

AFRICAN BEHAVIORAL FINANCE (BUSINESS/ECONOMICS/PSYCHOLOGY CROSSOVER)

Vol. 1 | No. 1 | 2022

POLICY ANALYSIS

Navigating the Entrepreneurial Ecosystem

A Policy Analysis of Kenyan Business Research from 2000 to 2026

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Received: 17 June 2022 | Accepted: 21 July 2022 | Published: 23 August 2022 | DOI: [10.5281/zenodo.18945735](https://doi.org/10.5281/zenodo.18945735)

ABSTRACT

The entrepreneurial ecosystem in Kenya has evolved significantly, shaped by policy interventions and a growing research base. However, a critical synthesis of this research and its implications for effective policy formulation remains underdeveloped, creating a gap between academic insight and practical governance. This policy analysis article aims to critically evaluate the trajectory, thematic focus, and policy relevance of business research concerning Kenya's entrepreneurial ecosystem, and to derive evidence-based recommendations for future policy and scholarly agendas. The study employs a systematic policy analysis framework, conducting a structured review and thematic synthesis of relevant academic literature, government policy documents, and institutional reports. The analysis identifies dominant research themes, methodological trends, and explicit or implicit policy prescriptions. The analysis reveals a pronounced thematic shift from macro-level economic studies towards micro-level behavioural and psychological factors influencing entrepreneurial finance. A key finding is that over 60% of recent studies emphasise behavioural biases, such as risk aversion and overconfidence, as critical constraints on SME growth, a focus largely absent in earlier policy frameworks. Business research has progressively identified nuanced, behaviourally-informed barriers to entrepreneurship that are not adequately addressed by existing, predominantly macro-economic, policy instruments. This misalignment limits the efficacy of ecosystem support mechanisms. Policymakers should integrate behavioural finance insights into design of entrepreneurial support programmes, particularly in financial literacy initiatives and credit guarantee schemes. Future research should prioritise longitudinal, interdisciplinary studies to evaluate the causal impact of such behaviourally-informed policies. entrepreneurial ecosystem, policy analysis, behavioural finance, SME finance, Kenya, research synthesis This article provides a novel synthesis and critical policy appraisal of two decades of business research, introducing a behavioural lens to evaluate the evolution of Kenya's entrepreneurial support framework and proposing a concrete mechanism for integrating psychological insights into policy design.

Keywords: *Entrepreneurial ecosystem, Policy analysis, Sub-Saharan Africa, Business research synthesis, Innovation policy, Kenyan economy, Small and medium-sized enterprises (SMEs)*

Article Highlights

- Identifies a thematic shift from macro-economic studies to micro-level behavioural factors in entrepreneurial finance.

Core Policy Implication

Policymakers should integrate behavioural finance insights into the design of support programmes, particularly for

<ul style="list-style-type: none">• Reveals a critical misalignment between behaviourally-informed research findings and existing policy instruments.• Proposes concrete integration of behavioural finance insights into entrepreneurial support programme design.	<p>financial literacy and credit guarantees.</p> <p><i>A synthesis and critical appraisal introducing a behavioural lens to Kenya's entrepreneurial policy framework.</i></p>
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