreover, the technical

guidance provided by venture capitalists has a profoundly positive influence on addressing technical challenges and fostering innovation.

Furthermore, venture capitalists assist tech firms in navigating complex technological landscapes, improving their ability to identify and exploit market opportunities. This support not only boosts current performance but also fuels the long-term growth and sustainability of these firms. It is evident that venture capital technical support is a linchpin for tech firms seeking to remain competitive, innovative, and adaptable in today's rapidly evolving tech-driven market.

5.3.4 Venture Capital Mentoring Support and Organizational Performance

The study's findings demonstrate that venture capital mentoring support has a profound and highly positive effect on the performance of tech firms in Nairobi County, Kenya. Venture capitalists provide invaluable networking opportunities, connecting tech firms with influential individuals and organizations in their respective industries. This networking has a ripple effect on business growth and market penetration. Additionally, mentoring support helps tech firms gain critical insights into market trends and customer needs, contributing significantly to their strategic decision-making. The guidance provided by venture capitalists in building and refining business models adds a layer of resilience and competitiveness to these firms.

Furthermore, venture capital mentoring enhances tech firms' ability to pivot and adapt swiftly to changing market conditions, a vital attribute in the dynamic tech landscape. Moreover, venture capitalists actively assist tech firms in identifying and capitalizing on growth opportunities, ensuring that they remain agile and forward-looking. Lastly, mentoring support fosters the development of entrepreneurial skills and

mindsets, contributing not only to business growth but also to the personal and professional growth of tech entrepreneurs and their teams.

5.4 Recommendations of the Study

To harness the full potential of venture capital in supporting tech firms, policymakers and industry stakeholders should focus on creating an enabling environment for venture capital investment. This includes streamlining regulations and reducing bureaucratic barriers that may hinder venture capital flow into the tech sector. Initiatives like tax incentives and regulatory reforms should be explored to attract more venture capital firms to invest in Nairobi's tech ecosystem.

It is evident from this study that improved entrepreneurial awareness positively influences startup growth. Therefore, there should be concerted efforts to enhance entrepreneurial education and awareness among tech entrepreneurs and potential startups. Incubators and accelerators should collaborate with educational institutions to offer programs that equip entrepreneurs with the skills and knowledge needed to succeed in the tech industry. Moreover, creating platforms for knowledge sharing and networking can foster a culture of innovation and entrepreneurship.

Tech firms should actively seek collaborations with venture capitalists, research institutions, and industry experts to tap into valuable technical expertise, resources, and industry connections. Venture capital firms should actively facilitate these collaborations and partnerships to ensure tech firms access the support needed for innovation and growth. Moreover, tech firms should explore partnerships with other startups to share resources and insights, fostering a collaborative ecosystem.

The study highlights the significant impact of venture capital mentoring support on tech firms. It is recommended that venture capital firms place more emphasis on mentoring and advisory roles. Additionally, tech firms themselves should actively seek

out mentors, whether through venture capital relationships or other channels. Creating a culture of mentorship and knowledge sharing can be instrumental in nurturing the next generation of tech entrepreneurs and leaders.

5.5 Research Areas for Further Studies

As per the research conclusions, venture capital financial support, venture capital management support, venture capital technical support, and venture capital mentoring support together account for 93.1% of the variation in the performance of tech firms in Nairobi County, Kenya. According to the study, further investigation should concentrate on identifying additional factors that contribute to the remaining 6.9 percent. In order to clearly demonstrate the performance disparities, further study might concentrate on comparing the performance of firms that have adopted venture capital support aspects with those that have not. Additional investigation is also required on how top management affects the adoption of effective venture capital support.

Longitudinal studies to examine the long-term impact of venture capital support on the performance of tech firms should also be conducted. By tracking the performance of tech firms over an extended period, researchers can gain insights into the venture capital support -performance relationship and observe any potential changes or trends over time. Further, researchers should investigate the mediating and moderating factors that may influence the relationship between venture capital support and performance. For example, factors such as firm size, industry dynamics, or regulatory environment could impact the strength or direction of the relationship.

Future research can also complement the quantitative findings with qualitative research methods like interviews or focus groups to gain a deeper understanding of the mechanisms and processes through which venture capital support impact performance.

Qualitative research can provide rich insights into the experiences, perspectives, and practices of tech firms in Nairobi County, Kenya and help identify best practices for venture capital support into their operations.

5.6 Limitations of the Study

The study focused exclusively on tech firms in Nairobi County, Kenya, which limits the generalizability of the findings to other regions or industries. Nairobi has a unique business ecosystem and access to venture capital that may not be representative of other areas. Consequently, the study's conclusions may not apply to tech firms in different geographical locations or those operating in distinct industry sectors. To enhance the study's applicability, future research should encompass a broader range of regions and industries.

The study adopted a cross-sectional research design, which captures a snapshot of data at a single point in time. This design restricts the ability to establish causal relationships between venture capital support and tech firm performance. Longitudinal studies tracking firms over time could provide more robust insights into the dynamic nature of these relationships. Additionally, the study's sample size of 81 tech firms, while suitable for the analysis performed, might not fully represent the diversity of tech firms in Nairobi County. A larger and more diverse sample could strengthen the study's external validity.

The study's reliance on self-reported data from tech firm managers could introduce response bias and social desirability bias, potentially affecting the accuracy of the responses. Despite efforts to maintain anonymity and confidentiality, respondents might have provided overly positive or socially acceptable answers, particularly when evaluating the impact of venture capital support on their firms' performance. This limitation could have influenced the results.

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APPENDICES

Appendix I: List of Tech Firms Operating in Nairobi Kenya that had received venture capital support between 2016 and 2022.

Startup	**Venture Capitalists**
Poa Internet	Africa50, Novastar Ventures
Copia Global	Goodwell Investments
Zanifu	Saviu Ventures, Launch Africa Ventures,
Sukhiba	On Deck
Sote	Social Capital, Chamath Palihapitiya's fund,
Komaza	not disclosed
Mwingi	not disclosed
Kotani Pay	Flori Ventures, P1 Ventures,
Solarise	Energise Africa (January),
Ubawa	Platform Capital
Amitruck	Better Tomorrow Ventures (BTV)
Afya Rekod	Mac Venture Capital
Mr Green Africa	DOB Equity and Global Innovation Fun
BasiGo	Novastar Ventures
MarketForce	V8 Capital Partners
Cartnshop	not disclosed
Boya	Y Combinator
Badili	SOSV), Venture Catalysts, V&R Africa
LipaLater	SOSV
Kwanza Tukule	DOB Equity, Elea Foundation
Ariya	Bettervest
M-KOPA	Generation Investment Management
OkHi	Chapel Hill Denham
Neural Labs Africa	Startupbootcamp AfriTech
Vooli	Startupbootcamp AfriTech
Wasoko	Tiger Global
4G Capital	Lightrock
KIOTAPAY	Startup Wise Guys
Dukapepe	Startup Wise Guys
Powered by People	Susa Ventures and Golden Ventures
Apollo Agriculture	Softbank Vision Fund 2
Churpy	Unicorn Growth Capital,
Bailport	Techstars
TuShop	4DX Ventures
Elloe	Mad Ventures
TopUp Mama	Ventures Platform and JAM Fund,
FlexPay	Cairo Angels
Bamba	468 Capital,
Zuri	DOB Equity, Launch Africa Ventures
Ponea Health	not disclosed
Jumba	Enza Capital,, Chandaria Capital
mTek	Finclusion Group
Moringa School	Proparco
Kukua	Tencent, VC Alchimia.
SparePap	Mobility 54

Power Financial Wellness	Norrsken
Patika	Y Combinator
Duhqa	CrossFund, Roselake Ventures, and Mo Angels,
Afriguild	Adaverse, EMURGO, Angel Investors
Solar Panda	Electrification Finance Initiative (EFDI) and Okicredit
Ofgen	CFAO Kenya Limited
Novek	Musha Ventures, Timon Capital, Rock Impact Capital
Zeraki	Ardent Capital (August), Acumen
Ubenwa	Radical Ventures
Lami	Harlem Capital, Newtown Partners
FaidiHR	SprintX
FinAccess	HAVAIC
Lori Systems	Google
iProcure	Investisseurs & Partenaires (I&P)
Pezesha	Women's World Banking Capital Partners II,
Watu Credit	Verdant Capital
Jackfruit Finance	WeFunder
Turaco	AfricInvest, Novastar Ventures.
Craydel	LoftyInc Capital
Unchorlight	Honda Trading, Skylight Consulting
Tanda	HAVAIC, DFS Lab
Purple Elephant Ventures	Klister Credit Corp
MedKit Networks	Ardent Capital
Sendy	MOL PLUS
GrowAgric	Katapult
Hisa	Startup Wise Guys
Sortika	Startup Wise Guys
Naivera	Startup Wise Guys
Zemo Card	Startup Wise Guys
Stable Foods	Acumen Resilient Agriculture Fund, Mercy Corps Ventures
Leta	4Di Capital, Chandaria Capital
Aquarech	Katapult
Powwater	not disclosed
Uncover	FirstCheck Africa, Samata Capital,
Kapu	Giant Ventures, Firstminute Capital,
Gridless	Stillmark and Block
MyHealth Africa	GIIG Africa Fund,
Kubik	GIIG Africa Fund, First Circle Capital
Ando	LoftyInc
Shop Zetu	Launch Africa
Workpay	Launch Africa
Mamy Eyewear	Techstars
Offgrid Finance	Founders Factory Africa
BuuPass	Founders Factory Africa
QuikkDev	Founders Factory Africa
Baia Group	Founders Factory Africa
NALA	Amplo, Accel, and Bessemer Partners
Umoja Labs	Norrsken
Umoja	Norrsken
ChapChap	Nordic Impact Funds
Flutterwave	Led by B Capital Group, Green Visor Capital
Kunda Kids	Ardent Capital

Yellow Card	Polychain Capital
Xeno	Beyond Capital Ventures
Afritrack	Launch Africa
Credable	Launch Africa
Kasha	Beyond Capital Ventures, others
Stitch	The Spruce House Partnership
VALR	Pantera Capital
Konnect	Flat6Labs

Source: Disrupt Africa - African Tech Firms Funding Report 2022

Appendix II: Questionnaire

This questionnaire has been developed to collect information on the effect of venture capital support on organizational performance of tech firms in Nairobi city county, Kenya. Kindly take the time to carefully read the questions and provide the best insight you can. Only scholarly purposes will be served by the information acquired.

Instructions

Pick only a response (box) for every question.

PART A: BACKGROUND INFORMATION

1. Kindly indicate your gender

   a) Male ( )

   b) Female ( )

2. Please indicate your age

   (a) Below 30 years ( )

   (b) Between 31-40 years ( )

   (c) Between 41-50 years ( )

   (d) Above 50 years ( )

3. How long have you been in your current position?

   a) Less than 1 year ( )

   b) Between 2-3 years ( )

   c) Between 4-5 years ( )

   (d) More than 5 years ( ).

4. Please indicate the highest level of education

   (a) Diploma ( )

   (b) Undergraduate Degree ( )

   (c) Postgraduate Degree ( )

   (d) PhD ( )

PART B: VENTURE CAPITAL SUPPORT

This part has four sections; venture capital financial support, venture capital management support, venture capital technical support and venture capital mentoring support.

Venture capital financial support

To what magnitude do you concur with the following assertions? Rate in a scale of 1 to 5 (1 Strongly disagree, 2 Disagree, 3 Neutral, 4 Agree, 5 Strongly Agree)

Statement	**1**	**2**	**3**	**4**	**5**
a) The venture capital funding received has significantly contributed to our company's financial stability.					
b) The venture capital investment has allowed us to pursue growth opportunities that would have been otherwise unattainable.					
c) The venture capital funding has provided us with the necessary resources to scale our operations effectively.					
d) The venture capital investment has positively influenced our ability to attract additional funding from other investors or financial institutions.					
e) The venture capital support has enabled us to make strategic investments in research and development, innovation, and technological advancements.					
f) The venture capital funding has played a critical role in our ability to penetrate new markets and expand our customer base.					

Venture capital management support

To what magnitude do you concur with the following assertions? Rate in a scale of 1 to 5 (1 Strongly disagree, 2 Disagree, 3 Neutral, 4 Agree, 5 Strongly Agree)

Statement	**1**	**2**	**3**	**4**	**5**
a) The guidance and strategic input provided by the venture capitalists have been instrumental in shaping our business strategy.					
b) The involvement of venture capitalists on our board of directors has contributed significantly to effective decision-making and corporate governance.					
c) The venture capital management support has helped us overcome operational challenges and improve our overall efficiency.					
d) The venture capitalists have provided valuable industry connections and facilitated key partnerships for our company.					
e) The venture capital support has helped us attract and retain high-caliber talent by providing access to their network and expertise.					
f) The venture capitalists have been actively engaged in mentoring and advising our management team, enhancing our leadership capabilities and decision-making processes.					

Venture capital technical support

To what magnitude do you concur with the following assertions? Rate in a scale of 1 to 5 (1 Strongly disagree, 2 Disagree, 3 Neutral, 4 Agree, 5 Strongly Agree)

Statement	**1**	**2**	**3**	**4**	**5**
a) The venture capitalists have provided valuable technical expertise that has contributed to the development and improvement of our products/services.					
b) The venture capital technical support has enhanced our research and development capabilities, enabling us to stay at the forefront of technological advancements in					

our industry.					
c) The venture capitalists have facilitated collaborations with leading experts or research institutions, enhancing our technological capabilities.					
d) The venture capital support has helped us protect and manage our intellectual property effectively.					
e) The technical guidance provided by venture capitalists has positively influenced our ability to address technical challenges and innovate.					
f) The venture capitalists have helped us navigate complex technological landscapes, improving our ability to identify and exploit market opportunities.					

Venture capital mentoring support

To what magnitude do you concur with the following assertions? Rate in a scale of 1 to 5 (1 Strongly disagree, 2 Disagree, 3 Neutral, 4 Agree, 5 Strongly Agree)

Statement	**1**	**2**	**3**	**4**	**5**
a) The venture capitalists have provided valuable networking opportunities, connecting us with influential individuals and organizations in our industry.					
b) The mentoring support from venture capitalists has helped us gain insights into market trends and customer needs, contributing to our strategic decision-making.					
c) The venture capitalists have provided guidance and support in building and refining our business model.					
d) The mentorship from venture capitalists has positively impacted our ability to pivot and adapt to changing market conditions.					
e) The venture capitalists have actively assisted us in identifying and capitalizing on growth opportunities.					
f) The mentoring support from venture capitalists has helped us develop our entrepreneurial skills and mindset, contributing to our personal and professional growth.					

PART C: ORGANIZATIONAL PERFORMANCE

To what magnitude do you concur with the following assertions? Rate in a scale of 1 to 5 (1 Strongly disagree, 2 Disagree, 3 Neutral, 4 Agree, 5 Strongly Agree)

Component	**1**	**2**	**3**	**4**	**5**
Our organization consistently achieves its performance goals and targets.					
The overall financial performance of our organization is strong and sustainable.					
Our organization effectively meets or exceeds customer expectations.					
Our organization demonstrates a high level of innovation and adaptability in response to market changes.					
The quality of our products/services is consistently rated highly by customers.					
Our organization maintains a strong market position and competitive advantage.					
Employees in our organization are highly engaged and motivated to contribute to its success.					
Our organization effectively utilizes resources and operates with high efficiency.					

THANK YOU