



ENTREPRENEURIAL BEHAVIOR AND GROWTH OF MICRO AND SMALL FOOD MANUFACTURING ENTERPRISES IN NAIROBI CITY COUNTY, KENYA

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ABSTRACT

Micro and Small Medium Enterprises sector provides enormous opportunity for the socio-economic transformation of Kenya's economy. It also provides opportunities for absorbing low-skill and economically excluded individuals of the labor force including youth, women, persons with disabilities and those with low levels of education. The majority of these MSMEs operate in the agribusiness, manufacturing, trade and services. Micro, small, and medium-sized enterprises (MSMEs) are the economic backbone in Kenya comprising the majority (98%) of all business entities, registered and nonregistered, in the country. The purpose of the research was to establish the relationship of entrepreneurial behavior (risk taking and entrepreneurs experience) and the growth of MSFMEs. The appropriate design employed for the study was descriptive research design. The target study population was Nairobi City county-based entrepreneurs. Growth refers to the process of expanding and developing a business over time, it involves increasing revenue, expanding the customer base, entering new markets, developing new products or services, and hiring additional employees. This study examined the role of behavior in addressing entrepreneurial growth and sustainability challenges amongst micro and small enterprises in Nairobi City County using small food manufacturing firms as a case study. The objectives was to examine the relationship between entrepreneurial behavior and the growth of micro and small food manufacturing enterprises in Nairobi City County. The theories that supported the study included risk propensity theory and experiential learning theory. The study adopted descriptive research design, utilizing a questionnaire as the primary data collection instrument. The sample size was 396 micro and small food manufacturing firms in Nairobi City County that is the unit of analysis, a total of 298 questionnaires were filled and returned representing an overall successful response rate of 75%. The unit of observation included owners, managers, key decision makers and firm level data. Data collection was done by administration of closed and open-ended questionnaires. The collected data was analyzed using descriptive statistics i.e. the mean, percentage, and frequencies. Statistical Package for Social Sciences was used to aid in the analysis which was used to derive conclusions. Additionally, multiple regression analysis was used to examine the relationship between entrepreneurial behavior and enterprise growth. Correlation results revealed that entrepreneurial behavior influence growth of MSFMEs. Over half (54%) agreed that lessons from past market disruptions enhanced business resilience, while 46% strongly agreed. The results indicated there was a positive and significant relationship between entrepreneur' risk taking propensity, entrepreneurial experience and growth.

Key Words: Entrepreneurial Behavior, Growth of Micro And Small Food Manufacturing Enterprises, Risk Taking Propensity, Entrepreneurial Experience

Background of the Study

Micro and Small Medium Enterprises sector provides enormous opportunity for the socio-economic transformation of Kenya's economy. It also provides opportunities for absorbing low-skill and economically excluded individuals of the labor force including youth, women, persons with disabilities and those with low levels of education. The majority of these MSMEs operate in the agribusiness, manufacturing, trade and services. Micro, small, and medium-sized enterprises (MSMEs) are the economic backbone in Kenya comprising the majority (98%) of all business entities, registered and nonregistered, in the country. The sector remains highly informal as only 20% of the 7.4 million MSMEs operate as licensed entities and about 98% of the MSEs are micro enterprises that employ less than 10 people in each small enterprise. Micro and Small Enterprises in Kenya account for 24% the GDP, with micro enterprises alone accounting for 12% of the GDP and small enterprises accounting for 11% of the GDP. The sector provides immense employment opportunities for youth, women and persons with disabilities. Statistics according to the MSME Baseline Data (2016-2019), Statistical Abstract (2019) and Economic Survey (2023) indicates that there are 1.9 million MSMEs out of which 90.1% are micro-sized enterprises (employing 1-9 employees), followed by 9.1% small-sized enterprises (employing 10-49 employees) and 0.8% medium-sized enterprises (employing 50-99 employees).

Entrepreneurship is a process of applying creativity and innovation in solving problems and finding opportunities to improve life (Zimmerer, Scarborough, & Wilson, 2008). Robbins (2003) added that entrepreneurship is a process to pursue opportunities to meet needs and wants through innovation. Borg & Meredith (1983) defined entrepreneurial behavior as the behavior of people who can see and assess business opportunities, gather the resources needed to take advantage and take appropriate actions to ensure success. Entrepreneurial behavior is very important in entrepreneurship. Someone who has an entrepreneurial mindset will take various actions related to entrepreneurship passionately (Septiana, Kantun, & Sedyati, 2017). Rante (2011), Iskandar (2017), Ekaputri, Sudarwanto, & Marlina (2018) concluded that there is a positive relationship between entrepreneurial behavior and business performance.

Entrepreneurial behavior is a critical driver of economic growth, particularly within the micro and small enterprise sector in developing economies like Kenya, where these businesses constitute a significant portion of the economy and play a vital role in job creation and income generation (Boakye *et al.*, 2018). The capacity of entrepreneurs to identify opportunities, mobilize resources, and manage risks directly influences the performance and growth trajectory of their firms, contributing to broader economic development objectives (Wambugu, L. K., Munga, J., & Onsomu, E. (2020). Micro and Small Enterprises are considered engines of economic growth worldwide, and their efficiency and competitiveness are critical to the creation of employment, income generation and poverty reduction and thereby to general growth of the economy (Boakye *et al.*, 2018). The success of these enterprises is intricately linked to the entrepreneurial competencies and behaviors exhibited by their owners and managers, highlighting the importance of understanding the factors that foster entrepreneurial success in the Kenyan context (Boakye *et al.*, 2018).

The food manufacturing sector in Kenya presents a unique landscape for studying entrepreneurial behavior due to its diverse range of products, market segments, and operational scales. Entrepreneurial activities within this sector are influenced by various factors, including access to finance, technology adoption, market dynamics, and regulatory frameworks, each of which presents both opportunities and challenges for micro and small food manufacturing firms. However, these firms often face challenges that hinder their growth, such as limited access to finance, inadequate infrastructure, and regulatory constraints. Entrepreneurial behavior, including innovation, risk-taking, and proactive decision-making, is critical for overcoming these challenges and fostering growth.

Statement of the Problem

MSEs play important roles in Kenya's economy by contributing to GDP, job creation to over 80% of Kenyans and also helps meeting various households' needs across the country even in remote areas. Activities of MSE's account for 24.4% of GDP, with micro enterprises accounting for 12% as small enterprises account for 11.5% of GDP. These contributions of MSEs in Kenya are however lower than that of South Africa (55 per-cent), Hungary (54 per-cent) and Malaysia (37 per-cent), suggesting policy intervention needs to be put in place to increase the contribution. Manufacturing, value added (% of GDP) in Kenya was reported at 7.2442 % in 2021, according to the World Bank collection of development indicators, compiled from officially recognized sources. 46 per cent of the MSMEs die in their first year of establishment and a further 80 percent by the fifth year, average failure year is 3.8 years (Micro, Small and Medium Establishment report 2016).

A survey by the Kenya Association of Manufacturers (KAM, 2023) revealed that only 30% of food MSEs achieve profit margins above 10% further Kenya National Bureau of Statistics (KNBS). (2022). Micro, Small, and Medium Establishment Survey indicates that 80% of Nairobi's food MSEs cite lack of innovation as a growth barrier, yet no study probes specific behavioral drivers. Kariuki and Aduda (2020) posits that 60% of Nairobi's food MSEs reported revenue growth rates below 5% annually, significantly hindering scalability. Micro and small food manufacturing enterprises face difficulties in accessing formal markets, often remaining confined to informal trade due to weak branding, distribution challenges, and regulatory barriers (Were et al., 2023). Only 15% of Nairobi's MSEs supply supermarkets, while the majority rely on local kiosks and roadside sales (KNBS, 2023) resulting into limited customer base resulting into higher closure rates; and is particularly pronounced in competitive markets where these enterprises often struggle to attract and retain customers, thereby hindering their revenue generation and overall business expansion. (Adomako, S. *et al.* 2021)

Employment growth in MSEs remains stagnated, with most firms employing fewer than five workers (ILO, 2022). This is attributed to high labor costs, skill gaps, and unpredictable demand, limiting job creation potential (Muthoni & Karanja, 2021). Despite high demand for processed foods, nearly 50% of food MSEs in Nairobi City County operate at near breakeven levels due to rising input costs, energy expenses, and price fluctuations (KIPPRA, 2022).

According to Sessional Paper No. 05 of 2020 on Kenya Micro and Small Enterprises Policy for Promoting Micro and Small Enterprises (MSEs) for Wealth and Employment Creation; entrepreneurial culture entails values, beliefs, mindsets and behavior that promote or constrain individuals or communities in starting and operating businesses successfully. The entrepreneurial culture influences development of MSEs through gender roles, religious and cultural beliefs, family and community expectations and perceptions, and way of doing business. Due to weak entrepreneurial oriented learning within the education system in the country, there has been a negative attitude towards venturing into entrepreneurial activities. Self-employment is often considered a reserve for less educated and for those who fail to secure white collar jobs. The MSEs are associated with low returns, thus remain unattractive especially to the youth who often seek quick returns. Entrepreneurial culture and behavior have been identified as key factors in promoting the growth and success of these enterprises, there is limited research on the relationship between entrepreneurial behavior and the growth of micro and small food manufacturing enterprises in Nairobi City County, Kenya. This knowledge gap highlights the need to understand the extent to which entrepreneurial behavior influences the growth of these enterprises and the factors that facilitate or hinder their growth in the food manufacturing sector.

This study aimed to fill this gap by exploring the relationship between entrepreneurial behavior and the growth of micro and small food manufacturing enterprises in Nairobi City County,

providing insights into the factors that influence the development of entrepreneurial behavior and informing policy interventions aimed at promoting entrepreneurship in the sector.

Study Objectives

The general objective of this study was to examine the relationship between entrepreneurial behavior and the growth of micro and small food manufacturing enterprises in Nairobi City County.

The study's main objective was guided by the following specific objectives:

- i. To explore how risk-taking propensity relate to growth of micro and small food manufacturing entrepreneurs in Nairobi City County Kenya.
- ii. To identify how entrepreneur's experience impact on growth of micro and small food manufacturing enterprises in Nairobi City County Kenya.

LITERATURE REVIEW

Theoretical Review

Risk Propensity Theory

In the context of entrepreneurship, risk propensity is a critical factor that shapes entrepreneurial behavior, opportunity recognition, and venture growth. Entrepreneurship inherently involves decision-making under uncertainty, requiring individuals to take calculated risks. Risk Propensity Theory (Sitkin & Pablo, 1992) provides a framework for understanding how individuals assess and engage in risk-taking behaviors. The theory suggests that an entrepreneur's risk propensity their tendency to take or avoid risks is influenced by various psychological, cognitive, and contextual factors. This theoretical perspective is crucial for studying entrepreneurial growth, as risk-taking is often associated with business innovation, opportunity exploitation, and long-term enterprise success.

Entrepreneurs with higher risk propensity are more likely to explore innovative business ideas and new market opportunities. Research shows that risk-taking behavior correlates with higher levels of entrepreneurial success, as it allows businesses to differentiate themselves and gain competitive advantages (Carland et al., 1995). Business growth often requires taking risks, such as investing in new markets, developing new products, or adopting new technologies. Entrepreneurs with moderate to high-risk propensity are more likely to scale their enterprises successfully by taking calculated risks and leveraging growth opportunities (McMullen & Shepherd, 2006). These individuals prefer risks and challenges of venturing to the security of stable income.

Risk-taking does not always lead to success, but experiential learning from failures enhances entrepreneurial capabilities. Sitkin (1992) argues that intelligent failures where entrepreneurs take calculated risks and learn from setbacks are essential for long-term growth and innovation. Entrepreneurs who embrace risk as a learning process are more likely to refine their strategies and achieve business success over time

Experiential Learning Theory

Individuals learn best when they actively engage in experiences, reflect on them, conceptualize insights, and apply their knowledge to new situations. Experiential Learning Theory (ELT), developed by David Kolb (1984), is a learning framework that emphasizes learning through experience. Individuals are alert to existing opportunities (Kirkzner, 1973).

Entrepreneurs learn critical business skills such as financial management, customer relations, and leadership through direct engagement in business activities. As Kolb (1984) argued, learning is most effective when knowledge is gained through real-world application. Research supports the idea that hands-on business experiences improve entrepreneurial competency and

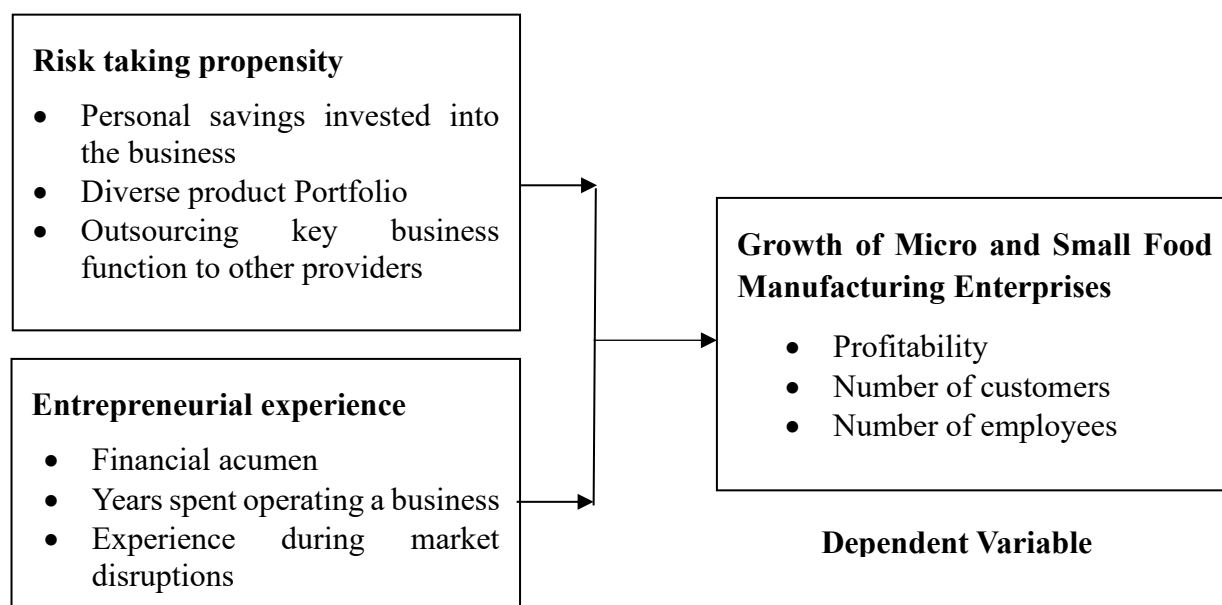
innovation (Politis, 2005). Experiential learning fosters adaptability, which is essential for enterprise growth in dynamic markets.

Through reflection and conceptualization, business owners refine strategies to respond to market trends, consumer demands, and competitive pressures (Minniti & Bygrave, 2001). Failure is an essential component of experiential learning in entrepreneurship. Studies indicate that entrepreneurs who reflect on failures gain deeper insights and are more likely to succeed in subsequent ventures (Cope, 2011). The iterative process of learning from mistakes allows business owners to improve decision-making, reduce risks, and enhance resilience. Successful business growth requires continuous skill development. Entrepreneurs who engage in iterative learning cycles are better equipped to scale operations, expand markets, and refine business models (Neck et al., 2014). This aligns with Kolb's (1984) view that lifelong learning is essential for professional and organizational growth

Conceptual Framework

A conceptual framework is a visual depiction of variables, including dependent and independent variables. It illustrates how these variables are employed in a study. According to Hrebiniak (2021), a conceptual framework is a collection of concepts organized systematically to serve as a tool for integrating and interpreting information. It forms the basis for developing the variables being examined in the study. The conceptual framework establishes the basis for the development of the variables being investigated.

Entrepreneurial behavior is the independent variable whose dimensions include the individual entrepreneurial behavior depicting traits such as risk-taking propensity, innovativeness, proactiveness, and autonomy of decision-making, which are crucial for the success of small and micro-enterprises. Growth of the enterprise, measured in terms of revenue, profits, jobs creation, and market share, is the ultimate outcome of entrepreneurial behavior and the other factors mentioned.



Independent Variables

Figure 2.1 Conceptual Framework

Risk Taking Propensity

Hossain *et al* (2022) found that empirical studies in both developed and developing economies suggest that risk-taking as a firm-level strategic posture can be a significant source of competitive advantage, positively impacting the growth and financial performance of

enterprises over the long term. The importance of risk-taking for firm performance has been highlighted in both theoretical discussions and empirical research. Theoretically, SMEs that engage in higher levels of risk-taking are better positioned to capitalize on profitable opportunities amid uncertainty, leading to sustained profitability (Kitigin, 2017).

Risk-taking propensity is a vital component of the entrepreneurial spirit, essential for the success, sustainability, and growth of businesses. It shapes how entrepreneurs identify and manage risks within their environment (Kimandu, 2016). Some scholars argue that despite cultural differences in risk management, small business owners, entrepreneurs, and managers around the world perceive their roles in making risky decisions similarly. Typically, entrepreneurs take risks after careful analysis and proactively manage these risks. Research supports a strong link between risk-taking and entrepreneurial firm performance, with moderate risk-taking often leading to better market outcomes compared to either very high or very low levels of risk-taking (Kreiser & Davis, 2010).

The ability to assess and handle risks shaped by past experiences and the capacity to perform under risky conditions plays a crucial role in an entrepreneur's risk-taking ability (Zaleskiewicz et al 2020). Both theoretical and empirical research underline the importance of risk-taking for business performance. Firms that embrace higher levels of risk-taking are better positioned to seize profitable opportunities in uncertain conditions, leading to long-term profitability. Studies have indicated that risk-taking firms tend to achieve superior growth and long-term profitability compared to risk-averse counterparts (Ahimbisibwe & Abaho, 2013).

Entrepreneurial Experience

Worldie, Leighton, and Adesua (2008) identified five key factors influencing SME growth: the business's age, the entrepreneur's gender, education, motivation, and prior work experience. According to Gupta et al. (2015), education enhances managerial skills by providing fundamental numerical and literacy abilities, thereby improving survival prospects. Motivation plays a crucial role in SME growth, driven by factors such as recognizing market opportunities, the pursuit of financial gain, market potential, job creation, independence, improved status, profitability, and growth objectives. Studies suggest that entrepreneurs with greater managerial or prior experience typically achieve higher growth. Njoroge and Gathungu (2013) found that many entrepreneurs lack skills in business planning, financial reporting, strategic planning, and financial management, and expressed a need for training to boost business performance.

Wu (2013) argued that only those who can identify and appreciate opportunities will profit from them. In cases of information asymmetry, individuals with unique insights and the ability to recognize entrepreneurial opportunities tend to be more successful, while others may either overlook these opportunities or focus solely on the risks. Gupta *et al.* (2015) observed that entrepreneurs with higher academic qualifications are often more innovative, utilizing advanced techniques and models in their business practices. Entrepreneurs are individuals who explore their surroundings, identify and evaluate opportunities, and effectively capitalize on them.

Empirical Literature Review

Risk Taking Propensity

Entrepreneurship has long been associated with risk-taking, as it involves venturing into uncertain business environments with the hope of achieving success. Kaul (2013) emphasizes that entrepreneurs distinguish themselves from managers by their willingness to take on business risks. Managers primarily focus on overseeing and optimizing existing business operations, while entrepreneurs embrace uncertainty by investing in new ventures, developing innovative ideas, and navigating volatile market conditions.

Iriani *et al* (2020) revealed that the notion of risk-bearing is central to the entrepreneurial identity. Entrepreneurs engage in various activities that require decision-making under uncertainty, including identifying market opportunities, securing financial resources, and managing unpredictable business challenges. These activities fall under broader entrepreneurial functions such as providing strategic direction, exercising control over business operations, supervising teams, and assuming risks that could result in either success or failure.

Schumpeter (1934) further expanded on the entrepreneurial role by highlighting the significance of innovation. According to him, entrepreneurs are not merely risk-takers; they are also pioneers who introduce new products, services, business models, and production methods. This process of creative destruction where old industries or technologies are replaced by new and more efficient ones drives economic growth and competitiveness. However, with innovation comes an inherent level of risk, as new ideas may not always be successful. Entrepreneurs must therefore possess resilience and adaptability to manage and mitigate these risks while striving to bring their innovative visions to fruition.

There is a common view on risk-taking among small company owners, entrepreneurs, and business managers, according to some academics. This is the case despite the fact that there are cultural variances in risk management. When compared to managers and paid staff, researchers typically feel that independent company owners and entrepreneurs are more likely to take risks. According to Brice (2002), risk-taking propensity may be described as an individual's tendency to be receptive to taking dangerous risks. In the research that they did, Stewart and Roth (2001) conducted a meta-analysis of twelve different studies in order to evaluate the variations in risk-taking behavior that are seen between managers and entrepreneurs. The remaining seven research gave support for the idea that entrepreneurs tend to be moderate risk-takers, despite the fact that five of the studies did not discover any significant differences between the groups. Several factors, including variances in research techniques and the metrics employed for risk propensity, might be contributed to the contradictory results. According to Shaver and Scott (1991), cognitive biases, which include things like overconfidence and the illusion of control, are among the factors that might have an effect on how risk is perceived.

The perception of risk and the expectations of the results of entrepreneurial endeavors are impacted by a number of elements, including the expected likelihood of outcomes and the perceived capacity to exercise control over those outcomes. According to Bandura (1997), a model that is based on social cognitive theory proposes that outcome expectancies are shaped by two primary factors: locus of control, which refers to the belief that outcomes are determined by one's own actions, and self-efficacy, which pertains to the belief in one's capability to carry out required actions. Both of these factors are significant in shaping outcome expectancies. In addition, the expectations that a person has about the outcomes of their actions are influenced by external events that beyond their ability to control.

Entrepreneurial experience

Worldie, Leighton, and Adesua (2008) identified five key factors that significantly influence the growth of small and medium enterprises (SMEs): age, gender, education, motivation, and previous work experience of the entrepreneur. These elements play a crucial role in shaping an entrepreneur's ability to manage and expand their business. Age influences SME growth as younger entrepreneurs may bring fresh ideas and innovation, while older entrepreneurs often have more industry experience and established networks. Gender also impacts growth, as societal and economic factors may create different opportunities and challenges for male and female entrepreneurs.

Education is another vital factor in SME success. According to Gupta *et al.* (2015), education enhances the overall quality of the entrepreneur by providing essential numerical and literacy skills, thereby increasing the business's chances of survival. A well-educated entrepreneur is

more likely to make informed decisions, manage finances effectively, and adopt strategic business practices. Additionally, motivation plays a critical role in SME growth. Entrepreneurs driven by factors such as market opportunities, financial gains, independence, job creation, social status improvement, and business expansion are more likely to develop sustainable enterprises. A strong motivation to succeed enables entrepreneurs to take calculated risks, adapt to market changes, and invest in business improvements.

A study by Gameti & Morrish (2025) revealed that previous work experience also has a direct impact on SME growth. Studies have shown that entrepreneurs with prior managerial experience or previous ownership of an SME tend to have better business performance. Their familiarity with industry dynamics, customer relations, and operational management provides them with a competitive advantage. However, research by Njoroge and Gathungu (2013) revealed that many entrepreneurs lack essential skills in business planning, financial reporting, strategic planning, and financial management. These skill gaps hinder business growth, highlighting the importance of training programs aimed at equipping entrepreneurs with the necessary competencies to improve their business performance. Addressing these gaps through education, mentorship, and practical training can significantly enhance SME sustainability and growth prospects.

The Growth of Micro and Small Food Manufacturing Enterprises

The success of a business can be assessed using various performance indicators, including profitability, sales growth, stakeholder satisfaction, competitive positioning, and the efficiency with which new products are introduced (Harrison & Wicks, 2013). These indicators reflect a company's ability to sustain operations, adapt to market changes, and maintain a strong competitive presence. For micro and small food manufacturing enterprises, achieving success depends on several crucial factors that influence their operational efficiency and market performance. Among these factors, the educational background of the entrepreneur plays a vital role, as it equips business owners with the knowledge and skills needed for effective decision-making, strategic planning, and resource management. Additionally, the availability of raw materials is a key determinant of business sustainability, as a steady supply of essential inputs ensures smooth production processes and cost efficiency.

Another critical factor influencing MSFME success is the entrepreneur's level of expertise, which affects their ability to navigate challenges, identify opportunities, and implement innovative business strategies. Skilled entrepreneurs are more likely to make informed decisions, manage risks effectively, and drive business growth. Moreover, the adoption of advanced technology enhances a company's competitive positioning by improving productivity, streamlining operations, and increasing customer satisfaction. In an increasingly digital and competitive market, SMEs that leverage technology are better equipped to scale their operations and adapt to industry trends. By focusing on these essential success factors including; education, resource availability, expertise, and technology MSFMEs can strengthen their market presence, enhance financial performance, and achieve long-term growth (Harrison & Wicks, 2013).

The personality and character traits of an entrepreneur play a crucial role in determining business success. According to Mahadalle and Kaplan (2017), an entrepreneur's perspective, values, beliefs, knowledge, skills, abilities, and actions significantly impact the growth and sustainability of a business. These individual traits influence decision-making, risk-taking, and strategic planning, ultimately shaping the organization's performance. As industries evolve, the ability of businesses to generate new employment opportunities reflects changes in these entrepreneurial qualities. Entrepreneurs who exhibit strong leadership, adaptability, and innovation are better positioned to respond to market demands and drive business expansion.

Therefore, the personal attributes and competencies of business owners are vital to the long-term success of small and medium-sized enterprises.

Beyond entrepreneurial characteristics, several external factors contribute to MSFME development and employment growth. Omondi and Muturi (2013) found a positive correlation between employment growth and variables such as firm size, profitability, sales growth, reliance on loans, and investment in fixed assets. Additionally, Ngek (2014) identified sales growth as the most reliable indicator of MSFME expansion, highlighting the importance of increasing revenue streams for business sustainability. In rural areas, MSFME growth is influenced by factors such as strong organizational structures, access to finance, independence, creativity, experience, and a sense of accomplishment (Agbenyegah, 2013). These elements contribute to the stability and resilience of MSFMEs, enabling them to scale operations, create job opportunities, and enhance economic development. By combining strong entrepreneurial traits with essential external resources, MSFMEs can achieve sustained growth and long-term success.

RESEARCH METHODOLOGY

The study used descriptive research design, combining both qualitative and quantitative data collection and analysis techniques. The purpose of a descriptive research design is to describe the state of affairs as it is in the present (Render *et al.* 2012). According to Flick (2011), this type of research attempts to describe such things as possible behavior, attitude, values, and characteristics. The target population in this study was micro and small food manufacturing enterprises operating within Nairobi County. According to the Kenya National Bureau of Statistics (KNBS), there were approximately 1.56 million micro and small enterprises in Kenya, food manufacturing sector accounts for about 7% representing a total of 109,200 firms. Gross County Product 2023- Measuring Economic Evolution of Counties (KNBS) indicates Nairobi City County accounts for 36.9% of manufacturing enterprises proportionately micro and small food manufacturing enterprises are 40,294 both registered and non-registered enterprises. The unit of analysis was micro and small food manufacturing enterprises operating in Nairobi County and the unit of observation were business owners, managers, and decision makers within the enterprises.

The study adopted simple random sampling technique to select respondents of small food manufacturing enterprises operating Nairobi City County by applying Taro Yamane's (1978) sample size formula. The sample size of 396 respondents. The instrument for data collection was questionnaires. According to Kothari (2014), a questionnaire is a schedule containing various items on which information is sought from respondents. According to Kowalczyk (2015), questionnaires are free from any interviewer's bias and errors, which may undermine reliability and validity of the results emerging from the survey.

This is the process of organizing, interpreting, and presentation of data (Seltman, 2014). Quantitative data was analyzed using descriptive statistics, including means, frequencies, percentages, and standard deviation, with Statistical Package for Social Science (IBM SPSS version 25). Linear regression analysis was carried out to examine the predictive relationship between the individual independent variables and the Growth of MSFMEs (dependent variable)

RESEARCH FINDINGS AND DISCUSSION

The study sought to determine the response rate of the study. The total number of questionnaires that were administered was 396. A total of 298 questionnaires were filled and returned. This represented an overall successful response rate of 75% as shown in Figure 4.1. According to Fincham (2018) notes that a response rate of 60% or higher is considered acceptable, while rates above 70% are considered very good in most research contexts. Therefore, a response rate of 75% was good for the study.

Descriptive Findings and Analysis

Risk Taking Propensity

The second objective was to assess the influence of risk-taking propensity on growth of micro and small food manufacturing enterprises in Nairobi County, Kenya. The results as shown in table 4.9 indicated that majority of the respondents, 52.5% were neutral on investing a significant portion of personal savings into their businesses (mean=3.59). Majority of the respondents, 80% prioritized reinvesting profits into the business over personal financial security (mean=3.68). Results showed that majority of the respondents, 79.6% were neutral on implementing new processes to increase efficiency over the past year. Further, majority of the respondents, 59.4% were neutral on regularly exploring opportunities to add new products/services to their portfolio. Moreover, majority of the respondents were neutral on whether they always successfully expand businesses to at least one new region in the past two years. (77.8%). These results showed that risk taking propensity was encouraged in the enterprise with a mean = 3.55 and standard deviation =1.39). The results agree with as study by Barbosa *et al.*, 2022) analysis of 312 US artisan food producers showed moderate risk-takers expanded distribution networks 2.4 times faster than conservative peers and 18-22% of revenue invested in growth initiatives positively impacting the growth and financial performance of enterprises over the long term.

Table 1: Risk Taking Propensity

Statements	Mean	Std dev
I have invested a significant portion of my personal savings into my business.	3.48	1.36
I prioritize reinvesting profits into the business over personal financial security	3.68	1.38
I have implemented new processes to increase efficiency in the past year.	3.56	1.27
I regularly explore opportunities to add new products/services to my portfolio.	3.59	1.41
I have successfully expanded my business to at least one new region in the past two years.	3.42	1.30
Average	3.55	1.34

Entrepreneurial Experience

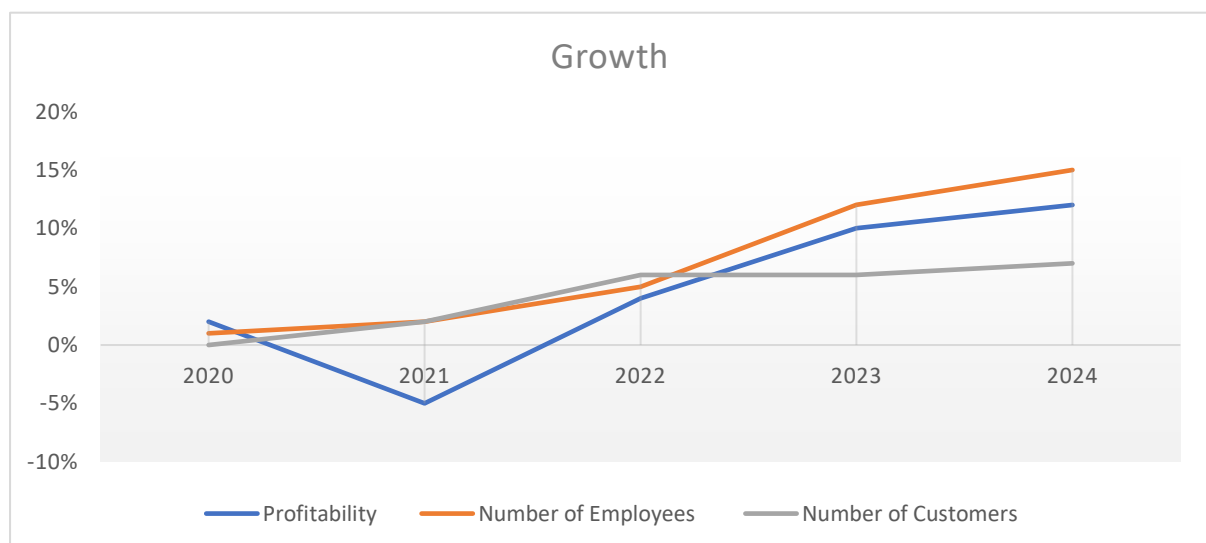
The second objective was to establish the influence of entrepreneurial experience on growth of micro and small food manufacturing enterprises in Nairobi County, Kenya. The results as shown in table 4.10 indicated that majority of the respondents agreed that entrepreneurial experience and engagement with industry players as shown by a mean of 4.25. improved growth of their enterprises. Majority of the respondents agreed that developing long-term strategic plans with clear objectives and milestones is key to achieving business goals as shown by a mean of 4.57 (80.6% strongly agreed). Moreover, majority of the respondents strongly agreed to regularly monitoring business's financial performance and making adjustments as needed as shown by a mean of 4.89 (59% strongly agreed). Results indicated to have successfully guided business through major market disruption (e.g., recession, pandemic), majority of the respondents strongly agreed (46%). Results also showed that 54% of respondents agreed to have learned valuable lessons from past market disruptions that have improved their business resilience and 46% strongly agreed. Finally, results indicated that majority of the respondents agreed that their businesses have improved based on years in operation. (mean=4.57).

Table 2: Entrepreneurial Experience

Statements	Mean	Std Dev
Regularly developing long-term strategic plans with clear objectives and milestones to achieve my business goals	4.25	0.92
I regularly monitor my business's financial performance and make adjustments as needed	4.57	0.78
I have successfully guided my business through a major market disruption (e.g., recession, pandemic).	4.89	0.35
I have learned valuable lessons from past market disruptions that have improved my business resilience	4.85	1.15
My business has improved based on years in operation.	4.31	1.27
Average	4.57	0.89

The results showed that majority of the respondents indicated that they agree with the statements on entrepreneurial experience as shown by a mean of 4.57 (standard deviation=0.89). The findings are of the study are consistent with the results of a study "Learning by Doing: Entrepreneurial Experience and Performance in Food Processing" (Rosa *et al.*, 2019) analysis of 342 United Kingdom food manufacturers showed serial entrepreneurs achieved 34% faster growth rates due to better crisis anticipation (from prior failures), established industry networks and refined operational playbooks helps enterprises stay updated on market trends and technological advancements.

Growth of Micro and Small Food Manufacturing Enterprises

**Figure 1: Growth**

The study also established the percentage changes in revenue generated, number of employees and number of customers. The results shown in Fig 4.4 indicate that there was a slight decrease in the profit generated in 2020. However, the percentage changes in the number of employees and customers rose gradually between 2021 to 2024. The number of customers increased between 2021 and 2022 and stagnated. The percentage change in profit generated increased by 13% number of employees by 16% in 2024. These changes can be attributed to COVID-19 disruptions, while economic recovery and government investments later supported SME growth. However, customer numbers stagnated after 2022, possibly due to market saturation or increased competition.

Correlation Results

The study carried out correlation tests to determine the relationship between the independent and dependent variables. Pearson correlation, which ranges between -1 and +1 was used because the data was discreet. A positive Pearson correlation value indicates a positive relationship while any negative Pearson correlation value indicates a negative relationship. The association between the variables becomes stronger as the Pearson correlation value approaches either +1 or -1. The results of the correlation analysis are shown in table 3.

Furthermore, the results of the study showed that there was a positive and significant correlation between risk taking propensity growth of micro and small food manufacturing enterprises in Nairobi County as shown by a Pearson coefficient of 0.256 and a significance level of 0.004. This suggests that entrepreneurs who are more willing to take calculated risk such as investing significant portion of personal savings into their businesses, implementing new processes to increase efficiency in the past year, or expanding business to at least one new region tend to achieve more growth. The study findings agree with as study by Barbosa et al., (2022) analysis of 312 US artisan food producers showed moderate risk-takers expanded distribution networks 2.4x faster than conservative peers and 18-22% of revenue invested in growth initiatives positively impacting the growth and financial performance of enterprises over the long term.

Lastly, the results showed that there was a positive and significant correlation between entrepreneurial experience and growth of micro and small food manufacturing enterprises in Nairobi County as shown by a person correlation value of 0.376 and significance level of 0.000. This implies that gaining experience through collaborations, capacity building and partnerships leads to a positive and significant effect on growth. The findings are consistent with the results of a study by Rosa *et al.*, (2019) on food manufacturers that showed that serial entrepreneurs achieved 34% faster growth rates due to better crisis anticipation (from prior failures), established industry networks and refined operational playbooks helps enterprises stay updated on market trends and technological advancements.

Table 3 Correlation Analysis

Correlations		Risk taking propensity	Entrepreneurial experience	Growth
Entrepreneurial Experience	Pearson Correlation	.351**	1	
	Sig. (2-tailed)	0.000		
Growth	Pearson Correlation	.269**	.365**	1
	Sig. (2-tailed)	0.004	0.000	
N		396	396	396

Linear Regression between Risk Taking Propensity and Growth of MSFMEs

The study sought a simple linear regression between Risk Taking Propensity and Growth of Micro and Small Food Manufacturing Enterprises in Nairobi County

Table 4: Linear Regression Analysis between Risk Taking Propensity and Growth of MSFMEs

Model Summary					
Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.364 ^a	.132	.128		.47118

a. Predictors: (Constant), Risk Taking Propensity

b. Dependent Variable: Growth of MSFME's

Table 5: ANOVA Summary Table for the Effect of Entrepreneur's Innovation on Growth of MSFMEs

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	7.387	1	7.387	33.27	.000b
Residual	48.399	278	.222		
Total	55.786	279			

a. Dependent Variable: Growth of MSFME's

b. Predictors: (Constant), Risk Taking Propensity

Null Hypothesis (H₀) - Risk-Taking Propensity has no effect on Growth of MSFMEs. F-statistic = 33.271 with p = .000 (p < 0.001). Conclusion: Reject H₀. The model is highly significant, indicating that Risk-Taking Propensity predicts Growth of MSFMEs.

Table 6: Regression Coefficients Predicting growth of MSFME's from Risk taking propensity

Model	Unstandardized Coefficients		Standardized Coefficients	t-Statistic	Sig
	B	Std Error	Beta		
(Constant)	1.915	.264		7.242	.000
Risk taking propensity	.390	.068	.364	5.768	.000

a. Dependent Variable: Growth of MSFMEs

b. Predictor: Risk taking propensity

The findings were as presented in table 4.16 where ANOVA test results were F (1,278)=33.271, P=0.00<0.05; an indication that the simple linear regression model was a good fit to the data set. The model (Risk Taking Propensity) was able to explain 12.8% of the variation in growth of MSFMEs in Nairobi County Kenya as indicated by adjusted R Square 0.128 as shown above. The regression coefficients results showed that Beta =0.390, t=5.768, p=0.000<0.05; therefore, quality control had a statistically significant influence on Growth of MSFMEs in Nairobi County, Kenya

Growth of MSFMEs = 1.915+0.390 Risk Taking Propensity

Linear Regression between Entrepreneurial experience and Growth of MSFMEs

The study sought a simple linear regression between entrepreneurial experience and growth of micro and small food manufacturing enterprises in Nairobi City County

Table 7: Linear Regression Analysis between Entrepreneurial Growth of MSFMEs

Model Summary b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.240 ^a	.058	.053	.49105
a. Predictors: (Constant), Entrepreneurial Experience				
a. Dependent Variable: Growth of MSFME s				

Table 8 Regression Coefficients Predicting growth of MSFME's from entrepreneurial experience

Model	Unstandardized Coefficients		Standardized Coefficients	t-Statistic	Sig
	B	Std Error	Beta		
(Constant)	2.108	.363		5.809	.000
Entrepreneurial experience	.355	.097	.240	3.653	.000

Table 9 ANOVA Summary Table for the Effect of Entrepreneurial experience on Growth of MSFMEs

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	3.218	1	3.218	13.347	.000 ^b
Residual	52.567	278	.241		
Total	55.786	279			

a. Dependent Variable: Growth of MSFME s

b. Predictors: (Constant), Entrepreneurial Experience

The findings were as presented in table 9 where ANOVA test results were $F(1,278) = 13.347$, $P = 0.00 < 0.05$; an indication that the simple linear regression model was a good fit to the data set. The model entrepreneurial experience was able to explain 5.3% of the variation in Growth of MSFME s in Nairobi County Kenya as indicated by adjusted R Square 0.053 as shown above. The regression coefficients results showed that $Beta = 0.355$, $t = 3.653$, $p = 0.000 < 0.05$; therefore, entrepreneurial experience had a statistically significant influence on Growth of MSFME s in Nairobi County, Kenya. For every 1-unit increase in Entrepreneurial Experience, Growth increases by 0.355 units.

$$\text{Growth of MSFME s} = 2.108 + 0.355 \text{ Entrepreneurial Experience}$$

Conclusion

Risk taking propensity was also found to have a moderate impact on the growth of MSFMEs in Nairobi County. Resource allocation, risk avoidance, and risk perception influence growth while excessive risk avoidance may limit growth. Accurate risk perception enables better decision-making, balancing stability and opportunity for long-term success.

The study lastly concluded that entrepreneurial experience has a positive and significant influence on performance of MSFMEs in Nairobi County and that experience provides founders with invaluable knowledge, networks, and decision-making frameworks vital to developing pattern recognition for market gaps and trends and better skills to assess product-market fit through prior trial-and-error learning.

Recommendations

Risk taking propensity

The study recommends that entrepreneurs should cultivate a balanced risk-taking approach to enhance MSFME growth by seizing growth opportunities while managing potential challenges. Training programs and mentorship through partnering with veteran food entrepreneurs who navigated similar risks can help develop strategic risk assessment skills and understanding risk journeys of successful local producers to improve informed decision-making. Policymakers and financial institutions should provide support through funding, insurance, and risk mitigation frameworks to encourage calculated risks. Fostering a culture that embraces innovation and resilience will further strengthen MSFMEs' ability to navigate uncertainties and achieve long-term success.

Entrepreneurial Experience

This study recommends that entrepreneurs should be able to record their journeys, experiences and resultant outcomes to provide a reflection pad. Actively engage in networking activities to build valuable relationships, learn from other entrepreneurs' experiences, learn how to identify and access other market opportunities, and gaining industry insights to enhance SME growth. Business support organizations can facilitate networking events, mentorship programs, and partnerships to encourage knowledge sharing and collaboration. Additionally, leveraging digital platforms and professional associations can expand entrepreneurs' reach, providing access to resources, funding, and strategic alliances that drive business growth and sustainability.

Areas for Further Research

It is anticipated that this study will ignite further research in the area of MSFMEs growth, especially on other entrepreneurial behaviour influencing growth of MSFMEs, it will be interesting to see how these factors augment the studied entrepreneurial behaviour and their overall influence on MSFMEs growth in Nairobi County. This study suggests that further studies be carried out on entrepreneur's behavioural pivot points in; business growth stages, aspects of gender, religions, cultural influences on behavioural patterns; to determine their influence on entrepreneurial behaviour and further to growth of MSME's in other regions.

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