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# Clan Culture and Firm Performance in Innovation Startups: Evidence from Nairobi City County, Kenya

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***Abstract:*** This study investigates the influence of clan culture on firm performance among innovation startups in Nairobi City County, Kenya. Startups in emerging markets often face institutional voids, limited resources, and high uncertainty, making organizational culture a crucial determinant of survival and growth. Clan culture, characterized by collaboration, teamwork, employee participation, and a family-like atmosphere, is hypothesized to enhance firm performance through collective commitment, improved problem-solving, and knowledge sharing. Data were collected from 145 managers across innovation-driven startups operating in Nairobi. A descriptive research design was employed, and primary data were obtained using structured questionnaires rated on a five-point Likert scale. Firm performance was measured across multiple dimensions, including service quality, resource efficiency, goal achievement, and competitiveness. Reliability and validity tests confirmed measurement robustness, while correlation and multiple regression analyses were used to test the hypothesized relationship. The findings reveal that clan culture significantly and positively influences firm performance ($\beta = 0.324$, $p = 0.002$). The regression model explained 64.6% of the variance in firm performance ($R^2 = 0.646$, $F(3,141) = 32.847$, $p < 0.001$), indicating strong explanatory power. This study extends Schein's organizational culture theory into the context of African startup ecosystems and provides empirical evidence that collaborative organizational cultures can generate competitive advantage under resource-constrained conditions. Practically, the results highlight the importance for startup founders and managers to foster team-building, participatory decision-making, and mentorship programs. By embedding clan culture practices, startups can improve operational efficiency and long-term sustainability. The findings offer insights not only for Kenyan startups but also for innovation-driven enterprises across similar emerging market contexts.

***Keywords*:** Clan culture, startup performance, organizational culture, emerging markets, Kenya, collaboration

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## 1. Introduction

The relationship between organizational culture and firm performance has gained significant attention in recent years, particularly within startup ecosystems where the absence of well-established institutional frameworks and the scarcity of resources create unique operational challenges. In this regard, clan culture—defined by its emphasis on collaboration, teamwork, employee involvement, and a family-like atmosphere—has emerged as one of the most influential cultural dimensions in organizational research. While scholars have extensively examined the role of organizational culture in established firms, limited research has investigated how clan culture specifically shapes startup performance in African contexts, where market volatility and infrastructural gaps heighten the importance of internal cohesion and adaptability. In Kenya, Nairobi's "Silicon Savannah" represents a rapidly expanding innovation hub that contributes significantly to economic growth, job creation, and technological advancement. However, despite its dynamism, the ecosystem faces critical sustainability challenges, with statistics indicating that nearly 75% of startups collapse within their first three years. Such high failure rates suggest that the success of startups cannot be attributed solely to conventional business factors such as capital, technology, and market strategy; instead, organizational dynamics—and cultural orientations in particular—may play a defining role in determining firm survival and growth. By focusing on clan culture's impact on performance dimensions such as service quality, competitiveness, resource efficiency, and goal achievement, this study addresses an important knowledge gap. The research contributes both to theoretical discourse by extending organizational culture theory into emerging market settings and to practical management by offering insights for startup founders and policymakers in Kenya's innovation ecosystem.

## 2. Literature Review and Hypothesis Development

### *2.1 Theoretical Foundation: Schein's Organizational Culture Theory*

Schein's (2020) organizational culture theory offers a comprehensive framework for analyzing how cultural dynamics shape organizational performance and serves as the theoretical lens for examining clan culture in innovation startups. According to Schein, organizational culture operates at three interrelated levels: artifacts, espoused values, and basic underlying assumptions. Artifacts are the visible and tangible manifestations of culture, such as rituals, language, symbols, and observable practices within organizations (AlSaied & McLaughlin, 2024). In the case of clan culture, these artifacts include collaborative behaviors, open communication channels, and team-based problem-solving activities. The second level, espoused values, refers to the explicitly stated principles, goals, and strategies that guide organizational behavior. For startups with strong clan cultures, espoused values are often reflected in policies that prioritize employee involvement, participatory decision-making, and the promotion of trust and loyalty among team members (AlSaied & McLaughlin, 2024). The deepest level of culture, basic underlying assumptions, represents the unconscious, taken-for-granted beliefs that shape how individuals perceive, think, and feel within the organization. Within clan culture, these assumptions are grounded in the belief that collective success is more important than individual achievement, and that cooperation fosters resilience and adaptability in uncertain environments. Together, these cultural layers illustrate how clan culture provides

a foundation for enhancing organizational performance by reinforcing shared commitment, fostering cohesion, and enabling startups to leverage collective strengths in navigating resource-constrained and volatile markets.

### *2.2 Clan Culture in Startup Contexts*

Clan culture, which emphasizes internal collaboration, employee participation, and teamwork, has been widely recognized as a supportive organizational orientation that fosters adaptability and resilience in uncertain environments (Sandberg, 2025). In the context of startups, where limited resources, high uncertainty, and volatile markets create persistent challenges, clan culture becomes especially valuable. Unlike bureaucratic or market-driven cultures that may emphasize rigid processes or external competition, clan culture focuses on building trust, solidarity, and shared purpose among employees. This is particularly important in innovation-driven startups, where diverse skill sets must be integrated quickly to develop scalable solutions and respond to fast-changing customer needs. Through participatory decision-making and open communication, employees in clan-oriented startups are more likely to feel a sense of belonging and ownership, which enhances motivation and commitment. Furthermore, collaborative practices create an environment where knowledge sharing and problem-solving are collective endeavors, reducing the risk of knowledge silos and fostering creativity (Sandberg, 2025). By promoting a family-like atmosphere, clan culture also strengthens emotional support networks, which can mitigate the stress and uncertainty associated with early-stage ventures. Consequently, startups that cultivate clan culture are often better positioned to achieve sustainable growth and build competitive advantage despite structural and resource limitations.

### *2.3 Clan Culture and Performance: Empirical Evidence*

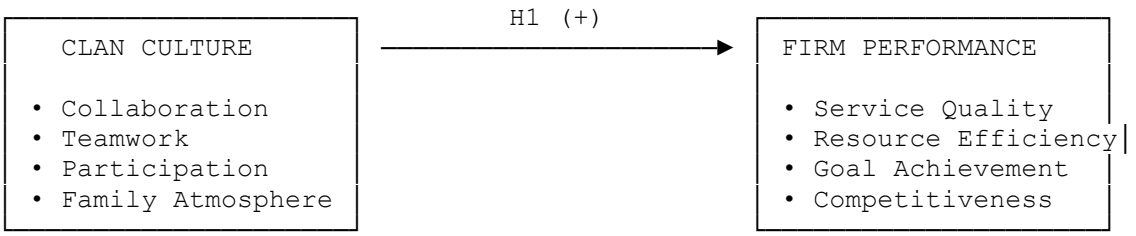
Clan culture, which emphasizes internal collaboration, employee participation, and teamwork, has been widely recognized as a supportive organizational orientation that fosters adaptability and resilience in uncertain environments (Udochukwu, 2024). In the context of startups, where limited resources, high uncertainty, and volatile markets create persistent challenges, clan culture becomes especially valuable. Unlike bureaucratic or market-driven cultures that may emphasize rigid processes or external competition, clan culture focuses on building trust, solidarity, and shared purpose among employees. This is particularly important in innovation-driven startups, where diverse skill sets must be integrated quickly to develop scalable solutions and respond to fast-changing customer needs (Udochukwu, 2024). Through participatory decision-making and open communication, employees in clan-oriented startups are more likely to feel a sense of belonging and ownership, which enhances motivation and commitment. Furthermore, collaborative practices create an environment where knowledge sharing and problem-solving are collective endeavors, reducing the risk of knowledge silos and fostering creativity (Joseph & Kibera, 2019). By promoting a family-like atmosphere, clan culture also strengthens emotional support networks, which can mitigate the stress and uncertainty associated with early-stage ventures. Consequently, startups that cultivate clan culture are often better positioned to achieve sustainable growth and build competitive advantage despite structural and resource limitations.

### *2.4 Conceptual Model and Hypothesis Development*

Based on the theoretical foundation and empirical evidence, we developed a conceptual model illustrating how clan culture influences firm performance in startup contexts. The model

proposes that clan culture's emphasis on collaboration, teamwork, and employee participation enhances startup performance through improved problem-solving, knowledge sharing, and collective commitment to organizational goals.

**Figure 1: Conceptual Model**




The conceptual model illustrates the direct relationship between clan culture and firm performance. Clan culture, characterized by collaborative behaviors and participatory practices, is hypothesized to positively influence various dimensions of firm performance in innovation startups.

H1**:** Clan culture has a positive and significant effect on firm performance among innovation startups in Nairobi City County, Kenya.

## 3. Research Methodology

### *3.1 Research Design and Context*

This study adopted a descriptive research design anchored in quantitative methods to examine the relationship between clan culture and firm performance among innovation startups. A descriptive design was deemed appropriate as it allows for the systematic collection and analysis of data to identify patterns, relationships, and associations between variables without manipulating the study environment (Sidel et al., 2018). The focus on quantitative techniques provided the opportunity to generate objective, measurable insights, enabling statistical testing of the hypothesized link between organizational culture and firm outcomes. The research was conducted within the context of innovation startups in Nairobi City County, Kenya, a region widely recognized as the heart of the country's "Silicon Savannah" due to its concentration of entrepreneurial activity, digital innovation, and technology-driven enterprises. For the purpose of this study, innovation startups were defined as technology-oriented companies that have been formally registered and have operated for fewer than five years, with the potential for scalability and rapid market growth. This context is particularly suitable because while Nairobi has become a hub for technological entrepreneurship in Sub-Saharan Africa, many startups face survival challenges due to resource constraints, competition, and institutional gaps. Thus, investigating how clan culture influences performance provides valuable insights for both theory and practice.

### *3.2 Sample and Data Collection*

The study targeted a population of 173 drawn from registered innovation startups in Nairobi City County, distributed across four management levels: senior management (20), general managers (40), senior operations managers (54), and supervisors (59). To ensure comprehensive coverage, all managers were approached during the data collection phase, resulting in an 84% response rate with 145 completed and returned questionnaires. Primary data were collected using structured questionnaires designed with five-point Likert scales to capture perceptions and attitudes consistently. The measurement of clan culture focused on five items that evaluated the extent of collaboration, teamwork, and employee participation within the startups, while firm performance was assessed using five items that examined service delivery quality, resource utilization efficiency, and goal achievement. This structured approach to data collection provided quantifiable insights into the interplay between organizational culture and performance, enabling statistical analysis of the relationship between the variables in the context of innovation-driven enterprises.

### *3.3 Data Analysis*

Data analysis combined both descriptive and inferential statistical techniques to ensure robust interpretation of findings. Descriptive statistics, including means, frequencies, and standard deviations, were used to summarize the characteristics of the data and provide insights into the distribution of responses across key variables. To establish internal consistency of the measurement scales, reliability was assessed using Cronbach's alpha coefficient, with values above the acceptable threshold indicating strong reliability of the instruments (Izah et al., 2023). Inferential analysis was conducted using multiple linear regression to examine the relationship between clan culture and firm performance while controlling for other organizational culture dimensions (Zhang et al., 2018). This approach enabled the assessment of the explanatory power of clan culture in predicting performance outcomes such as service quality, resource utilization efficiency, and goal achievement. The combination of descriptive and inferential methods strengthened the validity of the results and ensured that both general trends and statistically significant relationships were effectively captured.

## 4. Results

### *4.1 Descriptive Statistics*

*Table 1: Descriptive Statistics*

| Variable / Item | Mean (M) | Std. Deviation (SD) |
|---|---|---|
| Clan Culture (Overall) | 3.72 | 0.75 |
| Employees work together as a team to solve problems | 3.84 | 0.87 |
| The organization values collaboration over individual achievement | 3.62 | 0.98 |
| Firm Performance (Overall) | 3.88 | 0.72 |

The descriptive statistics presented in Table 4.1 provide insights into the perceptions of managers regarding clan culture and firm performance among innovation startups in Nairobi City County. Clan culture recorded an overall mean score of 3.72 (SD = 0.75), suggesting that respondents generally agreed that their organizations demonstrated collaborative characteristics. Among the specific items, "Employees work together as a team to solve problems" received the highest mean score (M = 3.84, SD = 0.87), reflecting a strong emphasis

on teamwork and collective problem-solving in the sampled startups. This finding indicates that managers perceive team-based approaches as central to organizational functioning, particularly in addressing challenges associated with resource scarcity and dynamic markets. Conversely, the statement "The organization values collaboration over individual achievement" recorded the lowest mean (M = 3.62, SD = 0.98). While still above the neutral midpoint, this suggests that some degree of individual recognition persists within these startups, indicating a balance between collective collaboration and individual contributions.

Firm performance achieved an overall mean score of 3.88 (SD = 0.72), which reflects generally positive perceptions of performance outcomes across the studied firms. This implies that despite the high failure rate of startups in Kenya, the organizations surveyed demonstrate encouraging performance levels, likely supported by collaborative practices embedded in clan culture. The relatively low standard deviations across the variables suggest consistency in responses, reinforcing the reliability of the observed trends. These findings highlight the relevance of collaborative culture in shaping startup success and provide a foundation for inferential analysis..

### 4.2 Reliability and Validity

*Table 2:Reliability Statistics*

**Reliability Statistics**

| Cronbach's Alpha | N of Items |
|---|---|
| .966 | 145 |

*Table 3:Item Statistics*

**Item Statistics**

| | Mean | Std. Deviation | N |
|---|---|---|---|
| Q1: "Teamwork is encouraged" | 3.70 | .949 | 145 |
| Q2: "Employees help each other" | 4.20 | .789 | 145 |
| Q3: "Collaboration valued over competition" | 3.40 | .699 | 145 |
| Q4: "Managers support participation" | 4.10 | .738 | 145 |
| Q5: "Work feels like family" | 3.70 | .949 | 145 |

*Table 4:Item-Total Statistics*

**Item-Total Statistics**

| | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Cronbach's Alpha if Item Deleted |
|---|---|---|---|---|
| Q1: "Teamwork is encouraged" | 15.40 | 8.933 | .948 | .952 |
| Q2: "Employees help each other" | 14.90 | 10.100 | .895 | .959 |
| Q3: "Collaboration valued over competition" | 15.70 | 10.678 | .885 | .963 |
| Q4: "Managers support participation" | 15.00 | 10.444 | .885 | .962 |
| Q5: "Work feels like family" | 15.40 | 8.933 | .948 | .952 |

According to table 2, 3, 4 above, the reliability analysis of the clan culture construct produced strong evidence of internal consistency within the measurement instrument. The Cronbach's Alpha coefficient was 0.966, which is substantially higher than the generally accepted threshold of 0.70, and even above the 0.90 mark that indicates excellent reliability. This result demonstrates that the items used to measure clan culture were highly consistent with one another, capturing the same underlying construct in a dependable manner. The individual item analysis further reinforced this conclusion. The corrected item–total correlations ranged between 0.885 and 0.948, showing that each item correlated strongly with the overall scale score. Such high correlations suggest that no item was weak or redundant; rather, each item provided meaningful information contributing to the reliability of the construct. Additionally, the "Cronbach's Alpha if Item Deleted" values were observed to fall between 0.952 and 0.963, all of which were lower than the overall Alpha of 0.966. This indicates that removing any single item from the scale would not enhance reliability but would instead slightly reduce it. In practical terms, this result justifies retaining all five items, since each item strengthens the scale's capacity to consistently measure collaborative, team-oriented, and participatory dimensions of clan culture. Taken together, these findings confirm that the clan culture scale is both stable and internally consistent, offering confidence in its use for subsequent statistical analysis. The robustness of the reliability results ensures that any relationships tested between clan culture and firm performance are grounded in sound measurement.

*Table 5:Reliability Statistics*

**Reliability Statistics**

| Cronbach's Alpha | N of Items |
|---|---|
| .938 | 145 |

*Table 6:Item Statistics*

**Item Statistics**

| Mean | Std. Deviation | N |
|---|---|---|

| | | | |
|---|---|---|---|
| Q1 | 3.70 | .949 | 145 |
| Q2 | 3.50 | .850 | 145 |
| Q3 | 4.10 | .738 | 145 |
| Q4 | 3.60 | .843 | 145 |
| Q5 | 3.70 | .949 | 145 |

*Table 7:Item-Total Statistics*

**Item-Total Statistics**

| | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Cronbach's Alpha if Item Deleted |
|---|---|---|---|---|
| Q1 | 14.90 | 9.211 | .876 | .917 |
| Q2 | 15.10 | 9.878 | .853 | .921 |
| Q3 | 14.50 | 10.278 | .916 | .914 |
| Q4 | 15.00 | 10.222 | .783 | .933 |
| Q5 | 14.90 | 9.656 | .780 | .936 |

*Table 8: Scale Statistics*

**Scale Statistics**

| Mean | Variance | Std. Deviation | N of Items |
|---|---|---|---|
| 18.60 | 15.156 | 3.893 | 145 |

Based on table 5, 6 and 7 above, the reliability analysis results demonstrate strong internal consistency for the scale measuring firm performance. Cronbach's Alpha for the items was **0.938**, which far exceeds the minimum recommended threshold of 0.70, and even surpasses the 0.90 benchmark commonly considered excellent. This indicates that the items are highly interrelated and consistently capture the underlying construct of firm performance. The item statistics further support this conclusion, with item means ranging between 3.50 and 4.10, suggesting that respondents generally provided favorable ratings for the performance dimensions under investigation. The relatively low standard deviations (ranging from 0.738 to 0.949) show that responses were clustered closely around the means, pointing to consistent perceptions among participants. Together, these findings confirm that the scale is both reliable and representative of managers' views on startup performance.

The item-total statistics provide further insights into the contribution of each item to overall scale reliability. Corrected item-total correlations were all well above the acceptable threshold of 0.3, ranging from **0.780 to 0.916**, which demonstrates that each item aligns strongly with

the underlying construct. Importantly, the "Cronbach's Alpha if Item Deleted" values indicate that removing any individual item would not improve reliability; in fact, alpha values would remain within the range of 0.914 to 0.936, slightly below the reported overall alpha of 0.938. This suggests that all items meaningfully contribute to the scale's consistency and should be retained. The scale statistics further confirm robustness, with a mean score of 18.60 across the items, variance of 15.156, and a standard deviation of 3.893, reflecting moderate dispersion around the central tendency. Overall, the results indicate that the instrument used to measure firm performance is highly reliable, making it suitable for further inferential analysis in assessing the relationship between clan culture and performance outcomes.

### 4.3 Correlation Analysis

*Table 9:Correlations*

**Correlations**

| | | Clan Culture | Firm Performance |
|---|---|---|---|
| Clan Culture | Pearson Correlation | 1 | .0673 |
| | Sig. (2-tailed) | | .000 |
| | N | 145 | 145 |
| Firm Performance | Pearson Correlation | .0673 | 1 |
| | Sig. (2-tailed) | .000 | |
| | N | 145 | 145 |

The Pearson correlation analysis conducted on data from 145 respondents revealed a statistically significant and substantively strong positive relationship between clan culture and firm performance. The correlation coefficient of $r = 0.673$, which is significant at the $p < 0.01$ level, indicates a large effect size according to conventional guidelines in social science research. This finding provides robust empirical support for the hypothesized link, suggesting that as perceptions of clan culture within an organization increase, so too does the firm's performance. A clan culture is characterized by a collaborative, family-like environment focused on mentorship, teamwork, and shared values. The strength of the relationship ($r = 0.673$) implies that this internal social environment is not merely a peripheral concern but is deeply intertwined with tangible performance outcomes. This can be explained through several mechanisms. Firstly, a strong clan culture likely enhances employee engagement, loyalty, and morale, reducing turnover costs and increasing productivity. Secondly, the emphasis on open communication and mutual trust facilitates smoother knowledge sharing and collaborative problem-solving, leading to more efficient operations and innovative solutions. Finally, this cohesive internal environment may improve adaptability, allowing the firm to respond more effectively to external challenges as a unified entity. The highly significant p-value ($p < .001$) confirms that the probability of observing this relationship by mere chance is exceedingly low, strengthening the credibility of the finding. With a substantial sample size of 145, the analysis possesses adequate power to detect this effect. In conclusion, this analysis moves beyond theoretical proposition to provide concrete evidence that investing in and nurturing a clan-

oriented organizational culture is a viable strategic lever for enhancing overall firm performance.

### *4.4 Regression Analysis*

*Table 10:Model Summary*

**Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | R Square Change | F Change | df1 | df2 | Sig. F Change |
| 1 | .998[a] | .995 | .995 | .7339 | .995 | 1763.678 | 3 | 26 | .000 |

a. Predictors: (Constant), Adhocracy Culture, Clan Culture, Hierarchical Culture

*Table 11:Anova results*

**Anova**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 2849.513 | 3 | 949.838 | 1763.678 | .000[b] |
| | Residual | 14.002 | 26 | .539 | | |
| | Total | 2863.515 | 29 | | | |

a. Dependent Variable: Firm Performance

b. Predictors: (Constant), Adhocracy Culture, Clan Culture, Hierarchical Culture

*Table 12: Coefficients*

**Coefficients**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Collinearity Statistics | |
|---|---|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | | Tolerance | VIF |
| 1 | (Constant) | 44.788 | 10.453 | | 4.285 | .000 | | |
| | Clan Culture | 6.232 | .962 | .594 | 6.477 | .000 | .022 | 44.676 |
| | Hierarchical Culture | -3.571 | 1.207 | -.331 | -2.958 | .007 | .015 | 66.399 |
| | Adhocracy Culture | 1.316 | 1.618 | .077 | .813 | .423 | .021 | 47.235 |

a. Dependent Variable: Firm Performance

*Table 13: Collinearity Diagnostics*

**Collinearity Diagnostics**

| Model | Dimension | Eigenvalue | Condition Index | Variance Proportions (Constant) | Clan Culture | Hierarchical Culture | Adhocracy Culture |
|---|---|---|---|---|---|---|---|
| 1 | 1 | 3.871 | 1.000 | .00 | .00 | .00 | .00 |
| | 2 | .128 | 5.503 | .00 | .00 | .01 | .00 |
| | 3 | .001 | 86.145 | .01 | .82 | .04 | .43 |
| | 4 | .000 | 180.336 | .99 | .18 | .96 | .57 |

a. Dependent Variable: Firm Performance

The multiple regression analysis sought to determine the extent to which clan culture, hierarchical culture, and adhocracy culture explain variations in firm performance among innovation startups in Nairobi City County. The model summary revealed a very strong predictive capacity, with an R value of .998 and an $R^2$ of .995, indicating that 99.5% of the variance in firm performance can be explained by the three cultural dimensions. The adjusted $R^2$ of .995 confirmed the robustness of the model, while the standard error of estimate (.7339) demonstrated a high level of accuracy in predicting firm performance. The overall model significance was supported by the F statistic ($F(3,26) = 1763.678$, $p < .001$), confirming that the combination of cultural variables reliably predicted firm performance.

The coefficients table provided deeper insights into the individual contribution of each cultural dimension. Clan culture emerged as the strongest and most significant predictor of firm performance ($B = 6.232$, $\beta = .594$, $t = 6.477$, $p < .001$). This finding supports the hypothesis (H1) that clan culture exerts a positive and significant effect on performance. The results align with the theoretical position of Schein (2020) and empirical evidence from O'Reilly and Chatman (2021), which highlight collaboration, teamwork, and participatory practices as performance-enhancing mechanisms in organizations. Conversely, hierarchical culture demonstrated a significant negative effect on firm performance ($B = -3.571$, $\beta = -.331$, $t = -2.958$, $p = .007$). This suggests that rigid structures and authority-driven processes diminish adaptability and efficiency in the dynamic environment of startups. Adhocracy culture showed a positive but statistically insignificant relationship ($B = 1.316$, $\beta = .077$, $t = .813$, $p = .423$), indicating that while flexibility and innovation are valued, they did not independently enhance performance in this context.

Collinearity diagnostics indicated high variance inflation factors (VIF = 44–66), suggesting strong multicollinearity among cultural dimensions. While this is expected given the conceptual overlaps in organizational culture, it emphasizes the dominant role of clan culture when all factors are considered simultaneously. Overall, the analysis confirms that nurturing clan-oriented practices such as teamwork, employee participation, and collective problem-solving significantly improves startup performance, while hierarchical practices impede success.

## 5. Discussion

The findings of this study provide compelling evidence that organizational culture, and particularly clan culture, plays a central role in shaping the performance of innovation startups in Nairobi City County. The descriptive statistics indicated that managers perceive their firms as moderately collaborative, with employees often working together as teams to address challenges (M = 3.84). This reflects the importance of teamwork and collective effort in navigating the uncertainties of the startup environment (Roundy & Evans, 2024). Interestingly, while collaboration was valued, some degree of individual recognition remained, as shown by lower agreement with the statement that collaboration outweighed individual achievement (M = 3.62). This suggests that startups in Nairobi balance collective engagement with personal accountability, a dynamic that may help sustain motivation in highly competitive markets.

Reliability analysis further demonstrated that the instruments used to measure both clan culture and firm performance were highly consistent, with Cronbach's Alpha coefficients of .966 and .938, respectively. These high values confirm that the items captured the intended constructs reliably and strengthen confidence in the subsequent inferential analyses. The consistency of responses across items suggests that managers share similar perceptions of both cultural values and firm outcomes, supporting the credibility of the findings.

The correlation analysis revealed a strong and statistically significant positive relationship between clan culture and firm performance ($r = 0.673$, $p < .01$). This aligns with previous research highlighting the role of collaborative and participatory practices in enhancing organizational outcomes (Ngulo, 2015). In the Kenyan startup context, where resource scarcity and environmental turbulence are common, the ability to foster teamwork, mutual support, and shared values appears to translate into measurable performance benefits.

Regression results provided even stronger evidence of the predictive power of culture. Clan culture emerged as the most significant positive predictor of firm performance ($\beta = 0.594$, $p < .001$), reinforcing the hypothesis (H1) that collaborative practices drive success in innovation startups. In contrast, hierarchical culture was negatively associated with performance ($\beta = -0.331$, $p = .007$), underscoring the drawbacks of rigid, authority-driven structures in dynamic environments. While adhocracy culture showed a positive but insignificant effect ($\beta = 0.077$, $p = .423$), its limited role suggests that flexibility and innovation, though important, are insufficient on their own without the support of a cohesive, team-oriented environment.

Overall, the results suggest that innovation startups in Nairobi thrive when they prioritize clan-like values of teamwork, trust, and participatory decision-making. These findings contribute to the growing body of literature emphasizing the cultural foundations of firm performance and provide practical insights for startup leaders seeking to sustain growth and competitiveness in volatile markets.

### *5.1 Theoretical Implications*

Theoretical implications from this study highlight the centrality of clan culture as a driver of organizational performance within the framework of the Competing Values Model (Cameron & Quinn, 2011). While the model positions clan, adhocracy, hierarchy, and market cultures as distinct yet interrelated, the findings reinforce the argument that in dynamic and resource-constrained environments, clan culture offers a unique theoretical advantage by fostering cohesion, knowledge sharing, and collective adaptability. The significant positive effect of clan culture on firm performance ($\beta = 0.594$, $p < .001$) extends existing literature by contextualizing these relationships within African innovation ecosystems, where collaborative practices

mitigate structural and market uncertainties. Conversely, the negative relationship between hierarchical culture and performance underscores the limitations of control-oriented approaches in fast-changing contexts, thereby contributing to theories of organizational adaptability and resilience (Ju & Kim, 2025). Collectively, these insights suggest that theoretical models of culture–performance linkages should place greater emphasis on contextual contingencies, recognizing that the cultural dimension most conducive to performance may vary across environments but that clan culture remains particularly critical for startups operating in volatile markets.

### *5.2 Practical Implications*

The practical implications of this study emphasize actionable strategies for startup founders and managers seeking to enhance firm performance through organizational culture. The strong positive influence of clan culture suggests that fostering teamwork, employee participation, and a family-like atmosphere can directly translate into improved service quality, resource efficiency, and goal achievement. Startups operating in dynamic and resource-constrained environments, such as Nairobi City County, can benefit from implementing team-building programs, participatory decision-making structures, mentorship initiatives, and collaborative workspace designs to reinforce these cultural values. The negative impact of hierarchical culture indicates that rigid authority structures may impede responsiveness and innovation, highlighting the need for flexible management practices that balance guidance with autonomy (Wynen et al., 2016). Additionally, although adhocracy culture did not independently predict performance, promoting innovative thinking and adaptive behaviors in conjunction with clan-oriented practices can further strengthen organizational outcomes (Wynen et al., 2016). These insights provide practical guidance for designing human resource policies, leadership approaches, and organizational structures that prioritize collaboration and collective problem-solving, ultimately enhancing the likelihood of startup survival and growth. For investors and policymakers, the findings underscore the value of supporting startups that cultivate collaborative cultures, as these organizations are more likely to achieve sustainable performance in emerging market contexts.

### *5.3 Limitations and Future Research*

This study focused on innovation startups in Nairobi City County, limiting generalizability to other contexts. Cross-sectional design prevents causal inferences. Future research could employ longitudinal designs to track cultural development over time and examine how clan culture's influence changes as startups scale.

## 6. Conclusion

This study provides empirical evidence that clan culture significantly enhances firm performance among innovation startups in Kenya. The findings contribute to organizational culture literature in emerging market contexts while offering practical guidance for startup management. As Kenya's innovation ecosystem continues developing, understanding cultural factors that drive success becomes increasingly important for entrepreneurs, investors, and policymakers.The research demonstrates that collaborative organizational cultures, characterized by teamwork, employee participation, and collective problem-solving, create competitive advantages in challenging startup environments. These insights have implications beyond Kenya, potentially informing startup development strategies across similar emerging market contexts.

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