Int Journal of Social Sciences Management and Entrepreneurship 9(1): 997-1012 2025

ISSN 2411-7323

www.sagepublishers.com

ENTREPRENEURIAL ELEMENTS AND PERFORMANCE OF SMALL AND MEDIUM CONSTRUCTION ENTERPRISES IN KIAMBU COUNTY, KENYA

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ABSTRACT

Performance encompasses all organizational procedures, processes, and human elements, with entrepreneurship playing a significant role in enhancing it. This study investigated the performance of small and medium-sized construction enterprises (SMCEs) in relation to various entrepreneurial factors. The key objectives were to evaluate the influence of entrepreneurial experience, and risk-taking propensities on the performance of these businesses. The study was guided by several theoretical frameworks, including Competency Theory Risk Propensity, Knight's Theory of Risk. A descriptive research design was adopted, and questionnaires were used as the primary data collection tool. The target population consisted of 280 construction firms in Kiambu County, with managers, site engineers, and contractors serving as the units of observation. Respondents were selected through simple random sampling. SPSS version 28 was used for analyzing data and presented through frequencies, descriptive statistics, and inferential statistics to draw conclusions. Multiple regression analysis was used to examine the link between firm performance and entrepreneurial variables. The results from the correlation analysis showed a strong impact. These entrepreneurial factors significantly influence the success of Small and Medium Construction Enterprises (SMCEs). Specifically, a strong and significant positive relationship was identified between entrepreneurial experience, risk-taking behavior, and overall business performance. Based on the results, the study recommends comprehensive training and coaching for entrepreneurs in areas such as business vision, goal setting, value addition, market expansion, risk management, and strategic decision-making. Additionally, further research is recommended to explore other entrepreneurial factors influencing the performance of SMCEs.

Key Words: Entrepreneurial Elements, Small and Medium-Sized Construction Enterprises, Entrepreneurial Experience, Risk-Taking Propensities, Performance

Background of the Study

The performance of small and medium-sized enterprises (SMEs) in the construction industry is significantly affected by various entrepreneurial factors. These key factors include innovation, risk-taking, and proactiveness. Moreover, improvements in technology, innovations in products and processes, market strategies, and other innovation management practices have been found to boost the performance of construction SMEs (Kariuki & Mungai, 2023). Entrepreneurial experience enhances managerial capabilities, decision-making, and problem-solving skills, enabling construction enterprises to navigate industry challenges, manage resources effectively, and identify market opportunities for improved performance (Shane, 2018). Networking also plays a crucial role by providing access to valuable business information, financial resources, and market opportunities, fostering business growth and competitiveness (Liu et al, 2020). Innovation, through the adoption of new technologies, modern construction methods, and improved management practices, enhances efficiency, reduces costs, and strengthens competitiveness (Hamdouna & Khmelyarchuk, 2025). Additionally, risk-taking in investing in uncertain ventures and exploring emerging markets drives SME growth, enabling entrepreneurs to seize opportunities, expand their businesses, and increase profitability (Lin & Abdullah, M. Y. 2024).

Statement of the Problem

The performance of Small and Medium Enterprises in the construction sector is crucial to the economic growth and urban development of a country. These enterprises play a significant role in employment generation and contribute significantly to the country's GDP. According to a report by KNBS Q1 (2024), this sector accounted for 10.2% of the country's GDP. Although an important role is played by Small and Medium Construction Enterprises (SMCEs) in the economy and urban development, they face various challenges. A report by Kiambu County Government (2022) indicated that 25% to 35% of these enterprises faced prolonged closures or collapse during the pandemic period (2020 - 2022). Also, a report by the Kenya Bankers Association (2022) highlighted that the proportion of construction-sector SMEs with annual turnovers below Kenya shillings one hundred thousand surged from 20% pre-pandemic to 43.8% between 2020 and 2022.

This decline reflects systemic challenges such as delayed project completion, cost overruns, and cash flow constraints, which undermine competitiveness. Previous studies highlight the importance of entrepreneurial competencies in enhancing the performance of small and medium enterprises. Gathoni et al (2021) emphasized that entrepreneurial competencies, particularly in innovation, leadership, networking, and risk-taking, are vital for growth. Douglas et al. (2017) reported that 70% of SMEs fail within the first three years of operation, largely due to poor performance and an inability to stay competitive. Wang et al. (2014) pointed out that specific entrepreneurial experience factors such as opportunity identification, industry knowledge, training, and development significantly influence SME performance by improving decision-making capabilities. Wanjau (2020) highlighted that limited entrepreneurial skills and poor access to financing are major barriers to SME success, whereas adequate skills and financial resources support sustainable growth.

Fitriatia et al. (2020) noted that SMEs adopting innovative practices achieve higher performance through improved products and processes. Effective financial and human resource management also enhances operational efficiency, as shown by Muchiri et al. (2021), who recommended training programs to strengthen technical and managerial skills in the construction sector. Bunyasi et al. (2014) observed that access to market data, industry trends, and business advisory services supports strategic planning and informed decision-making.

Despite the importance of SMCEs in the country's economic development, there lacks a specific study within the local context that has managed to address the influence of entrepreneurial factors on the performance of SMCEs in Kenya, and in particular Kiambu County. This study therefore is aimed at filling the missing knowledge gap by finding the influence of entrepreneurial factors on the performance of SMCEs in Kiambu County.

Research Objectives

The general objective of this study was to determine the entrepreneurial factors influencing the performance of small and medium construction enterprises in Kiambu County, Kenya.

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

i. To establish the influence of entrepreneurial experience on the performance of small and medium-sized construction enterprises in Kiambu County.

ii. To determine the effect of propensity to take risks on the performance of small and medium construction enterprises in Kiambu county.

LITERATURE REVIEW

Theoretical Framework

The Competency Theory

A competency encompasses a collection of related knowledge, skills, and attitudes that are vital for job performance, align with job responsibilities, and can be measured against established standards while being improvable through training and development. According to Bacigalupo et al (2016) entrepreneurial competencies are found in individuals who initiate or reshape organizations, bringing value through effective resource and opportunity management. While the competencies needed to start a new venture provide a basic foundation, it is the highly successful entrepreneurs who extend beyond the launch phase, ensuring their organizations' survival and growth. The focus is on competencies that foster long-term success.

Entrepreneurial competencies are the essential qualities, such as specific knowledge, motives, traits, self-perception, social roles, and skills, that drive the establishment, survival, and growth of a business. The skills and competencies required to run a small firm are both qualitatively and quantitatively distinct from those necessary in larger organizations. According to Schneider (2017), entrepreneurial competencies can be classified into three main categories: attitudes or traits, knowledge or experience, and skills or abilities. These competencies are essential for the growth and performance of enterprises, and their continued development can result in increased profitability and business expansion. This theory will serve as a framework for addressing the first research question: To what extent does entrepreneurial experience influence the performance of Small and Medium Construction Enterprises in Kiambu County?

Risk Propensity Theory and Knight's Theory of Risk, Uncertainty and Profit

McClelland's (1961) research on entrepreneurs introduces the concept of risk-taking propensity, suggesting that entrepreneurs who are willing to engage in high-risk activities can capitalize on profitable opportunities in uncertain situations, leading to long-term success. This idea is particularly relevant in the field of entrepreneurship, where navigating uncertainty is often a key part of the process. Liles (1974) echoed this sentiment by highlighting that entrepreneurs frequently confront uncertainties related to financial security, mental well-being,

career stability, and family life. Moreover, several entrepreneurship theories acknowledge that entrepreneurs carry residual uncertainty (ABD, 2012).

Knight (1921) delved into the connection between uncertainty, risk, and profit, asserting that profit stems not from taking risks, but from managing uncertainty. He drew a clear line between risk and uncertainty: risk can be categorized as either calculable or non-calculable (Bianchi & Henrekson, 2005). Calculable risks, such as those involving theft, fire, or accidents, can be anticipated using statistical data and insured against, with the cost of insurance factored into business operations (Emmett, 2010). On the other hand, non-calculable risks, like a competitor's strategies or the costs of outmaneuvering competition, cannot be precisely measured (Emmett, 2010).

In 1933, Knight expanded on this distinction, describing uncertainty as an uncontrollable element and risk as something that can be fully calculated or quantified. He argued that the entrepreneur's role is to navigate uncertainty, which cannot be computed, and to take responsibility for decisions and their consequences (McGrath & MacMillan, 2000). While risks in business are managed in various ways, ultimately, a select few individuals—typically entrepreneurs—bear the greatest responsibility for the business's survival. This responsibility requires someone who is not averse to risk, a trait often associated with entrepreneurs (Amit, Glosten & Muller, 1993).

As the world continually changes, new business opportunities emerge, but this also means that our understanding of future events is limited (Bianchi & Henrekson, 2005). According to Knight, risk pertains to situations where the outcome is unknown but the odds can be accurately estimated. In contrast, uncertainty involves scenarios where the necessary information to set accurate odds is lacking (Knight, 1942). Knight argued that the entrepreneur's primary role is to manage uncertainty in business events, thereby protecting other stakeholders.

Knight's theory also suggests that the entrepreneur's role includes making judgments in unique situations, managing economic uncertainty, and acting as an insurance agent. In his 1942 paper "Profits and Entrepreneurial Functions," Knight stated that entrepreneurs, as company owners and residual claimants, earn profits by performing three essential tasks: initiating valuable changes or innovations, adapting to shifts in the economic environment, and assuming the consequences of uncertainty (Knight & Cavusgil, 1996).

Knight's theory of entrepreneurship is considered a refinement of Cantillon's earlier theory (Hebert & Link, 1988), which also connected entrepreneurship with risk and uncertainty but did not differentiate between the two. Unlike Knight's entrepreneur, Cantillon's entrepreneur was also seen as an arbitrageur, ensuring economic equilibrium—a role not attributed to the entrepreneur in Knight's theory (Hebert, 1981).

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.

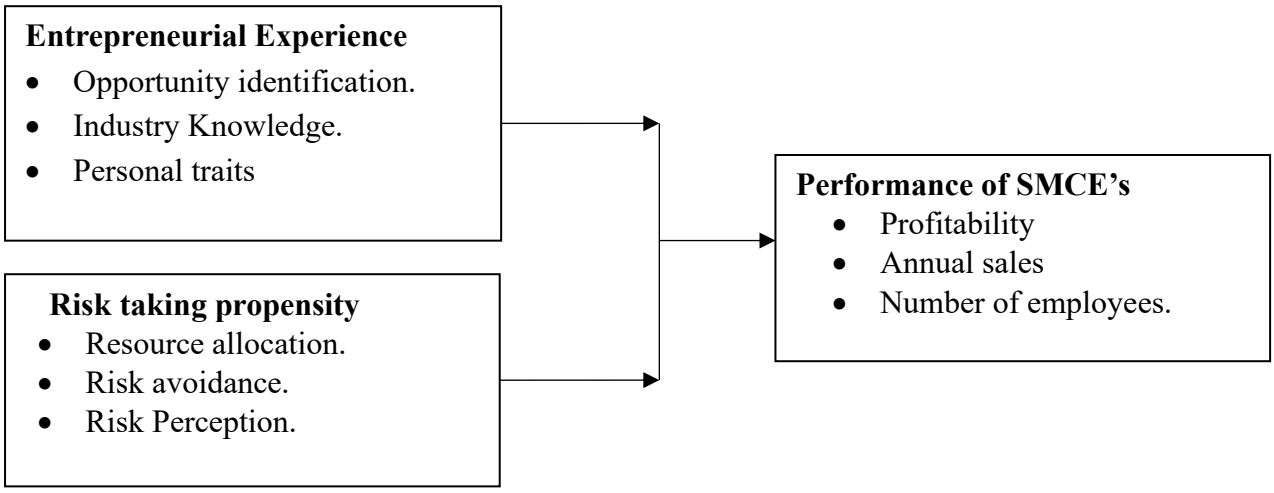

Figure 2.1 Conceptual Framework

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.

Risk Taking Propensity

Hossain et al. (2022) found that empirical studies in both developed and developing economies indicate that risk-taking, as a strategic approach at the firm level, can be a major source of competitive advantage, positively influencing the growth and financial performance of businesses in 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).

The Performance of Small and Medium Construction Enterprises

Performance of firms indicates the organization functions because of implementation of various strategies, practices and policies.Nunes et al. (2012) proposes that the performance of a firm can be evaluated objectively through indicators like return on investment, market share, profitability, and sales growth, which are assessed using quantitative data.

Brem, Kreusel, and Neusser (2008) emphasized the importance of evaluating a company's growth and structural complexity by considering the number of employees. They argue that financial constraints can reduce the demand for products, services, and labor, thereby affecting a firm's ability to create jobs. Access to financing and liquidity is crucial in determining the level of job creation. As enterprise resources grow, investment ambitions tend to rise, potentially increasing demand for products, services, and labor. From a resource-based perspective, firm performance can be measured through profitability, turnover, market share, and job creation, with employee count being a key indicator.

Empirical view

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.

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.

The Performance of Small and Medium Construction 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 small and medium-sized construction 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 SMCE 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—education, resource availability, expertise, and technology—SMCEs 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 SMCE 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 SMCE expansion, highlighting the importance of increasing revenue streams for business sustainability. In rural areas, SMCE 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 SMCEs, enabling them to scale operations, create job opportunities, and enhance economic development. By combining strong entrepreneurial traits with essential external resources, SMCEs can achieve sustained growth and long-term success.

RESEARCH METHODOLOGY

Descriptive design was used in this research. According to Render et al. (2012), the goal of a descriptive research design is to characterize the current condition of affairs. This kind of research, according to Flick (2011), aims to characterize potential behaviours, attitudes, values, and characteristics. Given that the study concentrated on the current condition of affairs, this research approach was appropriate (Niyonambaza et al., 2019). According to Kothari (2014), a population is defined as a collection of units or elements from which a sample is selected for detailed study and analysis. In this study, the target population was identified as small and medium construction enterprises (SMCEs) registered to operate within Kiambu County. As per the National Construction Authority directory for Kiambu County, a total of 3,867 SMCEs were registered, out of which 919 were reported as operational and certified with the NCA regulations. This study focused on the SMCEs that were operational and certified with the National Construction Authority. Data was gathered from entrepreneurs within the construction sector in Kiambu County. The unit of analysis was represented by the small and medium construction firms operating in the region, while the unit of observation consisted of managers, site engineers, and contractors active in the construction sector. A simple random sampling technique was adopted in this study to select the respondents. At a 95% confidence level, a 5% margin of error was applied. To ensure that the sample size was adequate and aligned with the objectives of the study, Yamane's formula was utilized to determine the appropriate sample size.

Table 1 Sampling framework

Category	Target Population
Contractors	99
Site Engineers	91
Managers	89
Total	**279**

Data was collected through the use of questionnaires. According to Kothari (2014), a questionnaire is defined as a tool comprising various items intended to obtain information from respondents. Quantitative data was analysed using descriptive statistics, including means, frequencies, percentages, and standard deviations, with SPSS for Windows version 25.0. Inferential statistics, such as regression and correlation analysis, will also be employed. The data was presented in tables and diagrams generated by SPSS. Analysis of variance (ANOVA) was used to assess the overall model significance. Multiple regression analysis determined the

relationship between performance and the study variables, predicted a dependent variable based on independent variables, and showed the relationship between one dependent variable and one or more independent variables (Hair, 2010).

RESEARCH FINDINGS AND DISCUSSION

Out of the 252 distributed questionnaires were completed and returned, resulting in a total response rate of 75%. According to Render et al. (2012), a response rate of 50% or more is considered adequate for a descriptive study. Therefore, a 75% response rate was deemed sufficient for this study.

Descriptive Findings and Analysis

Entrepreneurial Experience

The first objective was to determine the influence of entrepreneurial experience on the performance of small and medium construction enterprises in Kiambu County, Kenya. Respondents were asked to indicate the extent of their agreement with statements related to entrepreneurial experience using a Likert scale, where 5 represented Strongly Agree, 4 Agree, 3 Moderate, 2 Disagree, and 1 Strongly Disagree. The results of the study were as shown in table 4.7. The findings showed that the majority of respondents (60.6%) agreed that they frequently recognize business opportunities, while 32.3% strongly agreed, resulting in a mean score of 4.25. Additionally, the study revealed that 57% of respondents agreed they effectively delegate business responsibilities, with 10.6% strongly agreeing, yielding a mean score of 4.65. Moreover, the majority of respondents (64%) agreed that they had knowledge of business record keeping, while 26% strongly agreed, resulting in a mean score of 4.85. However, the findings were inconclusive regarding the existence of a business communication plan, with 46.3% agreeing, 19.5% remaining neutral, and 6.6% strongly disagreeing (mean score = 3.31). Lastly, 31.7% agreed that there had been an expansion of business networks, 19.2% strongly agreed, 30.1% were neutral, and 21.4% disagreed, leading to a mean score of 3.19.

Overall, the findings suggest that entrepreneurial experience positively influences business performance, as most respondents agreed with the related statements. This is supported by an overall mean score of 4.05 and a low standard deviation of 0.90, indicating minimal response variation. The findings are of the study are consistent with the results of a study by Tesha, D. N. (2019) which concluded that entrepreneurial experience such as recognizing business opportunities in the construction sector improved performance of the construction sector.

Table 2 Entrepreneurial Experience.

Statements	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	Std Dev
You often recognize business opportunities.	0.0%	4.8%	2.3%	60.6 %	32.3%	4.25	0.92
You delegate business responsibilities effectively.	0.0%	3.1%	29.3 %	57%	10.6%	4.65	0.79
Knowledge on business record keeping.	0.0%	5.1%	4.9%	64.0 %	26.0%	4.85	0.36
Creating business communication plan	6.6%	11.6%	19.5 %	46.3 %	16.0%	3.31	1.20
Growing business networking	0%	21.4%	29.3 %	30.10 %	19.2%	3.19	1.25
Average						**4.05**	**0.90**

Risk taking propensity

The second objective assessed the influence of risk-taking propensity on the performance of small and medium construction enterprises in Kiambu County. As shown in Table 4.9, the majority of respondents were neutral on key risk-related statements: 52.5% on committing resources to high-risk, high-return projects (mean = 3.59), 80% on handling major losses (mean = 3.68), 79.6% on employees taking risks without consulting management, 59.4% on seizing risky opportunities, and 77.8% on venturing into new business areas. 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 Hossain et al (2022) which found that in both developed and developing economies risk-taking is a significant source of competitive advantage, positively impacting the growth and financial performance of enterprises over the long term.

Table 2 Risk Taking Propensity

Statements	Strongly disagree	Disagree	Neutral	Agree	strongly agree	Mean	Std dev
We have a strong tendency to commit resources for high risk, high return projects	21%	24.5%	52.5%	0.8%	0.0%	3.48	1.36
I can handle big losses and disappointments with little difficulty	0.0%	0.0%	80%	19%	0.0%	3.68	1.38
Employees are encouraged to experiment and take business risks without reference to the manager/owner	0.0%	20.8%	79.6%	0.0%	0.0%	3.56	1.27
We never shy away from taking up an opportunity due to the risk of failure	0.0%	41.7%	59.4%	0.0%	0.0%	3.59	1.41
We always tend to venture into new business areas products or services.	0.0%	21.1%	77.8%	0.0%	0.0%	3.42	1.30
Average						**3.55**	**1.34**

Performance of Small and Medium Construction Enterprises.

In the study, the percentage changes in revenue generated, the number of employees, and the number of customers were established. As indicated in Fig 1, a slight decrease in revenue generated was observed in 2020. However, between 2021 and 2024, the percentage changes in the number of employees and customers were seen to rise gradually. The increase in the number of customers occurred between 2021 and 2022, followed by stagnation. By 2024, a 13% increase in revenue generated and a 16% increase in the number of employees were recorded. These changes can be attributed to disruptions caused by COVID-19, while subsequent economic recovery and government investments supported the growth of SMEs. Nevertheless, customer numbers stagnated after 2022, which could be linked to market saturation or heightened competition.

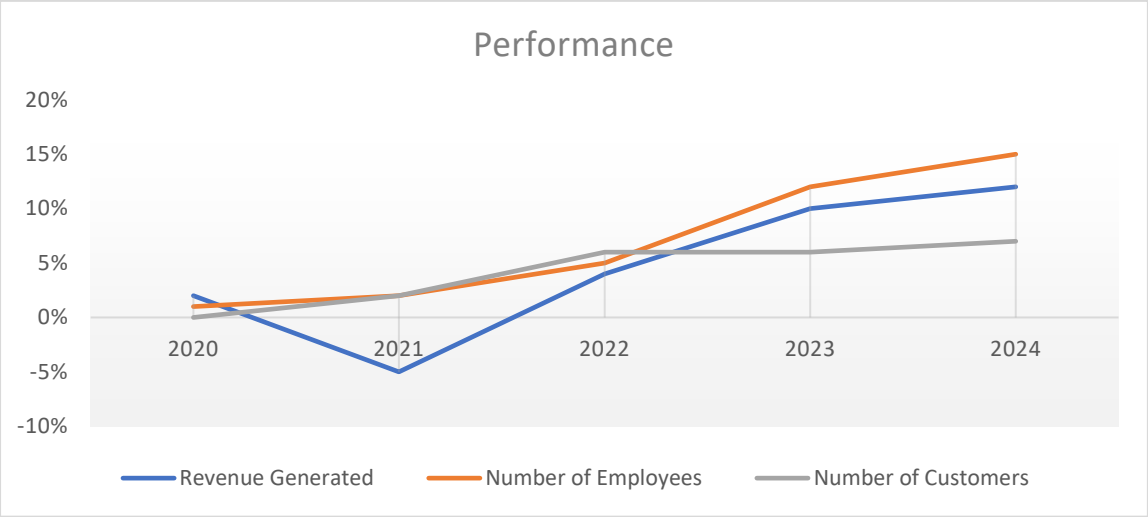

Figure 1 Performance

Correlation Results

Correlation tests were conducted in the study to determine the relationship between the independent and dependent variables. Pearson correlation, which ranges from -1 to +1, was used due to the discrete nature of the data. A positive Pearson correlation value indicates a positive relationship, while a negative value indicates a negative relationship. The strength of the association between the variables increases as the Pearson correlation value approaches either +1 or -1. The results of the correlation analysis are presented in Table 4.

The findings of the study revealed that a positive and significant correlation existed between entrepreneurial experience and the performance of small and medium construction enterprises in Kiambu County, as indicated by a Pearson coefficient of 0.560 and a significance level of 0.000. This suggests that business performance tends to improve as entrepreneurs gain more experience. The study's findings align with those of Kimjeon and Davidsson, P. (2022), who concluded that as entrepreneurs gain experience, better decision-making skills, industry knowledge, and problem-solving abilities are developed, leading to enhanced business growth and sustainability.

Furthermore, the results of the study showed that a positive and significant correlation existed between risk-taking propensity and the performance of small and medium construction enterprises in Kiambu County, as indicated by a Pearson coefficient of 0.256 and a significance level of 0.004. This suggests that better business performance tends to be achieved by entrepreneurs who are more willing to take calculated risks—such as investing in new projects, adopting innovative construction methods, or exploring new markets. The study's findings align with those of Rahaman et al. (2021), who found that risk-taking abilities impact the performance of an enterprise.

Table 4 Correlation Analysis

Correlations		Entrepreneurial experience	Risk taking propensity	Performance
Entrepreneurial experience	Pearson Correlation	1		
	Sig. (2-tailed)			
Risk taking propensity	Pearson Correlation	0.147	1	
	Sig. (2-tailed)	0.108		
Performance	Pearson Correlation	.556**	.269**	1
	Sig. (2-tailed)	0.000	0.004	
	N	252	252	252

Linear Regression Analysis

The study used linear regression to assess the influence of entrepreneurial factors and the performance of small and medium construction enterprises in Kiambu County.

Linear Regression between Entrepreneurial Experience and Performance of Small and Medium Construction Enterprises

The study sought a simple linear regression between Entrepreneurial Experience and Performance of Small and Medium Construction Enterprises.

Table 5: Linear Regression Entrepreneurial Experience and Performance of Small and Medium Construction Enterprises

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.314[a]	.099	.095	.48023

a. Predictors: (Constant), **Entrepreneurial Experience**

b. Dependent Variable: **Performance of SMCE s**

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.510	1	5.510	23.891	.000[b]
	Residual	50.276	218	.231		
	Total	55.786	219			

a. Dependent Variable: **Performance of SMCE s**

b. Predictors: (Constant), **Entrepreneurial Experience**

Coefficients[a]

	Unstandardized Coefficients		Standardized Coefficients		
Model	B	Std. Error	Beta	t	Sig.
1(Constant)	1.550	.386		4.020	.000
Entrepreneurial Experience	.450	.092	.314	4.888	.000

The findings are presented in Table 5, where the ANOVA test results were $F(1, 218) = 23.891$, $p = 0.000 < 0.05$, indicating that the simple linear regression model was a good fit for the data.

The model, which included Entrepreneurial Experience as the independent variable, was able to explain 9.5% of the variation in the performance of SMCEs in Kiambu County, Kenya, as indicated by the adjusted R^2 value of 0.095. The regression coefficient results showed that $\beta = 0.450$, $t = 4.888$, $p = 0.000 < 0.05$. Therefore, Entrepreneurial Experience had a statistically significant influence on the performance of SMCEs in Kiambu County, Kenya.

Performance of SMCE s = 1.550+0.450 Entrepreneurial Experience

Linear Regression between Risk Taking Propensity and Performance of SMCE

The study sought a simple linear regression between Risk Taking Propensity and Performance of SMCE in Kiambu County, Kenya.

Table 6: Linear Regression Analysis between Risk Taking Propensity and Performance of SMCE s in Kiambu County

Model Summary

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

a. Predictors: (Constant), Risk Taking Propensity
b. Dependent Variable: Performance of SMCEs

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.387	1	7.387	33.271	.000[b]
	Residual	48.399	218	.222		
	Total	55.786	219			

a. Dependent Variable: **Performance of SMCEs**
b. Predictors: (Constant), **Risk Taking Propensity**

Coefficients[a]

	Unstandardized Coefficients		Standardized Coefficients		
Model	B	Std. Error	Beta	t	Sig.
1(Constant)	1.915	.264		7.242	.000
Risk Taking Propensity	.390	.068	.364	5.768	.000

a. Dependent Variable: **Performance of SMCEs**

The findings, as shown in Table 6, indicated that the ANOVA test results were $F(1,218) = 33.271$, $p = 0.00 < 0.05$, suggesting that the simple linear regression model was considered a good fit for the data set. The model, which included Risk-Taking Propensity, was found to explain 12.8% of the variation in the performance of small and medium construction enterprises (SMCEs) in Kiambu County, Kenya, as indicated by an adjusted R Square of 0.128. The regression coefficient results showed that a Beta value of 0.390, $t = 5.768$, and $p = 0.000 < 0.05$ were recorded; thus, a statistically significant influence on the performance of SMCEs in Kiambu County was attributed to risk-taking propensity.

Performance of SMCEs = 1.915+0.390 Risk Taking Propensity

Conclusion

The study found that entrepreneurial experience is a critical contributor to enhanced performance in these enterprises. Personal attributes and industry knowledge were identified as key sub-factors, with entrepreneurs often engaging in ventures where they can contribute meaningful value.

Risk taking propensity was also found to have a moderate impact on the performance of SMCEs in Kiambu county. Resource allocation, risk avoidance, and risk perception influence performance. Efficient resource use enhances productivity, while excessive risk avoidance may limit growth. Accurate risk perception enables better decision-making, balancing stability and opportunity for long-term success.

Recommendations

Entrepreneurial Experience.

To enhance SMCE performance, this study recommends that entrepreneurs should continuously develop their experience through mentorship, training, and industry exposure. Encouraging hands-on involvement in business operations can improve decision-making and problem-solving skills. Additionally, policymakers and business support organizations should facilitate knowledge-sharing platforms and networking opportunities to help entrepreneurs learn from industry experts. Integrating experience-based learning in entrepreneurial education can further equip business owners with practical skills, ultimately fostering growth and sustainability in the SME sector.

Risk taking propensity

The study recommends that entrepreneurs should cultivate a balanced risk-taking approach to enhance SMCE performance by seizing growth opportunities while managing potential challenges. Training programs and mentorship can help develop strategic risk assessment skills, enabling 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 SMCEs' ability to navigate uncertainties and achieve long-term success.

Areas for Further Research

This study is expected to stimulate further research on the performance of SMCEs, particularly regarding other entrepreneurial factors that influence their performance. It will be valuable to explore how these additional factors complement the entrepreneurial factors examined in this study and their overall impact on the performance of SMCEs in Kiambu County. To enhance the generalizability of the findings, it is recommended that a similar study be conducted in other counties to assess the influence of entrepreneurial factors on the performance of SMCEs.

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