

**INFLUENCE OF ENTREPRENEURIAL STRATEGIES ON PERFORMANCE OF  
MICRO ENTERPRISES IN MUKURU INFORMAL SETTLEMENT, NAIROBI, KENYA**

**MUTETI KNIGHT KALUNDE**

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE  
REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS  
ADMINISTRATION, FACULTY OF BUSINESS AND MANAGEMENT SCIENCES,  
UNIVERSITY OF NAIROBI**

**2022**

## DECLARATION

I, Knight Kalunde Muteti, hereby declare that this MBA project titled, “Influence of Entrepreneurship Strategies on performance of Micro Enterprises in Mukuru Informal Settlements, Nairobi, Kenya” is my novel conceptualization and has not been presented to any university, college or institution for conferment of any degree, diploma, or certificate.

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D61/36528/2020

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## SUPERVISOR'S APPROVAL

This research project prepared by Knight Kalunde Muteti titled, “Influence of Entrepreneurship Strategies on performance of Micro Enterprises in Mukuru Informal Settlements, Nairobi, Kenya” has been handed in for assessment with my endorsement as the appointed University supervisor.

Signature



Date 21<sup>ST</sup> NOVEMBER 2022.

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## **DEDICATION**

This research project I dedicate it to my late daddy Nicodemus Muteti Mutuku who inculcated good morals and values in me and mentored me to pursue education as the best alternative to succeed and help the vulnerable in life. I also dedicate it to Daughters of Kenya Trust organization that supported the education process and lastly it is dedicated to my children Carah Chebet and Caridad Chebii whose encouragement and support made the journey very smooth and less daunting.

## **ACKNOWLEDGEMENTS**

My immense gratitude goes to our great all powerful God for offering me good health, mental and physical ability to undertake and successfully complete the Master's Degree in Business Administration course. I sincerely offer special appreciation to my supervisor Prof. James Gathungu whose valuable and timely feedback made it possible for the completion of the project in good time. Professor's input and positive criticism enriched the document to meet the required standards.

I am thankful to my colleagues at the workplace that supported me in this academic journey together and without their moral support the achievement of this academic milestone may not have been possible. Secondly, to my close friends and family members for the incredible moral support and not giving up until the last minute. Finally, to my fellow students who kept the faith and inspiration on various incidences we met to reflect the progress of each other. All your contributions are greatly appreciated.

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## **ABBREVIATIONS AND ACRONYMS**

CES	-	Collective Entrepreneurial Strategies
EDFI	-	European Development Finance Institutions
KNBS	-	Kenya National Bureau of Statistics
MSME	-	Micro Small and Medium Enterprises
UK	-	United Kingdom

## ABSTRACT

Entrepreneurship is an important means to poverty reduction due to its capacity to identify and exploit business opportunities with a view to meeting an existing need. The determination of factors that increase the successful functioning of micro enterprises acts as an important step to the enhancement of the operational performance of these catalysts to economic development in a country. This project is vital determining the influence of entrepreneurial strategies on the performance of micro enterprises in Mukuru informal settlement, Nairobi Kenya. The entrepreneurial strategies considered in the study included social learning, financial management, trust and community development. Social learning strategy had a positive impact on performance of micro-enterprises ( $\beta = 0.398$ ;  $p= 0.000$ ) this was found to be as a result of resultant business ideas and also due to the realization that business flourish due to the support of other persons who come to buy goods or services. Limited knowledge on financial management was a common challenge faced by the MSME surveyed and as a result the entrepreneurs faced challenges to mobilize resources to finance their businesses. Capacity to keep business records and choose appropriate financing mix and investment options was found to be important to the improvement of performance of the firms. The financial management strategy was found to positively and directly influence performance of the firms ( $\beta = 0.590$ ;  $p= 0.000$ ). Similarly, strong trust ties among business partners facilitate mobilization of resources, reduction of transaction cost and resulted in improved cooperation among actors and thus improved the overall performance of the firms. The research recommended that government agencies in partnership with lenders to the small enterprises should organize for period training on financial education programs that will create awareness on available sources of funding to the small enterprises and start-up in the informal settlements. Since the study was relational factors in nature, it is recommended that future research should consider operational variables as well.

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background to the Study

One of the most pervasive challenges that face the global community is poor performance of micro enterprises. The goal of micro entrepreneurship cannot be attained unless creative and innovative strategies are adopted to overcome these challenges and make the world a good place to live. One of the interventions that have been recognized to have an impact on micro enterprises and performance is the coming up of appropriate entrepreneurial strategies (Zainol, Abdullah, & Yaacob, 2014). Entrepreneurial strategies are aimed at locating and capitalizing on opportunities to generate value, which ultimately results in the fulfilment of fundamental and long-term needs, to members of society who are in need of these things (Gathungu & Baariu, 2018). Entrepreneurial Strategies are focused on understanding the needs and which in turn aims to fulfil them through creation of opportunities that would generate value and thus generate income to individuals by improving the performance of micro enterprises.

This study is anchored on Competence Theory (Prahalad and Hamel, 1990) and Discovery Theory (Shane, 2003). Competence Theory prescribes that certain actions need to be taken in order to achieve an upper hand over competitors in a particular industry. It is therefore important for firms to exercise their strengths in the areas they have competencies. It is advised that micro entrepreneurs come up with peculiar projects within their communities such that it's not easy for their competitors to imitate. In Discovery Theory, Shane posits entrepreneurial strategy as an approach that involves certain activities such as identification of existing opportunity in the

market and exploitation of the same opportunities hence introducing products in demand as well sourcing for markets.

Micro entrepreneurs face the development challenges that the Mukuru informal community provides in basic needs and social amenities like daily food, housing, health, and education as opportunities to initiate change (Ayuya, Soma and Obwanga, 2021). In order to make advantage of the potential that entrepreneurial strategists' gives for their activities to expand throughout the country, they need to establish programs with specified aims, put those programs into action, and assess the outcomes of those programs. However, since it takes some time for them to surface, it is difficult to determine how much effect their acts have had. To set an adequate goal for harmonizing impact assessment, the results of clearly defined programs carried out by micro entrepreneurs must be appropriately examined (Jafta 2013). The premise driving the present research is that entrepreneurial strategies may improve the success and the performance of micro enterprises in the Mukuru informal settlement. Therefore, the study's objective is to determine how entrepreneurial strategies affect the functioning of micro enterprises in the informal settlement.

### **1.1.1 Entrepreneurial Strategies**

Entrepreneurial Strategies are efforts made by a micro entrepreneur to utilize a microeconomic solution for a macroeconomic issue that will result in a structural change in an economy (Ruiz-Rosa, Gutierrez-Tao, and Garca-Rodrguez (2020). Further, entrepreneurial strategy is considered as an efficient method for developing financially stable members of a society by coming up with a sustainable methods of income generation in low-income and poor nations all over the globe (Ogunleye et al., 2020). Entrepreneurial Strategies focus on maximizing benefits and expanding economic profits.

When considered in the context of the economy as whole, entrepreneurial strategies satisfies a specific need that is both essential and distinctive. At best, it is possible to say that the effects of entrepreneurial strategies on the performance of micro enterprises is the enhancement of income for individuals who make use of microfinance are inconclusive. Both public and commercial groups on a global scale have begun implementing multibillion-dollar aid initiatives with the intention of assisting less fortunate individuals and communities. It's possible that with this kind of help from society organizations like government aid groups or private corporations, novel ideas will be able to reach a broader audience (Ogunleye et al., 2020).

An Entrepreneurial Strategies are more effective when micro entrepreneurs apply systematic processes that interpret, explore and evaluate their ideas, plans and policies in order to achieve their aimed goals. This way the micro entrepreneur is in a position to gain competitive advantage and sustainability in their specific market place.

### **1.1.2 Concept of Performance of Micro Enterprises**

Strategic performance is the methodology applied to improve measure attainment, monitor and achieve the overall organizational objective. Effective performance is quite crucial for the success of any enterprise through formal and informal processes because it helps in alignment of their resources, employees and systems to achieve their strategic objectives citation. In a firm, performance management is best explained as the continuous ongoing of communication between the managers and employees in order to accomplish the strategic objectives of the organization.

Small enterprises are important in driving economic development in a country and thus help in reducing poverty level. The industrialization of most countries in the world has been attributed to

the entrepreneurial initiatives of the small. The acknowledgement of the contribution of entrepreneurship to societal development has led to the drive to establish the shortcomings that entrepreneurs come across while undertaking the noble goal. This challenge to entrepreneurship is more widespread in developing countries than in the developed world due to high traction costs and inefficiency in business (Arinaitwe, 2002). Indeed, different scholars have highlighted the challenges that entrepreneurs face in starting a business and rate of success in the first five years and this implies that the entrepreneurs should come up with appropriate strategies in a particular sector – for both medium and long-term period (Sausser, 2005; Monk, 2000).

### **1.1.3 Micro Enterprises in Kenya**

Establishment of micro enterprises is one major way of fostering economic development and growth that would permanently raise as many people as possible out of poverty by offering employment. Ideally micro enterprises are small businesses that employ few people and are also referred to micro businesses and in most cases they specialize in providing goods and services within their localities. Most of the micro enterprises obtain grants or capital without collateral to start their businesses. In developing and eighty per cent low income countries both media sized and micro enterprises offer more than two thirds of their citizens jobs however, the sustainability of such businesses ideally depend on the local conditions such as good governance, good corporate law, public services and access to finance (EDFI, 2016). According to Prahalad and Hammond (2012), businesses that seek to lower the severity of poverty, as defined by the proportion of the population that lives below the poverty line, are the kind of projects that are considered to be efforts that are targeted at most by micro entrepreneurs.

#### **1.1.4 Micro Enterprises in Mukuru Informal Settlement**

Within Nairobi East division, the informal settlement of Mukuru is located right in the middle of an industrial zone. Starting from Dunga Road at South B, the informal settlement continues via Enterprise Road in the industrial sector (Okello, 2016). According to Usuk (2015), Mukuru is home to a number of unincorporated communities with a combined population of over half a million. Fuata Kisii, Nyayo, Kayaba, Commercial, Kaberera and Kanaro, are the names of the settlements. Mukuru, which in Kikuyu means "valley," is a valley formed by the Ngong River's flow being aligned geographically. KNBS (2019) estimates that 310,500 people called it home, occupying a space of less than 1 km<sup>2</sup>. A community-based enumeration estimate from 2019 was substantially higher, at 332,700 (CURI, 2020).

Mukuru informal settlement liveliness and thriving economy provide an intriguing entry point for urban development with most people in Mukuru earning minimal income per day in which in most of the cases is less than two dollars, as well as poor environmental and social conditions. Additionally, the employment rate is low. The inhabitants of these areas end up living unhygienic conditions with a lack of the very basic needs, and as a result, they face multi-dimensional challenges that require multi-prong strategies to overcome the challenges such as improved sanitation, provision of clean water, housing, schools, and hospitals. All of these factors combined result in the inhabitants of these areas living in very deplorable conditions with a lack of the very basic needs (United Nations, 2016). In addition to these external interventions, another measure that is thought to be effective is empowering individual people in the informal settlement through interventions in entrepreneurial strategies to the existing micro enterprises. This is a measure that can be taken both inside and outside the settlement.

In Mukuru informal settlement of Nairobi County, Various strategies have been employed to assess performance level of micro enterprises and measure the livelihood standards. According to Wingfield and Chavez (2020), the performance of micro enterprises is measured using quality of life, consumer purchasing power, availability of empowerment platforms, affordability of basic needs and availability of basic needs. The present study will adopt these measures to measure the level of performance of micro enterprises in Mukuru informal settlement.

## **1.2 Research Problem**

The challenges facing modern society cannot be solved through market and government interventions due to the multi-dimensional nature that these challenges take, more so in the developing countries (Ogunleye et al. 2020). Adoption of appropriate organizational strategies, such as self-employment, is thought to be one of the effective ways of tackling the challenges of micro enterprises. Micro entrepreneurs aim at applying expertise and resources with an aim of addressing a variety of problems that a society face such as poverty alleviation, safety and security, health and education (Dassah & Ngatse-Ipangui, 2019). Effective adoption and implementation of entrepreneurial strategies, helps to improve performance of micro enterprises. Through implementation of entrepreneurial strategies, enterprises are able to exploit available competitive imperfections to generate economic profits that become sources of sustained competitive advantage (Barney, 1991).

Mukuru informal settlement is one of the slums in Nairobi Kenya and with a population approximated to be over 80,000 persons in an area of 2.3 Km square, hence the area is densely populated (KNBS, 2019). The Mukuru informal settlement face a myriad of challenges that include in adequate clean water, sewerage system, congested housing that lack basic and decent privacy for families and insecurity challenges. According to the last national census (2019),



majority of the inhabitants of the slum live in less than two dollars a day and therefore can be categorised to be poor. Interventions through implementation of the appropriate entrepreneurship strategies are thought to be one of the mechanisms that can supplement the government efforts to support micro enterprises in the slum. Different studies have been undertaken with a view to establishing how entrepreneurship strategies can be employed in the informal settlement.

Lin, et al. (2021) conducted a research on the factors influencing the performance of micro enterprises via entrepreneurship in China. The researchers of this research used panel data gathered in 31 Chinese provinces from 2000 to 2017 to perform an empirical analysis based on the economic theory of dual structure. The research found that entrepreneurship may typically help to reduce poverty in both urban and rural settings. A research on business prospects and micro enterprises in the UK was conducted by Alvarez and Barney (2014). The paper explained that entrepreneurial possibilities and their potential for wealth creation vary, and the effect of using these chances on economic development in poor settings may likewise vary. This explanation was supported by empirical research. This study examines self-employment alternatives that often result in extreme poverty but do not provide answers for sustainable development. In contrast, the chances for innovation and creativity offer the greatest potential for substantial economic effect while being challenging to take advantage of in low-income environments.

In order to explore the influence that micro enterprises have on community development within Cape Town Metropolitan Municipality of South Africa, Dassah and Ngatse-Ipangui (2019) carried out qualitative research. Sample consisted of 73 respondents coming from a variety of social categories, as well as micro entrepreneurs and normal residents of the township. As research tools, they made use of both questionnaires and interviews. It has been shown that

micro entrepreneurs have a good impact on the expansion of communities in a number of different ways.

Locally, Opati (2014) investigated the effects that micro entrepreneurial strategies had on the performance of micro enterprises in the county of Kajiado in Kenya. The study used a descriptive survey approach, with the 85 prominent faith-based organizations registered in Kajiado County serving as part of the target statistics for the research. The findings of the research showed that there is a significant link between micro entrepreneurship and community development which include community service delivery.

The majority of studies reviewed have clearly focused on the broad concept of entrepreneurship. However, despite the potential influence of entrepreneurial strategies on the performance of micro enterprises, there has been limited studies undertaken among the informal settlements but rather has concentrated on community level poverty and minimal on individual household level. The current study therefore focuses on providing answer to the question; what is the influence of entrepreneurial strategies on the performance of micro enterprises at Mukuru informal settlement in Nairobi, Kenya?

### **1.3 Research Objective**

The study objective was to determine the influence of entrepreneurial strategies on performance of micro enterprises in Mukuru informal settlement in Nairobi, Kenya.

### **1.4 Value of the Study**

The research contributes to theory and research in entrepreneurial strategy and performance on the body of knowledge on entrepreneurship and its impact on economic development. The study may be consulted by scholars studying entrepreneurial strategies for more research on the subject or related topics. By suggesting fresh perspectives from which to approach existing theories, the

research will also aid in their development. The research will facilitate the continuation of these theories by providing an empirical explanation and application of the current models.

This study also contributes to managerial practise and industry. It enlightens the micro entrepreneurs and potential entrepreneurs from Mukuru informal settlement to be creative and innovative for better living conditions through their entrepreneurial practices.

A study into the influence of entrepreneurial strategies contributes to policy formulation by providing policymakers in the employment sector with information on the parts of self-employment practices that have an impact in the community. They consequently help in establishing a head start on developing the right policies that improve an environment that is favourable for micro entrepreneurship. The government can also gain knowledge on economic empowerment techniques in informal settlement.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter describes in detail the theoretical underpinning of the research area whereby three theories that are relevant is expounded and their relevance to the study explained. Further, an empirical review discussing the variables under consideration is also expounded.

#### **2.2 Theoretical Foundation**

This section provides a discussion on the relevant theories on the research subject area. Specifically, three theories anchor the study, namely; Competence Theory (Prahalad and Gary Hamel, 1990) and Discovery Theory (Scott Shane, 2003).

##### **2.2.1 Competency Theory**

Competency theory was advanced by two management experts Prahalad and Hamel (1990) in the Havard Business Review article. The theory illustrates how a core competency is achieved by a harmonized combination of multiple resource and skills that distinguishes a firm in the market place hence creating a competitive advantage. Micro entrepreneurs ought to apply the Core Competency Model that focuses on a combination of specific, integrated, collaborative and skills, applied knowledge and attitude that create new competitive space in the industry in order to propel and succeed. The core competence models enable helps entrepreneurs to establish its capacity, outsource the most important resources like skills and technologies, and identify the right strategy to develop the largest market for its products as well as create competitive advantage in their environment. The goal of this theory is to create a strong feeling towards the community and to great extend their loyalty to be the integrity of the firms' competence areas

and not just business. Micro entrepreneurs must therefore nurture their core competencies by building their business model around them and this way it's certain to achieve competitive advantage since the idea behind their micro finances concept ought to leverage upon their core strengths as well as play to their advantages.

### **2.2.2 Discovery Theory**

The Key underlying assumptions of this theory are the nature of entrepreneurs and that of entrepreneurial opportunities. According to the nature of entrepreneurial opportunities, there is rise in opportunities from competitive imperfections following change in consumer preferences, technology, and other aspects of the context within an existing market (Kiezner, 1973). Entrepreneurs ought to stay alert to the existing opportunities and prospects with higher potential (casson, 1982). This theory also needs entrepreneurs to recombine both old and new information (Shane, 2000) since entrepreneurs may be in possession of information from the past experience in a market or industry and may use it to discover opportunities in a newly transformed market. In the process of exploiting these opportunities, entrepreneurs tend to gain first hand advantages.

The Entrepreneurs nature suggests that the entrepreneurs and non-entrepreneurs may differ in some matters because without having the differences in the economy none could be aware of available opportunities to exploit. Despite the differences, either the entrepreneur or non-entrepreneur will know the available opportunities in the economy. After examination of several differences existing between entrepreneurs and non-entrepreneurs (Shane, 2003; Kirzner, 1973), a good number of these differences bring about information asymmetries between the entrepreneurs (Shane, 2000, 2003). Therefore, the two assumptions are important to creation of opportunities as well as advancement of the economy.

### **2.3 Entrepreneurial Strategies and Micro Enterprise Performance**

Gupta et al. (2020) argues that in order to increase the performance of micro enterprises and lower the degree of poverty in a community, entrepreneurs are required to be taught business skills in addition to stimulating the drive and creativity of the population. According to the findings of the research, it is impossible to achieve this in a manner that is financially sustainable. The only viable alternative is for business owners to tackle the problem on a personal level is by educating themselves on financial management and networking within their fellow micro entrepreneurs. However, the study did not explain the characteristic of an individual that one should have to enhance entrepreneurship capabilities. Further, social creativity, as Zhao and Lounsbury (2016) opined, can be converted into a source of income.

The other capacity of entrepreneurial Strategies influence on the performance of micro enterprises is financial management knowledge. Andrews (2016) researched on entrepreneurial opportunities and micro enterprises performance in Papua New Guinea slums. By using a case study research design, the study findings reveal that financial management training is a crucial entrepreneurial Strategy goal if better performance of micro enterprise is to be realised. This position was also upheld by a study by Asian Social Development Bank (2017) which found that funds granted for the success of micro businesses, money received by borrowing from various development organizations, liquid cash, or money value expressed in terms of assets are all examples of the types of financial resources available to entrepreneurs. Similarly, implementing the ideas of entrepreneurial Strategies in today's uncertain economic climate would be difficult without effective financial resource allocation, management, and flow (Cincera et al., 2018).

The World Bank (2017) indicates that a variety of variables have an effect on the rate of entrepreneurial activity in India. There are steps that need to be taken into consideration, such as

the amount of money that is available, the amount of time that is needed to finance an idea, the amount of labor that is available and the capabilities of that workforce, and the amount of other resources that are available, such as time and natural resources. Onyango (2016) asserts that processes of entrepreneurial Strategies that have transparent financial reports, financial statements, accountable revenue and spending records, and the like are more likely to draw customers than those that have an opaque administration and utilization of financial resources. According to Dees (2018), money plays an early part in the implementation of micro entrepreneurial ideas, and it is critical to regularly monitor and analyse a micro enterprise's financial status. In the long run, effective financial management by micro entrepreneurs will improve the capacity of an enterprise to plough back the revenues gained thus enhancing growth of the entries. As a result of expansion, more workforces will be needed to meet the operational activities of the enterprise thus creating job opportunities in the society. Similarly, entrepreneurial Strategies advocates trust among the members of a society.

The most essential characteristic to consider in entrepreneurial Strategies is trust. It is the most precious capital since it makes it possible for them to keep a good relationship with individuals they help or with others who support their activities (Gereke, Schaub, and Baldassarri, 2018). In order to build connections with other networks of micro entrepreneurs, funders, and customers based on mutual trust, which will support all of their operations, they see trustworthiness as a weapon capable of defeating sentiments of selfishness, indifference, and pessimism (Tang, Moro, Sozzo, and Li, 2019).

In the area of entrepreneurship, Dees (2018) distinguished three categories of trust: competence trust, contractual trust, and goodwill trust. Competency trust is defined as "skills, abilities, and traits that allow a party to influence some specific sector," or a partner's proven ability to keep

commitments (Gupta et al., 2020). Based on previous information, I have complete trust. Contrarily, contractual trust concerns each party upholding specific written or spoken obligations. When partners respect an ethical norm, especially the requirement of upholding agreements, they display contractual trust.

The ability of development organizations to create strategies and comprehensive policies that encourage community engagement in all economic activities is essentially the cornerstone of contemporary economic development (Alex, 2016). Community participation, according to Rey-Mart, Mohedano-Suanes, and Simón-Moya (2019), comprises employing local labor and raw materials, as well as taking into account local opinion when selecting what kind of firm to create and how urgent specific projects or priority regions should be.

Micro entrepreneurship is becoming increasingly widespread in Alaskan community development, according to Austin, Stevenson, and Wei-Skillern (2016). The bulk of the key activities carried out in this research, which encompassed 456 homesteads, were heavily affected by business techniques geared toward social entrepreneurship. The approach of engaging stakeholders and the community was one of the most important strategies that many investors decided to use. This strategy involves the local community on a fundamental level by giving them a voice in the decisions that will be made regarding the entrepreneurial strategies that will be implemented. These decisions will include the length of time that it should take for enterprises to be constructed as well as the selection of the company that should be developed first (Dwivedi & Weerawardena, 2018).



## **2.4 Empirical Studies and Research Gaps**

The performance of micro enterprises has attracted various scholars globally. Kostetska and Berezyak (2014), for example, investigated entrepreneurial strategies as a creative strategy for overcoming societal socio-economic concerns. In addition to providing theoretical and methodological support for the need and viability of employing entrepreneurial strategies as a source of socially oriented economic development, the study's objectives were to provide pertinent suggestions for implementation and growth in Ukraine. The research's approach was based on theoretical scientific knowledge methodologies, the application of which highlighted micro entrepreneurship's greater capacity for addressing common issues. The study's findings provide credence to the claim that micro entrepreneurship, as a subset of innovation, has emerged in the new information and innovation economy and is rapidly growing. Hussain, Bhuiyan, and Bakar (2014) conducted an empirical review to examine the relationship between a rise in entrepreneurship and a decline in poverty.

The micro entrepreneurial community's potential for innovation also contributed to the economic advancement of those at the base of the pyramid. This finding is in line with that of Kamoche (2010) who notes that an internal mechanism that targets empowering the poor through coming up with mechanism that extends income generating activity is more sustainable than providing direct social assistance. The gesture to assess the performance of micro enterprises could be achieved through incentives and social networks that come about from entrepreneurship was undertaken by Wu and Si (2020). The research was undertaken in China with the research showing that over 700 million were experiencing poverty in the country. The research observes that other poverty intervention mechanism such as micro-credit to promote self-help or the resource distribution strategy has not been found to be effective mechanism to improve the

performance of micro enterprises. However, one challenge is the achievement of sustainability of the micro enterprises within the informal settlements which after a few years comes to an end. The research find that unlike other enterprises performance strategies, the entrepreneurial strategies within the informal settlements is an internal process that gives the poor their own drive to solve own poverty challenge social networks, inclusive entrepreneurship and sustainability (Shaheen, 2016). The research concludes that the performance of micro enterprises should be approached through the unique local condition prism if they have to achieve their intended goal and that the solution needs to be home grown.

Kareem (2015) evaluated the impact of entrepreneurship on business outcomes of Micro Enterprises in the state and across Nigeria. The study employed a non-parametric approach to analysis that included the Chi-Square technique, descriptive statistics, and correlation analysis to achieve the stated aims. Another way to tackle poverty, according to the majority of respondents, is to create jobs through self-employment.

In their study, Haugh and Talwar (2016) aimed to establish a connection between micro entrepreneurship, social transformation, and the function that empowerment plays as a mediator. In order to investigate the connections between micro entrepreneurship, participant empowerment, and social transformation, the authors gathered data from 49 individuals who were involved in a rural micro business in North India. Business practices that were forward-thinking and innovative, and which fostered the economic involvement of women while adhering to regional social and cultural customs that restricted their autonomy played a role in the overall transformation of the social order. They define emancipator entrepreneurial Strategies as activities that attempt to give women more agencies and alter the social context in which women are entrenched in society.

The empirical studies covered relate to how entrepreneurial strategies are applied on the improvement of performance of micro enterprises in informal settlements. The research studies suggest that participation in entrepreneurship by persons in the informal settlement constitute one of the key development tools. Despite the fact that many scholars recognize the value of social businesses and entrepreneurship in the battle against poverty (Lashitew et al. 2020), the body of research on successful techniques is still in its infancy. The precise entrepreneurial methods are dispersed since there is no consensus on them. This is due to the various economic, social, political, and economic environments that other cultures must contend with. What is agreed upon, however, is that family entrepreneurs should work to find and develop scalable, strategies to combat poverty (Ciambotti et al. 2020).

Furthermore, research shows that supporting government policies are necessary for the growth of micro businesses in order for entrepreneurial strategies to effectively develop the informal settlements. Since the supporting policy necessitates direct action by the regional government, the outcome of such action is totally dependent upon the regional government's financial stability, managerial skills, and overall support from the national government. Similarly, the literature shows the importance of networking among the entrepreneurs in order to increase their opportunities and this is best achieved through engaging in social corporate responsibilities in the society in which they operate in (Runyan et al. 2006).

**Table 2.1 Summary of Empirical Studies and Research Gap**

<b>Name</b>	<b>Methodology</b>	<b>Key Results</b>	<b>Research Gaps</b>	<b>Focus of the Current Study</b>
Entrepreneurial strategies as mechanisms for transformation and impact in East Africa (EA) an exploratory case study perspective (Maseno and Wanyoike, 2022)	Exploratory case study method	A positive and significant effect exists between entrepreneurial strategies and economic development and thus improved performance of micro enterprises.	The current research will zero in Mukuru informal settlement and a descriptive research be adopted.	Focuses on entrepreneurial strategies as a strategy to improve the performance of micro enterprises.
Collective entrepreneurial strategies as a Collaborative Strategy to influence the performance of micro enterprises in Nigeria (Edobor, 2022).	Multivariate analysis	Collective Entrepreneurial Strategies(CES) activities significantly successful micro enterprises in Nigeria	The variables under consideration in the study include social learning, financial management trust and community development	The current research intend to focus on social learning, financial management , trust and community development as dimensions of entrepreneurial Strategies
Performance of Micro Enterprises through	Network analysis	Internal entrepreneurial strategies that seeks to	The study employs trust, financial management,	The current research will focus on social learning, financial management , trust

entrepreneurship : Incentives, Micro networks, and sustainability (Wu & Si 2020).		influence if found to be sustainable in better performance of micro entrepreneurship goal	community development and social learning as the predictor variable	and community development as dimensions of entrepreneurial Strategies
Entrepreneurial strategies as an innovative solution mechanism of social problems of society (Kostetska & Berezyak, 2014),	Theoretical scientific knowledge techniques	Innovation had a positive substantial effect on performance of micro entrepreneurship measures	The context of the study differs in that the study was undertaken in UK but this will be carried out in Kenya.	The current study will not cover the mediation role of innovation in the relationship between entrepreneurial strategies and performance of micro enterprises.
Connection between entrepreneurship ,social transformation, and the function of empowerment (Haugh & Talwar, 2016)	Descriptive research design	Forward looking and innovative entrepreneurs registered	The current study will concentrate to Mukuru informal settlement micro entrepreneurs	The current research intend to focus on the role of entrepreneurship strategies in influencing the performance of micro enterprises in Mukuru informal settlement

**Source:** Researcher (2022)

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter presents the methodology that was used to achieve the study's objective.

The study research design, target population, and data collecting processes are all taken into account and the technique and statistical data metrics to be applied is also discussed here.

#### **3.2 Research Design**

A cross-sectional survey research design was adopted because the research was a univariate problem and thus the researchers did not interfere in the data being collected. It was cross-section because the research cut across all the MSME in Mukuru informal settlement, Nairobi, Kenya. This research design will be used in establishing how entrepreneurial strategies on performance of micro enterprises in Mukuru.

#### **3.3 Population of the Study**

Hancock and Algozzine (2016) define the study population as a group of study components that a researcher has formed an interest in examining in relation to a certain hypothesis. The target population for this research is decided by a number of variables, such as the study's geographic borders, its scope, its availability, and its time bound. All the micro enterprises based in Mukuru informal settlement in Nairobi formed the study's population.

#### **3.4 Sampling Design**

Based on standard survey, 5% significance level of is reasonable (FluidSurveys, 2016). Therefore, for an infinite sample size, the following model was adopted;

a) Sample Size Calculation

$$\text{Sample size} = \frac{\text{Distribution of 50\%}}{\left(\frac{\text{Margin of error \%}}{\text{Confidence level score}}\right)^2}$$

$$\text{Sample size} = \frac{0.5 * (1 - 0.5)}{\left(\frac{0.05}{1.645}\right)^2}$$

$$\text{Sample size} = 269$$

The target respondents were selected by simple random sampling technique of the micro enterprise owners in the informal settlement. The researcher requested the respondents to fill in the questionnaires after which they were collected within the shortest time possible with constant reminders being sent.

### 3.5 Data Collection

This study depended on primary data obtained through structured questionnaires that had closed-ended questions. Closed-ended questions are more likely to elicit prompt replies. The questionnaire consisted of three sections. The demographic information provided by the respondents covered in Section A, while Section B looked at the dimensions of micro entrepreneurs. Section C explored the effects of entrepreneurial strategies on performance of the MSME in the informal settlement.

**Table 3.1: Operationalization of Study Variables**

<b>Variable</b>	<b>Operational indicators</b>	<b>Measurement</b>	<b>Measurement scale</b>	<b>Data collection Tool</b>	<b>Data Analysis</b>
<b>Independent</b>  Entrepreneurial Strategies	<ul style="list-style-type: none"> <li>▪ Social Learning</li> <li>▪ Trustworthiness</li> <li>▪ Financial management</li> <li>▪ Community development</li> </ul>	Likert scale	Interval	Questionnaire Section B	Descriptive Statistics  Correlation analysis  Regression analysis
<b>Dependent</b>  Performance of micro Enterprises.	<ul style="list-style-type: none"> <li>▪ Quality of life.</li> <li>▪ Consumer purchasing power.</li> <li>▪ Availability of empowerment platforms.</li> <li>▪ Affordability of basic needs.</li> <li>▪ Availability of basic needs.</li> </ul>	Likert scale	Interval	Questionnaire Section C	Descriptive Statistics  Correlation analysis  Regression analysis

**Source: Researcher (2022)**



### 3.6 Data Analysis

After gathering the data, the researcher aligned the responses to satisfy the expectations for completeness, consistency, and correctness, which are presumable to provide accurate results in keeping with the study's objective. Data input was done using the completed questionnaire once data cleaning was completed to remove missing values that might adversely influence the results. In order to achieve appropriate findings, the researcher ensured that only the questionnaires that meet completeness and consistency criteria were coded and raw data entered into the statistical software for analysis. For ease of interpretation, descriptive statistics was computed specifically in relation to mean and std. deviation. Tables were used to present the data, and a regression equation was used to determine the strength of the association between entrepreneurial strategies and the performance of micro enterprises. The regression equation took the form:

$$Y = a + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + \epsilon$$

Y = Performance of micro enterprises

a = Constant (Co-efficient of intercept)

X<sub>1</sub> = Social learning

X<sub>2</sub> = Trust worthiness

X<sub>3</sub> = Financial management

X<sub>4</sub> = Community development

ε = Error term

## **CHAPTER FOUR**

### **DATA ANALYSIS, RESULTS AND DISCUSSIONS**

#### **4.1 Introduction**

This chapter discusses the results of primary data collected. The micro entrepreneurs' demographic information; results on the entrepreneurial strategies and performance of the micro-enterprises in Mukuru settlement are presented. In addition, the chapter covers a discussion on the research findings.

#### **4.2 Response Rate**

The study population comprised of micro-enterprises in Mukuru informal settlements in Nairobi, Kenya. There are around 2,500 small businesses that operate in Mukuru settlement according to the data obtained from the Nairobi City Council who issue them with business permit. The target respondents were entrepreneur owners since they were deemed to be knowledgeable on the research subject owners and knowledgeable on which entrepreneurial strategies they had adopted over the period. The study assumed that the higher the response rate the higher the representation and thus resulting to effective generalization of the findings.

In total, the researcher distributed 254 questionnaires. However, 46 of the questionnaires were found to have errors of incompleteness, unclarity and double entry of responses. In return, there were 208 questionnaires that were complete and appropriate for analysis implying a return rate of 81.9%.

#### **4.3 Demographic Information**

The research sought under this section to assess the capacity of the respondents to understand and answer the research subject matter. As a result, the demographic information sought included consisted of the gender, length of period that one had lived in Mukuru, age and the average income of business.

### 4.3.1 Gender of the Respondent

The study aimed to establish representation of respondents in the study in regard to gender. A good study for generalization of the findings should not be gender biased since entrepreneurship, in this case, is pursued by persons of both genders.

**Table 4.1: Respondents Gender**

Gender Category		Frequency	Percent	Cumulative Percent
valid	Male	86	41.3	41.3
	Female	122	58.7	100
	Total	208	100.0	

**Source: Research Data (2022)**

Table 4.1 presents the results on the question regarding to gender.

The results shows that two-fifths (41.3%) of those who responded were male and close to 60% of were female. The results in regard to the respondents' gender shows that both genders are representative among the entrepreneurs in Mukuru informal settlement.

### 4.3.2 Length of Stay in Mukuru

The number of years that the participants had lived in Mukuru informal settlement is presented in Table 4.2. The outcome to the question is presented in Table 4.2.

**Table 4.2: Length of Stay at Mukuru Informal Settlement**

		Frequency	Percent	Cumulative Percent
valid	Less than 10 years	46	22.1	22.1
	11- 20 years	82	39.4	61.5
	21 -30 years	48	23.1	84.6
	Over 30 years	32	15.4	100
	Total	208	100.0	

**Source: Research Data (2022)**

Table 4.2 presents the results in regard to the period that the respondents had lived in Mukuru informal settlement. It indicates that close to two-fifths (39.4%) indicated that they had lived in the research area for between 11 – 20 years while slightly over 20% had lived in the area for less than 10 years and between 21 – 30 years. Thus many of the respondents had lived in Mukuru for less than 30 years.

### **4.3.3 Age Bracket of the Respondents**

The age distribution of those who took part was also sought with a view to determining the dispersion of entrepreneurs' ages. This is presented below.

**Table 4.3: Age of the Respondents**

		Frequency	Percent	Cumulative Percent
valid	Less than 30	31	14.9	14.9
	30-40 years	77	37.0	51.9
	41 – 50	58	27.9	79.8
	Over 51	42	20.1	100
	Total	208	100.0	

**Source: Research Data (2022)**

Table 4.3 presents that majority (37%) of the entrepreneurs were in the ages 30 – 40 years, followed by ages 41 -50 years. Cumulatively over 85% of the respondents were above 30 years which might be due the high responsibilities that come with independence from own family setting in and also looking for alternative source of income –other than formal employment, if one has.

#### **4.3.4 Average Income per Day**

Entrepreneurs engage in different forms of business and therefore, it is expected that their income per day will vary. The researcher sought to establish the average income per day that the respondents earned. Result in Table 4.4 represents the same.

**Table 4.4: Average Income per Day**

		Frequency	Percent	Cumulative Percent
valid	Less than Ksh 200	26	12.5	12.5
	Ksh 201 -500	125	60.1	72.6
	Ksh 501 – 1000	38	18.3	90.9
	Above Ksh 1001	19	9.1	100

Total	208	100.0
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**Source; Researcher (2022)**

Table 4.4 presents that majority (60.1%) of the entrepreneurs earn between Ksh 201 - 500 and one-eight (12.5%) earn less than Ksh 200 per day. Generally close to three-quarters of the respondents earn less than Ksh 500 per day from their business ventures and less than 10% earn more than Ksh 1,000 per day.

#### **4.4 Entrepreneurship Strategies**

The degree to which the respondent entrepreneurs had adopted various entrepreneurial strategies was the focus of this section. Entrepreneurial strategies refer to efforts made by a micro entrepreneur to utilize a microeconomic solution that will result in a structural change in an economy. Adoption of an appropriate entrepreneurial strategy is considered as an efficient method for developing financially stable members of a society by coming up with a sustainable methods of income generation. In order to measure the extent of the implementation of these dimensions, the study used structured statements based on a five-point Likert scale. While interpreting the study findings, the means above 3.5 indicates agreement, means between 3.0 and 3.5 indicates a neutral opinion while means below 3.0 indicates disagreement. The standard deviation was use to gauge the rate of deviation of the responses. Standard deviations greater than 1 indicated high deviation. The research concentrated on four entrepreneurial strategies, namely; social learning, financial management, trust and community development.

##### **4.4.1 Social Learning Strategy**

An entrepreneur operates in an environment with different category of human beings with varied needs. They at the same time need to participate on societal activities and gain the support of

their businesses by the local communities. The results on the social learning strategy are presented in Table 4.5.

**Table 4.5: Social Learning Strategy**

Statement	N	Mean	Std. Deviation	CV
I keep trust of those we are in business together	208	3.839	1.0345	.269
I recognize social networks are an important source of business ideas	208	3.618	1.0019	.277
I respect humanity as a source of income	208	3.515	.3618	.103
My social acquaintances have improved my creativity	208	3.326	1.1002	.331
I am open to new business ideas	208	3.082	.7451	.242
I attribute my success to God	208	2.838	.6305	.222
I engage in charitable causes quite often	208	2.745	.6502	.237
<b>Overall Mean</b>		<b>3.280</b>		

**Source: Research Data (2022)**

Table 4.5 presents that the respondents agreed that keeping trust of those that are in business is important strategy (M=3.839) and in addition recognize social networks as an important source of business ideas (M=3.618). However, since the responses had an SD>1.0, it suggests that there was high variation in the respondents view. In recognition of the role that customers play in the business process, the respondents agreed that as one of the social learning strategy, they do acknowledge the important role that humanity play as a source of income (M=3.515). To the lower level of agreement, the results reveal that the entrepreneurs engage less in charitable causes (M=2,745) and also attribute their success to God (M=2.838).

#### 4.4.2 Financial Management

To an entrepreneur, the capacity to make appropriate decisions in regard to investment, financial and sharing of profits from the business is an important balancing act. Sub-optimal decisions in regard to any of these decisions might result to the collapse of the business. Consequently, the researcher wanted to find out what financial management strategies the entrepreneurs practiced. The table below presents the results on the financial management dimension.

**Table 4.6: Financial Management**

Statement	N	Mean	Std. Deviation	CV
I have limited financing options available	208	4.082	0.9745	.239
I appreciate the importance of controlling effectively the resources under my disposal	208	3.908	1.1014	.282
The capacity of an entrepreneur to mobilize resources is key	208	3.714	.7582	.204
The assets that I do have are an important source of business finance	208	3.466	.1106	.032
The capacity of an entrepreneur to mobilize resources is key	208	3.281	.7521	.229
I can handle the available resources effectively	208	3.038	.6305	.208
<b>Overall Mean</b>		<b>3.582</b>		

**Source: Research Data (2022)**

Table 4.6 presents that the financial management strategy practised by the entrepreneurs under the study where they agreed that they have limited financing options (M=4.082) and consequently appreciate the importance of an effective control of the limited resources



(M=3.908) arising from the entrepreneur ability to mobilize resources to finance their businesses (M=3.714). On the opposite side of the continuum, the results suggest that they have a low capacity to handle available resources effectively (M=3.038), despite agreeing that the capacity of an entrepreneur to mobilise resources is key to their businesses (M=3.281).

#### 4.4.3 Trust

The other important strategy that is thought to influence the performance of micro enterprises due to the adoption of an appropriate entrepreneurial strategy is the trust that exists between the entrepreneur and potential and actual customers. The results as per this variable are tabulated in Table 4.7.

**Table 4.7: Trust**

<b>Statement</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>CV</b>
I honor any verbal or written promised made	208	3.790	1.014	.268
I recognize the importance of keeping good and reliable record	208	3.614	.7622	.211
I deliver on business promise	208	3.515	.7002	.199
Upholding of business ethics is important	208	3.314	1.0582	.319
I value sincerity in my business dealings	208	3.008	.7321	.243
Reliability in business is important	208	3.001	.4106	.137
<b>Overall Mean</b>		<b>3.374</b>		

**Source: Research Data (2022)**

Table 4.7 presents that the results suggest that maintenance of trust among the entrepreneurs is exemplified through honouring verbal or unwritten promises entered with business partners (M=3.70, SD=1.014) and in situations where a written record is required, the results suggests that the entrepreneurs agreed that appreciate the system (M=3.614). The results also suggest that one way to uphold trust in their dealing, the entrepreneurs on their promise (M=3.515). To the contrary, the results suggest that to a low extent, they practice the other measures of trust including sincerity (M=3.008) and upholding business ethics (M=3.314).

#### 4.4.4 Community Development

Engagement in community development is an important facet for entrepreneurs. It is important to appreciate that stakeholder goals is one other important strategy for realising organizational goals since the society acts as important resources in business. The results on the community development strategies adopted by the entrepreneurs under the study follows below.

**Table 4.8: Community Development**

Statement	N	Mean	Std. Deviation	CV
I utilize local community labor in my business	208	3.527	1.0045	.285
I engage in corporate social responsibility activities within my community	208	3.308	.8014	.242
I take into account local opinions in my business	208	3.344	.7582	.228
All community stakeholders influence the performance of my business	208	3.216	.5106	.159
Where possible, I use local material in my business	208	3.001	.7491	.250
<b>Overall Mean</b>		<b>3.298</b>		

**Source: Research Data, 2022**

Table 4.8 represents that the community development strategy adopted by the entrepreneurs involve employing the local community labour in their businesses (M=3.527) and to a low extend engaging in corporate social responsibility activities within the community (M=3.308) and taking into account local opinions in their businesses (M=3.344).

#### 4.5 Performance Measures

The influence of entrepreneurial strategies on performance of micro-businesses was measured with a weight of 1 representing not at all while 5 was represented to a great extent influence.

**Table 4.9: Performance of Micro-Enterprises**

<b>Statement</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>CV</b>
My children are not sent home for fees any more	208	3.962	.9275	.234
I am able to occupier better housing	208	3.527	.6045	.172
I can access clean energy	208	3.434	.7582	.221
I am able to maintain clean hygiene	208	3.216	.5506	.171
I no longer face food insecurity	208	3.150	1.0293	.327
I can afford better drainage now	208	3.126	1.5620	.440
I no longer need food assistance	208	3.105	.8725	.281
I have improved my sanitation	208	3.008	.8014	.266
There is better solid waste collection strategy	208	2.801	.7491	.267
<b>Overall Mean</b>		<b>3.259</b>		

**Source: Research Data (2022)**

Table 4.9 presents the outcome for performance and the results in regard to the micro-businesses performance indicate that as a result of adopting the entrepreneurial strategies, their children no

longer were being sent home due to lack of school fees (M= 3.962) as well as being able to occupier better housing facility than before (M=3.527). To a moderate extent, the respondents noted that they have been able to access clean energy (M= 3.434) and operate in a clean environment while undertaking their businesses (M=3.216). The results suggest that to a lower extend, they have been unsuccessful in meeting the solid waste management goals (M=2.801) and sanitation has not been successful (M=3.008).

#### 4.6 Regression Analysis

Regression analysis aids in computation of a linear model that will relate dependent and independent variables together. Performance of the small firms was the dependent variables while the dimensions of social learning; financial management, trust and community development were the predictor variables.

##### 4.6.1 Summary Model

The summary model of a regression analysis presents the correlation coefficient (r), determination (R<sup>2</sup>), adjusted R square and the standard error of the estimate. The R coefficient is referred to as the coefficient of correlation which shows the extent of correlation between the variables.

**Table 4. 10 Summary model**

Model	R	R Square	Adjusted R Square	Std. Error of Estimate
1	.614 <sup>a</sup>	.377	.369	.42837

a. Predictors: (Constant), social learning, financial management, trust, development

**Source: Research Data (2022)**

The summary model establishes that the coefficient of correlation of,  $r= 0.614$  implies that the entrepreneurial strategies and performance of micro-businesses in Mukuru informal settlement have a positive correlation. The  $r=0.614$  is a moderate positive correlation between the variables. The correlation coefficient which shows the percentage change in performance of the small firms was influenced to the extent of 37.7% ( $R^2 =0.377$ ) by the four entrepreneurial strategies pursued by the respondents. The remaining 62.3% of the performance is explained by other variables not in the model.

#### 4.6.2 ANOVA

Analysis of variance explains the goodness of fit of regression analysis to model the regression data. This notion is based on the significance value which is 5% in the current study.

**Table 4. 21: ANOVA**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	34.747	4	6.949	31.432	.000 <sup>b</sup>
	Residual	15.230	204	.183		
	Total	49.978	208			

a. Dependent Variable: performance

b. Predictors: (Constant), social learning, financial management, trust, development

**Source: Research Data (2022)**

The ANOVA results presented in Table 4.17 shows that the F statistic is 31.432 and the level of significance being 0.000;  $p < 0.05$ , which suggest that the resultant regression model was significantly fit to model the regression data.

#### 4.6.3 Coefficients of Regression Analysis

Regression coefficients provide information concerning the effect realized on the performance as a result of change in individual independent variables. Table 4.18 presents the coefficients of the independent variable

**Table 4.12: Regression Coefficient**

Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Coefficients		
1	(Constant)	2.825	.586		4.819	.000
	Social learning	.398	.104	.408	3.834	.000
	Financial management	.590	.085	.515	6.985	.000
	Trust	.246	.058	.434	4.203	.000
	Community Development	.391	.087	.809	4.499	.000

a. Dependent Variable: performance

**Source: Research Data (2022)**

Without the dimensions of entrepreneurship considered in the study, performance of micro-businesses will have a constant measure of 2.825 units. The study established that enhancing entrepreneurial strategies through appropriate social learning increases performance by 0.398 units ( $\beta = 0.398$ ,  $p < 0.05$ ). Similarly, an increase in financial management increased the small

business under consideration ( $\beta=-0.590$ ,  $p<0.05$ ) and that trust increased performance ( $\beta=0.246$ ,  $p<0.05$ ).

The resulting regression model is therefore presented as;

$$Y = 2.825 + 0.398 (\text{social learning}) + 0.590(\text{financial planning}) + 0.246 (\text{trust}) + 0.391 (\text{community development})$$

#### **4.7 Discussion of Results**

The role of entrepreneurship strategies in the performance of micro enterprises, especially in the developing countries has received great level of attention in the last two decades. With high unemployment rate witnessed in these countries, the capacity to generate other sources of employment is an important avenue to addressing the challenge. Consequently, self-employment is becoming increasingly widespread in many countries, Kenya included. Entrepreneurship is an important means to poverty reduction due to its capacity to identify and exploit business opportunities with a view to meeting a need through provision of goods and services (Dacin, Dacin & Matear, 2010). Different factors have been linked to successful entrepreneurship and the research concentrated on the effective strategies that can be adopted by micro-businesses to improve their performance. According to the Action theory (Frese & Zapf, 1994), actions strategies and individual entrepreneur action are key factors that determine the performance of an entrepreneur activity. Different contextual factors are key determinants of performance of individual plans carried out and it is imperative that these factors are identified and explored with a view to increasing the final outcome of an entrepreneurial activity. The research assessed the effect of different social entrepreneurial strategies on performance of the firms with specific

interest to four strategies, namely; social learning, financial management, trust and community development.

The study findings reinforce the tenets of the Competency Theory (Prahalad, Cary and Hamel, 1990) in the sense that the study findings reinforce the need to combine different specific core capabilities in an organization – such as the capability to adopt appropriate financial management principle, community development and continuous social learning which create a competitive space. The community participation by the entrepreneur was found to be a significant factor and positively affect the performance of the entrepreneurship venture. The goal of this competency theory is to create a stronger feeling of community and to great extend their loyalty to be the integrity of the firms' competence areas and not just business Model that emphasises on a combination of specific, integrated, collaborative and skills, applied knowledge, and attitude that create new competitive space in the industry in order to propel and succeed. The research findings therefore support the foundation of the core competency theory.

The results to the study suggest that the capacity of an entrepreneur to establish a strong network with other business persons in the industry has a positive and significant relationship with the performance of the entity. This finding is in support with the dictates of the discovery theory. According to the nature of entrepreneurial opportunities, there is rise in opportunities from competitive imperfections following change in technology, consumer preferences and other attributes of the context within an existing market (Kieznner, 1973). Entrepreneurs ought to stay alert to the existing opportunities and claim that hold higher potential (casson, 1982). This the research findings shows that the capacity of an entrepreneurs to recombine both old and new information increases their processing capacity and this is in line with the discovery theory that opines that possession of information from the past experience in the market or industry and may



use it to discover opportunities in a newly changed market and eventually result in increased firm performance.

In regard to the social learning strategy, the results reveal to existence of a positive and significant effect on performance of the micro-enterprises undertaken by persons in the Mukuru informal settlement. Social learning strategy was found to be an important source of business ideas and also due to the realization that business flourish due to the support of other persons who come to buy goods or services. This social learning strategy was found to increase an individual processing capacity. This finding is in line with Johnson and Johnson (2009) findings that social learning improves social interdependence and promotes interaction and individual accountability. These actions eventually lead to improved performance of the small businesses because of the increased social bond. The desire to achieve positive outcome collaboratively, rather than individually, creates a synergy from the interaction and leads to both growth of an individual as well as the group (Wong, Tjosvold, & Yu, 2005). Through training or coaching behaviours, small businesses gain new knowledge in the business line or other business opportunities that can be explored (Coetzer, Wallo & Kock, 2019).

Knowledge on financial management among the small enterprises was revealed to have a strong correlation with the performance of these entities. The research findings reveal that majority of the micro enterprises surveyed had limited knowledge of strategic financial management – though they appreciate the importance of an effective control of the limited resources at their disposal and also the capacity to mobilize resources to finance their businesses. Lusardi, (2013) highlight that financial literacy results in better performance of small businesses has because financial literacy and low-cost borrowers are correlated and that high cost borrowers exhibit

limited financial literacy, lack knowledge of basic financial concepts, which impact their business performance level.

Trust among the business partners was established to have positive and significant relation with performance of the micro-enterprises and this was practised through honouring verbal or unwritten promises entered with business partners and in situations where a written record is required. The entrepreneurs recognized that it was important to keep trust with customers and business partners who will reciprocate. It is necessary that for improved performance, the trust entrusted to another party is not abused and is expected to fulfil their obligation in spite of the uncertainty (Dong, et al., 2020). Strong trust ties among business partners facilitate mobilization of resources because of the high levels of interpersonal trust. Trust leads to a reduction of transaction cost and leads to cooperation among actors. Bridge of contract, haggling and renegotiation of terms and any attempt to re- negotiate a new set of terms is in itself time consuming and financially draining (Rus & Iglíč, 2005).

## CHAPTER FIVE

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Introduction

The chapter presents a summary of the key findings, conclusions drawn from the findings and recommendations, both for policy and research work. The conclusions and recommendations drawn were in quest of addressing research objective. The chapter concludes by citing the major limitations and suggestion for future studies.

#### 5.2 Summary of the Study

The objective of the study was to establish the extent to which entrepreneurship strategies affect the performance of micro-enterprises at Mukuru informal settlement in Nairobi. The study adopted four variables to measure the entrepreneurship strategies, namely; social learning, financial management, trust and community development involvement by the entrepreneurs.

Social learning strategy was positively and significant effect on performance of micro-enterprises ( $\beta = 0.398$ ;  $p = 0.000$ ). This implies that a unit increase in the social learning among the entrepreneurs increases their performance by 0.398 units. The findings suggest that social learning strategies was an important source of business ideas and also due to the realization that business flourish due to the support of other persons who come to buy goods or services. The social learning strategy was found to increase an individual processing capacity and enhances informational exchange on business ideas and thus bring on board a wide spectrum of knowledge that has proved to be beneficial to the small firms.

Knowledge on financial management among the small enterprises had strong correlation with the firm outcome of these entities. The research findings reveal that majority of the micro enterprises surveyed had limited financial management knowledge – though they appreciate the importance of an effective control of the limited resources at their disposal and also the capacity to mobilize resources to finance their businesses. Capacity to keep business records and choose appropriate financing mix and investment options was found to be important to the improvement of performance of the firms. Overly, financial management strategy was found to positively and significantly affect the performance of the micro-enterprises ( $\beta = 0.590$ ;  $p= 0.000$ ).

Strong trust ties among business partners facilitate mobilization of resources, reduction of transaction cost and leads to cooperation among actors. The study found that bridge of contract, haggling and renegotiation of terms and any attempt to re- negotiate a new set of terms is in itself time consuming and financially draining. Consequently, trust among the entrepreneurs and other stakeholders was found to be positive ( $\beta = 0.246$ ;  $p= 0.000$ ). This was exemplified through honouring verbal or unwritten promises entered with business partners and in situations where a written record is required. Involvement in community development was one other entrepreneurial strategy found to have a positive effect on the performance of the firms. Generally, all the entrepreneurial strategies investigated positively and significantly affect the final outcome the small businesses in at Mukuru informal settlement.

### **5.3 Conclusion of the Study**

Entrepreneurs help in addressing some of the world challenges such as unemployment, need to diversify a country's portfolio of tax revenues and generally growth and economic development in a country. Micro entrepreneurship creates wealth in times where pressing social and ecological needs are abundant. Despite the important role played by micro entrepreneurship in

addressing some of the pressing needs, there is need to understand the strategies that might enhance the final outcome of micro and small enterprises.

The study concludes that the small scale entrepreneurs need to understand the importance of financial management practices and literacy in general but few put into practice the same. Many of the entrepreneurs would rather use internal sources of funds than go for external funds due to the high cost of borrowing the funds.

The study found that trust influences performance of small businesses and therefore necessitating the need to build a strong relationship with business partners and customers. Small businesses should continue to build on these inter-personal capabilities.

#### **5.4 Recommendation of the Study**

From the research outcomes, it is recommended that the government agencies in partnership with lenders to the small enterprises organize financial education programs that will create awareness on available sources of funding to the small enterprises and start-up in the informal settlements. Such a move is expected to expand and grow the small firms. The research also concludes that financial behaviour is an ingredient to the performance of the small business firms. Therefore there is need for adequate training in finance areas such as budgeting and planning, record keeping, debt collection and saving.

The study established that trust enhances information sharing and thus helps in reducing transaction cost and transaction uncertainty. Therefore, the study recommends that policymakers should develop approaches that provide necessary support to access information and resources through their social relationships which helps in improving performance by mitigating the high transaction costs that currently is witnessed.

### **5.5 Implications of the Study**

The research finding has implication for both theory and practice of strategic and entrepreneurial management. The research results suggest that however small a business or entrepreneurial activity is, there is need to consider the business environment in which one operates in and realize that it's the community members around that determine the success or failure of a business. The study results reinforce the need for entrepreneurs to be strategic in their decisions and at all times consider the corporate social responsibilities activities in their decisions so that they gain social legitimacy in the community.

The study results suggest that trust is an important practice to be upheld in business and it's on the basis of the cultivated trust over time that third parties will be willing to do business without entering into expensive contracts. Trust was found to reduce transaction costs and thus helps to remove friction in business.

### **5.6 Limitation of the Study**

However, the current research has limitations that open the door for new and additional research. First of all, the sample employed contains firms only operating in informal settlement in Mukuru, Kenya. This limits the possibility of generalizing results: it could therefore be useful to reproduce the research in other countries and using other medium to large enterprises. Similarly, the study employed descriptive research design and it is possible that a longitudinal study might work better. A case study research design can be adopted to facilitate and in-depth analysis of a small group of respondents.

### **5.7 Areas Suggested for Further Research**

Notwithstanding the stated limitations, it is recommended that the role of trust in facilitating the transfer of knowledge among the micro-enterprises be carried out. Researchers must continue to examine additional variables that impact the performance of small enterprises. While the current study examined the relational factors, other studies should aim at examining the operational variables, perhaps in conjunction with relation variables between social entrepreneurial strategies and performance of the MSME.

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## APPENDICES

### Appendix I: Data Collection Introduction Letter



**UNIVERSITY OF NAIROBI**  
**FACULTY OF BUSINESS AND MANAGEMENT SCIENCES**  
**OFFICE OF THE DEAN**

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Telegrams: "Varsity",  
Telephone: 020 491 0000  
VOIP: 9007/9008  
Mobile: 254-724-200311

P.O. Box 30197-00100, G.P.O.  
Nairobi, Kenya  
Email: [fob-graduatesstudents@uonbi.ac.ke](mailto:fob-graduatesstudents@uonbi.ac.ke)  
Website: [business.uonbi.ac.ke](http://business.uonbi.ac.ke)

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Our Ref: D61/36528/2020

November 11, 2022

#### TO WHOM IT MAY CONCERN

**RE: INTRODUCTION LETTER: MUTETI KNIGHT KALUNDE**

The above named is a registered Master of Business Administration Student at the Faculty of Business and Management Sciences, University of Nairobi. She is conducting research on: "Influence of Entrepreneurial strategies on performance of Micro Enterprises in Mukuru informal settlement, Nairobi, Kenya."

The purpose of this letter is to kindly request you to assist and facilitate the student with necessary data which forms an integral part of the Project.

The information and data required is needed for academic purposes only and will be treated in **Strict-Confidence**.

Your co-operation will be highly appreciated.

A handwritten signature and a circular official stamp of the University of Nairobi, Faculty of Business and Management Sciences, Office of the Dean.

**PHILIP MUKOLA (MR.)**  
**FOR: ASSOCIATE DEAN, GBS & R**  
**FACULTY OF BUSINESS AND MANAGEMENT SCIENCES**

PM/ml

## Appendix II: NACOSTI Research Permit

 REPUBLIC OF KENYA	 <b>NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY &amp; INNOVATION</b>
Ref No: <b>211404</b>	Date of Issue: <b>21/November/2022</b>
<b>RESEARCH LICENSE</b>	
	
<b>This is to Certify that Ms. Knight Kalunde Muteti of University of Nairobi, 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: INFLUENCE OF ENTREPRENEURIAL STRATEGIES ON PERFORMANCE OF MICRO ENTERPRISES IN MUKURU INFORMAL SETTLEMENT, NAIROBI, KENYA for the period ending : 21/November/2023.</b>	
License No: <b>NACOSTI/P/22/22350</b>	
211404	
Applicant Identification Number	Director General <b>NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY &amp; INNOVATION</b>
	Verification QR Code
	
<b>NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.</b>	
<b>See overleaf for conditions</b>	

### Appendix III: Questionnaire

#### Section A: Demographic and Bio-Data Information

1. Gender      a) Male            (   )  
                   b) Female        (   )
2. For how long have you lived in Mukuru?  
     a) Less than 10 years            (   )                      b) 11 - 20 years                      (   )  
     c) 21 – 30 years                    (   )                      d) Over 30 years                      (   )
3. How old are you?  
     a) Less than 30                    (   )                      b) 30 - 40 years                      (   )  
     c) 41 – 50 years                    (   )                      d) Over 51 years                      (   )
4. What is your average income per day?  
     a) Less than Ksh 200            (   )                      b) Ksh 201 – 500                      (   )  
     c) Ksh 501 – 1000                (   )                      d) Above Ksh 1001                      (   )
5. Are you engaged in any other side hustle business? Please specify

.....

#### Section B: Entrepreneurial Strategies

6. Below are some of the entrepreneurial strategies that can be maintained by you. Please indicate the extent to which you agree with the statement by ticking (√) in the box that it is the most appropriate according to your view. In reference to these, a five-point Likert -scale is used:

**Key;** 5) strongly agree; 4) Agree; 3) Neutral; 2) Disagree; 1) Strongly disagree

Statement	5	4	3	2	1
<b>a) Social Learning</b>					
I respect humanity as a source of income					
I keep the trust of those we are in business together					
I attribute my success to God					
I engage in charitable causes quite often					
I am open to new business ideas					
I recognize social networks are an important source of business					

ideas					
My social acquaintances have improved my creativity					
<b>b) Financial Management</b>					
The capacity of an entrepreneur to mobilize resources is key					
I appreciate the importance of controlling effectively the resources under my disposal					
I have limited financing options available					
I can handle the available resources effectively					
The assets that I do have are an important source of business finance					
<b>c) Trust</b>					
I recognize the importance of keeping good and reliable record					
I deliver on business promise					
I honor any verbal or written promised made					
Upholding of business ethics is important					
Reliability in business is important					
I value sincerity in my business dealings					
<b>d) Community Development</b>					
I utilize local community labour in my business					
Where possible, I use local material in my business					
I take into account local opinions in my business					
All community stakeholders influence the performance of my business					
I engage in corporate social responsibility activities within my community					

### Section C: Performance of Micro Enterprises

7. Please rate how Performance of Micro Enterprises has been impacted through the entrepreneurial strategies adopted. Responses for the above questions range on a five-point Likert Use the scale:

1 = Not at all, 2 = little extent, 3 = Moderate extent, 4 = Great extent,

5 = Very great extent

Statement	5	4	3	2	1
I am able to occupier better housing					
I have improved my sanitation					
I can access clean energy					
I am able to maintain clean hygiene					
I can afford better drainage now					

My children are not sent home for fees any more					
I no longer face food insecurity					
I no longer need food assistance					
There is better solid waste collection strategy					

**THANK YOU SO MUCH FOR YOUR TIME**

**Appendix IV: Itemized Budget**

<b>NO.</b>	<b>ACTIVITY</b>	<b>ITEM</b>	<b>ESTIMATED COST IN Kshs.</b>
<b>1.</b>	Tuition fee for Project	Tuition fee	62,000
<b>2.</b>	Literature Review	Stationary, books and Typing	15,000
<b>3.</b>	Development of research instruments	Typing and Printing	7,000
<b>4.</b>	Supervised Corrections	Typing and Communication costs	12,000
<b>5.</b>	Proposal presentation	Typing and Communication costs	5,000
<b>6.</b>	Data collection	Typing and Communication costs	8,000
<b>7.</b>	Data processing, Analysis, Presentation and Report writing	Typing and Communication costs	13,000
<b>8.</b>	Binding of the Research Project	Printing and Binding Costs	8,000
	<b>TOTAL</b>		<b><u>130,000.00</u></b>



## Appendix V: Turnitin Report



21<sup>ST</sup> NOVEMBER 2022.

INFLUENCE OF ENTREPRENEURIAL STRATEGIES ON  
PERFORMANCE OF MICRO ENTERPRISES IN MUKURU  
INFORMAL SETTLEMENT, NAIROBI, KENYA; MUTETI KNIGHT  
KALUNDE, D61/36528/2020


### ORIGINALITY REPORT

<b>14%</b>	<b>13%</b>	<b>2%</b>	<b>6%</b>
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

### PRIMARY SOURCES

<b>1</b>	<a href="http://erepository.uonbi.ac.ke">erepository.uonbi.ac.ke</a> Internet Source	<b>6%</b>
<b>2</b>	<a href="http://pdfs.semanticscholar.org">pdfs.semanticscholar.org</a> Internet Source	<b>1%</b>
<b>3</b>	<a href="http://erepository.uonbi.ac.ke:8080">erepository.uonbi.ac.ke:8080</a> Internet Source	<b>1%</b>
<b>4</b>	<a href="http://su-plus.strathmore.edu">su-plus.strathmore.edu</a> Internet Source	<b>1%</b>
<b>5</b>	<a href="http://ir-library.kabianga.ac.ke">ir-library.kabianga.ac.ke</a> Internet Source	<b>1%</b>
<b>6</b>	<a href="http://ir-library.ku.ac.ke">ir-library.ku.ac.ke</a> Internet Source	<b>&lt;1%</b>
<b>7</b>	Submitted to The Chartered Insurance Institute Student Paper	<b>&lt;1%</b>
<b>8</b>	<a href="http://rsa.tandfonline.com">rsa.tandfonline.com</a> Internet Source	<b>&lt;1%</b>

## Appendix VI: Supervision Allocation Form



UNIVERSITY OF NAIROBI  
SCHOOL OF BUSINESS MASTERS PROGRAMME  
MBA PROPOSAL/PROJECT SUPERVISION ALLOCATION FORM

**SECTION A: (To be completed by the student)**

Name of student: MUTETI KNIGHT KALUNDE Reg. No: DG/36528/2020  
 Department: DEPARTMENT OF BUSINESS ADMINISTRATION

Specialization (Tick as appropriate)

i) Marketing	<input type="checkbox"/>
ii) Human Resource Management	<input type="checkbox"/>
iii) Strategic Management	<input type="checkbox"/>
iv) International Business	<input checked="" type="checkbox"/>
v) Insurance/Risk Management	<input type="checkbox"/>
vi) Entrepreneurship	<input type="checkbox"/>
vii) Finance	<input type="checkbox"/>
viii) Accounting	<input type="checkbox"/>
ix) Operations Management	<input type="checkbox"/>
x) Management Information Systems	<input type="checkbox"/>
xi) Procurement & Supply Chain Management	<input type="checkbox"/>

Mobile phone: +254 (0) 701545895 Email: knight@students.uoi.ac.ke

Proposed Title of Study: IMPACT OF SOCIAL ENTREPRENEURSHIP IN POVERTY ERADICATION: A CASE STUDY OF MACHAKOS COUNTY IN KENYA

Name of Preferred Supervisor(s): (i) Prof. Z.B. AWINDO (ii) Prof. JAMES GATHUMBU (iii) DR. KENNEDY D GOLLAH

Signature of student: [Signature] Date: JULY 4, 2022

**SECTION B: (For Official Use only. To be completed by the Department)**

i) **Name of Supervisor Allocated:**

Supervisor: ..... Mobile No.: .....  
 Co-Supervisor (If any): ..... Mobile No.: .....  
 Moderator: ..... Mobile No.: .....  
 Proposal Presentation/Submission Dates: .....  
 Proposal Presentation: ..... Oral Defence: ..... Project Report Submission Date: .....  
 Total number of students allocated to the supervisor within the year to date: .....

ii) **Acceptance by Supervisor**

Name: ..... Signature: ..... Date: .....

iii) **Approved by Thematic Coordinator:**

Name: ..... Signature: ..... Date: .....

iv) **Approved by Chairman of Department:**

Name: ..... Signature: ..... Date: .....

**NOTE:**

1. A student shall not commence proposal writing before allocation of University supervisor.
2. Original Transcript, Fees Statement and Synopsis should be attached to this form. This form is available in the Department, SOB website or Ambank House. Students get their copy later from the Department after allocation is done.
3. The approved copy of this form must be attached to the proposal when submitting for moderation and presentation and when submitting the final project.
4. Original to be filed in the Department.
5. Turnitin report **MUST** be attached to the proposal when submitting for moderation, presentation and when submitting the final project.
6. Each student **MUST** fill in the attached declaration form on plagiarism and collusion.

**Appendix VI: Proposal Correction Form**



**UNIVERSITY OF NAOROBI  
SCHOOL OF BUSINESS  
PROPOSAL CORRECTION FORM**

Student Name: **MUTETI KNIGHT KALUNDE**

Registration Number: **D61/36528/2020**

Department: **BUSINESS ADMINISTRATION**

Specialization: **MASTER OF BUSINESS ADMINISTRATION IN STRATEGIC  
MANAGEMENT**

Title of Project Proposal: **INFLUENCE OF ENTREPRENEURIAL STRATEGIES ON PERFORMANCE  
OF MICRO ENTERPRISES IN MUKURU INFORMAL SETTLEMENT, NAIROBI, KENYA**

The student has done all the corrections as suggested during the Proposal Presentation and can now proceed to collect data.

Name of Supervisor : **PROF GATHUNGU** Signature:  Date: **8/11/22**