
SEED CAPITAL, ENTREPRENEURIAL EXPERIENCE AND PERFORMANCE OF *JUA KALI* ENTERPRISES IN KAMUKUNJI, KENYA

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ABSTRACT

Purpose of the Study: This study examined the effect of seed capital on the performance of Jua Kali enterprises in Kamukunji, Nairobi City County, Kenya.

Statement of the Problem: Jua Kali enterprises play a vital role in employment and economic growth in emerging economies. However, insufficient seed capital continues to constrain their productivity and growth potential.

Methodology: Anchored on the Resource-Based View Theory, Pecking Order Theory, and Entrepreneurial Value Creation Theory, the study adopted descriptive and explanatory research designs. The target population comprised 4,763 Jua Kali enterprises in Kamukunji, with owners/managers as the unit of analysis. A sample of 367 respondents was selected using stratified proportionate sampling and simple random sampling. Data were analysed using both descriptive and inferential statistics, including multiple linear regression and Baron and Kenny's (1986) mediation procedure.

Findings: The results revealed a significant positive relationship between seed capital and firm performance. Entrepreneurial experience partially mediated this relationship, indicating that while seed capital directly enhances performance, its effect is substantially strengthened when entrepreneurs possess high levels of experiential knowledge, financial competence, and strategic capabilities.

Conclusion and Recommendations: Entrepreneurial experience acts as a critical internal asset that amplifies the productive use of seed capital. Entrepreneurs should invest in developing management skills, financial literacy, and strategic abilities. Policymakers and financial institutions are advised to design integrated programmes that combine capital access with entrepreneurial capacity-building to unlock the growth potential of informal businesses.

Keywords: *Seed Capital, Entrepreneurial Experience, Performance, Jua Kali Enterprises, Kamukunji, Kenya*

INTRODUCTION

Gutterman (2022) defined seed capital as funding sourced from a variety of avenues, including personal savings, family and friends, angel investors, or even crowdfunding platforms, as the initial funding required for a business, typically at its earliest stages. Navarro (2018) defined seed capital as a critical financial resource for innovative startups, serving as a mechanism to address market failures arising from information asymmetries during the early stages of business development. In this study, seed capital refers to the initial amount of funds that a Jua Kali entrepreneur uses to launch a business, and used to finance a company's planning before it begins offering goods or services for sale (Wangondu & Muathe, 2023b). It is usually provided from angel investors, equity financing and crowdfunding among others. Seed capital is essential for entrepreneurs, as it provides the financial foundation needed to develop a business idea into a viable operation. It often covers initial expenses such as product development, market research and business setup costs, allowing the venture to move from concept to reality (Karitu Wangondu & Muathe, 2022). In accordance with Herber et al. (2017), seed capital is normally utilized to finance a company's operations until it begins offering goods or services. It also usually pays for overhead until the company starts turning a c profit and draws in additional investors.

Globally, seed capital has been associated with startups, which have become a global phenomenon and are thought to accelerate the development of high-growth companies (Umana, 2019). The resources available to new businesses, however, are limited (Gutterman, 2023). However, the world is yet to witness significant startup firm performance because they are closing shop on a regular basis and continue to struggle to find the additional investment required to help them reach their next level of growth (Mugambi, 2020). According to Wangondu and Muathe, 2023b, there is a considerable shortage of capital for new businesses. Insights of an investigation of early-stage companies in United States showed that these businesses obtained a sizable portion of their first funding from strategic partners (Gutterman, 2023).

In Africa, seed capital comes from a variety of sources, including donors, philanthropic investments, accelerators and friends and family (Wangondu & Muathe, 2023b). Kenyan and Rwandan enterprises have raised the highest capital and have the most diverse funding and investors among all East African Community (EAC) businesses. Tanzania and Uganda have demonstrated strikingly similar results and both still rely heavily on startup funding. Kenya and Rwanda outperform each other in terms of revenue, despite the younger age of Rwandan small enterprises. In most East African countries, small firms make up the majority of registered entities in almost all activities. Their average size is 60%, whereas when micro enterprises are taken into account, that number can reach 90% (Tuff, Hunegnaw & Habtewold, 2025).

The EAC asserts that a primary impediment to small businesses' growth is a lack of funding (Tuff, et al., 2025). The first reason that reduces credit (and funding) availability is that funders are unable to lend (or are willing to lend at excessively high interest rates) due to the high risk and uncertain innovation potential. It is crucial for small businesses to focus on "early financing," or the requisite capital, such as seed money, that is received prior to the small company models being refined (Karitu, Wangondu & Muathe, 2022). Investors in East Africa share a number of noteworthy commonalities. Approximately 25% of the funders, for instance, invest in both Kenya and Rwanda, albeit at different stages of the investment process. More venture capital seed money has gone to Kenya (Tuff, et al., 2025). Yet many Kenyans are discouraged from pursuing their ideas due to a lack of finance (Muathe & Otieno, 2022).

In Kenya, the *Jua Kali* sector is an integral component of the nation's economic landscape, accounting for up to 80% of total employment (Kenya National Bureau of Statistics, 2023). This informal sector plays an indispensable role not only in workforce participation but also in shaping the economic vitality and resilience of the country. With approximately 87.5% of the labor force engaged in *Jua Kali* enterprises (Beegle & World Bank, 2016), the sector contributes about 18% to Kenya's Gross Domestic Product (GDP), while also accounting for 90% of the country's total enterprises. *Jua Kali* businesses provide a platform for innovation, turning ideas into practical solutions that benefit society (Al-Mubaraki, Hanadi, & Busler, 2017).

Jua Kali enterprises introduce their products into the market, they face numerous challenges that adversely affect their firm performance (Hyytinen, Mika, & Petri, 2015). Taouab and Issor, (2019) assert that organizations can only achieve development through sustained firm performance, positioning continuous firm performance improvement at the heart of socio-economic growth in small enterprises. In order to evolve from a startup to an established business, the infusion of seed capital is often essential (Johnson & Sohl, 2012). A *Jua Kali* enterprise may find it difficult to obtain capital and other resources. An absence of a historical events, a proven track record, or a gauge of success may deter banks and other investors from making an investment (man, 2019). For this reason, a lot of entrepreneurs ask their friends for their first round of funding (Tuff, et al., 2025). Seed capital is a type of upfront investment entrepreneurial endeavours receive from investors in exchange for equity in the business. In light of this, seed capital is usually insufficient to help *Jua Kali* enterprises reach their first firm performance goals (Wangondu & Muathe, 2023b).

It is generally accepted that having entrepreneurial experience improves a venture's financial performance and is a useful predictor of that firm performance. Due to its ability to convert entrepreneurial knowledge into skills and its ability to make people aware of both the good and negative effects of their actions, the entrepreneurship experience is the most commonly utilized construct for describing mediating effect on the manner that financing impacts on firm performance (Darmanto & Bukirom, 2021). Becoming entrepreneurially oriented means striving to be the best in terms of both product and market orientation, being willing to take calculated risks and seizing any opportunity to outperform competitors (Kraus et al., 2017). This study defines entrepreneurial experience as the Human capital capacity of understanding consumer requirements, creating items that they want and confirming the feasibility of the business so as to obtain all the instruments and methods needed to improve client comprehension, verify presumptions and create goods that buyers want.

The study conducted by Motta and Galina (2023) examined the ways in which education and experience in entrepreneurship influenced the relationship between capital and the firm performance of small and medium-sized enterprises (SMEs). The results showed that there is a positive and strong association between capital and firm performance and that entrepreneurial experience significantly strengthens this relationship. Experience as an entrepreneur modifies the relationship because the full moderation impact is stronger than the partial moderation effect. Therefore, the relationship between seed money and *Jua Kali* enterprise's firm performance in Nairobi County can be mediated by the experience of entrepreneurs.

Thus, *Jua Kali* enterprises are typically capable of meeting their initial firm performance targets through the infusion of seed capital. Consequently, the firm performance of these enterprises is intricately linked to the availability of seed funding, underscoring the importance of capital in fostering their growth and sustainability. As a result, many *Jua Kali* enterprises seek out seed

capital from their social contacts (Karitu & Muathe, 2023). On the other hand, entrepreneurial experience may act as a mediator in this relationship. Therefore, the purpose of this study is to access the mediating effect of entrepreneurial experience on relationship between seed capital and firm performance of *Jua Kali* enterprises in Kamukunji, Nairobi City County, Kenya.

OBJECTIVES OF THE STUDY

The study investigated the mediating effect of entrepreneurial experience on relationship between seed capital and firm performance of *Jua Kali* enterprises in Kamukunji, Nairobi City County, Kenya.

REVIEW OF LITERATURE

THEORETICAL REVIEW

The theoretical framework demonstrates the understanding of research-related theories and concepts and provides a broader range of knowledge. The underpinning theory in this research were; Pecking Order Theory and Entrepreneurial Value Creation Theory.

Resource-Based View

Resource-Based View (RBV), proposed by Penrose (1959), was built upon by Wernerfelt (1984), Barney (1986) and Conner (1991), who further established RBV. The Resource-Based View (RBV) suggests that an organization's resources provide a competitive advantage, which enhances its firm performance over time. For resources to be effective, they should be sustainable, rare, unique, non-replaceable and valuable (VRIN) (Barney, 1991). These resources help protect the organization from imitation or replacement, maintaining its competitive edge (Barney, 1996; Barney & Clark, 2007). According to Bharadwaj (2000), core resources include norms, culture, intangible assets, financial resources, human capital and information technology. Even when resources are underutilized, firm growth depends on accumulating and effectively integrating these resources (Pitelis, 2007). RBV advocates for businesses to continually seek new knowledge and explore ways to leverage or combine existing resources to boost productivity and efficiency (Wernerfelt, 1984).

Critics of the Resource-Based View (RBV) highlight several key shortcomings related to its practical application and theoretical consistency. A primary critique is the reliance on VRIN (valuable, rare, inimitable and non-substitutable) resources, with critics arguing that these characteristics are neither necessary nor sufficient for achieving sustainable competitive advantage (SCA). The RBV has also been criticized for being tautological, simply asserting that valuable resources lead to competitive advantage without offering clear insights or explanations. Scholars such as Priem and Butler (2001) and Lockett et al. (2009) argue that RBV lacks testable generalizations, limiting its practical usefulness. Further criticisms include the RBV's failure to provide operational guidance on how organizations can acquire or utilize resources to sustain competitive advantage.

Critics like Fiol (1991) and D'Aveni & Eisenhardt (2000) propose that firms are more likely to achieve temporary advantages, rather than long-term SCA, in dynamic environments. Overall, these critiques highlight the need for a more adaptable approach to understanding competitive advantage in a constantly evolving business landscape. In this study the Resource-Based View (RBV), is useful for anchoring firm performance, the study's dependent variable. The Resource-

Based View (RBV) provides a valuable framework for understanding how the deployment of resources and capabilities can contribute to improved firm performance (Gainey & Klaas, 2003). According to Peteraf (1993), firm capabilities are distinct from resources, which are categorized as both tangible and intangible assets. Carmeli and Tishler (2004) found that intangible resources, such as managerial abilities and organizational culture, significantly influence firm performance. While tangible assets like equipment and facilities are important, intangible resources like knowledge and communication are equally critical in adding value to the organization (Newbert, 2007).

Financial resources, as part of an enterprise's asset base, allow the integration of capabilities and facilitate action (Dutta *et al.*, 2005). Financial resources, particularly seed capital, are vital for fostering firm performance, as they are difficult to imitate and essential for business success (Barney, 1991; Mahoney & Pandian, 1992). The RBV offers a theoretical lens to assess the impact of seed capital on firm performance, emphasizing the importance of shared capabilities and resource development in driving growth (Gainey & Klaas, 2003). Therefore, seed capital, as a crucial financial resource, plays a significant role in boosting firm performance by enhancing the firm's ability to leverage its unique capabilities. It has been demonstrated that the Resource-Based View (RBV), proposed by Penrose (1959), is useful for anchoring firm performance (the study's dependent variable) and the manner in which firm performance is driven by seed capital.

Pecking Order Theory

Originally proposed by Myers and Majluf in 1984, the Pecking Order Theory (POT) describes how financial managers prioritise obtaining new funds. With respect to this theory, internal funding or retained revenues are the manager's primary choices. Internal financing is the idea that a company can fund a project entirely via its own resources, without the need to issue debt or shares. The second course of action is to seek outside funding if the company has sufficient internal resources (Wangondu, & Muathe, 2023a). Both debt and equity have their preferred options approved and the external financing is divided between the two. Usually, debt issuance is done to get outside capital. POT indicates that in the event the company's internal revenue stream is insufficient to cover capital expenses, loans will be taken out rather than stock being issued (Pinelli, et al., 2022).

According to this idea Myers and Majluf, (1984), firms adhere to a finance hierarchy as a result of information costs. Enterprises that look to raise cash from outside investors are particularly susceptible to two kinds of possible expenses: knowledge asymmetry and transaction costs. Because external capital is more expensive due to these added expenses, businesses are naturally motivated to use cash from inside instead of outside (Karitu, Wangondu & Muathe, 2023). Information asymmetry arises from the separation of ownership and management. This thesis states that there is no perfect capital structure. In actuality, the source of funding is the firm's requirement to access external markets when internal resources are insufficient to seize investment possibilities (Myers & Majluf, 1984). According to POT, MSMEs' financial needs are met in a hierarchical manner.

Jua Kali enterprises borrow more money to cover their costs as their demands for capital increase from the initial capital they raise on their own. The POT describes how financial managers prioritise obtaining new funds. With respect to this theory, internal funding or retained revenues are the manager's primary choices. Internal financing is the idea that a company can fund a project entirely via its own resources, without the need to issue debt or shares (Nakalembe, Dushime,

Makuei, Kwitonda, Hakizimana & Muathe, 2023). The need for external equity capital arises from the increase in financial demand. In line with this theory, businesses would rather raise money internally. They will turn to debt funding as a fallback before resorting to equity financing as an outside source whenever it is not possible. Given that it is challenging for them to obtain outside capital, small enterprises typically follow the pecking order. In this study the Pecking order theory was anchored on the independent variables.

Entrepreneurial Value Creation Theory

Entrepreneurial Value Creation Theory is a conceptual framework that focuses on how entrepreneurs create value within their ventures and the broader economy (Mishra & Zachary, 2015). This theory revolves around the idea that entrepreneurs are key drivers of innovation, growth and economic transformation. Entrepreneurs create value not only through the development of new products and services but also by transforming ideas into scalable businesses that meet market demands, solve problems and generate sustainable profits (Pinelli, Lechner, Kraus & Liguori, 2022). According to Shane (2003), opportunity recognition is central to entrepreneurial value creation. Entrepreneurs identify gaps in the market, emerging needs, or inefficient processes, which they can exploit through innovative products or services (Karitu, et.al, 2025). These opportunities are often shaped by the entrepreneur's experiences, industry knowledge and ability to anticipate changes in consumer preferences (Shane, 2003). Entrepreneurs create value by acquiring and deploying resources effectively. Baron (2007) emphasizes that entrepreneurs not only need to recognize opportunities but must also mobilize the resources (financial, human and social) necessary to turn those opportunities into reality. This includes building capabilities such as managerial skills, market knowledge and networks to scale and sustain the business (Baron, 2007).

Entrepreneurial Value Creation Theory was used to underpin the study by explaining the impact of entrepreneurs' experience on the effective use of seed capital in enhancing firm performance. According to the theory, an entrepreneur creates value by identifying opportunities and efficiently aggregating resources, while developing knowledge and skills that facilitate competitive advantages (Pinelli, et al., 2022). Accordingly, experience gained by entrepreneurs operating Jua Kali enterprises in Kamukunji had facilitated strategic decisions on where to locate scarce seed capital, how to identify profitable business opportunities, and how to manage operational challenges. As earlier suggested, it was evident that a more experienced entrepreneur was better equipped to convert financial inputs into performance outcomes such as business growth, operational efficiency, and business sustainability. Consequently, entrepreneurial experience had mediated the relationship between seed capital and firm performance, hence making the factor critical in leveraging initial finance to create value. Therefore, the theory has provided a good conceptual basis for analyzing ways in which the entrepreneurs' skills and knowledge and past business exposure increase the effectiveness of seed capital in enhancing firm performance. In this study the entrepreneurial Value Creation Theory was anchored on entrepreneurial experience.

EMPIRICAL REVIEW

The empirical analysis outlines the findings and research gaps that this study would attempt to remedy, with an emphasis on critical areas that previous studies had overlooked. In the study carried out by Ahmed, Nugraha and Hagen (2023), the investigation looked into how agency costs related to the capital structure-performance relationship of the company. A panel econometric

method called a fixed-effect regression model was utilized. This study makes use of secondary data obtained from publicly accessible annual reports of manufacturing companies listed on the Tehran Stock Exchange. Research results show that capital structure and firm performance are negatively correlated. Agency cost has a detrimental impact on corporate performance even though it has a positive link with ROA and EPS.

The findings demonstrate that increasing debt levels can reduce agency costs and enhance company performance. Moreover, robust associations indicate that agency cost significantly influences the connection between capital structure and company success. These findings provide support for the principles of agency theory, which explains the relationship between capital structure and firm performance. This study provides new insights into the relationship between capital structure and company performance using data from Iranian listed industrial enterprises. As a result, more is known about the capital structure of markets in Asia and the Middle East. Nevertheless, the study focused primarily on ROA as a performance metric. Therefore, in the current study, performance will be the dependent variable.

The research by Jalali (2023) examined the relationship between performance and relational capital in order to understand the mediation impact of entrepreneurial orientation. A survey of 150 SMEs in Iran was carried out. Testing a concept that relates relational capital to performance through entrepreneurial orientation using stage analysis produced positive results. Additional research indicates that relational capital and entrepreneurial orientation (EO) are positively correlated with one other and with performance. Furthermore, the results of the study indicated that performance and relationship capital are positively mediated by entrepreneurial attitude. Even though the study concentrated on entrepreneurial behavior (innovativeness, risk-taking, forward thinking), there is still room to assess the influence of relational capital and other cognitive biases, such as human capital.

Esubalew and Raghurama's (2020) study's main goal was to close gaps in the literature by investigating the mediating function of entrepreneurs' competency on the connection between MSMEs' performance and bank loans. For the analysis, 411 owner-managers of MSMEs were selected at random. There was minimal indication of a direct or mediated effect on entrepreneurs' ability, according to the findings of the factor analysis and structural equation model (SEM). Bank finance, on the other hand, greatly enhances MSMEs' performance.

The investigation also showed how behavioral finance is a significant moderator in the relationship between bank funding and MSMEs' success. It also illustrated how behavioral finance acts as a bridge between performance and bank finance. For all model variables, competitive mediation was the pattern of mediation for bank finance and behavioral finance; however, it was not the pattern of mediation for bank finance and entrepreneurs' talent. The study had conceptual issues because it only looked at bank finance, which isn't usually seed money. The current study will mainly focus on the relationship between seed money and performance. Entrepreneurial experience is a multifaceted concept that reflects the collective expertise and competencies of both the entrepreneur and their team. (Soomro, Memon, & Soomro, 2025). Key measures of entrepreneurial experience include the proficiency of the financial staff, their level of experience, the breadth of knowledge possessed by the team and the overall caliber of the staff involved in the startup's operations (Lee & Peterson, 2023; Wang & Zhou, 2024).

The proficiency of financial staff is crucial for effective financial management within a startup (Ho, Soo, Tian & Teo, 2024). In this study, entrepreneurial experience will be assessed through a comprehensive evaluation of several key factors, including financial staff competence, financial staff experience, staff knowledge and the caliber of staff. These dimensions collectively serve as critical indicators of the expertise and capabilities driving entrepreneurial success. Competent financial staff possess the skills and knowledge necessary to manage financial operations, analyze financial data and make informed decisions that support the company's growth and sustainability. Their expertise ensures accurate financial reporting, effective budgeting and strategic financial planning, which are essential for attracting investors and maintaining financial health.

The experience level of financial staff significantly influences their ability to navigate complex financial challenges (Nguyen et al., 2023). Experienced financial professionals bring a wealth of practical knowledge gained from previous roles, enabling them to anticipate potential financial issues and implement effective solutions. Their experience contributes to the development of robust financial strategies and enhances the startup's credibility with stakeholders (Wang, 2024).

The breadth and depth of knowledge possessed by staff members are vital for the overall success of a startup (Xu, Wu, He, Zhu, Morrison & Xie, 2024). A well-informed team can adapt to changing market conditions, innovate effectively and contribute to strategic decision-making processes. Continuous learning and development are essential to keep staff knowledge current and relevant, fostering a culture of innovation and resilience within the organization. The quality of staff, encompassing their skills, qualifications and professional attributes, directly impacts the startup's performance (Song & Kim, 2024). High-caliber staff are typically characterized by strong problem-solving abilities, creativity and a commitment to excellence. Recruiting and retaining top talent is a strategic priority, as it enhances the startup's capacity to execute its vision and achieve its objectives. Collectively, these measures of entrepreneurial experience contribute to the development of a capable and dynamic team, which is fundamental to the success and growth of a startup (Singh, Sharma, Singh, Kaur, Mehta & Bala, 2024).

RESEARCH METHODOLOGY

The study employed both explanatory and descriptive research designs (Creswell & Creswell, 2018). The target population was 4763 Jua Kali enterprises in Kamukunji, Nairobi City County, Kenya and unit of enquiry their managers/owners. A sample size of 367 respondents was obtained. Stratified proportionate sampling and simple random samplings was used to obtain respondents from the associations. Multiple linear regression model was used to analyse the relationship between independent and dependent variable while Baron and Kenny's (1986) model was used to examine the mediating relationship between seed capital and firm performance of Jua Kali enterprises.

FINDINGS AND DISCUSSION

This presents a comprehensive exposition of the findings derived from the data analysis, making thoughtful interpretations and critical examination that are well-founded in the research objectives of the study.

Mediated Relationship

The study sought to examine the mediating relationship by assessing the statistical correlation between the initial independent variable (seed capital) and the dependent variable (firm

performance) of Kamukunji Jua Kali enterprises. To accomplish this, a simple linear regression analysis was performed, with the results presented in Table 1.

Table 1: Analysis by Seed Capital and Firm Performance

	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.002	.003		.840	.401
Seed capital	.753	.041	.753	18.528	.000
ANOVA	0.000				
R Square	0.5671				

a. Dependent Variable: firm performance

Table 1 findings show that the p-value between seed capital and firm performance ($p < 0.01$) was lower than the 0.05 significance level. This verifies the existence of a statistically significant correlation between seed capital and firm performance among *Jua Kali* businesses in Kamukunji. These findings confirm the presence of a mediating relationship, as seed capital was found to be significantly correlated with firm performance. Additionally, the regression coefficient of seed capital was 0.753, while the constant term was 0.002, reflecting the strong positive impact of seed capital on firm performance;

Then

$$Y = -0.002 + 0.753X_3 \dots \dots \dots 4.3$$

Thus, Firm performance of *Jua Kali* enterprises in Kamukunji = $-0.002 + 0.753$ (Seed capital) ... (4.4).

With the occurrence of the major relationship that would be mediated, the study proceeded to examine how seed capital was associated with the mediating variable, entrepreneurial experience. This was important in identifying the second condition of the mediation analysis, resulting in the generation of the results presented in Table 2.

Table 2: Regression Coefficients of Seed Capital and Entrepreneurial Experience

	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.002	.002		.677	.499
Seed capital	.827	.040	.790	20.887	.000
ANOVA	0.000				
R Square	0.625				

a. Dependent Variable: Entrepreneurial experience

The results in Table 2 ($p < 0.05$) show that the p-value for relationship between seed capital and the entrepreneurial experience was less than 0.05. This confirms significance relationship between

seed capital and the entrepreneurial experience. The coefficient for seed capital was 0.827 while constant was 0.002.

Then;

$$ME = 0.002 + 0.827X_{31} \dots\dots 4.5$$

$$\text{Thus, Entrepreneurial experience} = -0.002 + 0.827 (\text{Seed capital}) \dots (4.6)$$

Further, the analysis sought to determine the statistical significance of the relationship between entrepreneurial experience, as the mediating variable, and firm performance, the dependent variable. This step was critical in validating the mediating pathway and establishing the robustness of the indirect effect. Regression analysis yielded Table 3.

Table 3: Analysis of Coefficients of Entrepreneurial Experience and Firm Performance

	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.001	.003		.355	.723
Entrepreneurial experience	.667	.042	.697	15.740	.000
ANOVA	0.000				
R Square	0.486				

a. Dependent Variable: firm performance

The results in Table 3 show that the p-value ($p < 0.01$) for relationship between entrepreneurial experience and firm performance of *Jua Kali* enterprises in Kamukunji was less than 0.05, So, there is significance in the relationship between the entrepreneurial experience and firm performance of *Jua Kali* enterprises in Kamukunji. This meant that entrepreneurial experience would affect firm performance of *Jua Kali* enterprises in Kamukunji. The coefficient for entrepreneurial experience was 0.667.

$$\text{Thus, Firm performance of } Jua \text{ Kali enterprises in Kamukunji} = 0.002 + 0.667 (\text{entrepreneurial experience}) \dots (4.8)$$

Therefore, the study proceeded to rigorously examine the significance of the relationship between entrepreneurial experience and firm performance, while simultaneously controlling for the influence of seed capital. This analytical step was essential in determining the strength and persistence of the mediating effect in the presence of the independent variable, as illustrated in Table 4.

Table 4 Analysis on Mediating Role of Entrepreneurial Experience

	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.002	.002		.690	.491
Seed capital	.539	.064	.538	8.371	.000
Entrepreneurial experience	.260	.062	.272	4.221	.000
ANOVA	0.000				
R Square	0.595				

a. Dependent Variable: firm performance

The p-value ($p < 0.05$) of the ANOVA is < 0.05 , which indicates that the mediating role of entrepreneurial experience on the relationship between seed capital and the performance of *Jua Kali* enterprises in Kamukunji was significant, since the p-value was below the significance level of 0.05. But the beta coefficient of the mediating variable of the entrepreneurship experience is < 0.01 ; which was less than 0.05 while the p-value for beta of seed capital was less than 0.05 too. This indicated that there was partial mediation on the relationship between the seed capital and the performance of the enterprises. Given that the coefficient for seed capital was 0.539 and that for entrepreneurial experience was 0.260, then the corresponding equation then

$$Y = 0.002 + 0.5391X_{61} + 260ME \dots\dots\dots (4.9)$$

Firm performance of *Jua Kali* enterprises in Kamukunji $0.002 + 0.539$ (Seed capital) + 0.260 (Entrepreneurial experience) (4.10). The results showed that the coefficient of seed capital, which was 0.753 (equation 4.3) reduced to 0.539 (equation 4.9) after introduction of the mediator (entrepreneurial experience). This was an indication of mediating effect of the entrepreneurial experience on the relationship between seed capital and firm performance of *Jua Kali* enterprises in Kamukunji. The process was summarised in Table 5.

CONCLUSION

The study found that entrepreneurial experience significantly contributes to the effect of seed capital on the performance of Kamukunji *Jua Kali* enterprises. As seed capital has direct positive influence on business performance, its impact is stronger when entrepreneurs possess superior experiential knowledge, capabilities and expert financial manpower. Although seed capital individually has a positive influence on firm performance, its impact is significantly stronger when entrepreneurs possess extensive experience, knowledge and capability. Financial staff capability and experience are crucial in effective financial management, smooth business operations and long-term expansion. Apart from that, employees' knowledge and quality contribute directly to effective decision-making, favorable work environment and business achievement. These findings show that entrepreneurial experience is an internal asset that partially mediates seed capital and performance and helps businesses use finance resources more efficiently to realize better results.

POLICY RECOMMENDATION

Entrepreneurial experience emerges as an important internal asset which enhances the marginal value of seed capital: firms led by experienced entrepreneurs are in a better position to deploy financial resources efficiently, to make informed strategic decisions, and to achieve superior operational outcomes. This finding highlights that capital is not enough; instead, the entrepreneur's capabilities, skill, and experiential knowledge serve as decisive factors that translate financial input into actual business performance. Hence, entrepreneurial experience is critical, so entrepreneurs should build management skills, financial literacy, and strategic abilities that enable them to manage seed capital to realize sustainable growth. Policymakers and financial institutions can design programs that enhance capital inflow, reduce financial entry barriers and optimize the growth potential of informal businesses. The study was conducted on *Jua Kali* enterprises in Kamukunji, Nairobi County. The same study should be conducted in other sectors for example SMEs, Industrial firms among others.

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