

**REASSESSING THE ROLE OF CAPITAL IN ENTREPRENEURIAL SUCCESS IN  
NAIROBI COUNTY**

**BY**

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**MASTER OF SCIENCE**

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## DECLARATION

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

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**Date: 5/11/2024**

I do hereby confirm that I have examined the master's dissertation of

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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

The study sought to reassess the role of capital in entrepreneurial success in Nairobi County. Capital plays a pivotal role in entrepreneurial success, enabling entrepreneurs to invest in resources, drive innovation, and expand operations. Access to sufficient capital empowers entrepreneurs to seize opportunities, navigate challenges, and scale their businesses effectively. It serves as a foundation for growth, facilitating the development of products, services, and market presence. Additionally, capital provides a buffer against financial uncertainties and supports long-term sustainability. The project is guided by the following objectives: to assess the level of financial inclusion in Nairobi County, to identify the challenges facing entrepreneurs face in obtaining capital in the county, to explore the role of Microfinance Institutions (MFIs) and smaller lenders in supporting entrepreneurial ventures and to evaluate the impact of capital availability on the success and sustainability of entrepreneurial ventures in Nairobi County. Theoretical frameworks of financial inclusion pyramid, financial capital theory, and institutional theory guide the study, offering insights into the the role of capital in entrepreneurial success. Purposive sampling was used to select the sample population for the investigation. To conduct the study, a sample size of 1900 respondents was selected. More precisely, the participants were selected from the 17 sub-counties in Nairobi. The study employed the questionnaire instrument as a methodological approach to gather data. For the goal of this study, data was collected via distributing questionnaires in both physical and digital formats. In this study, the Statistical Package for Social Science (SPSS) was used for data analysis. The statistical tests were used a significance threshold of 0.05. The study found that financial inclusion plays a vital role in enhancing entrepreneurial success, as better access to financial services correlates with higher growth rates for businesses. Capital availability emerged as a critical factor, with entrepreneurs who have more access to funding demonstrating improved performance. Additionally, challenges such as high interest rates and bureaucratic hurdles were identified as significant obstacles that negatively impact entrepreneurial outcomes. The study highlighted the crucial role of Microfinance Institutions (MFIs), which provide essential support to entrepreneurs in securing the necessary funding for their ventures. The findings indicate that addressing these barriers to financial inclusion and improving capital access is vital for fostering entrepreneurial success in Nairobi. To this end, it is recommended that policymakers implement initiatives aimed at enhancing financial access, reducing regulatory burdens, and strengthening the support mechanisms of MFIs. These actions will help create a more conducive environment for business growth and sustainability among entrepreneurs in the region. It is recommended that policymakers enhance financial access initiatives, reduce regulatory burdens, and strengthen the role of MFIs to create a more supportive environment for business growth. Limitations include reliance on self-reported data and sample bias. Future research should investigate the long-term impacts of financial inclusion policies and evaluate the effectiveness of reforms in reducing bureaucratic obstacles.

**Keywords: Capital, financial inclusion, Microfinance Institutions (MFIs),**

**Entrepreneurship, Sustainability**

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## **ABBREVIATIONS AND ACRYONMS**

<b>MFIs:</b>	Microfinance Institutions
<b>WBG:</b>	World Bank Group
<b>SMEs:</b>	Small and medium enterprises
<b>IPOs:</b>	Initial Public Offerings

## OPERATIONAL DEFINITION OF TERMS

### **Capital:**

A company's capital includes its current assets and reserves for operational expenses and capacity expansion. Funding might come from equity, debt, working capital, or trade capital. Stock exchanges and other financial institutions use trade capital. Nic Barnhart (2021) defines "capital" as money used to make more money. In the economy, this word may affect individuals and businesses. Businesspeople use "capital" to refer to whatever asset a company uses to grow.

### **Entrepreneurship:**

Entrepreneurship involves aggressively seeking ways to start, run, and grow a business. Innovative thinking, technological skills, and strategic analysis are used to produce new products and services that fulfill customer needs and target certain demographics. Those who follow this career must be resilient, ingenious, and willing to accept financial risks. Entrepreneurs include internet content makers, consultants, and other self-employed professions (Autumn 2024).

### **Financial Inclusion:**

Financial inclusion is achieved when people and organizations can responsibly and sustainably use a variety of financial products and services, such as transactions, payments, savings, credit, and insurance. Transaction accounts' simplicity in holding funds and making payments makes them vital for financial inclusion. The World Bank Group (WBG) is committed to universal transaction account access because they

offer a variety of financial services (The Word Bank, 2021).

**Microfinance Institutions (MFIs):** Microfinance institutions (MFIs) are organizations that fill a niche in the financial services market by offering a variety of goods and services to individuals, small businesses, and communities. MFIs have similar possibilities and dangers as small banks that are growing. Their additional responsibility is helping poor people (Netcompany.intrasoft, n.d.).

**Sustainability:** Sustainability is improving everyone's well-being now and, in the future, while protecting Earth's ecosystems. Sustainability includes economic and environmental advancement, healthcare, urbanization, energy, materials, agriculture, business practices, social services, government, and natural resource conservation for future generations. Sustainability is as groundbreaking as justice, liberty, and equality (Boone & Crow, 2023).

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background of the Study**

The informal sector in Nairobi is characterized by its flexibility and adaptability, catering primarily to low-income individuals seeking economic opportunities. This sector includes street vendors, small-scale manufacturers, and service providers, often operating without formal registration or regulation. According to the Kenya National Bureau of Statistics (2021), about 83% of Nairobi's workforce is employed in informal jobs, reflecting the sector's crucial role in absorbing labor and providing livelihoods in a city marked by high unemployment rates. Additionally, the informal sector is marked by its resilience and innovation, often serving as a testing ground for entrepreneurial ventures. Many informal enterprises leverage social networks and local knowledge to navigate challenges, with studies indicating that these businesses are pivotal in driving economic growth and poverty alleviation in urban areas (Ogot & Otieno, 2022). The lack of access to formal financing, however, remains a significant barrier, limiting their growth potential.

In the informal sector, access to capital is crucial for entrepreneurs seeking to establish and grow their businesses. Unlike formal enterprises, informal businesses often operate without significant financial backing or institutional support, making capital even more essential for survival and expansion. According to Guha and Tiwari (2022), informal entrepreneurs frequently rely on personal savings, family loans, or microfinance institutions to fund their ventures. This reliance underscores the need for flexible and accessible financing options tailored to the unique challenges of the informal economy. Limited access to capital can hinder these entrepreneurs from acquiring necessary resources, leading to underperformance and an inability to scale their operations.

The role of capital extends beyond mere financial input; it significantly impacts the

operational capacity and sustainability of informal businesses. Entrepreneurs with adequate capital can invest in quality materials, improve production processes, and enhance marketing efforts, thereby increasing their competitiveness in the market (Ayyagari et al., 2021). Additionally, access to capital enables informal businesses to weather economic fluctuations, allowing for better inventory management and adaptation to changing consumer demands. Ultimately, capital acts as a vital lifeline for informal entrepreneurs, facilitating not only initial setup but also long-term growth and resilience within the often volatile landscape of the informal sector.

In Nairobi County, access to capital is a critical factor influencing the success of informal sector entrepreneurs. Many businesses in this sector, such as street vendors and small-scale artisans, operate without formal financial backing, relying primarily on personal savings, microloans, and remittances from family members. According to a study by Ouma et al. (2023), inadequate access to financial resources often limits these entrepreneurs' ability to invest in essential tools, inventory, and marketing efforts, thereby stifling growth and sustainability. The lack of collateral and formal credit histories further exacerbates the challenges, making it difficult for many informal businesses to secure funding from traditional financial institutions.

Capital not only supports initial establishment but also plays a vital role in enhancing operational efficiency and competitiveness in Nairobi's bustling informal market. Entrepreneurs who can access adequate funding are better positioned to adopt innovative practices, improve product quality, and expand their customer base. Research by Mwangi and Mugo (2022) indicates that capital investment allows informal businesses to navigate economic challenges, such as fluctuating demand and rising costs, more effectively. As such, fostering an environment that enhances access to capital through microfinance initiatives, community savings groups, and government support can significantly empower informal sector entrepreneurs, promoting

economic resilience and growth in Nairobi County.

Capital plays a pivotal role in the success of entrepreneurial ventures, serving as the foundational resource that enables startups to transform innovative ideas into viable businesses. Access to adequate financial resources allows entrepreneurs to invest in essential areas such as research and development, marketing, and operational infrastructure. According to Gompers and Lerner (2020), sufficient capital not only facilitates initial setup costs but also ensures that businesses can scale effectively in response to market demands. Furthermore, capital can enhance a startup's credibility, attracting potential customers and investors, which can lead to a more sustainable competitive advantage. Without adequate capital, many promising ventures may struggle to survive in today's dynamic business environment, limiting their potential for growth and innovation.

In addition to financial capital, human capital and social capital significantly influence entrepreneurial success. Human capital encompasses the skills, knowledge, and experience that entrepreneurs and their teams bring to the business, while social capital refers to the networks and relationships that can provide critical support and resources (Zhang & Wang, 2021). A study by Isenberg (2020) highlights that entrepreneurs who leverage both financial and human resources tend to exhibit greater resilience and adaptability, enabling them to navigate challenges effectively. Moreover, strong social networks can facilitate access to mentorship, funding opportunities, and partnerships, further enhancing the likelihood of entrepreneurial success. Therefore, a holistic approach that integrates various forms of capital is essential for sustainable growth in entrepreneurship.

In the United States, capital plays a fundamental role in fostering entrepreneurship, particularly through its robust venture capital ecosystem concentrated in regions like Silicon

Valley. Venture capital funding provides crucial support for high-growth startups across various industries, driving innovation and economic growth (Rahardjo, 2023). Moreover, the presence of angel investors and seed funding further accelerates the growth of early-stage ventures, enabling them to evolve from concept to commercialization. The deep and liquid public markets in the USA offer additional avenues for entrepreneurs to access capital through IPOs and subsequent equity offerings, facilitating the expansion of successful companies (Calimanu, 2023). Combined with a strong entrepreneurial culture characterized by risk-taking and innovation, the USA remains a global leader in fostering an environment conducive to entrepreneurial endeavors.

In Asia, the significance of capital in entrepreneurship is shaped by diverse factors across different countries and regions. While some Asian countries boast vibrant venture capital ecosystems akin to the USA, others rely more on traditional sources of funding such as bank loans and government grants (Hemmert et al., 2022). Government support through policies and initiatives aimed at fostering innovation and providing financial incentives for startups further enhances the entrepreneurial landscape in many Asian countries (Wu, Si, & Liu, 2022). Moreover, the rapidly growing markets in Asia present vast opportunities for entrepreneurs, attracting both domestic and foreign investment. Despite cultural variations in attitudes towards entrepreneurship, the rise of tech ecosystems in countries like China, India, and Singapore underscores the region's potential as a dynamic and increasingly influential hub for entrepreneurial activity.

On a regional scale, the role of capital in entrepreneurial success has long been a subject of regional concern, with access to funding often cited as a critical factor determining the viability and growth potential of businesses (Bramann, 2017). In the context of Nairobi County, this issue takes on added significance due to the city's status as a burgeoning hub of entrepreneurship within East Africa. Traditionally, limited access to capital has been viewed as a major obstacle for

aspiring entrepreneurs in Nairobi, hampering their ability to launch and sustain businesses (CM SME Club Resources, 2023). However, recent developments in the financial landscape, both regionally and locally, have challenged this narrative, prompting a reassessment of the role of capital in entrepreneurial success within the county.

In East Africa, the role of capital in entrepreneurship is undergoing significant transformation amidst a rapidly evolving economic landscape (Gugu & Mworira, 2017).. While access to traditional financing options such as bank loans remains limited for many entrepreneurs, the region has seen a surge in alternative funding sources and innovative financing models (Gugu & Mworira, 2017). Impact investors, venture capital firms, and angel investors are increasingly active in the region, providing capital and mentorship to startups across various sectors. Moreover, the proliferation of mobile money platforms, such as M-Pesa in Kenya, has democratized access to financial services, enabling entrepreneurs to access capital more efficiently. The proliferation of mobile money platforms like M-Pesa in Kenya has significantly impacted informal sector entrepreneurs in Nairobi. These platforms have enhanced financial inclusion by providing accessible, convenient, and secure transaction methods, thereby facilitating easier access to capital, payments, and business operations (Gugu & Mworira, 2017).. As a result, entrepreneurs in the informal sector benefit from increased efficiency, improved cash flow management, and expanded market reach, contributing to their overall business growth and economic integration.

Government initiatives aimed at fostering entrepreneurship and innovation, coupled with regulatory reforms to ease the business environment, are further bolstering the entrepreneurial ecosystem in East Africa (Waseem, Rashid & Akba, 2021). Countries like Kenya, Rwanda, and Ethiopia have implemented policies to support small and medium enterprises (SMEs), including tax incentives, grants, and incubation programs. Additionally, regional integration efforts, such as

the East African Community (EAC), are promoting cross-border trade and investment, creating new opportunities for entrepreneurs to access larger markets and capital pools (Elumelua, 2023). Despite challenges such as infrastructure gaps and regulatory hurdles, East Africa's entrepreneurial spirit, coupled with increasing access to capital and supportive policies, positions the region as a burgeoning hub for innovation and economic growth.

Across Africa, the significance of capital in entrepreneurship resonates deeply, reflecting both the continent's immense potential and its unique challenges. Access to traditional financing mechanisms, like bank loans, remains constrained by factors such as stringent lending criteria and limited financial infrastructure, posing significant barriers to aspiring entrepreneurs (African Development Bank, 2021). However, amidst these challenges, Africa is witnessing a remarkable surge in alternative funding sources and innovative financing models tailored to its diverse entrepreneurial landscape. Notably, impact investing and venture capital are gaining traction, with investors increasingly drawn to businesses that not only promise financial returns but also address pressing social and environmental issues (Hall,2023). This trend underscores a growing recognition of the transformative power of entrepreneurship in driving inclusive growth and sustainable development across the continent.

Mobile money platforms and other digital financial solutions have democratized capital access, especially in areas with poor banking infrastructure. Entrepreneurs can now access money and financial services more easily because to this technological advancement (Koomson & Martey, 2022). Startups are also benefiting from government-led incubation, tax incentive, and regulatory reforms. Nigeria, Kenya, and South Africa are becoming innovation and entrepreneurial hotspots, attracting local and foreign investment (Modiha, 2024). Regional economic integration measures like the African Continental Free Trade Area (AfCFTA) could open new markets and investment

opportunities, fueling the continent's entrepreneurial spirit. Despite obstacles, Africa's dynamic and resilient entrepreneurial ecosystem evolves, propelled by money and innovation to improve the continent's future.

In the Kenyan context, a significant barrier is the availability of financial resources for entrepreneurs. Seed funding is limited in ecosystems with limited resources due to insufficient savings and a lack of successful businesspeople or managers of information and communication technology conglomerates that can combine their resources for angel investments. In addition, seed investment funds exhibit a lack of interest due to the substantial degree of risk associated with such ventures (Mwata & Suva, 2023). Foreign investors may exhibit reluctance in allocating funds to domestic enterprises, as evidenced in the case of Kenya, even throughout the advanced stages of the investment process (Bramann, 2017). This was attributed to investors' perception of a scarcity of local talent and the inability of local tech companies to meet their ambitious profit and growth goals. Kenya's ecosystem has received proposals from donors and impact investors suggesting alternative financing methods to address this requirement.

### **1.1.3 Role of Capital**

Capital serves as a fundamental resource in entrepreneurship, influencing both the establishment and growth of new ventures. It encompasses not only financial investments but also human and social capital, all of which are critical for turning innovative ideas into successful businesses. Access to adequate financial capital enables entrepreneurs to cover essential startup costs, including product development, marketing, and operational expenses. According to Kauffman Foundation (2020), the availability of capital significantly enhances an entrepreneur's ability to scale their operations and compete effectively in the marketplace. Without sufficient capital, even the most promising business ideas may struggle to take off, leading to premature failure and lost

economic opportunities.

Capital plays a pivotal role in fostering innovation and resilience within entrepreneurial ecosystems. Entrepreneurs with access to diverse funding sources, such as venture capital, angel investments, or microfinance, can experiment with new ideas, pivot their business models, and respond to market changes more effectively. Research by Mason and Harrison (2021) emphasizes that businesses that strategically invest in technology and human resources tend to outperform their competitors, particularly in dynamic sectors. Thus, the role of capital extends beyond mere financial support; it is integral to building a sustainable competitive advantage and ensuring long-term success in the ever-evolving entrepreneurial landscape.

In Nairobi's informal sector, access to capital is vital for entrepreneurs striving to establish and grow their businesses in a highly competitive environment. Many informal entrepreneurs, such as street vendors and small-scale manufacturers, rely on limited financial resources, often sourced from personal savings, family support, or microfinance institutions. Research by Ouma et al. (2023) highlights that inadequate capital significantly hampers their ability to invest in essential resources like inventory, equipment, and marketing. This financial constraint can limit business growth and sustainability, making it challenging for these entrepreneurs to compete with formal sector players.

The ability to access capital directly impacts the operational efficiency and adaptability of informal businesses in Nairobi. Entrepreneurs who secure funding can implement innovations, improve product quality, and respond more effectively to market demands. According to Mwangi and Mugo (2022), those with better access to capital are more likely to withstand economic fluctuations, thus enhancing their resilience. By fostering environments that improve access to financial resources through microcredit schemes, community savings groups, and government

support Nairobi can empower informal sector entrepreneurs, ultimately promoting broader economic growth and development.

Capital drives entrepreneurship in Kenya, both fostering innovation and preventing entry. Aspiring entrepreneurs may find bank loans difficult to obtain due to their strict restrictions and hefty interest rates. Kenyan entrepreneurs are increasingly turning to government funding like Hustler Fund, angel investors, venture capital firms, and crowdfunding platforms to fill the gap left by traditional banks (FSD Kenya, 2016). Kenya's early embrace of mobile money technology, like M-Pesa, has transformed capital access, especially for rural residents. This technology has democratized financial services, allowing entrepreneurs to fund, transact, and streamline their enterprises (Littlewood et al., 2022). Startups are also benefiting from government tax incentives, incubation programs, and regulatory reforms (FSD Kenya, 2016). As Kenya embraces entrepreneurship as a driver of economic growth and social development, finance is key to realizing its entrepreneurial potential.

Within Nairobi County, the reassessment of capital's role in entrepreneurial success is particularly relevant to a diverse range of stakeholders, including aspiring entrepreneurs, small business owners, policymakers, and financial service providers. For aspiring entrepreneurs, access to capital represents a crucial determinant of their ability to transform innovative ideas into viable businesses (Polo, 2015). Small business owners, meanwhile, rely on adequate funding to fuel expansion efforts and navigate the challenges of scaling their operations (Mwata & Suva, 2023). Policymakers are tasked with creating an enabling environment that fosters entrepreneurship and ensures equitable access to financial resources, while financial service providers play a pivotal role in delivering tailored solutions to meet the diverse needs of entrepreneurs. By focusing on this multifaceted target group, this study sought to provide comprehensive insights into the complex

dynamics of capital accessibility and its implications for entrepreneurial success in Nairobi County.

Adopting venture capital in Nairobi's informal sectors necessitates flexible investment models tailored to the unique challenges faced by informal entrepreneurs. Traditional venture capital often overlooks these businesses due to their lack of formal registration and collateral. To bridge this gap, investors can explore equity financing and revenue-based models that provide capital without stringent requirements. Additionally, enhancing financial literacy and business management skills through targeted training programs can empower entrepreneurs to develop viable business plans, making them more attractive for investment. Collaborative ecosystems, involving partnerships with local organizations and government support, can further cultivate an environment conducive to innovation and growth. Such strategies are essential for unlocking the potential of the informal sector in Nairobi (Munyoki & Njeru, 2021).

#### **1.1.4 Entrepreneurial Success**

Entrepreneurial success is often defined by the ability to achieve specific business objectives, such as profitability, growth, and sustainability. Successful entrepreneurs not only generate revenue but also create value through innovation, customer satisfaction, and market responsiveness. Research by Gartner (2020) emphasizes that entrepreneurial success is multifaceted, encompassing not just financial performance but also social impact and personal fulfillment. Entrepreneurs who can effectively balance these dimensions are better positioned to navigate challenges and capitalize on opportunities in a dynamic market environment.

The pathways to entrepreneurial success are influenced by various factors, including access to resources, market conditions, and the entrepreneur's skills and networks. Studies show that entrepreneurs with strong leadership skills, adaptability, and a robust support network are more

likely to achieve long-term success (Hmieleski & Ensley, 2021). Additionally, embracing technology and innovation can enhance competitive advantage and operational efficiency, further contributing to overall success. As such, entrepreneurial success requires a holistic approach that integrates strategic planning, effective resource management, and continuous learning.

The discourse surrounding entrepreneurial capital has undergone significant evolution in recent years. With the rise of fintech innovations, crowdfunding platforms, and alternative financing mechanisms, entrepreneurs worldwide have gained access to a more diverse array of funding options than ever before (Feyen, 2021). This shift has sparked optimism among policymakers and economists, who see improved capital accessibility as a catalyst for economic growth and innovation. However, the extent to which these global trends have translated into tangible benefits for entrepreneurs in Nairobi County remains uncertain. Despite the proliferation of financial inclusion initiatives and the presence of Microfinance Institutions (MFIs), disparities in capital accessibility persist, particularly among marginalized communities and underserved sectors of the economy.

The emergence of fintech and mobile money has transformed capital accessibility for informal entrepreneurs in Nairobi. These innovations have facilitated easier transactions and improved access to financial services, enabling small business owners to operate more efficiently. For instance, platforms like M-Pesa allow entrepreneurs to receive payments, transfer funds, and manage cash flow without traditional banking barriers. This has led to increased financial inclusion, particularly for those in the informal sector who may lack access to conventional banking facilities. Studies show that mobile money usage can significantly enhance business operations by providing immediate liquidity and enabling better financial management (Mbiti & Weil, 2016).

However, the relationship between fintech innovations and local informal entrepreneurs remains underexplored. While mobile money has improved transactional efficiency, questions arise regarding its long-term impact on business growth and sustainability. Many informal entrepreneurs still face challenges in accessing credit and investment opportunities despite using mobile payment systems. Research indicates that while fintech platforms enhance day-to-day financial transactions, they do not inherently provide the capital needed for expansion or innovation (Aker & Mbiti, 2010). Understanding these dynamics is crucial for policymakers aiming to support informal businesses through technology, ensuring that innovations truly meet the needs of this sector.

The entrepreneurial ecosystem in Nairobi County is dynamic, but it faces significant obstacles, notably in terms of accessing money. Although the need of financial resources for business success is widely recognized, numerous aspiring entrepreneurs encounter substantial obstacles in obtaining capital. The issues are further intensified by traditional banking procedures, economic disparities, and the influence of external causes such as the COVID-19 pandemic. Comprehending the complex mechanisms of capital availability in Nairobi County is crucial for developing efficient tactics to assist entrepreneurial pursuits. This study examines the underlying causes of these difficulties, with the goal of understanding the factors that affect access to finance and suggesting remedies to create a favorable climate for entrepreneurial development and success in the region.

The high business closure rates in Nairobi are a pressing concern that warrants deeper investigation. Factors such as intense competition, high operational costs, and regulatory challenges contribute significantly to this phenomenon. Unlike other regions in Kenya, Nairobi's vibrant entrepreneurial landscape attracts numerous start-ups, which can lead to market saturation

and increased competition for limited customer bases. According to a survey by the Kenya National Bureau of Statistics (2021), over 40% of small enterprises in Nairobi cease operations within the first three years, highlighting the vulnerabilities faced by entrepreneurs in this urban environment. Moreover, the lack of tailored support services exacerbates the situation for informal businesses. While regions like rural Kenya often benefit from community support networks, Nairobi's fast-paced environment can leave entrepreneurs isolated. Research suggests that inadequate access to training and financial resources further intensifies the struggles of small businesses in the city (Karanja, 2020). Without comprehensive strategies to address these challenges, the cycle of business closures will likely continue, undermining the potential for sustainable economic growth in Nairobi.

## **1.2 Statement of the Problem**

The role of capital in entrepreneurial success within Nairobi County's informal sector necessitates urgent reevaluation due to persistent challenges in accessing financial resources. Capital is essential for business growth in the informal economy, as it fosters innovation, encourages resource investment, and facilitates expansion (Klapper et al., 2020). Access to capital enables entrepreneurs to develop new products, enhance operational capabilities, and compete effectively in the market (Beck & Demirgüç-Kunt, 2021). Despite the recognized importance of capital for driving growth, many entrepreneurs face significant barriers in securing funding, particularly from conventional sources (Njuguna, 2021; Otieno, 2022). These barriers include a lack of collateral, limited financial literacy, and stringent banking requirements, which disproportionately affect informal sector entrepreneurs compared to their formal counterparts (Ayyagari et al., 2021).

The inadequacy of capital access is particularly pressing in the context of the COVID-19 pandemic, which has intensified existing challenges and led to a significant decline in borrowing rates among informal businesses (World Bank, 2022). Informal entrepreneurs often lack the formal

credit histories and documentation required by traditional financial institutions, leading to systemic exclusion from available funding (Mugume, 2023). Furthermore, existing literature frequently overlooks the unique dynamics of the informal sector, including alternative financing models and innovative solutions tailored to their needs (Wambui, 2023). By addressing these gaps, this study aims to investigate the specific barriers to capital access faced by informal sector entrepreneurs in Nairobi County and propose actionable solutions to enhance their performance. This research seeks to provide new insights into improving capital availability for informal businesses, thereby fostering greater economic resilience and growth in marginalized communities.

### **1.3 Research Objectives**

#### **1.3.1 General Objective**

The general objective of the study is to reassess the role of capital in entrepreneurial success in Nairobi County

#### **1.3.2. Specific objectives.**

- i. To reassess the barriers that entrepreneurs face in accessing capital in Nairobi County.
- ii. To reassess the effectiveness of Microfinance Institutions (MFIs) and smaller lenders in facilitating access to capital for entrepreneurs in Nairobi County.
- iii. To reassess the role of capital availability in influencing the success and sustainability of entrepreneurial ventures in Nairobi County.
- iv. To reassess the level of financial inclusion among informal entrepreneurs in Nairobi County and its impact on their business outcomes.

### **1.4 Research Questions**

The study addressed the following research questions:

- i. What barriers do entrepreneurs in Nairobi County face in accessing capital for their businesses?

- ii. How effective are Microfinance Institutions (MFIs) and smaller lenders in providing financial support to entrepreneurs in Nairobi County?
- iii. In what ways does capital availability influence the success and sustainability of entrepreneurial ventures in Nairobi County?
- iv. What is the level of financial inclusion among informal entrepreneurs in Nairobi County, and how does it affect their business outcomes?

### **1.5 Justification of the Study**

The significance of this study lies in its potential to address a pressing issue that impacts the socio-economic landscape of Nairobi County and beyond. By reassessing the role of capital in entrepreneurial success, the research sought to provide valuable insights into the factors influencing the viability and growth of businesses within the region. This understanding is crucial for policymakers, financial institutions, entrepreneurs, and other stakeholders seeking to foster a conducive environment for entrepreneurship and economic development.

### **1.6 Significance of the Study**

The significance of this study lies in its potential to address a pressing issue that impacts the socio-economic landscape of Nairobi County and beyond. By reassessing the role of capital in entrepreneurial success, the research sought to provide valuable insights into the factors influencing the viability and growth of businesses within the region. This understanding is crucial for policymakers, financial institutions, entrepreneurs, and other stakeholders seeking to foster a conducive environment for entrepreneurship and economic development.

#### **1.6.1 Policy Makers**

For policymakers, the findings of this study can inform the design and implementation of targeted interventions aimed at improving capital accessibility for entrepreneurs in Nairobi County. By identifying barriers and opportunities within the financial ecosystem, policymakers can develop

policies and initiatives that facilitate greater inclusion and support for aspiring and existing entrepreneurs. Moreover, evidence-based recommendations derived from the research can guide the allocation of resources and the formulation of strategies to promote sustainable economic growth and job creation.

### **1.6.2 Financial Institutions**

Financial institutions stand to benefit from the insights generated by this study by gaining a deeper understanding of the needs and challenges faced by entrepreneurs in Nairobi County. By tailoring their products and services to better meet the diverse financing requirements of small businesses, financial institutions can enhance their market relevance and contribute to the expansion of their customer base. Additionally, by fostering closer collaboration with policymakers and other stakeholders, financial institutions can play a proactive role in driving inclusive economic development and promoting entrepreneurship as a catalyst for social change.

### **1.6.3 Entrepreneurs, and Other Stakeholders**

Entrepreneurs themselves are also key beneficiaries of this research. By shedding light on the dynamics of capital accessibility and its impact on entrepreneurial success, the study equips entrepreneurs with valuable knowledge and resources to navigate the challenges of starting and growing a business in Nairobi County. Armed with evidence-based insights, entrepreneurs can make more informed decisions regarding financing options, business strategies, and resource allocation, ultimately enhancing their chances of success and sustainability in an increasingly competitive landscape. Overall, the significance of this study extends beyond academic inquiry, offering practical implications and actionable recommendations for stakeholders committed to fostering entrepreneurship and driving economic prosperity in Nairobi County.

## **1.7 Scope of the Study**

The scope of this study is delimited to Nairobi County, Kenya, focusing specifically on the

dynamics of capital accessibility and its impact on entrepreneurial success within this geographical area. While Nairobi County represents a vibrant and dynamic hub of entrepreneurship within East Africa, its unique socio-economic context presents distinct challenges and opportunities that warrant focused investigation. By narrowing the scope to Nairobi County, the study sought to provide a comprehensive understanding of the factors influencing capital accessibility and entrepreneurial outcomes within this specific context, thereby offering insights that are directly relevant to policymakers, financial institutions, and entrepreneurs operating within the county.

The study primarily targeted entrepreneurs, small business owners, policymakers, and financial service providers within Nairobi County as its primary population of interest. By focusing on these key stakeholders, the research sought to generate insights that are tailored to the needs and priorities of the local entrepreneurial ecosystem, thereby facilitating more targeted interventions and solutions. The study is limited to Nairobi County to ensure depth and specificity in its analysis and suggestions, even though its conclusions may apply to other regions or people. The study also acknowledged Nairobi County's entrepreneurial diversity and sought to capture a representative sample of participants across sectors, demographics, and business stages to ensure validity and generalizability in the local context.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

The theoretical reviews in this chapter examine major theoretical approaches such as the financial inclusion pyramid, financial capital theory, and institutional theory which provide the conceptual foundation of to understand capital availability and productivity Success. The empirical research then synthesizes existing research on financial inclusion, access to capital, challenges faced by

entrepreneurs, the role of MFIs and micro creditors in Nairobi County, identifies trends and gaps in the literature Integrates theoretical approaches and empirical evidence to develop variables including challenges, and the role of MFIs and micro-lenders. This framework outlines the empirical research approach, and informs research questions, hypotheses and data collection strategies.

## **2.2. Theoretical Review**

This study is founded on four theoretical foundations: Financial Inclusion Pyramid, Financial Capital Theory, and Institutional Theory.

### **2.2.1. Financial Inclusion Pyramid**

The Financial Inclusion Pyramid was conceptualized by the Consultative Group to Assist the Poor (CGAP) in 2009 to illustrate the different levels of financial access and services available to individuals. The pyramid represents a hierarchy, with the base comprising those without access to financial services, while higher tiers include those who have access to savings, credit, insurance, and investment products (Johnson et al., 2010). This model emphasizes that financial inclusion is essential for economic empowerment, particularly for underserved populations, highlighting the necessity of tailored financial services to meet diverse needs (Shihadeh, 2021).

Over the years, the Financial Inclusion Pyramid has evolved to accommodate the rapid advancement of digital financial services, which are increasingly vital in promoting access to finance (The World Bank, 2021). Initially focused on traditional banking services, the theory now recognizes the role of mobile banking, fintech solutions, and digital payment systems in enhancing financial inclusion. It emphasizes that merely providing access is insufficient; the quality and relevance of financial products must also be considered (Sarpong & Nketiah-Amponsah, 2022). This development reflects the changing dynamics of financial services and their growing

importance in fostering economic participation among marginalized communities.

The Financial Inclusion Pyramid's primary strength lies in its comprehensive framework that highlights the necessity of various financial services, serving as a practical tool for policymakers and practitioners (Johnson et al., 2010). It effectively illustrates how enhancing financial access can reduce poverty and promote economic growth. However, critics argue that the model oversimplifies the complexities of financial behavior and the systemic barriers faced by marginalized groups (Shihadeh, 2021). Additionally, the pyramid may not adequately account for the diverse socio-economic factors influencing financial access, limiting its applicability in certain contexts. Thus, while the theory is insightful, it requires further refinement to address these limitations.

The Financial Inclusion Pyramid is particularly relevant to the study of reassessing the role of capital in entrepreneurial success in Nairobi County. It provides a framework for understanding how varying levels of financial services impact local entrepreneurs, especially in the informal sector. Many entrepreneurs in Nairobi face significant challenges accessing capital, which directly affects their ability to innovate and grow their businesses. By applying the pyramid framework, this study can evaluate the accessibility and suitability of financial products available to entrepreneurs, identifying gaps that hinder their success (FinAccess, 2007). Ultimately, the theory helps inform strategies for enhancing capital access, promoting entrepreneurial growth, and fostering economic development in the region.

### **2.2.2 Financial Capital Theory**

Financial Capital Theory, primarily associated with the work of economists such as Lusardi, emerged in the early 2000s to explain the relationship between financial resources and individual economic outcomes. It posits that access to financial capital significantly influences an individual's

ability to invest in education, entrepreneurship, and other wealth-building opportunities (Lusardi & Mitchell, 2007). This theory highlights the importance of financial literacy and access to capital in facilitating economic mobility and promoting entrepreneurial success. By understanding how financial resources impact decision-making, the theory provides insights into the broader implications of capital access for economic development (Lusardi & Peter, 2008).

Over the years, Financial Capital Theory has evolved to encompass various dimensions of financial access, including the role of financial literacy and education in enhancing individuals' capabilities to manage financial resources effectively (Lusardi & Alessie, 2011). Researchers have emphasized the significance of understanding financial products and services as critical factors that determine individuals' capacity to leverage capital for entrepreneurial ventures (Maalu, 2010). Additionally, the theory has expanded to consider the effects of external economic environments on capital accessibility, highlighting the interplay between personal financial management and systemic factors (Sodokin et al., 2023). This development underscores the need for comprehensive strategies that address both individual and structural barriers to financial access.

A key strength of Financial Capital Theory is its focus on the interplay between financial literacy and access to capital, offering a nuanced understanding of how these elements contribute to economic success (Lusardi, 2012). The theory effectively informs policies aimed at improving financial education and promoting access to financial services. However, critics argue that the theory may oversimplify the complexities of capital access, failing to adequately account for socio-economic disparities and systemic barriers that hinder certain populations from benefiting from financial resources (Maalu, 2010). Additionally, it may not fully consider cultural factors influencing financial decision-making, which can limit its applicability across diverse contexts.

Financial Capital Theory is particularly relevant to reassessing the role of capital in entrepreneurial success in Nairobi County. By understanding the dynamics of financial access and literacy, this study can investigate how these factors influence the ability of entrepreneurs to secure funding and grow their businesses. Many entrepreneurs in Nairobi face significant barriers to accessing financial resources, which directly impacts their potential for innovation and sustainability. Applying this theory allows for a deeper exploration of the relationship between financial literacy, capital access, and entrepreneurial outcomes, ultimately informing strategies to enhance financial inclusion and foster economic growth in the region (Lusardi & Mitchell, 2007; Sodokin et al., 2023).

### **2.2.3. Institutional Theory**

Institutional Theory, initially articulated by scholars such as DiMaggio and Powell in the early 1980s, posits that the behavior of organizations is significantly influenced by the structures and norms of the institutional environments in which they operate. The theory emphasizes that institutions defined as established laws, regulations, and cultural practices shape the actions of individuals and organizations, leading to conformity within a given field (Chow & Priebe, 2013). This framework helps explain how external pressures, such as governmental policies and social expectations, impact the strategies and success of entrepreneurial ventures, particularly in diverse socio-economic contexts (Acs et al., 2017).

Over time, Institutional Theory has developed to include a broader understanding of how institutions evolve and interact with economic behavior. Scholars have expanded the theory to explore various dimensions of institutional environments, including formal institutions (laws, regulations) and informal institutions (norms, values) that affect entrepreneurial activity (Acs, Autio, & Szerb, 2014). This development highlights the dynamic nature of institutions and their

role in shaping not only organizational behavior but also entrepreneurial success. Recent studies have focused on how institutional frameworks influence access to resources, innovation, and competition, particularly in developing economies (Roszkowska-Menkes, 2022).

A significant strength of Institutional Theory lies in its ability to explain how external factors influence organizational behavior, offering insights into the importance of regulatory and cultural contexts (Maalu, 2010). It provides a comprehensive framework for understanding the complexities of entrepreneurial ecosystems and the factors that facilitate or hinder success. However, critics argue that the theory can be overly deterministic, suggesting that organizations passively conform to institutional pressures without considering agency and strategic choice (Acs et al., 2017). Additionally, some researchers feel that it may inadequately address the role of innovation and entrepreneurship as active processes that can reshape institutional norms (Chow & Priebe, 2013).

Institutional Theory is particularly relevant for reassessing the role of capital in entrepreneurial success in Nairobi County. By examining how institutional frameworks influence access to financial resources and support systems, this study can uncover the barriers that entrepreneurs face in securing capital. Understanding the interplay between formal institutions, such as regulatory policies, and informal institutions, like cultural norms, can provide valuable insights into the challenges of financial inclusion for local entrepreneurs (Acs et al., 2017). This theoretical framework allows for a nuanced analysis of how institutional dynamics shape entrepreneurial outcomes, ultimately guiding strategies to enhance access to capital and promote sustainable business growth in the region (Roszkowska-Menkes, 2022).

## **2.3 Empirical Review**

### **2.3.1. Financial Inclusion**

Khan, Siddiqui, and Imtiaz (2022) conducted a comprehensive study and synthesis of the literature regarding the role of financial literacy in promoting financial inclusion. Their analysis encompassed a substantial sample of 10,091 trials conducted over a 45-year span globally, involving more than 850,000 participants. Their analysis indicates a heightened interest in the integration of financial literacy and financial inclusion within the disciplines of Finance and Economics. It observes that although the majority of studies are undertaken by academics in industrialized nations, the distribution of citations and the transformation of studies from non-functional to functional metrics differ. The study examines the significance of financial literacy in promoting financial inclusion and provides a theoretical foundation for further research. This analysis seeks to assist policymakers, regulators, and scholars in understanding the significance of financial literacy and to inform future research trajectories.

A study by Elouaourti and Ibourk (2024) examined the role of financial inclusion in moderating contextual factors and the propensity to engage in entrepreneurship in Africa. This study specifically responds to the demand for suitable financial services to effectively meet the demands of African entrepreneurs, in conjunction with institutional and contextual research. The study, based on 44,129 African individuals, utilizes Instrumental Variable Probit estimation methods and shows that financial availability moderates the impact of contextual factors on entrepreneurship. The utilization aspect of financial inclusion is more significant than the access aspect. Policymakers have advocated for enhancing the business climate and addressing local variables, such as institutional quality, infrastructure, ICT utilization, and innovation resources. This study enhances scholars' comprehension of the factors that foster entrepreneurship in African nations and can guide the measures that international organizations and governments should use to promote entrepreneurial development in Africa.

Anisiuba, Ezeaku, and Emengini (2020) investigated the impact of FI on EG within Nigeria's retail and wholesale sectors. They utilized cross-sectional data from the World Bank and the Central Bank of Nigeria, employing correlation analysis and an error correction model. Financial Institutions were observed to exert a beneficial influence on Economic Growth, particularly with their contribution to Gross Domestic Product. Account ownership (ACN) was determined to be modest in influencing growth rate, however the presence of commercial bank branches (CMB) was found to be substantial, greatly enhancing sectoral growth. This indicates that increasing the quantity of CMBs significantly elevates EG levels. The report recommends the establishment of additional CMBs in rural regions to improve financial accessibility, with the enhancement of financial education to support ACN. This strategy aims to identify stakeholders to enhance their support for entrepreneurs and the total economic impact.

Charfeddine and Zaouali (2022) examined the influence of financial inclusion and the business environment on entrepreneurship across 43 countries from 2001 to 2018. In this study, Tadesse and Neube utilized a panel vector autoregressive model to demonstrate that financial inclusion and institutional determinants are crucial for enhancing both young and nascent enterprises. Financial services, including credit cards and mobile money, were recognized as crucial for fostering new entrepreneurial ventures, whilst credit played a significant role in sustaining existing entrepreneurial endeavors. The analysis indicated that the ongoing decrease of business regulatory constraints, improved access to infrastructure, and greater market access will be essential moving forward. The results indicated that government programs contribute to developing entrepreneurial spirit. The study indicates a necessity for policy formulations to enhance access to financing and commercial opportunities to promote entrepreneurial development.

### **2.3.2. Capital Availability**

Onyekwelu et al. (2023) investigated the influence of the institutional environment on micro-financing and firm viability in an emerging country. This study employed a descriptive survey research methodology, collecting data via questionnaires administered to 711 active NYSC members in Aniocha-North LGA, Delta State, Nigeria. Regression analysis was employed to test the hypothesis. The study demonstrated that ROI entrepreneurial institutions influence the accessibility of micro-financing for entrepreneurs and the viability of firms. This study suggests that policy should take responsibility for developing and improving the capacity of institutions supporting micro-finance enterprises to ensure sustainability and enhanced productivity in the face of economic volatility.

Jeong et al. (2020) examine the impact of venture capital (VC) investment on the sustainability and performance enhancement of startup organizations, utilizing the absorptive capability and repute of the venture capitalists. The study addressed a gap by examining the correlation between individual VC investments and the performance and market value of businesses. According to signaling theory and information asymmetry, the researchers have hypothesized a positive association between initial-stage venture capital investments and the growth and performance of start-ups. An analysis of 363 companies that went public between 2000 and 2007 indicated that startups receiving venture capital funding in their early stages exhibited enhanced organizational durability and performance. Potential absorptive capacity was found to strengthen this link, whereas realized absorptive capacity did not influence it.

Owusu et al. (2021) investigated the impact of financial resource development activities on the enhancement of financial resources in SMEs. Consequently, according to the attention-based view theory (ABV), the objective of the study was to examine the impact of modifications

in the efforts of SMEs to develop their financial resources on resource availability. This study employed Structural Equation Modelling on data from 274 SME owners in Ghana, revealing that all initiatives to augment financial resources, including retained profits, personal savings, contributions from family and friends, and credit from suppliers and banks, enhance resource availability. The study demonstrated that while financial resources are crucial for SME success, their usage is contingent upon the extent of resource acquisition activities from many sources, particularly retained earnings and bank loans.

Belas et al. (2024) evaluated how HRM, CSR, and financial management affect SME sustainability. Factors include: The study sought to measure how these factors affect SMEs' sustainability in the V4 countries. Correlation and linear regression were used to describe the data from 1398 questionnaire respondents. All variables contribute to SMEs' sustainable development, although financial management is most important. CSR and HRM are less important. The study finds that integrated HRM, CSR, and financial management models are better than country-specific models and compares V4 nations' intensities. The findings showed that sustainability in SMEs is a systems-level issue that economic policymakers and entrepreneurs must address.

### **2.3.3. Challenges Facing Entrepreneurs**

Al-Fattal (2024) evaluated how COVID-19 affects business students' entrepreneurial inclinations and self-employment challenges. The study examined students' views, educational offerings, and pandemic-related difficulties. A Midwest public university's 34 undergraduate business students were interviewed in-depth using a qualitative research method. The research showed that students comprehend entrepreneurship beyond resource allocation to new companies, including social entrepreneurship and self-employment. Students were enthusiastic in entrepreneurship, but they faced challenges like lack of funds, fear of failure, and inexperience. This study suggests that EEP

should provide more practical experience and financial management/psychological therapy to overcome these issues. Thus, the study has provided valuable insights for aspiring entrepreneurs and their preparation in an innovative academic environment.

Tunio et al., (2021) examined how the entrepreneurship continued the hinders in the course of entrepreneurship development in a developing country Pakistan. This study used qualitative research since open-ended interviews were conducted to young entrepreneurs in Hyderabad, Pakistan. Primary barriers mentioned as the result of the thematic analysis were trust issues, family circumstances, financial difficulties, gender-related problems, lack of education, corruption, and legal issues. These were described as issues that influence the sustainability of the process of entrepreneurship. This study benefits regional governments, academic institutions, financial institutions, emerging businessmen and women and the general society through giving an indication of the challenges and probable viable solutions in order to enhance support systems and strategies for creating a sustainable entrepreneurial culture.

Nieuwenhuizen (2019) conducted research on the effects of regulations and legislations on SMMEs in South Africa. The study is particularly in response to the low rates of entrepreneurship and new venture formation currently manifesting in the South African economy, with emphasis on the issues that affect SMMEs. The study also found out that the issues that are likely to affect employment and wealth creation factors are regulatory and legislative barriers. Lack of flexibility and bureaucratic procedures regarding labor regulation, social and industrial relations, taxes and any tax concerns, legal processes and concerns, municipal restraints, and initial support for new businesses were identified as major challenges. The study also recommends that the South African government should make some changes to policies and repeal legislation that acts as inept barrier to SMME establishment and performance. They may positively affect economic growth and the

performance of the governments by working for its reforms.

Amoa-Gyarteng and Karikari (2023) explored the financial challenges faced by small business owners in acquiring finance from financial institutions. The authors employed qualitative research methods, including interviews and case studies, to gain in-depth insights into the experiences of entrepreneurs regarding funding acquisition. Their findings revealed that small business owners encounter significant barriers, such as the requirement for collateral and the difficulties in providing adequate cash flow documentation to secure credit. The study also identified two entrepreneurial strategies Effectuation and Bricolage that emphasize the utilization of available resources, even when such approaches may not yield positive long-term results. To address these funding challenges, the authors proposed ten measures for the entrepreneurial community, including strategies centered on affordability logic and networking, aimed at facilitating organic growth for SMEs.

#### **2.3.4. Role of Microfinance Institutions (MFIs) and Smaller Lenders**

Mrindoko and Pastory (2024) examined how MFIs reduce poverty among micro and small firms in Iringa Municipality, Tanzania. A cross-sectional survey and mixed-method research strategy were used to analyze 333 businesses using microfinance institution (MFI) services. Scheduled questions and interviews yielded 320 usable questionnaires. The Chi-square, Kendall's tau-b, Phi, and Cramer V tests show that MFI services reduced poverty but did not increase business owner incomes. Despite its cross-sectional design, MFIs' future ramifications cannot be predicted. Common technique bias from using a single data source is acknowledged. The research identifies policy issues and microfinance institution services, which is important for policymakers and institutions. By focusing on Iringa Municipality, the study filled a gap in the discussion on MFIs'

ability to end extreme poverty in Tanzania.

Kumar (2021) examined how microfinance helps women and small businesses flourish economically. This paper describes how Mitc helps low- and moderate-income individuals and businesses improve economically and socially through microfinance institutions (MFIs). Microfinance helps entrepreneurs in developing nations break the poverty cycle by providing modest loans at low interest rates. The study will highlight that microfinance institutions (MFIs) provide loans, savings, and insurance to underprivileged people, helping them improve their financial situations. These services help people build sustainable futures, increase incomes, and become economically independent. The report warns that high capital expenditures in the microfinance industry may raise interest rates, but that market conditions may allow microfinance institutions to borrow from commercial banks. This paper shows how microfinance empowers women economically, socially, and monetarily, but it also recognizes the financial issues microfinance institutions confront, which raise their costs.

Rao (2020) examined the contribution of micro finance institutions (MFIs) towards the rural development. Released in November 2020, the paper explains that microfinance offers basic banking services, including loans, deposits, payments, and insurance to the unserved and underserved individuals. MFIs allow people to accumulate financial assets, develop multiple revenue streams and hence decrease their economic risk. The study also observes that micro finance has a very important and contributing role to enhance the incomes of low income category and micro business units in rural, semi urban and urban segments with a cross section of the global region. The studies elaborate the possibilities provided by micro financing into the development of increasing economic stability and improving the living standards of those target populations.

Hermes and Hudon (2018) conduct a comprehensive assessment of 169 research to analyze

the antecedents of microfinance institutions' performance for financial viability and outreach. This study identifies performance drivers for microfinance institutions based on organizational criteria such as size, age, kind, funding sources, governance quality, and the external environment, including macroeconomic, institutional, and political contexts. The current research indicates that these determinants are context-dependent and provide an unclear representation of their impact. Furthermore, it highlights the contention regarding the appropriate method for quantifying social performance; still, it may be assessed using SPI4 or using proxies. This thorough study emphasizes the significance of contextual contingency and the necessity for a more nuanced definition of MFI performance measurement in advancing research within the discipline.

#### **2.4. Identification of Gaps in the Literature**

Several gaps exist in the research concerning financial inclusion and its effects on entrepreneurship, as follows. Khan et al. (2022) also point out the issue of geographical imbalance with studies done mostly in developed countries, indicating the require more research should be done in developing countries to establish the relationship between financial literacy and financial inclusion. Elouaourti and Ibourk (2024) stress the specific challenges of African entrepreneurs while other comparative works in other emerging economies are missing. Anisiuba et al. (2020) concentrate on sectors namely in Nigeria while avoiding the question of the effects of financial inclusion expansive across industries. Charfeddine and Zaouali (2022) stress on the need of cutting back on bureaucratic restraints but have failed to explain the manner in which such polices shift across the economic structure. More studies must still be conducted to analyze some of the regional and sectoral differences in the specified number and to investigate the relationship between FL and FI in various economic environments.

Some crucial issues remain uncovered in the literature on SME sustainability and capital

availability. Onyekwelu et al. (2023) concern themselves with the role of institutions in entrepreneurship on micro-financing but they do not delve into the effect of differential institutional capabilities across regions. While Jeong et al. (2020) explain the positive impact of initial-stage VC investment, they don't discuss the issues of its sustainable development or scaling. Owusu et al. (2021) have pointed to financial resource development, but they do not disclose how external economic factors can affect these processes. Belas et al. (2024) establish the important role of HRM, CSR, and financial management but fail to provide the necessary discussion of how these forces may combine in different economic conditions. This study's limitations could be filled in by future research of regional differences, long-term impact, and external factors affecting SME sustainability.

Despite the overall understanding that has been given by the reviewed studies on entrepreneurship in different contexts, there are some gaps in the literature. Al-Fattal (2024) points out to improvements in practical experience and psychological support in the field of enterprise education but this paper fail to note the generalizability of these interventions across different learning structures. Although Tunio et al. (2021) report a large number of barriers facing entrepreneurs in Pakistan, the authors do not attempt to investigate how these barriers may differ across regional or between different categories or types of entrepreneur. Nieuwenhuizen (2019) seems to have lamented on the effects of regulations in SMMs but has not prescribed on how regulatory requirements can be met while at the same time being responsive to the entrepreneurial context. Finally, Amoa-Gyarteng and Karikari, in their study on financial challenges, suggest ways of dealing with those challenges, however, they do not analyze the efficiency of the suggested fighting techniques in different SME sectors and/or regions. Future studies can extend these drawbacks and enhance context-specific recommendations with more extensive cross-context

consideration.

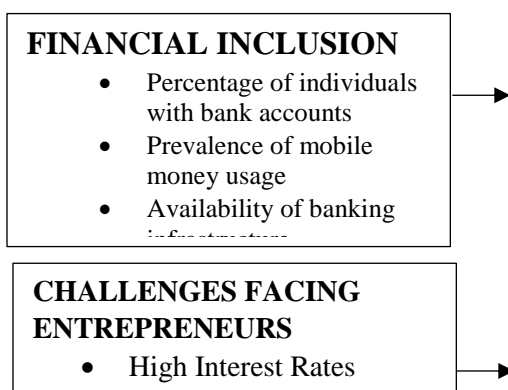
A number of gaps in the analyzed literature on microfinance institutions (MFIs) can be singled out. Firstly, although Mrindoko and Pastory (2024), and Rao (2020) included theoretical advices of the role of MFIs in poverty reduction and rural development, but their empirical evidence was limited by cross-sectional data, and data source bias. The general effects of microfinance from the economic and social point of view are outlined by Kumar (2021) but the author admits that high costs of capital remain an issue even in this sector, which requires doing further cost-benefit research. Hermes and Hudon (2018) pointed out that the evidence for the antecedents of performance is inconclusive and called for the use of multiple dimensions of performance; however, the literature lacks consensus on definition of key performance indicators and lacks contextual analysis. These gaps point to the fact that there is a lack of long-term research on MFI, There is a requirement of better approaches in the measurement of MFI impact and possibility that researchers could further investigate the contextual factors which might be affecting the efficiency of MFI.

## 2.5. Conceptual Framework

A diagram showing the relationship between the independent and dependent variables in this study is shown in Figure 2.1. Entrepreneurial success was the relying factor, whereas financial inclusion challenges facing entrepreneurs, role of microfinance institutions (MFIS) and smaller lenders, challenges facing entrepreneurs, and capital availability were the independent factors.

**FIGURE 2.1**

**Conceptual Frame**





## 2.6 Operationalization of Variables

Table 2.1 shows variable operationalization. Operationalizing variables help researchers answer research questions when collecting data for the study. Operationalizing variables in a study helps the researcher choose the right data, improving data reliability.

**TABLE 2.1**

**Operationalization of Variables**

<b>Variable Type</b>	<b>Variable</b>	<b>Measurement</b>	<b>Scale Type</b>
<b>Dependent</b>	Entrepreneurial Success	Business Growth Rate	Ordinal
<b>Independent</b>	Financial Inclusion	Percentage of individuals with bank accounts	Nominal
		Prevalence of mobile money usage	Nominal

<b>Variable Type</b>	<b>Variable</b>	<b>Measurement</b>	<b>Scale Type</b>
		Availability of banking infrastructure	Nominal
<b>Independent</b>	Challenges Facing Entrepreneurs	High Interest Rates	Ordinal
		Collateral Requirements	Ordinal
		Bureaucracies	Ordinal
<b>Independent</b>	Role of Microfinance Institutions (MFIs) and Smaller Lenders	Number of loans disbursed	Ratio
		Size and frequency of loan amounts	Ratio
		Repayment rates	Ratio
<b>Independent</b>	Capital Availability	Total value of loans	Ratio
		Venture capital and angel investors	Ratio
		Financial products available	Nominal

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

The chapter summarizes a general methodology structure that was used during data collection and analysis: research design, target population, sampling and sampling procedure, research instrument, validity and reliability of the instrument, data collection procedure, and data processing and analysis.

#### **3.2 Research Design**

Research design, as defined by Orodho (2003), is a systematic approach employed to address research challenges and offer solutions. A descriptive cross-sectional research design was utilized

to investigate the research issue. This approach identifies the presence and specifics of phenomena, focusing on what, when, and how they occur (Cooper & Schindler, 2018). The study used quantitative and qualitative approaches. A mixed-approach was needed since study issues are complex and require many viewpoints for accurate interpretation. Previous studies have shown that targeted programs to fund early-stage venture capital can best address developing countries' most difficult issues, such as evaluation and standardization (Timans et al., 2019). Therefore, a mixed approach was suitable for reassessing the role of capital in entrepreneurial success in Nairobi County.

### **3.3 Target Population**

Mugenda and Mugenda (2013) defined the targeted population as a comprehensive group of items, cases, or individuals that have distinct and observable characteristics. According to Welman and Mitchell (2005), the target population is defined as the complete group of cases from whom a sample is selected. This study's focus group includes entrepreneurs who operate within Nairobi County, Kenya. According to USAID on the entrepreneurship in Kenya fact sheet, there are over 150,000 entrepreneurs operating in Nairobi County. Due to time constraints limited capital to access all these entrepreneurs, the researcher focused on a representative number of them as shown in Table 3.1 below.

**TABLE 3.1**  
**Target Population**

<b>Category</b>	<b>Number</b>
Agri-preneurs	500
Creative Entrepreneurs	400
Tech Entrepreneurs	800

<b>Category</b>	<b>Number</b>
Social Entrepreneurs	400
Micro-Entrepreneurs	300
Informal Sector Entrepreneurs	200
<b>Total</b>	<b>2,600</b>

Source: USAID (2023)

### **3.4 Sampling and Sampling Procedure**

Cooper and Schindler (2006) define the sampling approach as the process of selecting a subset of components from a population to be included in a sample. If the information is both comprehensive and current at the time of use, it should be completely acceptable. This list provides a precise and thorough description of the target demographic. The study used cluster sampling and purposive sampling. Purposive sampling was operationalized by defining specific criteria for selecting participants based on their relevance to the study's objectives.

**TABLE 3.2**

#### **Sample Size**

<b>Category</b>	<b>Number</b>	<b>Sample Size</b>
Agri-preneurs	500	400
Creative Entrepreneurs	400	300
Tech Entrepreneurs	800	600
Social Entrepreneurs	400	300

<b>Category</b>	<b>Number</b>	<b>Sample Size</b>
Micro-Entrepreneurs	300	200
Informal Sector Entrepreneurs	200	100
<b>Total</b>	<b>2,600</b>	<b>1,900</b>

### **3.5.Data Collection Instruments**

The data was collected through the distribution of self-administered questionnaires to the intended participants. The questionnaire included a five-point Likert rating scale. The questionnaires included closed-ended questions. Utilizing questionnaires in research allows for prompt and convenient collection of direct responses and feedback from respondents. The primary data played a crucial role in clarifying the context of the relationship between the dependent and independent variables. Using questionnaires was a practical choice, as they are a fast, cost-effective, and efficient method for data collection. The design included closed-ended questions, which allowed the researcher to draw precise conclusions.

### **3.6. Data Collection Procedures**

Data collection involves gathering empirical information to address the research questions and gain new insights into a situation (Khan, 2018). Prior to collecting any data, permission was obtained from the relevant authorities. The questionnaire was deemed effective for data collection, as the respondents were considered adequately knowledgeable. A drop-and-pick strategy was employed to administer the questionnaires.

### **3.7 Pilot Test**

The accuracy and relevance of the research tool are essential. To address this, a pilot study was conducted in Machakos County to assess the feasibility of a comprehensive study. This pilot study

involved 190 entrepreneurs, representing 10% of the 1,900 target respondents, and was designed to evaluate the validity and reliability of the questionnaire. The final research did not include the 190 participants from the pilot study.

### 3.7.1 Validity of Data Collection Instrument

The validity of an instrument is determined by its accuracy in measuring a concept (Cooper & Schindler, 2018). Construct validity assesses whether the operational definition of variables aligns with their theoretical meaning. In this study, the researcher adapted an existing questionnaire based on previous research findings. Professional opinions further supported the material's accuracy. To ensure all research variables were captured, study supervisors reviewed the questionnaire and provided expert feedback, verifying that the theoretical dimensions were represented as intended.

### 3.7.2 Reliability of Data Collection Instrument

Reliability, as described by Cooper and Schindler (2018), refers to the overall consistency of an instrument. High reliability is indicated when a measurement consistently yields similar results in the same context. In this study, Cronbach's Alpha analysis assessed the reliability of the research instruments, providing a robust measure of internal consistency. A reliability score between 0.7 and 0.8 is generally considered adequate, while scores above 0.8 are deemed excellent. These benchmarks were applied to the study, with results presented in Table 3.3.

**TABLE 3.3**  
**Reliability Results**

<b>Variables</b>	<b>Items</b>	<b>Cronbach's Alpha</b>	<b>Remark</b>
Entrepreneurial Success	190	.775	Reliable
Financial Inclusion	190	.756	Reliable
Challenges Facing Entrepreneurs	190	.845	Reliable

<b>Variables</b>	<b>Items</b>	<b>Cronbach's Alpha</b>	<b>Remark</b>
Role of Microfinance Institutions (MFIs) and Smaller Lenders	190	.965	Reliable
Capital Availability	190	.754	Reliable

### **3.8 Data Analysis and Presentation**

Data analysis involves transforming raw data into a clear, organized, and scientific format that is easy to read and interpret (Burns & Burns, 2018). Kothari (2014) describes it as a series of interconnected processes designed to summarize and arrange the collected data in response to the research questions. The researcher evaluated the survey results for quantity, completeness, and sufficiency, sorting the questionnaires based on their relevance. Each question was assigned a unique code for scoring. The data was then input into a computer for analysis and summary, focusing on identifying key themes. Descriptive statistics were calculated using the mean as a measure of central tendency and standard deviation for dispersion, while correlation and regression were employed to explore relationships among variables, utilizing SPSS version 22.

#### **3.8.1 Model Summary**

The regression model used is as follows:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon$$

Y= Entrepreneurial Success,

$\beta_0$ = intercept ,  $\beta_{1,2,3,4}$  = Coefficients for  $X_{1,2,3,4}$  ,

$X_1$ = Financial Inclusion,

$X_2$ = Challenges Facing Entrepreneurs,

X3= Role Of Microfinance Institutions (MFIS) and Smaller Lenders,

X4= Capital Availability and  $\varepsilon$  = Error term

### **3.9 Diagnostic Test**

Before proceeding with the computation of the equations, diagnostic checks were conducted to confirm that the fundamental assumptions of the traditional linear regression model were not violated. Violations of these assumptions can lead to skewed and ineffective model parameters. To ensure the integrity of the regression analysis, various diagnostic tests were carried out. These tests helped verify that all relevant rules were adhered to, allowing for a reliable analysis of the data and accurate interpretation of the results.

#### **3.9.1 Normality Test**

Statistical methods, including the Shapiro-Wilk test and the Kolmogorov-Smirnov test, were employed to assess whether the residuals of the response variables were normally distributed around the mean. These tests are crucial for evaluating the assumption of normality, which is fundamental to the validity of linear regression analysis. By applying these methods, the researcher could determine if the residuals met the necessary criteria, ensuring that the model's findings would be reliable and that any subsequent conclusions drawn from the analysis would be well-founded.

#### **3.9.2 Multicollinearity Test**

The study utilized a correlation matrix to assess multicollinearity, applying a threshold of 0.8 as suggested by Cooper and Schindler (2018). Ignoring multicollinearity can result in inflated standard errors, leading to unstable regression coefficients that complicate the interpretation of results. This instability affects the precision with which the null hypothesis can be tested. The degree of multicollinearity influences the estimation process, making it crucial to identify potential

issues. A correlation coefficient exceeding 0.8 indicates high multicollinearity among the variables, signaling the need for further investigation to ensure the reliability and validity of the regression analysis.

### **3.9.3 Heteroscedasticity**

If heteroskedasticity is present, it must be verified and adequately addressed within the Classical Linear Regression Model (CLRM), which assumes that the error term's variance remains constant. When the error variance is not constant, the data is described as heteroskedastic. Failing to confirm heteroskedasticity before conducting regression analysis can lead to unbiased estimated coefficients and inaccurate standard errors. In this study, the Likelihood Ratio (LR) test developed by Khan (2018) was employed to assess heteroskedasticity. The null hypothesis for this test posited the presence of homoscedastic error variance, ensuring a rigorous evaluation of the underlying assumptions essential for valid regression analysis.

## **CHAPTER 4**

### **DATA ANALYSIS, FINDINGS AND DISCUSSION**

#### **4.1. Introduction**

This chapter presents the analysis and findings derived from the field data. Data coding and entry were performed using SPSS version 22, utilizing descriptive statistics (mean and standard deviation) to generate tables for results presentation. Interpretations of the findings are provided

in prose, highlighting both descriptive and inferential statistics.

#### 4.2 Response Rate

Out of the 1900 questionnaires issued, 1009 were returned, resulting in a response rate of 53%. This indicates that 801 questionnaires were not returned. The response rate reflects the proportion of completed surveys relative to those distributed, providing insight into the engagement level of the target audience with the survey.

**TABLE 4.2.1**

**Response Rate**

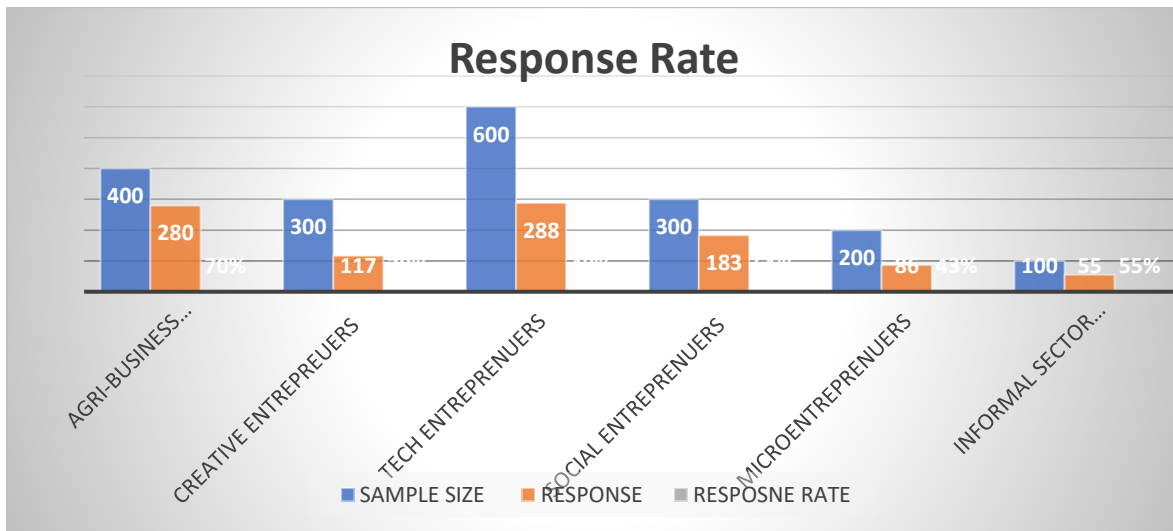
<b>Category</b>	<b>Sample Size</b>	<b>Response</b>	<b>Response Rate</b>
Agri-business Entrepreneurs	400	280	70%
Creative Entrepreneurs	300	117	39%
Tech Entrepreneurs	600	288	48%
Social Entrepreneurs	300	183	61%
Micro Entrepreneurs	200	86	43%
Informal Sector Entrepreneurs	100	55	55%

The response rates across various entrepreneurial categories in Nairobi County reveal significant differences in engagement. Agri-business entrepreneurs exhibited the highest response rate at 70%, indicating robust interest and insights into how capital influences their success. Social entrepreneurs followed with a 61% response rate, suggesting a strong focus on capital’s impact on social ventures. The informal sector had a moderate response rate of 55%, reflecting unique challenges in capital access. Tech entrepreneurs and micro-entrepreneurs had lower response rates

of 48% and 43%, respectively, possibly due to specific barriers or constraints. Creative entrepreneurs had the lowest response rate at 39%, which may highlight distinct challenges in capital utilization or survey participation. These variations underscore the need to explore sector-specific issues in capital access and impact, offering a nuanced understanding of how capital affects entrepreneurial success across different sectors.

**FIGURE 4.2.1**

**Response Rate**



### 4.3 Background Information

The study sought to gather demographic information from respondents to assess their eligibility for participation. This included details on gender, age, educational background, and employment status of entrepreneurs in Nairobi County. Collecting this basic information was crucial for understanding the characteristics of the sample and ensuring that participants met the study’s criteria.

#### 4.3.1. Gender

**TABLE 4.3.1**

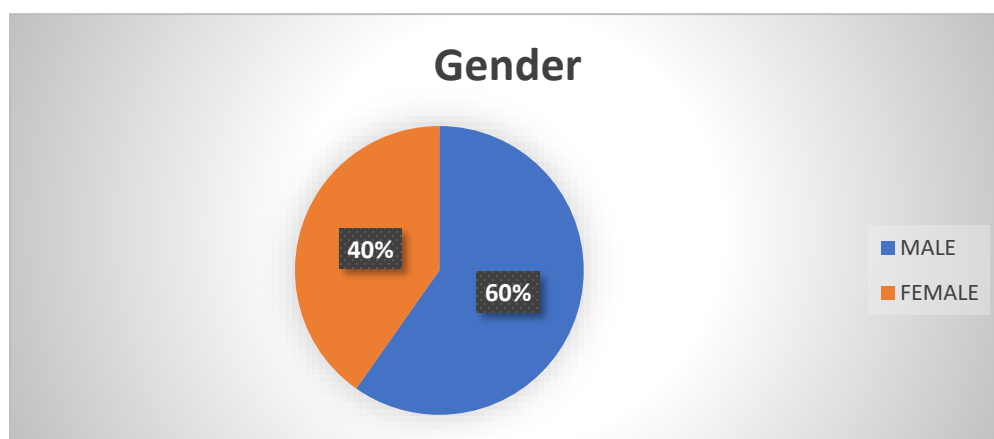
**Gender**

<b>Gender</b>	<b>Frequency (n)</b>	<b>Percentage (%)</b>
Male	603	60%
Female	406	40%

The study revealed that 60% of respondents are male and 40% are female. This gender distribution is crucial for understanding how capital impacts entrepreneurial success across different genders in Nairobi County. The higher proportion of male respondents may influence the analysis of capital's role, potentially highlighting gender-based differences in access to and utilization of capital.

**FIGURE 4.3.2**

**Gender**



**4.3.2. Age Bracket**

**TABLE 4.3.2**

**Age Bracket**

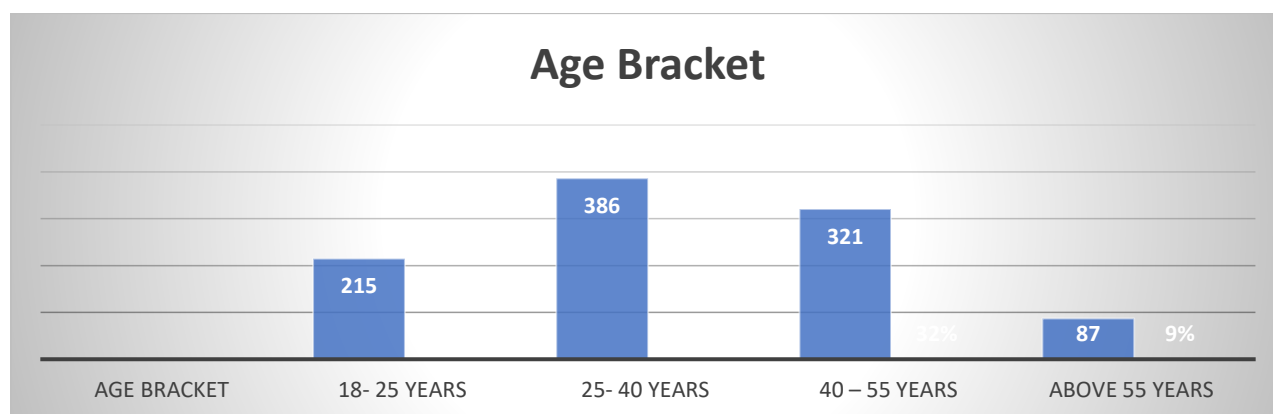
<b>Age Bracket</b>	<b>Frequency (n)</b>	<b>Percentage (%)</b>
18–25 years	215	21%

<b>Age Bracket</b>	<b>Frequency (n)</b>	<b>Percentage (%)</b>
25–40 years	386	38%
40–55 years	321	32%
Above 55 years	87	9%

Respondents' ages are distributed as follows: 21% are 18-25 years, 38% are 25-40 years, 32% are 40-55 years, and 9% are above 55 years. The majority of entrepreneurs are in the 25-40 year range, suggesting this age group may have specific capital needs and entrepreneurial challenges. Analyzing capital's role across these age brackets can reveal age-related trends in entrepreneurial success.

**FIGURE 4.3.2**

**Age Bracket**



**4.3.3. Educational Background**

**TABLE 4.3.3**

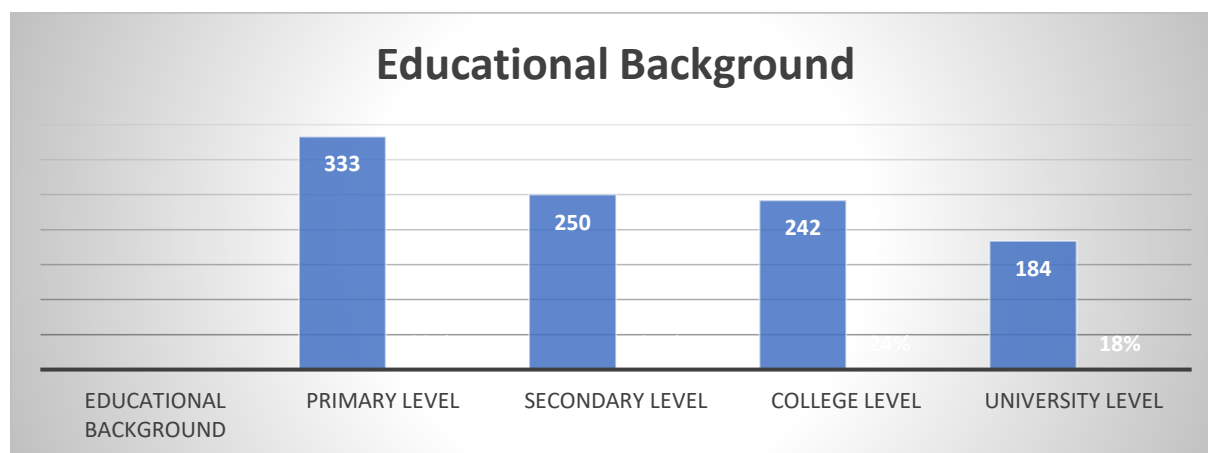
**Educational Background**

<b>Educational Background</b>	<b>Frequency (n)</b>	<b>Percentage (%)</b>
Primary Level	333	33%
Secondary Level	250	25%
College Level	242	24%
University Level	184	18%

Educational attainment is as follows: 33% with primary education, 25% with secondary education, 24% with college education, and 18% with university degrees. This distribution is essential for understanding how educational background influences access to and management of capital. The impact of varying educational levels on capital effectiveness and entrepreneurial success in Nairobi County can provide insights into capital allocation strategies.

**FIGURE 4.3.3**

**Educational Background**



**4.3.4. Employment Status**

**TABLE 4.3.4**

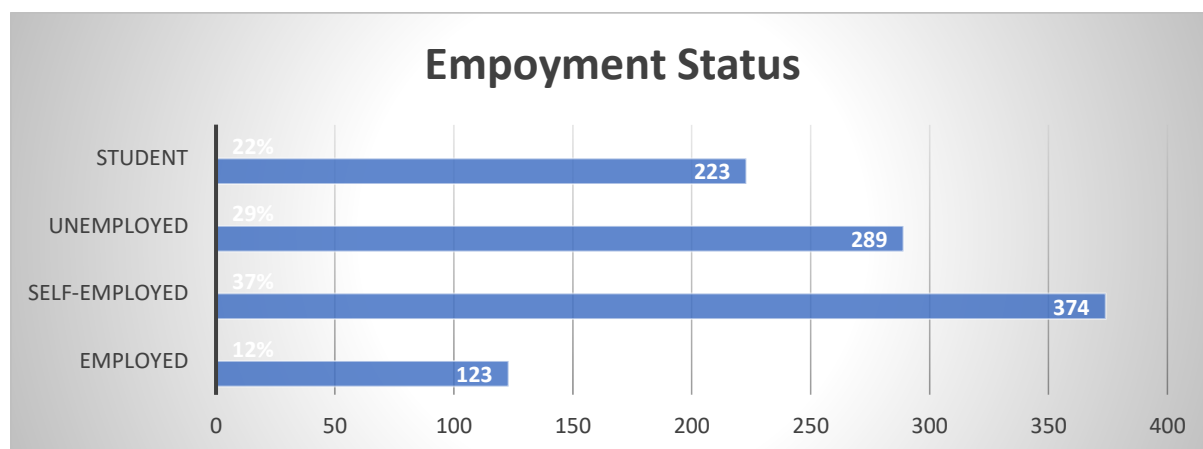
**Employment Status**

<b>Employment Status</b>	<b>Frequency (n)</b>	<b>Percentage (%)</b>
Employed	123	12%
Self-employed	374	37%
Unemployed	289	29%
Student	223	22%

The employment status of respondents shows that 12% are employed, 37% are self-employed, 29% are unemployed, and 22% are students. A significant portion of self-employed individuals suggests a reliance on entrepreneurial ventures. Analyzing how capital influences success among self-employed versus employed, unemployed, and student entrepreneurs can shed light on capital's role in different employment contexts.

**FIGURE 4.3.4**

**Employment Status**



#### **4.4. Descriptive Statistics of Financial Inclusion**

##### **4.4.1. Percentage of Individuals with Bank Accounts**

The study used a scale of 1-5 where 1-strongly disagree and 5-Strongly agree, the respondents asked to indicate their agreement level to the statements relating to percentage of individuals with

bank accounts.

**TABLE 4.4.1**

**Percentage of Individuals with Bank Accounts**

<b>Statement</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Skewness</b>	<b>Std. Error (Skewness)</b>	<b>Kurtosis</b>	<b>Std. Error (Kurtosis)</b>
A high percentage of individuals in Nairobi have bank accounts.	1009	2.44	1.323	0.549	0.077	-0.963	0.154
The availability of bank accounts is evenly distributed across different income groups in Nairobi.	1009	2.51	1.368	0.509	0.077	-1.057	0.154
<b>Valid N (listwise)</b>	<b>1009</b>						

The analysis of the percentage of individuals with bank accounts in Nairobi indicates a notable concern regarding banking inclusivity. Respondents expressed moderate disagreement (mean of 2.44) with the statement "A high percentage of individuals in Nairobi have bank accounts," suggesting that many perceive bank account ownership as not widespread. The skewness of 0.549 and negative kurtosis of -0.963 reveal that opinions are slightly skewed towards the belief that bank account ownership is limited, reflecting a general perception of low inclusivity. Similarly, the mean score of 2.51 for "The availability of bank accounts is evenly distributed across different income groups in Nairobi" indicates a perception that access to bank accounts is uneven, with

skewness of 0.509 and negative kurtosis of -1.057 supporting the view that those in lower income brackets might have less access to banking services. Overall, these results underscore a perception of limited bank account ownership and uneven distribution across income levels, highlighting potential barriers to financial inclusion in Nairobi.

#### 4.4.2. Prevalence of Mobile Money Usage

The study used a scale of 1-5 where 1-strongly disagree and 5-Strongly agree, the respondents asked to indicate their agreement level to the statements relating to prevalence of mobile money usage.

**TABLE 4.4.2**

**Prevalence of Mobile Money Usage**

<b>Statement</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Skewness</b>	<b>Std. Error (Skewness)</b>	<b>Kurtosis</b>	<b>Std. Error (Kurtosis)</b>
Mobile money services are widely used by individuals in Nairobi.	1009	3.15	1.562	-0.106	0.077	-1.567	0.154
Mobile money is a preferred financial service compared to traditional banking in Nairobi.	1009	3.35	1.579	-0.301	0.077	-1.525	0.154
The majority of transactions in Nairobi are conducted through mobile money platforms.	1009	3.50	1.485	-0.544	0.077	-1.213	0.154
<b>Valid N (listwise)</b>	<b>1009</b>						

Nairobi's mobile money usage shows a high dependence. With skewness of -0.106 and negative kurtosis of -1.567, respondents generally agree (mean of 3.15) that Nairobi residents use mobile money services. The statement "Mobile money is a preferred financial service compared to traditional banking in Nairobi" has a mean score of 3.35, supported by skewness of -0.301 and negative kurtosis of -1.525, indicating a stronger consensus. The mean score of 3.50 for "The majority of transactions in Nairobi are conducted through mobile money platforms" shows that

mobile money dominates transaction processes, with skewness of -0.544 and negative kurtosis of -1.213 supporting this tendency. These findings show that mobile money is widely utilized, preferred, and dominating in Nairobi's financial ecosystem, highlighting its importance..

#### 4.4.3. Availability of Banking Infrastructure

The study used a scale of 1-5 where 1-strongly disagree and 5-Strongly agree, the respondents asked to indicate their agreement level to the statements relating to availability of banking infrastructure.

**TABLE 4.4.3**

**Availability of Banking Infrastructure**

<b>Statement</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Skewness</b>	<b>Std. Error (Skewness)</b>	<b>Kurtosis</b>	<b>Std. Error (Kurtosis)</b>
There is sufficient banking infrastructure (e.g., branches, ATMs) across Nairobi.	1009	2.69	1.478	0.385	0.077	-1.306	0.154
Banking services are accessible to individuals in both urban and rural areas of Nairobi.	1009	2.70	1.504	0.362	0.077	-1.354	0.154
The quality of banking infrastructure in Nairobi meets the needs of its residents.	1009	2.83	1.582	0.177	0.077	-1.562	0.154
<b>Valid N (listwise)</b>	<b>1009</b>						

The investigation of the availability of banking infrastructure in Nairobi reveals serious issues with its adequacy and accessibility. The statement "There is sufficient banking infrastructure (branches, ATMs) across Nairobi" was met with moderate disagreement from the respondents, who had an average score of 2.69. This indicates that they believe the current infrastructure is insufficient. The skewness of 0.385 and the negative kurtosis of -1.306 reflect a rightward skew, which means that

while opinions differ, the majority of people feel that there is not enough.

In a similar way, the average score of 2.70 for the statement "Banking services are accessible to individuals in both urban and rural areas of Nairobi" indicates a moderate level of disagreement. The skewness of 0.362 and the negative kurtosis of -1.354 suggest that a large number of respondents believe that access to banking services is not evenly distributed.

The statement "The quality of banking infrastructure in Nairobi meets the needs of its residents" obtained an average score of 2.83, which highlights the worries even more. The skewness of 0.177 and the negative kurtosis of -1.562 indicate a slightly positive opinion, but they still show that there is a lot of unhappiness. In general, these findings highlight the fact that many people believe that the financial infrastructure in Nairobi is inadequate and does not sufficiently meet the demands of the people who live there.

## **4.5. Descriptive Statistics of the Challenges Facing Entrepreneurs**

### **4.5. 1.High Interest Rates**

The study used a scale of 1-5 where 1-strongly disagree and 5-Strongly agree, the respondents asked to indicate their agreement level to the statements relating to high interest rates.

**TABLE 4.5.1**

### High Interest Rates

Statement	N	Mean	Std. Deviation	Skewness	Std. Error (Skewness)	Kurtosis	Std. Error (Kurtosis)
High interest rates are a significant barrier for entrepreneurs in Nairobi.	1009	3.85	1.358	-1.012	0.077	-0.346	0.154
The cost of borrowing due to high interest rates affects the profitability of my business.	1009	3.65	1.453	-0.716	0.077	-0.985	0.154
High interest rates discourage potential entrepreneurs from starting new ventures.	1009	3.50	1.562	-0.475	0.077	-1.403	0.154
<b>Valid N (Listwise)</b>	<b>1009</b>						

High lending rates affect Nairobi enterprises, according to respondents. The statement "High interest rates are a significant barrier for entrepreneurs in Nairobi" has a mean score of 3.85, a skewness of -1.012, and a negative kurtosis of -0.346, indicating strong agreement. The mean score of 3.65 for "The cost of borrowing due to high interest rates affects the profitability of my business" shows a strong consensus that high interest rates hurt business profitability, with skewness of -

0.716 and negative kurtosis of -0.985. "High interest rates discourage potential entrepreneurs from starting new ventures" had a mean score of 3.50, indicating moderate agreement. The skewness of -0.475 and negative kurtosis of -1.403 support the idea that while there is worry, perspectives on the discouraging effect vary. These findings demonstrate that high interest rates hinder entrepreneurship, hurting both existing and potential enterprises.

#### 4.5.2. Collateral Requirements

The study used a scale of 1-5 where 1-strongly disagree and 5-Strongly agree, the respondents asked to indicate their agreement level to the statements relating to collateral requirements.

**TABLE 4.5.2**  
**Collateral Requirements**

Statement	N	Mean	Std. Deviation	Skewness	Std. Error (Skewness)	Kurtosis	Std. Error (Kurtosis)
Collateral requirements are a major obstacle to obtaining loans for entrepreneurs in Nairobi.	1009	3.48	1.678	-0.379	0.077	-1.630	0.154
The need for substantial collateral limits access to financing for small and new businesses.	1009	3.38	1.680	-0.273	0.077	-1.684	0.154
Entrepreneurs with limited assets struggle to secure loans due to strict collateral requirements.	1009	3.50	1.586	-0.458	0.077	-1.453	0.154
<b>Valid N (listwise)</b>	<b>1009</b>						

Collateral requirements as a hurdle for Nairobi entrepreneurs reveal a major concern about loan access. The mean scores for statements 3.48, 3.38, and 3.50 indicate that respondents agree that strict collateral requirements are difficult. The statement "Collateral requirements are a major obstacle to obtaining loans for entrepreneurs in Nairobi" had a mean score of 3.48, indicating

moderate agreement. Skewness values of -0.379 to -0.458 reflect a small leftward skew, indicating higher agreement, whereas negative kurtosis values (-1.630 to -1.453) indicate a reasonably flat response distribution. While perspectives vary, collateral restrictions are seen as limiting funding access, especially for small and fledgling enterprises. These findings show that rigid collateral requirements are difficult for entrepreneurs, especially those with modest assets, and emphasize the need for more flexible financing procedures to assist business growth.

#### 4.6. 3.Bureaucracies

The study used a scale of 1-5 where 1-strongly disagree and 5-Strongly agree, the respondents asked to indicate their agreement level to the statements relating to bureaucracies.

**TABLE 4.6.3**

#### **Bureaucracies**

<b>Statement</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Skewness</b>	<b>Std. Error (Skewness)</b>	<b>Kurtosis</b>	<b>Std. Error (Kurtosis)</b>
Bureaucratic procedures and red tape create significant delays in accessing financial resources.	1009	3.32	1.711	-0.226	0.077	-1.717	0.154
Navigating bureaucratic processes is a major challenge for entrepreneurs seeking business permits and licenses.	1009	3.56	1.528	-0.561	0.077	-1.278	0.154
Complex regulatory requirements hinder the ease of doing business in Nairobi.	1009	3.68	1.402	-0.798	0.077	-0.780	0.154
<b>Valid N (listwise)</b>	<b>1009</b>						

Nairobi entrepreneurs' bureaucratic issues raise concerns about red tape and complicated procedures. Mean scores of 3.32, 3.56, and 3.68 suggest moderate to strong agreement on bureaucratic impediments. According to respondents, bureaucratic procedures and red tape hinder financial resources, with a mean score of 3.32. The statement "Navigating bureaucratic processes is a major challenge for entrepreneurs seeking business permits and licenses" has a mean of 3.56,

indicating worry. A high mean score of 3.68 is for "Complex regulatory requirements hinder the ease of doing business in Nairobi," indicating that regulatory complexity is a major barrier. Negative skewness levels (-0.226 to -0.798) suggest a propensity toward agreement, whereas negative kurtosis values (-1.717 to -0.780) imply a flat distribution of varied but mostly critical replies. These findings demonstrate that bureaucratic inefficiencies and regulatory complexity hinder Nairobi's entrepreneurial and corporate activities.

#### **4.7. Descriptive Statistics of the role of Microfinance Institutions (MFIs) and Smaller Lenders**

##### **4.7. 1.Number of Loans Disbursed**

The study used a scale of 1-5 where 1-strongly disagree and 5-Strongly agree, the respondents asked to indicate their agreement level to the statements relating to number of loans disbursed.

**TABLE 4.7.1**

#### **Number of Loans Disbursed**

<b>Statement</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Skewness</b>	<b>Std. Error (Skewness)</b>	<b>Kurtosis</b>	<b>Std. Error (Kurtosis)</b>
Microfinance institutions (MFIs) and smaller lenders in Nairobi provide a significant number of loans.	1009	2.35	1.453	0.682	0.077	-0.996	0.154
The availability of loans from MFIs and smaller lenders has increased in recent years.	1009	2.40	1.333	0.703	0.077	-0.672	0.154
The number of loans disbursed by MFIs and smaller lenders meets the demand from local entrepreneurs.	1009	3.03	1.470	-0.032	0.077	-1.412	0.154
<b>Valid N (listwise)</b>	<b>1009</b>						

The number of loans disbursed by Nairobi MFIs and smaller lenders provides a critical view on loan provision. With a skewness of 0.682 and negative kurtosis of -0.996, respondents disagreed moderately (mean of 2.35) that "Microfinance institutions (MFIs) and smaller lenders in Nairobi

provide a significant number of loans," indicating that many respondents think the loan provision is insufficient. Similarly, the mean score of 2.40 for "The availability of loans from MFIs and smaller lenders has increased in recent years" supports the opinion that loan availability has not greatly improved, with skewness of 0.703 and negative kurtosis of -0.672. On the other hand, moderate agreement (mean of 3.03) that "The number of loans disbursed by MFIs and smaller lenders meets the demand from local entrepreneurs," suggests that while loan supply may match demand, there is still concern about its adequacy and growth. A balanced yet critical outlook is indicated by the skewness of -0.032 and negative kurtosis of -1.412. These findings show unhappiness with both the volume and growth of entrepreneur loans.

#### 4.7. 2. Size and Frequency of Loan Amounts

The study used a scale of 1-5 where 1-strongly disagree and 5-Strongly agree, the respondents asked to indicate their agreement level to the statements relating to number of loans disbursed.

**TABLE 4.7.2**

**Size and Frequency of Loan Amounts**

Statement	N	Mean	Std. Deviation	Skewness	Std. Error (Skewness)	Kurtosis	Std. Error (Kurtosis)
The size of loans provided by MFIs and smaller lenders is adequate for the needs of small businesses.	1009	3.31	1.524	-0.328	0.077	-1.412	0.154
Loan amounts from MFIs and smaller lenders are disbursed frequently enough to support ongoing business needs.	1009	2.91	1.379	-0.141	0.077	-1.275	0.154
The size of loans offered by MFIs and smaller lenders allows for significant business growth.	1009	2.66	1.480	0.329	0.077	-1.388	0.154
<b>Valid N (listwise)</b>	<b>1009</b>						

Microfinance Institutions (MFIs) and smaller lenders in Nairobi give loans of varying sizes and frequencies, raising questions about their efficacy and impact. Respondents moderately agree (mean of 3.31) that existing loan sizes fulfill small business needs. However, the skewness of -

0.328 and negative kurtosis of -1.412 indicate some disagreement and a minor tendency toward agreement. Conversely, there is moderate disagreement (mean of 2.91) about whether loan amounts are disbursed frequently enough to support ongoing business needs, with skewness of -0.141 and negative kurtosis of -1.275 indicating a near-symmetrical distribution of responses. The mean score of 2.66 for "The size of loans offered by MFIs and smaller lenders allows for significant business growth" shows general disagreement, with positive skewness of 0.329 and negative kurtosis of -1.388 indicating mixed but mostly negative views on current loan sizes' potential for business growth. Although loan sizes are fairly appropriate, questions remain concerning their frequency and growth potential.

### 4.7. 3. Repayment Rates

The study used a scale of 1-5 where 1-strongly disagree and 5-Strongly agree, the respondents asked to indicate their agreement level to the statements relating to repayment rates.

**TABLE 4.7.3**

#### **Repayment Rates**

<b>Statement</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Skewness</b>	<b>Std. Error (Skewness)</b>	<b>Kurtosis</b>	<b>Std. Error (Kurtosis)</b>
Repayment rates for loans from MFIs and smaller lenders are generally high.	1009	3.24	1.458	-0.137	0.077	-1.444	0.154
MFIs and smaller lenders have effective mechanisms in place to ensure timely repayment of loans.	1009	3.11	1.488	-0.100	0.077	-1.434	0.154
Challenges in loan repayment are adequately addressed by MFIs and smaller lenders.	1009	2.98	1.439	-0.067	0.077	-1.361	0.154
<b>Valid N (listwise)</b>	<b>1009</b>						

Loan repayment rates from Nairobi MFIs and smaller lenders are generally good yet cautious. Respondents modestly agree (mean of 3.24) that loan payback rates are normally high, with a small leftward skewness of -0.137 and a rather flat distribution of viewpoints. It appears that loan

payback is generally good. A moderate agreement (mean of 3.11) exists that MFIs and smaller lenders have effective methods to assure prompt repayment, backed by skewness of -0.100 and negative kurtosis of -1.434. The statement "Challenges in loan repayment are adequately addressed by MFIs and smaller lenders" received a mean score of 2.98, indicating moderate disagreement, with skewness of -0.067 and negative kurtosis of -1.361 suggesting that while some respondents recognize repayment efforts, these challenges are not adequately managed. Despite positive views of payback rates and methods, support for repayment issues is questioned.

#### 4.8. Descriptive Statistics of the impact of Capital Availability

##### 4.8. 1.Total Value of Loans

The study used a scale of 1-5 where 1-strongly disagree and 5-Strongly agree, the respondents asked to indicate their agreement level to the statements relating to total value of loans

**TABLE 4.8.1**

#### **Total Value of Loans**

<b>Statement</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Skewness</b>	<b>Std. Error (Skewness)</b>	<b>Kurtosis</b>	<b>Std. Error (Kurtosis)</b>
The total value of loans available to businesses in Nairobi is sufficient for their needs.	1009	2.60	1.665	0.370	0.077	-1.562	0.154
Financial institutions in Nairobi offer loan amounts that adequately support business growth.	1009	2.24	1.346	0.890	0.077	-0.443	0.154
The total value of loans disbursed in Nairobi is increasing in response to demand.	1009	3.05	1.515	-0.050	0.077	-1.474	0.154
<b>Valid N (listwise)</b>	<b>1009</b>						

Nairobi's loan value shows a critical opinion of its appropriateness and responsiveness to business needs. "The total value of loans available to businesses in Nairobi is sufficient for their needs," received a mean score of 2.60, indicating moderate disagreement. Skewness of 0.370 indicates a minor rightward skew, indicating some disagreement, while kurtosis of -1.562 indicates a

reasonably flat response distribution. The statement "Financial institutions in Nairobi offer loan amounts that adequately support business growth" obtained a mean score of 2.24, indicating high disagreement and that existing loan levels are insufficient for business expansion. Dissatisfaction is reinforced by the skewness of 0.890 and negative kurtosis of -0.443. Despite the overall sense of insufficiency, moderate agreement (mean of 3.05) that "The total value of loans disbursed in Nairobi is increasing in response to demand," suggests some optimism about the situation. This statement's negative skewness and kurtosis indicate a balanced, slightly positive attitude. These findings raise questions regarding loan values and their impact on business growth, notwithstanding an apparent rise in loan disbursement.

#### 4.8.2. Venture Capital and Angel Investors

The study used a scale of 1-5 where 1-strongly disagree and 5-Strongly agree, the respondents asked to indicate their agreement level to the statements relating to venture capital and angel investors.

**TABLE 4.8.2**

#### **Venture Capital and Angel Investors**

<b>Statement</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Skewness</b>	<b>Std. Error (Skewness)</b>	<b>Kurtosis</b>	<b>Std. Error (Kurtosis)</b>
There is ample venture capital available for startups in Nairobi.	1009	3.02	1.620	-0.083	0.077	-1.635	0.154
Angel investors are actively investing in new businesses in Nairobi.	1009	3.57	1.347	-0.659	0.077	-0.752	0.154
The process for securing venture capital or angel investment in Nairobi is accessible and transparent.	1009	2.70	1.560	0.290	0.077	-1.513	0.154
<b>Valid N (listwise)</b>	<b>1009</b>						

Nairobi's venture capital and angel investment availability is complicated. Despite the negative kurtosis of -1.635 and virtually symmetrical skewness of -0.083, respondents moderately agree (mean 3.02), that startups have enough venture money. At 3.57, "Angel investors are actively

investing in new businesses in Nairobi" supported angel investors in Nairobi's entrepreneurial ecosystem. Angel investment is positive with skewness of -0.659 and kurtosis of -0.752. "The process for securing venture capital or angel investment in Nairobi is accessible and transparent" has a mean of 2.70, indicating moderate disagreement. Positive skewness of 0.290 and negative kurtosis of -1.513 indicate accessibility, yet venture capital and angel investment are concerns of openness and simplicity.

### 4.8. 3. Financial Products Available

The study used a scale of 1-5 where 1-strongly disagree and 5-Strongly agree, the respondents asked to indicate their agreement level to the statements relating to financial products available.

**TABLE 4.8.3**

#### **Financial Products Available**

<b>Statement</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Skewness</b>	<b>Std. Error (Skewness)</b>	<b>Kurtosis</b>	<b>Std. Error (Kurtosis)</b>
A diverse range of financial products is available to entrepreneurs in Nairobi.	1009	2.59	1.453	0.414	0.077	-1.290	0.154
Financial products offered in Nairobi are well-suited to the needs of small and medium-sized enterprises (SMEs).	1009	2.89	1.548	0.096	0.077	-1.535	0.154
Access to financial products, such as credit lines and microloans, is readily available in Nairobi.	1009	2.90	1.469	-0.020	0.077	-1.459	0.154
<b>Valid N (listwise)</b>	<b>1009</b>						

The analysis of financial products available to entrepreneurs in Nairobi indicates a critical view of their diversity and suitability. Respondents moderately disagree (mean of 2.59) that a diverse range of financial products is available, with the positive skewness of 0.414 suggesting a tendency towards disagreement and the negative kurtosis of -1.290 reflecting a flat distribution of opinions.

Similarly, the mean score of 2.89 for the statement "Financial products offered in Nairobi are well-suited to the needs of small and medium-sized enterprises (SMEs)" highlights a perception that these products are not adequately tailored to SME requirements, with a slightly positive skewness and negative kurtosis further supporting this view. Access to financial products, such as credit lines and microloans, also received a mean score of 2.90, indicating moderate disagreement that such access is readily available. The skewness of -0.020 and negative kurtosis of -1.459 suggest that while there is some recognition of availability, it is not uniformly positive. Overall, these results reflect concerns about the adequacy, suitability, and accessibility of financial products for entrepreneurs in Nairobi, indicating a need for improvements in both the variety and effectiveness of financial offerings.

#### **4.9. Diagnostic Test**

Diagnostic tests for research data are crucial for assessing its quality, reliability, and validity, as highlighted by Tabachnick (2013). These tests normality, linearity, heteroscedasticity, and multicollinearity ensure the integrity of research by verifying that data meets the necessary assumptions for accurate analysis. Employing these tests rigorously allows researchers to select the appropriate regression analysis, which in turn helps determine the type, magnitude, and direction of relationships between study variables. By ensuring that data adheres to these statistical standards, researchers can enhance the impact and utility of their findings, ultimately advancing knowledge and addressing real-world issues effectively. Thus, diligent application of diagnostic tests is essential for maintaining high standards of data quality and research reliability.

##### **4.9.1. Multicollinearity**

Multicollinearity refers to significant correlations among independent variables, assessed using the variance inflation factor (VIF). This study's results, including VIF values and tolerance measures,

are presented in Table 4.9.1.

**TABLE 4.9.1**  
**Multicollinearity**

<b>Model</b>	<b>Tolerance</b>	<b>VIF</b>
<b>(Constant)</b>		
<b>Capital Availability</b>	0.420	2.364
<b>Challenges Facing Entrepreneurs</b>	0.920	1.086
<b>Role of Microfinance Institutions (MFIs) and Smaller Lenders</b>	0.267	3.742
<b>Financial Inclusion</b>	0.700	1.425

*Note.* The dependent variable is Entrepreneurial Success. VIF refers to the variance inflation factor, and tolerance indicates the proportion of variance in a predictor not explained by other predictors.

The collinearity statistics reveal varying levels of multicollinearity among the predictors in the model. The variance inflation factor (VIF) for "Role of Microfinance Institutions (MFIs) and Smaller Lenders" is 3.742, suggesting moderate collinearity, while the VIFs for "Capital Availability" (2.3644) and "Financial Inclusion" (1.4247) indicate lower collinearity. The tolerance values further support this: "Role of Microfinance Institutions" has a low tolerance of .267, highlighting potential multicollinearity issues, while the other predictors show more acceptable levels. Overall, this demonstrated the absence of multicollinearity in the independent variables.

#### **4.9.2. Normality Test**

The findings in Table 4.9.2 indicate that all p-values exceed the threshold of 0.05, supporting the

hypothesis that the data originate from a population with a normally distributed distribution. This reinforces the assumption of normality for the data set used in the analysis.

**TABLE 4.9.2**

**Normality Test**

Variable	Kolmogorov-Smirnov			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
<b>Capital Availability</b>	0.232	1009	0.000	0.850	1009	0.000
<b>Challenges Facing Entrepreneurs</b>	0.295	1009	0.000	0.765	1009	0.000
<b>Role of Microfinance Institutions (MFIs) and Smaller Lenders</b>	0.237	1009	0.000	0.807	1009	0.000
<b>Financial Inclusion</b>	0.255	1009	0.000	0.820	1009	0.000

The normality tests reveal significant deviations from a normal distribution across all variables. The Kolmogorov-Smirnov and Shapiro-Wilk tests yield p-values of .000 for "Capital Availability," "Challenges Facing Entrepreneurs," "Role of Microfinance Institutions (MFIS) and Smaller Lenders," and "Financial Inclusion," indicating that these variables do not follow a normal distribution. The Kolmogorov-Smirnova shows that the p-value for all variables was less than (0.05), and therefore the null hypotheses rejected and therefore the data normally distributed.

**4.9.3. Heteroscedasticity**

Heteroscedasticity occurs when the variance of errors in a regression model is not constant across observations, leading to inefficiencies in estimations. This study assessed heteroscedasticity using the Breusch-Pagan/Cook-Weisberg test. The results, shown in Table 4.9.3, indicate an F-statistic of 3350.570 with a significance level of .000. This strong significance suggests a rejection of the null hypothesis of constant variance, indicating that heteroscedasticity is present and necessitating

the use of robust standard errors for accurate inference.

**Table 4.9.3**

**Heteroscedasticity**

<b>Statistic</b>	<b>Value</b>	<b>Sig.</b>
<b>F</b>	3350.570	0.000b

*Note.* The table displays the F-statistic and significance level for the model. The result indicates a highly significant relationship.

**4.9.4. Correlational Analysis**

Table 4.9.6 displays the correlation results between the dependent variable, Entrepreneurial Success, and several independent variables, including Capital Availability, Challenges Facing Entrepreneurs, Financial Inclusion, and the Role of Microfinance Institutions (MFIs) and Smaller Lenders. The Pearson correlation coefficient ranges from -1 to 1, where a value of 1 indicates a perfect positive correlation, -1 indicates a perfect negative correlation, and 0 signifies no correlation. Correlations marked with \*\* are significant at the 0.01 level, indicating a statistically significant relationship between the variables. These findings provide insights into how these independent factors are related to Entrepreneurial Success, highlighting the importance of each variable in the entrepreneurial context.

**TABLE 4.9.6**

**Correlational Analysis**

<b>Variable</b>	<b>1. Entrepreneurial Success</b>	<b>2. Capital Availability</b>	<b>3. Challenges Facing Entrepreneurs</b>	<b>4. Financial Inclusion</b>	<b>5. Role of MFIs and Smaller Lenders</b>
1. Entrepreneurial Success	1.000	.903	.874	.907	.900
Sig. (2-tailed)		.000	.000	.000	.000
N	1009	1009	1009	1009	1009
2. Capital Availability	.903	1.000	.944	.961	.817
Sig. (2-tailed)	.000		.000	.000	.000
N	1009	1009	1009	1009	1009
3. Challenges Facing Entrepreneurs	.874	.944	1.000	.913	.702
Sig. (2-tailed)	.000	.000		.000	.000
N	1009	1009	1009	1009	1009
4. Financial Inclusion	.907	.961	.913	1.000	.821
Sig. (2-tailed)	.000	.000	.000		.000
N	1009	1009	1009	1009	1009
5. Role of MFIs and Smaller Lenders	.900	.817	.702	.821	1.000
Sig. (2-tailed)	.000	.000	.000	.000	
N	1009	1009	1009	1009	1009

The bivariate correlation analysis reveals strong and statistically significant relationships among variables. Entrepreneurial Success is highly correlated with Capital Availability ( $r = .903$ ),

Challenges Facing Entrepreneurs ( $r = .874$ ), Financial Inclusion ( $r = .907$ ), and the Role of Microfinance Institutions (MFIs) and Smaller Lenders ( $r = .900$ ), all with p-values of .000. Capital Availability also shows high correlations with Challenges Facing Entrepreneurs ( $r = .944$ ) and Financial Inclusion ( $r = .961$ ). These strong correlations suggest robust interdependencies among the variables.

#### **4.9.7. Coefficients of Determination**

The coefficients determination analysis reveals important insights into the factors influencing entrepreneurial success. The model's unstandardized coefficients show that "Challenges Facing Entrepreneurs" ( $\beta = 0.606$ ,  $p = .000$ ) and "Role of Microfinance Institutions (MFIs) and Smaller Lenders" ( $\beta = 0.587$ ,  $p = .000$ ) are significant positive contributors. This means that addressing these challenges and improving MFI support can significantly improve entrepreneurial outcomes.

"Capital Availability" has a negative coefficient ( $\beta = -0.320$ ,  $p = .000$ ), which suggests that challenges in obtaining capital could impede progress. "Financial Inclusion" ( $\beta = 0.189$ ,  $p = .000$ ) also has a favorable impact on entrepreneurial success, which emphasizes how important it is for business growth. In general, the results highlight the importance of these elements in determining how well someone does as an entrepreneur.

**TABLE 4.9.7**

#### **Coefficients Determination**

<b>Model</b>	<b>B</b>	<b>Std. Error</b>	<b>Beta</b>	<b>t</b>	<b>Sig.</b>
<b>(Constant)</b>	-0.320	0.038		-8.410	0.000
<b>Capital Availability</b>	-0.320	0.044	-0.296	-7.316	0.000
<b>Challenges Facing Entrepreneurs</b>	0.606	0.029	0.566	20.623	0.000
<b>Role of Microfinance Institutions (MFIs) and Smaller Lenders</b>	0.587	0.016	0.587	36.407	0.000
<b>Financial Inclusion</b>	0.189	0.031	0.193	6.134	0.000

*Note.* The dependent variable is entrepreneurial success.

$$Y = -320 + 0.189X_1 + 0.606X_2 + 0.587X_3 - 0.320X_4 + 0.038$$

Y= Entrepreneurial Success,

$\beta_0$ = intercept ,  $\beta_{1,2,3,4}$  = Coefficients for  $X_{1,2,3,4}$  ,

$X_1$ = Financial Inclusion,

$X_2$ = Challenges Facing Entrepreneurs,

$X_3$ = Role Of Microfinance Institutions (MFIS) and Smaller Lenders,

$X_4$ = Capital Availability

$\varepsilon$  = Error term

#### 4.10 Discussion of Results

#### **4.10.1 Financial inclusion and Entrepreneurial Success**

Access to bank accounts, credit, and insurance through financial inclusion boosts business performance. Financial inclusion positively impacts entrepreneurial results, as shown by a beta coefficient of ( $\beta = 0.189$ ,  $p = .000$ ), demonstrating that increased access to financial resources boosts firm growth. Financial inclusion helps entrepreneurs invest, create, and succeed by making money and financial products more accessible. Khan, Siddiqui, and Imtiaz (2022) argue that while mobile money services are growing in Nairobi, financial awareness and inclusion are essential for banking access. This study shows a move toward mobile money due to traditional banking restrictions. Elouaourti and Ibourk (2024) found that financial access strongly moderates contextual determinants on entrepreneurship, supporting our conclusion that traditional banking infrastructure is insufficient despite demand for mobile money. Anisiuba, Ezeaku, and Emengini (2020) discovered that financial inclusion boosts economic growth, but commercial bank branches are essential for access, highlighting Nairobi's need for better banking infrastructure. Finally, Charfeddine and Zaouali (2022) emphasize the need for stronger financial services and infrastructure to encourage entrepreneurship in Nairobi, emphasizing the relevance of financial inclusion and a supportive business environment. These studies emphasize the need to increase financial literacy and traditional banking infrastructure to close financial inclusion gaps.

#### **4.10.2 Capital Availability and Entrepreneurial Success**

Entrepreneurial success depends on capital availability, which affects investment, expansion, and innovation. Analysis shows a negative beta coefficient for capital availability ( $\beta = -0.320$ ,  $p = .000$ ), indicating financial resource access challenges hamper entrepreneurial performance. This highlights the difficulties businesses have in obtaining capital, which can limit growth and potential. Capital availability is crucial for a supportive atmosphere that helps entrepreneurs prosper. Nairobi's capital availability analysis matches other research on entrepreneur financial

help. Onyekwelu et al. (2023) examined how the institutional environment affects micro-financing in Nigeria, highlighting that businesses need effective and sustainable institutions. This reinforces our finding that Nairobi's loan values and capital availability are still issues. Jeong et al. (2020) found that venture capital (VC) investments improve startup success, but our study indicated a moderate view of VC availability and transparency, suggesting that barriers to accessing these funds remain. Owusu et al. (2021) found that increasing financial resources, particularly bank loans, improves resource availability for SMEs, supporting our findings on loan disbursement but also emphasizing adequacy and appropriateness concerns. Finally, Belas et al. (2024) highlighted financial management as a significant determinant for SME survival, validating our worries regarding Nairobi's financial product diversity and efficacy. These studies demonstrate the need for significant financial support system adjustments to solve Nairobi entrepreneurs' capital availability and effectiveness deficiencies.

#### **4.10.3. Challenges Facing Entrepreneurs and Entrepreneurial Success**

A positive beta coefficient ( $\beta = 0.606$ ,  $p = .000$ ) indicates that entrepreneurs' success is strongly influenced by their problems. This shows that reducing high borrowing rates, collateral requirements, and regulatory impediments can boost entrepreneurial performance. Supporting entrepreneurs helps them seize opportunities, acquire capital, and expand their enterprises. To promote entrepreneurial success, specialized strategies to alleviate these hurdles are needed. This study's findings on Nairobi entrepreneurs' obstacles match some significant literature discoveries. High interest rates and restricted finance are important difficulties for entrepreneurs, as Al-Fattal (2024) notes. Our respondents significantly identified high interest rates as a major barrier (mean score of 3.85). Tunio et al. (2021) reported that financial and bureaucratic challenges are critical for Pakistani entrepreneurs, which matches study's observations of strict collateral requirements

(mean scores of 3.48 to 3.50) and bureaucratic challenges (mean scores of 3.32 to 3.68). Like our findings on bureaucratic barriers, Nieuwenhuizen (2019) highlights that regulatory and legislative constraints severely harm SMEs. Amoa-Gyarteng and Karikari (2023) also address the challenges SMEs have in obtaining funding due to strict criteria, which supports our findings of high collateral requirements and financial resource obstacles. These studies support our findings and emphasize the need for reforms to address Nairobi's entrepreneurial issues.

#### **4.10.4. Role of Microfinance Institutions (MFIs) and Smaller Lenders and Entrepreneurial Success**

Microfinance Institutions (MFIs) and smaller lenders have a crucial role in entrepreneurship, as shown by a positive beta coefficient ( $\beta = 0.587$ ,  $p = .000$ ). This suggests that these organizations' financial support improves entrepreneurs' capacity to raise funds and build their enterprises. MFIs and smaller lenders help entrepreneurs access financing by offering personalized financial products and services. Thus, improving these institutions' assistance empowers entrepreneurs, promotes innovation, and sustains business growth. Mrindoko and Pastory (2024) note that MFIs reduce poverty but hardly raise earnings, which is consistent with our finding of poor satisfaction with loan availability and sizes (2.35 and 2.40, respectively). According to Kumar (2021), MFIs provide critical financial services but incur high capital expenses. This research shows reasonable agreement (mean of 3.31) on loan sizes being appropriate and frequent disbursements being insufficient (mean of 2.91). Rao (2020) states that MFIs moderately meet demand and increase economic stability (mean 3.03), but loan support needs improvement. Hermes and Hudon (2018) examine MFIs' context-sensitive performance, supporting our conclusion that Nairobi's entrepreneurs require more loans and support.

## **CHAPTER FIVE**

## **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

### **5.1 Introduction**

The summary of the findings, conclusions, recommendations and other areas for future research are covered in this section.

### **5.2 Summary of Findings**

#### **5.2.1 Financial Inclusion and Entrepreneurial Success**

The study demonstrates a significant relationship between financial inclusion and entrepreneurial success, with a positive beta coefficient of ( $\beta = 0.189$ ,  $p = .000$ ). This indicates that increased access to financial services, such as bank accounts and credit, is crucial for entrepreneurs. By enhancing financial inclusion, entrepreneurs can secure necessary funding, manage cash flow more effectively, and invest in growth opportunities. The results suggest that when entrepreneurs have better access to financial resources, they are more likely to succeed in their ventures. Consequently, promoting financial inclusion is essential for fostering an entrepreneurial ecosystem that supports innovation and sustainable business development, particularly in underserved communities.

#### **5.2.2 Capital Availability and Entrepreneurial Success**

The findings highlight a critical negative impact of capital availability on entrepreneurial success, reflected in a beta coefficient of ( $\beta = -0.320$ ,  $p = .000$ ). This suggests that difficulties in accessing capital significantly hinder entrepreneurs' ability to invest, expand, and innovate. Entrepreneurs who face barriers such as high interest rates or stringent lending criteria are less likely to achieve sustainable growth. The study underscores the necessity for improved access to financial resources, as a lack of capital can stifle opportunities and limit business potential. Addressing capital availability issues is essential for creating a supportive environment that fosters entrepreneurial success and encourages economic development.

#### **5.2.3 Challenges Facing Entrepreneurs and Entrepreneurial Success**

The analysis reveals a strong positive correlation between the challenges facing entrepreneurs and their success, evidenced by a beta coefficient of ( $\beta = 0.606$ ,  $p = .000$ ). This indicates that effectively addressing these challenges such as bureaucratic hurdles, high interest rates, and collateral demands can significantly improve entrepreneurial outcomes. When entrepreneurs receive support in overcoming these obstacles, they are better positioned to leverage opportunities and secure funding. The findings suggest that creating targeted interventions to mitigate these challenges is vital for enhancing the entrepreneurial landscape, enabling entrepreneurs to thrive and contribute to economic growth.

#### **5.2.4 Role of Microfinance Institutions (MFIs) and Smaller Lenders and Entrepreneurial Success**

The role of Microfinance Institutions (MFIs) and smaller lenders is crucial for promoting entrepreneurial success, as indicated by a strong positive beta coefficient of ( $\beta = 0.587$ ,  $p = .000$ ). This underscores the significant impact that these institutions have in providing accessible financial support to entrepreneurs. By offering tailored financial products and services, MFIs help mitigate the barriers to capital access that many entrepreneurs face. The study emphasizes the importance of strengthening the role of MFIs and smaller lenders in fostering entrepreneurial growth. Enhanced collaboration with these institutions can empower entrepreneurs, facilitate innovation, and contribute to the overall sustainability of their businesses.

### **5.3 Conclusions**

The study concludes that financial inclusion plays a vital role in enhancing entrepreneurial success. The findings indicate that improved access to financial services significantly supports

entrepreneurs in securing necessary resources for growth. By promoting financial inclusion, particularly in underserved communities, entrepreneurs can better manage cash flow, invest in opportunities, and navigate financial challenges. The evidence underscores the need for policies aimed at increasing access to banking services, credit, and financial education. Ultimately, fostering financial inclusion is essential for creating an entrepreneurial ecosystem that nurtures innovation and sustainable business development.

The study concludes that capital availability is a critical factor influencing entrepreneurial success, as highlighted by the detrimental impact that limited access to capital can have on entrepreneurs, stifling their potential for growth and innovation. The findings suggest that addressing barriers such as high interest rates and stringent lending criteria is crucial for enhancing entrepreneurial performance. Policymakers and financial institutions must work collaboratively to improve capital accessibility, enabling entrepreneurs to secure the funding necessary for their ventures. Ensuring adequate capital availability will empower entrepreneurs, facilitating their contributions to economic development and job creation.

The study concludes that the challenges facing entrepreneurs significantly impact their success, indicating that effectively addressing these challenges, such as bureaucratic hurdles and high interest rates, can enhance entrepreneurial outcomes. The findings emphasize the importance of support mechanisms that help entrepreneurs navigate these obstacles, enabling them to leverage opportunities for growth. By implementing targeted interventions to mitigate these challenges, stakeholders can create a more conducive environment for entrepreneurship. This, in turn, will foster greater innovation, sustainability, and economic resilience, highlighting the need for comprehensive strategies that address the unique barriers faced by entrepreneurs.

The study concludes that Microfinance Institutions (MFIs) and smaller lenders play a pivotal role in promoting entrepreneurial success. This finding underscores the significant impact these institutions have in providing accessible financial support tailored to the needs of entrepreneurs. By mitigating barriers to capital access, MFIs empower entrepreneurs to secure funding for their ventures, facilitating growth and innovation. The evidence highlights the importance of strengthening collaboration between entrepreneurs and these financial institutions. Enhancing the role of MFIs and smaller lenders is essential for fostering an entrepreneurial ecosystem that encourages sustainable business practices and contributes to overall economic development.

### **5.5 Recommendations**

The study recommends enhancing traditional banking infrastructure to improve accessibility and address the disparities identified in bank account ownership and availability. Increasing efforts to expand banking services to underserved areas, particularly low-income and rural communities, could bridge the existing gap. Additionally, policies should focus on integrating financial literacy programs to facilitate better understanding and use of banking services. The study also suggests strengthening digital financial services, such as mobile money platforms, to ensure they complement traditional banking and offer reliable, secure alternatives. Collaboration between financial institutions, technology providers, and policymakers is crucial to creating an inclusive financial ecosystem that addresses both traditional and mobile banking needs effectively.

The study recommends increasing the total value and diversity of loan products to better meet the needs of businesses in Nairobi. Financial institutions should expand their loan offerings and improve the adequacy of loan sizes to support business growth. Additionally, the study suggests enhancing the transparency and accessibility of venture capital and angel investment

processes to address barriers to funding. Developing tailored financial products and support services for SMEs can also help bridge gaps in capital availability. Collaborative efforts between policymakers and financial institutions are essential to create a more responsive and inclusive capital environment.

**Challenges Facing Entrepreneurs:** The study recommends addressing high interest rates and stringent collateral requirements by introducing more flexible lending terms and innovative financial products tailored to the needs of small and new businesses. Streamlining bureaucratic processes and reducing regulatory hurdles can improve the ease of doing business and enhance access to financial resources and permits. Policymakers should focus on creating a more supportive regulatory environment that facilitates entrepreneurial activities and reduces unnecessary barriers. Providing additional resources and support systems for entrepreneurs to manage repayment challenges effectively is also crucial for fostering a more conducive business environment.

The study recommends improving the effectiveness of MFIs and smaller lenders by expanding the range and frequency of loan disbursements and addressing concerns about loan adequacy. Enhancing the support systems for repayment and providing targeted assistance for managing repayment challenges can improve overall loan effectiveness. Policymakers and financial institutions should collaborate to develop policies and programs that address the specific needs of entrepreneurs and promote sustainable growth. Additionally, increasing the transparency and accessibility of MFI operations and financial products will help build trust and improve the impact of microfinance on local businesses.

#### **5.4. Recommendations**

To enhance financial inclusion and support entrepreneurial success, it is recommended that policymakers implement targeted programs to increase access to banking services in underserved

areas. This includes promoting mobile banking solutions and financial literacy initiatives to educate entrepreneurs on utilizing available financial products effectively. Additionally, partnerships between financial institutions and local businesses can be fostered to develop tailored financial products that meet the unique needs of entrepreneurs. Expanding microcredit programs and incentivizing banks to serve low-income entrepreneurs will also be crucial in promoting a more inclusive financial ecosystem.

To improve capital availability for entrepreneurs, it is recommended that financial institutions adopt more flexible lending criteria that consider alternative forms of collateral, such as business plans or cash flow projections. Establishing government-backed loan guarantee programs can also reduce risk for lenders, encouraging them to provide financing to higher-risk entrepreneurs. Furthermore, fostering partnerships between banks and venture capitalists can facilitate access to funding. Creating awareness about different funding sources, including angel investors and crowdfunding platforms, will also empower entrepreneurs to explore diverse capital options.

To effectively address the challenges facing entrepreneurs, it is recommended that governments and business associations collaborate to streamline regulatory processes and reduce bureaucratic hurdles. Implementing mentorship programs can provide entrepreneurs with guidance on navigating challenges such as high interest rates and collateral requirements. Additionally, offering workshops and resources focused on financial management and negotiation skills will empower entrepreneurs to better handle these obstacles. Engaging with entrepreneurs to gather feedback on their challenges will ensure that interventions are relevant and effective, leading to improved entrepreneurial outcomes.

To strengthen the role of Microfinance Institutions (MFIs) and smaller lenders in

supporting entrepreneurs, it is recommended that these institutions expand their service offerings to include a wider range of financial products, such as savings accounts and insurance. Training programs that enhance the financial literacy of both lenders and borrowers can improve the effectiveness of microfinance services. Additionally, fostering collaboration between MFIs and larger financial institutions can lead to increased resources and innovative financial solutions for entrepreneurs. Lastly, advocating for regulatory support that enables MFIs to operate more effectively will help enhance their capacity to serve the entrepreneurial community.

### **5.5 Limitations of the Study**

One significant limitation of this study is the potential biases inherent in self-reported data. Respondents' perceptions of financial inclusion, capital availability, and entrepreneurial challenges may not accurately reflect actual conditions. Personal experiences and subjective interpretations can lead to over-optimism or pessimism about their situations. For instance, an entrepreneur who has successfully secured funding might emphasize the accessibility of capital, while another facing challenges may downplay available resources. This variability in perspective can distort the findings and may not capture the broader reality of the entrepreneurial landscape in Nairobi. To mitigate this limitation, future research could incorporate multiple data sources, such as interviews or financial records, to triangulate findings and enhance reliability.

Another limitation arises from the cross-sectional design of the study, which provides only a snapshot in time. This approach may not capture the dynamic nature of financial inclusion, capital availability, or entrepreneurial challenges, as these factors can evolve due to economic shifts, policy changes, or social trends. For example, improvements in financial technology may enhance access to banking services over time, but a cross-sectional study would fail to identify this progression. Additionally, certain challenges may emerge or dissipate in response to external

factors, such as economic downturns or pandemics. Future research should consider longitudinal studies to track changes and trends over time, providing a richer understanding of the complexities surrounding these variables.

Finally, the reliance on quantitative measures poses limitations in understanding the nuanced aspects of the study's focus areas. While numerical data can highlight trends and correlations, it often lacks the depth required to explore complex issues such as bureaucratic obstacles or the specific support mechanisms of Microfinance Institutions (MFIs). Qualitative insights are essential to fully grasp the experiences and perspectives of entrepreneurs, which can inform more effective interventions. Moreover, geographic and demographic constraints may limit the generalizability of the findings, as the study focuses exclusively on Nairobi. Different regions may exhibit distinct challenges and opportunities related to financial access and entrepreneurial support. To address these limitations, future studies should integrate qualitative methodologies and expand geographic sampling to enhance the comprehensiveness of the findings.

## **5.6 Areas for Further Studies**

Future research should focus on examining the specific barriers to traditional banking and their varying impacts on different income groups. Understanding how these barriers affect access to financial services can inform more targeted strategies to enhance financial inclusion. Additionally, studies that analyze the experiences of low-income entrepreneurs in navigating banking systems can provide valuable insights into the systemic challenges they face. This knowledge can help policymakers and financial institutions design tailored interventions that address the unique needs of diverse income segments.

Investigating the effectiveness of innovative financial products and services is another crucial area for further study. Research could explore how alternative financing methods, such as

peer-to-peer lending or mobile banking solutions, can bridge existing gaps in capital availability for entrepreneurs. Evaluating the outcomes of these innovative products on business growth and sustainability will provide a clearer understanding of their potential to enhance entrepreneurial success. Such studies could guide financial institutions in developing more effective offerings that cater to the specific needs of entrepreneurs.

Additionally, qualitative research that captures the lived experiences of entrepreneurs facing bureaucratic and financial challenges could significantly enrich our understanding of these barriers. Interviews and case studies can provide deeper insights into how entrepreneurs navigate regulatory hurdles and seek support from financial institutions. This qualitative approach can highlight personal stories and contextual factors that quantitative data may overlook. By addressing these areas, future research can contribute to more effective support strategies and policies aimed at fostering a thriving entrepreneurial ecosystem in Nairobi and similar contexts.

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## **APPENDICES**

### **APPENDIX I: INTRODUCTION LETTER**



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**BOARD OF POSTGRADUATE STUDIES**

KCAU/BPS/2024

Date: Friday, September 13, 2024

**TO WHOM IT MAY CONCERN**

Dear Sir/Madam,

**RE CATHERINE MULEI REG NO. 23/00565**

It is my distinct pleasure to introduce to you Catherine Mulei who is a student in our institution pursuing a Master of Science in Development Finance in the School of Business.

Catherine is conducting a research on a topic titled: ***“Reassessing The Role Of Capital In Entrepreneurial Success In Nairobi County”*** which is part of the requirements of the program she is pursuing. The research as well as the data procured thereof shall be used for academic purposes only.

Any assistance accorded to her is highly appreciated.

In case of further inquiry, do not hesitate to contact the undersigned.

Yours faithfully,

**DR. JACKSON NDOLO**  
**DIRECTOR, BOARD OF POST GRADUATE STUDIES**

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**APPENDIX II: QUESTIONNAIRE**

**QUESTIONNAIRE GUIDE FOR MBA RESEARCH ON REASSESSING THE ROLE OF CAPITAL IN ENTREPRENEURIAL SUCCESS IN NAIROBI COUNTY**

**Re: Introduction**

Dear Respondent

Thank you for your interest to participate in this questionnaire. The aim of this study is to the role of capital in entrepreneurial success in Nairobi County. Your responses will help in providing insights into how access to and management of capital impacts business growth and sustainability. By assessing factors such as loan availability, venture capital, and financial products, it helps identify barriers and opportunities, informing policy improvements and financial support mechanisms that can enhance the entrepreneurial ecosystem in Nairobi.

**Sincerely,**

**CATHERINE MULEI**

*[Please do not include your name ]*

**SECTION A : Demographic Information:**

**Gender:**

Male

Female

Other

**Age Bracket**

18- 25 years

25- 40 years

40 – 55 years

Above 55 years

**Educational Background**

Primary Level

Secondary Level

College Level

University Level

**Employment Status:**

Employed

Self-employed

Unemployed

Student

Other (please specify)

**Instructions**

Please indicate your level of agreement with the following statements by circling the number that best reflects your opinion, where:

1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree

### FINANCIAL INCLUSION

Statement	1 (Strongly Disagree)	2 (Disagree)	3 (Neutral)	4 (Agree)	5 (Strongly Agree)
<b>Percentage of Individuals with Bank Accounts</b>					
1. A high percentage of individuals in Nairobi have bank accounts.					
2. The availability of bank accounts is evenly distributed across different income groups in Nairobi.					
<b>Prevalence of Mobile Money Usage</b>					
3. Mobile money services are widely used by individuals in Nairobi.					
4. Mobile money is a preferred financial service compared to traditional banking in Nairobi.					
5. The majority of transactions in Nairobi are conducted through mobile money platforms.					
<b>Availability of Banking Infrastructure</b>					
6. There is sufficient banking infrastructure (e.g., branches, ATMs) across Nairobi.					

7. Banking services are accessible to individuals in both urban and rural areas of Nairobi.					
8. The quality of banking infrastructure in Nairobi meets the needs of its residents.					

### CHALLENGES FACING ENTREPRENEURS

Statement	1 (Strongly Disagree)	2 (Disagree)	3 (Neutral)	4 (Agree)	5 (Strongly Agree)
<b>High Interest Rates</b>					
1. High interest rates are a significant barrier for entrepreneurs in Nairobi.					
2. The cost of borrowing due to high interest rates affects the profitability of my business.					
3. High interest rates discourage potential entrepreneurs from starting new ventures.					
<b>Collateral Requirements</b>					
4. Collateral requirements are a major obstacle to obtaining loans for entrepreneurs in Nairobi.					
5. The need for substantial collateral limits access to financing for small and new businesses.					
6. Entrepreneurs with limited assets struggle to secure loans					

due to strict collateral requirements.					
<b>Bureaucracies</b>					
7. Bureaucratic procedures and red tape create significant delays in accessing financial resources.					
8. Navigating bureaucratic processes is a major challenge for entrepreneurs seeking business permits and licenses.					
9. Complex regulatory requirements hinder the ease of doing business in Nairobi.					

#### **ROLE OF MICROFINANCE INSTITUTIONS (MFIS) AND SMALLER LENDERS**

<b>Statement</b>	<b>1 (Strongly Disagree)</b>	<b>2 (Disagree)</b>	<b>3 (Neutral)</b>	<b>4 (Agree)</b>	<b>5 (Strongly Agree)</b>
<b>Number of Loans Disbursed</b>					
1. Microfinance institutions (MFIs) and smaller lenders in Nairobi provide a significant number of loans.					
2. The availability of loans from MFIs and smaller lenders has increased in recent years.					
3. The number of loans disbursed by MFIs and smaller lenders meets the demand from local entrepreneurs.					
<b>Size and Frequency of Loan Amounts</b>					

4. The size of loans provided by MFIs and smaller lenders is adequate for the needs of small businesses.					
5. Loan amounts from MFIs and smaller lenders are disbursed frequently enough to support ongoing business needs.					
6. The size of loans offered by MFIs and smaller lenders allows for significant business growth.					
<b>Repayment Rates</b>					
7. Repayment rates for loans from MFIs and smaller lenders are generally high.					
8. MFIs and smaller lenders have effective mechanisms in place to ensure timely repayment of loans.					
9. Challenges in loan repayment are adequately addressed by MFIs and smaller lenders.					

**CAPITAL AVAILABILITY**

<b>Statement</b>	<b>1 (Strongly Disagree)</b>	<b>2 (Disagree)</b>	<b>3 (Neutral)</b>	<b>4 (Agree)</b>	<b>5 (Strongly Agree)</b>
<b>Total Value of Loans</b>					
1. The total value of loans available to businesses in Nairobi is sufficient for their needs.					

2. Financial institutions in Nairobi offer loan amounts that adequately support business growth.					
3. The total value of loans disbursed in Nairobi is increasing in response to demand.					
<b>Venture Capital and Angel Investors</b>					
4. There is ample venture capital available for startups in Nairobi.					
5. Angel investors are actively investing in new businesses in Nairobi.					
6. The process for securing venture capital or angel investment in Nairobi is accessible and transparent.					
<b>Financial Products Available</b>					
7. A diverse range of financial products is available to entrepreneurs in Nairobi.					
8. Financial products offered in Nairobi are well-suited to the needs of small and medium-sized enterprises (SMEs).					
9. Access to financial products, such as credit lines and microloans, is readily available in Nairobi.					

**ENTREPRENEURIAL SUCCESS**

<b>Statement- entrepreneurial success</b>	<b>1 (Strongly Disagree)</b>	<b>2 (Disagree)</b>	<b>3 (Neutral)</b>	<b>4 (Agree)</b>	<b>5 (Strongly Agree)</b>
<b>Profit Margin</b>					
My business maintains a healthy profit margin relative to its revenue.					

**APPENDIX III: WORK PLAN**

<b>Dissertation activity</b>	<b>JAN</b>	<b>FEB</b>	<b>MARC</b>	<b>APRL</b>	<b>MAY</b>	<b>JUN</b>	<b>JUL</b>	<b>AUG</b>	<b>SEPT</b>
TOPIC SELECTION									
PROPOSAL WRITING									
APPROVAL OF RESEARCH PROPOSAL									
EVALUATING DATA AND RESULTS									
SUBMITTING DISSERTATION									

## APPENDIX V: RESEARCH BUDGET

<b>Category</b>	<b>Amount (KSH)</b>
Personnel Costs	30,000
Data Collection	15,000
- Surveys and Questionnaires	5,000
- Incentives for Participants	6,000
- Fieldwork Expenses	4,000
Travel	8,000
- Local Travel	4,000
Equipment and Software	7,000
- Computers and Software Licenses	5,000
- Survey Tools and Data Management Software	2,000
Administrative Costs	5,000
- Printing and Copying	1,000
- Miscellaneous	2,000
Consultants and Experts	5,000
- Subject Matter Experts	3,000
- Statistical Consultants	2,000
- Journal Fees	3,000
- Conference Presentations	2,000
Contingency	5,000
- Unexpected Costs	5,000
<b>Total</b>	<b>119,000</b>