Entrepreneurial Proactiveness and Performance of Small and Medium-Sized Enterprises in Nairobi County, Kenya

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Abstract:

Purpose: *This study examined the effect of entrepreneurial proactiveness on the performance of registered manufacturing small and medium-sized enterprises (SMEs) in Nairobi County, Kenya.*

Material/methods: *Entrepreneurial Orientation Theory and the Contingency Perspective informed the study. An explanatory cross-sectional survey design was adopted, targeting a population of 618 registered manufacturing SMEs, from which a sample of 243 enterprises was selected. Primary data were collected from SME owners and managers using structured questionnaires based on a five-point Likert scale. A total of 208 usable questionnaires were obtained, representing a response rate of 85.6%. Data were analyzed using descriptive statistics, Pearson correlation, and linear regression analysis.*

Findings: *The findings revealed that entrepreneurial proactiveness had a positive and statistically significant effect on SME performance. The findings indicated that enterprises that anticipate market changes, identify emerging business opportunities, respond proactively to customer needs, and undertake strategic initiatives ahead of competitors tend to achieve better performance. The simple regression gave* $\beta = 0.776$ *(*$p < 0.001$*).*

Conclusion: *The study concluded that entrepreneurial proactiveness is an important strategic factor associated with improved financial and operational performance among manufacturing SMEs in Nairobi County.*

Value: *The study identifies practical steps for SME managers, policymakers, and enterprise development agencies. The study recommends that SME owners and managers strengthen proactive entrepreneurial practices through continuous market monitoring, customer needs assessment, business forecasting, and timely identification of emerging opportunities. Furthermore, policymakers and enterprise development agencies should enhance access to market intelligence, entrepreneurial training, and business development support to strengthen SME competitiveness, growth, and sustainability.*

Keywords: *Entrepreneurial proactiveness, entrepreneurial orientation, SME performance, manufacturing SMEs, Nairobi County*

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1. Introduction

Small and medium-sized enterprises (SMEs) play a critical role in promoting economic growth, employment creation, innovation, and sustainable development across developed and developing economies. Globally, SMEs account for a large share of businesses and employment, making their performance important to policymakers, entrepreneurs, and researchers (World Bank Group, n.d.). SME performance encompasses both financial and non-financial indicators, including profitability, sales growth, market share, customer retention, operational efficiency, productivity, and business sustainability (Youssef et al., 2023). Despite their economic significance, SMEs continue to experience performance challenges arising from financing constraints, digitalisation challenges, and disruptions in the wider business environment (OECD, 2023). These challenges have stimulated scholarly interest in identifying internal strategic capabilities that enable SMEs to improve their competitiveness and sustain performance. Consequently, entrepreneurial orientation has emerged as an important strategic approach through which SMEs can identify business opportunities, respond to environmental changes, and enhance organizational performance (Arabeche et al., 2022).

Entrepreneurial orientation represents a firm's strategic tendency to pursue entrepreneurial opportunities through innovativeness, risk-taking, proactiveness, and autonomy (Moustaghfir et al., 2020; Wales et al., 2023). Among these dimensions, entrepreneurial proactiveness has attracted increasing scholarly attention because of its potential to enhance firm performance through opportunity identification, market anticipation, and timely strategic action. Proactiveness refers to a firm's forward-looking orientation characterized by anticipating future market needs, identifying emerging opportunities, introducing competitive initiatives, and acting ahead of competitors (Lumpkin & Dess, 1996; Linton, 2019). Proactive SMEs continuously monitor market developments, anticipate changes in customer preferences, and introduce products, services, or business practices before competitors respond. Such strategic behaviours may enable enterprises to establish competitive advantages, expand their customer bases, increase market share, and improve profitability. Furthermore, proactive enterprises are better positioned to respond to technological developments and changing market demands, thereby strengthening their adaptability and long-term sustainability (Aidoo, 2024; Musa et al., 2025). However, the performance benefits of entrepreneurial proactiveness may depend on the availability of organizational resources and the prevailing business environment.

Globally, empirical studies have increasingly examined the relationship between entrepreneurial orientation and SME performance, with particular attention to proactive business behaviours. Studies conducted in developed and emerging economies, including the United States, Germany, China, and Malaysia, have associated entrepreneurial orientation with improved business growth, profitability, market expansion, and competitive positioning (Rauch et al., 2021; Kreiser et al., 2022). Entrepreneurial proactiveness enables SMEs to recognize emerging business opportunities, anticipate customer demands, develop new markets, and introduce competitive strategies ahead of industry rivals. Similarly, studies examining entrepreneurial orientation in dynamic business environments indicate that forward-looking strategic behaviours strengthen organizational adaptability and innovation capabilities, contributing to improved enterprise performance (Urban & Muzamhindo, 2024). Nevertheless, the relationship between entrepreneurial proactiveness and SME performance is not necessarily uniform across business environments. Although proactive strategies may enable enterprises to gain first-mover advantages, their

effectiveness can be constrained by resource limitations, unpredictable consumer behaviour, technological disruptions, and competitive pressures. These variations suggest that the contribution of entrepreneurial proactiveness to SME performance requires further investigation across different economic and institutional contexts.

In Africa, SMEs remain essential contributors to employment generation, poverty reduction, entrepreneurship development, and economic transformation. However, their performance is frequently constrained by limited access to financing, inadequate infrastructure, regulatory uncertainty, technological limitations, and intense market competition. Empirical studies conducted in South Africa, Nigeria, Ghana, and Uganda have associated entrepreneurial orientation, particularly innovativeness and proactiveness, with SME growth, competitiveness, and business sustainability (Agyapong et al., 2021; Urban & Naidoo, 2022). Entrepreneurial proactiveness may enable African SMEs to anticipate changing customer preferences, identify underserved markets, respond to emerging business opportunities, and strengthen their competitive positioning. Nevertheless, the effectiveness of proactive entrepreneurial strategies may vary depending on institutional support, market stability, access to resources, and the capacity of enterprises to implement strategic decisions. Consequently, proactive business behaviour does not automatically translate into superior performance, particularly where enterprises operate under resource constraints and uncertain economic conditions. These contextual differences highlight the importance of examining the specific contribution of entrepreneurial proactiveness to SME performance within developing economies, including Kenya.

In Kenya, SMEs constitute an important component of the national economy, contributing to employment, household incomes, entrepreneurship, and economic development. According to the Kenya National Bureau of Statistics (KNBS, 2016), Kenya had approximately 7.41 million micro, small, and medium enterprises, employing about 14.9 million people and contributing 33.8% of the country's gross domestic product in 2015. Despite this contribution, enterprise sustainability remains a major concern, as approximately 2.2 million MSMEs closed during the five years preceding the 2016 survey, with 61.3% of the closed businesses having operated for less than two years (KNBS, 2016). Previous Kenyan studies have established associations between entrepreneurial orientation and SME performance and identified proactiveness as a contributor to enterprise growth (Mutuku & Njeru, 2021; Katialem et al., 2025). However, these findings do not fully establish the independent contribution of entrepreneurial proactiveness to SME performance, particularly within Nairobi County, where enterprises operate in a competitive and rapidly changing business environment. Although proactive strategies such as anticipating customer needs, identifying emerging market opportunities, introducing competitive initiatives, and responding ahead of competitors may enhance enterprise performance, their effectiveness requires further empirical investigation. Therefore, this study sought to examine the effect of entrepreneurial proactiveness on the performance of small and medium-sized enterprises in Nairobi County, Kenya.

2. Empirical and Theoretical Review

2.1. Theoretical Review

Entrepreneurial orientation theory explains how firms organise their strategic decisions and Entrepreneurial Orientation (EO) Theory explains how firms enhance their performance through entrepreneurial strategic behaviours, including innovativeness, risk-taking, proactiveness, autonomy, and competitive aggressiveness. The theory draws from the early contributions of Mintzberg (1973) and Khandwalla (1977) and

was further developed by Miller (1983), who identified innovativeness, risk-taking, and proactiveness as key characteristics of entrepreneurial firms. Covin and Slevin (1989) established that entrepreneurial strategic behaviour influences firm performance, particularly in competitive and uncertain environments, while Lumpkin and Dess (1996) expanded the framework to include autonomy and competitive aggressiveness. The present study focuses on entrepreneurial proactiveness, which emphasizes anticipating market changes, identifying emerging opportunities, introducing competitive initiatives, and acting ahead of competitors to improve business performance. The theory is relevant to this study because it explains how proactive entrepreneurial behaviours can enhance SME performance through increased profitability, sales growth, market expansion, and competitive advantage. Therefore, the theory provides a theoretical foundation for examining the effect of entrepreneurial proactiveness on the performance of small and medium-sized enterprises in Nairobi County, Kenya.

2.2. Empirical Review and Hypothesis Development

Al-Dhobee et al. (2025) examined the relationship between entrepreneurial orientation and social performance among 200 manufacturing SMEs in Yemen using partial least squares structural equation modelling. The findings established that entrepreneurial proactiveness had a significant positive effect on social performance, while charismatic leadership strengthened this relationship. However, the study focused on social performance rather than financial indicators such as profitability and sales growth, limiting its direct applicability to the present study. Conversely, Adam et al. (2024) investigated 1,161 micro, small, and medium enterprises in Indonesia using partial least squares structural equation modelling and established that proactiveness had a negative and statistically insignificant relationship with business performance, although innovativeness, risk-taking, and strategic networking demonstrated positive associations. These contrasting findings suggest that the influence of entrepreneurial proactiveness on SME performance varies across economic and institutional environments, highlighting the need for further empirical investigation.

Ogbaini et al. (2024) examined entrepreneurial orientation and SME performance in Lagos, Nigeria, using data collected from 222 owners, managers, and employees through structured questionnaires. Using chi-square analysis, the study established significant associations between SME performance and proactiveness, innovativeness, risk-taking, and competitive aggressiveness, while autonomy was not significant. However, reliance on chi-square analysis limited the assessment of the independent contribution of entrepreneurial proactiveness to SME performance when other dimensions were considered simultaneously. Similarly, Christiana and Islam (2025) investigated entrepreneurial orientation and SME performance among 211 SME owners and managers in Lagos State, Nigeria, using Spearman correlation and multiple regression analysis. The findings established that proactiveness had a positive and statistically significant relationship with SME performance, while the combined regression model explained 40.3% of the variance in performance. Although these findings demonstrate the importance of entrepreneurial proactiveness in enhancing SME performance, differences in geographical location, institutional conditions, and industrial characteristics limit their generalizability to manufacturing SMEs in Nairobi County, Kenya.

In Kenya, Kiguru et al. (2024) investigated the relationship between entrepreneurial proactiveness and performance among textile-based manufacturing SMEs. The study measured enterprise performance using sales turnover, profitability, and employment growth and employed regression analysis to examine the relationship between the

variables. The findings established a positive and statistically significant relationship between entrepreneurial proactiveness and SME performance, with the reported regression model explaining 60.1% of the variance in enterprise performance. The findings further indicated that proactive enterprises were better positioned to anticipate market developments, identify emerging customer needs, establish business networks, and respond to competitive pressures. These results suggest that entrepreneurial proactiveness contributes to improved financial and non-financial performance among manufacturing enterprises. However, the study was restricted to textile-based manufacturing enterprises, whose production processes, purchasing patterns, market dynamics, and operational challenges may differ from those experienced in other manufacturing subsectors. Consequently, the findings may not adequately explain the effect of entrepreneurial proactiveness on performance across the broader manufacturing SME sector in Nairobi County, thereby creating a contextual gap that warrants further investigation.

The reviewed empirical studies demonstrate that entrepreneurial proactiveness is an important strategic factor associated with SME performance, although the direction and statistical significance of the relationship vary across geographical and industrial contexts. While Al-Dhobee et al. (2025), Ogbaini et al. (2024), Christiana and Islam (2025), and Kiguru et al. (2024) reported positive relationships between proactiveness and enterprise performance, Adam et al. (2024) established a negative and statistically insignificant relationship. These inconsistencies reveal an empirical gap regarding the contribution of entrepreneurial proactiveness to SME performance. Furthermore, the existing studies present contextual and methodological gaps because they were conducted in different countries, involved different enterprise categories, employed varying analytical techniques, or focused on specific performance dimensions and manufacturing subsectors. Among manufacturing SMEs in Nairobi County, entrepreneurial proactiveness may enhance performance by enabling enterprises to anticipate customer needs, identify emerging market opportunities, adjust production activities, and introduce competitive initiatives ahead of competitors. However, the extent to which these proactive behaviours translate into improved profitability, sales growth, market share, and overall enterprise performance requires further empirical investigation. Therefore, the present study sought to address these gaps by examining the effect of entrepreneurial proactiveness on the performance of registered manufacturing SMEs in Nairobi County, Kenya. The study was guided by the null hypothesis that;

H01: Entrepreneurial proactiveness has no statistically significant effect on the performance of registered manufacturing SMEs in Nairobi County, Kenya.

3. Research Methodology

This article draws on survey data collected for a broader thesis examining entrepreneurial orientation and SME performance in Nairobi County, Kenya. The study employed an explanatory cross-sectional survey design to examine the effect of entrepreneurial proactiveness on the performance of registered manufacturing SMEs. The design was appropriate because it facilitated the examination of relationships between variables and the testing of hypotheses without manipulating the study variables (Setia, 2016).

Sampling

The target population comprised 618 registered manufacturing SMEs operating in Nairobi County, Kenya (Nairobi County Ministry of Trade, 2025). The enterprise was the unit of analysis, while SME owners and managers served as respondents because

of their knowledge of business strategies, entrepreneurial activities, and organizational performance. A planned sample of 243 SMEs was determined using Yamane's (1967) formula at a 5% margin of error. The study specified simple random sampling to select SMEs from the sampling frame, ensuring that each registered manufacturing enterprise had an equal probability of selection. Owners and managers were targeted as respondents because of their involvement in strategic decision-making and daily business operations.

Data Collection, Measurement of Variables, Reliability and Validity

Primary data were collected using structured questionnaires administered to SME owners and managers through email and the drop-and-pick method. The questionnaire employed a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). Entrepreneurial proactiveness was measured using seven items covering market forecasting, goal orientation, identification of emerging customer needs, and initiative in responding to market developments. SME performance was measured using six indicators covering changes in sales, employment, profitability, branch expansion, inventory, and capacity to accommodate additional employees. A pilot study involving 30 questionnaires was conducted in Thika Town to assess the suitability of the research instrument (Connelly, 2008; Hertzog, 2008). Reliability was assessed using Cronbach's alpha, with a coefficient of 0.70 and above considered acceptable. Face and content validity were evaluated through reviews by university supervisors and subject experts, while construct validity was assessed using principal component analysis. The performance construct recorded factor loadings ranging from 0.626 to 0.778, explaining 50.18% of the total variance, with a Kaiser-Meyer-Olkin (KMO) value of 0.836 and a statistically significant Bartlett's test of sphericity ($\chi^2(15) = 328.631$, $p < 0.001$), supporting the suitability of the performance items for factor analysis. Participation was voluntary, and respondents' information was treated confidentially.

Data Analysis

Collected data were checked for completeness, coded, cleaned, and analyzed using the Statistical Package for the Social Sciences (SPSS) version 20. Descriptive statistics, including frequencies, percentages, means, and standard deviations, were used to summarize respondents' characteristics and study variables. Pearson correlation analysis was employed to examine the strength and direction of the relationship between entrepreneurial proactiveness and SME performance. Multiple linear regression analysis was conducted to determine the effect of entrepreneurial proactiveness on SME performance while controlling for innovativeness, risk-taking, autonomy, competitive aggressiveness, firm age, and firm size. Diagnostic tests were conducted to assess normality, linearity, homoscedasticity, and multicollinearity. Statistical significance was evaluated at the 5% significance level ($p < 0.05$).

Model Specification

The study employed multiple linear regression analysis to examine the effect of entrepreneurial proactiveness on SME performance. The regression model was specified as follow

$$FP = \beta_0 + \beta_1 OA + \beta_2 OS + \beta_3 EP + \varepsilon$$

Where FP represents firm performance; $\beta_0$is the regression constant; OA represents organizational age; OS represents organizational size; EP represents entrepreneurial proactiveness; $\beta_1 - \beta_3$are regression coefficients; and ε represents the error term

4. Findings and Discussion

This section presents the findings on the effect of entrepreneurial proactiveness on the performance of small and medium-sized enterprises (SMEs) in Nairobi County, Kenya. The analysis involved descriptive statistics, Pearson correlation, and regression analysis to examine the relationship between entrepreneurial proactiveness and SME performance and test the study hypothesis. Of the 215 questionnaires returned, 208 were retained for analysis, representing 85.6% of the targeted sample of 243 respondents. Male respondents accounted for 56.3%, while female respondents represented 43.8%. The largest proportion of respondents were aged 40–49 years (42.3%), while diploma holders constituted the largest educational category (44.2%). These findings provide an overview of the respondents' demographic characteristics and the data used to examine the relationship between entrepreneurial proactiveness and SME ***performance***

SME Characteristics

The findings revealed that most manufacturing SMEs in Nairobi County had operated for 6–10 years (43.8%), followed by those operating for 1–5 years (23.1%), 11–15 years (17.8%), and over 15 years (15.4%). Regarding firm size, 40.4% employed 11–20 workers, another 40.4% employed more than 20 workers, while 19.2% employed 1–10 workers. These findings indicate that most surveyed SMEs were relatively established, with varying operational experience and workforce capacities that could influence their entrepreneurial proactiveness and overall performance.

Table 1: Firm Characteristics

		Frequency	Percent
Years business has been in operation	1- 5 years	48	23.1
	6-10 years	91	43.8
	11-15 years	37	17.8
	Over 15 years	32	15.4
	Total	**208**	**100**
Number of employees	1-10	40	19.2
	11-20	84	40.4
	above 20	84	40.4
	Total	**208**	**100**

Descriptive Statistics

The findings revealed that manufacturing SMEs in Nairobi County generally reported positive performance over the preceding two years. Respondents reported increased sales (M = 4.07, SD = 0.85), employment growth (M = 4.04, SD = 0.86), and branch expansion (M = 4.01, SD = 0.89). Profitability also recorded a relatively high mean (M = 3.85, SD = 0.97). However, capacity to accommodate additional employees (M = 3.65, SD = 0.94) and inventory improvement (M = 3.61, SD = 1.09) recorded comparatively lower scores. The reported overall mean of 3.72 (SD = 0.73) indicated generally favourable SME performance. The negative skewness values indicated that responses were concentrated toward higher agreement levels, while kurtosis values suggested no extreme departures from normality based on commonly used descriptive thresholds.

Table 2: SME Performance

n=208	Mean	Std. Dev	Skewness	Kurtosis
Our enterprise has experienced an increase in sales over the past two years.	4.07	0.85	-1.04	1.32
Our enterprise has expanded its workforce by employing more staff over the past two years.	4.04	0.86	-1.31	2.58
Our enterprise has the capacity to accommodate additional employees in the next two years.	3.65	0.94	-0.26	-0.47
Our enterprise has recorded growth in profitability over the last two years.	3.85	0.97	-0.57	-0.33
Our enterprise has expanded its operations through the establishment of new branches in the past two years.	4.01	0.89	-1.12	1.61
Our enterprise has experienced improved stock (inventory) levels and availability over the last two years.	3.61	1.09	-0.49	-0.62
SMEs performance	**3.72**	**0.73**	**-0.46**	**0.33**

Source: (Survey Data, 2025)

The findings revealed that manufacturing SMEs in Nairobi County exhibited a relatively high level of entrepreneurial proactiveness, with a composite mean of 3.91 (SD = 0.62). Specifically, respondents indicated that their enterprises were driven by clear organizational goals, actively identified and responded to customer needs, forecasted future market demands, and adopted proactive competitive strategies. However, some enterprises experienced challenges in consistently staying ahead of competitors and anticipating emerging market trends. The findings further suggested variations in the extent to which enterprises pioneered new products and business practices. The results indicate that manufacturing SMEs demonstrated a forward-looking strategic orientation, although opportunities remain to strengthen market anticipation, innovation initiatives, and competitive positioning. The negative skewness values across most items suggest that responses were concentrated toward agreement, implying that the majority of respondents perceive their enterprises as proactive. Additionally, the kurtosis values were within acceptable ranges, indicating that the data distribution approximates normality. These findings suggest that SMEs in Nairobi County exhibit a forward-looking strategic posture, although there is still room for improvement in anticipating market changes and strengthening competitive positioning.

Table 3: Descriptive Statistics for Entrepreneurial Proactiveness

n=208	Mean	Std. Dev	Skewness	Kurtosis
We always forecast for the future needs	3.65	1.06	-1.11	0.90
Our enterprise is driven forward by its goals	4.07	1.15	-1.33	0.99
Our staff lead in finding and recognizing the customer needs	3.88	0.93	-1.39	2.09
Our enterprise is always ahead of competition	3.45	1.03	-1.21	0.49
Our enterprise takes aggressive posture compare to competition	3.65	0.82	-1.09	0.25
We don't pioneer introducing new things or new ways	3.74	0.86	-0.85	0.56
Our enterprise is not surprised by emerging things	3.35	1.11	-0.84	-0.36
Pro-activeness	**3.91**	**0.62**	**-1.14**	**1.00**

Source: (Survey Data, 2026)

Correlation

The findings revealed a strong, positive, and statistically significant relationship between entrepreneurial proactiveness and SME performance ($r = 0.776$, $p < 0.01$). This indicates that manufacturing SMEs exhibiting higher levels of entrepreneurial proactiveness tended to report better performance. However, enterprise age ($r = 0.027$) and enterprise size ($r = -0.087$) exhibited weak correlations with SME performance, suggesting limited linear associations.

Table 4: Correlation Analysis

	SMEs performance	Pro-Activeness	Enterprise Age	Enterprise Size
SMEs performance	1			
Pro-Activeness	.776**	1		
Enterprise Age	0.027	0.059	1	
Enterprise Size	-0.087	-0.064	-0.074	1
** Correlation is significant at the 0.01 level (2-tailed).				
* Correlation is significant at the 0.05 level (2-tailed).				

Regression Results (Hypothesis Testing)

The findings revealed that entrepreneurial proactiveness had a positive and statistically significant effect on SME performance in Nairobi County, Kenya ($\beta = 0.776$, $p < 0.001$). The simple regression model explained 60.2% of the variance in SME performance ($R^2 = 0.602$) and was statistically significant ($F = 312.110$, $p < 0.001$). Furthermore, after controlling for other entrepreneurial orientation dimensions, firm age, and firm size, proactiveness remained a positive and statistically significant predictor of SME performance ($\beta = 0.220$, $p = 0.002$). A one-unit increase in proactiveness was associated with a 0.261-unit increase in predicted SME performance, holding other predictors constant. Therefore, the null hypothesis was rejected.

Table 5: Regression Results for Entrepreneurial Proactiveness and SME Performance

	Unstandardized Coefficients		Standardized Coefficients		
	B	**Std. Error**	**Beta**	**t**	**Sig.**
(Constant)	0.124	0.206		0.604	0.547
proactiveness	0.919	0.052	0.776	17.667	0.000
Model					
R	0.776				
R Square	0.602				
Adjusted R Square	0.600				
Std. Error of the Estimate	0.462				
F	312.110				
Sig.	0.000				
a Dependent Variable: SMEs performance					

Discussion of Findings

The findings revealed that entrepreneurial proactiveness had a positive and statistically significant effect on the performance of small and medium-sized enterprises in Nairobi County, Kenya ($\beta = 0.776$, $p = 0.000<0.05$). Consequently, the null hypothesis that entrepreneurial proactiveness has no statistically significant effect on SME performance was rejected. These findings suggest that manufacturing SMEs that anticipate market changes, identify emerging business opportunities, respond proactively to customer needs, and undertake strategic initiatives ahead of competitors tend to achieve better business performance. This implies that entrepreneurial proactiveness is an important strategic capability associated with improved profitability, sales growth, market expansion, and overall competitiveness among manufacturing SMEs.

The findings are consistent with Kiguru et al. (2024), who established a positive and statistically significant relationship between entrepreneurial proactiveness and performance among textile-based manufacturing SMEs in Kenya. Similarly, Christiana and Islam (2025) established that entrepreneurial proactiveness positively and significantly predicted SME performance in Lagos State, Nigeria. The findings also agree with Ogbaini et al. (2024), who reported a significant association between proactiveness and SME performance in Nigeria. Furthermore, Al-Dhobee et al. (2025) established that entrepreneurial proactiveness positively influenced social performance among manufacturing SMEs in Yemen. However, the findings contradict Adam et al. (2024), who reported a negative and statistically insignificant relationship between proactiveness and business performance among Indonesian MSMEs. These differences may be attributed to variations in economic conditions, institutional environments, resource availability, and the capacity of enterprises to translate proactive entrepreneurial behaviours into improved performance.

The findings further support Entrepreneurial Orientation Theory, particularly the arguments advanced by Miller (1983) and Lumpkin and Dess (1996), which emphasize entrepreneurial proactiveness as an important strategic behaviour associated with organizational competitiveness and performance. The positive relationship suggests that manufacturing SMEs in Nairobi County can strengthen their performance by anticipating changes in customer preferences, identifying emerging market

opportunities, adjusting production processes, and introducing competitive initiatives ahead of competitors. Such proactive behaviours may enhance market positioning, customer satisfaction, sales growth, and profitability. Therefore, the findings underscore the importance of entrepreneurial proactiveness in enhancing the performance and competitiveness of manufacturing SMEs in Nairobi County, Kenya.

5. Conclusion and Recommendations

Conclusion

The study concluded that entrepreneurial proactiveness had a positive and statistically significant effect on the performance of registered manufacturing SMEs in Nairobi County, Kenya. The findings demonstrated that enterprises that anticipate market changes, identify emerging business opportunities, respond proactively to customer needs, and undertake strategic initiatives ahead of competitors tend to achieve better financial and operational performance. The positive relationship remained statistically significant after controlling for other entrepreneurial orientation dimensions, firm age, and firm size. Therefore, entrepreneurial proactiveness was established as an important strategic factor associated with SME performance, highlighting the value of forward-looking entrepreneurial behaviours in enhancing enterprise competitiveness, growth, and sustainability.

Recommendations

Managerial Implications

The study recommends that owners and managers of manufacturing SMEs in Nairobi County strengthen entrepreneurial proactiveness by continuously monitoring market trends, anticipating changes in customer preferences, identifying emerging business opportunities, and undertaking timely strategic initiatives. SME managers should establish mechanisms for collecting customer feedback, monitoring competitors, and forecasting market demand to support proactive decision-making. Furthermore, enterprises should adopt flexible production strategies, improve inventory planning, and conduct market assessments before introducing new products or expanding into new markets. These practices may enhance competitiveness, sales growth, profitability, and overall enterprise performance.

Policy Implications

The study recommends that the Nairobi City County Government, the Micro and Small Enterprises Authority, and manufacturing industry associations strengthen policies and programmes that promote entrepreneurial proactiveness among SMEs. Particular emphasis should be placed on providing access to market information, business forecasting training, entrepreneurial skills development, and emerging market opportunities. Policymakers should also support business networking platforms, market intelligence systems, and capacity-building initiatives that enable manufacturing SMEs to anticipate changes in demand and respond effectively to competitive pressures. Such interventions may strengthen enterprise competitiveness, promote business expansion, and contribute to employment creation and economic development.

Theoretical Implications

The findings contribute to Entrepreneurial Orientation Theory by providing empirical evidence supporting the importance of proactiveness as a distinct dimension associated with SME performance. Consistent with Miller (1983) and Lumpkin and Dess (1996), the findings demonstrate that forward-looking entrepreneurial behaviours, including opportunity identification, market anticipation, and strategic initiative, are positively

associated with organizational performance. The study therefore reinforces the multidimensional perspective of entrepreneurial orientation by demonstrating the relevance of examining proactiveness independently rather than treating entrepreneurial orientation as a single construct. Furthermore, the findings provide a basis for extending the theory through future investigations of contextual factors that may strengthen or weaken the relationship between entrepreneurial proactiveness and SME performance.

6. Limitations and Further Research

The study was limited to registered manufacturing SMEs in Nairobi County, Kenya, which may restrict the generalizability of the findings to informal enterprises, service-sector SMEs, and enterprises operating in other counties. Furthermore, the explanatory cross-sectional research design involved collecting data at a single point in time, limiting the ability to establish causal relationships between entrepreneurial proactiveness and SME performance. The study also relied on self-reported questionnaire data, which may be subject to response bias and common-method bias. Future studies should consider longitudinal research designs to examine how entrepreneurial proactiveness influences SME performance over time. Additionally, future research should incorporate objective financial and operational performance indicators, examine SMEs across different manufacturing subsectors and counties, and investigate the moderating effects of environmental uncertainty, technological capabilities, and access to financial resources on the relationship between entrepreneurial proactiveness and SME performance.

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