

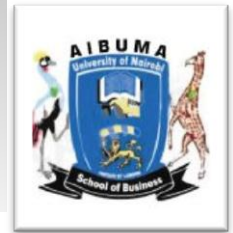


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THE INFLUENCE OF BUSINESS STRATEGY ON PERFORMANCE OF START-UPS IN NAIROBI CITY COUNTY

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Abstract

The need for the establishment of influencing mechanisms for nurturing new ideas into actual business, especially on new technological platforms necessitates business strategy to secure networks that guarantee growth. The study sought to establish whether business strategy influence performance of startups in Nairobi City County, Kenya. Business strategy was evaluated using Ansoff (1957) model while taking into account the argument of Kleinschmidt and Cooper (1991) on the application of product development strategy when processing new knowledge to manage little demand. Although there are four strategic alternatives depending on the nature of the product and the marketing environment, not all are applicable to startups category of business (March,1991). Out of the four strategic alternatives, three were considered under this study which comprise, diversification, market penetration and market development. The study adopted a positivist research philosophic reasoning to exploring new knowledge through verification of observable evidence. This approach enabled the researcher to derive information logically from empirical data using scientific method thereby testing the hypotheses about the constructs under theoretical underpinnings. This study followed a cross-sectional survey design as it assured similar data collection procedure and precise verification across many respondents at a particular point in time. This study applied Structural Equation Model (SEM) to analyse data and deduce conclusions. The results showed that holding other factors constant, there exist significant relationship between business strategy ($\beta=2.1089$, $P=0.000$) and performance of start-ups in Nairobi City County. The study recommends the development of a framework that supports young entrepreneurs increase their capacities on the application of diversification, market penetration and market development business strategic mix to ensure startups' survival, better performance financially and increase jobs opportunities.

Key Words: Business Strategy, Firm Performance at Nairobi City Count, Kenya

Introduction

The word strategy has its roots anchored on warfare. The critical concerns of strategy are to look at the vision of an enterprise and the scope to ensure that the right objectives and targets are set based on the existing environmental dynamics and resources (Parnell et al., 2012).

Porter (1980) asserts that all firms should have vision and mission factored their strategic plans thereby classifying them into Corporate, Business and Functional level strategies. Corporate-level strategy focuses on mission and shareholder value while business strategy focuses on the realization of the vision. Functional strategies are specific to units within an organization tasked to deliver specific functions. This paper focuses business strategy category whose focus is to formulate plans to establish business objectives, ensure competitive advantage, grasp of available opportunities and manage threats in the market considerably. According to Grant, (2012) suitable strategy for starting new business is inclined towards business strategy.

Business Strategy

Business strategy is a clear set of plans, actions and goals that outlines how a business will compete in a particular market, or markets, with a product or number of products or services. Business strategy is clearly explained and widely referred by Ansof (1957). According to Ansof (1957) model, there are four components of business strategy namely- Market Penetration, market development, product development and diversification strategies. Whenever there is an existing product proposed into an existing market (old

product - old customer scenario) the applicable business strategy is Market Penetration strategy. The objective is increase market share and increase sales that lead to profitability, better liquidity hence improved startup financial performance. Where there is an existing product proposed for new market (old product – new customer)', market development business strategy is suggested. The objective is to introduce the old product or service to the new market and ensure acceptability.

New business that firmly controls particular market or target audience may wish to expand its share of the customer base. The scenario depicts new product to existing market and Product development strategy is ideal. Lastly, where there is new product proposed to the new markets (new product to new market) product or service diversification business strategy was suggested. Technology is the best example for providing solution to an unrealized problem. A product is said to have a life meaning that it has a time when it is introduced into the market and a time when it exits the market. In addition, a product undergoes through four stages of growth starting from the time when it is introduced into the market up to the time when it exits from the market (Kleinschmidt and Cooper, 1991). Product life stages include: introduction stage, growth stage, maturity and finally decline stage. Introduction stage is the stage at which the product is introduced in the market. Growth stage is the period which the newly introduced product takes to grow. Maturity stage means that the product has stayed in the market for enough time

Aichner and Coletti (2013) pointed out that new products on new markets will require

diversification business strategy so that both the product and market are put to perspective. This basically means that data is not available for analysis on consumer preferences because all situations are new. Diversification helps establish competitive advantage among competitors on local markets, reduce costs on production, spread and develop innovation through the company.

Startups who approach new markets with new products are engaged with the riskiest endeavours and are advised to develop diversification business strategy (Ansoff, 1991). In relative terms, a diversification business strategy is generally the highest risk endeavour after all, both product development and market development are required. While it is the highest risk strategy, it may reap huge rewards – either by achieving altogether new revenue opportunities or by reducing a firm's reliance on a single product/market fit Ries (2010).

Market development is a strategy in which the company attempts to adapt its present product line (generally with some modification in the product characteristics) to new missions. According to Ansoff (1991) startup should develop a business strategy for market development to manage existing products proposed to new markets. Market development here refer to plans to increase sales of existing product into a new market. Most new entrepreneurs who identify a new market for an existing product increase consumer base. Market development business strategy is achieved when the enterprise considers new geographical market locations (Kim and Mauborgne, 2005) together with other

dimensions such as packaging and new distribution channels.

The broader view of performance of start-ups relates to the effectiveness in utilisation of its opportunities and resources. According to Man et al. (2002) performance of start-ups is simply the degree of success attained by the small business. Most starting businesses are not likely to meet excellence in success due to lack of experience and training. Start-ups have multidimensional challenges relating to the business sector, product experience, location in relation to suppliers and customers, seasonal variations, political and social challenges, technological and economic changes (Wanda & Stian, 2015).

Nairobi City County has a lot of economic activities and is home to a number of headquarters for many companies. According to Forbes (2013) Nairobi leads in digital infrastructure in the region and has the best entrepreneurial ecosystem where a sizable amount of the capital, businesses, and talent flow freely in and out of the country. Furthermore, the presence of world class universities makes Nairobi resourceful for conducting business incubation and acceleration services.

Cohen et al. (2014) correlated positively business strategy variables with performance of small firms and negatively with innovations in Iceland. This study did not consider firms below five years. Many entrepreneurs do not consider strategy making as a necessary ingredient to new firms (Zehir, 2015). Using a structural equation model this study investigated the relationship between business strategy and performance of start-ups in Nairobi City County underpinning it on social network theory. The result of the study is expected to

bring out theoretical, practical and policy implications. Specifically, the findings sought to answer the question; what is the relationship between business strategy and performance of start-ups in Nairobi City County?

Performance of startups

The performance of start-up firms may be viewed as the capability of start-ups in meeting set objectives in an unfamiliar adventure. The concept of performance may as well be viewed from various perspectives. Gerschewski and Xiao (2015) view performance as an attainment of set objectives early than the time expected or an achievement of higher and better market share than normally is possible for new firms, or higher and superior profits than it is normally expected in the circumstances, better survival rate in unusual environment, employing more people than it usually is the case, or growing and expanding faster than usual.

The broader view of performance of start-ups relates to the effectiveness in utilisation of its opportunities and resources. According to Man et al. (2002) performance of start-ups is simply the degree of success attained by the small business. Most starting businesses are not likely to meet excellence in success due to lack of experience and training. Start-ups have multidimensional challenges relating to the business sector, product experience, location in relation to suppliers and customers, seasonal variations, political and social challenges, technological and economic changes (Wanda & Stian, 2015).

Start-up performance refers to the commercial effectiveness and ability to optimally implement the conceptualised

vision of a new business in delivering the product or service in a manner that meets the expectations of consumers. The term performance may also refer to successful management of strategic activities into action (Hrebiniak, 2013). Startups across the globe face business challenges in their pursuit to attain excellence in performance. According to Gerschewski et al. (2015) two-thirds to three-quarters of new firms have performance execution challenges. Therefore, it is a primary aim in any organization and has the potential to be evaluated either independently or as the end product of internal procedures. Some indicators of an organization's or a company's overall effectiveness include its ability to remain in business, its reputation, how well it is seen to be doing generally, and the results it achieves.

The performance of new businesses may be evaluated based on the innovations they create. The term "innovation" refers to the actions of participating in experimentation and creative processes, which might result in new goods, services, or technical processes. Innovations can also refer to the outcomes of these activities (Wanda & Stian, 2015). The creative performance activities of new businesses are dependent on and pushed by external influences such as consumer demand, the activities of rivals, and even regulations passed by the government (Wanda et al., 2015). Companies that are more inventive will have more success in meeting the requirements of their consumers and in establishing new capabilities that provide them the opportunity to attain higher levels of performance or larger levels of profitability. The study of the impacts that different dimensions of innovation have on firm performance has increasingly received

greater attention in the academic literature (Wang et al., 2012), and as a result, the link between the two constructs is expected to exist.

Literature Review

Theoretical Review

Resource Dependence Theory

The theory presupposes that an enterprise aligns itself with entities that control major resources and are important to its operations but the entity itself has no control over those resources (Pfeffer, 1978). This is explained by the fact that no entity entirely relies on its own resources to function. The theory presupposes that, environmental conditions set organizations and institutions in a pattern where critical resources are controlled externally thereby encouraging organizational interdependence. This argument favors consideration of basic factors such as location whenever an entrepreneur wishes to start a new enterprise. The theory predicts that entities that conform to nature and quantity of supply of key resources even if they do not own them are likely to succeed. Thus, this research on 'the influence of business strategy on performance' of start-ups is constructed under Resource dependence theory.

Resource dependence theory advocates for organizations to create strategic collaborations so as to mitigate their environmental dependencies and uncertainties (Pfeffer & Salancik, 1978). This creates a need to focus on negotiating relationships that result in creative dependencies on each other (Johnson, 1995). The gaps are then clearly identified by the entrepreneurial capabilities and opportunities established within and outside

this framework (Petison & Johri, 2008). The clear opportunities under resource dependence theory are the emergence of agency services and contract drafting. If these relationships are not properly managed there is likely a negative effect on the performance of the enterprise. In the context of this research new enterprises need to be aware of the need to scan the environment for the availability of resources that they do need but could not be controlled. Consideration should be done on the most preferred style of relationship to be established and the cost of establishing the relationships. According to Fink et al. (2006) strategic partnerships significantly reduce association costs and increase productivity, product quality and speed to access markets.

Social Network Theory

The Configuration of firm strategy as latent variable and performance of start-ups as observable variables fulfils the network properties (Greve & Foss, 1990). Hindle and Klyver (2011) pinned their study of successful start-ups on social network theory and concluded that successful start-ups were attributed to a tie between start-ups, markets and consumers and failures were attributed to lack of moderation and intervention mechanisms. Conceptually, this study configuration is based on the thinking of Scott (2000), who alludes to the firm strategy to social networks linking performance of start-ups. Their assertion is supported by Dubini and Aldrich (1991) who argue that social networks theory breaks the boundaries of formal and new enterprise with other resourceful entities thereby creating informal cost-free links that lead to ease access of information which could otherwise have been costly to start-

ups. These informal links overcome time and money resource challenges which are very scarce for start-ups.

This study focused on the influence of business strategy on performance of start-ups under social network theory. Business internal resources are organised through a business strategic making process. This research is anchored on social network theory.

Empirical Review

A research by Al-Abdallah et al. (2021) investigated the association between business strategies and start-ups innovation performance. The study employed a role of firm strategy linking entrepreneurial orientation and the performance of startups in Iceland using a causal – predictive method and confirmed a positive correlation with new technology, tendency for risk and being aggressive. Each dimension was correlated with product differentiation and cost leadership strategies. The study sampled 335 small firms aged between 3 and 10 years.

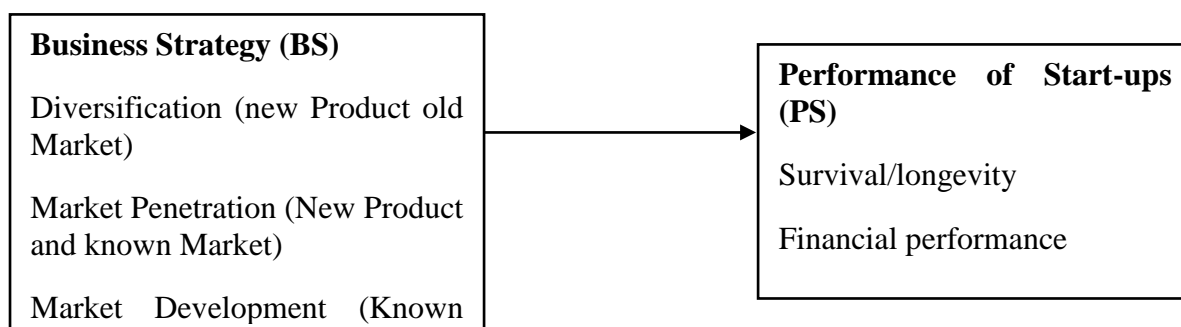
Zehir et al. (2015) established that corporate strategy significantly mediates the performance of start-ups. Further evidence Zehir (2015) and Porter (1980) confirmed

sampling survey on 441 respondents. In addition, a partial least square structural equation modelling method was employed. The study establishes that there was a positive and continuous link between business strategies and start-ups innovation performance. The study concluded that skills in business are needed for the start and acceleration of enterprises by reducing material and time resource wastages but could not identify the most crucial skills. Recommended that management of both small and large firms ought to do product diversification to enhance firm expansion and hence job creation.

Lechner et al. (2012) studied the intervening that skills in business are needed for the start and acceleration of enterprises by reducing material and time resource wastages but could not identify most crucial skills.

Conceptual Framework

This research is conceptually framed to establish the influence of Business Strategy (BS) with the sub constructs; product diversification, market penetration and market development. Performance of Start-ups (PS) is an observable variable with the sub constructs; Survival, Financial and Job/employment creation performances.



Methodology

This study adopted positivist philosophical reasoning to exploring new knowledge through verification of observable evidence. This approach enabled the researcher to derive information logically from executed data using scientific method thereby testing the hypotheses about the constructs under theoretical underpinnings. findings and effectively reduced the error margin.

The target population of this study comprised incubatees of business incubators within Nairobi City County. Hair et al. (2014) defined population as total elements that meet the specified criterion. This study focused business owners and their created and are active for the last ten years and have used the services of any of the five business incubators situated within Nairobi City County who comprised 715.

This study adopted structural equation method (SEM) to analyse data. Yamane (1967) specified the formula for the determination of sample size with the assumption that attributes under consideration were normally distributed.

$$\frac{715}{1 + 715(0.05)^2} = 715/2.7875 = 257$$

The researcher posted questionnaires to the respondent's emails and followed them up with the respondents on telephone within a timeframe. The advantage is to obtain informed responses (Monsen & Horn, 2008) in collecting primary data. Cronbach's alpha index scale was utilised to test reliability and was evaluated using that ranges from 0 to 1, with the acceptable range being between 0.5 and 0.8. In

This study followed cross-sectional survey design because it assured similar data collection procedure and clear verification amongst respondents at any given time. In addition the design enabled the researcher to document the characteristics of population and eventually test the hypotheses in an appropriate manner. The method assured credibility of the research

The startup owners were randomly sampled and a total of 257 were requested to respond. According to Yamane (1967) the following formula should be applied when using SEM

$$n = \frac{N}{1 + N(e)^2}$$

Where;

n = sample size,

N = the number of incubatees (known population),

e = error term (desired precision or confidence level) and in this case = 95%

Given the population size of 715 at 95% confidence level, the number of respondents should be 257 obtained as follows:

addition, sampling adequacy was tested using KMO and Bartlett's test.

The measurements of the explanatory variable of business strategy and the dependent variable of performance of start-ups was evaluated. Cronbach's Alpha (ranges from 0 to 1) was generated for each of the study constructs, with the acceptable threshold range being between 0.5 and 0.8. Cronbach's alpha value showed that business strategy and performance of start-ups constructs had values 0.692 and 0.701 respectively. The

values were within the acceptable range to back up adequacy and reliability of data collected to warrant an informative further analysis. The outcomes meet the standard specified by Cronbach (1951) at 0.7. Nunnally (1978), who established an alpha coefficient of 0.7 as the bar for reliability, concluded that the results were in line with his expectations. Davis (1964) recommended 0.5 as the dependability cut-off value, but somehow the findings demonstrate a larger coefficient.

The study used Shapiro-Wilk test to evaluate normality. The significance of the normality test is shown by values exceeding 0.05 at 95% confidence level (Collis & Hussey, (2009). Consequently, if the findings are below the benchmark of 0.05, the data significantly differ from a normal distribution (Krishnan, 2006). The study also tested for the presence or absence of heteroscedasticity via the Breusch-Pagan test. If the p_{value} is less than 5% level of significance, then it's deemed to be present. However, if it was more than 5% level, then it may be deemed present. If present, the study would then use robust standard errors. For multicollinearity, the study employed VIF test where if VIF values were less than 10 which is considered to be a threshold beyond which multicollinearity would be reported. In this case, if there was no multicollinearity hence the researcher would be bound to proceed, and if otherwise, then one of the correlating variables will be dropped.

The measurements of latent constructs were validated using confirmatory factor analysis (CFA) procedure. To demonstrate the relationships in the study model, structural equation modelling (SEM) was

used for analysis. SEM uses more than one measurement model and a structural model. The measurement model defines the relationships between observed variables and latent (unobserved) variables. The latent (unobserved) variables are hypothesized to be measured within the measurement model. The measurement model allows the researcher through confirmatory factor analysis (CFA) to evaluate how well the observed variables combine to identify underlying hypothesized constructs.

The study anticipated 257 respondents from business incubators namely, hub, Strathmore University, C4Dlab (University of Nairobi), Chandaria - BIIC (Kenyatta University) and Nairobi Industrial and Technological Park. However, 210 respondents fully filled the issued questionnaire and returned them, leading to a response rate of 81.71% which was dequate to facilitate an insightful analysis (see table 4.1 and figure 4.1). Only 18.29% of the targeted sample did not fully fill the issued questionnaires or did not consent to fill the research tool. According to Nachmias and Nachmias (2004), 50% and above response rate is satisfactory especially if there are challenges or existence of inevitable circumstances such as COVID-19. This response rate is further supported by (Creswell & Creswell, 2017) who propose 70-85% response rate as good enough.

Data Analysis and Interpretation

Descriptive statistics for business strategy construct was assessed by splitting it into its three dimensions or sub-constructs namely diversification, market penetration and market development. A business strategy is evaluated under the

subheadings of diversification, market penetration as well as the product development. The purpose is ascertaining the influence of business strategy on performance of start-ups Nairobi City County. Descriptive statistics for performance of start-ups construct was assessed for by breaking it into its three dimensions or sub-constructs namely survival rate, financial performance and Job creation. Sampling adequacy was tested using Kaiser-Meyer-Olkin (KMO) test.

The descriptive statistics for the study score for the all variables are presented on table 1. Noticeably, entrepreneurial innovative dimension generated the highest mean score of 3.83 followed by risk taking with a mean score value of 3.77 with a standard deviation of 0.31. This indicates that the respondents believe that business strategy's market development were rated with a mean score value of 3.53.

Table 1 Descriptive Summary for Business Strategy

Main construct	Sub-construct	Sample size	Mean Score	Std Deviation
Business Strategy	Diversification	210	3.66	0.48
	Market penetration	210	3.74	0.45
	Market development	210	3.53	0.43
	Average		3.64	0.45
Performance of Startups	Survival rates	210	3.61	0.40
	Financial performance	210	3.86	0.41
	Job creation	210	3.32	0.47

Source: Field Data (2022)

Correlation among study variables was evaluated using Pearson correlation coefficient. The correlation matrix is as shown in table 1 above. Correlation is explained as the statistical measure to determine the extent to which two or more variables are associated. Correlations are explained using a unit-free measure explaining correlation coefficient which

normally ranges between -1 to +1 and is referred to as r . The significance of the relationship is represented by a p_{value} . The result indicates a strong significant positive correlation between business strategy and Performance of Startups ($r = .737$, $p_{value} = .000$), meaning that business strategy strongly influence the performance of start-ups.

Table 2 Correlation Analysis

Correlations	Business Strategy	Performance of Startups
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Business Strategy	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	210	
Performance of Start-ups	Pearson Correlation	.737**	1
	Sig. (2-tailed)	.000	
	N	210	210
**. Correlation is significant at the 0.05 level (2-tailed).			

Source: Field Data (2022)

In this study, the overall objective was to establish whether business strategy influenced the performance of start-ups in Nairobi City County, Kenya. This was achieved by evaluating hypothesis on the influence of business strategy on performance of start-ups in terms of survival rates, financial performance and job creation. The tests were carried out first using Structural Equation Modelling (SEM) to provide directional association, then Analysis of Variance (ANOVA) for hypotheses testing and eventually relational association using Linear regression. Before linear regression equations were developed, the researcher undertook normality, multicollinearity and heteroscedasticity tests.

The null hypothesis H_0 : that there is no significant relationship between business strategy and performance of startups at the Nairobi City County, and the alternative hypothesis H_1 : which stated 'there is a significant relationship between business strategy and performance of startups in Nairobi City County.

This was first tested by evaluating the existence of a correlation between business strategy and performance of start-ups via

path analysis in Structural Equation Model (SEM), then the significance of the relationship between business strategy and performance of start-ups via Analysis of Variance (ANOVA). According to Byrne (2011) SEM has a set of multivariate procedures that are confirmatory and not explanatory in evaluating model goodness of fit. The advantages of SEM, according to Urbano (2013), are that SEM is clear on assessment of error measurements, is capable of measuring unobserved (latent) variable via observed variables and more importantly in imposing a structure and assess the model's goodness of fit, which this current study find very useful. SEM also requires a minimum of 200 respondents (sample size) in order to examine a basic model (Urbano, 2013), which fits well with the study's actual responses.

The Structural Equation Model (SEM) is as presented algebraically in figure 1 below. The dependent variable was performance of start-ups (PS), and the explanatory variable was business strategy (BS). Figure 1 presents the model results for the influence of business strategy on performance of start-ups in Nairobi City County.

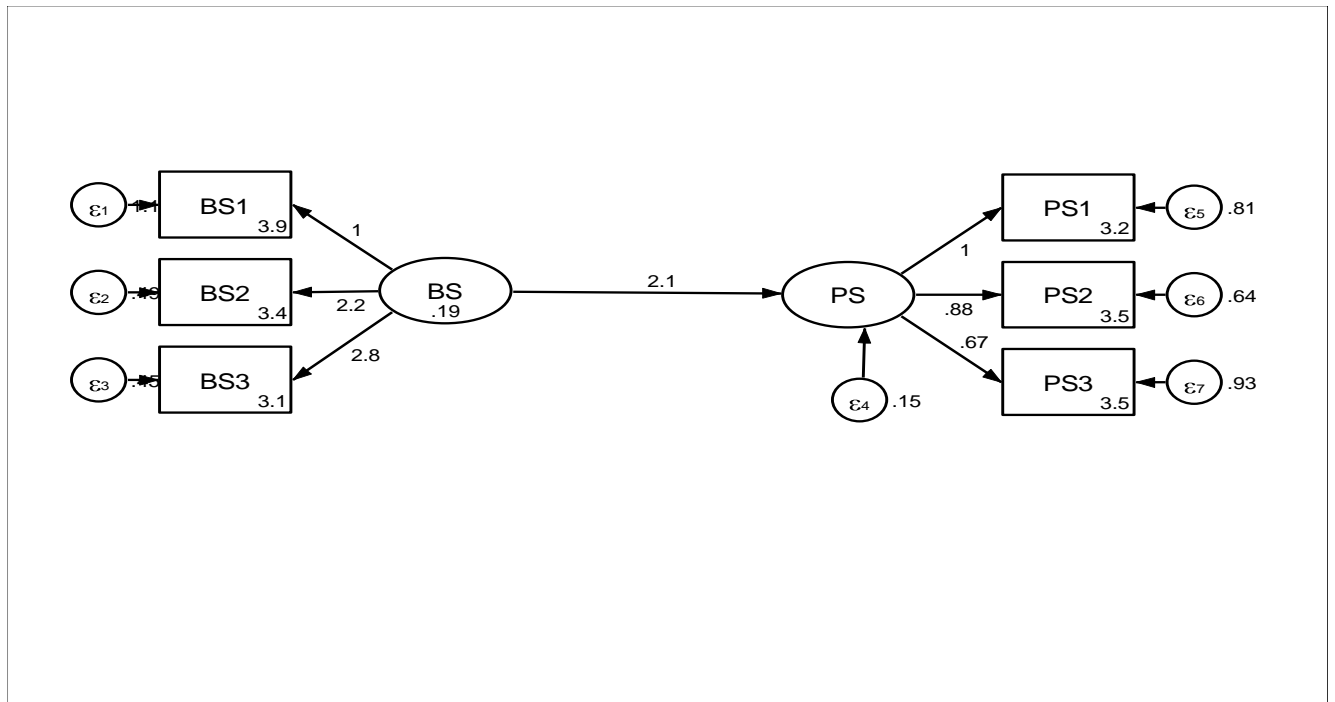


Figure 1 Influence of Business Strategy on performance of start-ups

Source: Field Data (2022)

1 indicates the findings of the link between Business Strategy and Performance of start-ups in Nairobi City County. The study established a strong positive

relationship with a coefficient of 2.1089 between Business Strategy and Performance of start-ups in Nairobi City County. From the fit indices computed, as depicted in

Table 3, Likelihood-ratio chi-squared statistic, Root Mean Squared Error of Approximation (RMSEA) statistic, information Criteria statistics and baseline comparison statistics were evaluated.

Likelihood-ratio chi-squared statistic was 38.676 with a pvalue of 0.000 (model versus saturated) and 506.914 with a

pvalue of 0.000 (baseline versus saturated), RMSEA statistic was 0.135 with pvalue of 0.001, AIC was 3671.177, BIC was 3734.773, CFI was 0.938 and TLI was 0.883. Since the indicative ratio chi-square statistic was significant ($p_{\text{value}} = 0.000$), RMSEA p_{value} was smaller than .05 and a CFI was greater than .90, then

the structural equation model developed was a relatively good model that fitted the

data used.

Table 3 Fit Indices III

Fit statistic	Value	Description
Likelihood ratio		
chi2_ms (8)	38.676	model vs. saturated
p > chi2	0.000	
chi2_bs (15)	506.914	baseline vs. saturated
p > chi2	0.000	
Population error		
RMSEA	0.135	Root mean squared error of approximation
90% CI, lower bound	0.094	
upper bound	0.179	
pclose	0.001	Probability RMSEA <= 0.05
Information criteria		
AIC	3671.177	Akaike's information criterion
BIC	3734.773	Bayesian information criterion
Baseline comparison		
CFI	0.938	Comparative fit index
TLI	0.883	Tucker-Lewis index

Source: Field Data (2022)

These results can be summarised through table 4 which revealed that business strategy has a high significant influence since the p_{value} of 0.000 was less than 0.05 level of significance. The result further confirms that the model fit is appropriate for this data since the chi-square was 38.68 and overall p_{value} of 0.000 was less than 0.05 significant level. From the model, business strategy increases performance of start-ups in Nairobi City County at 5% level of significance by 2.1089 holding other factors constant.

In general, it can therefore be inferred that business strategy explains significantly Performance of start-ups in Nairobi City County resulting in the rejection of their null hypothesis and hence adoption of the alternative hypothesis that there exists a significant influence of business strategy on performance of start-ups in Nairobi City County. The study further explored how business strategy influenced Start-ups' survival rate, financial performance and job creation.

Table 4 Structural Equation Model Summary III

Performance of Startups	Coefficients	Std error	z	p>z	Confidence Interval	
Business Strategy	2.1089	0.4011	5.26	0.000	1.3228	2.8951
LR test of model vs. saturated: $\chi^2(8) = 38.68$, Prob > $\chi^2 = 0.000$						
Coefficient of determination (R squared) = 0.5436						

Source: Field Data (2022)

Business strategy and performance of start-ups

The study explored how business strategy influences what start-ups may realize from investments, which was measured through survival, financial performance and job creation. The composite indices for these variables were developed. The findings on Start-ups survival rate model revealed a significant influence of business strategy on start-ups' survival rate. This implies that the influence was significant. The study explored how business strategy influences the performance of start-ups which was measured through financial performance.

The study observes that there exists a significant relationship between business strategy (diversification, market penetration and market development) and Start-ups' survival rate (pvalue =0.000). Individually, diversification (BS1) had a significant direct influence ($\beta_1=1.962$, pvalue =0.004), market penetration (BS2) had a non-significant direct influence ($\beta_2=.1299$, pvalue =0.145) and product development (BS3) had a significant direct influence ($\beta_3=.5472$, pvalue=0.000) on Start-ups' survival rate.

The study observes that there exists a significant relationship between business strategy (diversification, market

penetration and market development) and Start-ups' financial performance (pvalue=0.000).

Individually, diversification (BS1) had a significant direct influence ($\beta_1=.3288$, pvalue=0.000), market penetration (BS2) had a significant direct influence ($\beta_2=.3787$, pvalue =0.000) and product development (BS3) had a significant direct influence ($\beta_3=.1770$, pvalue =0.000) on Start-ups' financial performance

The study found that there exists a significant relationship between business strategy (diversification, market penetration and market development) and start-ups' job creation (pvalue =0.000). Individually, diversification (BS1) had a non-significant direct influence ($\beta_1=.0912$, pvalue =0.175), market penetration (BS2) had also a non-significant direct influence ($\beta_2=.0702$, pvalue =0.425) and product development (BS3) had a significant direct influence ($\beta_3=.3368$, pvalue=0.000) on Start-ups' creation of employment.

To sum up the results, Business Strategy (FS) had a significant direct influence ($\beta_3=.7609$, pvalue=0.000) on Start-ups' survival, significant direct influence ($\beta_3=.6956$, pvalue=0.000) on Start-ups' financial performance and significant direct influence ($\beta_3=.4415$, pvalue =0.000) on Start-ups' job creation

Table 5: matrix on Business strategy and startup performance

BS		Diversification	Market penetration	Market development
	Survival	($\beta_1=.1962$, pvalue =0.004),	($\beta_2=.1299$, pvalue =0.145)	($\beta_3=.5472$, pvalue=0.000)
	+ve significant	+ve non-significant	+ve significant	
Finances	($\beta_1=.3288$, pvalue=0.000),	($\beta_2=.3787$, pvalue =0.000)	($\beta_3=.1770$, pvalue =0.000)	
	+ve significant	+ve significant	+ve significant	
Employment	($\beta_1=.0912$, pvalue =0.175),	($\beta_2=.0702$, pvalue =0.425)	($\beta_3=.3368$, pvalue=0.000)	
	+ve non-significant	+ve non-significant	+ve significant	

Conclusion

The study drew several conclusions based on the objective of the study. The objective sought to ascertain the influence of business strategy on performance of start-ups. The study concluded that business strategy positively and significantly influences performance of start-ups in Nairobi City County. On the respective indicators for business strategy on the indicators for performance of start-ups in Nairobi City County, diversification had a significant influence on start-up survival rate and financial performance but had an insignificant influence on job creation. Market penetration had a significant influence on financial performance but had an insignificant influence on survival rate and job creation. Market development had a significant influence on survival rate, financial planning and job creation.

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