

# Entrepreneurship, Innovation, and Startup Ecosystems as Drivers of National Development in Kenya: A Systematic Literature Review

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## ABSTRACT

Entrepreneurship, innovation, and startup ecosystems have become central components of national development strategies, particularly in Sub-Saharan Africa, where youth unemployment, income inequality, and limited formal employment opportunities remain persistent structural challenges. This paper presents a systematic review of peer-reviewed studies published between 2020 and 2025 to examine how these interconnected elements contribute to Kenya's socioeconomic development. Guided by the entrepreneurial passion theory and the risk-bearing theory of entrepreneurship, the review synthesizes both empirical and conceptual evidence across four thematic areas: job creation and poverty reduction; financing constraints and governance weaknesses; the role and reach of innovation hubs; and human capital and skills development. The findings indicate that entrepreneurship plays a significant role in employment generation, income creation, and technological progress in Kenya. Small and medium enterprises continue to absorb a substantial share of the labour force, particularly among youth. However, the study finds that the sector's overall contribution to national development is limited by restricted access to affordable finance, inconsistent policy implementation, weak institutional coordination, and notable skill gaps among enterprise founders. These structural challenges reduce business survival rates and limit long-term growth. The review further finds that innovation hubs, including Nairobi's iHub and university-based incubation centres, have created valuable support structures through mentorship, networking, and access to digital infrastructure. Despite these gains, their impact remains geographically concentrated and does not adequately address the needs of entrepreneurs operating outside major urban centres. Moreover, many programs do not sufficiently respond to practical business management and financing challenges faced by early-stage enterprises. The paper concludes that achieving Kenya's Vision 2030 development objectives requires a coordinated and sustained strategy. The study therefore recommended that the government should strengthen entrepreneurship education, expand access to blended financing, decentralize innovation infrastructure, and improve institutional coordination to promote sustainable enterprise development in Kenya.

**Keywords:** entrepreneurship, innovation, startup ecosystems, national development, Kenya, Vision 2030

## INTRODUCTION

### Background of the Study

The relationship between entrepreneurship and national economic development is among the most thoroughly examined topics in development economics. Since the Industrial Revolution of the eighteenth century, private enterprise has served as the primary vehicle for transforming economies, generating employment, and distributing wealth across social strata (Polovko et al., 2020). The ability of entrepreneurial activity to convert ideas into economic value, reshape market structures, and absorb labour at scale has made it indispensable to every major development paradigm of the modern era. In the late twentieth century, China's deliberate shift from centralized economic planning toward a market-oriented model demonstrated how releasing entrepreneurial energy could propel rapid national transformation within a single generation (Pelzer, 2018). Today, this lesson resonates with particular urgency across Sub-Saharan Africa, where populations are predominantly young, youth unemployment rates are persistently high, and governments face mounting pressure to generate inclusive, sustained economic growth.

Kenya occupies a strategically important position within this continental context. The country has invested significantly in building an enabling environment for entrepreneurship and innovation, as evidenced by initiatives ranging from Sessional Paper No. 5 of 2020 on micro, small, and medium enterprise development to the ambitious Konza Technopolis project, envisioned as East Africa's Silicon Valley and a centrepiece of the country's knowledge-economy aspirations (Chepkemei, 2022; K'Akumu, 2023). Kenya's startup ecosystem has gained international recognition, with Nairobi frequently cited alongside Lagos, Cape Town, and Cairo as one of Africa's leading technology hubs. The country has produced landmark innovations in mobile money, agritech, and health technology that have attracted global investor attention and catalysed broader ecosystem development. Yet despite these genuine achievements, the empirical record tells a sobering story: the majority of Kenyan enterprises fail within three years of inception, and relatively few transition into growth-stage businesses capable of generating substantial employment or contributing meaningfully to export revenues (Chege & Wang, 2020). This persistent gap between entrepreneurial potential and realized developmental outcomes is the animating concern of this paper.

Entrepreneurship does not operate in isolation from the broader institutional and market environment within which it is embedded. It is deeply intertwined with innovation the process through which new products, services, and organizational models are developed and brought to market and with startup ecosystems, the interconnected networks of founders, investors, academic institutions, policy actors, and support organizations within which new ventures form, compete, and grow (Frimpong et al., 2022; Herman, 2022). Understanding how these three dimensions interact, reinforce one another, and are jointly constrained is essential for designing policies and programs that can genuinely strengthen Kenya's development trajectory. Anjum and Kumar (2024) observe that in many developing economies, communities struggling with poverty and unemployment have been meaningfully revitalized through well-designed entrepreneurial programs, suggesting that context-sensitive, evidence-based interventions can yield significant developmental returns when they are properly targeted and sustained.

This paper conducts a systematic review of recent literature to evaluate the contributions and limitations of entrepreneurship, innovation, and startup ecosystems in advancing Kenya's national development goals. The review is guided by two complementary theoretical frameworks the entrepreneurial passion theory and the risk-bearing theory of entrepreneurship and is organized around four thematic areas identified as critical in the current literature: job creation and poverty reduction, systemic financing and governance barriers, the promise and pitfalls of innovation hubs, and skill gaps and human capital development.

## **Problem Statement**

Sub-Saharan Africa faces a demographic challenge of historic proportions. Home to one of the world's fastestgrowing and youngest populations, the region must generate millions of productive jobs annually simply to absorb new labour market entrants, let alone reduce existing unemployment and underemployment (Njoroge, 2018). Entrepreneurship is widely regarded as an indispensable component of any credible response, given its documented capacity to create employment, stimulate innovation, reduce poverty, and distribute income in ways that limited formal wage employment cannot replicate (Gitonga & Kyei, 2021). In Kenya, successive governments have repeatedly acknowledged entrepreneurship's centrality through policy frameworks including the Poverty Reduction Strategy Paper of 1999 to 2015 and Sessional Paper No. 5 of 2020, which sought to streamline support for micro, small, and medium enterprises and align enterprise development with the Vision 2030 agenda (Government of Kenya, 2020).

Despite these policy commitments and the evident political will they represent, the empirical record presents a troubling picture of persistent implementation gaps. The Kenya Economic Survey of 2022 documented that enterprise survival rates remain alarmingly low, with the majority of new businesses ceasing operations within three years of establishment. Those that do survive rarely achieve the scale necessary to generate substantial employment, develop export capacity, or contribute to technological upgrading of the national economy (Kenya National Bureau of Statistics, 2022). The barriers to enterprise success are numerous and mutually reinforcing: entrepreneurs face limited access to affordable credit, operate within regulatory environments characterized by procedural complexity and corruption, lack the managerial and technical skills to compete in demanding

markets, and receive insufficient support from ecosystem institutions including mentors, accelerators, and business development services (Brodeur et al., 2022; Ngetich & Kithae, 2020).

Innovation hubs, which proliferated rapidly across Kenya and broader Africa following iHub's establishment in Nairobi in 2010, were expected to address many of these ecosystem gaps by providing co-working infrastructure, professional networks, mentorship, and incubation support to nascent ventures. Their proliferation reflected genuine optimism about the potential of bottom-up, community-driven solutions to Africa's enterprise development challenges. However, the reach of these hubs has remained geographically concentrated in major cities, their programming has not always been sufficiently responsive to the specific needs of the entrepreneurs they serve, and their impact on broad-based national development has proven difficult to measure, sustain, and scale (Mwavali, 2021). The distance between Kenya's Vision 2030 entrepreneurship ambitions and the current performance of its enterprise sector thus constitutes a significant and multi-layered problem that warrants systematic scholarly investigation.

## Research Objectives

This study is guided by the following specific research objectives:

1. To evaluate the contribution of entrepreneurship to national development in Kenya.
2. To assess the role of innovation in advancing Kenya's socioeconomic development agenda.
3. To analyze the impact of startup ecosystems on national development outcomes in Kenya.

## THEORETICAL FRAMEWORK

### A. Entrepreneurial Passion Theory

The entrepreneurial passion theory, as comprehensively synthesized by Newman et al. (2021), proposes that intense emotional engagement with entrepreneurial activities drives founders to invest greater cognitive, physical, and relational resources in their ventures, ultimately enhancing performance, resilience, and creative output. Passion, within this framework, is not understood merely as enthusiasm or positive affect but as a multidimensional psychological experience that shapes how entrepreneurs appraise challenges, regulate their emotional responses to failure and uncertainty, and persist through the extended period of difficulty that newest venture development entails. Bignetti et al. (2021) extend this perspective through empirical analysis, demonstrating that passion and creativity interact significantly to influence entrepreneurial intentions, suggesting that cultivating these psychological qualities alongside technical and managerial competencies can meaningfully increase both the likelihood that individuals pursue entrepreneurial opportunities and the quality of their responses to adversity once they do.

This theory carries particular relevance for understanding entrepreneurial behaviour in Kenya's institutional context, where founders routinely navigate environments defined by unreliable infrastructure, regulatory complexity, limited market information, and persistent financing constraints. The sustained cognitive and motivational engagement required to overcome these structural obstacles aligns closely with what the entrepreneurial passion framework predicts: that passionate entrepreneurs, by virtue of their deeper emotional investment and their tendency to interpret challenges as opportunities for learning rather than signals of defeat, are better positioned to persist and to innovate in response to adversity (Kumar & Shukla, 2023). For national development policy, this theoretical insight implies that interventions targeting not only the external business environment but also the motivational and identity-related dimensions of entrepreneurship through mentorship, entrepreneurship education, and role model exposure could yield significant returns in terms of the quality and persistence of enterprise formation.

## Risk-Bearing Theory

The risk-bearing theory of entrepreneurship, originally articulated by Frank Knight and revisited for contemporary financing contexts by Pelzer (2018) and Miglo (2022), positions the absorption of uncertainty as the defining economic function of the entrepreneur and as the primary justification for entrepreneurial profit. According to this framework, uncertainty as distinct from calculable risk is an irreducible feature of productive economic activity. Entrepreneurs who commit resources in advance of known outcomes, correctly anticipate future market conditions, and manage the organizational complexity of converting inputs into valued outputs under conditions of genuine uncertainty receive profits commensurate with the risks they have absorbed. This framing has important implications not only for understanding entrepreneurial motivation but also for analyzing the structural conditions under which entrepreneurship can flourish or is systematically suppressed.

Applied to Kenya's startup ecosystem, the risk-bearing theory provides a powerful explanatory framework for the persistent financing gap documented throughout the literature. When the business environment is characterized by high and compound uncertainty generated by macroeconomic volatility, weak contract enforcement mechanisms, limited reliable market data, and political instability rational investors demand either higher expected returns or substantial collateral before committing capital (Miglo, 2022). This creates a structural disadvantage for early-stage startups, which typically lack the operational track record, tangible assets, and audited financial histories needed to satisfy conventional investor requirements, even when their business concepts are commercially viable and their founders capable. Understanding this dynamic is critical for designing financing instruments including government-backed guarantee schemes, blended finance vehicles, and co-investment funds that can appropriately redistribute risk between entrepreneurs, private investors, and the public sector, thereby unlocking capital for ventures that the unassisted market systematically underfunds.

## METHODOLOGY

### A. Study Design

This study employs a systematic narrative review methodology to synthesize available evidence on the relationship between entrepreneurship, innovation, startup ecosystems, and national development, with particular reference to the Kenyan context. A systematic approach was selected because it enables a transparent, replicable, and comprehensive appraisal of existing literature, substantially reducing the selection biases that can compromise traditional narrative reviews and limiting the risk that evidence contradicting the reviewer's prior expectations is systematically excluded (Egharevba et al., 2022). The review was conducted in general accordance with the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) guidelines, adapted for social science literature in which quantitative synthesis through meta-analysis is frequently neither feasible nor appropriate given the diversity of research designs and outcome measures employed across included studies.

### B. Search Strategy and Study Selection

A structured database search was conducted across four major electronic repositories: Google Scholar, EBSCOhost, the Cochrane Library, and Mendeley. The search was restricted to peer-reviewed journal articles, book chapters, conference papers, and institutional research reports published in English between January 2020 and December 2025, ensuring that the evidence base reflects current knowledge and the most recent policy and market developments. The following Boolean search strings were employed: ("entrepreneurship" OR "entrepreneurial activity") AND ("national development" OR "economic development") AND ("Kenya" OR "Sub-Saharan Africa"); ("startup ecosystem" OR "innovation hub") AND ("Kenya" OR "East Africa"); and ("innovation" AND "economic growth" AND "developing countries"). Reference lists of all studies meeting the inclusion criteria were manually reviewed to identify additional relevant sources not captured in the initial database search.

## C. Inclusion and Exclusion Criteria

Studies were included if they met all of the following criteria: they focused on entrepreneurship, innovation, and/or startup ecosystems as primary subjects or key analytical themes; they examined outcomes related to national, regional, or economic development; they were conducted in Kenya, Sub-Saharan Africa, or other developing country contexts with direct relevance to the Kenyan setting; and they were published in peer-reviewed outlets or by recognized academic or policy research institutions. Studies were excluded if they were not available in English, relied exclusively on unsupported opinion without an empirical or systematic analytical foundation, or addressed contexts so structurally different from Kenya as to yield no meaningful transferable insights. A total of thirty-two sources meeting these criteria were identified through this process and form the evidence base synthesized in the results and discussion sections that follow.

## RESULTS AND DISCUSSION

### A. Entrepreneurship, Job Creation, and Poverty Reduction

A consistent finding across the reviewed literature is that entrepreneurship serves as a primary mechanism for employment generation and income distribution in economies where formal wage employment is structurally insufficient to absorb labour market growth. Egharevba et al. (2022) conducted a comprehensive analysis of social entrepreneurship's developmental role across Sub-Saharan African contexts, concluding that entrepreneurial activity holds substantial potential for reducing poverty, generating meaningful employment, and narrowing income disparities. Critically, however, the authors also documented that this potential is frequently unrealized due to inadequate collaboration between entrepreneurs and the state, flawed governance arrangements, and the absence of consistent, adequately funded enterprise support programs. This finding is directly relevant to Kenya, where—as the Kenya Economic Survey (2022) confirms—the gap between policy aspiration and enterprise performance outcomes has been persistent and damaging.

Arshiya and Kumar (2024) examined the relationship between innovation, entrepreneurship, and national development in India and found that entrepreneurship functions as the channel through which creative ideas are converted into marketable solutions, generating employment, expanding enterprise capacity, and diversifying the economic base. Their work emphasizes that education and skill enhancement are enabling preconditions for this process to function effectively—a theme that recurs throughout the Kenya-specific literature and that will be developed further in the section on human capital. Akere and Iwayemi (2023) similarly found, in the Nigerian context, that well-structured graduate entrepreneurship programs can serve as effective mechanisms for economic development when they provide not only knowledge but also mentorship, network access, and connection to appropriate financing. The implication for Kenya is that program design matters as much as program existence: poorly designed interventions may register activity without generating developmental outcomes.

In Kenya, entrepreneurship accounts for the majority of private-sector employment and contributes substantially to household incomes, particularly in peri-urban and rural areas where formal employment is scarce (Gitonga & Kyei, 2021). However, the developmental contribution of this sector is seriously constrained by persistently low enterprise survival rates. Chege and Wang (2020) identified insufficient managerial expertise, lack of business formalization, reduced operational efficiency, and a fragile institutional environment as the primary drivers of this outcome. These findings align closely with the risk-bearing theory's prediction that high environmental uncertainty creates structural conditions that discourage both new venture formation and private investment, trapping the entrepreneurial sector in a low-level equilibrium where individual effort and passion are insufficient to overcome systemic deficits.

### B. Systemic Barriers: Financing Constraints and Governance Failures

Access to affordable capital represents perhaps the most consistently and urgently documented barrier to entrepreneurial success in Kenya. Brodeur et al. (2022) found that entrepreneurs across Sub-Saharan Africa face compounding challenges rooted in insufficient financing, limited and inconsistent government support, and governance deficits including regulatory unpredictability and corruption each of which independently

undermines enterprise viability and collectively creates an environment deeply hostile to enterprise growth. Mwende et al. (2021) examined the role of equity financing for small and medium enterprises in Kenya and established that while equity capital is positively associated with enterprise performance, the overwhelming majority of early-stage Kenyan startups cannot access institutional equity and must instead rely on personal savings, informal credit arrangements, and support from family and social networks for seed funding.

The financing gap is most acute at the earliest stages of the enterprise lifecycle, where the need for patient, flexible capital is greatest and the supply of such capital most limited. Current evidence indicates that fewer than ten percent of Kenyan entrepreneurs receive any funding from venture capital sources, while business angel networks though growing in visibility remain nascent and overwhelmingly concentrated in Nairobi (Mwende et al., 2021). This structural gap is well explained by the risk-bearing theory: in environments where information asymmetries between founders and investors are severe, collateral requirements cannot be met by asset-light technology ventures, and legal recourse in the event of default is uncertain, rational investors naturally demand risk-adjusted returns that most early-stage businesses cannot credibly promise. Auma (2018) documented the compounding dimensions of this problem in Kisumu, finding that credit access barriers are particularly pronounced for women-owned enterprises and businesses operating outside Nairobi, amplifying existing geographic and gender inequalities in the entrepreneurial ecosystem.

Governance failures compound the financing challenge in ways that policy frameworks alone cannot resolve. Egharevba et al. (2022) identified that distrust between state institutions and entrepreneurs, combined with inconsistent regulatory enforcement and inadequate coordination among public agencies, creates an environment in which even well-intentioned enterprise support programs achieve limited and unsustainable impact. In Kenya, the implementation gap between the commitments embedded in Sessional Paper No. 5 of 2020 and the enterprise performance outcomes documented in the Kenya Economic Survey of 2022 reflects this systemic deficit. Addressing these barriers requires not merely additional investment in enterprise support programs but fundamental reforms in the governance architecture through which such support is designed, delivered, and evaluated.

### **C. The Promise and Limitations of Innovation Hubs**

Innovation hubs emerged across Kenya and Sub-Saharan Africa in the early 2010s as a community-driven institutional response to the ecosystem gaps identified above. The establishment of iHub in Nairobi in 2010 and the Co-Creation Hub in Lagos in 2011 marked the beginning of a continental movement toward structured innovation infrastructure conceived as physical and virtual spaces where entrepreneurs, developers, investors, and researchers could gather, collaborate, and co-create (Mwavali, 2021). The theoretical rationale for this model aligns naturally with the entrepreneurial passion theory: by creating intentional communities that generate chance encounters and enable the cross-pollination of ideas across disciplinary and sectoral boundaries, well-functioning hubs amplify the creative engagement that passionate entrepreneurs bring to their work and provide the serendipitous connections that formal markets cannot engineer.

Ciambotti et al. (2021) illustrate this enabling dynamic in their case study of Corec, a Kenyan enterprise converting waste plastics from urban slums into construction materials. The case demonstrates that sustainable business models capable of simultaneously addressing environmental, social, and economic objectives can emerge from ecosystems that nurture creative problem-solving and effectively connect founders with appropriate technical expertise, peer networks, and financing. Chepkemei (2022) documents how Kenya's innovation hub landscape has expanded substantially since the iHub era, encompassing university-based facilities such as the Manu Chandaria Incubation Centre at Kenyatta University, the Centre for Data-Driven Development at the University of Nairobi, and government-backed infrastructure including the Konza Technopolis, which aspires to anchor a national technology and innovation cluster.

However, the evidence also reveals significant and persistent limitations. Mwavali (2021) found that many startups passing through Kenyan innovation hubs continue to lack fundamental business competencies, including the ability to present their ventures convincingly to investors, lead teams effectively, and manage organizational growth. Gitonga and Musamali (2022) reported that approximately seventy percent of Kenyan startups operate with revenues insufficient to sustain full-time founder commitment, with many conducting business from

informal settings due to the cost of dedicated workspace. K'Akumu (2023) raises pointed questions about whether Konza Technopolis, as currently designed and resourced, can deliver on its ambitious promise or whether it risks becoming an enclave development that serves a narrow technology elite without generating meaningful spillovers into the broader economy. These findings collectively suggest that while innovation hubs have established a valuable foundation, scaling their impact to support broad-based national development requires a fundamental rethinking of their programming, governance, and integration with surrounding communities and value chains.

#### **D. Skill Gaps and Human Capital Development**

A pervasive theme throughout the reviewed literature is that deficiencies in human capital understood broadly to encompass not only formal educational attainment but also domain-specific technical knowledge, managerial competencies, and the relational skills needed to navigate markets, build partnerships, and mobilize resources represent a structural constraint on entrepreneurial success that is at least as significant as the financing gap. Ngetich and Kithae (2020) established that access to business information and managerial skills were more strongly associated with enterprise performance than access to finance alone, suggesting that human capital investment should be conceptualized as complementary to financing interventions rather than as a secondary priority. Programs that provide capital without simultaneously building management capacity may achieve short-term survival rates without generating the sustained performance improvements that constitute meaningful contributions to national development.

An assessment conducted by iHub and summarized by Mwavali (2021) identified specific and actionable competency deficits among Kenyan startup founders, including weaknesses in investor presentations, leadership of growing teams, achievement orientation, and fundraising strategy. Gitonga et al. (2021) identified complementary gaps in sales strategy development, marketing planning, intellectual property management, and collaborative networking capabilities that are essential for startup growth and competitiveness but are rarely addressed systematically in Kenya's conventional educational curriculum. Boonmalert et al. (2021) found, across a broader emerging-market sample, that innovation-oriented capabilities combined with digital literacy were positively and significantly associated with small enterprise performance, reinforcing the argument that a substantially broader set of competencies than the traditional curriculum delivers is necessary for contemporary, technology-enabled entrepreneurship.

Kenya has begun to respond to these documented gaps through targeted initiatives. The National ICT Masterplan introduced in 2012 aligned digital infrastructure development with entrepreneurship promotion objectives, and international programs including SEAD East Africa and the Young African Leaders Initiative Regional Leadership Centre have contributed to building entrepreneurial capabilities among the country's youth (K'Akumu, 2023). However, the geographic reach of these programs remains primarily urban, their target population largely university-educated, and their scale modest relative to the breadth and depth of the competency deficit. Gatimu and Amuhaya (2022) argue compellingly that developing Kenya into a genuine knowledge economy one capable of sustaining the innovation-driven growth trajectory envisaged in Vision 2030 requires a fundamentally more systematic, inclusive, and sustained approach to entrepreneurship education, extending from secondary school through tertiary education and encompassing continuous professional development for established entrepreneurs seeking to upgrade and adapt their capabilities in response to changing market demands.

## **CONCLUSION**

This study concluded that entrepreneurship, innovation, and startup ecosystems play a central role in advancing national development in Kenya. Drawing on evidence from thirty-two scholarly sources, the review examined four key areas: job creation and poverty reduction, financing and governance barriers, innovation hubs, and human capital development. Using entrepreneurial passion theory and risk-bearing theory as guiding perspectives, the study identified three major conclusions aligned with its research objectives.

First, the study concluded that entrepreneurship significantly contributes to employment generation, income distribution, and poverty reduction. Small and medium enterprises remain critical drivers of economic

participation, particularly for youth and marginalized groups. However, their long-term impact is constrained by high business failure rates, weak institutional coordination, and gaps between policy formulation and implementation. The findings show that expanding financial support alone is insufficient. Sustainable outcomes depend on stronger governance structures, improved accountability, and better coordination among agencies responsible for enterprise development.

Second, the study concluded that innovation is essential for transforming entrepreneurial activity into sustained economic growth. Innovation enables productivity improvement, technological advancement, and competitiveness. Although Kenya has made progress through digital infrastructure expansion, innovation hubs, and growing university–industry collaboration, these initiatives remain concentrated in major urban centres and do not yet adequately serve entrepreneurs across the country. Achieving national development targets requires scaling innovation efforts, expanding their regional reach, and aligning them more closely with entrepreneurs' practical skill and financing needs.

Third, the study concluded that while Kenya's startup ecosystem is comparatively advanced within the region, it remains structurally constrained. Supporting institutions are unevenly distributed, under-resourced, and weakly integrated into the broader economy. The persistent financing gap affecting early-stage ventures reflects high uncertainty and limited information for investors. Without deliberate and sustained public intervention, this gap is unlikely to narrow.

## RECOMMENDATIONS

Based on the findings of this review, several strategic actions are necessary to strengthen the contribution of entrepreneurship, innovation, and startup ecosystems to Kenya's national development.

First, entrepreneurship education should be systematically strengthened across secondary and tertiary institutions. Training must go beyond basic business planning and include financial management, leadership, communication skills, digital literacy, and problem-solving. Embedding practical learning such as mentorship, internships, and enterprise incubation within formal education will better prepare young people to start and manage sustainable ventures. Continuous professional development programs should also be provided for existing entrepreneurs to improve business survival and growth rates.

Second, the government should introduce targeted financing mechanisms to address the persistent funding gap facing early-stage enterprises. Blended finance instruments such as co-investment funds, credit guarantees, and performance-based grants can reduce risk for private investors while expanding access to capital for startups. Clear eligibility criteria, transparent allocation processes, and regular monitoring are essential to ensure accountability and effective use of public resources.

Third, innovation infrastructure must be expanded beyond major urban centres. Establishing and supporting innovation hubs in secondary cities and peri-urban regions will promote more inclusive economic participation. These hubs should be aligned with local economic strengths, such as agriculture, manufacturing, or digital services, and linked to universities and technical institutions to encourage knowledge transfer.

Fourth, institutional coordination requires urgent improvement. A permanent multi-stakeholder platform should be established to align the efforts of government agencies, financial institutions, universities, and private sector actors. This body should set measurable targets, track progress, and ensure that entrepreneurship policies are implemented consistently across sectors.

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