

submission

-  My Files
-  My Files
-  University

Document Details

Submission ID**trn:oid:::30744:105026437****Submission Date****Jul 19, 2025, 2:22 PM GMT+5:30****Download Date****Jul 19, 2025, 2:23 PM GMT+5:30****File Name****PENINAH-PROPOSAL SATURDAY 19 JULY 2025.docx****File Size****70.7 KB****29 Pages****6,216 Words****38,761 Characters**

15% Overall Similarity

The combined total of all matches, including overlapping sources, for each database.

Filtered from the Report

- Bibliography
- Quoted Text

Match Groups

-  **47 Not Cited or Quoted** 12%
Matches with neither in-text citation nor quotation marks
-  **16 Missing Quotations** 3%
Matches that are still very similar to source material
-  **0 Missing Citation** 0%
Matches that have quotation marks, but no in-text citation
-  **0 Cited and Quoted** 0%
Matches with in-text citation present, but no quotation marks

Top Sources

- 11%  Internet sources
- 6%  Publications
- 12%  Submitted works (Student Papers)

Integrity Flags

0 Integrity Flags for Review

No suspicious text manipulations found.

Our system's algorithms look deeply at a document for any inconsistencies that would set it apart from a normal submission. If we notice something strange, we flag it for you to review.

A Flag is not necessarily an indicator of a problem. However, we'd recommend you focus your attention there for further review.

Match Groups

- 47 Not Cited or Quoted** 12%
Matches with neither in-text citation nor quotation marks
- 16 Missing Quotations** 3%
Matches that are still very similar to source material
- 0 Missing Citation** 0%
Matches that have quotation marks, but no in-text citation
- 0 Cited and Quoted** 0%
Matches with in-text citation present, but no quotation marks

Top Sources

- 11% Internet sources
- 6% Publications
- 12% Submitted works (Student Papers)

Top Sources

The sources with the highest number of matches within the submission. Overlapping sources will not be displayed.

1	Internet	erepository.uonbi.ac.ke	4%
2	Internet	www.coursehero.com	1%
3	Internet	pdfs.semanticscholar.org	<1%
4	Internet	www.mdpi.com	<1%
5	Submitted works	Utica College on 2024-04-19	<1%
6	Internet	erepository.uonbi.ac.ke:8080	<1%
7	Internet	ir-library.ku.ac.ke	<1%
8	Submitted works	RDI Distance Learning on 2025-06-23	<1%
9	Internet	dspace.cbe.ac.tz:8080	<1%
10	Submitted works	Strathmore University (Main Account) on 2025-07-11	<1%

11	Internet	scholar.mzumbe.ac.tz	<1%
12	Submitted works	University of Western Ontario on 2024-03-11	<1%
13	Internet	fastercapital.com	<1%
14	Submitted works	Harrisburg University of Science and Technology on 2021-05-07	<1%
15	Internet	openarchive.usn.no	<1%
16	Submitted works	Strathmore University (Main Account) on 2025-07-08	<1%
17	Internet	www.scielo.org.mx	<1%
18	Internet	ajbam.com.ng	<1%
19	Internet	businessenterprising.com	<1%
20	Internet	researcharchive.vuw.ac.nz	<1%
21	Publication	Botian, Li. "On the Relationship Between Personality Traits of Private Entreprene...	<1%
22	Submitted works	Higher Education Commission Pakistan on 2021-06-18	<1%
23	Internet	erm.ncsu.edu	<1%
24	Internet	meritresearchjournals.org	<1%

25	Internet	researchspace.ukzn.ac.za	<1%
26	Publication	Alfayyadh, Abdulrahman. "The Influence of Strategic Entrepreneurship on Firm P...	<1%
27	Publication	Alzaabi, Noura Mohamed. "The Influence of Supply Chain Collaboration Strategie...	<1%
28	Submitted works	De La Salle Santiago Zobel School on 2024-09-19	<1%
29	Submitted works	Grenoble Ecole Management on 2015-12-08	<1%
30	Publication	Idris, Weal Mohamad Subhi, and Raed A. Momani. "Impact of Environmental Dyn...	<1%
31	Submitted works	Kenyatta University on 2016-09-09	<1%
32	Submitted works	Strathmore University (Main Account) on 2025-07-16	<1%
33	Submitted works	University of Bedfordshire on 2025-06-25	<1%
34	Submitted works	University of Southampton on 2023-09-14	<1%
35	Internet	repository.up.ac.za	<1%
36	Internet	researchleap.com	<1%
37	Internet	www.ifm.eng.cam.ac.uk	<1%
38	Publication	Mpilwenhle Nomvuyo Ndlovu, Elona Nobukhosi Ndlovu, Patrick Ebong Ebewo. "T...	<1%

39	Submitted works	
Universiti Malaysia Perlis on 2020-04-07		<1%
40	Publication	
Yi Liang, Jung-Mo Koo, Min-Jae Lee. "The Interplay of Environmental Dynamism, D...		<1%
41	Submitted works	
University of Kent at Canterbury on 2023-10-04		<1%

**IMPACT OF ENVIRONMENTAL DYNAMISM ON PERFORMANCE OF
GROCERY STORES OPERATING IN KIAMBU COUNTY KENYA**

BY

KAMAU PENINAH NJOKI

**A RESEARCH PROPOSAL PRESENTED IN PARTIAL FULFILMENT OF
THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER
OF BUSINESS ADMINISTRATION, FACULTY OF BUSINESS AND
MANAGEMENT SCIENCES UNIVERSITY OF NAIROBI**

JULY 2025

DECLARATION

This research is my original work, not submitted before now for the award of a degree in this university or any other institution of higher learning for examination.



Signature.....

Date: June 16, 2025

PENINAH KAMAU

D6/44225/2023

2 This research project has been presented for examination with my approval as the university supervisor.

Signature.....

Date:

SUPERVISOR: DR. RAYMOND MUSYOKA

1 Department of Business Administration,
Faculty of Business and Management Sciences.
University of Nairobi.

Signature.....

Date:

TABLE OF CONTENTS

DECLARATION.....	ii
ABBREVIATIONS AND ACRONYMS.....	v
CHAPTER ONE: INTRODUCTION	1
1.1 Background of the Study	1
1.1.1 Environmental Dynamism.....	2
1.1.2 Organizational Performance	3
1.1.3 Grocery Stores in Kiambu County, Kenya.....	4
1.2 Research Problem.....	5
1.3 Research Objective.....	6
1.4 Value of the Study	6
CHAPTER TWO: LITERATURE REVIEW	8
2.1 Introduction	8
2.2 Theoretical Foundation.....	8
2.2.1 Resource Dependence Theory (RDT)	8
2.2.2 Contingency Theory	9
2.3 Environmental Dynamism and Organizational Performance.....	10
2.4 Empirical Studies and Summary of Research Gaps	11
CHAPTER THREE: RESEARCH METHODOLOGY.....	15
3.1 Introduction	15
3.2 Research Design	15
3.3 Population of the Study	15

3.4 Sample Size	15
3.5 Data Collection.....	16
3.6 Data Analysis.....	17
REFERENCES	18
APPENDICES	i
APPENDIX I: SURVEY QUESTIONNAIRE.....	i

ABBREVIATIONS AND ACRONYMS

23 KPIs – Key Performance Indicators

OKRs – Objectives and Key Results

RDT- Resource Dependency Theory

2 SMEs – Small and Medium Enterprises

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Environmental dynamism refers to the degree, rate, and unpredictability of change in a firm's external environment, which may include fluctuations in technology, consumer behavior, competition, regulation, and market conditions (Dess & Beard, 1984). Organizational performance, on the other hand, reflects how effectively an organization meets its strategic goals and sustains competitive advantage in response to such changes (Venkatraman & Ramanujam, 1986). The interaction between these two variables has attracted significant interest in strategic management literature, with scholars arguing that firms operating in dynamic environments must develop adaptive capabilities to maintain performance (Wang & Ahmed, 2007; Zahra & Pearce, 1989). In highly dynamic contexts, traditional, rigid strategies often lead to failure, whereas flexible planning, innovation, real-time decision-making, and responsive leadership enable firms to survive and thrive (Eisenhardt & Martin, 2000; Teece et al., 1997). Rapid changes can pose existential threats but also open up avenues for growth to firms that are agile and proactive. Organizational performance, therefore, is not solely determined by internal efficiencies but by how well the firm aligns its strategies with external changes. As such, environmental dynamism is both a disruptor and a performance enabler, pushing firms to evolve continuously in order to remain competitive and resilient in an unpredictable business landscape.

This study will pillar on Resource Dependence Theory (RDT) by Pfeffer and Salancik (1978), and supported by Contingency Theory by Fiedler (1964). RDT, developed by Pfeffer and Salancik (1978), asserts that establishments rely on external environments for vital resources, making them vulnerable to environmental uncertainty. To mitigate this dependence, firms adopt strategies such as partnerships, diversification, and operational adjustments. This theory is useful for understanding how grocery stores respond to external changes to sustain performance. Contingency Theory, proposed by Fiedler (1964), complements RDT by suggesting that there is no one best way to manage a firm; instead, the effectiveness of a strategy depends on its fit with internal and external factors. Both theories emphasize adaptability, strategic alignment, and responsiveness to environmental conditions. They will guide this study in examining how

environmental dynamism influences organizational performance in the context of grocery stores in Kiambu County. These theories will be discussed in more detail in Chapter Two.

The State Department for SMEs Development (2023) defines SMEs as businesses employing between 10 and 99 people, with small enterprises comprising 10 to 49 employees and medium ones 50 to 99 (Mwangi, 2024). SMEs are a key part of Kiambu County's economy, creating jobs and supporting household incomes. Among them, grocery stores serve a crucial role by providing food and everyday essentials to local communities. Often family-run and located in towns and rural centers, these stores ensure access to basic goods and contribute to local food security. Of the approximately 350,000 licensed SMEs in Kiambu, many operate in retail, including grocery stores, salons, eateries, and service shops (Kenya National Bureau of Statistics, 2024). However, challenges such as limited capital, high failure rates, supply disruptions, and market competition remain prevalent. About 46% of SMEs fail within their first year, with 29.6% citing inadequate funding (Wachira & Wanjohi, 2024). Grocery stores, in particular, face pressures from rising costs, perishability of stock, and changing consumer behavior. Despite these challenges, many are adopting digital tools, mobile payments, and flexible business models to remain competitive. Understanding how environmental dynamism affects such SMEs, especially grocery stores, is essential for supporting their resilience and performance in Kiambu County.

1.1.1 Environmental Dynamism

Environmental dynamism defines the degree of volatility a firm's external environment. It captures how frequently, rapidly, and unexpectedly external factors like market trends, customer preferences, technological shifts, and competitive actions evolve, requiring firms to continually adjust their strategies and operations (Liang, Koo, & Lee, 2024). In dynamic environments, uncertainty is high, planning horizons are short, and decision-making hardens owing to the limited reliability of historical data. Organizations operating under such conditions must be agile, innovative, and responsive to remain competitive and sustain performance.

Scholars like Miller and Friesen (1983) argue that dynamic environments disrupt established routines and compel firms to rethink their structures and strategies regularly. Environmental

dynamism can stem from various sources, including economic fluctuations, rapid technological advancements, evolving consumer behavior, regulatory shifts, and increasing competitive pressure. Jansen et al. (2006) emphasize that more volatile environments have greater pressure on organizations to develop adaptive capabilities and timely responses.

Several indicators are used in literature to assess environmental dynamism. Dess and Beard (1984) identified key dimensions such as market conditions, technological change, competitive intensity, regulatory volatility, and resource availability. For the purpose of this study, three indicators will be adopted based on their relevance to grocery stores in Kiambu County. The first is market conditions, which encompass the rate at which customer preferences, demand patterns, and pricing strategies change (Datche, Mukulu, & Odhiambo, 2023). The second is technological change, given its impact on operational efficiency, inventory management, and customer engagement, especially with the rise of digital platforms (Dess & Beard, 1984). The third is competitive intensity, which reflects the level of rivalry among grocery stores and the increasing threat posed by supermarkets, informal traders, and online delivery services (Donaldson, 2001). These indicators will be used to assess how dynamic environmental factors influence the performance and strategic responses of grocery stores within this context.

1.1.2 Organizational Performance

Organizational performance is the measurable outcomes that indicate how well a business is achieving its strategic goals over a given period. It reflects the efficiency and effectiveness with which an organization utilizes its resources to meet objectives, ensuring sustained growth and competitiveness. Businesses assess performance through various metrics, including financial health, operational efficiency, customer satisfaction, and employee productivity (Mwangi, 2024).

Several methodologies are used to evaluate organizational performance, such as key performance indicators (KPIs), objectives and key results (OKRs), balanced scorecards, and financial analysis. Both financial and non-financial indicators play a role in measuring success (Fibi, Babangida, & Akintayo, 2023). Metrics such as revenue growth, return on investment (ROI), employee

engagement, and market share provide insights into an establishment's output and its ability to adapt to market conditions (Mohammed, 2019).

High organizational performance is often associated with effective resource management, successful strategy execution, and the ability to innovate in response to dynamic business environments (Fibi, Babangida, & Akintayo, 2023). It also serves as an indicator of management effectiveness, as consistently strong performance suggests strong leadership and strategic decision-making. On the other hand, prolonged low performance can signal inefficiencies or ineffective management practices. In this study, financial performance will be assessed using key indicators such as net profit margin (to measure profitability), current ratio (to assess liquidity), and debt-to-equity ratio (to evaluate financial leverage and solvency). These metrics offer a comprehensive understanding of the firm's ability to generate returns, manage short-term obligations, and sustain long-term financial health. Non-financial performance will be evaluated through customer churn rate, which reflects customer retention, and employee turnover rate, which indicates workforce stability, both of which are particularly important for the sustainability of SMEs. These metrics will offer a comprehensive understanding of how well a business is positioned for long-term success.

1.1.3 Grocery Stores in Kiambu County, Kenya

The SME industry in Kenya is diverse, spanning multiple sectors, including manufacturing, retail, and services. It is crucial in the national economic well-being, both as a key employer and a driver of economic growth (Mwangi, 2024). In Kiambu County, the approximately 350,000 SMEs present contribute significantly to local economic activities, particularly in urban centers such as Thika, Ruiru, Kiambu Town and Kikuyu (Kenya National Bureau of Statistics, 2024). The county benefits from its proximity to Nairobi, providing businesses with access to larger markets while maintaining a lower operational cost than the capital. Many SMEs in Kiambu engage in agribusiness, food processing, and logistics, leveraging the county's agricultural productivity and growing urban population. The retail sector is expanding rapidly, with enterprises in hospitality,

and professional services playing a key role in employment and income generation (Koech, Oyugi, & Memba, 2015).

Kiambu has witnessed a rise in registered service-sector SMEs, particularly in e-commerce, fintech, and hospitality, reflecting the increasing demand for digital and consumer-driven services. These businesses are essential in fostering entrepreneurship, enhancing innovation, and promoting economic inclusivity by providing goods and services to both urban and peri-urban communities (Koech, Oyugi, & Memba, 2015). Grocery stores are among the retail sector SMEs that are increasingly rapidly being that Kiambu County is one among the top food producing counties in Kenya. Notwithstanding challenges like limited financing, infrastructure deficits, and complex regulatory environments, SMEs in Kiambu remain resilient. The county government has initiated policies to improve the business climate, including access to affordable credit, business incubation programs, and market linkages. As a result, Kiambu's retail sector SMEs continue to thrive, contributing greatly to development within the county and beyond.

1.2 Research Problem

Modern businesses operate within environments that are increasingly dynamic characterized by rapid technological changes, shifting consumer preferences, and escalating competition. Environmental dynamism forces organizations to frequently adapt their strategies and operations to maintain performance. Proper alignment with such environments is therefore critical to sustaining competitive advantage (Dess & Beard, 1984; Miller & Friesen, 1983).

In the retail grocery sector in Kiambu County, Kenya, firms face rising levels of environmental dynamism that significantly affect their operations. Market demand is changing rapidly due to shifting consumer preferences, price sensitivity, and urbanization. At the same time, technology adoption, such as mobile money, inventory software, and digital ordering, is accelerating, transforming how stores manage operations and engage customers. Competition is also intensifying, with supermarkets, online platforms, and informal traders vying for market share. These external shifts present both opportunities and threats. However, there is limited empirical

evidence on how such dynamic environmental factors influence organizational performance in this sector.

Several studies have investigated environmental dynamism in diverse contexts. For instance, Priem, Rasheed, and Kotulic (1995), through US-based manufacturing surveys, found that high environmental dynamism negatively affects company performance when adaptive mechanisms are lacking, highlighting market volatility as a key challenge. Within Africa, Amunga et al. (2021) studied women-owned SMEs in Kisii, Kenya and discovered that environmental dynamism moderated the enjoinderment between socio-cultural practices and firm output, amplifying effects of external volatility. In Kenya, Mkalama (2020) examined manufacturing SMEs in Nairobi and identified that environmental dynamism, especially technological turbulence, significantly moderated the link between entrepreneurial orientation and innovativeness. Similarly, Chirchir (2022) observed that environmental dynamism negatively moderated how supply chain integration interacts with outputs in large manufacturing firms in Kenya. Despite these findings, the retail grocery sector in Kiambu County remains under-researched. The question therefore arises: How does environmental dynamism impact on the performance of grocery stores operating in Kiambu County, Kenya?

1.3 Research Objective

To determine the impact of environmental dynamism on the performance of retail-based SMEs in Kiambu County.

1.4 Value of the Study

This research will offer valuable insights to policymakers and government officials in understanding the external environmental forces shaping the outcomes of SMEs in Kiambu County. By examining the effects of environmental dynamism such as market volatility, technological shifts, and competitive pressure this study can help inform the design of supportive policies and infrastructure. Such interventions may include targeted training, digital adoption

incentives, and market access programs that enhance SME adaptability and promote economic development.

For researchers, this study inquests a gap in the literature on how environmental dynamism influences the output of SMEs, particularly in the retail sector. It will contribute empirical evidence specific to the Kenyan context, enabling future comparative studies across industries or regions. Additionally, the study can inform theoretical development by showing how dynamic external forces interact with firm-level capabilities and strategies.

For business practitioners and SME owners, the findings of this study will have practical value. By identifying how environmental factors affect performance, SMEs can better assess risks, align with market demands, and adopt more flexible strategies. These insights will support smarter decision-making, helping grocery store owners in Kiambu enhance resilience and long-term competitiveness in a dynamic environment.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter explores and presents the published work related to the study's question and the theoretical review.

2.2 Theoretical Foundation

This section of the review of related literature focuses on the main theoretical frameworks used to explain the association between environmental dynamism and organizational outcomes.

2.2.1 Resource Dependence Theory (RDT)

Resource Dependence Theory (RDT), developed by Pfeffer and Salancik (1978), explains how organizational behavior and performance are influenced by external environmental pressures, particularly the need to access and control critical resources. RDT assumes that no organization is entirely self-sufficient; instead, firms rely on external actors like customers, suppliers, competitors, and regulators for pertinent inputs and market access. This dependence creates vulnerability, especially in dynamic environments where factors like technology, regulation, and customer preferences are volatile.

To manage such dependence, RDT suggests that firms engage in strategic actions such as forming alliances, lobbying for favorable policies, diversifying suppliers, and vertically integrating supply chains. These actions aim to reduce environmental uncertainty and improve organizational performance (Hillman, Withers, & Collins, 2009). In the case of grocery-based SMEs in Kiambu County, such strategies may include partnering with local producers, adopting mobile money platforms, or adjusting product offerings based on real-time market feedback.

RDT argues that firms that actively manage their external dependencies tend to perform better in turbulent environments. This theory provides a strong foundation for understanding how SMEs in Kiambu respond to environmental dynamism by reconfiguring relationships and strategies to enhance performance. However, a key limitation of RDT is its strong emphasis on external factors,

often at the expense of internal capabilities or leadership dynamics. It assumes that firms can always act strategically to manage dependence, which may not hold true for small firms with limited bargaining power or resources. Moreover, it may oversimplify the complexity of environmental interactions by focusing mainly on power and resource control.

2.2.2 Contingency Theory

The Contingency Theory by Fiedler (1964) is a management framework that highlights that there isn't a single best way for a company to be effective. Instead, the best approach depends on numerous internal and external factors that affect firms (Fiedler, 1964). The theory argues that organizational structures, strategies, and leadership styles must be aligned with situational variables to achieve success (Donaldson, 2001).

Unlike fixed management styles, Contingency Theory says that companies need to adjust based on their situation unique circumstances, including market conditions, competition, regulatory changes, and technological advancements (Burns & Stalker, 1961). Key contingency factors that influence organizational performance include organizational size, task complexity, environmental uncertainty, and leadership style. For example, a small retail-sector SME in Kiambu operating in a highly dynamic market may require a flexible and adaptive approach to strategy, whereas a larger, well-established SME in a stable market might benefit from a more structured and hierarchical approach (Wachira & Wanjohi, 2024).

A fundamental aspect of Contingency Theory is its focus on fit, ensuring that different elements of the organization (such as structure, leadership, and strategy) are aligned with external contingencies. When there is a misalignment, performance may suffer due to inefficiencies, poor decision-making, or an inability to respond effectively to environmental changes (Galbraith, 1973). For instance, if a retail-sector SME adopts a rigid hierarchical structure in a fast-changing market, it may struggle to innovate and remain competitive.

Critics of Contingency Theory argue that its flexibility makes it difficult to apply universally, as it does not provide specific prescriptions for decision-making (Schoonhoven, 1981). However, its

strength lies in its ability to help organizations assess their unique challenges and adapt their strategies accordingly. In relation to SMEs in Kiambu, Contingency Theory is crucial in expounding how external political, economic, and social factors influence business performance. By embracing adaptability and strategic alignment, SMEs can enhance their resilience, improve efficiency, and achieve long-term success.

2.3 Environmental Dynamism and Organizational Performance

Environmental dynamism and organizational performance are deeply interconnected, with rapidly changing external factors playing a significant role in influencing operational effectiveness. The relationship between these two concepts can be understood through key dimensions of environmental dynamism, including market condition changes, technological uncertainty, and competitive intensity. Each of these factors impacts various aspects of organizational performance, affecting efficiency, adaptability, and growth (Priem, Rasheed, & Kotulic, 1995). These dynamics begin with market condition changes, the rate at which customer preferences, demand patterns, and pricing fluctuate. Priem et al. (1995), in a U.S. manufacturing context, found that firms in volatile markets experienced performance declines unless they developed strong adaptive mechanisms. Within Kenya, Chirchir (2022) observed that competitive intensity and market unpredictability significantly weakened reaps of supply chain integration in large manufacturing firms.

Technological uncertainty represents the unpredictability associated with innovation pace, digital tools, and automation. Studies show its moderating effect can harm performance when firms lack appropriate capabilities. Datche et al. (2023), in Nairobi's manufacturing SMEs, documented that environmental dynamism moderated innovation capability and outcomes, especially technological uncertainty. Competitive intensity, the frequency of new competitors and aggressive market entrants, adds further stress. Mutisya (2021) reported that in Kenyan manufacturing firms, high environmental dynamism amplifies the influence of organizational design and ambidexterity on performance, suggesting pragmatic adaptation is critical.

The overarching impact of environmental dynamism on organizational performance can be seen through multiple lenses, including operational efficiency, innovation, and resilience. In rapidly evolving environments, firms that strategically manage external shifts through real-time market sensing, digital adaptation, and agile structures can thrive. Conversely, those unable to respond proactively may suffer stagnation and losses. In the context of grocery retailing in Kiambu County, identifying how market volatility, technological change, and competitive intensity interplay to influence performance will provide valuable insights into effective resilience strategies and inform approaches to enhance SME success in dynamic environments.

2.4 Empirical Studies and Summary of Research Gaps

A body of scholarly work has examined how environmental dynamism, such as market volatility, technological change, and competitive intensity, affects organizational performance, particularly highlighting the role of adaptive capabilities. Priem, Rasheed, and Kotulic (1995) investigated how market volatility affects business performance in U.S. manufacturing. Using survey data and regression models, they found that high environmental dynamism, measured via rapid changes in customer demand and input costs, led to decreased profitability and operational efficiency among firms that lacked adaptive capabilities. They emphasized the necessity of real-time market sensing and flexible response systems to maintain performance during periods of high volatility. The study recommended that firms invest in dynamic market monitoring and agile decision-making processes to cope with environmental uncertainty.

4 Liang, Koo, and Lee (2024) investigated the relationship between environmental dynamism, digitalization capability, green entrepreneurial orientation, and sustainable performance among manufacturing firms in China. Drawing on contingency theory and the dynamic capabilities perspective, the study surveyed 450 firms and employed advanced statistical analysis to examine how turbulent environments shape internal capabilities and sustainability outcomes. The results confirmed that environmental dynamism has a significant positive effect on digitalization capability, highlighting the importance of technological responsiveness in dynamic settings. 40 Furthermore, the study found that green entrepreneurial orientation partially mediates the link between digitalization capability and sustainable performance, suggesting that firms committed to 36

environmentally conscious innovation are better positioned to leverage digital tools for long-term value creation. The authors conclude that promoting green entrepreneurship enhances a firm's ability to achieve sustainability through digital transformation, offering both theoretical and practical insights into managing change in volatile business environments.

Dankwah (2025) examined how innovation affects SME performance in Ghana and South Korea, using data from the WBES, KIS, and KOSIS. Applying OLS regression across a three-phase innovation framework, the study measured performance through annual revenue. Results showed that innovation significantly improves performance in both countries, but the effect is stronger in South Korea due to its stronger institutional support. In Ghana, weaker systems limit the impact of innovation efforts. The study concludes that effective institutional frameworks are essential for translating innovation into firm success and recommends system-wide reforms in developing countries to strengthen innovation ecosystems.

3 Asikhia and Naidoo (2020) examined how the Nigerian market environment moderates the bond enjoining management success determinants and SME performance. Using a large survey of 1,102 CEOs and advanced inferential statistics, they found the market environment significantly shapes the influence of management skills, innovation, firm structure, reporting systems, system flexibility, and environmental scanning on SME outcomes. Decision-making effectiveness remained unaffected. They conclude that strong performance requires both skilled management and flexibility in turbulent markets.

8
38 Ndlovu, Ndlovu, and Ebewo (2025) conducted a systematic bibliometric analysis to examine research trends at the intersection of SME business models and performance. Using the PRISMA 2020 methodology, they reviewed 85,494 records from the Scopus database spanning 1957 to 2025, ultimately narrowing their focus to 307 relevant studies, of which only 22 explicitly addressed SME performance. Their analysis identified three dominant research themes: digitalisation, business model innovation, and sustainability. The study uncovered significant geographic and theoretical gaps, with limited representation from emerging markets and minimal attention to institutional factors shaping SME performance. The authors argue that future research

should emphasize adaptive and resilient business models in underrepresented regions, particularly in Africa and other developing contexts. They also call for interdisciplinary collaboration to bridge knowledge gaps and enrich the theoretical foundation of SME business model research. Their findings offer a comprehensive overview of the field and highlight critical areas for future exploration.

Mwangi (2024) examined how strategic planning on the output of service-sector MSME startups in Nairobi, Kenya. It utilized a structured questionnaire to collect data from 156 respondents, achieving a 76% response rate. Descriptive and inferential statistics, including simple linear regression, were employed to study how strategic planning methods affect what a company produces or achieves, indicating a favorable association between strategic planning and firm success, with output measured through profit margins and customer satisfaction. The study exemplified the role of formalized strategic planning in enhancing firm's competitiveness and long-term sustainability. However, a contextual gap exists as the study focused solely on Nairobi, necessitating further research in other regions of Kenya.

Chirchir (2022) evaluated the influence of competitive intensity and supply chain disruptions on performance among manufacturing SMEs in Kenya. With a sample of 200 firms and regression analysis, Chirchir found that high competitive pressure significantly diminished the benefits of supply chain integration, reducing operational efficiency and cost-effectiveness. The study suggests that SMEs must incorporate contingency planning and develop agile supply chains to remain competitive under such environmental dynamism.

Mkalama (2020) explored how technological turbulence influenced how entrepreneurial orientation and innovation outcomes in Nairobi-based SMEs. Using survey data and moderation analysis, Mkalama found that high levels of technological change strengthened the positive effect of entrepreneurial behavior on innovation performance. This suggests that proactive firms equipped with entrepreneurial orientation perform better under tech-driven environmental dynamism. The study recommends investing in continuous technological learning and innovation capabilities.

24 Waithaka (2017) examined the critical success factors influencing SMEs in Nairobi County, focusing on SMEs in Nairobi's CBD. Using a descriptive research design, the study surveyed 70 respondents through structured questionnaires and analyzed the data using SPSS version 20. The findings highlighted that innovation (87% approval), access to financing (80.2% approval), and effective leadership (83.2% approval) significantly contribute to SME success. The study concluded that SME managers should allocate funds for innovation, address high-interest rates that hinder access to credit, and continuously upgrade leadership skills to adapt to business dynamics. It recommends SMEs set clear financial priorities, develop comprehensive business plans, and invest in leadership training. However, the study is limited to Nairobi's CBD, suggesting the need for broader research across other regions.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter will detail the study's methodology, covering the research design, population and sample selection criteria, data collection methods, research procedures, and data processing techniques.

3.2 Research Design

Descriptive cross-sectional survey design will be employed for examining associations of predefined variables by gathering data from a specific population at a single time point (Hasan & Kumar, 2024). This approach allows for a clear snapshot of existing conditions, making it ideal for analyzing trends and patterns. Since the study focuses on collecting and interpreting quantitative data, this design ensures accuracy and efficiency. Additionally, a correlational research method will explore the nature and strength of bonds among the study variables, helping to uncover potential connections and their impact on business performance.

3.3 Population of the Study

The population will include 8650 grocery stores in Kiambu County, with a significant portion engaged in the retail sector (Kiambu County Government, 2024). The retail sector helps the county's economy, contributing significantly to job provision and local trade. The study will focus on Grocery Stores businesses that hold valid Kiambu County trading licenses, ensuring that only officially recognized businesses are included.

3.4 Sample Size

Kiambu County is a rapidly growing economic hub, attracting significant business activity and investment. The sample size herein will be calculated using an appropriate statistical formula, considering the estimated population of grocery store in Kiambu County, Kenya. The formula used is the Yamane formula (1967).

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

Where N = Minimum sample size

e= margin of error i.e., 0.10

This is calculated as follows

$$n = \frac{8,650}{1 + 8,650(0.01^2)} = \sim 98.85$$

$$n = 99$$

Yamane's (1967) formula is widely used for sample size determination because it provides a simplified method to calculate an adequate sample from a finite population with a specified margin of error (Hasan & Kumar, 2024). As a result, herein, a minimum of 99 SMEs will be required with each represented by a single respondent.

3.5 Data Collection

This research will employ structured questionnaires, which will be given to founders, owners, or managers of selected retail-sector SMEs in Kiambu County, as they have firsthand knowledge of business operations, challenges, and opportunities within the sector. The questionnaires will be designed for easy and efficient completion, taking no more than fifteen minutes via Google Forms. To encourage timely responses, the researcher will send reminders through phone calls and text messages. The survey will have mainly of close-ended questions, multiple choice questions to streamline data collection and ensure quick responses. A 5-point Likert scale will measure

responses. The survey will be structured into different sections, with the data will be collected on performance for the years 2021, 2022 and 2024.

3.6 Data Analysis

After completing the survey, the outcomes will be carefully reviewed to check completeness and consistency. The analysis will incorporate both descriptive and inferential statistics. Descriptive statistics will be presented using tables and figures, highlighting measures of central tendency such as the mean, mode, and median. For inferential analysis, simple linear regression will implore the existence, nature, and strength of associations enjoining environmental dynamism and organizational performance among retail-sector SMEs in Kiambu. The regression model will be as shown by the function below;

$$y=mx + c$$

The implication of this function is that organizational performance (P) is influenced by key environmental dynamism including regulatory and policy changes, business environment uncertainty and economic and infrastructure implications. The study will apply a simple regression model to quantify and analyze these associations. The regression model to be used is outlined as follows;

Where;

- x = environmental dynamism
- c = constant

Analysis of data will be performed using SPSS version 20, which is considered fit for interpreting and analyzing quantitative research data.

REFERENCES

- Ashyrov, G., & Lukason, O. (2022). Political connectedness and financial performance of SMEs. *Journal of Risk and Financial Management*, 15(12), 600.
- Asikhia, O., & Naidoo, V. (2020). Assessment of the moderating effects of Nigerian market environment on the relationship between management success determinants and SMEs' performance. *Problems and Perspectives in Management*, 18(4), 388–401.
- Burns, T., & Stalker, G. M. (1961). *The Management of Innovation*.
- Chirchir, M. K. (2022). Supply chain integration, competitive advantage, environmental dynamism and performance of large-scale manufacturing firms in Kenya. *Doctoral dissertation*.
- Dankwah, G. O. (2025). Unblocking the Innovation-Performance Nexus: A Comparative Study of SMEs in Ghana and South Korea. *Available at SSRN 5295116*.
- Datche, E., Mukulu, E., & Odhiambo, R. (2023). Influence of market turbulence on the performance of SMEs in Nairobi City County, Kenya. *International Journal of Business and Social Science*, 1, 101–110.
- Dess, G. G., & Beard, D. W. (1984). Dimensions of organizational task environments. *Administrative Science Quarterly*, 29(1), 52–73.
- Donaldson, L. (2001). *The contingency theory of organizations*.
- Eisenhardt, K. M., & Martin, J. A. (2000). Dynamic capabilities: What are they? *Strategic Management Journal*, 21(10-11), 1105–1121.
- Fibi, A., Babangida, M. M., & Akintayo, O. A. (2023). Effect of Political Environmental Factors on the Performance of Selected Small and Medium Enterprises (SMEs) in Gombe State. *International Journal of Operational Research in Management, Social Sciences & Education*, 9(2).
- Fiedler, F. E. (1964). A Contingency Model of Leadership Effectiveness. *Advances in Experimental Social Psychology*, 1, 149-190.
- Fudenberg, D., & Tirole, J. (1991). *Game Theory*.

- Galbraith, J. (1973). *Designing complex organizations*. Reading, Mass.
- Hasan, M. K., & Kumar, L. K. (2024). Determining adequate sample size for social survey research: sample size for social survey research. *Journal of the Bangladesh Agricultural University*, 22(2), 146-157.
- Jansen, J. P., Van Den Bosch, F. J., & Volberda, H. W. (2006). Exploratory innovation, exploitative innovation, and performance: Effects of organizational antecedents and environmental moderators. *Management Science*, 52(11), 1661–1674.
- kamali, Z. M., Hoseyni, M., & Khoramshahi, M. (2021). Political factors affecting the survival of SMEs case study: An empirical study in Tehran Grand Bazaar. *Asia Pacific Management Review*, 26(1), 47-56.
- Kamau, S., & Wanjohi, P. (2024). Effect of tax procedures complexity on SME tax compliance in Kiambu County, Kenya. *Journal of Taxation and Economic Policy*, 6(1), 29–45.
- Karuri, E. (2012). Challenges Facing Small and Medium Enterprises in Kenya: Case of SMEs in the Central Business District of Nairobi.
- Kenya National Bureau of Statistics. (2024). *Economic Survey 2024*. (K. N. Statistics, Producer) Retrieved from Kenya National Bureau of Statistics: <https://www.knbs.or.ke/wp-content/uploads/2024/05/2024-Economic-Survey.pdf>
- Kenya, L. O. (2013). The constitution of Kenya: 2010. 22-29.
- Kiambu County Government. (2024). County Integrated Development Plan 2023–2027.
- Koech, D. J., Oyugi, L. A., & Memba, F. S. (2015). Effects of Funding Source on Growth of Small and Medium Enterprises in Kenya: A Case Study of Juja Town, Kiambu County. *International Journal of Management and Commerce Innovations*, 3(1).
- Liang, Y., Koo, J. M., & Lee, M. J. (2024). The interplay of environmental dynamism, digitalization capability, green entrepreneurial orientation, and sustainable performance. *Sustainability*, 16.(17), 7674.
- Martins, A. E., & Onuoha, B. C. (2023). Political-Legal Environment and Performance of SMEs in Rivers State. *Academia Networks Journal of Management Research*, 8(6), 1-33.

- Miller, D., & Friesen, P. H. (1983). Strategy-making and environment: The third link. *Strategic Management Journal*, 4(3), 221–235.
- Mkalama, B. W. (2020). Entrepreneurial Orientation, Technological Capability, Environmental Dynamism and Firm Innovativeness in Manufacturing Small and Medium Enterprises in Nairobi City County, Kenya. *Doctoral dissertation*.
- Mohammed, E. B. (2019). The Influence of Government Regulation on the Performance of Small and Medium Enterprises-the Case of Automobile Parts Industry in Nairobi Kenya. *Doctoral dissertation, University of Nairobi*.
- Mutisya, R. (2021). Influence of digital technologies on performance of retail grocery SMEs in Kiambu County, Kenya. *Master's thesis, Kenyatta University*.
- Mwangi, T. (2024). Impact of Strategic Planning on the Performance of Service-Sector MSME startups in Nairobi, Kenya. *Unpublished Thesis*.
- Ndlovu, M. N., Ndlovu, E. N., & Ebewo, P. E. (2025). The Intersection of Business Models and SME Performance: A Bibliometric Analysis of Research Trends. *Administrative Sciences*, 15(4), 143.
- Ndubuisi, P. O. (2023). Effect Of Political Environment On Organizational Performance With A Focus On Selected SMES In Anambra State. *11*(2), 126-139.
- Okeyo, W. O. (2014). The influence of business environmental dynamism, complexity and munificence on performance of small and medium enterprises in Kenya.
- Pfeffer, J., & Salancik, G. R. (1978). The external control of organizations: A resource dependence perspective.
- Priem, R. L., Rasheed, A. M., & Kotulic, A. G. (1995). Rationality in strategic decision processes, environmental dynamism and firm performance. *Journal of Management*, 21(5), 913-929.
- Schoonhoven, C. B. (1981). Problems with contingency theory: Testing assumptions hidden within the language of contingency theory. *Administrative Science Quarterly*, 26(3), 349–377.
- State Department For MSMEs Development. (2023). State Department MSME Development Strategic Plan (2023-2027). .

- Teece, D. J., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic management. *Strategic Management Journal*, 18, 509-533.
- Venkatraman, N., & Ramanujam, V. (1986). Measurement of business performance in strategy research: A comparison of approaches. *Academy of Management Review*, 11(4), 801–810.
- Wachira, K. S., & Wanjohi, F. (2024). Tax Compliance Procedures and Tax Compliance of Small and Medium Enterprises in Thika Town, Kiambu County, Kenya.
- Waithaka, E. (2017). A Study of Critical Success Factors Affecting Small and Medium Enterprises in Nairobi County: A Case Study of Small and Medium-Sized Enterprises in Nairobi City Central Business District.
- Wang, C. L., & Ahmed, P. K. (2007). Dynamic capabilities: A review and research agenda. *International Journal of Management Reviews*, 9(1), 31–51.
- Zahra, S. A., & Pearce, J. A. (1989). Board of director involvement in restructuring: Effects on extra-role behaviors in strategic decision making. *Academy of Management Journal*, 3, 554–576.

APPENDICES

APPENDIX I: SURVEY QUESTIONNAIRE

This tool will assess how environmental dynamism influences the performance of grocery-based retail SMEs in Kiambu County, Kenya. Kindly provide responses based on your current business experience.

PART A: General Information

1. What is your gender identity?

Male ☐ Female ☐ Other ☐

2. What is your age group?

Under 24 ☐ 24–34 ☐ 35–44 ☐ 45–54 ☐ 55+ ☐

3. What is your highest academic qualification?

Doctorate ☐ Master's ☐ Bachelor's ☐ Diploma ☐ Certificate ☐ Other:

4. What is your current role in the business?

Founder ☐ Owner ☐ Manager ☐ Other: _____

5. Have you received any formal training relevant to your current role?

Yes ☐ No ☐

PART B: Environmental Dynamism

6. To what extent has your business environment changed in the past 12 months?

Very Stable ☐ Stable ☐ Moderately Dynamic ☐ Highly Dynamic ☐

7. Which of the following aspects have significantly changed in your business environment recently? (Tick all that apply)

☐ Market conditions (e.g., customer preferences, demand)

☐ Technological changes (e.g., digital tools, POS, e-commerce)

☐ Government regulations (e.g., taxes, licenses)

☐ Competitive pressure (e.g., supermarkets, online sellers)

☐ Supplier availability and costs

☐ Other: _____

8. To what extent have these changes affected your business strategy over the past 12 months?

Not at all ☐ A small extent ☐ Moderately ☐ To a large extent ☐ Extremely ☐

9. Does your business regularly monitor environmental changes (market, technology, competition, regulation)?

Yes ☐ No ☐

10. How often does your business adapt its operations or strategy in response to environmental changes?

Rarely ☐ Annually ☐ Quarterly ☐ Monthly ☐ Continuously ☐

PART C: Organizational Performance

11. Please rate your business's performance in the past 12 months across the following areas:

Performance Area	Poor (1)	Fair (2)	Good (3)	Very Good (4)	Excellent (5)
Revenue Growth	☐	☐	☐	☐	☐
Net Profit Margin	☐	☐	☐	☐	☐
Customer Retention	☐	☐	☐	☐	☐
Operational Efficiency	☐	☐	☐	☐	☐

Market Share Growth	☐	☐	☐	☐	☐
---------------------	--------------------------	--------------------------	--------------------------	--------------------------	--------------------------

12. To what extent do you believe your firm's performance is influenced by external environmental changes?

Not at all ☐ A small extent ☐ Moderately ☐ To a large extent ☐ Extremely ☐

13. What specific measures have you taken to respond to changes in the business environment?

(Tick all that apply)

- ☐ Introduced new products/services
- ☐ Upgraded technology
- ☐ Reduced operational costs
- ☐ Adjusted pricing strategies
- ☐ Increased marketing efforts
- ☐ Trained staff
- ☐ Formed new partnerships or supply chains
- ☐ Other: _____

Thank you for participating in this study. Your responses are highly valued and will contribute to research aimed at strengthening SME resilience in Kiambu County.