

## Examining the Contribution of Entrepreneurial Proactiveness to the Growth of Micro, Small, and Medium Enterprises in Kenya

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### Abstract

The study examines the role of proactiveness, a key dimension of Entrepreneurial Orientation (EO), in the development of Micro, Small, and Medium Enterprises (MSMEs) in Kenya. MSMEs are important for economic growth and job creation in emerging economies, but their expansion in Kenya is hindered by limited credit access, regulatory instability, infrastructural gaps, and intense competition. EO provides a framework for firm competitiveness, with proactiveness, defined as a forward-looking orientation that enables firms to anticipate change, exploit opportunities, and act ahead of competitors, emerging as a particularly strategic capability. Despite its importance, empirical evidence on proactiveness in African MSMEs remains limited. To address this gap, the study adopted a sequential mixed-method design targeting 284 manufacturing firms and innovation-oriented startups in Nairobi. Quantitative data from structured questionnaires were analysed using regression, while qualitative insights from semi-structured interviews highlighted how proactive practices supported opportunity identification, market adaptation, and resilience. Results revealed a significant positive effect of proactiveness on MSME growth ( $r = .631$ ;  $\beta = .574$ ,  $p < .001$ ), explaining nearly 40 per cent of performance variance. Qualitative findings reinforced that firms embedding proactive scanning and early market entry strategies sustained superior growth despite resource constraints. The study advances EO theory by highlighting proactiveness functions both as a behavioural orientation and a dynamic capability in turbulent environments. Practically, managers are encouraged to institutionalise proactive practices, while policymakers should design ecosystems that reward forward-looking strategies. These insights position proactiveness as a pathway to inclusive and sustainable MSME development in Kenya and comparable economies.

**Key terms:** Entrepreneurial orientation, growth, proactiveness, MSME, Kenya.

## INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are globally recognised as engines of economic growth, innovation, and poverty reduction, representing about 90 per cent of businesses and more than half of total employment worldwide (OECD, 2023; Kot et al., 2020). In Kenya, they dominate the private sector, generating the majority of enterprises and jobs. However, their growth remains constrained by structural and institutional barriers such as limited financing opportunities, unstable regulatory frameworks, infrastructural deficiencies, and competitive pressure from both formal and informal players (Kenya National Bureau of Statistics [KNBS], 2022; Kithae et al., 2012; Lagat & Njaramba, 2024). These challenges limit their ability to scale, innovate, and contribute fully to inclusive economic transformation.

Entrepreneurial Orientation (EO) provides a strategic posture through which firms enhance competitiveness, adapt to uncertainty, and achieve sustainable growth (Miller, 1983; Lumpkin & Dess, 1996; Covin & Wales, 2019). EO is typically expressed through innovativeness, risk-taking, and proactiveness, with later frameworks also including autonomy and competitive aggressiveness. Empirical research consistently links EO to superior firm performance, particularly in volatile and resource-constrained contexts where agility is essential (Wiklund & Shepherd, 2003; Kusa et al., 2024). Within this framework, proactiveness is especially significant for MSMEs operating in Kenya's uncertain and highly competitive environment.

Proactiveness refers to a forward-looking orientation in which firms anticipate market trends, identify opportunities early, and act ahead of competitors (Lumpkin & Dess, 1996). Proactive firms are more likely to diversify, innovate in a timely manner, and build resilience against environmental turbulence, positioning themselves for sustained growth. Yet, research on Kenyan MSMEs has often treated EO as a whole or emphasised innovativeness and risk-taking, giving limited attention to proactiveness. This neglect is problematic because it overlooks a critical lever for firm resilience and competitiveness. Without clarity on this dimension, MSMEs risk underutilising strategies that could strengthen survival and expansion, while policymakers lack evidence to design effective

interventions that foster entrepreneurship-driven growth.

This study, therefore, investigates the role of proactiveness in influencing the growth of MSMEs in Kenya. Using a sequential mixed-method design, it tests the statistical relationship between proactiveness and firm growth through regression analysis, while complementing the quantitative results with qualitative insights from interviews that capture how proactive strategies operate in practice. The objective of the study is to assess whether and how proactiveness contributes to MSME growth in Kenya. By addressing this gap, the study advances EO scholarship, situates proactiveness as both a behavioural orientation and a dynamic capability, and provides practical implications for entrepreneurs and policymakers seeking to strengthen MSME competitiveness in emerging economies.

## LITERATURE REVIEW

### Theoretical Foundations

This study draws on several complementary theories to explain how proactiveness contributes to the growth of Micro, Small, and Medium Enterprises (MSMEs) in Kenya. Entrepreneurial Orientation (EO) provides the primary framework, defining proactiveness as a strategic posture that enables firms to anticipate opportunities, act ahead of competitors, and adapt in uncertain environments (Miller, 1983; Lumpkin & Dess, 1996). Empirical research consistently links EO to superior performance, particularly where agility and responsiveness are essential (Wiklund & Shepherd, 2003; Kusa et al., 2024).

The resource-based view (RBV) extends this logic by positioning proactiveness as an intangible capability that is valuable, rare, and difficult to imitate, thereby providing sustainable competitive advantage (Barney, 1991; Lee et al., 2001). Building on RBV, the dynamic capabilities perspective highlights how proactiveness allows firms to sense market shifts, seize emerging opportunities, and reconfigure resources in response to turbulence (Teece et al., 1997). This framing underscores proactiveness as not just a behavioural orientation but also a strategic capability critical to MSMEs in resource-constrained settings.

Schumpeterian entrepreneurship theory further situates proactiveness within the process of creative destruction, emphasising the disruptive and innovative role entrepreneurs play in reshaping markets and driving economic transformation (Schumpeter, 1934; McCraw, 2007). Finally, contingency theory highlights that the outcomes of proactiveness depend on contextual fit, as environmental uncertainty, sectoral dynamics, and regulatory frameworks can moderate its contribution to growth (Lawrence & Lorsch, 1967; Wales et al., 2011).

Taken together, these perspectives suggest that proactiveness is not only a behavioural orientation (EO) but also a strategic capability (RBV and dynamic capabilities), an entrepreneurial force for innovation and disruption (Schumpeterian entrepreneurship theory), and a context-dependent driver of performance (contingency theory). This synthesis provides a multidimensional foundation for analysing how proactiveness influences MSME growth in Kenya.

## Empirical Review of Literature

Globally, proactiveness is widely recognised as a vital dimension of Entrepreneurial Orientation (EO) that enhances firm performance. Lumpkin and Dess (1996) emphasise its role in initiating market opportunities, while Dess and Lumpkin (2005) link it to continuous monitoring of trends and anticipation of customer needs. Proactive firms often achieve first-mover advantages such as higher profitability and brand recognition, compelling competitors to respond to their initiatives.

Scholars across Africa have devoted considerable attention to the connection between entrepreneurial orientation (EO) and company performance. But their findings reveal a complex and sometimes contradictory picture. In South Africa, Oni et al. (2019) used simple random sampling ( $n = 268$ ) and bivariate tests to show that innovativeness, risk taking, and proactiveness relate positively to performance, with a moderate correlation for proactiveness ( $r = .47, p = .02$ ). In Ghana, Anlesinya et al. (2015) applied hierarchical regression to a purposive sample of 110 micro-retailers and found proactiveness and risk taking (but not innovativeness) predicted profitability suggesting that the salience of EO dimensions varies by sector and firm size. By contrast, Ringo et al. (2022)

presented a strikingly different result in Tanzania, where innovativeness boosted export performance but proactiveness exhibited a negative effect. This suggests that while proactive behaviours are generally celebrated, they may not always translate into growth, particularly in export markets where resource demands and timing pressures may exceed firms' capabilities.

Kenyan evidence is likewise mixed and often methodologically uneven. Wanjau et al. (2015) used PLS-SEM with 111 agro-processing SMEs and reported a positive, significant path from proactiveness to performance ( $\beta = .262, p < .05; r = .371$ ), albeit with a modest effect size. Studies such as Kithaka (2016) and Kivuitu and Karugu (2020) reported positive proactiveness–performance links among Nairobi automobile importers and Nairobi County SMEs, respectively, but both relied heavily on descriptive statistics and limited inferential analysis, reducing the strength of their conclusions. Kiprotich et al. (2015) introduced an important contextual element by showing that social networking moderated the proactiveness–performance relationship, emphasising that external linkages can amplify entrepreneurial behaviours. Chenuos and Maru (2023) also demonstrated significant positive effects of proactiveness and innovativeness on SME performance in Uasin Gishu, though their study treated EO as a composite construct and excluded autonomy and competitive aggressiveness, leaving gaps in dimensional analysis.

More recent work reflects both progress and persistent shortcomings. Musyoka and Kyule (2024) reported an unusually strong correlation between proactiveness and SME performance in Machakos County, a result that may signal methodological weaknesses such as small sample size, purposive sampling, and the risk of common method bias. Onyango et al. (2024), studying public transport enterprises, confirmed that proactiveness contributes significantly to growth but observed that few firms actively applied proactive strategies, pointing to a gap between awareness and practice. In the public sector, M'mboga et al. (2025) showed EO-performance links in state corporations, but aggregated EO did not disaggregate proactiveness, and examined only three

dimensions, restricting construct validity for EO's full domain.

Taken together, these studies highlight three persistent challenges. First, methodological limitations are widespread. Several studies rely on descriptive analysis, cross-sectional data, or single-informant surveys, often without sufficient diagnostic testing for construct validity or multicollinearity. Others report unusually high coefficients that raise concerns about overestimation. Few studies incorporate qualitative evidence to explain why proactiveness helps (or harms) performance in specific markets. These issues weaken the reliability and generalizability of findings. Second, there is a conceptual inconsistency in how EO is modelled. Some scholars treat EO as a composite construct, obscuring the distinct contribution of proactiveness, while others disaggregate dimensions but fail to account for contextual moderators that may explain variation across studies.

Third, contextual narrowness is evident. Much of the evidence comes from specific counties, industries, or sub-sectors, limiting external validity. Moreover, few studies explicitly connect proactive strategies to the institutional constraints faced by Kenyan MSMEs, such as restricted availability of credit, regulatory obstacles, and intense competition. These weaknesses have produced a fragmented literature. On the one hand, studies consistently suggest that proactiveness is beneficial, yet findings range from modest effects (Wanjau et al., 2015) to extremely strong correlations (Musyoka & Kyule, 2024), and in rare cases, even negative effects (Ringo et al., 2022). However, there is limited understanding of why proactive behaviour leads to varied outcomes in different contexts. In volatile environments, proactive strategies may overextend resources or misalign with market readiness, thereby undermining performance. Conversely, in more stable or network-supported settings, proactiveness may help firms anticipate shifts and secure a competitive advantage. The absence of explanatory clarity leaves entrepreneurs and policymakers with mixed signals about the real value of proactiveness.

The current study responds to these gaps in three key ways. First, it adopts a multidimensional approach that examines EO at the level of individual dimensions,

placing proactiveness at the centre of analysis rather than subsuming it under a composite index. Second, it enhances methodological rigour by employing inferential statistics alongside diagnostic tests such as factor analysis, variance inflation factors, and normality checks to ensure construct validity and model reliability. Third, using a sequential mixed-methods design, the study not only quantifies the relationship between proactiveness and growth but also explores how entrepreneurs interpret and implement proactive behaviours in practice. This integrated approach aims to produce a more credible and contextually grounded understanding of proactiveness, offering both theoretical advancement in EO scholarship and actionable insights for strengthening MSME resilience and competitiveness in Kenya.

## METHODOLOGY

This study employed a sequential mixed-method design that integrated positivist, interpretivist, and pragmatic paradigms. The quantitative phase, grounded in positivism, tested causal relationships between proactiveness and MSME growth through structured measurement and statistical analysis. The qualitative phase, guided by interpretivist and pragmatic perspectives, explored owner-manager experiences to capture contextual nuances often missed in surveys (Creswell & Creswell, 2018; Patton, 2002). Together, the two phases provided both statistical rigour and practical understanding.

The target population comprised 979 MSMEs in Nairobi City County, including manufacturing enterprises registered with the Kenya Association of Manufacturers (KAM) and innovation-driven startups supported through grant programs. Firms were stratified into nine sub-sectors, such as food and beverage processing and textiles, to reflect industry diversity. A sample of 284 enterprises was determined using Yamane's (1967) formula for finite populations, and proportionally allocated across strata. Stratified random sampling was then applied to ensure fair representation of the different sub-sectors.

Structured questionnaires and semi-structured interviews were employed in primary data collection. A pilot test confirmed content and face validity, while reliability was established using Cronbach's alpha, with

all constructs exceeding the 0.70 threshold. Quantitative data were analysed in SPSS 26.0 using descriptive statistics, factor analysis, correlation, and multiple regression models. Qualitative interviews with 15 purposively selected respondents were thematically coded and analysed, providing interpretive depth that contextualised the quantitative findings.

Ethical safeguards were strictly observed. Participation was voluntary, informed consent was obtained, confidentiality and anonymity were assured, and participants retained the right to withdraw at any stage. These measures ensured transparency, compliance, and protection of participant welfare.

## FINDINGS AND DISCUSSION

The analysis of data was performed utilising descriptive statistics, which involved frequencies, percentages, means, and standard deviations, to summarise the characteristics of the sample and study variables. Inferential statistics were employed to test the single hypothesis of the study, which examined the effect of proactiveness on the growth of MSMEs in Kenya.

### Response Rate and Demographic Information

Out of 284 questionnaires distributed to MSME owners and managers, 247 were completed and returned, representing a response rate of 87 per cent. This level of participation is well above the minimum thresholds recommended in survey research (Babbie, 2021), enhancing the reliability of the dataset.

### Background Information

This study examined the background characteristics of MSMEs, focusing on the type of business, nature of enterprise activities, years of operation, number of employees, and annual sales. Such information is critical for policy formulation and sector-specific support programs, as it provides insights into market experience and stability, facilitates assessment of employment creation, and enables financial evaluations for creditworthiness and performance benchmarking.

The results indicated that the majority of MSMEs operated as private limited companies (68.8%),

followed by sole proprietorships (22.3%) and partnerships (8.1%), with only 0.8 per cent ( $n = 2$ ) categorised as other forms such as public corporations. In terms of activities, 24.38 per cent were engaged in chemical manufacturing, 17.41 per cent in plastics and rubber, and 15.42 per cent in motor vehicle accessories. Additional sectors included food and beverage (14.43%), metal and allied industries (13.93%), textiles and apparel (6.47%), and leather and footwear (5.47%), while a smaller share (2.49%) operated in engineering and construction.

With respect to longevity, 46.0 per cent of MSMEs had been in existence for more than 20 years, 13.0 per cent for 16–20 years, 12.5 per cent for 11–15 years, 30.0 per cent for 6–10 years, and 13.5 per cent for 2–5 years. In terms of employment, 30.35 per cent reported having 10–49 employees, while 24.38 per cent employed 50–59 individuals. Annual sales data revealed that nearly half (49.25%) generated revenues exceeding 10 million, 25.37 per cent reported between 5 and 10 million, 11.94 per cent between 2 and 3 million, and 5.47 per cent reported 1 million or less.

Further analysis highlighted sectoral diversification. Specifically, 21.1 per cent ( $n = 52$ ) of enterprises were engaged in biotechnology, 17.4 per cent ( $n = 43$ ) in mechanics, and 14.6 per cent ( $n = 36$ ) in applied sciences. Food and beverage accounted for 13.8 per cent ( $n = 34$ ), while social innovation represented 11.7 per cent ( $n = 29$ ). In addition, 37.2 per cent ( $n = 92$ ) of enterprises had operated for more than 20 years, underscoring their contribution to economic stability. Employment data further indicated that 23.1 per cent ( $n = 57$ ) employed more than 100 individuals, highlighting their role in job creation. Finally, in terms of revenues, 40.1 per cent ( $n = 99$ ) reported annual sales exceeding 10 million, while 21.1 per cent ( $n = 52$ ) recorded sales of between 5 and 10 million.

### Descriptive Results of Proactiveness

The objective of the study was to investigate the role of proactiveness in the growth of Micro, Small, and Medium Enterprises (MSMEs) in Kenya. Proactiveness, as a dimension of entrepreneurial orientation (EO), was measured using a series of five statements. Participants were requested to express their level of agreement or disagreement with statements related

to proactiveness within their enterprises. The results are presented in Table 1.

**Table 1: Descriptive Analysis on Proactiveness**

Statement	SD	D	N	A	SA	Mean	Std. Dev.
In dealing with its competitors, this firm typically initiates actions which competitors then respond to.	5.30 %	25.90 %	15.00 %	17.40 %	36.40 %	3.54	1.33
In dealing with its competitors, my firm is often the first business to introduce new products/services.	0.80 %	15.80 %	19.40 %	24.30 %	39.70 %	3.87	1.08
My firm excels at identifying opportunities	1.20 %	4.00%	6.10%	12.10 %	76.50 %	4.58	0.87
The owner/manager of this firm has a strong tendency to "follow the leader" in introducing new products or ideas	4.50 %	12.10 %	6.90 %	16.60 %	59.90 %	4.19	1.17
In dealing with competitors, this firm typically avoids confrontation and allows them to act	9.30 %	38.90 %	15.80 %	15.00 %	21.10 %	3.08	1.31
<b>Overall Mean</b>						<b>3.85</b>	<b>2</b>

Note. SD=Strongly Disagree; D=Disagree; N=Neutral; A=Agree; SA=Strongly Agree; M = Mean; SD = Standard Deviation

The descriptive results (Table 1) indicate a generally strong proactive orientation among MSMEs in Nairobi City County. Just over half of respondents (53.8%) agreed that their firms typically initiate competitive actions to which rivals respond ( $M = 3.54$ ,  $SD = 1.33$ ), while a relatively small proportion (31.2%) disagreed. This reflects a tendency toward market leadership rather than reactive behaviour. Similarly, 64.0% reported that their firms are often first movers in introducing new products or services ( $M = 3.87$ ,  $SD = 1.08$ ), with only 16.6 per cent disagreeing, underscoring the importance placed on innovation and competitive advantage.

A very strong consensus (88.6%) emerged around the ability of MSMEs to identify opportunities ( $M = 4.58$ ,  $SD = 0.87$ ), highlighting this as a critical success factor for growth and sustainability. Interestingly, however, 76.5 per cent of owners/managers admitted to a tendency to “follow the leader” in some cases ( $M = 4.19$ ,  $SD = 1.17$ ), suggesting that many firms balance proactiveness with a pragmatic strategy of adopting proven approaches.

By contrast, only 36.1 per cent agreed that their firms avoid confrontation and allow competitors to act first ( $M = 3.08$ ,  $SD = 1.31$ ), while nearly half (48.2%) disagreed, reinforcing the view that most MSMEs prefer to engage actively in competitive environments.

Overall, the findings point to a predominantly proactive and competitive orientation among Nairobi's MSMEs, characterised by initiative-taking, opportunity recognition, and market leadership, but tempered with selective imitation to mitigate risk. These results are consistent with Rauch et al. (2009), Lumpkin and Dess (1996; 2005), and supported by recent Kenyan studies (Onyango et al., 2024; Kivuitu & Karugu, 2020), all of which emphasise the role of proactiveness in building competitive advantage, anticipating market changes, and driving business growth.

### **Descriptive Results of MSME Growth**

Business performance in this study was measured using sales, revenue growth, asset base, and employment expansion. Respondents rated growth on

a five-point Likert scale and provided historical data on sales, assets, and workforce over the previous five years.

As shown by descriptive results in Table 4, most MSMEs reported positive performance. Sales growth was rated as “better” or “much better” by 82 per cent of respondents ( $M = 4.44$ ,  $SD = 0.91$ ). Similarly, 81 per cent indicated asset growth ( $M = 4.45$ ,  $SD = 0.94$ ), while 78.8 per cent reported workforce expansion ( $M = 4.35$ ,  $SD = 0.98$ ). The composite mean score across the three indicators ( $M = 4.41$ ) reflects an overall positive growth trajectory.

These findings underscore the resilience of Kenyan MSMEs, particularly in sales and asset accumulation, and reaffirm their contribution to employment creation and economic development despite the structural challenges of operating in emerging markets.

### **Inferential Statistics**

#### **Correlation Analysis**

A Pearson product-moment correlation was carried out to assess the relationship between proactiveness and MSME growth. Results (Table 2) revealed a strong, positive, and statistically significant correlation between the two variables ( $r = .631$ ,  $p < .01$ ). This indicates that higher levels of proactiveness are associated with greater MSME growth in Kenya. In other words, firms that demonstrate a proactive orientation by anticipating market changes, identifying opportunities, and acting ahead of competitors tend to experience stronger growth compared to those that are less proactive.

This finding is consistent with prior studies such as Dess and Lumpkin (2005), who emphasised the importance of forward-looking behaviour in creating competitive advantage, as well as Cheruiyot and Mang'ana (2023), who found a positive and significant association between proactiveness and firm performance. The results, therefore, reinforce the argument that proactiveness is a critical determinant of growth among MSMEs, particularly in dynamic and competitive environments.

**Table 2: Correlation between Proactiveness and MSME Growth**

Correlations		
	Proactiveness	MSME Growth
Proactiveness	Pearson Correlation	1
	Sig. (2-tailed)	
MSME Growth	Pearson Correlation	.631**
	Sig. (2-tailed)	.000

\*\* Correlation is significant at the 0.01 level (2-tailed).

### Hypothesis Testing

To test the hypothesis, a simple linear regression model was employed at a 95 per cent confidence level ( $p < 0.05$ ). The regression model was specified as:

$$\text{MSME Growth} = \beta_0 + \beta_1 X_1 (\text{Proactiveness}) + \varepsilon$$

Where:

MSME Growth = growth of micro, small, and medium enterprises (proxied by volume of sales, number of employees and asset base)

$\beta_0$  = constant (Y-intercept)

$\beta_1$  = regression coefficient measuring the effect of Proactiveness on MSME Growth

$X_1$  = Proactiveness

$\varepsilon$  = error term

The hypothesis tested was stated as follows:

$H_{01}$ : Proactiveness has no significant effect on the growth of small and medium enterprises in Kenya

The model (Table 3) explained 39.8 per cent of the variance in firm growth ( $R^2 = 0.398$ , Adjusted  $R^2 = 0.395$ ). The ANOVA results (Table 4) confirmed that the model was statistically significant ( $F = 161.7$ ,  $p < 0.001$ ).

The regression model summary is presented in Table 3. In addition, it is important to note that no evidence of multicollinearity was detected, validating the regression analysis.

**Table 3: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.631a	0.398	0.395	0.63101

a. Predictors: (Constant), Proactiveness

In Table 4, ANOVA results between Proactiveness and MSME growth are presented.

**Table 4: Analysis of Variance (ANOVA)**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	64.385	1	64.385	161.7	.000 <sup>b</sup>
	Residual	97.553	245	0.398		
	Total	161.938	246			

a. Dependent Variable: MSME Growth  
b. Predictors: (Constant), Proactiveness

The ANOVA results in Table 4 show that the model used was statistically significant in explaining the effect of proactiveness on the growth of MSMEs in Kenya, as indicated by a p-value of 0.000, which is less

than the 0.05 critical value. This result provides strong evidence that proactiveness is a significant predictor of firm growth among MSMEs in Kenya. The

regression coefficient between proactiveness and MSME growth is shown in Table 5.

**Table 5: Regression Coefficient Result**

Model	Unstandardised Coefficients		Standardised Coefficients	t	Sig.
	B	Std. Error	Beta		
1	(Constant)	2.107	0.179	11.761	0.000
	Proactiveness	0.574	0.045	0.631	12.716

a. Dependent Variable: MSME Growth

The regression analysis (Table 5) revealed a positive and statistically significant relationship between proactiveness and MSME growth in Kenya ( $\beta = 0.574$ ,  $p < .001$ ). This indicates that increases in proactive behaviour are associated with measurable improvements in firm growth outcomes. The significance level ( $p < 0.05$ ) warranted the rejection of the null hypothesis ( $H_{01}$ ), confirming that proactiveness contributes meaningfully to MSME growth in the Kenyan context.

The quantitative findings were reinforced by qualitative evidence from owner and manager interviews. Respondents described proactiveness as a survival mechanism, often rooted in addressing everyday community challenges. Examples included developing mobile camera systems for home security after local incidents of crime, creating online platforms to ease traffic congestion, and designing machinery to support agricultural productivity. Passion and responsiveness emerged as central themes, with many entrepreneurs emphasising that innovation was driven not only by competition but also by a desire to solve real-world problems. At the same time, not all firms were first movers at the national level; several reported seeking first-mover advantages within their regions, using proactive strategies to differentiate themselves in competitive markets.

These accounts demonstrate that proactiveness among Kenyan MSMEs is both context-specific and problem-driven. It reflects a form of entrepreneurial orientation shaped by resource constraints and environmental challenges, but also by a strong commitment to opportunity recognition and innovation.

## Discussion

This study found that proactiveness had a strong and statistically significant effect on MSME growth in Kenya. Firms that demonstrated forward-looking behaviour, by anticipating customer needs, identifying opportunities, and acting ahead of competitors, achieved higher growth compared to less proactive firms. The regression analysis confirmed proactiveness as a significant predictor of performance, reinforcing the argument that it is an important driver of entrepreneurial success in dynamic and competitive environments (Dess & Lumpkin, 2005; Cheruiyot & Mang'ana, 2023).

The qualitative findings provide insight into why this statistical relationship exists. Owners and managers consistently framed proactiveness as a survival mechanism, describing how they drew inspiration from everyday community problems, such as home security, traffic congestion, or agricultural inefficiencies, and converted them into business opportunities. This aligns with the view that proactiveness in the Kenyan MSME context is less about abstract strategic positioning and more about problem-solving, passion, and embedding innovation in local realities. In this way, proactiveness enables firms to generate solutions that resonate with their markets and secure a competitive edge, even in resource-constrained settings.

At the same time, evidence from across Africa shows that the benefits of proactiveness are context-dependent. While South African (Oni et al., 2019) and Ghanaian evidence (Anlesinya et al., 2015) support its positive effects, Tanzanian research demonstrates negative associations with export performance (Ringo

et al., 2022). This contrast suggests that proactive strategies can overextend firm resources or clash with institutional conditions, limiting their effectiveness. By contrast, in Kenya's relatively under-regulated markets, visible community problems and gaps in service provision create conditions where proactive firms can thrive by offering locally relevant, first-mover solutions (Wanjau et al., 2015; Kivuitu & Karugu, 2020).

Taken together, these findings reinforce the argument that entrepreneurial orientation is contextually embedded (Lumpkin & Dess, 1996). Proactiveness contributes significantly to growth, as shown in the quantitative results, but its effectiveness depends on aligning initiative with organisational capacity and environmental conditions. For Kenyan MSMEs, the challenge is not only to be proactive but to be strategically proactive, directing effort toward opportunities where resources and market readiness converge to transform entrepreneurial initiative into sustainable growth.

## CONCLUSION AND RECOMMENDATIONS

**Conclusion:** This study examined the influence of proactiveness on the growth of MSMEs in Kenya and found clear evidence that forward-looking behaviour is a critical driver of firm success. The quantitative results revealed a strong and statistically significant effect, confirming that proactive firms achieve higher levels of growth than those that are less responsive to market shifts. Regression analysis further showed that proactiveness explains a meaningful share of the variation in performance, underscoring its role as a key determinant of entrepreneurial outcomes.

The qualitative findings provided important depth to this relationship by illustrating how entrepreneurs in Kenya frame proactiveness as a survival strategy. This suggests that in resource-constrained but opportunity-rich environments, proactiveness is not only about being first to market but also about embedding entrepreneurial solutions in local realities. Together, these insights confirm that MSMEs that adopt proactive strategies are better positioned to achieve resilience, sustained growth, and competitiveness.

**Recommendations:** For MSME managers, the findings point to the importance of deliberately cultivating a proactive mindset within their firms. This involves

more than reacting to market change; it requires actively seeking out opportunities, experimenting with new ideas, and translating community challenges into viable business models. Entrepreneurs should invest in systems for monitoring industry trends, gathering customer feedback, and aligning growth strategies with emerging needs. By embedding proactiveness into daily practice, MSMEs can generate distinctive products and secure a competitive advantage even in uncertain markets.

At the policy level, it is essential to create an enabling environment that nurtures and sustains proactive entrepreneurial behaviour. Policymakers can strengthen the impact of proactiveness by improving access to timely market intelligence, expanding training and mentorship programs, and supporting collaborative networks that foster knowledge-sharing. Reinforcing industry associations, such as the Kenya Association of Manufacturers (KAM), and promoting sector-based clusters would enable MSMEs to pool resources, share best practices, and collectively address common challenges. At the same time, tackling persistent barriers—such as limited credit access and weak infrastructure—would enhance the capacity of entrepreneurs to act on opportunities. By combining institutional support with strong industry linkages, government and private stakeholders can ensure that proactive strategies translate into sustainable firm growth and broader economic development.

Future research should therefore examine the moderating influence of environmental dynamism, financing access, and technological adoption, as well as the mediating roles of organisational learning and marketing capabilities. Comparative studies across different counties in Kenya and within East African economies would also help to uncover contextual variations in the relationship between proactiveness and MSME growth.

While this study demonstrated a strong link between proactiveness and MSME growth, several limitations should be acknowledged. First, the cross-sectional design restricts causal inference; future research should employ longitudinal approaches to capture how the effects of proactiveness unfold over time. Second, the study was limited to Nairobi County,

which may constrain the generalizability of findings to other regions. Third, the reliance on self-reported measures introduces the potential for common method bias.

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