

**THE EFFECT OF ENTREPRENEURIAL ORIENTATION ON THE GROWTH OF
MICROFINANCE INSTITUTIONS BASED IN NAIROBI, KENYA**

Alice Wanjiku Wainaina.

Jomo Kenyatta University of Agriculture and Technology. Kenya

Prof. Namusonge G.S.

Jomo Kenyatta University of Agriculture and Technology. Kenya

Dr. Kabare Karanja

Jomo Kenyatta University of Agriculture and Technology. Kenya

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ABSTRACT

Entrepreneurial orientation (EO) comprises of strategies that enable firms to keep up with the contemporary business complexities by engaging in risky, proactive and innovative activities. Kenya's vision 2030 considers MFIs as very instrumental in addressing financial exclusion among the economically active population. MFIs have the most flexible and effective strategies of fighting poverty yet they reach only a small percentage of the potential market. They are also known to have a high mortality rate and therefore it would be beneficial to adopt an entrepreneurial strategy that enables them to pursue entrepreneurial opportunities that will lead to increased growth and stability. This study sought to examine the effect of EO dimensions on the growth of MFIs based in Nairobi. It employed mixed research design approach involving the application of both qualitative and quantitative research techniques. The target population consisted of 59 regulated MFIs based in Nairobi. Data was collected from the entire target population making use of a census inquiry. Primary data was collected by use of questionnaires with both open ended and close ended questions as well as structured interview guide which were administered on managers/owners of MFIs. SPSS (version 21) was used to analyze data; inferential statistics such as ANOVA was used to test the significance of the overall model at 95% level of confidence. The study established that the predictor variables were strong determinants of the growth of MFIs. It recommends the utilization of EO dimensions so as to take advantage of the large unexploited market in the provision of financial services. The study contributes to increased knowledge on MFIs and EO which may build on evidence based policy on financial inclusion.

Key words: Entrepreneurial orientation dimensions, Microfinance institutions, Firm growth.

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