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**Immigrant Entrepreneurship and Performance of Small and Medium Enterprise Firms
Owned by Burji Community in Nairobi City County, Kenya**

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Community in Nairobi City County, Kenya**



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Abstract

Purpose: This study aimed at establishing the influence of immigrant entrepreneurship on the performance of Burji-owned SME firms in Nairobi City County. Immigrant entrepreneurship is situation where immigrants engage in business activities in the host country, mainly for survival. Immigrants' inclination towards entrepreneurship is partially explained by social-cultural factors such as religion, saving culture, work ethics, and social values. Research on immigrant entrepreneurship is today multidisciplinary, and it includes business, management, political sciences, and sociology. The purpose of this study was to establish the influence of immigrant entrepreneurship on the performance of Burji-owned SME firms in Nairobi City County.

Methodology: Hypothesis was formulated to address this objective. The study adopted a cross sectional descriptive survey design, using a sample of 363 Burji community-owned small and medium enterprises (SMEs) operating within Nairobi City County.

Findings: The study found a significant and positive relationship between immigrant entrepreneurship and performance of SME firms owned by Burji Community in Nairobi City County. The study underscores that immigrant entrepreneurship within the Burji Community does not operate in isolation. Instead, it is deeply embedded in and influenced by cultural identity, financial capacity, and the institutional setting. Together, these factors contribute to the enhanced performance of SMEs owned by this community in Nairobi City County.

Unique Contribution to Theory, Practice and Policy: The results of this study have contributed to theory and better understanding of the antecedents of immigrant entrepreneurship providing reference for further research. The study recommended that future studies should consider expanding the geographic scope beyond Nairobi City County to include other urban and rural areas in Kenya. This will allow for comparative analysis across different regional contexts, offering a broader understanding of how location-specific factors such as infrastructure, market dynamics, and institutional support influence entrepreneurial outcomes among immigrant communities.

Keywords: *Immigrant Entrepreneurship, Performance, Burji Community, Nairobi City County*

JEL Codes: J15, L26, M13, D22, J61

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INTRODUCTION

There has been an increase in the number of immigrants globally (OECD, 2017). With the increase came increased momentum in studies focusing on immigrant entrepreneurship over the last five decades. However, previous studies linking immigrant entrepreneurship and firm performance have given inconsistent results (Mosbah & Wahab, 2018). Chrysostome (2010) found a positive association amid immigrant entrepreneurship and performance, while Kerr and Kerr (2016) established a negative interrelationship among immigrant entrepreneurship and firm performance. Radipere (2012) established a positive interrelationship amongst entrepreneurial orientation and firm performance while (Bhuian, Menguc, & Bell, 2005; and Tang and Koveos, 2007) found no correlation.

The first known study on immigrant entrepreneurship was first undertaken in the USA (Light, 1972). Light posits that Immigrants are pushed or pulled towards entrepreneurship. As a field of study, immigrant entrepreneurship has been evolving since then (Jones, Ram, and Theodorakopoulos, 2010). According to Waldinger, Andrich, and Ward, (1990), immigrants undertake entrepreneurship purely for survival. Pre-migration characteristics have a strong bearing on the success of immigrant entrepreneurship. Immigrants who are entrepreneurial in-home countries tend to transfer the tendency to the host country (Yuengert, 1995). Ethno cultural considerations, financial factors, managerial issues, psycho-behavioral factors, and institutional factors are all important success determinants for necessity immigrant entrepreneurs. For opportunity immigrant entrepreneurs, success factors include motivation, managerial skills, level of education, work experience, and access to capital (Chrysostome, 2010).

The main purpose of entrepreneurship is describing and predicting business effectiveness (Nunoo & Andah, 2012). Despite capturing the attention of scholars since the 1970s and gaining momentum after the '90s, there still exist gaps in the study of immigrant entrepreneurship (Mosbah & Wahab, 2018). Sahin, Nijkamp and Baycan-Levent (2006) found that immigrant entrepreneurship leads to firm performance.

In Kenya, Kamau (2023) investigates the antecedents of corporate entrepreneurship and their effects on organizational performance in Kenya. This study did not explicitly focus on immigrant entrepreneurs, it provides valuable insights into entrepreneurial behavior and firm outcomes within the Kenyan context. Kariuki and Mangana (2022) explore this relationship within microfinance institutions, highlighting innovation's role in enhancing competitiveness and growth. The findings indicated that immigrant entrepreneurs who often operate in resource-constrained settings and must innovate to succeed. Kaberia, Muathe, and Bula (2022), underscore the importance of social networks and the business environment in shaping firm outcomes. The results showed social capital is relevant to immigrant entrepreneurs, it is a critical resource for accessing information, finance, and markets.

Problem Statement

Immigrant entrepreneurship has become a key player in driving economic growth and creating jobs in Kenya. Yet, there's a noticeable lack of empirical studies that delve into how immigrant-owned businesses perform in this specific context. This gap in research makes it tough to develop targeted policies and support systems that could really boost the contributions of immigrant

entrepreneurs to the Kenyan economy. Most existing research on entrepreneurship in Kenya has mainly zeroed in on small and medium-sized enterprises (SMEs) and their performance. For example, a study by Kariuki and Mungai (2022) looked at how entrepreneurial orientation affects SME performance in Nairobi City County, emphasizing the crucial roles of innovation and risk-taking. Similarly, Kamau (2023) investigated the factors behind corporate entrepreneurship and their effects on organizational performance in Kenya. While these studies offer valuable insights into what drives firm performance, they overlook the unique aspects of immigrant entrepreneurship. It was on this basis that this study sort to establish the influence of immigrant entrepreneurship on the performance of Burji-owned SME firms in Nairobi City County.

LITERATURE REVIEW

As proposed by Hoselitz (1964),” the socio-cultural theory supposes that cultural characteristics like religion, family ties, saving culture, work ethics, and social values explain orientation towards entrepreneurship.” The theory argues that entrepreneurs tend to emerge out of a socially marginalized group. It further argues that for entrepreneurship to emerge out of the marginalized group, they must be considered culturally developed. According to Hoselitz's socio-cultural theory, cultural factors such as work ethics, religion, and social values have a strong bearing on entrepreneurs' supply. The theory argues that minorities and the marginalized groups in a society are the spark-plugs of entrepreneurial development. The theory emphasizes that the groups and individuals considered marginalized are the basis of adjusting in varied situations out of their norms to attain their innovativeness and other social behaviours that would result in income-generating activities (Lounsbury and Glynn, 2001). Peters (2002) looked at the cultural theory from the perspective of the network provided by the ethnic social network from which immigrants derive labour, market, and other support.

One of the main critiques of socio-cultural theory is that it often gets presented in broad, abstract terms, which can make it challenging to apply and test in a concrete way. Rogoff (2003) highlights that while this theory serves as a valuable framework for grasping development in social contexts, it sometimes lacks specific mechanisms that show how cultural tools impact individual cognition in measurable terms (Rogoff, 2003). Moreover, socio-cultural theory tends to downplay the significance of innate biological and neurological processes in cognitive development. Miller (2011) argues that while social and cultural factors are essential, they can't completely explain developmental phenomena without incorporating insights from biological psychology and neuroscience (Miller, 2011).

Neville, Orser, Riding, and Jung (2014) investigated the factors influencing firm performance among immigrant entrepreneurs in Canada and found that immigrant status can be a significant constraint, particularly in the early stages of business development. Their study emphasizes the role of institutional and financial barriers, noting that immigrant entrepreneurs often face greater difficulty securing financing from traditional sources such as banks and government programs. Moreover, differences in cultural norms, business practices, and language proficiency may further complicate interactions with clients, suppliers, and regulators. These constraints can reduce both the efficiency and scalability of immigrant enterprises, even when entrepreneurs possess strong personal drive or technical skills. Neville et al. (2014), also highlight the importance of social

capital, finding that immigrant entrepreneurs with fewer local or mainstream business contacts tend to underperform relative to better-networked peers.

Kerr and Kerr (2016), in a comprehensive review of empirical data on immigrant entrepreneurship in North America, observed that while immigrants are more likely to start businesses, their ventures often exhibit lower average performance outcomes compared to those of native-born entrepreneurs. Specifically, immigrant-owned firms tend to have lower survival rates, reduced profitability, and more limited growth trajectories. This paradox high entrepreneurial entry but weaker outcomes is attributed to various structural disadvantages, including limited access to start-up capital, lack of familiarity with local regulations, and exclusion from mainstream business networks.

According to Chodavadia et al. (2024), immigrant founders in the United States are responsible for approximately 25% of all new employer businesses, underscoring their critical role in job creation and economic dynamism. What distinguishes these firms, however, is not merely their quantity but their quality particularly in terms of innovation. The study reveals that immigrant-founded businesses produce patents at a rate that significantly exceeds expectations based on traditional predictors such as education level or field of study. This finding challenges prevailing assumptions that innovation is predominantly driven by high academic or technical credentials. Instead, it suggests that immigrants bring distinct experiential and cognitive resources such as diverse worldviews, problem-solving skills, and risk tolerance that contribute meaningfully to technological advancement and entrepreneurship-driven innovation.

Unel (2025) explored long-term trends in U.S. self-employment between 1980 and 2018, employing a shift-share analytical framework to isolate the causal impact of immigration on native-born entrepreneurship. Contrary to narratives that frame immigrants as competitors in a zero-sum labor market, the study finds a positive spillover effect: immigration enhances entrepreneurship rates among native-born individuals. This effect may result from various mechanisms, such as the stimulation of demand in ethnic and mainstream markets, increased labor market fluidity, and the diffusion of entrepreneurial norms through immigrant communities. The findings support a more integrative understanding of immigrant-native interactions within entrepreneurial ecosystems, where mutual reinforcement, rather than competition, can occur.

Reinforcing the global dimension of immigrant entrepreneurship, Ashourizadeh and Saeedikiya (2022) draw on data from more than 47,000 entrepreneurs across 71 countries to investigate differences in collaborative networking and export performance between immigrant and native business owners. The results indicated that immigrant entrepreneurs are significantly more effective in leveraging collaborative networks for international trade. This advantage is attributed to their deeper transnational embeddedness, including social and familial connections across borders, cultural fluency, and the ability to navigate multiple institutional environments. Such embeddedness provides immigrant entrepreneurs with unique access to foreign markets, knowledge transfer, and supply chains factors that can enhance export capacity and international competitiveness. In contrast, native entrepreneurs, often more rooted in local networks, may lack these cross-border relational resources.

While much of the literature emphasizes the positive contributions of immigrant entrepreneurship to host economies, several studies have drawn attention to the persistent conceptual, contextual and methodological gaps between immigrant-owned and native-owned firms, highlighting systemic barriers and unequal starting conditions.

METHODOLOGY

The study used a cross-sectional descriptive survey as a research design. Target population of the study comprised of 3,923 Burji community-owned Small and Medium Enterprises (SMEs) operating within Nairobi City County. The study used primary data collected using a semi-structured questionnaire. The study variables were operationalised as follows: Immigrants entrepreneurship (Ethno-cultural factors, financial factors, and Institutional factors) and performance (entrepreneur satisfaction, growth in Volume and business longevity). The direct effect of immigrants entrepreneurship on performance of Burji community-owned Small and Medium Enterprises (SMEs) operating within Nairobi City County was tested using simple linear regression analysis at 5 percent significance level.

FINDINGS AND DISCUSSIONS

The study sought to establish the relationship between immigrant entrepreneurship and performance of SME Firms owned by Burji Community in Nairobi City County. The study was guided by the following null hypothesis:

H₀: Immigrant entrepreneurship have no significant influence on the performance of SME Firms owned by Burji Community in Nairobi City County.

The findings are presented in Table 1 below.

Table 1: Immigrant Entrepreneurship on Firm Performance

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			
					F Change	df1	df2	Sig. F Change	
1	.721 ^a	0.52	0.518	3.358	0.52	339.75	1	314	.000
ANOVA ^a									
Model		Sum of Squares	df	Mean Square	F	Sig.			
1	Regression	3830.98	1	3830.982	339.75	.000 ^b			
	Residual	3540.64	314	11.276					
	Total	7371.62	315						
Coefficients ^a									
Model		Unstandardized Coefficients	Std. Error	Standardized Coefficients	t	Sig.			
		B		Beta					
1	(Constant)	0.608	0.158		3.848	.000			
	Immigrant Entrepreneurs hip	0.799	0.181	0.721	4.414	.000			

a. Dependent Variable: Firm Performance

b. Predictors: (Constant), Immigrant Entrepreneurship

A correlation value (R) of .721 was revealed as shown in Table 1, which depicts that there is a strong, linear dependence between immigrant entrepreneurship and firm performance. An R² value of .52 was further established indicating that immigrant entrepreneurship explains 52% of the variations in performance of Burji-owned SME firms in Nairobi City County, while remaining 48% is expounded by factors not studied in the present regression model.

The ANOVA test results demonstrate that the model testing for the relationship between immigrant entrepreneurship and firm performance was significant in overall (F = 339.749, p-value = .000 < 0.05). The coefficients result reveal that immigrant entrepreneurship had a positive and significant influence on firm performance ($\beta = .779$, $t = 4.414$, $p < 0.05$). The results therefore imply that immigrant entrepreneurship significantly influences firm performance. The results provide enough evidence to reject the null hypothesis (H_{01}) that Immigrant entrepreneurship have no significant effect on the performance of SME firms owned by Burji Community in Nairobi City County. The null hypothesis was therefore rejected.

The results imply that for every one unit change in immigrant entrepreneurship, firm performance increases by 0.799 units holding other factors constant. The regression analysis can thus be rewritten as follows:

$$FP = 0.608 + 0.779IE$$

Where: FP = Firm Performance; IE = Immigrant Entrepreneurship.

The study underscores that immigrant entrepreneurship within the Burji Community does not operate in isolation. Instead, it is deeply embedded in and influenced by cultural identity, financial capacity, and the institutional setting. Together, these factors contribute to the enhanced performance of SMEs owned by this community in Nairobi City County.

The results are consistent with several studies that have found strategic agility to be related with performance and other organisational outcomes (Portes & Sensenbrenner, 1993; Light & Gold, 2000; Zhou, 2004; Chaganti, Watts, & Chaganti, 2008; Fairlie & Robb, 2008; Munyua, 2017). These studies were however conducted in diverse industries outside the Burji community.

CONCLUSION AND RECOMMENDATIONS

Conclusion

The findings revealed that immigrant entrepreneurship positively influenced performance, highlighting the role of cultural adaptability, resilience, and transnational networks. These results validate the importance of a multifaceted approach to entrepreneurship within immigrant communities. The study contributes to the broader discourse on ethnic entrepreneurship and offers practical insights for policy-makers, support institutions, and entrepreneurs. Specifically, it calls for targeted capacity-building programs to strengthen entrepreneurial skills and orientations among minority business owners. Overall, fostering an enabling environment that recognizes and supports the unique attributes of immigrant entrepreneurs can greatly enhance SME performance and contribute to inclusive economic development.

Recommendations

The study focused exclusively on Burji-owned SMEs, a single ethnic minority group. While this provided depth and cultural specificity, it limits the applicability of the findings to other immigrant or ethnic communities whose entrepreneurial behaviours and experiences may differ. The study recommended comparative studies involving multiple ethnic groups to draw broader conclusions about immigrant entrepreneurship in Kenya. The study further recommended that owner needs to develop and implement targeted entrepreneurial training and capacity-building programs. Such programs should aim to enhance core business skills, including financial management, marketing, innovation, and strategic planning. Importantly, these interventions should be culturally contextualized to address the specific needs and strengths of ethnic minority entrepreneurs. The study relied on a cross-sectional design, capturing data at a single point in time. This limits the ability to establish causality or assess changes in entrepreneurial behaviour and firm performance over time. A longitudinal approach is recommended so as to provide deeper insights into how the relationships among the studied variables evolve

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