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EXPLORING THE DRIVERS OF ENTREPRENEURIAL SUCCESS IN STARTUPS IN NAIROBI, KENYA

SERAH WAIRIMU GEORGE

(112611)

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF MASTER OF BUSINESS ADMINISTRATION AT STRATHMORE BUSINESS SCHOOL

NAIROBI, KENYA

APRIL, 2026

DECLARATION

I declare that this work has not been previously submitted and approved for the award of a degree by this or any other University. To the best of my knowledge and belief, the dissertation contains no material previously published or written by another person except where due reference is made in the dissertation itself.

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Name of Candidate: Serah Wairimu George

Approval

The dissertation of Serah Wairimu George was approved by the following:

Name of Supervisor: Prof. Ruth Kiraka

School/Institute/Faculty: Strathmore Business School

Dr. Ceaser Mwangi

Executive Dean

Strathmore University Business School.

Prof. Bernard Shibwabo

Director, Office of Graduate Studies

ABSTRACT

This study explored the drivers of startup success in Nairobi, Kenya, examining how entrepreneurial characteristics, growth strategies, and adaptive capabilities influence performance. A qualitative approach was used, targeting a purposive sample of 30 startup representatives, including founders, Chief Operating Officers, and Chief Commercial Officers, from Fintech, Agritech, HealthTech, EduTech, and E-commerce sectors. Findings revealed that entrepreneurial traits such as experience, education, motivation, and resilience significantly impact strategic decision-making and opportunity recognition. Startups that employed growth strategies including innovation, product diversification, networking, partnerships, and market expansion demonstrated stronger competitiveness and revenue growth. Adaptive capabilities such as strategic flexibility, technology adoption, learning orientation, resource optimization, and digital transformation enabled startups to remain resilient and sustain performance in dynamic markets. Based on these findings, the study recommends that startup founders cultivate continuous learning and adaptability, leverage networks and partnerships to access resources, prioritize innovation and diversification to strengthen market position, and implement strategies that optimize both human and technological resources. Policymakers and incubators are encouraged to provide targeted support, mentorship, and infrastructure that enhance the growth and resilience of startups, ensuring their long-term success in Nairobi's emerging entrepreneurial ecosystem.

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ABBREVIATIONS AND ACRONYMS

ACAP - Absorptive Capacity

AHP - Analytic Hierarchy Process

BMI – Business Model Innovation

BRS – Business Registration Service

BWM - Best-Worst Method

CCOs - Chief Commercial Officers

CEO – Chief Executive Officer

CMA – Capital Markets Authority

COOs - Chief Operating Officers

COVID - Corona Virus Disease

DCT - Dynamic Capabilities Theory

EA - Entrepreneurial Adaptation

EE - Entrepreneurial Ecosystem

EO - Entrepreneurial Orientation

ER - Entrepreneurial Resilience

Gen AI - Generative artificial intelligence

KEPSA - Kenya Private Sector Alliance

NACOSTI - National Commission for Science, Technology, and Innovation

OR - Organizational Resilience

PLS-SEM - Partial Least Squares Structural Equation Modeling

PRISMA - Preferred Reporting Items for Systematic Reviews and Meta-Analyses

RBV - Resource-Based View

SEM – Structural Equation Modelling

SF – Success Factors

SMEs – Small and Medium-Sized Enterprises

SU-ISERC - Strathmore University's Institutional Scientific and Ethical Review Committee

TISM - Total Interpretive Structural Modeling

VRIN – Valuable, Rare, Inimitable and Non-substitutable

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DEFINITION OF KEY TERMS

Adaptive Strategies

Adaptive strategies refer to the dynamic responses and adjustments that entrepreneurs make to cope with environmental uncertainty, market volatility, and institutional challenges (Akhtar & Aziz, 2025).

Business Growth Strategies

Business growth strategies refer to the deliberate actions, plans, and practices that entrepreneurs implement to enhance firm expansion, competitiveness, and long-term sustainability (Lavinia & Alecxandrina, 2018).

Entrepreneurial Drivers

Entrepreneurial drivers refer to the individual, psychological, and motivational factors that propel entrepreneurs to initiate, manage, and sustain successful ventures (Sriram & Mersha, 2017).

Entrepreneurial Success

Entrepreneurial success refers to the ability of a business venture to achieve its intended goals, including profitability, sustainability, growth, and competitive advantage in its market environment (Ezennia & Mutambara, 2022).

Startup

A startup refers to a newly established and innovation-driven enterprise that seeks to introduce unique products, services, or business models within a dynamic market environment (Karitu et al., 2022)

CHAPTER ONE

INTRODUCTION

This study aims to explore the drivers of entrepreneurial success among startups in Nairobi. This chapter presents a background of the study, objectives, research questions, significance of the study and scope.

1.1 Background of the Study

Entrepreneurial success refers to the ability of a business venture to achieve its intended goals, including profitability, sustainability, growth, and competitive advantage within its market environment (Akhtar & Aziz, 2025). It is commonly reflected through financial performance, market share expansion, innovation capacity, and employment creation, all of which signal value creation for stakeholders (Gameti & Akuffo, 2023). For startups, this success is particularly critical because early-stage ventures operate under uncertainty, resource constraints, and high failure risk. Startups are typically defined as newly established firms pursuing scalable and innovative business models aimed at rapid growth and market disruption, making them key drivers of economic transformation and technological advancement (Sevilla-Bernardo et al., 2022). Understanding the determinants of their success is therefore essential for entrepreneurship research, policy formulation, and investment decision-making.

Globally, startup success and failure have been widely studied due to the inherently risky nature of new venture creation (Guzman & Stern, 2020). Empirical evidence consistently shows that a significant proportion of startups fail within the first years of operation, reflecting the difficulty of sustaining new ventures even in advanced economies (Azeem & Khanna, 2023). In the United States, nearly half of startups fail within five years, largely due to weak business models, poor financial planning, and insufficient market validation (Fairlie et al., 2023). Similarly, in the United Kingdom, high failure rates are associated with cash flow constraints, competitive pressures, and limited access to skilled human capital (Ivin, 2021). Even in highly developed ecosystems such as Germany and Canada, startups face structural challenges including high operating costs, intense competition, and constrained venture financing, which limit survival and scalability (De Haas et

al., 2022). These patterns suggest that startup failure is not merely a developing economy problem but a structural feature of entrepreneurial ecosystems globally.

In Africa, startup ecosystems face additional constraints linked to institutional and infrastructural weaknesses (Madichie et al., 2021). Although entrepreneurship activity is growing, survival rates remain relatively low due to financial, regulatory, and capability-related challenges (Aljuwaiber, 2020). In South Africa, a large proportion of small businesses fail within five years, primarily due to limited funding access, managerial inefficiencies, and unstable market conditions (Msimango-Galawe & Hlatshwayo, 2021). Nigeria exhibits similar trends, where infrastructural deficits and inconsistent policy environments continue to undermine startup sustainability (Okeremi & Caesar, 2023). Ghana also reflects these challenges, with weak entrepreneurial support systems and limited structured financing contributing to early-stage business closure (Gameti & Akuffo, 2023). Collectively, these patterns highlight that while entrepreneurial activity is high across Africa, the translation of entrepreneurial effort into sustained success remains limited.

In Kenya, Nairobi has emerged as a leading innovation hub often referred to as the "Silicon Savannah," reflecting its growing digital and entrepreneurial ecosystem (Rosenberg & Brent, 2020). Despite this progress, startup failure rates remain high, with many ventures struggling to survive beyond the first few years of operation (Otieno & Muathe, 2023). Key constraints include limited access to capital, regulatory inefficiencies, weak managerial capacity, and inadequate infrastructure (Muathe et al., 2022). Additional challenges such as weak scalability beyond local markets, limited technological integration, and insufficient mentorship further constrain growth trajectories (Njau et al., 2025). Although innovation hubs, incubators, and government-led initiatives have been introduced to support startups, their impact has been uneven, suggesting persistent structural gaps within the ecosystem (Okundi & Muchemi, 2022).

The motivation for this study stems from the need to better understand the drivers of entrepreneurial success in Nairobi's dynamic startup ecosystem. While Nairobi continues to attract significant entrepreneurial activity and investment interest, there remains limited consolidated understanding of how entrepreneurial characteristics, growth strategies, and adaptive strategies interact to shape startup outcomes. Addressing this gap is important for strengthening both academic understanding and practical interventions aimed at improving startup survival and

scalability. This study therefore examines how these interrelated factors contribute to entrepreneurial success within Nairobi's startup ecosystem, offering insights relevant to policymakers, investors, and entrepreneurs.

1.1.1 Entrepreneurial Success

Entrepreneurial success has been defined differently by various scholars depending on the context, purpose, and level of analysis. Some scholars define entrepreneurial success as the attainment of financial and non-financial goals that ensure a venture's survival, growth, and sustainability (Ezennia & Mutambara, 2022). Others conceptualize entrepreneurial success as the entrepreneur's ability to create value through innovation, competitiveness, and long-term business viability (Oyeku et al., 2024). Entrepreneurial success has also been viewed in terms of measurable outcomes such as profitability, return on investment, and market share (Mishra, 2024). Other scholars extend this definition to include resilience, adaptability, and social impact due to the continent's unique socioeconomic and institutional challenges (Kartika, 2024). For instance, in Nigeria and South Africa, entrepreneurial success is frequently associated with overcoming systemic barriers such as limited access to finance, volatile markets, and infrastructural deficits (Adenkule, 2025; Msimango-Galawe & Hlatshwayo, 2021). In Kenya, Shimoli et al. (2020) described entrepreneurial success as the ability of startups to achieve sustained growth, maintain financial stability, and contribute to employment creation within a competitive and resource-constrained business environment. For the purpose of this study, entrepreneurial success is defined as the extent to which startups achieve sustainable growth, market competitiveness, and operational stability through the effective application of entrepreneurial, business growth, and adaptive strategies (Oyeku et al., 2024; Shimoli et al., 2020).

Scholars have operationalized and measured entrepreneurial success using multiple constructs, depending on the study's focus and methodological orientation. Quantitative studies often employ objective indicators such as profitability, revenue growth, market share, business survival rates, and employment generation (Alka et al., 2025). Conversely, qualitative and mixed-method studies emphasize subjective dimensions, including entrepreneurial satisfaction, innovation capability, customer loyalty, and perceived achievement of goals (Hornuf & Mattusch, 2025). Some researchers adopt a multidimensional approach that combines financial, strategic, and social

performance indicators to capture the holistic nature of entrepreneurial success (Lavinia & Alecxandrina, 2018). For startups, success has also been measured in terms of scalability, access to funding, product-market fit, and ability to adapt to changing market conditions (Pangilinan et al., 2025). In this study, entrepreneurial success will be explored using the following: financial performance, business growth, sustainability, innovation, and adaptability (Kansheba & Marobhe, 2025; Lampadarios, 2017).

1.1.2 Drivers of Entrepreneurial Success

Research on the drivers of entrepreneurial success has emphasized a wide range of personal, institutional, and environmental factors that influence entrepreneurial success. Sriram and Mersha (2017) examined the relationship between entrepreneur demographics, personality traits, and motivation among minority and women entrepreneurs in Baltimore, USA. The study found that education, prior experience, persistence, enthusiasm, and a cautious approach to risk-taking were significant predictors of entrepreneurial success, measured through sales growth and profitability. Similarly, Guzman and Stern (2020) investigated the relationship between economic conditions and the quality of new ventures in the United States and highlighted the role of institutional and economic conditions in shaping startup performance. Lampadarios (2017) explored entrepreneurial success factors among SMEs in the UK chemical distribution industry and found that entrepreneurial orientation, prior work experience, and management skills were central to business success, which stressed the importance of individual and managerial attributes in sustaining firm performance. Together, these studies underscore that entrepreneurial success is driven by both intrinsic attributes of entrepreneurs, such as education, experience, and personality, and extrinsic environmental conditions like access to finance, supportive institutions, and economic stability.

African scholarship reveals that entrepreneurial success is shaped by the continent's unique structural, institutional, and resource-based challenges (Onwe et al., 2024; Oshi & Nkuda, 2021). Onwe et al. (2024) conducted a systematic review examining the factors that influence the survival and success of entrepreneurial ventures across Africa. The study found that resource accessibility, market conditions, entrepreneurial capability, and government support were the dominant determinants of business longevity and growth. Similarly, Oshi and Nkuda (2021) investigated the drivers and inhibitors of entrepreneurial Growth in Nigeria. The study identified sustainable

infrastructure, market accessibility, labor availability, and social and psychological factors as key drivers of entrepreneurial success, while limited infrastructure, insecurity, and weak institutional frameworks acted as inhibitors. These findings highlight that while Africa is rich in entrepreneurial potential, success often depends on overcoming institutional barriers and optimizing available resources to achieve sustained growth.

Kenyan studies have also examined the dynamics that enable or constrain entrepreneurial success. Muathe et al. (2022) analyzed the drivers, challenges, and opportunities within Kenya's startup ecosystem and found that despite the rapid evolution of accelerators, incubators, and innovation hubs, challenges such as limited access to finance, duplication of initiatives, weak coordination, and poor policy frameworks continue to hinder startup success. The study emphasized the need for collaboration, standardization, and decentralization of innovation initiatives to strengthen the national startup ecosystem. Kamuri (2022) explored entrepreneurial vision as a psychological driver of innovation and performance among actors in Kenya's leather industry. The findings revealed that vision for growth significantly influenced both innovation and business performance, underscoring the role of individual entrepreneurial dispositions in achieving success. Collectively, these studies show that entrepreneurial success in Kenya is influenced by both systemic ecosystem-level factors and individual-level psychological orientations that shape innovation and growth outcomes.

The present study focuses on entrepreneurial drivers, business growth strategies, and adaptive strategies as key dimensions of entrepreneurial success. The reason for focusing on these three dimensions is because they integrate the personal, strategic, and environmental determinants that have consistently emerged across previous studies (Sreenivasan & Suresh, 2023; Thomas & Douglas, 2021). Entrepreneurial drivers capture the individual and motivational factors that influence entrepreneurial behavior, business growth strategies represent the deliberate efforts that shape expansion and competitiveness, while adaptive strategies reflect how startups respond to dynamic market and institutional environments (Muathe et al., 2022). Together, they provide a holistic framework for understanding the multidimensional nature of entrepreneurial success within Nairobi's startup ecosystem.

Entrepreneurial drivers refer to the individual, psychological, and motivational factors that propel entrepreneurs to initiate, manage, and sustain successful ventures (Sriram & Mersha, 2017). These

drivers encompass traits such as education, experience, self-efficacy, risk-taking, innovativeness, and motivation, all of which influence an entrepreneur's ability to identify opportunities and overcome challenges (Gameti & Akuffo, 2023). Entrepreneurial drivers have been strongly linked to success outcomes such as innovation performance, profitability, and firm growth (Lavinia & Alecxandrina, 2018). For this study, entrepreneurial drivers will be explored through the following constructs: entrepreneurial experience, educational background, personality traits and motivation, and risk-taking propensity (Oshi & Nkuda, 2021). These constructs are consistent with evidence emphasizing the centrality of human capital and psychological attributes in achieving sustainable entrepreneurial outcomes (Asif, 2024).

Business growth strategies refer to the deliberate actions, plans, and practices that entrepreneurs implement to enhance firm expansion, competitiveness, and long-term sustainability (Lavinia & Alecxandrina, 2018). These strategies may include market development, product diversification, innovation, networking, and resource mobilization, all aimed at achieving strategic positioning and improved financial performance (Asif, 2024). Empirical studies have shown that startups that adopt coherent growth strategies are more likely to scale effectively, attract investment, and achieve operational stability (Pangilinan et al., 2025). In this study, business growth strategies will be explored through the constructs of innovation and product diversification, networking and partnerships, and market expansion and resource mobilization, which collectively reflect how startups pursue sustainable growth in a competitive business environment (Aggarwal & Kashiramka, 2025).

Adaptive strategies refer to the dynamic responses and adjustments that entrepreneurs make to cope with environmental uncertainty, market volatility, and institutional challenges (Charisma et al., 2025). These strategies are essential in ensuring startup resilience and survival, particularly in developing economies characterized by fluctuating regulatory and economic conditions. Adaptive strategies may include flexibility in operations, strategic learning, technological adoption, and reconfiguration of resources to align with emerging market opportunities (Mbonigaba, 2018). The relationship between adaptive capacity and entrepreneurial success is well established, as adaptive entrepreneurs tend to navigate crises more effectively and sustain long-term competitiveness (Egala et al., 2025). This study will explore adaptive strategies through the constructs of strategic flexibility, technological adaptability, and learning orientation, which collectively capture the

capability of startups to adjust, innovate, and sustain success in a rapidly changing entrepreneurial environment (Sreenivasan & Suresh, 2023).

1.1.3 Startups in Nairobi

In the Kenyan context, a startup refers to a newly established and innovation-driven enterprise that seeks to introduce unique products, services, or business models within a dynamic market environment (Karitu et al., 2022). These ventures are typically characterized by their small size, high growth potential, scalability, and intensive use of technology and innovation to disrupt existing industries or create new market niches. Kenyan startups often emerge in sectors such as financial technology (fintech), agritech, healthtech, and e-commerce, driven by the growing digital economy and youthful entrepreneurial population. According to StartupBlink (2025), There are an estimated 389 startups in Nairobi. These enterprises operate under the regulatory oversight of several institutions, including the Business Registration Service (BRS), the Capital Markets Authority (CMA) for venture-backed firms, and the Kenya Private Sector Alliance (KEPSA), which plays an advocacy and coordination role for emerging businesses (Muathe et al., 2022).

Despite Kenya's vibrant entrepreneurial ecosystem, many startups struggle to achieve sustainable success due to a combination of structural, financial, and managerial challenges (Muathe et al., 2022). Key obstacles include limited access to funding and venture capital, regulatory bottlenecks, inadequate business management skills, market saturation, and the high cost of technology adoption (Otieno & Muathe, 2023). Additionally, startups often face difficulties in scaling operations, retaining skilled talent, and adapting to shifting consumer demands and economic uncertainties (Njau et al., 2025). These challenges contribute to high failure rates within the first three years of operation, raising concerns about the sustainability of Kenya's innovation-driven economy. Given this context, it becomes imperative to explore the drivers of entrepreneurial success among startups in Nairobi to identify the factors that enable some ventures to thrive while others fail. Understanding these drivers can inform policy formulation, entrepreneurial training, and investment strategies aimed at strengthening the survival and growth of startups in Kenya's increasingly competitive market landscape.

1.2 Statement of the Problem

Startups are widely recognized as important drivers of innovation, job creation, economic growth, and technological advancement. Globally, startups contribute significantly to economic transformation by introducing new products, services, and business models that improve productivity and competitiveness. Despite their importance, startup failure rates remain consistently high across both developed and developing economies. Research indicates that approximately 90 percent of startups fail, with a substantial proportion ceasing operations within the first five years of establishment (Krishna et al., 2016). Common causes of failure include inadequate financing, weak managerial capabilities, poor strategic planning, inability to scale operations, and failure to respond effectively to changing market conditions (Akhtar & Aziz, 2025). These failures result in significant economic losses through reduced employment opportunities, diminished investor confidence, and lost innovation potential.

In Kenya, startups occupy a central position in national development initiatives, including Vision 2030, the Digital Economy Blueprint, and efforts aimed at promoting youth employment and innovation driven growth. Nairobi has emerged as one of Africa's leading entrepreneurial and technology hubs, attracting entrepreneurs, investors, incubators, accelerators, and development partners. The city hosts a significant proportion of Kenya's startup activity, particularly within the Fintech, Agritech, HealthTech, EduTech, and Ecommerce sectors. Despite this vibrant ecosystem, startup mortality remains high, with many ventures struggling to achieve sustainable growth and long term survival. The persistence of startup failure within an ecosystem characterized by growing investment, expanding digital infrastructure, and increasing entrepreneurial support raises important questions regarding the factors that enable some startups to succeed while others fail.

Existing studies have provided valuable insights into startup success. International research has identified factors such as leadership, innovation, business models, and ecosystem support as important determinants of entrepreneurial performance (Sevilla Bernardo et al., 2022; Argaw & Liu, 2024). Within Kenya, studies have examined specific dimensions of entrepreneurship, including accelerator programmes (Mugambi, 2020), incubation services (Muathe & Otieno, 2023), entrepreneurial motivation (Rödén & Ståhle, 2017), and access to entrepreneurial support mechanisms. While these studies have contributed to understanding entrepreneurship, they have generally examined success factors in isolation. Consequently, they provide limited understanding

of how entrepreneurial characteristics, business growth strategies, and adaptive strategies interact to influence startup success within Nairobi's entrepreneurial ecosystem.

This limitation is significant because startup success occurs within a complex and dynamic environment where individual capabilities, strategic decisions, and organizational adaptability operate simultaneously rather than independently. The findings of this study demonstrate that entrepreneurial experience, resilience, innovation, networking, strategic partnerships, technological adaptability, and learning orientation are interconnected factors that collectively shape entrepreneurial outcomes. Examining these dimensions separately risks overlooking the mechanisms through which entrepreneurs convert personal capabilities into effective growth strategies and subsequently adapt those strategies to changing market conditions.

Furthermore, although Nairobi is widely recognized as Kenya's innovation hub, limited empirical research has examined how the city's unique entrepreneurial ecosystem influences the relationship between entrepreneurial characteristics, growth strategies, adaptive capabilities, and startup success. The interaction between entrepreneurs and ecosystem actors such as incubators, accelerators, investors, mentorship networks, and digital infrastructure remains insufficiently understood. This represents an important contextual gap because entrepreneurial success in Nairobi appears to emerge not only from individual or firm level factors but also from continuous interaction with ecosystem resources and constraints.

Therefore, the problem addressed by this study is the limited understanding of how entrepreneurial characteristics, business growth strategies, and adaptive strategies interact within Nairobi's entrepreneurial ecosystem to influence startup success. The study employed a qualitative phenomenological approach to explore the lived experiences of startup founders and senior managers and develop a deeper understanding of the mechanisms that drive startup success in Nairobi. The integration of entrepreneurial characteristics, business growth strategies, and adaptive strategies within a single analytical framework provides new theoretical and practical insights into entrepreneurship in emerging market contexts. The findings also offer evidence that can inform policy, practice, and future research on startup development.

1.3 Objective of the Study

The main objective of this study was to explore the drivers of entrepreneurial success in startups in Nairobi.

1.3.1 Specific Objectives of the Study

The specific objectives for the proposed research are:

i. To explore how entrepreneurial characteristics contribute to the success of startups in Nairobi.
ii. To examine how startups in Nairobi leverage business growth strategies to ensure their entrepreneurial success.
iii. To investigate how adaptive strategies enable the entrepreneurial success of startups in Nairobi.

1.4 Research Questions

i. How do entrepreneurial characteristics contribute to the success of startups in Nairobi?
ii. How do startups in Nairobi leverage business growth strategies to achieve entrepreneurial success?
iii. How do adaptive strategies enable the entrepreneurial success of startups in Nairobi?

1.5 Scope of the Study

This study examined the drivers of startup success in Nairobi, Kenya, focusing on three key constructs: entrepreneurial characteristics, business growth strategies, and adaptive strategies. The study explored how these factors influence entrepreneurial success within Nairobi's startup ecosystem. The research was conducted in Nairobi, Kenya, which serves as the country's leading innovation and entrepreneurial hub and is widely recognized as the "Silicon Savannah" because of its concentration of technology driven enterprises, innovation hubs, investors, and entrepreneurial support organizations (Rosenberg & Brent, 2020).

Methodologically, the study adopted a qualitative phenomenological approach to gain in depth insights into the lived experiences of entrepreneurs and startup leaders regarding the factors that

drive startup success. The study targeted founders, Chief Operating Officers (COOs), and Chief Commercial Officers (CCOs) operating within startups in the Fintech, Agritech, HealthTech, EduTech, and Ecommerce sectors. These respondents were selected because of their direct involvement in strategic decision making and their understanding of startup growth challenges and success factors.

A purposive sample of 30 startup representatives was selected, which proved sufficient for achieving data saturation and generating rich qualitative insights. Data collection and analysis were conducted between January and February 2026. The study focused on startups operating within Nairobi and therefore does not claim generalizability to all startups in Kenya or other African countries. However, the findings provide valuable contextual insights into the dynamics of startup success within one of Africa's most vibrant entrepreneurial ecosystems.

The section below provides an overview of the classification stages of start-ups. This framework is used to analyze the startups in this study as part of the data analysis.

Table 1.1 Start-up Stages Framework

Start-up Stage	Typical Business Age	Main Focus
1. Ideation (Pre-seed)	0–12 months	Research and validate the idea; define target market and value proposition.
2. Seed / Formulation	12 months–2 years	Build Minimum Viable Product or prototype, test with early users, seek angel or seed funding.
3. Early Stage / Traction (Series A funding)	2–4 years	Launch to market, refine product-market fit, start generating revenue.
4. Growth / Momentum (Series B–C funding)	5–7 years	Expand operations, scale teams, increase marketing and distribution.

5. Expansion / Stability	8–10 years	Enter new markets, diversify offerings, optimize internal processes.

The classification of start-ups into progressive stages from ideation to expansion is widely supported in entrepreneurship literature. Scholars note that start-ups evolve through identifiable phases characterized by changing strategic priorities, resource requirements, and organizational capabilities. Early stages such as ideation and seed focus on opportunity recognition, validation, and experimentation, while later stages emphasize scaling, market penetration, and operational efficiency (Shepherd & Gruber, 2021; Momirović, 2024).

The lean startup approach reinforces the importance of iterative development, particularly in the early stages, where entrepreneurs test assumptions, develop minimum viable products, and refine their value propositions based on customer feedback (Blank & Dorf, 2020).

Lifecycle theories of entrepreneurship further validate the staged progression of firms from inception to growth and eventual maturity, highlighting transitions from survival to expansion and stability (Cohen et al., 2023; Nguyen-Duc et al., 2021). These frameworks collectively support the categorization presented in Table 2.3, demonstrating its relevance for analyzing start-ups at different stages of development. The start-ups in this study were categorized using this framework.

1.6 Significance of the Study

This study contributes to policy, practice, and theory by providing empirical evidence on how entrepreneurial characteristics, business growth strategies, adaptive capabilities, and ecosystem support influence startup success within Nairobi's entrepreneurial ecosystem. The findings reveal that startup success is not driven by isolated factors but emerges through the interaction of entrepreneurial capabilities, ecosystem relationships, strategic choices, and continuous adaptation to environmental uncertainty.

1.6.1 Significance to Policymakers

The study provides evidence based insights that can inform entrepreneurship policy and startup development initiatives in Kenya. The findings demonstrate that startup success depends not only

on access to finance but also on the strength of entrepreneurial ecosystems, including incubators, accelerators, mentorship networks, digital infrastructure, and collaborative innovation platforms.

In light of the proposed Startup Bill currently under consideration in Kenya, the study highlights several policy priorities. First, policymakers should strengthen ecosystem support mechanisms by expanding access to incubation and acceleration programmes, particularly for early stage startups. Second, regulatory frameworks should be simplified to reduce administrative burdens and compliance costs that disproportionately affect startups. Third, government agencies should enhance access to affordable digital infrastructure and facilitate stronger linkages between startups, universities, investors, and industry partners. Fourth, policies should promote startup financing through tax incentives, innovation grants, seed funding programmes, and mechanisms that encourage private sector investment in emerging ventures.

The findings further suggest that entrepreneurship policies should move beyond financial support and incorporate initiatives that strengthen entrepreneurial capabilities, adaptability, and innovation capacity. Such interventions would contribute to building a more resilient and competitive startup ecosystem in Nairobi and across Kenya.

1.6.2 Significance to Practitioners

The study provides practical insights for startup founders, managers, investors, incubators, accelerators, and ecosystem support organizations. The findings demonstrate that entrepreneurial success is strongly influenced by entrepreneurial characteristics such as resilience, adaptability, motivation, and opportunity recognition. Startup leaders can therefore enhance performance by investing in continuous learning, leadership development, and entrepreneurial capability building.

The study further reveals that innovation, product diversification, strategic partnerships, networking, and market expansion are critical growth strategies that improve competitiveness and sustainability. Startup managers can use these findings to develop more adaptive business models and strengthen their strategic decision making processes.

For ecosystem support organizations, the findings underscore the importance of mentorship programmes, networking opportunities, technical support services, and market access initiatives. Incubators and accelerators can utilize these insights to design interventions that address the

practical challenges faced by startups, particularly in resource constrained and rapidly changing environments. Investors may also benefit from the findings by incorporating adaptive capability, learning orientation, and strategic flexibility into their startup evaluation criteria rather than focusing solely on financial indicators and business plans.

1.6.3 Significance to Academicians and Scholars

This study contributes to entrepreneurship and strategic management literature by advancing understanding of startup success within emerging market entrepreneurial ecosystems. The findings demonstrate that entrepreneurial success is best understood as a dynamic process resulting from the interaction of entrepreneurial characteristics, ecosystem support, business growth strategies, and adaptive capabilities.

The study contributes to the Resource Based View (RBV) by showing that internal resources such as entrepreneurial experience, innovation capability, and technological competence do not independently generate competitive advantage. Instead, their effectiveness depends on how entrepreneurs mobilize, combine, and leverage these resources within supportive entrepreneurial ecosystems. The findings therefore extend RBV by highlighting the contextual and ecosystem dependent nature of resource utilization in emerging economies.

The study also contributes to Dynamic Capabilities Theory (DCT) by demonstrating that adaptation in Nairobi's startup ecosystem is not an occasional strategic response but a continuous organizational process. Strategic flexibility, technological adaptability, learning orientation, and resource optimization emerged as ongoing capabilities that enable startups to survive and grow in highly uncertain environments. The findings therefore suggest that in emerging entrepreneurial ecosystems, dynamic capabilities function as essential survival mechanisms rather than optional sources of competitive advantage.

Furthermore, the study contributes to entrepreneurial ecosystem literature by illustrating how ecosystem actors, including incubators, accelerators, investors, mentorship networks, and digital infrastructure, actively shape entrepreneurial outcomes. The findings support a co evolutionary perspective in which entrepreneurs and entrepreneurial ecosystems continuously influence and reinforce one another. The proposed Startup Success Model developed in this study provides a

foundation for future research examining entrepreneurship in emerging markets and offers a framework for comparative studies across different African entrepreneurial ecosystems.

This study therefore enriches the existing body of knowledge on startup success and provides empirical evidence from Nairobi that addresses contextual gaps in entrepreneurship literature, which has historically been dominated by evidence from developed economies.

1.7 Chapter Summary

This chapter has provided an overview of the study by presenting the background, problem statement, objectives, research questions, and significance of the research. It has discussed the concept of entrepreneurial success and its relevance to startups, highlighting global, regional, and local contexts to justify the need for the study. The chapter also outlined the study's scope, detailing the conceptual, geographical, methodological, and temporal boundaries.

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CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The aim of this study is to explore the drivers of entrepreneurial success in startups in Nairobi. This chapter presents the theoretical and empirical review of literature relating to the entrepreneurial drivers, business growth strategies and adaptive strategies, and how they contribute to the success of startups. The chapter also discusses the research gaps, the conceptual framework and the operationalization of study variables.

2.2 Theoretical Review

This study was guided by the Resource Based View (RBV) and the Dynamic Capabilities Theory (DCT). The selection of these theories was informed by their relevance in explaining how startups develop, deploy, and adapt resources and capabilities to achieve entrepreneurial success. The RBV provides a foundation for understanding how internal resources contribute to competitive advantage and firm performance. However, its limitations in explaining how firms respond to rapidly changing environments led to the development of DCT, which extends the RBV by emphasizing adaptation, learning, and resource reconfiguration. Together, the two theories provide a comprehensive lens for understanding entrepreneurial success within Nairobi's dynamic startup ecosystem.

2.2.1 Dynamic Capabilities Theory

The Dynamic Capabilities Theory was developed by Teece, Pisano, and Shuen (1997) and has become a central framework in strategic management and entrepreneurship research. The theory argues that firm performance in rapidly changing environments depends on the ability to integrate, build, and reconfigure internal and external resources to address shifting market conditions (Teece et al., 1997). It emphasizes three core processes: sensing opportunities and threats, seizing opportunities through strategic action, and transforming or reconfiguring resources to maintain competitiveness (Teece, 2015; Teece et al., 1997). More recent studies continue to affirm that these capabilities are critical for entrepreneurial resilience and innovation in volatile markets (Warner & Wäger, 2019; Wilden et al., 2024).

A key strength of the Dynamic Capabilities Theory is its relevance to environments characterized by uncertainty, technological disruption, and market volatility. It provides a useful explanation of how firms sustain competitiveness through continuous learning, innovation, and strategic flexibility. This makes it particularly applicable to startup ecosystems where change is constant and survival depends on rapid adaptation (Buzzao & Rizzi, 2021). However, despite its wide application, the theory has been criticized for its conceptual ambiguity and limited operational clarity. The constructs of sensing, seizing, and transforming are often difficult to measure consistently, making empirical validation challenging (Wilden et al., 2024). Additionally, the theory assumes a level of managerial intentionality and structured capability development that may not reflect the realities of informal and resource constrained entrepreneurial environments such as those found in many African cities, including Nairobi. In such contexts, adaptation is often improvised, emergent, and opportunity driven rather than systematically planned.

In relation to this study, the Dynamic Capabilities Theory provides a useful lens for understanding how startups in Nairobi achieve entrepreneurial success through entrepreneurial drivers, business growth strategies, and adaptive strategies. However, its application in this context requires reinterpretation to reflect the informal and constraint driven nature of entrepreneurial activity.

First, in explaining entrepreneurial drivers, the sensing capability represents the ability of entrepreneurs to identify opportunities, interpret market signals, and recognize shifts in customer needs or technology trends. While the theory assumes structured environmental scanning, in Nairobi startups sensing is often informal, experiential, and embedded in daily market interactions. This aligns with recent findings that opportunity recognition in emerging markets is frequently based on experiential learning rather than formal strategic processes (Urban & Wood, 2023).

Second, in relation to business growth strategies, the seizing capability explains how startups mobilize limited resources to exploit identified opportunities. However, in Nairobi, resource mobilization is often constrained by limited access to finance and formal institutions, requiring entrepreneurs to rely heavily on networks, trust based relationships, and ecosystem intermediaries. Recent studies show that startup scaling in African ecosystems is more relational than structural, with networks often substituting for formal organizational capabilities (George et al., 2023).

Third, adaptive strategies align with the transforming capability, which describes how firms reconfigure resources and processes in response to change. In Nairobi's startup ecosystem, transformation is rarely a formal organizational redesign process. Instead, it is often continuous, iterative, and survival driven, shaped by market volatility, regulatory uncertainty, and rapid technological change. Recent research highlights that in emerging markets, dynamic capabilities are often enacted as improvisational responses rather than deliberate strategic routines (Helfat & Peteraf, 2023).

Therefore, while the Dynamic Capabilities Theory provides a strong conceptual foundation, its assumptions of structured capability development and managerial intentionality must be adapted to reflect the reality of Nairobi's startup ecosystem, where adaptation is continuous, informal, and strongly ecosystem dependent.

2.2.2 Resource Based View

The Resource Based View, advanced by Barney (1991) and grounded in earlier work by Penrose (1959), argues that firm success is determined by the possession and effective utilization of valuable, rare, inimitable, and non substitutable resources. These resources include financial capital, human capital, technological assets, organizational routines, and knowledge based capabilities. The theory suggests that firms achieve competitive advantage when they are able to strategically deploy internal resources that competitors cannot easily replicate (Barney, 1991; Barney et al., 2021).

The RBV is useful in explaining why firms within the same industry often perform differently due to variations in internal resource endowments. It highlights the importance of human capital, innovation capability, and organizational knowledge in shaping entrepreneurial outcomes (Newbert, 2022). However, the theory has been widely criticized for its static nature and its assumption that resources alone can explain sustained competitive advantage. In rapidly changing environments, resource value is not stable, and what constitutes a strategic resource today may become obsolete tomorrow. Recent scholarship further argues that RBV underestimates the importance of external ecosystems, particularly in entrepreneurship contexts where success is heavily shaped by networks, institutions, and environmental volatility (Teece, 2023; Helfat & Peteraf, 2023).

In addition, RBV assumes that firms operate in relatively stable environments where resources can be accumulated, protected, and optimized over time. This assumption is problematic in emerging markets such as Nairobi, where startups operate under high uncertainty, shifting regulations, and resource scarcity. In such environments, resource possession alone is insufficient unless it is continuously reconfigured and aligned with changing market conditions. Recent studies emphasize that in African startup ecosystems, resource value is co created through networks, partnerships, and ecosystem engagement rather than being internally generated alone (George et al., 2023).

In the context of this study, the Resource Based View explains entrepreneurial drivers and business growth strategies as foundations of entrepreneurial success among startups in Nairobi.

Regarding entrepreneurial drivers, RBV highlights how entrepreneurial experience, education, skills, creativity, and motivation function as intangible resources that shape opportunity recognition and decision making. However, in Nairobi, these resources are not fixed assets but evolving capabilities shaped by ecosystem exposure, mentorship, and iterative learning. Recent research shows that entrepreneurial human capital in emerging markets gains value primarily through application in uncertain environments rather than formal possession alone (Urban & Wood, 2023).

In explaining business growth strategies, RBV emphasizes how firms leverage internal resources to achieve competitive advantage through innovation, differentiation, and efficient resource utilization. However, in Nairobi's startup ecosystem, growth strategies are often constrained by limited internal resources, requiring startups to supplement internal capabilities with external ecosystem support such as incubators, accelerators, and informal networks. This reflects a shift from firm centric resource control to ecosystem embedded resource access (George et al., 2023). Therefore, growth is not solely a function of internal strength but also of relational positioning within the entrepreneurial ecosystem.

The combined use of RBV and Dynamic Capabilities Theory is therefore justified because each addresses the limitations in the other. RBV explains the importance of internal resource endowments, while DCT explains how those resources are continuously adapted and reconfigured in response to environmental change. However, in the context of Nairobi's startup ecosystem, both theories require contextual adaptation because success is not only determined by firm level

capabilities but also by ecosystem dependence, improvisation, and continuous adaptation under constraint.

2.3 Empirical Review

The empirical review presents and synthesizes existing studies on the drivers of startup success, organized around three objectives: entrepreneurial characteristics, business growth strategies, and adaptive strategies. The section moves beyond isolated study summaries to develop a coherent analytical narrative identifying patterns, gaps, and contributions across contexts.

2.3.1 Entrepreneurial Characteristics and Success of Startups

Entrepreneurial characteristics have consistently been identified as foundational determinants of startup success across different contexts. Studies by Lavinia and Alecxandrina (2018) and Hopp and Sonderegger (2015) show that entrepreneurial success is strongly influenced by prior experience, education, opportunity recognition, and calculated risk taking. Similarly, Sriram and Mersha (2017) and Lampadarios (2017) emphasize that persistence, entrepreneurial orientation, and managerial competence significantly enhance firm performance, particularly in early-stage ventures. These findings collectively suggest that human capital and individual traits remain central explanatory variables in entrepreneurship research, particularly in shaping decision making, opportunity identification, and resource mobilization.

In African and emerging market contexts, entrepreneurial characteristics are further shaped by institutional and structural constraints. Baluku et al. (2016) demonstrate that psychological capital, particularly optimism and self-belief, plays a stronger role in entrepreneurial success when financial constraints are high, as observed in Uganda. Similarly, Onwe et al. (2024) and Oshi and Nkuda (2021) highlight that entrepreneurial success in Africa is not only driven by traits such as education and experience but also by resilience in navigating weak institutions, limited infrastructure, and constrained access to finance. Gameti and Akuffo (2023) further reinforce that motivation, innovativeness, and risk tolerance are critical drivers of startup success in resource constrained environments, suggesting that entrepreneurial characteristics in Africa are deeply embedded within survival-oriented contexts.

Kenyan based studies provide more localized insights but remain fragmented. Muathe et al. (2022) and Kamuri (2022) show that entrepreneurial vision, managerial capability, and ecosystem engagement significantly influence startup performance in Kenya. Rödén and Ståhle (2017) further reveal that entrepreneurial motivation in Nairobi is shaped by a combination of personal autonomy, market opportunity recognition, and social impact aspirations. However, Karitu et al. (2022) note that Kenyan startups operate in highly dynamic and uncertain environments where individual characteristics alone are insufficient without complementary strategic and adaptive capabilities. This indicates a shift in literature from purely trait-based explanations toward more integrated models of entrepreneurial success.

Regardless of these contributions, the literature remains fragmented in three key ways. First, most studies isolate entrepreneurial characteristics without examining how they interact with growth and adaptive strategies. Second, many studies are contextually biased toward Europe, Asia, and selected African countries, limiting direct applicability to Nairobi's startup ecosystem. Third, the dominance of quantitative and review based methodologies restricts understanding of lived entrepreneurial experiences. Studies such as Argaw and Liu (2024), Agholor et al. (2024), and Wanyancha et al. (2025) emphasize the need for integrated and context sensitive approaches. This study responds to these gaps by situating entrepreneurial characteristics within a broader interaction with strategic and adaptive behaviors in Nairobi startups.

2.3.2 Business Growth Strategies and Entrepreneurial Success

Business growth strategies have been widely recognized as critical mechanisms through which startups achieve scalability, sustainability, and competitive advantage. Empirical evidence from Gopan and Agarwal (2024), Anderson and Bhandari (2025), and Vincent and Zakkariya (2021) shows that startups that adopt strategic adaptability, innovation driven growth, and absorptive capacity tend to achieve higher performance outcomes. These studies collectively demonstrate that growth is not merely financial expansion but also involves strategic decision making in innovation, market responsiveness, and resource utilization. Similarly, Thomas and Douglas (2021) highlight that firms surviving in disrupted industries achieve growth through network reconfiguration and strategic resource balancing.

In African and developing economy contexts, business growth strategies are strongly influenced by structural constraints and ecosystem maturity. Muathe and Otieno (2023) and Sirengo et al. (2025) show that incubation services, mentorship, and business model innovation significantly enhance startup growth in Kenya. However, Agholor et al. (2024) and Ogujiuba et al. (2023) emphasize that access to finance, market linkages, and entrepreneurial education remain critical bottlenecks in African startup growth. These findings suggest that growth strategies in emerging markets are not purely strategic choices but are often shaped by institutional support systems and external resource availability.

Studies specific to Kenya reinforce the importance of innovation and strategic alignment in driving startup success. Momanyi et al. (2022) find that business strategy significantly influences startup performance in Nairobi City County, particularly through market positioning and operational efficiency. Otuko and Mathenge (2024) further argue that innovation ecosystems, including incubators and innovation hubs, play a central role in supporting startup scaling and competitiveness. However, Atta (2024) notes that many Kenyan startups struggle to translate strategic intentions into sustainable growth due to weak execution capacity and limited managerial expertise.

Even with these insights, the literature on business growth strategies remains limited by three major gaps. First, most studies treat growth strategies as isolated constructs such as innovation or incubation, without integrating them into a holistic framework that includes entrepreneurial and adaptive dimensions. Second, there is overreliance on quantitative and secondary data, limiting understanding of how founders actually implement growth strategies in practice. Third, contextual gaps persist, as findings from India, Europe, and other African countries may not fully reflect Nairobi's rapidly evolving and digitally driven startup ecosystem. This study addresses these gaps by examining business growth strategies as lived strategic practices embedded in entrepreneurial experience.

2.3.3 Adaptive Strategies and Entrepreneurial Success

Adaptive strategies have emerged as a critical determinant of startup survival and success, particularly in volatile and uncertain environments. Studies by Mbonigaba (2018), Basu et al. (2022), and Sreenivasan and Suresh (2023) show that startups that develop flexibility, learning

orientation, and resource reconfiguration capabilities are more likely to survive and grow. Similarly, Pangilinan et al. (2025) and Egala et al. (2025) demonstrate that marketing adaptability and technological integration significantly enhance startup competitiveness and responsiveness to market changes. These findings reinforce the view that adaptability is not only reactive but also a proactive strategic capability.

In African and emerging market contexts, adaptive strategies are often shaped by environmental uncertainty and institutional volatility. Kansheba and Marobhe (2025) show that business model innovation significantly enhances resilience among Tanzanian startups, while Charisma et al. (2025) highlight that financial agility plays a central role in business survival during crises. Hokmabadi et al. (2024) further emphasize that digital transformation and dynamic capabilities are increasingly central to SME resilience across developing economies. These studies collectively suggest that adaptability in African startups is closely tied to resource constraints, forcing entrepreneurs to continuously adjust their strategies to survive.

Kenyan studies provide additional insights into how startups adapt within a rapidly evolving ecosystem. Muathe et al. (2022) and Njau et al. (2025) show that Kenyan startups face significant challenges including regulatory uncertainty, funding constraints, and talent shortages, all of which necessitate continuous adaptation. Egala et al. (2025) further demonstrate that AI integration and organizational learning enhance adaptive capacity in African digital firms, including those in Ghana and Kenya. However, the evidence also suggests that adaptation is uneven, with some startups successfully leveraging digital tools and ecosystem support while others struggle to survive.

Despite these contributions, several gaps remain in the literature on adaptive strategies. First, most studies conceptualize adaptation as a measurable outcome rather than a lived process experienced by entrepreneurs over time. Second, there is a strong dominance of quantitative and model based approaches such as SEM and regression, which limit understanding of how adaptation decisions are made in real time. Third, contextual gaps persist, as many studies are conducted in more structured or digitally advanced economies, limiting relevance to Nairobi's informal and resource constrained startup environment. This study addresses these gaps by exploring adaptive strategies as experiential, evolving practices that shape entrepreneurial success in Nairobi.

2.4 Research Gaps

Despite the growing body of literature on entrepreneurial success, several important gaps remain that justify the present study. First, there is a clear conceptual gap arising from the fragmented treatment of entrepreneurial success in existing studies. Most empirical research examines entrepreneurial characteristics, business growth strategies, and adaptive strategies in isolation (Lavinia and Alecxandrina, 2018; Anderson and Bhandari, 2025; Basu et al., 2022). This separation limits theoretical development because startup success is a multidimensional phenomenon that emerges from the interaction of individual traits, strategic choices, and adaptive capabilities. Even studies that acknowledge multiple determinants rarely integrate them into a unified explanatory framework, particularly within the context of emerging startup ecosystems such as Nairobi (Karitu et al., 2022; Muathe et al., 2022).

Second, there is a significant contextual gap in the literature. A large proportion of existing studies are conducted in developed economies such as Europe, Australia, and parts of Asia (Hopp and Sonderegger, 2015; Thomas and Douglas, 2021; Vincent and Zakkariya, 2021), where startup ecosystems are more structured, well-funded, and institutionally stable. While African studies are increasing (Baluku et al., 2016; Kansheba and Marobhe, 2025; Egala et al., 2025), they are often country specific and do not fully capture the unique dynamics of Nairobi's startup ecosystem, which is characterized by rapid digitalization, informal networks, funding constraints, and evolving regulatory structures (Muathe et al., 2022; Otuko and Mathenge, 2024). As a result, there is limited localized understanding of how entrepreneurial success is achieved in Kenya's leading innovation hub.

Third, there is a persistent methodological gap in the literature. Most studies on startup success adopt quantitative designs, systematic reviews, or structured surveys (Aggarwal and Kashiramka, 2025; Shatila et al., 2025; Alka et al., 2025). While these approaches are useful for identifying patterns and testing relationships, they often fail to capture the lived experiences, meanings, and decision-making processes of entrepreneurs. Even qualitative studies tend to focus on limited case samples or specific dimensions such as motivation or innovation (Rödén and Ståhle, 2017; Gopan and Agarwal, 2024). There remains limited use of phenomenological approaches that explore how founders interpret, experience, and enact entrepreneurial, strategic, and adaptive behaviors over time.

Fourth, there is a theoretical gap in the integration and application of existing frameworks such as the Resource Based View and the Dynamic Capabilities Theory. While RBV explains how internal resources contribute to competitive advantage and DCT explains how firms adapt and reconfigure resources in dynamic environments (Barney, 1991; Teece et al., 1997), most studies apply these theories independently rather than examining how they jointly explain startup success in volatile and resource constrained environments. This is particularly important in Nairobi, where startups operate under conditions of uncertainty, limited resources, and rapid technological change, requiring both resource endowment and adaptive capability simultaneously (Karitu et al., 2022; Lee and Kim, 2025).

Finally, there is a practical gap in translating empirical findings into actionable strategies for startups and policymakers. Although studies identify factors such as innovation, financing, and incubation as drivers of success (Muathe and Otieno, 2023; Momanyi et al., 2022; Otuko and Mathenge, 2024), they often do not clearly explain how startup founders or ecosystem actors can operationalize these findings in real contexts. This limits the usefulness of existing research for improving startup survival and scaling in Kenya's entrepreneurial ecosystem. The present study addresses these gaps by providing an integrated, context specific, and experience-based understanding of entrepreneurial success among startups in Nairobi.

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Table 2.2 Summary of Research Gaps

Authors	Country of Study	Research Methodology Used	Findings	Research Gaps	Focus of the Current Study
Lavinia and Alecxandrina (2018)	Romania	Mixed methods (surveys and interviews)	Entrepreneurial competencies such as management skills, risk taking, and expertise influence SME success	Contextual gap (developed economy setting); conceptual gap (focus on competencies only); limited integration with adaptive and strategic factors	Examines entrepreneurial drivers, business growth strategies, and adaptive strategies in Nairobi startups
Hopp and Sonderegger (2015)	Austria	Longitudinal quantitative study	Prior experience, education, and entrepreneurial intentions enhance venture creation success	Methodological gap (limited qualitative insight); contextual gap (European setting); focus on pre startup phase only	Explores lived experiences of founders across startup lifecycle in Kenya
Baluku et al. (2016)	Uganda	Quantitative survey design	Psychological capital significantly enhances entrepreneurial success	Conceptual gap (focus on psychological capital only); limited exploration	Integrates psychological, strategic, and adaptive drivers of success

				of strategic and adaptive dimensions	
Rödén and Ståhle (2017)	Kenya	Qualitative interviews	Entrepreneurial motivation includes personal, business, and social drivers	Conceptual gap (focus only on motivation); limited integration with strategy and adaptation	Expands analysis to include growth and adaptive strategies
Muathe et al. (2022)	Kenya	Descriptive survey	Startup ecosystem challenges include weak coordination, funding gaps, and policy issues	Conceptual gap (ecosystem focus only); lack of founder level analysis	Focuses on founder level drivers and lived experiences
Aggarwal and Kashiramka (2025)	India	Delphi technique and Best Worst Method	Ecosystem health depends on finance, infrastructure, education, and innovation	Contextual gap (non African setting); conceptual gap (macro level focus only)	Focuses on micro level entrepreneurial drivers and strategies
Asif (2024)	Global	Systematic literature review	Ecosystem support and incubation improve startup performance	Methodological gap (secondary data only); conceptual gap (lack of individual level focus)	Uses primary qualitative data from founders

Kim et al. (2018)	South Korea	AHP expert based quantitative study	Entrepreneurial competence and idea commercialization drive success	Contextual gap (advanced tech ecosystem); methodological gap (expert bias)	Captures experiential perspectives of startup founders
Thomas and Douglas (2021)	Australia	Qualitative grounded theory	Strategic entrepreneurship and network reconfiguration support survival	Conceptual gap (focus on incumbents not startups); contextual gap	Focuses on early stage startups in emerging market context
Vincent and Zakkariya (2021)	India	Quantitative survey	Absorptive capacity strengthens entrepreneurial orientation and performance	Methodological gap (survey based); contextual gap; limited behavioral insights	Explores how founders implement growth strategies in practice
Anderson and Bhandari (2025)	Digital industries	Quantitative survey	Innovation strategies improve market share and revenue growth	Conceptual gap (focus only on innovation); methodological gap (limited qualitative insight)	Integrates innovation with broader growth strategies
Okundi and Muchemi (2022)	Kenya	Descriptive and explanatory survey	Marketing innovation improves SME performance	Conceptual gap (SMEs not startups); methodological	Focuses on startup specific growth strategies

				gap (structured survey only)	
Sirengo et al. (2025)	Kenya	Qualitative analytical review	Business model innovation enhances startup success	Methodological gap (secondary data); conceptual gap (lack of founder perspective)	Uses primary phenomenological data
Muathe and Otieno (2023)	Kenya	Cross sectional quantitative survey	Incubation services improve startup growth	Conceptual gap (external support focus only); methodological gap	Focuses on internal strategic growth decisions
Mbonigaba (2018)	India	Mixed methods	Financial reserves and flexibility improve resilience	Contextual gap (non African setting); methodological gap	Explores adaptive strategies in Nairobi startups
Basu et al. (2022)	India	Quantitative survey	Entrepreneurial adaptation enhances sustainability	Methodological gap (survey-based construct); conceptual gap	Explores lived adaptive decision-making processes
Sreenivasan and Suresh (2023)	India	Mixed methods (TISM + survey)	Agility, collaboration, and alignment enhance adaptability	Contextual gap; methodological gap (limited narrative depth)	Examines adaptive strategies through lived experiences

Egala et al. (2025)	Ghana	PLS SEM quantitative study	AI integration improves competitive advantage	Contextual gap; methodological gap (cross sectional design)	Explores adaptive strategies in Kenyan startups
Kansheba and Marobhe (2025)	Tanzania	Regression analysis	Business model innovation improves resilience	Contextual gap; methodological gap	Focuses on startup adaptive strategies in Nairobi
Hokmabadi et al. (2024)	Global	Systematic literature review	Digital transformation enhances resilience	Methodological gap (secondary data); contextual gap	Uses primary experiential data from founders
Shatila et al. (2025)	Middle East	SEM quantitative study	Entrepreneurial orientation enhances resilience	Contextual gap; methodological gap	Explores micro level adaptation processes
Gopan and Agarwal (2024)	India	Qualitative case study	Strategic adaptability enhances startup survival	Limited generalizability; contextual gap	Provides broader phenomenological insights in Nairobi
Momanyi et al. (2022)	Kenya	Survey design	Business strategy influences startup performance	Conceptual gap (limited integration of adaptive factors)	Integrates strategy with adaptation and entrepreneurial traits

Otuko and Mathenge (2024)	Kenya	Qualitative analysis	Innovation hubs support startup growth	Conceptual gap (institutional focus only)	Focuses on founder driven strategies
Karitu et al. (2022)	Kenya	Theoretical analysis	Startups are shaped by innovation and ecosystem dynamics	Conceptual gap (theoretical not empirical)	Provides empirical validation in Nairobi

Source: Researcher (2025)

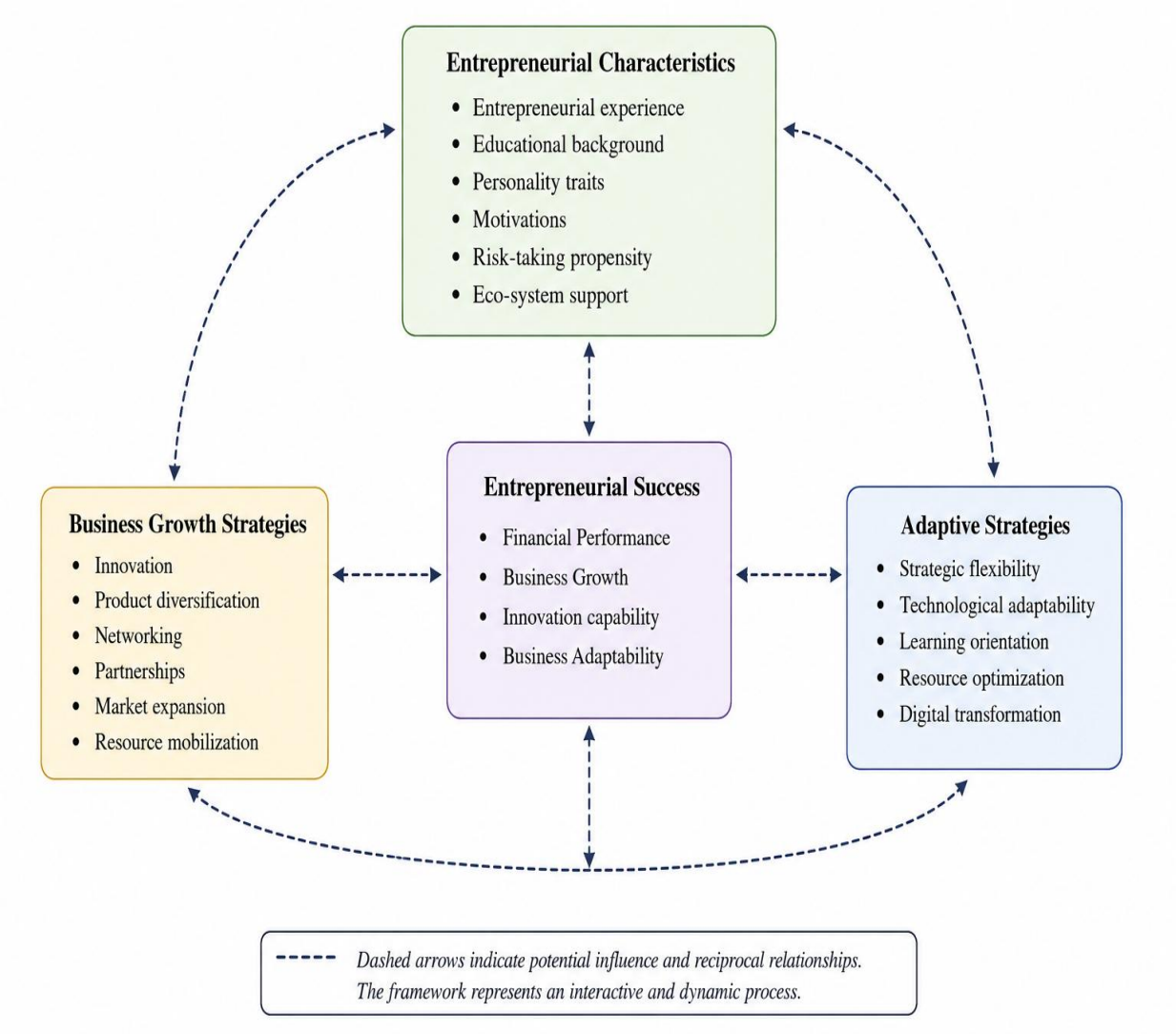
2.6 Conceptual Framework

Figure 2.1 shows the conceptual framework adopted for this study. It outlines the constructs that were explored in this study using the lived experiences of participants. Entrepreneurial success was examined using the indicators of financial performance, business growth, innovative capability and business adaptability. Entrepreneurial characteristics were explored by examining how entrepreneurial background, educational background, personality traits, motivations, risk-taking propensity and ecosystem support contribute towards entrepreneurial success of startups. The construct of business growth strategies employed by startups were explored using innovation, product diversification, networking and partnerships, market expansion, and resource mobilization. The adaptive strategies employed by startups that were examined are strategic flexibility, technological adaptability, learning orientation, resource optimization, and digital transformation.

Given that this study was qualitative in design, the conceptual framework below does not seek to test relationships, but rather demonstrate a roadmap of the key variables of the study that guided data collection, analysis and interpretation to answer the research questions.

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Figure 2.1: Conceptual Framework



Source: Researcher (2025)

2.7 Operationalization of Study Variables

Table 2.4 –shows how the variables in this study will be operationalized.

Table 2.4 Operationalization of variables

Variable	Indicators	Conceptual Definition	Measurement (Operational Definition)	Data Source	Literature Source
Entrepreneurial Success	Financial Performance	Refers to the ability of a startup to generate sufficient revenue and profitability to sustain operations and growth.	Explored through founders' narratives on revenue trends, profitability, and financial stability of their startups.	Semi-structured interviews with founders	(Lavinia & Alecxandrina, 2018; Charisma et al., 2025)
	Business Growth	Represents the expansion of startup operations in terms of market reach, customer base, and employment.	Captured through stories about scaling operations, customer acquisition, and entry into new markets.	Semi-structured interviews with founders	(Muathe & Otieno, 2023; Anderson & Bhandari, 2025)
	Innovation Capability	Refers to the firm's capacity to introduce new products, processes, or ideas that enhance competitiveness.	Explored through founders' accounts of product or process innovations and creative problem-solving.	Semi-structured interviews with founders	(Kartika, 2024; Vincent & Zakkariya, 2021)
	Business Adaptability	Denotes the ability of a startup to adjust strategies, operations, and products in response to market or environmental changes.	Assessed through founders' reflections on how they modified their business models during uncertainty or crises.	Semi-structured interviews with founders	(Mbonigaba, 2018; Kansheba & Marobhe, 2025)
Entrepreneurial Characteristics	Entrepreneurial Experience	Refers to prior entrepreneurial or professional experience that informs a founder's	Explored through founders' narratives about how past experiences influence current business decisions.	Semi-structured interviews with founders	(Hopp & Sonderegger, 2015; Baluku et al., 2016)

		decision-making and problem-solving capacity.			
	Educational Background	Denotes the level and relevance of formal education in shaping entrepreneurial capability.	Examined through discussion of founders' education, training, and how these contribute to business management.	Semi-structured interviews with founders	(Kim et al., 2018; Lavinia & Alecxandrina, 2018)
	Personality Traits	Refers to psychological dispositions such as optimism, perseverance, and proactiveness that affect entrepreneurial behavior.	Captured through descriptions of founders' self-beliefs, optimism, and persistence in overcoming challenges.	Semi-structured interviews with founders	(Baluku et al., 2016; Shatila et al., 2025)
	Motivations	Represents the intrinsic and extrinsic drivers that inspire individuals to start and sustain businesses.	Explored through narratives about personal, social, and financial motivations underlying entrepreneurship.	Semi-structured interviews with founders	(Rödén & Ståhle, 2017; Asif, 2024)
	Risk-Taking Propensity	The willingness of entrepreneurs to make uncertain decisions for potential higher returns.	Examined through examples of how founders navigate risky opportunities or make bold strategic decisions.	Semi-structured interviews with founders	(Shatila et al., 2025; Hopp & Sonderegger, 2015)
	Ecosystem Support	Refers to the external institutional and infrastructural support that facilitates startup success.	Captured through founders' accounts of incubation programs, financing, and policy environments that support growth.	Semi-structured interviews with founders	(Aggarwal & Kashiramka, 2025; Muathe & Otieno, 2023)
Business Growth Strategies	Innovation	Entails the development of novel products, services, or processes that improve competitiveness.	Explored through examples of new offerings or process improvements	Semi-structured interviews	(Anderson & Bhandari, 2025; Kartika, 2024)

			that have supported growth.	with founders	
	Product Diversification	Refers to the expansion of a firm's product portfolio to reach new markets or customer segments.	Examined through founders' accounts of introducing complementary or alternative products.	Semi-structured interviews with founders	(Okundi & Muchemi, 2022; Thomas & Douglas, 2021)
	Networking	Represents the process of building relationships with key stakeholders to enhance resources and opportunities.	Captured through founders' discussions on mentorships, partnerships, and collaboration networks.	Semi-structured interviews with founders	(Mbonigaba, 2018; Sreenivasan & Suresh, 2023)
	Partnerships	Refers to formal or informal alliances that provide access to resources, knowledge, or markets.	Explored through experiences of joint ventures, collaborations, or co-development initiatives.	Semi-structured interviews with founders	(Sirengo et al., 2025; Sreenivasan & Suresh, 2023)
	Market Expansion	The strategic process of entering new markets to increase customer reach and competitiveness.	Examined through founders' narratives of geographic or segment-based expansion efforts.	Semi-structured interviews with founders	(Aggarwal & Kashiramka, 2025; Kansheba & Marobhe, 2025)
	Resource Mobilization	Refers to the ability to acquire and allocate financial, human, and technological resources effectively.	Explored through how founders secure funding, talent, or technology to support growth.	Semi-structured interviews with founders	(Charisma et al., 2025; Baluku et al., 2016)
Adaptive Strategies	Strategic Flexibility	The capability to adjust strategic direction in response to changing internal and external conditions.	Assessed through how founders pivot or revise business strategies in dynamic environments.	Semi-structured interviews with founders	(Basu et al., 2022; Mbonigaba, 2018)

	Technological Adaptability	Refers to the ability to integrate and utilize emerging technologies for improved operations.	Explored through adoption of AI, cloud, or digital tools to enhance competitiveness.	Semi-structured interviews with founders	(Egala et al., 2025; Alka et al., 2025)
	Learning Orientation	Denotes a firm's commitment to continuous learning and knowledge application.	Captured through discussions on experimentation, reflection, and organizational learning.	Semi-structured interviews with founders	(Vincent & Zakkariya, 2021; Basu et al., 2022)
	Resource Optimization	Involves maximizing available resources to enhance operational efficiency and resilience.	Examined through narratives of how founders manage finances, personnel, and materials during uncertainty.	Semi-structured interviews with founders	(Mbonigaba, 2018; Charisma et al., 2025)
	Digital Transformation	Represents the integration of digital technologies to improve agility and customer engagement.	Explored through how founders adopt digital systems, automation, or e-commerce tools to sustain competitiveness.	Semi-structured interviews with founders	(Hokmabadi et al., 2024; Egala et al., 2025)

Source: Researcher (2025)

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2.8 Chapter Summary

This chapter has presented a comprehensive review of literature related to the study variables, integrating theoretical perspectives, empirical findings, and identified research gaps. It explored the key theories underpinning the study, including the Dynamic Capabilities Theory and the Resource-Based View, which provide a conceptual foundation for understanding the relationships among entrepreneurial drivers, business growth strategies, adaptive strategies, and entrepreneurial success. The chapter also presented the conceptual framework and the operationalization of study variables.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The main aim of the study is to explore the drivers of entrepreneurial success among startups in Nairobi, Kenya, with a focus on entrepreneurial characteristics, business growth strategies, and adaptive strategies, and how these dimensions interact to shape startup success in a dynamic and resource constrained environment. This chapter outlines the research methodology adopted to achieve the objectives of the study. It describes the research philosophy and design that guided the investigation, the target population, and the sampling procedures that will be employed. The chapter further explains the data collection methods and instruments that were used, followed by a discussion on the approaches to ensure research quality. Additionally, it outlines the data analysis techniques applied to interpret the collected information and the ethical considerations observed throughout the research process.

3.2 Research Philosophy

A research philosophy refers to the set of beliefs and assumptions that guide how a researcher understands reality (ontology), acquires knowledge (epistemology), and applies methodologies to investigate phenomena (Bougie & Sekaran, 2019). It shapes the way the researcher interprets data and draws conclusions from findings. In business and social science research, four main philosophical approaches are commonly employed: positivism, interpretivism, realism, and pragmatism (Brinkmann, 2018). This study adopted the interpretivist philosophy, which emphasizes understanding human experiences, behaviors, and meanings within their social contexts. Interpretivism is appropriate for this study because it focuses on exploring subjective perspectives and lived experiences of individuals, aligning with the qualitative nature of the research. It allowed for a deeper understanding of how entrepreneurs perceive, interpret, and respond to internal and external factors influencing their success, strategies, and adaptability in dynamic environments (Bell et al., 2022).

Interpretivism assumes that reality is socially constructed and best understood through the participants' viewpoints rather than through objective measurement (Brinkmann, 2018). Its

ontological position is relativist, recognizing multiple realities as constructed by individuals, while its epistemological stance is subjectivist, emphasizing that knowledge is co-created through interaction between the researcher and participants (Bell et al., 2022). This makes interpretivism particularly suitable for studies seeking to capture complex, context-dependent, and nuanced insights, such as entrepreneurial motivations, decision-making, and adaptability. Previous studies exploring entrepreneurship and organizational behavior have effectively applied interpretivist approaches to gain rich, in-depth insights into personal and contextual dynamics. However, its main weakness lies in limited generalizability due to the subjective nature of findings; nonetheless, its strength is in providing depth, context, and meaning, which align with the aims of this study. Despite this weakness, interpretivism has been employed in entrepreneurship studies (Thomas & Douglas, 2021)

The other philosophies are less suited for this research. Positivism assumes a single objective reality that can be measured and quantified, emphasizing statistical testing and hypothesis verification (Brinkmann, 2018). Since this study focuses on subjective entrepreneurial experiences rather than measurable variables, positivism is unsuitable. Realism, though it acknowledges both observable and unobservable phenomena, leans toward objectivity and causality, which may limit exploration of entrepreneurs' personal interpretations (Bougie & Sekaran, 2019). Pragmatism, on the other hand, is outcome-oriented and often integrates qualitative and quantitative methods to address specific problems (Bell et al., 2022). While pragmatic approaches are flexible, they do not align fully with this study's goal of understanding meaning and context rather than predicting outcomes. Therefore, interpretivism provides the most appropriate philosophical foundation, as it allows the study to capture entrepreneurs' lived realities and interpret how their experiences shape business success, strategies, and adaptability.

3.3 Research Design

A research design refers to the overall framework or blueprint that guides how a study is conducted, including the methods used to collect, analyze, and interpret data to address the research objectives (Bell et al., 2022). It provides a systematic plan that links research questions to data collection techniques and ensures the study's coherence and validity. This study adopts a qualitative research design, which emphasizes understanding phenomena through participants' perspectives rather than quantifying data. The qualitative approach seeks to explore meanings, experiences, and

interpretations in depth, making it ideal for studies that focus on how people make sense of their lived realities (Brinkmann, 2018).

Specifically, this study employed a phenomenological research design, which is grounded in the philosophy of exploring and understanding individuals' lived experiences of a particular phenomenon (Bougie & Sekaran, 2019). Phenomenology seeks to uncover how individuals perceive, describe, and make meaning of their experiences in specific contexts. This design is appropriate for the present study because it aims to explore the personal and contextual factors that shape entrepreneurial success, drivers, and adaptive strategies. Through phenomenology, the study can delve deeply into the subjective accounts of entrepreneurs, revealing underlying motivations, challenges, and coping mechanisms that quantitative measures might overlook. It emphasizes rich narrative data that capture how entrepreneurs experience and interpret their journey within their business environments (Brinkmann, 2018).

In contrast, a quantitative research design focuses on numerical measurement and hypothesis testing, which is less suited to capturing the depth and complexity of human experiences. Quantitative approaches often assume fixed variables and standardized measures that may not fully capture the fluid, context-driven nature of entrepreneurship (Bell et al., 2022). Similarly, while mixed-methods designs combine both qualitative and quantitative data, they may dilute the depth of understanding achievable through a purely phenomenological focus. Given that numerous previous studies on entrepreneurship have employed quantitative approaches by focusing on measurable determinants such as financial performance, innovation indices, and growth rates, there remains a gap in understanding the lived experiences and personal interpretations behind these outcomes (Asif, 2024; Gopan & Agarwal, 2024).

Existing studies have demonstrated the value of phenomenological approaches in exploring entrepreneurial behavior, motivation, and adaptability. For instance, prior research applying phenomenology in entrepreneurship has revealed how founders' values, emotions, and contextual realities shape decision-making and resilience (Nguyen, 2024). Therefore, this study adopts a phenomenological design to contribute nuanced, experience-based insights that complement the largely quantitative body of existing literature and provide a deeper understanding of how entrepreneurs navigate challenges and drive business success.

3.4 Population of the Study

A population refers to the entire group of individuals, organizations, or entities that share common characteristics and from which a researcher draws a sample to make inferences (Bougie & Sekaran, 2019). It represents the total set of elements relevant to the research problem and to which the study findings are intended to generalize. The population for this study consisted of startups operating in Nairobi County, Kenya. Nairobi serves as the country's leading innovation and entrepreneurial hub, accounting for a significant proportion of Kenya's startup activity. StartupBlink (2025) indicates that Nairobi is home to approximately 389 startups, representing about 92% of all startups in Kenya. These startups operate across various sectors, including fintech, agritech, healthtech, and e-commerce, and benefit from the city's advanced digital infrastructure, concentration of skilled labor, and proximity to investors and accelerators.

This population was appropriate for the study because Nairobi provides a rich context for exploring the drivers, growth strategies, and adaptive mechanisms that underpin entrepreneurial success. The city's dynamic startup ecosystem, combined with its diversity of business models and operating environments, offers a representative setting to gain deep insights into how startups navigate opportunities and challenges within Kenya's rapidly evolving entrepreneurial landscape.

3.5 Sampling Design

A sampling design refers to the strategy used to identify and select participants from a larger population for a research study (Bell et al., 2022). In this study, purposive sampling was adopted because the objective was to capture rich lived experiences of startup founders and executives regarding entrepreneurial success rather than to achieve statistical representation. Participants were selected based on their direct involvement in managing startups and their ability to provide deep insights into entrepreneurial drivers, business growth strategies, and adaptive strategies within the Nairobi startup ecosystem.

The sample included founders, Chief Operating Officers, and Chief Commercial Officers drawn from startups operating in sectors such as fintech, agritech, healthtech, edutech, and e commerce. These participants were considered appropriate because they occupy decision making roles and have experiential knowledge of how startups are initiated, managed, and adapted in dynamic market conditions. However, the study also acknowledges that focusing on operationally

successful startups introduces a form of success-oriented perspective bias, since founders of failed startups, early-stage informal entrepreneurs, and exit cases were not included. These groups could have provided contrasting lived experiences of failure, adaptation breakdown, and resource constraints, which are also important for understanding entrepreneurial success as a phenomenon.

In qualitative phenomenological research, sample size is guided by data saturation rather than statistical calculation. Saturation occurs when additional interviews no longer generate new meanings or themes. Recent qualitative scholarship emphasizes that saturation is a processual judgment tied to depth of inquiry and homogeneity of participant experiences rather than a fixed numerical threshold. Based on this principle, a total of 30 participants was considered sufficient to achieve thematic saturation while still allowing for variation across sectors and stages of startup development in Nairobi. This approach ensured depth of understanding while maintaining adequate diversity of experiential accounts consistent with contemporary qualitative research guidance (Braun & Clarke, 2021).

3.6 Data Collection Methods

This study collected primary data using semi-structured interviews, which are one-on-one guided conversations that combine pre-determined open-ended questions with the flexibility to explore emerging themes during the discussion (Bell et al., 2022). Semi-structured interviews are particularly suitable for qualitative and phenomenological research because they allow respondents to share detailed, reflective, and context-specific insights into their experiences while giving the researcher the freedom to probe deeper for clarification or elaboration. This method aligned with the study's objective of exploring the drivers, growth strategies, and adaptive mechanisms influencing startup success in Nairobi, as it enabled an in-depth understanding of the participants' lived experiences and perspectives.

Interviews were preferred over other qualitative data collection methods such as focus groups, observations, or ethnographic research for several reasons. Focus groups may limit participants' openness due to social desirability bias or competitive dynamics among entrepreneurs. Observations and ethnographic methods, while useful for understanding behavior in natural contexts, are less effective for uncovering internal motivations, decision-making processes, and strategic reflections that define entrepreneurial experiences. Semi-structured interviews, in

contrast, offer privacy, flexibility, and depth, allowing respondents to comfortably share personal narratives and strategic insights that are critical for this study's aims (Chand, 2025).

The interviews were conducted either face-to-face or electronically through video conferencing technologies such as Google Meet or Microsoft Teams, depending on the respondents' preferences and logistical considerations. Prior research indicates that the richness of qualitative data does not vary significantly between in-person and virtual interviews, provided the researcher ensures rapport, confidentiality, and active engagement (Bougie & Sekaran, 2019).

Before each session, respondents were asked for informed consent to participate and for permission to audio-record the interviews. Recording ensured that the conversations were captured accurately and later transcribed verbatim for detailed analysis. In addition to recordings, the researcher took field notes to document non-verbal cues, contextual observations, and initial reflections during the interview.

Each interview lasted between 30 minutes and one hour, depending on the depth of the participant's responses. The flexible duration allowed sufficient time for exploration of each thematic area while maintaining participant comfort and engagement. The combination of structured guidance, open-ended dialogue, and flexible administration yielded rich, in-depth data that effectively addressed the research objectives.

The semi-structured interview guide used in this study was developed by the researcher based on the study's conceptual framework and an extensive review of prior empirical literature. Rather than adopting questions directly from previous studies, the researcher adapted and synthesized themes and indicators from existing scholarly works. The questions were framed around four key thematic areas, entrepreneurial drivers, business growth strategies, adaptive strategies, and entrepreneurial success, as outlined in the conceptual framework. Each question was designed to explore how and why these factors contribute to the success of startups. A summary of the interview guide, including themes, indicators, example questions, and literature sources that informed their development, is presented in Table 4. A copy of the interview guide may be found in Appendix IV.

Table 3.1 Summary Table of the Interview Guide

Theme	Indicators	Example Interview Questions	Purpose/Link to Entrepreneurial Success	Literature Source
Entrepreneurial Characteristics	Internal Experience	How have your past professional or entrepreneurial experiences influenced how you run your startup today?	To understand how prior experience enhances decision-making, risk management, and startup performance.	Hopp & Sonderegger (2015); Baluku et al. (2016)
	Educational Background	How has your education or training shaped how you manage and grow your startup?	To explore the role of education in developing managerial capability that contributes to success.	Kim et al. (2018); Lavinia & Alecxandrina (2018)
	Personality Traits	In what ways do your personal qualities (e.g., persistence, optimism) influence how you manage your startup?	To assess how personal dispositions drive resilience and business sustainability.	Baluku et al. (2016); Shatila et al. (2025)
	Motivations	What inspired you to start and sustain your business?	To link intrinsic and extrinsic motivations with entrepreneurial persistence and performance.	Rödén & Ståhle (2017); Asif (2024)
	Risk-Taking Propensity	Can you describe a risky decision that significantly shaped your startup's success?	To understand how calculated risk-taking leads to innovation and competitive advantage.	Shatila et al. (2025); Hopp & Sonderegger (2015)
	Ecosystem Support	What forms of external support (financing, incubation, policy) have influenced	To identify external enablers that enhance business survival and scaling.	Aggarwal & Kashiramka (2025); Muathe & Otieno (2023)

		your startup's progress?		
Business Growth Strategies	Innovation	What new products, services, or processes has your startup introduced?	To examine innovation as a driver of growth and differentiation.	Anderson & Bhandari (2025); Kartika (2024)
	Product Diversification	How has your startup expanded its product offerings?	To explore diversification as a pathway to market growth and resilience.	Okundi & Muchemi (2022); Thomas & Douglas (2021)
	Networking	How have professional relationships or collaborations contributed to your startup's success?	To link social networks with resource access and opportunity creation.	Mbonigaba (2018); Sreenivasan & Suresh (2023)
	Partnerships	What types of partnerships has your startup formed, and what outcomes have resulted?	To explore cooperative strategies that enhance competitiveness.	Sirengo et al. (2025); Sreenivasan & Suresh (2023)
	Market Expansion	How has your startup approached entering new markets?	To assess expansion strategies as a driver of scale and market reach.	Aggarwal & Kashiramka (2025); Kansheba & Marobhe (2025)
	Resource Mobilization	How does your startup acquire and manage key resources?	To link resource efficiency and acquisition with business growth.	Charisma et al. (2025); Baluku et al. (2016)
Adaptive Strategies	Strategic Flexibility	How has your startup adjusted its strategies to cope with market or environmental changes?	To explore strategic adaptability as a determinant of resilience and longevity.	Basu et al. (2022); Mbonigaba (2018)
	Technological Adaptability	How has your startup integrated new technologies to enhance operations?	To connect technological readiness to competitiveness and innovation.	Egala et al. (2025); Alka et al. (2025)

	Learning Orientation	How does your startup promote learning or experimentation?	To assess learning culture as a source of continuous improvement.	Vincent & Zakkariya (2021); Basu et al. (2022)
	Resource Optimization	How does your startup manage limited resources efficiently during uncertainty?	To link lean management practices to operational sustainability.	Mbonigaba (2018); Charisma et al. (2025)
	Digital Transformation	How has digital adoption influenced your startup's performance?	To examine digital transformation as a driver of agility and success.	Hokmabadi et al. (2024); Egala et al. (2025)
Entrepreneurial Success	Financial Performance	How would you describe your startup's financial performance over time?	To assess profitability and financial stability as indicators of success.	Lavinia & Alecxandrina (2018); Charisma et al. (2025)
	Business Growth	How has your startup evolved in terms of customers, employees, or market presence?	To evaluate scaling as a marker of success.	Muathe & Otieno (2023); Anderson & Bhandari (2025)
	Innovation Capability	How has your startup's ability to innovate contributed to its overall success?	To link creativity to sustained competitiveness.	Kartika (2024); Vincent & Zakkariya (2021)
	Business Adaptability	How has your startup responded to crises or changes in the business environment?	To explore adaptability as a source of resilience and long-term success.	Mbonigaba (2018); Kansheba & Marobhe (2025)

Source: Researcher (2025)

3.7 Research Quality

In qualitative research, research quality is assessed through the criteria of credibility, transferability, dependability, and confirmability, which together ensure the trustworthiness and rigor of the findings (Bell et al., 2022). These criteria replace the concepts of validity and reliability used in quantitative research and are designed to ensure that qualitative findings are authentic, well grounded in participant experiences, and transparently derived from the data.

Credibility refers to the extent to which the findings accurately reflect the lived experiences and perspectives of participants (Bougie & Sekaran, 2019). In this study, credibility was strengthened through sustained engagement with participants during in depth interviews, where follow up probing questions were used to clarify and deepen responses in real time. For example, when founders described "survival challenges," the researcher probed further to distinguish between financial, operational, and market related constraints, which helped refine emerging themes. Member checking was also applied by sharing summarized interpretations with selected participants, several of whom confirmed the accuracy of the interpretations and clarified minor misunderstandings. Additionally, triangulation was achieved by comparing perspectives across different startup roles such as founders, COOs, and CCOs, which helped confirm patterns such as the central role of adaptive strategies in sustaining growth.

Transferability refers to the extent to which findings can be applied to other contexts with similar characteristics (Bell et al., 2022). Rather than statistical generalization, this study ensured transferability through thick and detailed descriptions of Nairobi's startup environment, participant backgrounds, and business contexts. During data collection, contextual details such as sector type, startup age, and growth stage were consistently documented, enabling readers to understand the conditions under which findings emerged. This detailed contextual grounding allows other researchers to assess whether similar patterns of entrepreneurial success may apply in comparable emerging market startup ecosystems.

Dependability concerns the consistency and reliability of the research process over time (Rödén and Ståhle, 2017). To ensure dependability, an audit trail was actively maintained throughout the study, including interview guides, raw transcripts, coding logs, theme development notes, and NVivo project files. This allowed the researcher to systematically track how initial codes such as "financial constraints" and "market uncertainty" evolved into broader themes like "resource constrained adaptation." In addition, peer debriefing sessions with supervisors were used during analysis to challenge interpretations and ensure consistency in coding decisions, particularly when distinguishing between entrepreneurial characteristics and adaptive strategies.

Confirmability refers to the extent to which findings are shaped by participants' narratives rather than researcher bias (Easterby-Smith et al., 2021). In practice, confirmability was enhanced through systematic use of NVivo, which ensured that all themes could be traced back to specific

participant quotations stored in the dataset. A reflexive journal was maintained throughout the research process, where the researcher documented assumptions, interpretive decisions, and potential biases, especially when analyzing subjective accounts of success and failure. This reflexive process influenced analytic decisions by ensuring that interpretations were grounded in participant language rather than researcher expectations, thereby strengthening the objectivity and transparency of the findings.

3.8 Data Analysis

Data analysis in this study was conducted using NVivo software, a computer assisted qualitative data analysis tool that supports the systematic organization, coding, and interpretation of textual data. NVivo facilitated the management of interview transcripts by enabling the researcher to code participants' narratives, organize recurring meanings, and visually map relationships between concepts emerging from the data. This ensured that the analysis process remained structured while still preserving the richness and depth of participants' lived experiences.

The study adopted a phenomenological approach to data analysis, guided by the need to uncover the lived experiences of startup founders in Nairobi regarding entrepreneurial success. Phenomenological analysis was used to focus on how participants experienced, interpreted, and gave meaning to entrepreneurial characteristics, business growth strategies, and adaptive strategies in their everyday business realities. Rather than testing predefined variables, the analysis aimed to identify the essence of these experiences as expressed by founders, capturing both explicit statements and underlying meanings.

Thematic analysis was applied as the core analytical procedure within the phenomenological framework. This involved a systematic process of familiarization with the data through repeated reading of transcripts, bracketing of researcher assumptions to remain close to participant perspectives, generating initial codes, clustering codes into meaningful categories, and developing themes that reflected shared patterns of experience. These themes were then reviewed and refined to ensure they accurately represented the essence of participants' accounts before being clearly defined and named.

This analytical approach was appropriate because it aligned with the interpretivist and phenomenological orientation of the study, which seeks to understand meaning as constructed

through human experience. It allowed the researcher to move beyond descriptive reporting to an interpretive understanding of how startup founders in Nairobi experience success, failure, adaptation, and growth in real time. NVivo supported this process by enhancing transparency and rigor in coding, while thematic analysis ensured that the final findings reflected a coherent interpretation of the lived realities of entrepreneurs within Nairobi's startup ecosystem.

3.9 Ethical Considerations

Ethical considerations are an essential component of any research study to ensure that the rights, dignity, and welfare of participants are protected throughout the research process. This study adhered to the ethical standards set by Strathmore University's Institutional Scientific and Ethical Review Committee (SU-ISERC) and obtained ethical approval prior to data collection, with a copy of the approval letter included in Appendix 1. In addition, a research permit was obtained from the National Commission for Science, Technology, and Innovation (NACOSTI), as required for academic research in Kenya, with a copy provided in Appendix 2. These approvals ensured that the study complied with both institutional and national ethical requirements governing research involving human participants.

Prior to conducting interviews, informed consent was obtained from all participants after providing a clear explanation of the study's purpose, procedures, expected duration, and their rights, including voluntary participation and the right to withdraw at any stage without penalty. Consent was obtained in written or electronic form before any data collection commenced, and a copy of the participant information and consent form is provided in Appendix 3. In practice, some participants expressed initial concern about the use of recorded interviews, which was addressed by reassuring them that recordings were solely for academic transcription purposes and would not be shared beyond the research team.

To uphold privacy, anonymity, and confidentiality, no identifying information such as names of participants, startup names, or contact details were included in the final report or transcripts. Participants were assigned coded identifiers, and any contextual details that could indirectly reveal identity were carefully generalized or removed. During transcription and analysis, all recordings were de identified, and only coded data sets were used. A practical ethical challenge encountered was the sensitivity of some founders when discussing business failures, financial struggles, and

competitive strategies; this was mitigated by allowing participants to skip questions they were uncomfortable with and by conducting interviews in a non judgmental and conversational manner.

Regarding data security, all digital files including recordings, transcripts, and analysis documents were stored on a password protected computer accessible only to the researcher, with encrypted backups maintained on secure storage devices. Physical notes taken during interviews were stored in a locked cabinet. In practice, additional caution was taken when transferring files between devices to prevent accidental exposure, and all data handling followed strict confidentiality protocols. All data will be retained only for the duration necessary to complete the study and will be permanently deleted or destroyed thereafter in accordance with ethical research data management standards.

3.10 Chapter Summary

This chapter presented the research methodology guiding the study. It outlined the philosophical foundation, research design, target population, and sampling approach. The chapter also described the data collection method and analysis procedure to be employed, as well as the strategies to ensure research quality and ethical compliance.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND FINDINGS

4.1 Introduction

This chapter presents the findings of the study on the drivers of entrepreneurial success among startups operating in Nairobi. The analysis is based on qualitative data collected from founders, Chief Operating Officers, and Chief Commercial Officers from startups operating in Fintech, Agritech, HealthTech, EduTech, and Ecommerce sectors. The chapter is structured around four major themes that emerged from the thematic analysis of interview data: entrepreneurial characteristics, business growth strategies, adaptive strategies, and entrepreneurial success.

The study employed thematic analysis as outlined by Braun and Clarke (2021), which involves systematically identifying, analysing, and reporting patterns or themes within qualitative data. This approach enabled the researcher to systematically analyse participants' experiences and perspectives regarding the factors that influence startup success in Nairobi.

4.2 Participant Distribution and Sector Representation

The study targeted thirty startup representatives drawn from five major sectors within Nairobi's entrepreneurial ecosystem. These sectors were selected because they represent some of the most active areas of technological and business innovation in the city.

Table 4.1 Sector Representation of Participants

Sector	Number of Participants
Fintech	6
Agritech	6
HealthTech	6
EduTech	6
E commerce	6
Total	**30**

Table 5 shows that the study achieved balanced representation across the five selected sectors. Each sector contributed six participants, ensuring that no single industry dominated the perspectives captured in the study. This balanced distribution strengthened the credibility of the findings because it allowed the analysis to capture sector specific experiences while also identifying cross sector patterns of entrepreneurial success. The diversity of sectors also reflects the broad nature of Nairobi's startup ecosystem, where innovation occurs across financial services, agriculture, healthcare, education, and digital commerce.

4.3 Participant Roles in Startups

Participants in the study occupied leadership positions within their respective startups. These roles were selected because individuals in such positions possess deep knowledge of their organizations' strategic direction, operational challenges, and growth strategies.

Table 4.2 Participant Roles

Role	Number of Participants
Founders	14
Chief Operating Officers	8
Chief Commercial Officers	8
Total	**30**

As shown in Table 6, founders constituted the largest group of participants, representing nearly half of the respondents. This is consistent with the study's focus on entrepreneurial success because founders are typically responsible for establishing the vision, strategy, and culture of startups. Chief Operating Officers contributed operational insights related to resource management and organizational processes, while Chief Commercial Officers provided perspectives on market expansion, revenue generation, and customer engagement. The inclusion of these three leadership

roles ensured that the study captured a comprehensive understanding of both strategic and operational aspects of startup development.

4.4 Startup Characteristics

The startups represented in this study exhibit diversity in terms of age, organizational size, market focus, and business models, reflecting the heterogeneous nature of entrepreneurial ventures within Nairobi's dynamic ecosystem. Although the firms range between 2 and 10 years in operation, they are still appropriately classified as startups, as many continue to refine their innovations, iterate their products, and adjust their business models in response to evolving market conditions. Contemporary entrepreneurship literature supports the view that startups do not cease being "startups" strictly based on age, but rather progress through identifiable developmental stages characterized by varying levels of innovation, scaling, and organizational complexity (Blank & Dorf, 2020; Shepherd & Gruber, 2021).

To better understand these differences, the startups were further categorized using a stage-based framework commonly applied in entrepreneurship research. Table 7 presents the start-up development stages used in this study, which provide a basis for grouping firms according to their level of maturity in terms of innovation development, market penetration, and operational scaling. This classification enables a more structured interpretation of startup evolution and performance across different phases.

Table 4.3 Start-up Development Stages

Start-up Stage	Typical Business Age	Main Focus	Number of Enterprises
1. Ideation (Pre-seed)	0–12 months	Research and validate the idea; define target market and value proposition	3

2. Seed / Formulation	12 months–2 years	Develop Minimum Viable Product (MVP) or prototype, test with early users, and seek seed funding	6
3. Early Stage / Traction (Series A)	2–4 years	Launch to market, refine product–market fit, and begin generating revenue	9
4. Growth / Momentum (Series B–C)	5–7 years	Expand operations, scale teams, and increase market reach and distribution	8
5. Expansion / Stability	8–10 years	Enter new markets, diversify offerings, and optimize internal processes	4
Total			**30**

Table 7 shows the distribution of the 30 startups across five development stages, offering insights into the maturity profile of firms within Nairobi's entrepreneurial ecosystem. The findings indicate that startups are unevenly distributed across the stages, with a noticeable concentration in the Early Stage/Traction (2–4 years) and Growth/Momentum (5–7 years) categories. This suggests that most firms in the sample are actively engaged in scaling operations, refining product–market fit, and strengthening their revenue-generating capabilities. The presence of a significant number of firms in the Growth stage further indicates that a considerable proportion of startups are transitioning from survival-oriented operations to more structured and expansion-focused business models.

In contrast, relatively few startups are in the Ideation (Pre-seed) and Expansion/Stability stages. The relatively small number of businesses observed in the Ideation and Expansion stages in this sample may suggest potential patterns in startup progression; however, given the limited sample size and lack of longitudinal data, no definitive conclusions can be drawn about early-stage attrition or long-term growth dynamics. Overall, the distribution suggests that Nairobi's startup ecosystem may be predominantly early-to-growth oriented, reflecting the realities of emerging

markets where entrepreneurial activity is strong but full business maturation remains relatively limited.

4.5 Theme 1: Entrepreneurial Characteristics

Entrepreneurial characteristics refer to personal attributes, prior experiences, motivations, and contextual influences that shape how founders identify opportunities, establish startups, and sustain entrepreneurial activity. In the context of Nairobi, these characteristics are deeply embedded within a fast-evolving urban entrepreneurial ecosystem characterized by strong fintech dominance, informal-to-formal market transitions, regulatory friction, and rapidly growing digital innovation hubs.

The thematic analysis revealed six interrelated categories: entrepreneurial experience, educational background, personality traits, motivation, risk-taking propensity, and exposure to ecosystem support. These factors were consistently highlighted as critical in shaping how entrepreneurs navigate Nairobi's competitive and resource-constrained startup environment.

Table 8 presents the respondent coding structure used in the study, showing how the thirty participants were systematically categorized according to their respective sectors while maintaining anonymity through P1–P30 identifiers.

Table 4.4 Respondent Coding by Sector

Sector	Respondent Codes	Number of Participants
Fintech	Fin1–Fin6	6
Agritech	Agri1–Agri6	6
HealthTech	Health1–Health6	6
EduTech	Edu1–Edu6	6
E-commerce	Ecom1–Ecom6	6
Total	—	**30**

Each sector, Fintech, Agritech, HealthTech, EduTech, and E-commerce is equally represented by six respondents, ensuring balanced sectoral coverage in the analysis. This structure preserves respondent confidentiality while enabling clear identification of sectoral differences in the findings. The coding system enhances analytical clarity because it allows comparison of experiences and perspectives across industries, strengthening the interpretation of startup dynamics within Nairobi's entrepreneurial ecosystem.

Entrepreneurial experience in Nairobi emerged as a highly localized and context-sensitive driver of startup success. Respondents repeatedly emphasized that prior exposure to Nairobi's unique business environment, particularly fintech ecosystems, SME operations, and informal markets, was more valuable than generic business experience.

One participant from the fintech sector explained how Nairobi's digital payments landscape shaped their entrepreneurial thinking:

> "Working in a fintech startup in Westlands helped me understand how M-Pesa integrations actually drive real adoption in Nairobi SMEs, especially in informal business markets like Gikomba and Eastleigh." (Fin 4)

This reflects how experience within Nairobi's geographically and economically diverse commercial zones provides practical insights into customer behavior.

Similarly, an agribusiness founder highlighted the importance of understanding peri-urban supply chains:

> "Before starting my business, I worked with farmers around Kiambu and Machakos Counties, and I saw how Nairobi middlemen control pricing unfairly." (Agri1)

This demonstrates that entrepreneurial opportunity recognition is strongly influenced by exposure to Nairobi's surrounding supply ecosystems.

In the digital services sector, experience was linked to identifying inefficiencies in Nairobi's SME digital adoption:

> "Most SMEs in Nairobi still rely on WhatsApp and manual records. Having worked in software companies here, I saw a gap in proper business systems for them." (Health 6)

Entrepreneurial experience in Nairobi functions as embedded market knowledge shaped by direct interaction with the city's fragmented but opportunity-rich economic structure.

Educational background was widely acknowledged as an important foundation, particularly when combined with Nairobi-based experiential learning opportunities such as incubators and short courses.

Respondents who studied in Kenyan universities emphasized local applicability of their training:

> "My IT course in the University of Nairobi helped me understand how to build mobile-first solutions because that is what Kenyan users actually need." (Agri 4)

Others highlighted the importance of business education in navigating Nairobi's competitive SME landscape:

> "Studying business in Strathmore ISBI gave me knowledge on how to deal with taxes, county permits, and operational costs, which are very real challenges here." (Fin 6)

A recurring theme was the importance of supplementary learning through Nairobi-based innovation hubs:

> "Most of what I use today came from Nairobi incubators like Nailab and mentorship programs, not just university." (Edu 2)

This suggests that entrepreneurial learning in Nairobi is hybrid, combining formal education with ecosystem-based skill development.

Personality traits were strongly shaped by Nairobi's high-pressure entrepreneurial environment, characterized by high living costs, intense competition, and bureaucratic challenges. The traits that emerged included resilience, psychological endurance and persistence.

Participants frequently linked *resilience* to survival in Nairobi's economic reality:

> "In Nairobi, rent, salaries, and county licenses will pressure you every month. You either adapt or shut down." (Agri 6)

Another respondent emphasized *psychological endurance*:

> "You must be mentally strong because clients here will reject you many times before trusting your product." (Fin 3)

Persistence was repeatedly framed as necessary due to delayed market acceptance:

> "Even in Nairobi, customers take time to trust startups. We survived months without consistent sales." (Ecom 2)

These findings show that personality traits are not abstract but are reinforced by the specific stressors of Nairobi's urban entrepreneurial environment.

Motivation was strongly tied to Nairobi-specific socio-economic challenges, particularly around transport inefficiencies, youth unemployment, SME informality, and financial exclusion.

One participant explained motivation rooted in Nairobi's informal economy:

> "I was motivated to start because I saw traders in Gikomba losing money daily because of poor logistics and storage systems." (Ecom 3)

Another emphasized youth employment challenges in Nairobi:

> "My motivation was to create jobs for young people in Nairobi who graduate but cannot find employment." (Health 2)

A fintech founder linked motivation to financial exclusion:

> "Many small businesses in Kenya struggle to access credit. I wanted to change that using digital lending tools." (Fin 3)

This indicates that entrepreneurial motivation is deeply contextualized within Nairobi's socio-economic realities.

Risk-taking was intensified by Nairobi's high-cost environment, where financial commitments and opportunity costs are significant.

A participant explained:

> "Leaving my job in Upper Hill and investing my savings was a big risk because Nairobi expenses don't forgive mistakes." (Health 1)

Another highlighted financial uncertainty:

> "I put my personal savings into the startup while still paying rent in Nairobi CBD, so the pressure was real." (Health 6)

A third respondent normalized risk as a necessity in Nairobi's startup culture:

> "If you wait for funding certainty in Nairobi, you will never start anything." (Edu 5)

These findings show that risk-taking is not abstract but deeply tied to Nairobi's cost of living and funding environment.

The Nairobi startup ecosystem emerged as a central enabling structure influencing entrepreneurial success. Respondents consistently referenced institutions such as iHub, Nailab, government youth programs, and investor networks concentrated in Nairobi. These institutions provided mentorship, networking, access to investors and peer learning as demonstrated by the quotes below.

Mentorship was highly valued:

> "At iHub, mentors who understand Nairobi SMEs helped us fix our pricing model for Kenyan customers." (Edu 3)

Networking and investor access were also critical:

> "Through a Nairobi accelerator program, we met investors we would never have accessed independently." (Agri 5)

Peer learning within Nairobi's clustered innovation spaces was also emphasized:

> "Being in Nairobi's startup ecosystem means you learn fast because everyone is building something and sharing experiences." (Ecom 6)

This highlights that entrepreneurship in Nairobi is highly networked and ecosystem-dependent.

The findings demonstrate that entrepreneurial characteristics in Nairobi are deeply embedded within the city's unique socio-economic and institutional environment, which shapes how entrepreneurs think, act, and sustain their ventures. Entrepreneurial experience is largely accumulated through exposure to Nairobi's dynamic sectors such as fintech, agribusiness, logistics, and the informal "jua kali" economy, where rapid experimentation, necessity-driven innovation, and survival-oriented learning are common. Respondents consistently indicated that prior engagement in mobile money ecosystems, SACCO-linked financial services, and informal trade networks significantly strengthened their ability to identify viable opportunities and navigate regulatory uncertainty within the Nairobi business environment. For example, one respondent said,

> "My experience using mobile money and SACCO loans helped me understand cash flow patterns and spot opportunities faster in the market" (Edu 3)

Educational background was found to be important, but its influence was most effective when combined with ecosystem-based learning. While formal education provided foundational knowledge, many entrepreneurs emphasized that practical exposure through Nairobi's incubators, accelerators, and co-working spaces played a more decisive role in shaping entrepreneurial capability.

Personality traits such as persistence, adaptability, and resilience were strongly shaped by Nairobi's competitive urban conditions, including high operating costs, intense market competition, and unpredictable consumer demand. One participant noted,

> "Running a startup in Nairobi means you are constantly adjusting to realities like rent pressure, changing customer behavior, and competition that can copy your idea within weeks" (Agri 3).

These conditions appear to reinforce endurance and flexibility as essential survival traits for entrepreneurs operating in the city.

Motivation among entrepreneurs was largely driven by Nairobi-specific socio-economic challenges, particularly unemployment, underemployment, and inefficiencies in public and private service delivery. Twelve respondents indicated that their ventures emerged from direct exposure to everyday urban problems. For example, one founder explained,

> "I started my delivery business because getting reliable services in Nairobi is still a major challenge even in the CBD" (Ecom 2).

This indicates that entrepreneurship in Nairobi is often opportunity-driven, motivated by visible service delivery gaps and problems in urban systems.

Risk-taking propensity was found to be significantly shaped by financial constraints and limited access to formal funding channels. Entrepreneurs frequently rely on personal savings, informal lending groups, or early customer revenues, which increases exposure to uncertainty but also accelerates decision-making. As one respondent stated,

> "In Nairobi, if you wait for perfect funding conditions, you will never start. You learn to take calculated risks with whatever you have" (Edu 4).

Ecosystem support emerged as a critical enabling factor, with Nairobi's innovation hubs, university incubators, mentorship networks, and investor forums playing a central role in shaping venture growth. Participants highlighted that access to spaces such as local innovation hubs and startup communities provided not only funding opportunities but also strategic connections and peer learning. One respondent noted, "Most of our early traction came from pitch events and mentorship sessions in Nairobi-based hubs, not banks or formal institutions" (Health 3).

4.6 Theme 2: Business Growth Strategies

Business growth strategies refer to the deliberate actions, decisions, and approaches adopted by startups to expand operations, improve competitiveness, and strengthen market positioning within a dynamic entrepreneurial environment. In the context of Nairobi, these strategies are deeply influenced by a highly competitive urban economy characterized by rapid digital adoption, strong fintech penetration, fragmented SME markets, and an evolving innovation ecosystem supported by incubators, accelerators, and investor networks.

The thematic analysis revealed six interrelated strategies: innovation, product diversification, networking, partnerships, market expansion, and resource mobilization. These strategies are not applied in isolation but are shaped by Nairobi's competitive pressures, resource constraints, and strong ecosystem interdependencies.

Innovation emerged as the most dominant growth strategy among startups in Nairobi. Respondents consistently emphasized that innovation is not optional but necessary for survival in a market where customer expectations evolve rapidly due to digital exposure, mobile-first consumption patterns, and intense competition.

One participant explained:

> "Innovation helps us stay competitive because customers expect continuous improvement in our products and services" (Fin 5).

Another respondent highlighted the speed of competition in Nairobi's digital space:

> "In Nairobi, if you are not improving your service every few months, competitors will overtake you very fast because customers always want something better or faster" (Agri 5).

A fintech founder further noted:

> "We constantly adjust our app features based on Nairobi users because they are very demanding and quick to switch platforms" (Edu 3).

Innovation capability was also consistently identified as a core determinant of entrepreneurial success. In Nairobi's fast-moving digital economy, innovation is not a one-time achievement but a continuous process of refinement, iteration, and adaptation.

> "We consider ourselves successful because we are always improving our product based on customer feedback" (Agri 3).

> "Innovation is what keeps us relevant because in Nairobi competitors can copy your idea quickly" (Ecom 2).

> "If you are not innovating, you are dying slowly in this market" (Health 4).

These responses highlight that innovation is driven by both competitive pressure and customer expectations. The ease of imitation in Nairobi's startup ecosystem reduces the durability of competitive advantage, forcing continuous improvement.

The findings indicate that innovation in Nairobi is fundamentally defensive as well as evolutionary. It is not only about creating new products but about maintaining relevance in an environment characterized by rapid diffusion of ideas and low barriers to imitation. This creates an "innovation pressure cycle" where stagnation leads to immediate market vulnerability. Consequently, innovation capability becomes a continuous survival mechanism, embedded in daily operational decisions rather than isolated R&D activities.

Innovation in Nairobi is largely reactive and customer-driven, shaped by a fast-moving urban market where imitation is rapid and loyalty is weak. Startups continuously refine their offerings to maintain relevance, particularly in fintech, logistics, and digital service sectors where competition is highly saturated.

Product diversification emerged as a key strategy used by startups to reduce risk and stabilize revenue streams in Nairobi's volatile and unpredictable market environment. Entrepreneurs reported that dependence on a single product or service increases vulnerability due to fluctuating demand, price sensitivity, and competition from both formal and informal sector actors.

One respondent noted:

> "We started with delivery only but later added warehousing because the demand changes too fast" (Health 2).

Another participant explained customer-driven diversification:

> "Customers in Nairobi want bundled services, so we had to diversify into multiple solutions instead of one offering" (Fin 6).

A logistics entrepreneur added:

> "Depending on one product in Nairobi is risky because competition can easily take over your market segment" (Health 6).

These show that diversification in Nairobi is largely a defensive strategy aimed at survival and income stabilization rather than purely expansion-oriented growth. Startups adapt quickly to shifting market conditions by expanding service portfolios to ensure continuity and resilience.

Networking was identified as a central growth enabler in Nairobi's entrepreneurial ecosystem, where access to opportunities is largely relationship-driven. Respondents consistently highlighted the importance of ecosystem interactions, including startup events, innovation hubs, and informal meetups, in facilitating access to investors, customers, and mentors.

One participant stated:

> "Through networking events, we connected with investors and partners who helped accelerate our growth" (Health 4).

Another respondent emphasized early customer acquisition through networks:

> "Most of our early customers came through referrals from people we met at Nairobi startup meetups" (Agri 2).

A third participant noted:

> "Without Nairobi tech events and networking forums, we would not have met our first investor" (Edu 2).

The findings indicate that networking in Nairobi functions as a critical mechanism for resource access and opportunity identification. Social and professional relationships often substitute formal institutional pathways, making networking a core determinant of startup success.

Partnerships emerged as a strategic mechanism through which startups overcome resource constraints and accelerate growth. In Nairobi's ecosystem, startups frequently collaborate with established firms, SACCOs, telecom companies, and logistics providers to access infrastructure, credibility, and distribution networks.

One respondent explained:

> "Partnering with an established SACCO helped us reach customers we could not access on our own" (Health 1).

Another highlighted technological integration:

> "We collaborated with a telecom company to integrate our service, which gave us instant visibility" (Fin 3).

A logistics founder added:

> "We partnered with a larger logistics company in Nairobi to scale faster without building everything from scratch" (Agri 5).

These findings show that partnerships are not only strategic but necessary in Nairobi's startup environment, where limited internal resources and high competition make independent scaling difficult. Collaboration with ecosystem actors enables faster market penetration and operational efficiency.

Market expansion was identified as a long-term growth strategy where startups leverage Nairobi as a testing and validation hub before scaling to other regions. Entrepreneurs consistently described Nairobi as the most competitive and diverse market, making it ideal for testing product-market fit.

One participant stated:

> "Nairobi was our testing ground before expanding to Mombasa and Kisumu" (Agri 1).

Another respondent explained scalability:

> "If your product works in Nairobi, you can scale it anywhere in Kenya because it is the most competitive market" (Edu 1).

A third participant noted regional expansion:

> "We first tested everything in Nairobi before moving to Uganda and Tanzania" (Fin 4).

The results show that Nairobi functions as a strategic launchpad for national and regional expansion. Success in Nairobi is viewed as a strong indicator of scalability due to the city's competitive and diverse consumer base.

Resource mobilization emerged as both a critical enabler and a major constraint for startup growth in Nairobi. The findings indicate that startups depend on a combination of formal and informal mechanisms to access financial capital and skilled human resources. Two distinct but closely

related dimensions were identified, namely financial resource mobilization and human resource mobilization. Each plays a different role in shaping startup survival and growth within a resource constrained entrepreneurial environment.

Access to financial resources was consistently identified as a key determinant of startup survival and expansion. Respondents reported that early-stage financing often comes from a mix of angel investors, personal savings, SACCO loans, and informal lending arrangements. These sources are particularly important during the initial phases when firms have limited access to formal credit or institutional investment.

One respondent stated:

> "Our first funding came from a Nairobi based angel investor we met through a pitch event" (Fin 1).

Another participant explained:

> "We relied heavily on personal savings and SACCO loans before we were able to attract external investors" (Health 5).

A third respondent added:

"We also received support from informal lending groups and contributions from close networks during the early stages of the business" (Agri 2).

These findings indicate that financial resource mobilization in Nairobi is strongly shaped by relationships and networks. Startups often combine formal investment channels with informal financial support systems in order to maintain operations and manage uncertainty during early growth phases. Access to funding is therefore not only a matter of financial systems but also a function of social capital and trust-based relationships.

Human resource mobilization emerged as a separate and equally important challenge for startups. Respondents emphasized that access to skilled labour is highly competitive, particularly in technology driven sectors where demand for technical expertise exceeds supply. This creates pressure on startups to adopt flexible and adaptive staffing strategies.

One participant stated:

> "Finding skilled developers in Nairobi is expensive because everyone is competing for the same talent" (Edu 4).

Another respondent noted:

> "We rely on freelancers and short-term contracts because hiring full time specialists is beyond our budget" (Health 2).

A third participant explained:

> "Most of our team members are sourced through referrals and informal networks rather than formal recruitment channels" (Ecom 3).

These findings show that startups in Nairobi rarely rely on formal recruitment systems alone. Instead, they depend on informal networks, referrals, and flexible work arrangements to build teams. Human resource acquisition is therefore shaped by both cost constraints and the limited availability of specialized skills, making talent sourcing a continuous and strategic challenge.

Overall, the findings demonstrate that resource mobilization in Nairobi is multidimensional, consisting of financial and human resource constraints that require different but interconnected coping strategies. Financial resources are largely accessed through a combination of investor networks, personal funding, and informal financial systems, while human resources are secured through flexible staffing models and relationship-based recruitment. Together, these patterns show that startup survival and growth depend heavily on networks, adaptability, and the ability to creatively mobilize scarce resources within a competitive entrepreneurial ecosystem.

4.7 Theme 3: Adaptive Strategies

Adaptive strategies refer to the continuous and iterative capabilities through which startups modify their operations, business models, technologies, and decision-making logics in response to environmental uncertainty, resource constraints, and market volatility. In Nairobi, these strategies are not episodic responses to shocks but embedded organizational routines shaped by a rapidly digitizing economy, high competition intensity, infrastructural pressures, and fluid consumer behaviour.

The findings indicate that adaptation in Nairobi is best understood as a continuous survival logic rather than a planned managerial function. Startups do not simply "respond" to change, they are structurally embedded in conditions that require perpetual adjustment. Five interlinked adaptive dimensions emerged: strategic flexibility, technological adaptability, learning orientation, resource optimization, and digital transformation.

Strategic flexibility emerged as a defining capability among Nairobi startups, reflecting their need to constantly revise strategic direction in response to unstable and highly competitive market conditions. Unlike traditional strategic management models that assume stability and predictability, Nairobi entrepreneurs operate in an environment where customer preferences shift rapidly, competitors imitate quickly, and demand patterns are highly unpredictable.

Respondents consistently described strategy as fluid, experimental, and continuously evolving:

> "We had to shift our pricing model three times because the customers respond differently than expected" (Fin 6).
>
> "What we planned at the beginning of the year is not what we are doing now because the market keeps changing very fast" (Health 6).
>
> "If you stick to one strategy in Nairobi, you will lose customers quickly because competitors are always adjusting" (Agri 5).

These accounts reveal that strategic decision-making is highly emergent and iterative. Pricing, positioning, and even value propositions are not fixed plans but ongoing negotiations with the market. The Nairobi context intensifies this dynamism due to the coexistence of formal and informal markets, where consumer loyalty is weak and price sensitivity is high.

Strategic flexibility therefore functions as an adaptive survival mechanism. Firms that fail to continuously reinterpret market signals risk rapid obsolescence. In this sense, strategy in Nairobi is less about long-term forecasting and more about *real-time recalibration* driven by market feedback loops.

Technological adaptability was identified as a core determinant of competitiveness within Nairobi's digitally saturated entrepreneurial ecosystem. The city's high mobile penetration,

dominance of mobile money systems, and rapid diffusion of platform-based services create an environment where technology is not optional but foundational.

Respondents emphasized that technological change is largely externally driven by consumer expectations and competitive pressure:

> "We quickly moved from manual systems to mobile-based operations because Nairobi clients expect speed" (Health 2).

> "Customers in Nairobi will leave you immediately if your system is slow or not digital" (Agri 1).

> "If you are not updating your technology, you are already behind because everyone here is tech-driven" (Agri 6).

These findings suggest that technology adoption in Nairobi is not driven primarily by innovation ambition but by market coercion. Customers in Nairobi are highly digitally literate and expect instant, seamless service delivery. This forces startups to continuously upgrade systems, integrate automation, and adopt mobile-first solutions.

Technological adaptability therefore operates as a threshold condition for survival. Firms that fail to digitize are not simply less competitive; they are excluded from market participation altogether. This reflects a deeper structural reality in Nairobi where digital infrastructure has become the primary medium of economic exchange.

Learning orientation emerged as a continuous, embedded process through which startups acquire, interpret, and apply market knowledge. Unlike formal organizational learning systems, learning in Nairobi startups is experiential, rapid, and grounded in direct customer interaction.

Respondents described learning as iterative and deeply responsive to market feedback:

> "Every month we learn something new from Nairobi customers and adjust immediately" (Agri 3).

> "We test ideas in the market and if they fail, we quickly change direction because Nairobi customers are very direct in their feedback" (Health 4).

> "The market teaches you fast here; customers will tell you exactly what is wrong with your product" (Edu 4).

These statements highlight that Nairobi functions as a "high-feedback environment," where customer responses are immediate and often unfiltered. This accelerates organizational learning cycles and reduces the time between experimentation, failure, and adjustment.

Learning orientation in this context is not simply knowledge accumulation but adaptive intelligence formation. Startups continuously refine their understanding of customer behaviour, pricing sensitivity, and product-market fit through lived experiences rather than formal analysis. This reinforces the idea that entrepreneurship in Nairobi is fundamentally experiential and iterative.

Resource optimization emerged as a critical adaptive strategy shaped by structural scarcity in Nairobi's entrepreneurial ecosystem. High operational costs, limited access to affordable financing, and intense competition for skilled labour force startups to operate under persistent resource constraints.

Respondents consistently framed efficiency as a necessity rather than a strategic choice:

> "In Nairobi you learn how to do more with less because funding is never enough" (Edu 2).

> "We always prioritize essential activities because resources are very limited here" (Agri 2).

> "Every shilling matters, so we plan carefully before spending anything in the business" (Edu 1).

> "We often rely on external service providers for tasks like accounting, design, and marketing because maintaining full-time staff is too costly for a startup at this stage" (Ecom 2)

These findings indicate that resource optimization is deeply embedded in the cognitive and operational logic of startups. Entrepreneurs develop frugal innovation practices, carefully balancing survival needs with growth ambitions.

In Nairobi, resource constraints are not temporary shocks but structural conditions. As a result, startups rely heavily on lean operations, outsourcing, shared services, and informal resource networks. This creates a form of constraint-driven entrepreneurship, where limitations become a source of creativity and operational discipline.

Digital transformation emerged as the overarching adaptive framework that integrates all other strategies within Nairobi startups. It reflects the structural digitization of economic life in Nairobi, driven by mobile money ecosystems, e-commerce platforms, and digital service delivery systems.

Respondents consistently emphasized that digital integration is essential for market participation:

> "Without digital tools, you cannot survive in Nairobi's competitive business environment" (Fin 3).
>
> "We moved all our operations online because that is where Nairobi customers are now" (Agri 6).
>
> "Almost every transaction here is digital, so you must integrate mobile money or you lose customers" (Fin 5).

These findings show that digital transformation is not a strategic initiative but an infrastructural necessity. Nairobi's economy has reached a stage where digital systems mediate almost all commercial transactions, from payments to customer engagement.

This creates a condition where startups must align their internal processes with external digital infrastructures. Failure to do so results in immediate exclusion from mainstream economic activity. Digital transformation therefore represents both a technological and institutional adaptation to a deeply digitized urban economy.

The findings demonstrate that adaptive strategies in Nairobi constitute a deeply embedded system of continuous entrepreneurial adjustment shaped by environmental volatility, digital acceleration, and structural resource constraints. Rather than isolated managerial responses, adaptation is a constant organizational condition.

Strategic flexibility enables continuous recalibration of business models, technological adaptability ensures alignment with a digitally mediated economy, learning orientation facilitates

rapid experiential knowledge development, resource optimization responds to persistent scarcity, and digital transformation provides the infrastructural foundation for all adaptive processes.

4.8 Theme 4: Entrepreneurial Success

Entrepreneurial success refers to how startup founders define, interpret, and evaluate the outcomes of their entrepreneurial journey. In Nairobi, success is not a fixed or purely financial construct; rather, it is multidimensional, socially embedded, and shaped by the realities of a volatile urban economy characterized by rapid digital transformation, intense competition, and resource constraints.

The findings show that entrepreneurial success in Nairobi is understood through four interrelated indicators: financial performance, business growth, innovation capability, and business adaptability. Together, these reflect a hybrid model of success that combines economic, operational, and resilience-based evaluations.

Financial performance emerged as a foundational but contextually fluid indicator of entrepreneurial success. While revenue generation and profitability remain important, respondents consistently framed financial success in terms of survival, stability, and continuity rather than maximization of profit.

> "For us, success means the business can pay salaries and still have some profit left at the end of the month" (Fin 6).

> "You can make good money one month and struggle the next because demand in Nairobi is unpredictable" (Health 4).

> "In Nairobi, if your business can sustain itself without collapsing, that is already success" (Edu 5).

These accounts reveal that financial performance in Nairobi is shaped by volatility and unpredictability, where income fluctuations are normal rather than exceptional. Unlike traditional entrepreneurial models that define success through consistent profitability, Nairobi entrepreneurs operate within an environment where maintaining liquidity and covering operational costs is itself a significant achievement.

Business growth emerged as a key indicator of success, particularly in relation to customer acquisition, staffing expansion, and market reach. In Nairobi's competitive startup environment, growth is not only economic but also symbolic, signalling legitimacy, trust, and ecosystem recognition.

> "We knew we were successful when our customer base in Nairobi started growing without heavy marketing" (Fin 3).
>
> "Success for us was hiring more staff and opening another office within Nairobi" (Health 6).
>
> "When we started getting clients from outside Nairobi, we knew the business was working" (Agri 5).

These narratives show that growth is interpreted as both internal expansion and external validation. Startups associate increasing customer traction and geographic expansion with proof of product relevance and business credibility.

Business growth in Nairobi is best understood as a signal of legitimacy within a competitive ecosystem. Unlike stable markets where growth follows predictable trajectories, Nairobi startups experience uneven and often nonlinear expansion due to market fragmentation and intense competition. Growth therefore becomes less about scale alone and more about recognition of viability within and beyond Nairobi's boundaries. Additionally, expansion beyond Nairobi is interpreted as a transition from local experimentation to broader market acceptance, reinforcing the city's role as a testing ground for scalable ventures.

Business adaptability emerged as a critical and arguably the most defining indicator of entrepreneurial success in Nairobi. It reflects the ability of startups to survive shocks, adjust strategies, and remain operational under uncertainty.

> "Success means surviving the ups and downs of Nairobi's business environment without shutting down" (Edu 3).
>
> "We are successful because we can quickly adjust when the market shifts or when new competitors enter" (Health 3).

> "If your business can survive shocks in Nairobi, then it is strong enough to grow anywhere" (Agri 1).

These responses show that adaptability is closely tied to resilience, responsiveness, and long-term survival rather than short-term performance outcomes.

Business adaptability in Nairobi represents a form of resilience-based success logic. In contrast to traditional growth models that emphasize scalability and profit, Nairobi entrepreneurs define success through endurance in unstable conditions. Adaptability becomes a proxy for organizational strength, where survival under volatility is interpreted as achievement.

Financial performance represents baseline viability, business growth signals legitimacy and ecosystem recognition, innovation capability ensures competitive relevance, and adaptability guarantees survival under uncertainty. Together, these dimensions form a hybrid success model that blends economic, operational, and resilience-based logics.

4.9 Cross Sector and Developmental Variations in Entrepreneurial Experiences

Although the study identified strong common patterns across Nairobi's startup ecosystem, the analysis of respondent codes reveals important sectoral and developmental variations in how entrepreneurial characteristics, business growth strategies, adaptive strategies, and resource mobilization are experienced and enacted. These variations are not merely descriptive differences but reflect underlying structural conditions, including regulatory intensity, capital accessibility, infrastructure dependence, and institutional proximity, which shape how startups behave within the ecosystem.

Across sectors, Fintech startups (Fin 1–Fin 6) demonstrate the most digitally integrated and rapidly iterative behaviour across all themes. Their entrepreneurial characteristics are shaped by prior exposure to mobile money systems and digital financial infrastructure, which strengthens opportunity recognition and risk tolerance. However, this advantage is closely tied to their proximity to formal financial institutions and regulatory sandboxes, giving them preferential access to investors and accelerators compared to other sectors. Their growth strategies emphasize rapid scaling and continuous innovation, but this also exposes them to higher regulatory scrutiny from financial authorities, creating a trade off between speed of innovation and compliance burden.

Adaptive strategies are therefore both technological and institutional, involving real time system upgrades as well as regulatory alignment. Resource mobilization is comparatively more structured, reflecting a concentration of venture capital flows in fintech, which reinforces sectoral inequality within the broader ecosystem.

Agritech startups (Agri 1–Agri 6) exhibit a contrasting pattern characterized by slower but deeply embedded innovation processes shaped by infrastructural constraints. Entrepreneurial experience in this sector is strongly grounded in fragmented supply chains, climate variability, and informal farmer networks. Unlike fintech, agritech firms face structural disadvantages in attracting capital due to perceived risk and long return cycles, which limits their access to formal venture funding. As a result, growth strategies are constrained by resource scarcity and rely heavily on incremental product diversification aligned with seasonal demand cycles. Adaptive strategies are primarily operational rather than digital, focusing on logistics, storage, and distribution inefficiencies. This reflects a structural power imbalance within the ecosystem where capital allocation disproportionately favours digitally scalable sectors over physically constrained ones, reinforcing uneven sectoral development.

HealthTech startups (Health 1 to Health 6) demonstrate the highest regulatory and institutional dependency across all themes. Entrepreneurial characteristics are shaped by professional training and ethical obligations, but their strategic flexibility is constrained by compliance requirements imposed by health authorities and institutional gatekeepers such as hospitals. This creates a dependency on formal institutional partnerships, which significantly slows market entry and scaling. Growth strategies are therefore shaped less by market competition and more by regulatory approval timelines and institutional trust building. Adaptive strategies are compliance driven, requiring alignment with medical standards and health system protocols. Resource mobilization is heavily skewed toward donor funding and institutional grants, reflecting limited attractiveness to private investors due to long gestation periods. This illustrates how institutional gatekeeping can structurally delay innovation despite high social value.

EduTech startups (Edu 1 to Edu 6) show strong institutional dependence combined with policy sensitivity. Entrepreneurial motivation is closely linked to education access gaps and inefficiencies in public systems, but growth is largely mediated by access to institutional partnerships with schools and government programs. This creates a dependency relationship where scalability is

determined not by market demand alone but by institutional approval and curriculum alignment. Adaptive strategies are centred on continuous content modification and alignment with policy frameworks, reflecting a high degree of institutional constraint. Resource mobilization is dominated by grants and pilot programs, which limits commercial autonomy. This reveals a structural tension between social impact orientation and commercial sustainability, as startups must balance donor expectations with market viability.

E commerce startups (Ecom 1 to Ecom 6) demonstrate the most market responsive and competitively exposed patterns across all themes. Entrepreneurial characteristics are shaped by exposure to informal retail systems and price sensitive consumer behaviour, making them highly responsive but also highly vulnerable to competition from informal traders with lower operational costs. Growth strategies emphasize aggressive expansion and customer acquisition, but these are constrained by thin margins and high logistics costs. Adaptive strategies are primarily reactive, focusing on pricing, delivery efficiency, and supplier negotiation. Resource mobilization relies heavily on reinvested revenue and supplier credit, reflecting limited access to institutional financing compared to fintech and healthtech. This highlights a structural trade off between market flexibility and financial vulnerability in highly competitive consumer markets.

Across developmental stages, early stage startups (approximately 1 to 2 years) across all sectors exhibit high dependence on informal financing, founder centric decision making, and experimental operational structures. These firms are highly vulnerable to ecosystem shocks due to limited buffers and weak institutional integration. In contrast, growth and expansion stage startups (5 to 10 years) demonstrate greater strategic formalization, diversified revenue streams, and stronger institutional linkages. However, both stages remain constrained by persistent resource scarcity and reliance on relational networks, indicating that scaling in Nairobi does not eliminate dependency but rather reorganizes it into more formalized structures. This suggests that ecosystem maturity is uneven, with growth often reflecting network consolidation rather than true resource independence.

Overall, the cross sector and developmental analysis shows that Nairobi's startup ecosystem is structurally segmented rather than homogeneous. Fintech benefits from capital concentration and regulatory proximity, agritech is constrained by infrastructural fragmentation, healthtech is shaped by institutional gatekeeping, edutech is policy dependent, and e commerce is exposed to intense

market competition. Despite these differences, all sectors converge on a shared ecosystem logic of resource constraint, network dependence, and adaptive necessity. This indicates that entrepreneurial success in Nairobi is not only determined by firm level strategies but also by systemic allocation patterns of capital, regulation, and institutional access, which collectively shape unequal pathways of startup development.

4.10 Summary of Key Findings

The findings of this study demonstrate that entrepreneurship in Nairobi is deeply embedded within a dynamic urban ecosystem shaped by digital transformation, resource constraints, market informality, and intense competition. Entrepreneurial characteristics are not purely individual traits but are strongly shaped by contextual exposure to Nairobi's fintech sector, SME environment, and innovation hubs. While education provides a foundation, practical ecosystem-based learning plays a more decisive role in shaping entrepreneurial capability. Key personal attributes such as resilience, adaptability, and risk-taking are reinforced by Nairobi's high-cost and uncertain business environment, while entrepreneurial motivation is largely driven by locally grounded socio-economic challenges such as unemployment, financial exclusion, and inefficiencies in urban systems. Ecosystem support from incubators, accelerators, and investor networks further strengthens entrepreneurial development by enabling access to mentorship, funding, and networks.

The study further shows that startups in Nairobi rely on interconnected growth, adaptive, and success strategies to survive and scale. Growth strategies such as innovation, diversification, networking, partnerships, and market expansion are highly relational and ecosystem-dependent, reflecting the importance of connections in accessing resources and opportunities. Adaptive strategies particularly strategic flexibility, technological adaptability, continuous learning, resource optimization, and digital transformation, emerge as essential survival mechanisms in a volatile and digitally driven market. Entrepreneurial success, in turn, is not defined solely by profitability but by a hybrid model that includes business survival, growth, innovation capability, and adaptability. Entrepreneurship in Nairobi is best understood as a continuously adaptive and ecosystem-embedded process where success depends on responsiveness, resilience, and constant alignment with a rapidly evolving environment.

CHAPTER FIVE

DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the discussion of the findings, conclusions drawn from the study, implications for theory and practice, recommendations for policy and practice, and suggestions for future research. The aim of this study was to explore the drivers of entrepreneurial success in startups in Nairobi, focusing specifically on entrepreneurial characteristics, business growth strategies, and adaptive strategies employed by startup leaders. The study drew insights from founders, Chief Operating Officers (COOs), and Chief Commercial Officers (CCOs) operating within startups in the Fintech, Agritech, HealthTech, EduTech, and E-commerce sectors.

The qualitative findings presented in Chapter Four were analysed using thematic analysis following the framework proposed by Braun and Clarke. Thematic analysis is widely used in qualitative research to identify patterns and meanings within qualitative datasets through systematic coding and theme development (Braun & Clarke, 2021).

The discussion in this chapter integrates the empirical findings with existing literature on entrepreneurship, startup growth, and strategic adaptability.

5.2 Discussion of Findings

5.2.1 Entrepreneurial Characteristics and Entrepreneurial Success

The findings from Nairobi indicate that entrepreneurial characteristics including entrepreneurial experience, educational background, personality traits, motivation, risk taking propensity, and exposure to ecosystem support interact in complex ways with the urban entrepreneurial environment to shape startup success. Rather than functioning as stable individual predictors, these characteristics are continuously reshaped through engagement with Nairobi's high cost, competitive, and institutionally uneven ecosystem. Entrepreneurial experience, particularly within fintech, informal trade systems, logistics, and digital services, emerged as situated competence developed through direct exposure to fragmented markets and everyday operational pressures. This suggests that entrepreneurial success is less about abstract managerial capability and more about context embedded learning and adaptive interpretation of local market realities (McCarthy

et al., 2023). In addition, success in such environments is reinforced through continuous interaction with uncertainty and structural constraints that force entrepreneurs to refine judgment and opportunity recognition within real time market conditions (Ouma, 2024).

The analysis further shows that entrepreneurial characteristics are not merely individual psychological traits but are actively constructed through environmental pressures and survival demands. Attributes such as resilience, adaptability, and persistence were repeatedly described as responses to instability rather than pre existing dispositions. Entrepreneurs in Nairobi develop these qualities through repeated exposure to fluctuating demand, regulatory unpredictability, and resource scarcity. This interpretation extends prior studies that associate entrepreneurial traits such as self efficacy and proactiveness with venture success by demonstrating that such traits are reinforced through lived experience rather than innate personality structures (Ahmad, 2025). Similarly, entrepreneurial behaviour in uncertain environments is shaped by continuous adaptation to external shocks, which transforms individual characteristics into evolving survival mechanisms rather than fixed attributes (Argaw, 2024).

A significant divergence emerges in relation to formal education as a predictor of entrepreneurial success. While earlier research emphasizes that higher education enhances managerial capability, strategic decision making, and access to financial opportunities, the Nairobi findings indicate a more conditional relationship. Formal education alone does not translate directly into entrepreneurial success unless it is activated through experiential engagement within the ecosystem such as incubators, mentorship programs, and innovation hubs. In this context, education functions as latent potential that requires transformation through practice based exposure and network integration before it becomes operationally valuable. This challenges conventional assumptions by showing that educational attainment must be converted through ecosystem mechanisms to influence entrepreneurial outcomes meaningfully (Kimani, 2024). It also highlights that formal knowledge systems are insufficient without complementary experiential learning embedded in local entrepreneurial structures (Arend, 2025).

Motivation and risk-taking propensity further demonstrate the contextual embeddedness of entrepreneurial behaviour in Nairobi. Entrepreneurs frequently reported that venture creation is driven less by opportunity seeking intentions and more by structural conditions such as unemployment, income insecurity, and limited formal employment pathways. Risk taking is

therefore not simply a psychological preference, but a necessity shaped by constrained access to formal financing and high cost of entry into the urban economy. This reframes entrepreneurial action as a response to structural pressure rather than purely voluntary initiative. In this regard, entrepreneurial motivation is deeply rooted in socio economic realities that push individuals toward self-employment as a survival strategy rather than a growth-oriented ambition (Wanjiku, 2025). At the same time, risk taking becomes normalized as a compulsory condition for participation in Nairobi's entrepreneurial ecosystem rather than an exceptional behavioural trait (Kiprop, 2023).

Ecosystem support emerges as the most influential but unevenly distributed determinant of entrepreneurial success. Access to incubators, accelerators, mentorship networks, and investor platforms significantly enhances opportunity recognition, resource mobilization, and business scaling potential. However, the findings also reveal that ecosystem benefits are not uniformly accessible, leading to differentiated entrepreneurial outcomes based on network proximity and institutional visibility. Entrepreneurs embedded within structured ecosystems gain accelerated learning and funding opportunities, while those outside these networks remain structurally disadvantaged. This indicates that entrepreneurial ecosystems function not only as support systems but also as selective environments that shape unequal access to opportunity (Mwangi, 2024). Furthermore, ecosystem participation creates stratified pathways to success where visibility and connectivity determine growth potential more than individual capability alone (Otieno, 2025).

5.2.2 Business Growth Strategies and Entrepreneurial Success

The findings from Nairobi indicate that business growth strategies significantly influence entrepreneurial success, particularly through innovation, product diversification, networking, partnerships, market expansion, and resource mobilization. Startups reported that innovation is the most dominant strategy, driven by rapidly changing customer expectations, strong digital adoption, and intense competition within the Nairobi market. Product diversification was widely used as a survival and stabilization strategy in response to market volatility. Networking and partnerships emerged as critical mechanisms for accessing investors, customers, and technical expertise, while market expansion was viewed as a progression from Nairobi to national and regional markets. Resource mobilization remained a persistent challenge, requiring entrepreneurs to combine informal and formal financing mechanisms to sustain growth. Human resource acquisition also

emerged as a critical constraint, with startups relying heavily on freelancers, referrals, and flexible staffing arrangements to address shortages of skilled personnel in a highly competitive labour market. Collectively, these strategies demonstrate that startup success in Nairobi is closely tied to how effectively firms navigate ecosystem relationships and market uncertainty.

These findings agree with recent studies that emphasize the importance of strategic agility, innovation, and network-based resource acquisition in determining startup performance. Recent research shows that innovation driven strategies significantly enhance firm competitiveness and long-term survival in dynamic markets, particularly where customer preferences change rapidly and competition is intense (Li et al., 2024). In addition, studies on entrepreneurial ecosystems highlight that networking and strategic partnerships play a central role in enabling startups to access external resources and scale operations effectively (Brown and Smith, 2023). The findings on market expansion also align with global evidence suggesting that firms operating in highly competitive urban centers often use large cities as testing environments before scaling regionally or internationally (Khan and Lee, 2025).

However, the Nairobi findings also diverge from some recent literature that emphasizes internally driven growth models where firms rely primarily on strong internal capabilities, structured financing, and formal institutional support systems. Some studies argue that sustainable growth is mainly determined by internal resource endowments and formal venture capital structures that reduce dependency on external networks (Anderson, 2024). In contrast, this study reveals that in Nairobi, growth is highly network dependent and externally driven, with startups relying heavily on informal relationships, incubators, accelerators, and ecosystem actors rather than structured corporate financing alone. Furthermore, while global research often frames diversification as a proactive expansion strategy for market leadership (Thomas & Douglas, 2021), the Nairobi context shows that product diversification is frequently defensive, aimed at survival in a highly volatile and competitive environment rather than aggressive market dominance.

The findings demonstrate that business growth strategies are not implemented in isolation but are deeply embedded within Nairobi's entrepreneurial ecosystem. Startup success is therefore shaped by the ability of entrepreneurs to combine innovation, relational networks, and adaptive resource strategies in response to market volatility and ecosystem constraints. This highlights that in

Nairobi, growth is less linear and more adaptive, driven by continuous interaction between firms and their external environment.

5.2.3 Adaptive Strategies and Entrepreneurial Success

The findings from Nairobi indicate that adaptive strategies are a fundamental driver of entrepreneurial success, particularly in an environment characterized by high uncertainty, rapid digital change, and intense competition. Strategic flexibility enables startups to continuously revise their pricing models, value propositions, and operational approaches in response to shifting customer behaviour and competitive pressure. Technological adaptability ensures that firms remain aligned with Nairobi's digitally driven economy, where mobile first solutions and real time service delivery are essential. Learning orientation enhances entrepreneurial success by enabling continuous improvement based on direct customer feedback, while resource optimization allows startups to survive and grow under persistent financial and operational constraints. Digital transformation further strengthens success by embedding startups within the dominant technological infrastructure that governs transactions, communication, and service delivery in Nairobi. Collectively, these adaptive capabilities determine not only survival but also the speed and sustainability of startup growth.

These findings agree with recent research that emphasizes the strong link between dynamic capabilities and entrepreneurial success in volatile environments. Studies show that firms that continuously adapt their strategies, technologies, and internal processes are more likely to achieve superior performance and long term survival in uncertain markets (Teece, 2023). In addition, recent empirical evidence highlights that learning orientation significantly improves firm performance by enhancing responsiveness to market feedback and improving decision making under uncertainty (Zahra et al., 2024). The importance of technological adaptability also aligns with studies that demonstrate that digital capability is a key determinant of competitiveness and growth in digitally intensive economies (Verhoef et al., 2023). These studies collectively support the finding that adaptive strategies are central to entrepreneurial success.

However, the findings also diverge from some recent literature that conceptualizes entrepreneurial success as primarily driven by pre planned strategies, strong initial resource endowments, and formal strategic planning processes. Some studies argue that structured planning and stable

resource bases are the most significant predictors of startup success, particularly in more predictable business environments (Andersen, 2024). In contrast, the Nairobi findings show that success is less dependent on rigid planning and more dependent on continuous adaptation and real time decision making. Furthermore, while some research emphasizes that digital transformation is most effective when implemented through long term strategic investment, this study reveals that in Nairobi it is often reactive and necessity driven, emerging from immediate customer demands and infrastructural dependence rather than long term planning. Similarly, resource optimization in Nairobi is not merely efficiency seeking but survival driven, reflecting structural constraints that shape entrepreneurial behaviour.

In conclusion, the findings demonstrate that adaptive strategies are not only correlated with entrepreneurial success but are central to how success is achieved in Nairobi's entrepreneurial ecosystem. Success is therefore not a product of stability or fixed planning but of continuous responsiveness, experimentation, and real time adjustment to environmental pressures.

5.3 Conclusions of the Study

The aim of the study was to examine entrepreneurial characteristics, business growth strategies, adaptive strategies, and their relationship with entrepreneurial success within Nairobi's startup ecosystem. The findings lead to several key conclusions drawn from the lived experiences of startup founders and executives operating in this environment.

First, entrepreneurship in Nairobi is best understood as a nonlinear and evolving process shaped by continuous interaction between entrepreneurs, markets, and a highly dynamic urban environment. The evidence from participants shows that startup success is strongly influenced by the ability of entrepreneurs to respond to rapid changes in customer behaviour, competitive pressure, and shifting resource availability. Rather than following fixed business plans or predictable growth trajectories, startups continuously adjust their strategies in response to real time market conditions. This indicates that entrepreneurial outcomes in Nairobi are less about planning accuracy and more about responsiveness and ongoing adjustment to uncertainty.

Second, entrepreneurial characteristics in Nairobi are strongly shaped by lived experience within the local business environment rather than being purely inherent personal traits. Attributes such as resilience, risk tolerance, adaptability, and persistence were consistently described by participants

as outcomes of operating under high living costs, regulatory requirements, and unpredictable demand conditions. Entrepreneurs emphasized that these characteristics develop over time through exposure to real market pressures, challenges in accessing finance, and competition from both formal and informal sector actors. This suggests that entrepreneurial behaviour is largely constructed through experience and survival within a demanding ecosystem rather than predetermined personality differences.

Third, business growth strategies in Nairobi are largely dependent on external ecosystem relationships rather than internal organizational capabilities alone. The findings show that innovation, networking, partnerships, diversification, and resource mobilization are closely linked to access to external actors such as investors, mentors, customers, suppliers, and institutional support platforms. Entrepreneurs frequently highlighted the importance of innovation hubs, accelerators, and informal networks in enabling access to funding, knowledge, and market entry opportunities. As a result, business growth is not simply a product of internal firm strength but is significantly shaped by the quality and depth of ecosystem embeddedness and relational capital.

Fourth, adaptive strategies play a central and continuous role in sustaining startup survival and operational performance. Participants consistently described frequent adjustments in pricing models, product offerings, service delivery mechanisms, and technology adoption as part of everyday business practice. These changes were driven by customer feedback, market competition, and resource constraints, which required entrepreneurs to always remain flexible and responsive. This demonstrates that adaptation is not an occasional strategic decision, but an ongoing process embedded in routine operations, where startups constantly refine their approaches to remain viable in a fast-changing environment.

Fifth, although sectoral differences exist across fintech, agritech, healthtech, edtech, and e commerce startups, the core drivers of entrepreneurial success remain broadly consistent across industries. All sectors demonstrate reliance on ecosystem networks, continuous adaptation, and resource constrained decision making, although the way these factors manifest differs depending on industry structure and operational requirements. For example, fintech firms show faster digital iteration, while agritech firms demonstrate stronger dependence on physical supply chains. Despite these differences, the underlying logic of operating under uncertainty and resource limitation remains common across all sectors.

Sixth, the findings indicate that uncertainty is a stable and persistent feature of the Nairobi startup environment rather than a temporary condition. Participants consistently described fluctuating demand patterns, unstable costs, shifting customer expectations, and intense competition as normal business conditions. In response to this environment, entrepreneurs emphasized the importance of continuous adjustment, rapid decision making, and operational flexibility in order to maintain business continuity. This shows that entrepreneurial activity in Nairobi takes place within a context where unpredictability is embedded in the structure of the market itself.

Finally, entrepreneurship in Nairobi is best understood as a process shaped by continuous interaction between entrepreneurs and their environment. Startups evolve through ongoing engagement with market forces, institutional conditions, and ecosystem actors, rather than operating as isolated entities. This interaction shapes both strategic decisions and operational outcomes, meaning that entrepreneurial success is jointly produced by internal capabilities and external ecosystem conditions. The findings therefore highlight a co dependent relationship between startups and their environment, where each continuously influences the other over time.

5.4 Implications of the Study

5.4.1 Theoretical Implications

The findings of this study make significant contributions to entrepreneurship and strategic management literature by demonstrating that startup success in Nairobi emerges from a complex interaction between entrepreneurial characteristics, business growth strategies, and adaptive capabilities rather than from any single explanatory factor. The study extends the Resource-Based View by showing that while internal resources such as entrepreneurial experience, innovation capability, and technological competence are important, their value is highly contingent on the external entrepreneurial ecosystem within which firms operate (Newbert, 2022). In the Nairobi context, resources do not automatically translate into competitive advantage unless they are continuously reconfigured and aligned with fast changing market conditions.

The findings further reinforce Dynamic Capabilities Theory by illustrating that sensing, seizing, and reconfiguring are not discrete managerial processes but continuous survival mechanisms embedded in everyday entrepreneurial practice (Helfat & Martin, 2023). Startups in Nairobi do not periodically adapt; instead, they exist in a constant state of adaptation driven by market

volatility, digital acceleration, and resource scarcity. This study therefore refines the theory by suggesting that in high velocity emerging markets, dynamic capabilities function less as strategic options and more as compulsory organizational routines necessary for survival.

Additionally, the study advances entrepreneurial ecosystem thinking by showing that ecosystems are not passive support structures but active co-creators of entrepreneurial outcomes. Nairobi's innovation hubs, investor networks, digital infrastructure, and informal market systems directly shape how entrepreneurs innovate, scale, and survive (Stam & Van de Ven, 2023). This implies that entrepreneurial success should be understood as an ecosystem embedded phenomenon, where firm-level capabilities and environmental conditions evolve together in a co-dependent relationship.

5.4.2 Practical Implications

The findings provide important implications for startup founders, investors, ecosystem actors, and policymakers in Nairobi and similar emerging markets. For startup founders, the study highlights that success is strongly dependent on developing adaptive intelligence, defined as the ability to continuously interpret market signals, adjust strategies rapidly, and integrate feedback into operational decisions (O'Reilly & Tushman, 2022). Entrepreneurs should therefore prioritize building flexible business models that can evolve with shifting customer demands, technological changes, and competitive pressures rather than relying on fixed long-term plans.

The study also emphasizes the importance of strengthening ecosystem engagement as a core growth strategy. Startups should actively participate in innovation hubs, accelerator programs, and professional networks, as these platforms are critical for accessing funding, mentorship, talent, and strategic partnerships. In Nairobi, networking and relational capital are not supplementary advantages but essential resources that directly influence survival and scaling potential (Roundy et al., 2023).

For investors and support institutions, the findings suggest a need to move beyond traditional evaluation models that focus primarily on static business plans and financial projections. Instead, greater emphasis should be placed on assessing adaptability, learning orientation, and execution speed as key indicators of startup potential (Zhao et al., 2022). This reflects the reality that in Nairobi, the capacity to adjust quickly is often more important than initial resource endowment.

For policymakers, the study underscores the importance of strengthening digital infrastructure, reducing regulatory friction, and supporting ecosystem platforms that facilitate collaboration and knowledge exchange. Given that startups in Nairobi operate in a highly adaptive environment, policy frameworks should be designed to enhance flexibility rather than impose rigid compliance structures that may limit innovation and responsiveness (Mason & Brown, 2023).

The practical implication is that entrepreneurial success in Nairobi is less about predicting the future and more about building the capacity to continuously respond to it.

5.4.3 Proposed Model of Startup Success in Nairobi

Based on the findings of this study, a conceptual model is proposed to explain how entrepreneurial characteristics, ecosystem support, business growth strategies, and adaptive capabilities interact to influence startup success in Nairobi's entrepreneurial ecosystem. The model is grounded in empirical evidence showing that startup performance in Nairobi is not driven by isolated factors but by the continuous interaction between individual agency, external ecosystem structures, strategic choices, and adaptive responses to environmental uncertainty.

The model positions entrepreneurial characteristics as the foundational determinants of entrepreneurial behaviour. These include experience, education, motivation, personality traits, and risk-taking propensity. The findings show that entrepreneurs in Nairobi draw heavily on prior exposure to local sectors such as fintech, agritech, informal trade systems, and digital services to identify opportunities and respond to market challenges. Motivation is largely shaped by contextual socio-economic challenges such as unemployment and service delivery gaps, which drive opportunity recognition and venture creation. However, these characteristics are significantly strengthened through ecosystem support, which includes incubators, accelerators, SACCOs, investor networks, mentorship programs, and informal relational systems that provide access to finance, knowledge, legitimacy, and market entry opportunities.

Business growth strategies represent the primary mechanisms through which entrepreneurial intentions and ecosystem resources are converted into tangible business outcomes. These strategies include innovation, product diversification, networking, partnerships, market expansion, and resource mobilization. The findings indicate that innovation is the most dominant strategy across sectors, driven by rapidly changing customer expectations and intense competition. Product

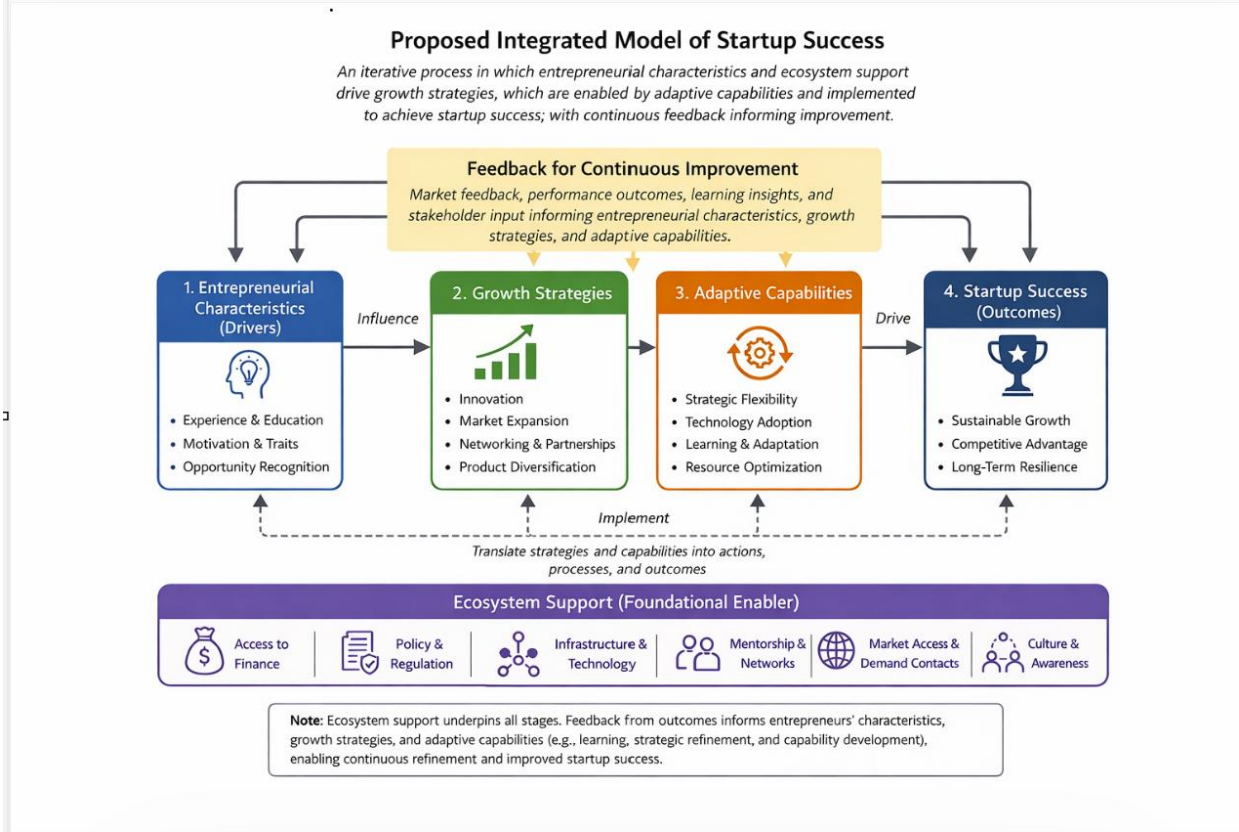
diversification is often used as a survival mechanism in volatile markets, while networking and partnerships provide critical access to investors, customers, and technical expertise. Market expansion is used as a scaling strategy beyond Nairobi, and resource mobilization remains a persistent constraint requiring startups to combine formal and informal financing sources. In addition, human resource challenges force startups to rely on freelancers, referrals, and flexible staffing arrangements.

Adaptive capabilities function as dynamic enablers that determine how effectively startups respond to environmental uncertainty and resource constraints. These include strategic flexibility, technological adaptability, learning orientation, resource optimization, and digital transformation. The findings show that startups in Nairobi operate in a highly volatile and digitally driven environment where continuous adaptation is not optional but necessary for survival. Firms that are able to rapidly adjust pricing models, adopt mobile first technologies, learn from customer feedback, and optimize scarce resources are more likely to remain competitive and achieve sustainable growth.

Startup success is conceptualized as a multidimensional outcome comprising survival, growth, competitiveness, and market expansion. The findings show that success in Nairobi is not defined purely by profitability but by the ability of firms to remain operational, scale gradually, and maintain relevance in a rapidly changing environment.

Figure 2 illustrates the interaction between these constructs and highlights the cyclical and interdependent nature of startup development in Nairobi.

Figure 5.1Proposed Model of Startup Success in Nairobi



The model demonstrates that startup success is not a linear progression but an iterative process shaped by the interaction of multiple interconnected elements. Entrepreneurial characteristics such as experience, motivation, and opportunity recognition operate alongside ecosystem support, which functions as a foundational enabler across all stages. Factors such as access to finance, infrastructure, policy, and networks influence how entrepreneurs interpret opportunities and constraints within their environment. Together, these elements shape the formulation of growth strategies, including innovation, market expansion, partnerships, and product diversification.

Adaptive capabilities play a central role in translating these strategies into effective action. Through strategic flexibility, learning, and technology adoption, startups are able to respond to uncertainty and changing market conditions. These capabilities ensure that strategies are not only designed but also successfully executed, leading to outcomes such as sustainable growth, competitive advantage, and long term resilience. Importantly, the model shows that outcomes generate feedback in the form of market responses, performance results, and experiential learning.

This feedback informs future decision making, reshapes entrepreneurial approaches, and influences how startups engage with the ecosystem.

The model therefore highlights that entrepreneurship in Nairobi is best understood as a dynamic and evolving process. Startups continuously adjust their strategies and capabilities in response to both internal learning and external environmental conditions. This ongoing interaction between entrepreneurs and their ecosystem results in a form of entrepreneurship defined by resilience, innovation under constraint, and growth through continuous adaptation.

5.5 Recommendations

Based on the findings, the study proposes the following recommendations, which are directly informed by the empirical evidence from Nairobi's startup ecosystem and reflect differences in entrepreneurial experience, sector dynamics, and adaptive practices.

5.5.1 Recommendations for Startup Leaders

Startup founders should strengthen entrepreneurial capability development with particular emphasis on experiential learning, strategic flexibility, and ecosystem engagement. The findings show that entrepreneurial success is strongly influenced by the ability to respond to rapid changes in customer behaviour, competition, and resource constraints. As a result, founders should prioritize continuous learning through participation in incubators, accelerators, mentorship programmes, and peer learning networks, rather than relying solely on formal training or prior experience.

In addition, startups should institutionalize adaptive management practices within their daily operations. This includes regularly reviewing pricing models, customer feedback systems, and product development cycles to ensure responsiveness to market changes. Given the evidence that innovation in Nairobi is largely continuous and customer driven, structured innovation processes should be embedded within teams to support rapid iteration and product refinement.

Startup leaders should also strengthen networking strategies as a core business function rather than an informal activity. The findings show that access to investors, customers, and strategic partners is heavily dependent on ecosystem relationships. Therefore, founders should actively engage in

ecosystem platforms such as innovation hubs, industry forums, and sector specific associations to enhance visibility and opportunity access.

5.5.2 Recommendations for Policymakers

Government institutions should strengthen the enabling environment for startups by addressing structural constraints that emerged from the findings, particularly access to finance, regulatory uncertainty, and uneven ecosystem access. Policies should focus on reducing barriers to entry for early stage startups, especially in sectors such as agritech and healthtech where regulatory and infrastructural constraints are more pronounced.

In addition, policymakers should expand and decentralize innovation infrastructure beyond central urban zones. The findings show that access to incubators, accelerators, and innovation hubs significantly influences entrepreneurial success, yet such resources are unevenly distributed. Establishing more accessible innovation hubs, including county level incubation centres, would improve inclusivity and broaden participation in entrepreneurial ecosystems.

Government agencies should also improve access to startup financing through blended finance models, credit guarantee schemes, and targeted funding windows for early stage ventures. Given the heavy reliance on informal financing and personal savings identified in the study, structured financial support mechanisms would reduce startup vulnerability and improve survival rates.

Finally, regulatory frameworks should be simplified and made more predictable to reduce uncertainty in business operations. Clearer licensing processes and streamlined compliance requirements would enhance business stability and support faster startup scaling.

5.5.3 Recommendations for Investors

Investors should adopt a more holistic evaluation approach that goes beyond financial performance indicators to include entrepreneurial capability, adaptive capacity, and ecosystem embeddedness. The findings show that startup success in Nairobi is strongly influenced by the ability of leadership teams to respond to uncertainty, adjust strategies quickly, and leverage ecosystem relationships effectively.

Investment decisions should therefore place greater emphasis on founder experience within local markets, demonstrated resilience, and evidence of iterative learning. Startups that show strong adaptive behaviour, particularly in product development and customer responsiveness, are more likely to sustain long term performance in volatile environments.

Investors should also consider sector specific dynamics when making funding decisions. For example, fintech startups may demonstrate faster scalability due to digital infrastructure, while agritech and healthtech ventures may require longer investment horizons due to structural and regulatory constraints. Aligning investment expectations with sector realities will improve portfolio sustainability and reduce premature exit pressures.

In addition, investors are encouraged to actively participate in ecosystem development through mentorship, networking platforms, and strategic partnerships. Beyond capital provision, value creation through guidance, market access, and capability development can significantly enhance startup performance and survival rates.

5.6 Limitations of the Study

Despite its contributions, this study has several limitations that should be considered when interpreting the findings.

First, the study was confined to startups operating within Nairobi. As a result, the findings reflect the specific institutional, economic, and technological conditions of a highly urbanized and digitally active ecosystem. While Nairobi provides a rich context for understanding entrepreneurship in a dynamic environment, startups operating in rural areas or other Kenyan cities may experience different constraints, opportunities, and ecosystem dynamics. This geographical focus therefore limits the extent to which the findings can be extended to broader national or regional entrepreneurial contexts.

Second, the qualitative research design inherently limits statistical generalizability. The study prioritizes depth of understanding and interpretation of lived experiences rather than numerical representation. While this approach enabled rich insights into how entrepreneurs experience and respond to uncertainty, it does not allow for broad population level generalizations. Instead, the

findings should be understood as contextually grounded interpretations of entrepreneurial experiences within a specific ecosystem.

Third, the purposive sampling strategy shaped the nature of the evidence generated. By focusing on founders, Chief Operating Officers, and Chief Commercial Officers of operational startups, the study captured perspectives primarily from individuals already embedded in functioning ventures. This means that the experiences of failed entrepreneurs, informal micro entrepreneurs, and early ideation stage founders were not included. As a result, the study reflects a success oriented perspective, which may underrepresent experiences of failure, exit, or prolonged stagnation that are also important in understanding entrepreneurial ecosystems.

Fourth, the reliance on self-reported qualitative interviews introduces the possibility of subjective interpretation and recall bias. Participants may have emphasized successful strategies and downplayed challenges or failures when describing their entrepreneurial journeys. Although efforts were made to ensure credibility through probing and triangulation across sectors, the findings remain dependent on participant narratives and their interpretation of events.

Fifth, while the study provides strong sectoral and developmental comparisons across fintech, agritech, healthtech, edtech, and e commerce startups, these comparisons remain interpretive rather than statistically validated. The observed differences in innovation speed, regulatory pressure, and resource access are based on qualitative patterns rather than measurable performance indicators. Future studies could complement these findings with quantitative approaches to strengthen comparative validity.

Finally, the methodological choices made in this study, particularly the phenomenological and thematic approach, shaped the type of knowledge produced. The focus on lived experience enabled deep insight into how entrepreneurs interpret their environments, but it also means that structural macro level factors such as national policy shifts, global investment flows, and historical institutional development were less directly examined. These broader influences remain important but were outside the analytical scope of the present study.

5.7 Suggestions for Future Research

Future studies could adopt mixed-method approaches to quantitatively test the relationships identified in this research.

Additionally, comparative studies examining startup ecosystems in other parts of Kenya and across different African cities could provide valuable insights into contextual factors influencing entrepreneurial success.

Third, the sample size across sectors was limited. Further research could delve deeper into sector-specific growth dynamics of start-ups, for a more comprehensive cross-sector comparison

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APPENDICES

APPENDIX 1: Ethical Approval

Strathmore UNIVERSITY

16th January 2026

Mrs George Serah,
serah.george87@gmail.com

Dear Mrs George,

RE: Exploring the Drivers of Entrepreneurial Success in Startups in Nairobi

This is to inform you that SU-ISERC has reviewed and **approved** your above **SU-masters** research proposal. Your application reference number is **SU-ISERC3163/25.** The approval period is from **16th January 2026 to 15th January 2027.**

This approval is subject to compliance with the following requirements:

i. Only approved documents including (informed consents, study instruments, and MTA) will be used
ii. All changes including (amendments, deviations, and violations) are submitted for review and approval by SU-ISERC.
iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to SU-ISERC within 72 hours of notification
iv. Any changes, anticipated or otherwise, that may increase the risks or affect the safety or welfare of study participants and others or affect the integrity of the research must be reported to SU-ISERC within 72 hours
v. Clearance for the export of biological specimens must be obtained from relevant institutions.
vi. Submission of a request for renewal of approval at least 60 days prior to the expiry of the approval period. Attach a comprehensive progress report to support the renewal.
vii. Submission of an executive summary report within 90 days of completion of the study to SU-ISERC.

Before commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology, and Innovation (NACOSTI) https://research-portal.nacosti.go.ke/ and obtain other clearances needed.

Yours sincerely,

Mr Ambrose Rachier,
Chairperson; SU-ISERC

Ole Sangale Rd, Madaraka Estate, PO Box 59857-00200, Nairobi, Kenya, Tel +254 (0)703 034000

APPENDIX II: NACOSTI Permit

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: **153366**

Date of Issue: **29/January/2026**

RESEARCH LICENSE



This is to Certify that Ms.. SERAH WAIRIMU GEORGE of Strathmore University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nairobi on the topic: EXPLORING THE DRIVERS OF ENTREPRENEURIAL SUCCESS IN STARTUPS IN NAIROBI for the period ending : 29/January/2027.

License No: **NACOSTI/P/26/4183633**

153366

Applicant Identification Number

Ag. Director General
NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Verification QR Code

NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.

See overleaf for conditions

APPENDIX III: Participant Consent

Re: Request for Permission to Collect Data

Dear Participant,

I am a postgraduate student at Strathmore Business School pursuing a Master of Business Administration (MBA). As part of my academic requirements, I am conducting a research study titled "Exploring the Drivers of Entrepreneurial Success in Startups in Nairobi."

The purpose of this study is to examine the key factors that contribute to the success of startups in Nairobi, focusing on entrepreneurial drivers, business growth strategies, and adaptive approaches that promote sustainability and competitiveness. Your participation will provide valuable insights into the realities of entrepreneurship in Nairobi and contribute to a better understanding of how startups can thrive in dynamic business environments.

If you agree to participate, you will be invited to take part in a semi-structured interview lasting approximately 30 minutes to one hour. With your permission, the interview will be recorded to ensure accuracy of data. All information collected will be treated with the highest level of confidentiality and used strictly for academic purposes. Your identity will remain anonymous, and no personal identifiers will appear in the final report.

Participation in this study is entirely voluntary. You may decline to answer any question or withdraw from the interview at any point without any penalty.

Your time and insights are highly valued and will make a meaningful contribution to this research. Should you require any clarification or further information, please contact me using the details below.

Researcher:

Serah Wairimu George

Tel: 0720212008

Strathmore University

APPENDIX IV: Semi-structured Interview Guide

Title: Exploring the Drivers of Entrepreneurial Success in Startups in Nairobi
Target Respondents: Founders, Chief Operations Officers (COOs), and Chief Commercial Officers (CCOs) of startups in Nairobi

Introduction

Good morning/afternoon,

Thank you for agreeing to participate in this interview. My name is Serah Wairiumu, and I am conducting a study as part of my Master of Business Administration (MBA) at Strathmore University titled *"Exploring the Drivers of Entrepreneurial Success in Startups in Nairobi."*

The purpose of this interview is to understand the factors that influence the success of startups in Nairobi. Your insights and experiences will be invaluable in helping to explain how different drivers, strategies, and adaptive approaches shape startup outcomes.

This interview will take approximately 30 minutes to one hour. With your permission, it will be audio recorded to ensure the accuracy of responses. All information shared will remain confidential and anonymous, and participation is entirely voluntary.

Section A: Background Information

1. Could you briefly describe your startup - when it was founded, what it does, and your role in it?
2. What motivated you to establish this startup, and what problem or opportunity were you aiming to address?
3. How has your startup evolved since it began?

Theme 1: Entrepreneurial Drivers

This section explores the founder's background, motivations, and traits that may have contributed to the startup's success.

a) Entrepreneurial Experience

1. How has your past professional or entrepreneurial experience influenced how you run this startup?
2. Could you share a specific situation where lessons from your earlier experiences helped your startup succeed or avoid failure?

b) Educational Background

1. How has your education or training influenced how you make business decisions in your startup?
2. In what ways has your education contributed to the growth or stability of your startup?

c) Personality Traits

1. How would you describe your approach when facing challenges in your startup?
2. Can you share an example where your optimism, persistence, or proactive attitude made a difference to the success of your startup?

d) Motivations

1. What motivates you to continue running your startup even during difficult times?
2. How have these motivations shaped the way you pursue opportunities or make key decisions for your startup's growth?

e) Risk-Taking Propensity

1. Tell me about a time you made a risky decision for your startup - what was at stake, and what was the outcome?
2. How do you decide whether a risk is worth taking, and how has this approach influenced your startup's success?

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f) Ecosystem Support

1. What types of external support - such as funding, incubation, mentorship, or government programs has your startup received?
2. How has this support contributed to your startup's progress or helped overcome challenges?

Theme 2: Business Growth Strategies

This section explores strategies your startup has used to grow and strengthen its position in the market.

a) Innovation

1. What new products, services, or processes has your startup developed since inception?
2. How have these innovations improved your startup's competitiveness or market performance?

b) Product Diversification

1. Has your startup introduced new or complementary products or services?
2. How has this diversification affected your customer reach or revenue stability?

c) Networking

1. How have professional networks or mentorship relationships supported the growth of your startup?
2. Can you describe a time when networking opened up an important opportunity for your startup's success?

d) Partnerships

1. What types of partnerships or collaborations has your startup formed?
2. How have these partnerships helped your startup grow or achieve specific goals?

e) Market Expansion

1. How has your startup gone about entering new markets or reaching new customer segments?
2. What impact have these expansion efforts had on your startup's visibility or sales?

f) Resource Mobilization

1. How have you gone about securing key resources such as financing, skilled staff, or technology for your startup?
2. In what ways has the effective use of these resources contributed to your startup's success?

Theme 3: Adaptive Strategies

This section focuses on how your startup responds to changes and challenges to remain competitive and resilient.

a) Strategic Flexibility

1. Can you describe how your startup has adjusted its strategies when faced with changing market conditions?
2. How did this flexibility help your startup survive or thrive during uncertain times?

b) Technological Adaptability

1. What new technologies has your startup adopted, and what motivated these choices?
2. How has technology helped improve your startup's performance or competitiveness?

c) Learning Orientation

1. How does your startup encourage learning and improvement among the team?
2. Can you give an example where learning from past experiences led to better outcomes for your startup?

d) Resource Optimization

1. How do you ensure your startup makes the most of the limited resources available?
2. How has being resource-efficient helped your startup maintain stability or grow?

e) Digital Transformation

1. How has your startup used digital tools or platforms to improve operations or engage customers?
2. In what ways has digital transformation influenced your startup's overall success?

Theme 4: Entrepreneurial Success

This section focuses on how you define and assess the success of your startup and the key factors that have contributed to it.

a) Financial Performance

1. How would you describe your startup's financial performance over the past few years?
2. What have been the main contributors to your startup's revenue growth or profitability?

b) Business Growth

1. How has your startup grown in terms of customers, employees, or market reach?
2. What specific actions or decisions do you believe have been most important to achieving this growth?

c) Innovation Capability

1. How has your startup's ability to innovate contributed to its performance or competitiveness?
2. What role does innovation play in sustaining your startup's success?

d) Business Adaptability

1. How has your startup managed to remain adaptable in a changing environment?
2. Why do you think adaptability is key to your startup's ongoing success?

Closing Section

1. In your view, what are the top three factors that have contributed most to your startup's success?
2. What lessons would you share with other startup founders seeking similar success?
3. Is there anything else you'd like to add that might help us understand what drives the success of startups in Nairobi?

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