ENTREPRENEURIAL MANAGEMENT AND GROWTH OF MICRO AND SMALL FURNITURE MANUFACTURING ENTERPRISES IN KENYA

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Entrepreneurial Management and Growth of Micro and Small Furniture Manufacturing Enterprises in Kenya

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DECLARATION

This thesis is my original work and has not been presented for a degree in any other University.

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DEDICATION

I dedicate this work to my family for the continuous support that they have given me throughout the entire process.

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ABBREVIATIONS AND ACRONYMS

CAGR   Compound Annual Growth Rate

EM   Entrepreneurial Management

GDP   Gross Domestic Product

KIPRA   Kenya Institute for Public Policy Research and Analysis

KNBS   Kenya National Bureau of Statistics

LMICs   Low and Medium Income Countries

MC   Marketing Capability

MELFED   Micro Enterprise Laying the Foundation for Economic Development

MSEs   Micro and Small Enterprises

PWC   Price Water House Coopers

R&D   Research and Development

RBV   Resource-Based View

ROK   Republic of Kenya

SMEs   Small and Medium Enterprises

SPSS   Statistical Package for Social Science

UBOS   Uganda Bureau of Statistics

UN   United Nations

UNDP   United Nations Development Programme

VIF   Variance Inflation Factor

OPERATIONAL DEFINITION OF TERMS

Entrepreneurial Culture
Refers to attitudes and values which, in the case of entrepreneurship, may be linked with autonomy, creativity and sense of responsibility (soft skills) (Amin & Tomaney, 2013)

Entrepreneurial Management
This is a "mode of management" that tries to establish and balance the innovation abilities of the organization with the efficient and effective use of resources (Davidsson & Wiklund, 2011

Growth of an Enterprise
Refers to increase in size (number of employees), strength and quality of a firm (Aiyedun, 2014),

Manufacturing
This is the art of transformation of raw materials into either intermediate goods or final products through a mechanized process (Timmons, 2014).

Micro Enterprises
Non-subsidiary, independent firms which employ fewer (1–9) employees (Bell, 2017).

Resource Orientation
The resources and capabilities and the main competences for formulating strategy (Grant, 2015)

Reward Philosophy
A mechanism for compensation and incentive giving or workers (Bradley, Wiklund, & Shepherd, 2011).

Small Enterprises
Non-subsidiary, independent firms which employ fewer 10–49 employees (Bell, 2017).

Strategic Orientation
The principles that direct and influence the activities of a firm and generate the behaviours intended to ensure the viability and performance of the firm (Gatignon & Xuereb, 2013).

ABSTRACT

Micro and Small Enterprises (MSEs) are an important segment of Kenya's economy. The enterprises contribute about 70% to the country's Gross Domestic Product (GDP) and over 80% of the country's employment opportunities. Therefore, this study sought to establish the influence of strategic orientation, resource orientation, reward philosophy and entrepreneurial culture on growth of MSEs in the furniture manufacturing enterprises in Kenya. The research design adopted in this study was the mixed method. The target population of the study was the 10,345 owner-managers of furniture manufacturing MSEs in Kenya. A sample of 393 owner-managers of furniture businesses in Nairobi were selected using stratified random sampling. Questionnaires were used as data collection tools. The researcher administered the questionnaires personally and also employed drop and pick later method in cases where it was not possible for respondents to complete the questionnaires the same day. Pilot testing of the research instrument was undertaken to ascertain reliability and validity. The study generated both qualitative and quantitative data. The study used correlation analysis to establish the degree of association between the independent and dependent variables. Multiple linear regression model was also used to establish the relationship between dependent and independent variables. The study established that, all the predictor variables; strategic orientation, resource orientation, reward philosophy and entrepreneurial culture influenced growth of micro and small furniture manufacturing enterprises. Entrepreneurial network as a moderating variable was portrayed to play a critical role in enhancing the relationship between strategic orientation, resource orientation, reward philosophy and entrepreneurial culture and growth of micro and small furniture manufacturing enterprises in Kenya. The key recommendations are that entrepreneurs should be given adequate access to credit in order to realize growth in their businesses. Policies regarding training and research and development (R&D) should be put in place in order to help the entrepreneurs innovate and be successful in their businesses. The main limitation of the study was the unwillingness of some respondents to complete the questionnaires. However, this was mitigated by assuring the respondents that utmost confidentiality was guaranteed. The study reached a conclusion that there was a significant positive relationship between strategic orientation, resource orientation, reward philosophy, networking and growth while entrepreneurial culture had a significant negative association with the growth of the micro and small furniture manufacturing enterprises. The study recommends that the government should improve Resource allocation to MSMES in furniture manufacturing enterprises in Kenya by allocating funds and initiating training in entrepreneurial management skills for them to grow from their current status.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The manufacturing sector in Kenya has been plagued with difficulties of moving from traditional production methods to flexible production methods that require just in time inventory control and new patterns of organizational layout in the global trends (Gichira, 2017; Muiruri et al., 2017). This study, therefore, sought to establish the influence of entrepreneurial management on growth of micro and small furniture manufacturing enterprises in Kenya. The study centered on Strategic Orientation, Resource Orientation, Reward Philosophy, Entrepreneurial Culture as independent variables which play a role in the growth of micro and small furniture manufacturing enterprises in Kenya.

The growth of MSEs is ideally led by dynamics of innovation, specialization, complementarity and (national or even global) value chain integration (Altenburg & Eckhardt, 2017). Okello, (2018) defined growth or expansion of enterprise as involving increase in size (number of employees), strength and quality, the creation of more departments, acquisition of additional branches and expansion of entrepreneurial network. However, Madichie, N. O et al., (2020) argues that the indicator most frequently used to measure expansion is the change in the number of workers in the enterprise.

Controversy remains over the underlying growth assumptions, the job creation potential and the net contribution of MSEs to national employment (Ayyagari et al., 2014). Despite the long tradition of manufacturing sector in Kenya, dating back to World War II, the sector has continued to decline in investment and growth while lacking competitiveness making it difficult for it to play a larger role in the economy. Many MSEs have been established out of necessity because their owners have been unable to find employment elsewhere, hence they hardly pursue a growth strategy (Grimm et al., 2012).

1.1.1 Growth of MSEs

The growth of MSEs is ideally led by dynamics of innovation, specialization, complementarity and (national or even global) value chain integration (Altenburg & Eckhardt, 2017). Aiyedun (2014), defined growth or expansion of enterprise as involving increase in size (number of employees), strength and quality. Enterprise growth can be classified as internal, where diversification leads to the creation of more departments, and external where it leads to acquisition of additional branches and expansion of entrepreneurial network. However, Gupta (2013) explained that the indicator most frequently used to measure expansion is the change in the number of workers in the enterprise. The different components of change are subject to different forces and determinants.

Controversy remains over the underlying growth assumptions, the job creation potential and the net contribution of MSEs to national employment (Ayyagari et al., 2014; Fields, 2014). Here, job creation within MSEs is defined as the creation of new employment in existing MSEs as well as the job contributions that arise from new MSEs, such as through start-ups and the self-employed. On the one hand, it is known that the majority of small-scale entrepreneurs in lower middle-income countries (LMICs) are hardly pursuing a growth strategy (Banerjee & Duflo, 2015); rather, many MSEs have been established out of necessity because their owners have been unable to find employment elsewhere (Grimm et al., 2012). In consequence, much of the employment created at MSEs is short-term, low productivity, low income and low quality (Altenburg & Eckhardt, 2017).

Growth of SME's has presented a lot of concern not only to the owners and managers of firms but also to the policy makers globally (Herlinawati et al., 2019; Xavier et al., 2012; St-Jean et al., 2014). Mohamed et al., (2012) in their study observed that there was a serious lack of entrepreneurial management among owner managers of small businesses in Malaysia resulting in poor production methods, products and services and lack of competitiveness which resulted into slow economic growth of the SMEs. The situation was worsened by the absence of government instituted policies to guide the entrepreneurs. Entrepreneurial management, or certain

of its dimensions, have been associated with positive effects related to performance in manufacturing firms in London (Young, 2015)

1.1.2 Manufacturing Enterprises

Manufacturing is the art of transformation of raw materials into either intermediate goods or final products through a mechanized process (Timmons, 2014). The modern African manufacturing sector is small and stagnant; there is little investment, and the sector has not managed to break into export markets. A comparative analysis of Ugandan firms in different size categories conducted by Okello et al., (2018) indicates that the average low performance of the manufacturing and other sectors is worsened by the poor performance of MSEs. Compared to large enterprises, MSEs in manufacturing are less efficient and incur high costs per unit of revenue. They use labor-intensive technologies to compensate for the lack of technical capacity in order to perform well. The larger firms are more capital-intensive than the smaller ones.

MSEs' in manufacturing lack of access to external finance, their decisions to upgrade their equipment and machinery by making new investments are further constrained by limited internal sources of financing. Additional constraining factors include inadequate provision of public infrastructure and services that affect private investment (Nuwagaba, & Nzewi, 2013), unfavorable taxation systems, and a heavy regulatory burden and administrative bureaucracy (Keefer, 2015). Further constraints include limited access to differentiated markets, (Kappel, & Never, 2014), the concentration of MSEs in low-quality production, high transport and transaction costs (Mugambwa et al., 2017) and corruption.

1.1.3 Micro and Small Enterprises (MSEs)

MSEs are widely recognized as the key engine of economic development. MSEs have been recognized in many countries as a major source of employment and income generation. The catalytic roles of micro and cottage businesses have been displayed in many countries of the world such as Malaysia, Japan, South Korea, Zambia, and India among other countries. Apart from the fact that it contributes to the increase in per capital income and output, it also creates employment

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opportunities, encourages the development of indigenous entrepreneurship, enhance regional economic balance through industrial dispersal and generally promote effective resource utilization that are considered to be critical in the area of engineering economic development (Ayyagari et al., 2014).

Kenya's informal sector comprises of micro, small and medium sized indigenous and family-owned businesses. This informal sector is not organized in large entrepreneurial networks, and investments are done largely from private savings. Although the statistical base of the small businesses in Kenya is still poor, there can be little doubt about their relative significance. There are more than 800,000 micro, small and medium enterprises in the country, absorbing about a quarter of the labor force of 30 million people. The emergence of high skill and technology-intensive MSEs has recently been noted, especially in high technology industries (ROK, 2015).

While MSEs can play a crucial role in contributing to job creation and decent working conditions, it should be noted that majority of those who run MSEs are not well equipped with the knowledge to carry out managerial routines for their enterprises (King & McGrath, 2012). The typical owners or managers of MSEs develop their own approaches to management, through the process of trial and error. MSEs' capacity to meet growing customer expectations is based largely on their ability to innovate and deliver new products at competitive prices. MSEs have the ability to innovate effectively and develop new products more rapidly than larger firms. However, many MSEs in Kenya still fail to see the opportunities and advantages available to them, such as the flexibility of customizing products to consumers' requirements through well-defined processes, an advantage adopted by larger firms.

1.1.4 Furniture Industry in Kenya

Kenya is the most pronounced producer of furniture in the East Africa region. It has a logistically advantageous geographic position that confers on it comparatively easy access to local, regional and international markets, a supply of raw materials from neighboring countries that is relatively accessible, and a large workforce with a

strong tradition of working in both the informal and formal segments of the furniture value chain. Today, imports constitute 13 percent of total domestic furniture sales. Imports are price competitive, but their price-quality ratio can vary widely. The product assortment of imports is evolving rapidly and quality is getting better, which is reflected in the rise in unit prices (ROK, 2013).

The furniture value chain in Kenya consists of six core segments. It begins with the forestry sector, and progresses through timber harvesting and transport, timber processing, and timber trading. The main challenges facing the furniture industry in Kenya have been identified as; constrained small input supply; limited labor skills and poor production facilities; limited access to markets; and limited engagement and collaboration between different stakeholders across the value chain, both within and between the formal sector and Jua Kali entities (ROK, 2015).

The furniture industry in Kenya is underdeveloped and is yet to achieve its full potential. With high level of unemployment in Kenya, this industry has the capability to employ both professional workers and artisans. Recently, the Kenyan government has embanked in revitalization of technical trainings in the country. Furniture making is among the most promising sectors in the vocational trainings. These efforts by the government are geared towards providing an adequate and appropriate skilled Artisans, Craftsmen, Technicians and Technologists at all levels of the economy through practical training and work experience. This is envisioned to reduce the burden of unemployment in the country and also assist the nation in its emerging need to achieve a new economic status through the achievement of vision 2030.

1.1.5 Entrepreneurial Management

Brown et al., (2011) notes that entrepreneurial management has definite conceptual dimensions. These are highlighted as strategic orientation, commitment to opportunity, commitment of resources, control of resources, management structure, reward philosophy, growth orientation, and entrepreneurial culture. Stevenson (2010) holds that entrepreneurial management practices can help firms remain vital and contribute to firm and societal level value creation. Stevenson (2010) argues that entrepreneurial value creation process can take place in any type of organization.

According to Stevenson and Jarillo (2011) "entrepreneurship is more than just starting new business. Entrepreneurial management may be seen as a 'mode of management' different from traditional management".

According to Egbule et al., (2018) define entrepreneurial management as a "mode of management" that is proactive, opportunity-driven, and action-oriented. In this regard, entrepreneurial management style is evidenced by the firm's strategic decisions and operating management philosophies. The entrepreneurial management tries to establish and balance the innovation abilities of the organization with the efficient and effective use of resources. It can initiate changes and react to the changes quickly and flexibly. Egbule et al., (2018) definition of entrepreneurial management tends to center around the pursuit of an opportunity.

According to Teece (2016), scholars and practitioners often associate the entrepreneurial management (EM) of a firm with private owned business entities. Within the context of organizational entrepreneurship, research shows that EM of a firm has a significant relationship with its performance. Majid, Ismail and Cooper (2011) conducted a study in Malaysia. The study sought to establish prevalence of entrepreneurial management practices in technology-based firms. The results suggest that a large majority of the firms that were included in the study were seen to be entrepreneurial. Further inquiry into entrepreneurial management construct showed that the results were mixed on the prevalence of entrepreneurial management in the firms. For the firms with high affinity for entrepreneurial propensity, there was high prevalence of management structure, strategic orientation and entrepreneurial culture dimensions. However, the firms sampled had average scores for the growth orientation and resource orientation dimensions.

A study in South Africa, (Kroop et al., 2012) discovered that international entrepreneurial business venture performance is positively related to the innovative component of EM. South Africa has experienced "significant political, social and economic change" over the past 20 years (Rogerson, 2015). As, such, embracing an emerging 'enterprise culture' in the informal sector was therefore considered a potential solution to some of South Africa's economic problems (Williams 2013).

Studies conducted in Namibia indicate that companies, as they are smaller in size, are more vulnerable because of their limited access to capital, debt capacity, market share, technology acquisition, among others (Kambwale et al., 2015).

In Uganda, Singh, and Gibbs. (2013) highlights that the entrepreneurial manager tends to create new value through identifying new opportunities, attracting the resources needed to pursue those opportunities, and building an organization to manage those resources in the course of the entrepreneurial process. His claims are further supported by Brazeal and Krueger (2014) who indicate that an entrepreneurial manager takes up any opportunity for promising business disregarding the level and nature of resources he/she is currently controlling.

This study will focus on entrepreneurial management and growth of micro and small furniture manufacturing enterprises in Kenya. Statistics from Kenya National Bureau of Statistics (KNBS) show that MSEs contribute about 70% to the country's GDP (ROK, 2017). According to government statistics, the SME segment in Kenya contributes over 80% of the countries employment with majority of new jobs being created in that sector (430,000 out of 503,000 new jobs created in 2011). Therefore, MSEs are an important segment in the country. Promotion of MSEs and especially of those in the informal sector is viewed as a viable approach to sustainable development because it suits the resources in Africa. MSEs are the main source of employment in developed and developing countries alike, comprising over 90% of African business operations and contributing to over 70% of African employment and GDP (Okafor, 2010).

Devolution in Kenya has presented MSEs with new challenges (Gero et al., 2017). According to Ong'olo and Odhiambo (2013) the challenges include little public/private dialogue at the county level, and little consultation with MSEs on the ground, and poor coordination between national and county governments that has led to poor enforcement of regulations impacting MSEs. Similarly, African Development Bank, (2013) highlighted that uncertainty surrounding devolution is discouraging private sector investment which adversely affects growth of MSEs. The 2015 Kenya Economic Survey established that MSEs contributed about 18.4% of the

country's Gross Domestic Product (GDP) and that 80.6% of jobs were in the MSE subsector (ROK, 2015). Despite their significance, past statistics indicate majority of MSEs fail within their first few years (KNBS, 2017).

1.2 Statement of the Problem

MSEs in furniture manufacturing industries face inadequate financing at 5.6% by financial institutions, poor marketing/advertising strategies at 38% and inability to innovate at 31.6% (Republic of Kenya, 2016). Furthermore, MSEs have consistently displayed inability to respond to random and especially high quantity of furniture orders of any particular kind from suppliers both local and international. The UNDP Report (2015) pointed out that MSEs in Kenya have low managerial ability, thus poor performance reflected in their high failure rates and stagnant growth. The inability to match production of furniture to demand by MSEs is a serious threat to their performance, survival and growth. A report by Kenya National Bureau of Statistics (2017) indicates that 3 out 5 businesses fail within the first few months of operation and of those that continue, 80% of them fail before the fifth year.

In 2013, the furniture market in Kenya stood at approximately US$496 million in sales, with a Compound annual Growth rate (CaGr) of 10% over the past 5 years. Furniture imports stood at US$66 million and constituted 13% of the total market. Imports of furniture grew at a CaGr of 24% from 2011 to 2015, while exports grew more slowly at a 10% CaGr. Ngaruiya (2014) notes that while furniture manufacturing in Kenya drops, furniture demand in Kenya is increasing due to increased purchasing power, population and growing urbanization. Therefore, it is clear that there is an opportunity for the furniture business in Kenya, yet, the business still struggles with stagnated growth and failure to meet the market demand.

Studies from Romania, Nigeria and Kenya indicate that three out five failed within the first few months' operation (Amadi, & Eze, 2019; Lungeanu, et al., 2017; Ngugi 2014). MSEs in furniture manufacturing in Kenya are expected to grow and expand to bridge the gap of the missing middle to create vertical integration with large manufacturing corporations. Szabo, and Csontos, (2016) did a study to assess entrepreneurial management in Hungarian SMEs. Reviewed studies, both local and

international have indicated the significance of EM in growth and performance enhancement of enterprises irrespective of their size. In Kenya, the furniture manufacturing, an industry that has been underdeveloped and neglected for long. In a bid to develop the industry, the researcher had the conviction that EM has the potential to stir growth in the furniture manufacturing industry. In this regard, this study sought to establish effect EM on growth of MSEs in the furniture manufacturing industry in Kenya. Therefore, this study sought to fill the gap in establishing the relationship between EM and growth of MSEs.

1.3 Objectives of the Study

The study was guided by a general objective and specific objectives.

1.3.1 General objective

The study sought to establish the relationship between entrepreneurial management and growth of micro and small furniture manufacturing enterprises in Kenya.

1.3.2 Specific Objectives

The study sought to establish the following specific objectives:

1. To assess the relationship between strategic orientation and the growth of micro and small furniture manufacturing enterprises in Kenya.
2. To ascertain the relationship between resource orientation and the growth of micro and small furniture manufacturing enterprises in Kenya.
3. To determine the relationship between reward philosophy and the growth of micro and small furniture manufacturing enterprises in Kenya.
4. To assess the relationship between entrepreneurial culture and the growth of micro and small furniture manufacturing enterprises in Kenya.
5. To establish the moderating effect of entrepreneurial networks on the relationship between entrepreneurial management and the growth of micro and small furniture manufacturing enterprises in Kenya.

1.4 Research Hypotheses

This study used alternative hypothesis, this is because alternative hypothesis offers specific restatements and clarifications of the research problem. The study was guided by the following hypotheses:

1. H_a: Strategic orientation significantly improves growth of micro and small furniture manufacturing enterprises in Kenya.
2. H_a: Resource orientation significantly improves growth of micro and small furniture manufacturing enterprises in Kenya.
3. H_a: Reward philosophy significantly improves growth of micro and small furniture manufacturing enterprises in Kenya.
4. H_a: Entrepreneurial culture significantly improves growth of micro and small furniture manufacturing enterprises in Kenya.
5. H_a: Entrepreneurial networks have a significant influence on the relationship between entrepreneurial management and growth of micro and small furniture manufacturing enterprises in Kenya.

1.5 Justification of the Study

There is a consensus that in successful corporates, entrepreneurship is linked to improvement in firm performance. Therefore, this study will be significant to the government agencies dealing with micro, small and medium enterprises in Kenya as it points out avenues that businessmen and other players in the business can follow to make micro, small and medium enterprises profitable and have sustainable growth. Therefore, the findings of this study will be important in guiding policy and regulation formulation aimed at enhancing entrepreneurial management for enhanced production and growth in micro, small and medium enterprise businesses.

Further, the study will be of importance to scholars and academicians alike. This is because, the study will identify gaps for future research. In addition, the study will contribute to the pool of knowledge in entrepreneurial management thereby making a significant contribution to research.

1.6 Scope of the Study

This study sought to establish the influence of entrepreneurial management on the growth of micro and small furniture manufacturing enterprises in Kenya. Specifically, the study sought to establish the influence of strategic orientation, resource orientation, reward philosophy and entrepreneurial culture on the growth of micro and small furniture manufacturing enterprises in Kenya. The study focused on entrepreneurs dealing with furniture manufacturing in Nairobi County. The study took about 36 months from writing the proposal, collecting data and analyzing it.

1.7 Limitations of the Study

Most of the respondents were entrepreneurs who are expected most of the time to be busy serving customers thus interruptions and inconveniences in data collection. The researcher was to wait till the customers have been served for him to be able to proceed. The researcher encountered respondents who were unwilling to fill the questionnaire. This was because information required in the study is sensitive and respondents may have feared victimization based on information they gave. To counter this challenge, the study assured the respondents of confidentiality of the data to be collected. In addition, the researcher explained to the respondents that the data would be used for academic purposes.

1.8 Organization of the study

The study was organized into five chapter as follows; chapter one covered background of the study, statement of the problem, objectives of the study, research hypothesis, justification, scope and limitation of the study. Chapter two contained introduction to the chapter, theoretical literature review, conceptual framework, empirical review, critique of literature, gap in knowledge and summary of literature review. Chapter three was made up of an introduction to the chapter, research design, target population, sample frame sampling size, data collection and instruments, data collection procedure, pilot testing data analysis and presentation. Chapter four consisted of an introduction to the chapter, response rate, result of the pilot study, background information of respondents, descriptive analysis, diagnostic tests and

statistical modeling. Chapter five contained an introduction to the study, summary of major findings, conclusion, recommendations and area for further research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This study sought to establish the influence of entrepreneurial management and it components of strategic orientation, resource orientation, reward philosophy and entrepreneurial culture on growth of MSEs in the furniture manufacturing industry in Kenya. This chapter, therefore, presents a theoretical review, empirical review of literature and conceptual framework. Also, in this chapter the study presents a critical review as well as a gap in knowledge.

2.2 Theoretical Literature Review

This section presents the theoretical foundation of the study. In order to achieve the objectives of this study, the study reviewed various theories that are relevant to the objectives of the study. The study therefore was guided by Contingency theory; Resource Based View Theory; Herzberg Hygiene Theory; Schumpeter's Theory of Innovation; Firm Growth Theory and Innovation Theory.

2.2.1 Contingency theory

Contingency theory is an organizational theory that claims that there is no best way to organize a corporation, to lead a company, or to make decisions (Burns & Stalker, 1961). Instead, the optimal course of action is contingent (dependent) upon the internal and external situation. Contingency theory depicts about every strategic orientation type and states that there is a manner that fits a firm's traits which lead to enhanced performance of the firm (Morgan, 2017). The objective of this study is the illustration of a thorough model of strategy formulation along with the relation between entrepreneurial management and growth of MSE in furniture manufacturing industry in Kenya.

In relation to this study, these patterns depict various interconnected and reinforcing traits of the organization that are imperative to the materialization of organizations'

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strategic goals. Strategic fit is the prime concept of strategy formation on the grounds of normative models; trivially this concept has been restricted to optimum performance (Seyranian, 2012). This discussion can be aptly concluded by describing capability and performance that goes along the organizational strategic orientation. The research question of this discussion is what is the relationship between strategic orientation and growth of MSEs?

2.2.2 Resource Based View Theory

Resource-based view (RBV) theory is used to provide a theoretical foundation to explore the antecedents that affect system quality and service. This theory suggests that organizational resources that are costly or hard to imitate help organizations retrieve competitive advantage. In the case of this study, competitive advantage is looked at in terms of growth of furniture manufacturing enterprises in Kenya. One resource-based research stream explained how resources are channeled and utilized to bring competitiveness (Ravichandran, 2013). This stream argues that resource availability determines organizational growth (Mao et al., 2016).

Several authors when referring to the Resource - Based View (RBV) do it more in a strategic context, presenting resources and capabilities as essential to gaining a sustained competitive advantage and, consequently, to a superior performance and hence growth of an organization (Wales et al., 2011; Stoyanova, V. (2018); Teece, 2018). The foci of RBV are competitive advantages generated by the firm, from its unique set of resources. According to RBV, a firm's internal strengths and weaknesses rest on two fundamental assumptions. First, building on Penrose (1959), this work assumes that firms can be thought of as bundles of productive resources and that different firms possesses different bundles of these resources. This is the assumption of firm resource heterogeneity. Second, drawing from Bargain, O., & Peichl, A. (2016)., This approach assumes that some of these resources are either very costly to copy or inelastic in supply. This is the assumption of resource immobility.

Basically, RBV describes a firm in terms of the resources that the firm integrates. Frequently, the term resource is limited to those attributes that enhance efficiency

and effectiveness of the firm for enhanced growth. A general resources' availability will neutralize the firm's competitive advantage. For a firm to take high levels of performance and a sustained competitive advantage, it needs to acquire heterogeneous resources that should be difficult to create, to substitute or to imitate by other firms.

Resources can be tangible or intangible in nature. Tangible resources include capital, access to capital and location (among others). Intangible resources consist of knowledge, skills and reputation, entrepreneurial management among others. Resources are insufficient for obtaining a sustained competitive advantage and a high performance as well (Teece, 2016). Being so, firms must be able to transform resources into capabilities, and consequently achieve growth. Firms reach a superior performance, not only because they have more or better resources, but also because their distinctive competences (those activities that a particular firm does better than any competing firms) allow them to make better use of them.

According to the Resource Based View Theory, competitive advantage stems from a firm's unique resources that are valuable, rare, and inimitable (Barney, 2001). Firm resources include both assets and capabilities. Assets are observable and can be valued, such as spatial preemption, brand equity, and patents. In contrast, capabilities are not observable and difficult to quantify; they are the glue that brings the assets together and deploys them advantageously (Makadok, & Ross, 2013). Because capabilities are deeply embedded in organizational routines, they are idiosyncratic and difficult to imitate or duplicate, which makes them the most likely sources of competitive advantage.

According to RBV capability can transform firm assets into superior performance (Nath et al., (2010). Therefore, in relation to this study, these specific capabilities come from the capacity of employees, resources available to the firm for enhanced product quality as well as level of employee motivation. Further, capabilities touch on the intricate aptitude for the firm to develop new products to match customer needs and expectations. This to a great extent would enhance performance of the firm.

Resource Based View Theory will be used in the study to support the resource orientation. Resource Based View Theory describes the usage of various valuable tangible or intangible resources at the MSE's disposal to enhance its growth. This study therefore utilizes the theory to assess how strategic orientation, resource orientation, reward philosophy and entrepreneurial culture leads to growth of MSEs

2.2.3 Herzberg Hygiene Theory

Herzberg et al., (1959) moved on from Maslow's hierarchical needs to examine what they termed "motivators" and "hygiene factors" in the workplace, postulating that where job satisfaction was high there would be correspondingly high motivation. (1998) believes that the recent growth of worker participation in planning and controlling their work is due to Herzberg et al., 1959 recommendation that those factors which they find intrinsically rewarding (achievement, recognition, the work itself, responsibility and growth) should be emphasized. Nevertheless, if one follows Herzberg's et al.,1959 thinking to its logical conclusion, no matter how much emphasis is placed upon factors that staff find intrinsically rewarding, such as worker empowerment, supportive management, team work, delegated authority and responsibility, if hygiene factors, such as low pay, are not addressed their full effect will not be felt.

The interdependence of intrinsic rewards with extrinsic rewards with consequences for motivation has also been postulated (de Charms, 1972, Hoole, & Hotz, 2016). However, it would appear that there is limited applicability of this cognitive evaluation theory in the world of work and that further research is required. Herzberg Hygiene Theory will be used in the study to describe the reward philosophy in MSEs and how it motivates the employees for enhanced performance. This eventually results in growth of the organization.

2.2.4 Schumpeter's Theory of Innovation

Leyden, D. P., & Link, A. N. (2015). highlights the role of innovation in the entrepreneurial process. Schumpeter (1942) describes a process of "creative destruction" where wealth creation occurs through disruption of existing market

structures due to introduction of new goods and/or services that cause resources to move away from existing firms to new ones thus allowing the growth of the new firms. Accordingly, Schumpeter calls innovation the specific tool of entrepreneurs, the means by which entrepreneurs exploit change as an opportunity for a different business or a different service. Schumpeter (1942) stressed the role of entrepreneurs as primary agents effecting creative destruction, and emphasized to the entrepreneurs the need to search purposefully for the sources of innovation, the changes and their symptoms that indicate opportunities for successful innovation; as well as their need to know and to apply the principles of successful innovation.

Schumpeter's Theory of Innovation will explain entrepreneurial culture where ideas are more important than resources and furniture manufacturing MSEs usually have more ideas than their resources. The theory will look into how frequently the firm encourages and promotes new ideas, creativity, experimentation, and broad search for opportunities within the firm.

2.2.5 Firm Growth Theory

According to Green et al., (2006), firm growth theory, contends that, as a result of industrialization and economic growth, MSEs are likely to disappear and be replaced by modern large-scale industry. This theory has, however, been shown to be inaccurate in the sense that MSEs do not normally compete directly with large enterprises; rather, they often tend to remain micro and small, co-existing with large multi-national companies, a phenomenon the World Bank has identified as the 'missing middle' (Ryan, 2015). For example Mead (2013) in a study of Botswana, Kenya, Malawi, Swaziland and Zimbabwe, and Somarathna (2015) in Sri Lanka found that most MSEs started with one to four employees and never expanded; less than 1% grew to exceed 10 employees. The relevance of this theory lies in preposition that the growth of MSEs can contribute to poverty reduction through employment generation.

Firm growth is a way to introduce innovation and is a theme of technological change (Pagano & Schivardi, 2013). The evolution of the size of incumbents and new entrants determines market concentration. If small firms grow at a high rate, market

competitiveness will increase (Shepherd, 2014). Audretsch and Lehman (2015) found that there is a positive impact on firm growth when a firm invests in R&D. Also, Thornhill (2015) confirmed that innovations are positively correlated with firm performance, as measured by revenue growth. Undoubtedly firm growth is an objective a firm needs to survive and be competitive and is the result of individual and collective effort. However, authors such as Suárez (2015) pointed out that in a more globalized economy, it is more important for firms to concentrate on the production of added value products than on oversizing.

According to Scherer (2017), there are more factors that influence the size and growth of firms that include economies and diseconomies of scale, mergers and acquisitions and the impact of government policies. Further, Delmar (2015) proposed 7 growth indicators that include financial or stock market value, number of employees, sales and revenue, productive capacity, value of production and added value of production.

With regard to this study, the firm growth theory explains that MSEs in Kenya, are likely to grow into large firms given the right entrepreneurial boost. In this regard, investment into R&D as a strategic orientation strategy is key for the growth. Further, adoption of technology and proper use of available resources, while rewarding employees commensurately, are a function, which if well played by the entrepreneurs will result in enhanced growth. Growth in furniture business can also be measured in line with Delmar (2015) proposed 7 growth indicators; profits, increase in the number of employees in the business, increase in sales and thus revenue, increase in productive scale, value of production as a result of innovation and adding value to new and existing products.

2.2.6 Network Theory

The study will make use of Network Theory to investigate the moderating effect of entrepreneurial networking on entrepreneurial management and growth of micro and small furniture manufacturing enterprises. Network theory comes from the Granovetter's (1973) strength of weak ties theory and Burt's (1992) structural holes theory. "The Strength of Weak Ties," concerns the role of weak social ties in

diffusing ideas and information. The theory measures tie strength through the frequency of contact, asking micro and small enterprises owners on how often they interacted with each other at the time they acquired a business resource(s) or vital information. The contact is usually a non-personal relationship ("weak ties").

Schramm (2006) notes that entrepreneurial networking in its purest form is simply talking to people, making connections and developing rapport to grow your circle of influence. By developing long-term relationships for mutual gain and creating lasting impressions with people you will be learning a life skill which has many applications for you both personally and professionally (Chesbrough et al., 2017).

There are various advantages of entrepreneurial networks. Sirkin et al., (2013) found that entrepreneurial networks create social capital for individuals. Further, they assist in information sharing; the depth of knowledge and experience from a group of people, connections when opportunity arises. Having a large entrepreneurial network may assist in career advancement, promoting a new product launch, or driving new members to your organization. Other advantages of entrepreneurial networks include credibility which improves reputation and finding support that enhances self-esteem (Bijlsma-Frankema & Costa, 2009).

In relation to the study, entrepreneurial networks assist in the growth of micro and small furniture manufacturing enterprises in Kenya. Entrepreneurial management is expected to stir growth in furniture manufacturing MSEs. However, entrepreneurial networks are expected to moderate the interaction between Entrepreneurial management and growth. This is because entrepreneurial networks create social capital, are the locus of innovation, create trust and increase forbearance and inspire conformity in business. If the entrepreneur uses entrepreneurial networks he/she is likely to experience enhanced growth in the business.

2.2.7 Entrepreneurship Theory

The early theorists such as Richard Cantillon developed one of the earliest theories of entrepreneurship way back in 1725 focusing specifically on the individuals involved in an enterprise development. It is indeed true that nearly all entrepreneurs

want their businesses to grow (Nieman & Pretorius, 2014) and become large enterprises. The study of Zimmerer and Scaborough (2008), points out to the definition that, "an entrepreneur is a person who creates a new business in the face of risk and uncertainty for achieving growth and profit by identifying significant opportunities and assembling the necessary resources to capitalize on them". This phenomenon seems to be true in the context of this study. Ability to take risks is of essence and the motivation of making profit are key to any successful entrepreneurial undertaking. Accordingly, it can be deduced that entrepreneurial ventures are those businesses that have profitability and growth as their primary objectives. This characteristic if well utilized and lived can explain vividly why some businesses remain in the same state year in year out while others develop and move from small scale to medium scale hence large scale.

In relation to the study, comparing how it was at the beginning of the twentieth century, there has been tremendous increase in global interest in MSE growth by individual theorists, governments, and institutions. It can be noted that over the last quarter of the twenty first century there has been a remarkable recognition of small firms in many countries, "centrality as a necessary competitive instrument in the development of a modern, vibrant and progressive economy"

2.3 Conceptual Framework

A conceptual framework is a detailed mental formulation of ideas that give direction to a study. It enables the interaction between dependent and independent variables to be portrayed (Maxwell, Delaney, & Kelley, 2017). For any phenomenon, the independent variable is the cause while the dependent variable is the outcome. In this study, the dependent variable will be growth of MSEs in furniture manufacturing industry in Kenya while the independent variables will be the factors that are thought to influence the realization of the dependent variable; they include strategic orientation, resource orientation, reward philosophy and entrepreneurial culture. On the other hand, a moderating variable is a variable that might affect the relationship of the dependent and independent variable but it is difficult to measure or to see the

nature of their influence. In this study the moderating variables are the entrepreneurial networks.

Strategic Orientation
- Investment in Products development planning
- Investment in New market research
- Number of Strategic partnerships
- Investment in Reputational

Dependent Variable

Resource Orientation
- Amount of Capital injected
- Investment in Location
- Additional Skills training/ Hires
- Number of referrals

Growth of MSE
Increase in:-
- Sales
- Number of employees
- Branches
- Product lines

Reward Philosophy
- Number of Salary reviews
- Number of Fringe benefits
- Number of awards/ Recognition
- Number of Promotions

Entrepreneurial Culture
- Number of Ideas
- Number of trials
- Number of unique designs
- Number Innovations

Entrepreneurial Networks
- Number of Customers
- Number of Competitors
- Number of Financial institutions
- Number of Distributor agents (whole sellers, retailers and agents)

Independent Variable

Moderating Variable

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Figure 2.1: Conceptual Model

Source: Author 2021

2.3.1 Strategic Orientation

This is the principle of strategic orientation that direct and influence the activities of a firm and generate the behaviors intended to ensure the viability and performance of the firm (Gatignon & Xuereb, 2013). Magnificence in activities is achieved through key indicators (strategic) which are the back bone of a firm; strategic orientation refers to such type of key indicators. Strategic Orientation describes what factors drive the creation of strategy. The promoter's strategy is driven by the opportunities that exist in the environment and not the resources that may be required to exploit them. As opportunities drive strategy, almost any opportunity is relevant to the firm. Once an opportunity is identified, resources to exploit it need, of course, to be marshaled. Conversely, the trustee's strategy is to utilize the resources of the firm efficiently. The resources are the starting point and only opportunities that relate to existing resources are relevant to the firm.

Mu, Thomas, Peng, and Di Benedetto (2017) highlight that a firm's strategic orientation reflects the strategic directions implemented by a firm in order to create the proper behaviors for the continuous superior performance of the business. A firm invests its resources in activities that reflect its strategic orientation. Three major strategic orientations can be identified from the list of factors which determine the success or failure of new products: the firm's consumer orientation and its competitive orientation often covered jointly under the label of market orientation and the firm's technological orientation. While inter-functional coordination has been considered as part of the market orientation concept (Mu, Thomas, Peng, & Di Benedetto, 2017). James and Hatten (2010) indicate that business organizations balance the product-market scope and creates respective aiding mechanisms to achieve superiority in a specific scope. They mentioned four mechanisms which firms use to face such kind of problems; prospectors, defenders, analyzers and reactors.

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Prospectors operate in a manner that is creative, innovative and creative at its core and they aim at exploring and using up untapped product and market arenas and opportunities. On the other hand, defenders, chase stability. Their target is to maintain total control of the pre-captured customer base and market share. Analyzers are prone to having the merits of both afore mentioned strategic orientations i.e. prospectors and defenders and seem to absorb in themselves the right things from both, because they not only aim to tap new product-market arenas in a cause to flourish, but also look to maintain the serene and tranquil product market arenas on which they tend to have suzerain control. In total strategic disagreement to all other strategic orientation types, reactors tend to be altogether different because they have no proper response to the dynamic entrepreneurial problem. According to studies in the past decades, reactors constitute a meager stake of the business firms.

2.3.2 Resource Orientation

According to Grant (2015) resource orientation defines the capabilities of a firm. The resources and capabilities of the firm are the main competences for formulating strategy. Resource is limited to those attributes that enhance efficiency and effectiveness of the firm. Roman, M. (2013).,explains that entrepreneurs need not necessarily own capital but need to be consistently alert to profit opportunities in order for their business to thrive and consequently maintain organizational growth. The entrepreneur must watch out the discrepancies in prices that can be exploited for personal gain (Roper, 2012). Miller and Shamsie (2010) highlights that resources should have some capability to generate profits or to avoid losses. A general resources' availability will neutralize the firm's competitive advantage. Entrepreneurs know that, for a firm to take high levels of performance and a sustained competitive advantage, it needs to acquire heterogeneous resources that should be difficult to create, to substitute or to imitate by other firms.

Resources can be tangible or intangible in nature. Tangible resources include capital, access to capital and location (among others). Intangible resources consist of knowledge, skills and reputation, entrepreneurial management, among others (Runyan et al., 2014). RBV theory defends that, under the imperfection of markets

exists a diversity of firms and a variation in the specialization degrees that provokes a limited transfer of resources i.e. in type, magnitude and nature. Therefore, the main reason for firms' growth and success can be found inside of the firms, that is, firms with resources and superior capabilities will build up a basis for gaining and sustaining competitive advantage.

Entrepreneurial management is intimately linked to better access to critical resources and the ability to make more productive use of the resources (Messersmith & Wales, 2013). Knight and Cavusgil (2014) found that entrepreneurial management may be especially important to small firms because it appears to drive them toward developing high-quality, distinctive, and technologically advanced goods. However, a venture must have access to the resources that enable it to go international in order to realize these benefits (Fernhaber et al., 2013). Especially for resource scarce MSEs the efficiency of knowledge sharing with local partners is highly critical (Setini et al., 2020).

2.3.3 Reward Philosophy

Reward philosophy is acknowledged as a valuable mechanism with which to transform entrepreneurial resources into firm performance and therefore growth. Compensation and incentive system are the most under-researched area in human resource, especially in the context of small business (Gupta & Shaw, 2014). In the context of entrepreneurial approach, reward philosophy allows employee compensation to lay emphasis on innovation (Bradley et al., 2011). However, there is a strong tendency that MSEs suffer from poor labor productivity even after raising wage.

On the other hand, the workers in MSEs also suffer from poor human resource system. In the Indonesia context, the informal workers comprise 70% of workforces. They work with for very low wages, irregular working time, and no social security (BPS Statistics Indonesia & Asian Development Bank, 2010). Reward philosophy is one of the most critical issues for competitive advantage of the firm. This concept lays emphasis on innovation. Firms provide greater reward for innovative employees, which becomes direction of strategic of the firm (Puranam et al., 2013). This allows

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reward philosophy with entrepreneurial context to be aligned with business strategy. However, increasing compensation may bring about a tight compensation budget for the firms. This raises debate on the degree of a match between firms and their employees through improvement in effort-reward balance.

The challenges come into the transformation process of resources into performance, especially as it is embedded in employees. To understand the complex relationship among performance, reward philosophy and entrepreneurial management, it may be useful to consider entrepreneurial networking as a mediating variable; especially from the role of product development and marketing (Qureshi & Kratzer, 2012). Firms with greater entrepreneurial management (EM) and reward philosophy may fail to achieve their target unless they gain greater marketing capability (MC) through entrepreneurial networking.

2.3.4 Entrepreneurial Culture

The claim that differences in economic success may be related to the presence or lack of an entrepreneurial culture is not new. Recent literature mainly in field of regional science and economic geography increasingly attributes the economic success of regions to non-economic elements, of which the presence of an entrepreneurial culture is frequently mentioned. The trend to explain regional economic success in terms of non-economic factors has resulted in numerous ill-defined concepts generally referring to the role of an entrepreneurial culture, like 'regional innovative capacity' (Lawson and Lorenz, 2011), 'enterprise culture' (Amin & Tomaney, 2013), 'entrepreneurial ability' (Kangasharju, 2010), 'entrepreneurial human capital' (Georgellis & Wall, 2010), 'entrepreneurial climate' (Goetz & Freshwater, 2011) and 'regional cultures of innovation' (Venkataraman, 2014). These authors argue that local social conditions play an important role in the genesis and assimilation of innovation and its transformation into economic growth. Entrepreneurial culture is seen as an important element of a regional culture facilitating the success of regional clusters and regional economies in general. Still, empirical research on the link between culture and entrepreneurship as a driving force of economic development is not well developed.

The promoter firm encourages ideas, experimentation and creativity, thus developing an entrepreneurial culture in which new ideas are valued and sought out (Fellnhofer, 2017). As opportunity is the starting point, a broad range of ideas is worth seeking and considering. Conversely, if currently controlled resources were the starting point, then only ideas that relate to these resources would be relevant. With this narrow span the flow of ideas judged worthy of consideration would be much smaller even if ideas were actively sought for. Therefore, promoters create a work environment that is full of ideas, while trustees create a work environment with just enough ideas to match the resources of the firm, or even a lack of ideas (Amin & Tomaney, 2013).

Amin and Tomaney (2013) notes that administrative culture is concerned with assuring the continuation of existing projects and the participation of existing players. Therefore, only those projects which fit existing corporate resources are acceptable and only ideas that relate to these corporate resources are encouraged (Brown et al., 2011). Differently, entrepreneurial culture encourages ideas, experimentation and creativity by valuing and seeking new projects, also related to new product and market areas. Thus, entrepreneurial culture enables the creation of what Nonaka and Takeuchi (2015) label 'requisite variety' and identify it as one of the key conditions for the creation of new knowledge in organization.

2.3.5 Entrepreneurial Network

Entrepreneurial networks are a socially constructed strategic alliance for instituting change, developing growth and thus creating the future. Entrepreneurial networking extends the reach and abilities of the individual to capture resources that are held by others and so improve entrepreneurial effectiveness (Shu et al., 2018). According to Davidsson and Honig (2013) entrepreneurial networks forms a key part in entrepreneurial social process; they operate as a linking device to others; they provide an embedding mechanism and they may be utilized as the social platform for entrepreneurship. Minitti (2015) notes that, by entrepreneurial network, a potential entrepreneur acquires information and skills; he/she meets other individuals who have similar or complementary expertise; he/she learns the ropes of how to find

competent employees, inputs at affordable prices, financial support and, most important, potential buyers, by observing others.

Valkokari and Helander (2015) noted that the building process of entrepreneurial networks is uncertain and involves socio-psychological aspects. According to Biggiereo (2011), entrepreneurial networks of MSEs are especially based on personal relationships, where the small companies' entrepreneurial networks overlap with entrepreneurs' entrepreneurial networks. Gummesson (2014) suggests that, just as society is based on a complex entrepreneurial network of relationships, so is business and that by actively entrepreneurial networking, people can gain a business advantage over their competitors. Groen (2015) indicated that firms cooperate beyond their individual scope with other organizations, large and small, to exploit new technologies in entrepreneurial networks in what is considered to be entrepreneurial networking. In SMEs, strategic cooperation and entrepreneurial networks allow MSEs to compete and innovate in a dynamic business environment. The success of a company depends also on its collaboration with other organizations that influence the creation and delivery of its products or services (Valkokari & Helander, 2015).

A challenge for SME's is to use entrepreneurial networks in a proper way and to profit from organizations within these entrepreneurial networks. Hite and Hesterly (2011) note that the role of entrepreneurial networking in new businesses is well established while much less is known on how entrepreneurial networking operates and changes for existing businesses. This gap in knowledge is particularly profound for growth which is surprising, given that growth is an entrepreneurial fundamental (Lechner and Dowling, 2013). The entrepreneur plays a crucial role in building both formal and informal relationships with people within their society who are, or may become, material in assisting them to progress the growth ambitions of their enterprise. Such entrepreneurial networks are an intangible asset. The more entrepreneurial networking activities an entrepreneur engages in, the larger his personal network and the more central his position in it should be (Witt, 2014). However, some entrepreneurs have no aspirations to create growing companies, so

they may purposefully restrict their network size and their networking activities (Jack, 2015).

According to Witt (2014), to measure networking activities, one of the proposals is to state the amount of time an entrepreneur invests in a defined period on the creation, preservation, and enlargement of his personal network. Another suggestion is to measure the frequency of communication between the entrepreneur and network partners during a defined time. Also the structure of the network could be measured by different items, such the size of an entrepreneur's personal network and the heterogeneity of network contributors or their diversity (such as different groups of people-family, friends, and business partners). Another structural measure is the density of network which means the number of direct relations between the entrepreneur's personal network partners. The third attribute of the network characteristics is the output of the network, which consists of benefits attained through entrepreneurial networking activities. The benefits could be measured by frequency of new information provided by other contributors in the network or by their supportive actions.

Networking and the practice of business networking has grown in popularity with firms seeking to generate business by referral (Misner & Morgan, 2016). Networking in MSEs varies in different dimensions that could be classified into; level of networking; strength of network ties, and; networking proactivity (O'Donnell, 2014) on the continuum. The level of networking refers to the range of the network and it should be positively connected to the companies' ownership. Therefore, the level of networking in which an owner-entrepreneur engages, could be positioned on a continuum from limited to extensive (O'Donnell, 2014), where limited refers to a small network with some connections, and extensive refers to a network with many connections. The strength of network ties is defined as a combination of time, emotions, intimacy, level or maturity, degree of trust, and previous experiences between actors. Strong ties are relations that an entrepreneur can count on, and weak ties as relations in which people typically have little emotional investment. Therefore, the strength of tie between an entrepreneur and a network participant can be positioned along a continuum from weak to strong (O'Donnell, 2014). The degree

of networking proactivity is related to the entrepreneur and partly to other actors involved in a particular network. The level of networking proactivity could be on a continuum from reactive to proactive (O'Donnell, 2014).

Despite all the benefits that entrepreneurial networks offers business, little is known about the association between networking activity and firm performance (De Propris 2010; Miller 2013). Measuring performance in entrepreneurial networks is described by Iacobucci (2017) as being permeated with difficulty due to the problems of comparing one network with another. Measuring firm performance within a network is dependent on access to relevant financial information (Terziovski, 2013; Watson, 2015).

2.4 Empirical Review

This section presents a review of past literature. A review of literature is done in line with the objectives of the study. Therefore, a review is done on strategic orientation, resource orientation, reward philosophy, entrepreneurial culture, and entrepreneurial networks.

2.4.1 Strategic Orientation

Wickham (2011) indicated that an entrepreneurial management seeks to establish and balance the innovation abilities of the organization with the efficient and effective use of resources. It can initiate changes and react to changes quickly and flexibly. A study by Bhave (2014) in Australia indicated that, in the course of the entrepreneurial process, the entrepreneurial manager creates new value through identifying new opportunities, attracting the resources needed to pursue those opportunities, and building an organization to manage those resources. Byers, Kist and Sutton, (2013) in Florida indicated that information provided through weak ties enable entrepreneurial managers to identify opportunities; hence they are rich sources of entrepreneurial ideas. Having identified an opportunity, the entrepreneur needs to determine which interpersonal relationships are crucial for support; and most of his or her time must be spent on building, negotiating, and maintaining these relationships As a result, a new social network emerges, in which the entrepreneurial

manager becomes a central figure. This is a strategic orientation whereby the entrepreneur taps the ideas in his/her network to grow the business.

In South Africa, Hortoványi and Szabó (2017) established that entrepreneurship researchers have specifically focused on social aspect of entrepreneurial managers. Elfring and Hulsink (2015) while studying emerging organizations in South Africa highlighted those entrepreneurs make strategic choices regarding their network; they add new ties, upgrade weak ties to strong ties, or drop ties according to the changing needs. Hite and Hesterly (2011) conducted a study in Ghana to investigate the evolution of firm entrepreneurial networks, from emergence to early growth of the firm. They established that, entrepreneurs are ready to move beyond their close, initial core network if they are to meet their changing resource needs. Further review of literature indicates that entrepreneurial management also focuses on strategic partnership. A study conducted in Nigeria by Floyd and Lane (2014) established that entrepreneurial managers are indeed more strategic in developing their social capital in accordance with their changing resource needs. By contrast, administrative managers – just like gamblers – are rather spontaneous in developing their entrepreneurial networks. The network of entrepreneurial managers tends to have more weak ties and more structural holes. The aim of such a diverse entrepreneurial network is to provide sufficient resources through potential partners. The partners, with whom entrepreneurial managers collaborate, have more stakes in the collaboration than pure return of investment. These partners tend to share the same goal and interest; hence both of them are in a win-win situation in case the opportunity is realized.

Research also indicates that entrepreneurial management requires that the managers embrace learning. Helfat and Peteraf (2013) indicated that entrepreneurial managers tend to consider learning as part of the opportunity identification and exploitation process. According to the expectations, they tend to be persistent in testing the viability of business ideas and pursuing them despite initial odds. Kearney, Hisrich, and Antoncic (2013) noted that entrepreneurial managers are creative and creating real value. They are not letting go of a good opportunity because of the lack of resources but they are searching for new ways of doing things. This means adopting

technological innovation and investing in new distribution channels or discovering new niches. Niche consumers are not able to use mainstream products mostly due to pricing issues, but they are happy to make compromises in functionality to find a solution to their core need. The technological innovation does not deliver a social value on its own. Only the entrepreneurial manager is ready to transform the technological innovation into business and social value, or manage resources to previously unsolved social problems. Effective management of change is required but difficult, because change is risky. Outcomes from organizational change processes are a product of the firm's motivation, opportunity, and capability to change (Miller & Chen, 2012).

2.4.2 Resource Orientation

Entrepreneurial management is a prerequisite for success of a venture. Katila and Shane (2015) in their study to investigate when lack of resources forces new firms to innovate studied firms in Brazil. They did away with the conventional wisdom that low-competition, resource-rich, and high-demand environments support innovation. However, for the entrepreneurial manager Agarwal, Sarkar and Echambadi, (2012) while studying firms in Peru noted that resources may serve as important starting points, however, the scarcity of skills, time, and resources imply constraints. In this regard, Rao and Drazin (2012) conducted their study in New Zealand's mutual fund industry and established that resource constraints can be enabling when the management develops resource acquisition strategies to overcome these constraints. Further, Egbule, Utebor, and Enwemasor (2018) identified that entrepreneurial management tends to center around the pursuit of an opportunity and organization of resources for success of a business venture. In the course of the entrepreneurial process, the entrepreneurial manager creates new value through identifying new opportunities, attracting the resources needed to pursue those opportunities, and building an organization to manage those resources (Wickham, 2011).

In England, Stevenson (2010) highlighted that an entrepreneurial manager seizes any promising business opportunity irrespective of the level and nature of resources currently controlled. Consequently, an entrepreneurial manager is someone who acts

with ambition beyond that supportable by the resources currently under his or her control, in relentless pursuit of an opportunity. Mutegi, Wanjau and Musimba (2013) found that supply of financial capital, innovation, allocation of resources among alternative uses and decision- making are other functions of an entrepreneur. They therefore indicated that entrepreneur is someone who specializes in taking responsibility for and making judgmental decisions that affect the location, form, and the use of goods, resources or institutions.

According to Sundqvist Kylaheiko, Kuivalainen and Cadogan (2012) entrepreneurship management includes the allocation of resources carefully and entrepreneurial strategies to achieve high level of firm performance. Entrepreneurship management allows entrepreneurs to cope with uncertainty. Wang and Fang, (2012) notes that pay-offs associated with business environmental turbulence need to be taken into account in calibrating resource allocation. As such, Stopford and Baden-Fuller (2013) note that businesses needs strong entrepreneurial management to ensure optimal resource allocation for enhanced business performance. As noted by Brown et al., (2011) that entrepreneurship management is vital for organization growth as it involves organization of resources to create societal and firm value.

2.4.3 Reward Philosophy

Entrepreneurship management involves development of strategies aimed at improving organizational performance. There is positive relationship between reward philosophy and firm performance. Wei, Frankwick, and Nguyen (2012) highlight that participatory-based rewards has significant and indirect effect on firm performance. Ferguson and Reio (2010) indicates that payment system and other human resource practices have significant relationship with organizational and financial performance. Firm performance springs from reasonable incentive compensation (Ferguson & Reio, 2010; Bradley et al., 2011).

2.4.4 Entrepreneurial Culture

Adibaku, Westhead and Wright (2013) while doing a study of the focus of entrepreneurial research in Uganda, highlights that successful entrepreneur possess some preconditions that allow for growth in their firms. As such some entrepreneurs may show low tolerance for failure in business than others. However, a difference between entrepreneurs and non-entrepreneurs or managers in risk-taking skills is what creates the difference. Lynskey and Yonekura (2012) endeavored to create a framework for promoting corporate entrepreneurship in Africa; they conducted their study in Tanzania. The study established that, modern firms are increasingly encouraging entrepreneurship management at all levels of the organization. To foster entrepreneurial attitudes and behavior, entrepreneurial managers must give significant discretion to employees. Employees holding decision authority can be described as "proxy entrepreneurs," exercising delegated or derived judgment on behalf of their employers. Such employees are expected to apply their own judgment to new circumstances or situations that may be unknown to the employer rather than just to carry out routine instructions in a mechanical, passive way.

In Kenya, Bula (2012) established that entrepreneur acts in the static world of equilibrium, where he assesses the most favorable economic opportunities. The payoff to the entrepreneur is not profits arising from risk bearing but instead a wage accruing to a scarce type of labor and the role of the entrepreneur is separated from that of the capitalist. In addition to the risk bearing and management aspects, innovating is another function of the entrepreneur; as well as continuously seeking opportunities to minimize costs.

2.4.5 Entrepreneurial Network

Schoonjans, Van Cauwenberge, and Vander Bauwhede (2013) did a study on effect of formal business networking and SME growth. The findings indicated that formal business networking is significantly positively correlated with net asset and added value growth. Tendai (2013) noted that entrepreneurial networks are a socially constructed strategic alliance for instituting change, developing growth and thus creating the future. Networking extends the reach and abilities of the individual to

capture resources that are held by others and so improve entrepreneurial effectiveness. Entrepreneurial networks are an essential element in entrepreneurial social process; they operate as a linking device to others; they provide an embedding mechanism and they may be construed as the social platform for entrepreneurship.

Minitti (2015) in a study to establish relationship between Entrepreneurship and Network Externalities established that, by observing others, a potential entrepreneur acquires information and skills; he/she meets other individuals who have similar or complementary expertise; she learns the ropes of how to find competent employees, inputs at affordable prices, financial support and, most important, potential buyers. Moreover, Anderson and Miller (2012) in a study on human capital and social capital in entrepreneurial process established that because entrepreneurs are a product of their social environment, they will be conditioned by that environment and perceive opportunities in a manner that is influenced by their social background. Throughout this process his/her social environment remains important because his/her participation in a broadly defined network helps him/her to enact the contours of his/her entrepreneurial tasks. In this way we see entrepreneurship as a significantly social practice where networking acts as an organizing and governing mechanism to provide meaning, identity and resources (Jack Anderson & Drakopoulou-Dodd, 2013). Put more forcefully, entrepreneurship "is always already multiple, diverse, and distributed, recursively being constituted within specific settings and milieus" (Styhre, 2014:103).

2.5 Critical Review of Literature

According to Rao and Drazin (2012) noted that resource constraints can be enabling in certain conditions for entrepreneurial managers. Also, Kinyua, and Kimani (2015) slack may encourage suboptimal firm behavior, and often lead to sub-optimal organizational behavior. Shane (2014) also revealed that innovation capacity in general is greater in markets that are crowded, resource-poor, and small. However, it's critical to note here that resources are the beginning point for success and progress of any businesses. Businesses have to have optimal levels of resources to ensure to steer their operations. In fact, Agarwal, Sarkar and Echambadi, (2012)

noted that resources serve as important starting points, however, the scarcity of skills, time, and resources imply constraints which may spell doom for businesses. Resources are key in pursuit of opportunities. Wiseman and Bromiley (2013) highlighted that slacks negatively influences business performance.

According to Kinyua, and Kimani (2015), an entrepreneurial manager seizes any promising business opportunity irrespective of the level and nature of resources currently controlled. This proposition is however not necessarily true since firms seeks to exploit opportunities as allowed by the resources at their disposal whether owned or borrowed. Kinyua, and Kimani (2015) further indicated that an entrepreneurial manager is someone who acts with ambition beyond that supportable by the resources currently under his or her control, in relentless pursuit of an opportunity. This implies that, such an ambitious entrepreneurial manager may lead the organization into indebtedness especially if he/she has not thoroughly thought through the opportunity in terms of return rates. Fuller (2013) notes that businesses need strong entrepreneurial management to ensure optimal resource allocation for enhanced business performance.

2.6 Gap in Knowledge

The recent literature reveals a general although certainly not complete consensus around the position that successful corporate entrepreneurship is linked to growth in firms (Peltola, 2012). Most research about corporate entrepreneurship and firm's performance is based on Covin and Slevin's (2011) concept of entrepreneurial orientation that consists of three dimensions or behaviors: innovativeness, pro-activeness and risk taking. However, the area of entrepreneurial management; that encompasses strategic orientation, resource orientation, reward philosophy and entrepreneurial culture; and growth of enterprises have not received as much attention. Entrepreneurs are people who have a high need for achievement coupled with competitive spirit, strong self-confidence and independent problem-solving skills, and preference of taking calculated risks. Further, most of the existing literature is on blue chip companies, only a handful is in regard to MSEs and MSEs.

Therefore, this study was conducted among MSEs and specifically in furniture manufacturing MSEs.

2.7 Summary of Literature Review

Entrepreneurial management identifies gaps in the industry positioning map, decides to fill them, and the gaps grow to become the new mass market. Redefining either explicitly or implicitly the definition given long time ago to the business. The resources identified are tangible resources (financial capital, access to capital and location) and intangible resources (knowledge, skills and reputation, entrepreneurial management). This improves resilience and also helps to spot gaps in the market. As the literature points out, entrepreneurial managers in their effort to overcome these constraints often turn the initial drawbacks into competitive advantage (Christensen, 2013) by not playing the game better than competition but developing an altogether different game.

Entrepreneurial managers show a remarkable degree of confidence along the way the opportunity unfolds. They are confident in assuming that the missing elements of the pattern will take shape, and in expecting that the return envisioned from pursuing an opportunity is certainly worth the sacrifices, the investments, and even the short-term losses. To summarize, entrepreneurial management is characterized by firmness of purpose and relentless pursuit of an opportunity. MSE owner-managers with the right mix of embedded ties can more effectively mobilize their network's resources to achieve their goals than people or groups with less influential social connections can.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research design and outlines how variables were measured as well as the measurement instruments. A plan for the data collection and analysis is also outlined. Further, the section includes a target population and sample, data collection instruments, data collection procedures and data analysis techniques.

3.2 Research Design

Saunders, Lewis and Thornhill (2012) and Creswell (2014) define research design as a framework for the collection and analysis of data to answer a research question, meet research objectives while providing reasoned justification for choice of data sources, collection methods and analysis techniques. The research approach adopted in this study was a mixed method. The research design was causal, non-experimental and cross-sectional. The design also takes on a confirmatory element as it is based on prior hypotheses deduced from existing theories and empirical studies.

According to Schutt (2009), identifying causes, figuring out why things happen is the goal of most social science research. A nomothetic causal explanation involves the belief that a variation in an independent variable causes variation in the dependent variable, when all other things are kept constant (ceteris paribus). This study sought to determine the cause and effect relationship between the independent and the dependent variable. This study was therefore a cross-sectional and non-experimental and sought to establish the effect of entrepreneurial management on growth of micro and small furniture manufacturing enterprises in Kenya. In a cross-sectional, non-experimental research design was applicable in this study because, the researcher collected all data are at one point in time and had no control of the circumstances, situations, or experience of participants.

3.3 Target Population

Target population in statistics is the specific population about which information is desired. According to Hanlon and Larget (2011), a population is a well-defined ? or set of people, services, elements, and events, group of things or households that are being investigated. According to Cooper and Schindler (2008), population refers to an entire group of objects/individuals having common observable characteristics. It is also described as an aggregate of all that conforms to a given specification (Kothari, 2008). The target population of study were 10,345 owner managers of furniture manufacturing MSEs in Nairobi (Nairobi City County, 2017). The distribution of the owners in micro and macro enterprises is as shown on the Table 3.1.

Table 3.1: Population

	Sub counties	Micro enterprises	Small enterprises
1	Dagoretti north sub county	152	278
2	Embakasi central sub count	245	513
3	Embakasi east sub county	146	298
4	Embakasi north sub county	287	532
5	Embakasi south sub county	214	492
6	Embakasi west sub county	229	399
7	Kamukunji sub county	418	751
8	Kasarani sub county	211	506
9	Kibra sub county	273	418
10	Langata sub county	93	317
11	Makadara sub county	217	399
12	Mathare sub county	303	395
13	Roysambu sub county	289	401
14	Ruaraka sub county	117	229
15	Starehe sub county	196	378
16	Westlands sub county	262	387
Total		**3,652**	**6,693**

Source: Nairobi City County, Local Authority Integrated Financial Operations Management System Business Activity Code Summary (2017).

3.4 Sample Frame

The sampling plan describes the sampling unit, sampling frame, sampling procedures and the sample size for the study. The sampling frame describes the list of all population units from which the samples were selected (Cooper & Schindler, 2003). According to Alan Bryman (2012), sampling frame describes the selection of the units from which the sample is selected. Kombo and Tromp (2013) indicated that a sample is a finite part of a statistical population whose properties are studied to gain information about the whole. A sample was selected from the population of 10,345 owner managers of furniture business.

3.4.1 Sampling Technique

Ngechu (2004) underscores the importance of selecting a representative sample through making a sampling frame. The sampling frame describes the list of all population units from which the sample is selected (Cooper & Schindler, 2003). From the above population of 10,345 owner-managers of furniture business, a sample from within each group was taken using stratified random sampling which gives each item in the population an equal probability chance of being selected. According to Deming (2011) stratified proportionate random sampling technique produce estimates of overall population parameters with greater precision and ensures a more representative sample is derived from a relatively homogeneous population. Stratification aims to reduce standard error by providing some control over variance. The study grouped the population into strata i.e. Sub Counties within Nairobi county. From each stratum the study will use simple systematic sampling to select respondents from furniture manufacturing micro enterprises and small enterprises. Systematic sampling is a statistical method involving the selection of elements from an ordered sampling frame. Before data collection, the lists of micro enterprises and small enterprises were obtained from respective sub counties. The sampling starts by selecting an element from the list at random and then every k^{th} element in the frame is selected, where k, is the sampling interval (sometimes known as the skip): this is calculated as:

$$k = \frac{N}{n}$$

Where n is the sample size, and N is the population size.

3.5 Sampling Size

To determine the sample size of the owner-managers of furniture business in Nairobi, the study used a formula by Saunders, Lewis, and Thornhill (2012) for sample size determination (See Appendix V for sample size determination table).

$$n = \frac{\chi^2 NP(1-P)}{\sigma^2(N-1) + \chi^2(1-P)}$$

Where:

n = required sample size

N = the given population size from the sampling frame

P = Population proportion, assumed to be 0.50

σ^2 = the degree of accuracy; σ value is 0.05

χ^2 = Table value of chi-square for one degree of freedom, which is 3.841

The sample size was 373 owner-managers of furniture business in Nairobi. From micro enterprises, a sample of 132 respondents used in the study while in small enterprises a sample of 241 respondents was used. Since the study used systematic sampling, the following steps were used to select the sample.

For micro enterprises, from the list of 3,652 entrepreneurs, to calculate the sampling interval, the following formula was used. Please note that k is the sampling interval.

$$k = \frac{N}{n}$$

Where n is the sample size, and N is the population size.

$$k = \frac{3652}{132}$$

$$= 27.7$$

$$\approx 28$$

From the computation, the sampling interval (k) equals to 28. This therefore means that, from the list, every 28th element (entrepreneurs) is selected. A start point that is between element number 1 and element number 28 is selected at random after which every 28th element from the start point on the list is selected for the study.

For small enterprises, from the list of 6,693 entrepreneurs, to calculate the sampling interval, the following formula was used. Please note that k is the sampling interval.

$$k = \frac{N}{n}$$

Where n is the sample size, and N is the population size.

$$k = \frac{6693}{241}$$

$$= 27.7$$

$$\approx 28$$

From the computation, the sampling interval (*k*) equals to 28. This therefore means that, from the list, every 28th element (entrepreneurs) is selected. A start point that is between element number 1 and element number 28 is selected at random after which every 28th element from the start point on the list is selected for the study.

The sampled respondents were deemed knowledgeable on subject matter and therefore, they would be in a better position to provide credible information as sought by the study. Statistically, in order for generalization to take place, a sample of at least 30 must exist (Cooper & Schindler, 2003). Therefore, the choice of 373 respondents was adequate for generalization. The distribution of the sample size across the two categories of the respondents are as shown in Table 3.2.

Table 3.2: Sampling Size

	Sub counties	Micro enterprises	Small enterprises
1	Dagoretti North Sub County	5	10
2	Embakasi Central Sub Count	9	18
3	Embakasi East Sub County	5	11
4	Embakasi North Sub County	10	19
5	Embakasi South Sub County	8	18
6	Embakasi West Sub County	8	14
7	Kamukunji Sub County	15	27
8	Kasarani Sub County	8	18
9	Kibra Sub County	10	15
10	Langata Sub County	3	11
11	Makadara Sub County	8	14
12	Mathare Sub County	11	14
13	Roysambu Sub County	10	14
14	Ruaraka Sub County	4	8
15	Starehe Sub County	7	14
16	Westlands Sub County	9	14
Total		**132**	**241**

3.6 Data Collection and Data Collection Instruments

The study collected both primary data and secondary data. Secondary data was collected from books, journals and publications. The study used a questionnaire to collect primary data. A questionnaire is a tool of data collection in which each person is asked to respond to the same set of questions in a predetermined order (Bryman, Bell & Harley, 2018). Questionnaires were used because they enable a researcher to reach a large group of respondents within a short time and with less cost. They also help to avoid or reduce the biases which might result from personal characteristics of interviewers and since respondents do not indicate their names, they tend to give honest answers. The questionnaire contained closed-ended questions. Closed –ended questions guide respondents and restrict them to only specified choices given (Bryman, Bell & Harley, 2018).

3.7 Data Collection Procedure

The researcher informed the respondents that the instruments being administered will be for research purpose only and the responses from the respondents will be kept private and confidential. The researcher obtained an introductory letter from the university to collect data from the furniture businesses then personally deliver the questionnaires to the respondents. The questionnaire were administered individually to the selected sample. The questionnaires were issued and waited for the respondents to fill them, then collected. Where it was difficult for the respondents to fill in, a drop and pick later method was employed where the questionnaires were given out to the respondents and then collected later. To ensure high response rate, follow up calls were made to remind the respondents to complete the questionnaires. The researcher exercised care and control to ensure all questionnaires issued to the respondents are received, therefore, she maintained a register of questionnaires given out and the ones returned.

3.8 Pilot Testing

The researcher did a pilot testing of the research instrument to ensure its reliability and validity. Bryman, Bell and Harley (2018) argue that a pretest of the questions with suitable respondents can help assess whether the questionnaire is going to cause any problems for respondents. This section presents information on pretesting to ensure reliability and validity of the research instrument. The study conveniently selected a pilot group of 10 individuals from the population to test the reliability of the research instrument. According to Cooper and Schindler (2003), the pilot group can range from 10 to 100 subjects but it does not need to be statistically selected.

The pilot data was not included in the actual study. The pilot study allowed for pre-testing of the research instrument. The clarity of the instrument items to the respondents was established so as to enhance the instrument's validity and reliability. The pilot study enabled the scholar to be familiar with research and its administration procedure as well as identifying items that require modification. It helped the researcher to correct inconsistencies arising from the instruments, which ensured that they measure what is intended.

3.8.1 Validity of the Research Instrument

Validity refers to "the extent to which the empirical measure adequately reflects the real meaning of the concept under consideration" (Babbie, 1990). Due to the fact that the study used instruments which had been developed and not previously used on a similar expedition, the researcher deemed it necessary to assess their validity. The validity of an instrument can be inferred from three perspectives: face and content, validity; concurrent, or predictive, validity; and construct validity (Kumar, 1996). To establish the validity of the research instrument the researcher sought the opinions of experts in the field of study especially the researcher's supervisors and lecturers. This facilitated the necessary revision and modification of the research instruments thereby enhancing validity.

3.8.2 Reliability of the Research Instrument

Reliability refers to the extent to which a measurement scales or test is dependable, consistent, predictable and stable (Salkid, 2012). Reliability then refers to the extent to which test scores are free from measurement error. The greater the consistency of an instrument, the more reliable it is. Sekaran (2003) posits that reliability refers to the extent to which a set of variables is consistent with what is intended to be measured. Expressed differently, reliability is the ability of the research tool to produce the same results when it is used at different times, but in a similar setting (Turyasingura, 2011). Pretesting helped the researcher to correct inconsistencies arising from the instruments, which ensured that they measured what is intended. The researcher intends to conveniently select a pilot group of 10 individuals to test the reliability of the research instrument. According to Cooper and Schindler (2003), the pilot group can range from 10 to 100 subjects but it does not need to be statistically selected. This reliability estimate was measured using Cronbach Alpha coefficient (α). Nunnally (1978) recommends that instruments used in research should have reliability of about 0.70 and above.

3.9 Data Analysis and Presentation

The study generated both qualitative and quantitative data. There are three main objectives for analyzing data. The objectives include: getting a feel of the data, testing the goodness of the data and testing the hypothesis developed for the research (Sekaran, 2006). The feel of the data gave preliminary ideas of how good the scales were, how the coding and entering of data has been done. Testing of the goodness of data was accomplished by submitting data to factor analysis, obtaining the Cronbach's alpha reliability of the measure as stated earlier.

Also conceptual content analysis was used for analysis. Content is defined by Creswell (2013) as a technique for making inferences by systematically and objectively identifying specific characteristics of messages and using the same approach to relate trends. According to Mugenda and Mugenda (2003), the main purpose of content analysis is to study the existing information in order to determine factors that explain a specific phenomenon. According to Kothari (2000), content analysis uses a set of categorization for making valid and replicable inferences from data to their context. The study used correlation to show the degree of association between the independent variables and the dependent variable. Correlation is used when a researcher wants to predict and describe the association between two or more variables in terms of magnitude and direction (Oso, 2009).

Quantitative data collected through the questionnaires was checked for completeness and accuracy and usability. Descriptive statistics and content analysis were used to analyze the data collected. Closed questions were analyzed through the help of the Statistical Package for Social Science (SPSS) computer software by assigning numbers to responses for analysis of qualitative data as it is efficient and gives straight formal analysis.

The researcher further employed a multiple regression model to study the relationship between strategic orientation, resource orientation, reward philosophy and entrepreneurial culture influences on one hand and growth of MSEs in the furniture industry in Kenya on the other. The researcher deems regression method to be useful for its ability to test the nature of influence of independent variables on a

dependent variable. Regression is able to estimate the coefficients of the linear equation, involving one or more independent variables, which best predicted the value of the dependent variable. The researcher used multiple linear regression analysis to analyze the data. The regression model will be as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where: Y = Growth of MSEs; X_1 = Strategic Orientation; X_2 = Resource Orientation; X_3 = Reward Philosophy; X_4 = Entrepreneurial Culture, and; β_0 = Constant β_1 β_2 β_3 β_4 and β_5 = the regression equation coefficients for each of the variables, and; ε = error.

3.10 Testing for Multiple Linear Regression Assumption

The following assumptions were made:-

i). Average of all error terms is equal to zero ($E[\varepsilon] = 0$).

ii). $Var(\varepsilon) = \sigma^2$ i.e. constant equal to the error terms, ε's are homoscedastic (homoscedasticity assumption).

iii). Error terms are independent of each other.

iv). Error terms are normally distributed with a mean zero and σ^2.

v). Error terms and the independent variables are independent of each other.

The independent variables (X_1, X_2, X_3 and X_4) are not linearly related among themselves (assumption of multicollinearity).

vi). The dependent variable (Y) and the independent variables (X_1, X_2, X_3 and X_4) are linearly related (Assumption of linearity).

This study tested for presence or absence of multicollinearity, homoscedasticity, and linearity as following tests.

3.10.1 Linearity Assumptions

ANOVA test used for linearity testing. Specifically, SPSS will be used to calculate the F-statistic defined by:

$$F - \text{statistic} = \frac{R^2/(k-1)}{(1-R^2)/(n-k)}$$

R^2 = Coefficient of determination

If F is significant (P Value $< \alpha$), then it will be concluded that there is a linear relationship between the dependent variable and independent variables. The F statistic will be generated for non-linear component to test for the deviation from linearity. A p-value less than 0.05 would imply significant deviation from linearity and thus non-linearity implying violation of the linearity assumption. Linearity will be considered present where the p-value of the nonlinear component of ANOVA F-statistic is greater than 0.05.

3.10.2 Homoscedasticity Assumption

The scattered residual plot was used to show a virtual indication of the presence or absence of heteroscedasticity. Homoscedasticity of a variable implies that the variable exhibits a constant variance while heteroscedasticity implies that the variance changes. The assumption of homoscedasticity of the residuals is probably violated if: The residuals seem to indicate an increasing or decreasing function with increase in the predicted values. It is an indication that the variance of the residuals is not constant. The points in the plot lie on a curve around zero, rather than fluctuating randomly. A few points in the plot lie a long way from the rest of the points.

Shown on Figure 3.1 is an example of a diagram showing presence of heteroscedasticity hence violation of the homoscedasticity.
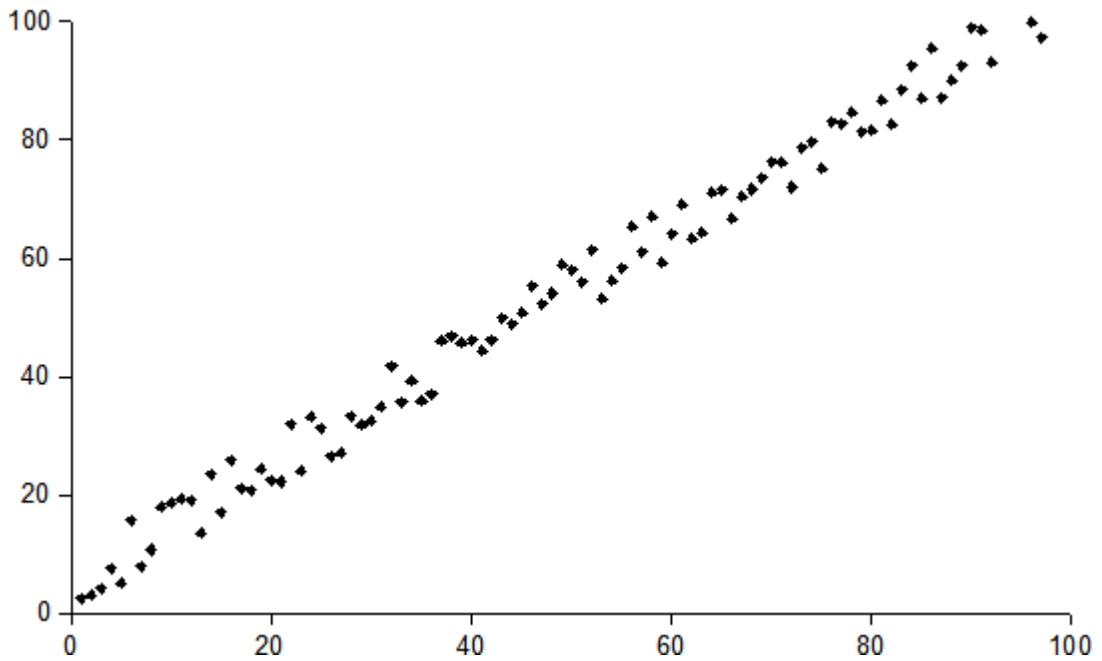
Figure 3.1: Residual plot showing violation of homoscedasticity assumption.

To confirm absence of heteroscedasticity, the Breusch-Pagan test was carried out. Here a BP Lagrange multiplier (LM) statistic which follows a chi-square distribution was computed for the residuals and used for the test. The BP statistic tests the hypothesis that H_0: residuals do not exhibit heteroscedasticity (residuals are homoscedastic). For a p-value less than 0.05, the hypothesis is rejected while if the p-value is greater than 0.05, the hypothesis is not rejected implying a conclusion of homoscedastic residuals thus non-violation of the homoscedasticity assumption.

3.10.3 Multicollinearity Assumption

Variance Inflation Factor (VIF) was used to test for multicollinearity among independent variables. To calculate for VIF, the following formula was used.

$$VIF = \frac{1}{1 - R^2}$$

If significant VIF is greater than 10 (VIF> 10), then multicollinearity is present. If VIF is between 5 and 10, ($5 \leq VIF \geq 10$), this illustrates moderate multicollinearity and if less than 5 (VIF< 5) it shows little (insignificant) multicollinearity.

3.10.4 Normality Assumption

Statistical linear equation modeling assumes that the residuals follow a normal distribution. To virtually indicate possible presence of normality, a histogram is plotted and assessed for skewness and high kurtosis. Normality is attributed to zero skewness and a meso-kurtic graph. A histogram with an extremely high kurtosis or which is skewed on either sides shows possible violation of the normality assumption.

To confirm normality with a statistical test, the Shapiro-wilk statistic was computed and significance of normality violation tested. Normality is attributed with a p-value of the Shapiro wilk statistic greater than 0.05.

3.10.5 Testing for Autocorrelation

The Durbin-Watson (d) statistic was used to test if the error terms are serially related. As a rough rule of thumb, if Durbin–Watson is less than 1.0, there may be cause for alarm. Small values of indicate successive error terms are, on average, close in value to one another, or positively correlated. To test for significant non-autocorrelation, the Durbin-Watson statistic is computed and compared to the values from the Durbin-Watson tables at 0.05 level of significance. Violation of the auto-correlation is attributed to a Durbin-Watson statistic less than the lower tabulated limit. The assumption is however not violated if the calculated Durbin-Watson statistic is greater than the upper tabulated limit.

3.11 Hypothesis Testing

A hypothesis test is a statistical test that is used to determine whether there is enough evidence in a sample of data to infer that a certain condition is true for the entire population (Oso, 2009). A hypothesis test examines two opposing hypotheses about a population: the null hypothesis and the alternative hypothesis. The null hypothesis is the statement being tested. Usually the null hypothesis is a statement of "no effect" or "no difference". The alternative hypothesis is the statement you want to be able to conclude is true (Mugenda & Mugenda, 2003). The hypothesis will be tested at 95% level of confidence ($\alpha = 0.05$). For hypothesis testing, P values will be used i.e. if P

value is less than or equal to α (level of significance) (P-Value $\leq \alpha$), the null

hypothesis will be rejected. This conforms that the claimed research hypothesis is correct at the specified level of significance.

3.11.1 Cronbach Alpha Testing

Cronbach Alpha was determined for every objective which formed a scale in the research. The pilot study involved 10 respondents. Cronbach's Alpha is a measure of internal consistency, that is, how closely related a set of items are as a group. To assess the reliability of the instruments thus the internal consistency to indicate how well different items on a scale measure the concepts which they are purported to measure a reliability test will be done. Internal consistency is calculated by measuring a statistic known as the Cronbach's alpha. Cronbach's alpha is considered a good measure of reliability in social science research when it is found to be 0.70 or above.

3.12 Research Ethics

Resnik (2011) defines ethics as norms for conduct that distinguish between acceptable and unacceptable behaviour, thereby protecting all the subjects in the research. The study collects sensitive information; therefore, the researcher holds a moral obligation to treat the information with utmost modesty. The researcher

assured the respondents of confidentiality of the information given to ensure that the respondents are not reluctant to give the information as sought by the study. Further, the study assured the respondents that the information collected was treated with anonymity. Participation in the study by respondents was voluntary and no forms of incentives or rewards were given to encourage individuals to participate. Also, the researcher did not pressurize or coerce anyone to participate and assured the respondents that they could withdraw from the study at any point if they felt uncomfortable.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

This chapter provides the results of the study performed to test the conceptual model and research hypotheses. First, it evaluates the response rate, reliability and validity of the survey constructs. Secondly, it collates the general background information of the respondents and descriptive analysis of the study variables. Finally, the chapter reviews the results of statistical analysis to test the research hypotheses as well as presenting discussions of the results and implication arising from the findings.

4.2 Response Rate

Response rate is the percentage of people who responded to a survey. According to Orodho (2009), response rate is the extent to which the final data sets include all sampled members and is calculated as the number of respondents with whom interviews are completed and divided by the total number of respondents of the entire sample including none respondents. The study targeted a sample size of 373 respondents from which 319 filled and returned the questionnaires making a response rate of 85.5%. This response rate was satisfactory to make conclusions for the study as it acted as a representative. According to Mugenda and Mugenda (2012), a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent. Based on the assertion, the response rate was excellent. According to Kothari (2004), a response rate of 50% is considered average, 60-70% is considered adequate while anything above 70% is considered to be excellent response rate. This response rate was, therefore, considered good representative of the respondents to provide information for analysis and derive conclusions.

Table 4.1: Response Rate

	Questionnaires Administered	Questionnaires filled & Returned	Percentage
Respondents	373	319	85.5

4.3 Results for the Pilot Study

The researcher conducted a pilot study aimed at assessing the reliability and validity of the research instrument. A pilot sample of 10 owners in micro and small furniture manufacturing enterprises were selected for the pilot study. The clarity of the instrument items to the respondents was established so as to enhance the instrument's validity and reliability.

4.3.1 Factor Analysis

To assess validity of the research instrument, factor analysis was carried out. Validity is the suitability of the instrument that is measured by assessing how well the instrument measures the study constructs. According to Bandalos and Finney (2010), factor analysis is one of the most useful methods in instrument development for establishing validity evidence based on internal structure. Factor analysis techniques are commonly used to assess the structure of scales and in measurement of the scales. Both Exploratory Factor Analysis (EFA) and Confirmatory Factor Analysis (CFA) are standard statistical tools for dimension reduction which are commonly used in the development of measurement scales.

Factor analysis techniques have a common goal for dimension reduction that is to uncover from a large set of observed variables to a reduced form of underlying constructs. EFA is used to explore the possible underlying structure of a set of interrelated variables without imposing any preconceived structure on the outcome (Child, 1990). In CFA, the researcher used prior theoretical and empirical knowledge that postulates the existing relationship structure to test the hypothesis that a

relationship existing between the observed variables and their underlying postulated latent construct(s).

From existing priori theories and empirical information, the study borrows from CFA for dimension reduction, and to assess the scale structures for purposes of validity measurement used by determining the variance extracting, factor loadings and factor scores. The factor loadings were used to determine whether the items used to measure the constructs belonged to the constructs they purport to measure. CFA specifies zero factor loadings to those items that do not belong to the factor based on priori theoretical and empirical information while to those items that belong to the factor it specifies with non-zero factor loadings (Liau, Chow, Tan & Senf, 2010). In factor analysis, factor loading takes on the values between zero and one, where loadings below 0.4 are considered weak and unacceptable (Nachmias & Nachmias, 2008). In the pilot study all items with loading above or equal to 0.4 on the constructs were considered acceptable and were retained, while those with loadings below 0.3 were expunged. Appendix III shows the factor analysis results including the factor loadings of items retained and those that were expunged.

4.3.2 Construct validity

Validity is the suitability of the instrument that is measured by assessing how well the instrument measures the study constructs. Construct validity seeks to assess how well the scales measure the construct they were designed to measure. Factor analysis results were used to determine the construct validity by measuring both convergent and discriminant validity.

Convergent validity assesses whether items measuring the same construct which are expected to be related are actually related. Convergent validity is measured by determining the average variances extracted (AVEs) for each construct (John & Veronica, 2010). The research instrument is said to exhibit convergent validity if the AVEs are above 0.5 Kane (2013).

Discriminant validity is the measure that confirms that items measuring different constructs which are not expected to be related are actually not related. Discriminant

validity is assessed by comparing the AVEs as earlier determined to the squared correlations of the constructs. For discriminant validity, the AVEs are expected to be greater than the squared correlations between constructs (Koufteris 2015). As shown in Table 4.2, all the AVEs are greater than the relative squared correlations implying that the instrument exhibits discriminant validity. Since both convergent and discriminant validity are met, the research instrument was therefore considered to exhibit construct validity.

Table 4.2: Squared correlations and AVEs

Variables	Growth	Strategic Orientation	Resource Orientation	Reward Philosophy	Entrepreneurial culture	Net-works
Growth	0.609	0.130	0.332	0.177	0.289	0.195
Strategic Orientation	0.130	0.845	0.009	0.013	0.033	0.170
Resource Orientation	0.332	0.009	0.845	0.021	0.525	0.052
Reward Philosophy	0.177	0.013	0.021	0.942	0.013	0.036
Entrepreneurial culture	0.289	0.033	0.525	0.013	0.941	0.248
Entrepreneurial Networks	0.195	0.170	0.052	0.036	0.095	0.924

4.3.3 KMO and Bartlett's test

The Kaiser-Meyer-Olkin (KMO) and the Bartlett's test of sphericity which are referred to as the sampling adequacy tests were used by the researcher to assess appropriateness of the factor analysis results. The KMO is used to measure the proportion of variance in variables that might be as a result of the underlying factors. The KMO takes on the values between zero and one, low values indicate that the sum of partial correlations is relatively high, which indicate diffusions in the patterns of correlations, and hence, possibly inappropriate factor analysis results (Costello & Osborne, 2.011). According to Table 4.3, the KMO from the pilot study was 0.715, which is close to 1 indicating relatively compact patterns of correlations, and thus factor analysis should yield distinct and reliable factors. The Bartlett's test in the table shows chi-square statistic with a P-value of 0.000, which is less than 0.05

implying a significant relationship between factors, and thus factor analysis would be useful from the data collected for pilot.

Table 4.3: KMO and Bartlett's test

Test		Value
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.715
Bartlett's Test of Sphericity	Approx. Chi-Square	4330.234
	Df	465
	Sig.	0.000

4.3.4 Reliability Analysis

Cronbach Alpha was determined for every objective which formed a scale in the research. The pilot study involved 10 respondents conveniently selected. Cronbach's Alpha is a measure of internal consistency, that is, how closely related a set of items are as a group. To assess the reliability of the instruments, thus the internal consistency, to indicate how well different items on a scale measure the concepts that they are purported to measure, a reliability test was done. Internal consistency is calculated by measuring a statistic known as the Cronbach's alpha. Cronbach's alpha is considered a good measure of reliability in social science research when it is found to be 0.70 or above. This pretest was done among conveniently selected owner-managers of furniture business in Nairobi. A construct composite reliability co-efficient (Cronbach alpha) of 0.7 or above, for all the constructs, is considered adequate. The acceptable reliability coefficient is 0.7 and above (Drost, 2011), if the Cronbach alpha is below 0.7 the reliability of the questionnaire is considered too low and thus the research tool should be amended.

As shown in table 4.4, the findings of the pilot test indicate that strategic orientation scale had a Cronbach's reliability alpha of 0.834, resource orientation scale had an alpha value of 0.921, reward philosophy scale had an alpha value of 0.902, entrepreneurial culture scale had a reliability value of 0.850 and the entrepreneurial networks scale had an Alpha value of 0.836. The pilot test showed that the scales measuring the objectives had a very high reliability.

Table 4.4: Cronbach's Alpha

	Cronbach's Alpha	No. of Items
Strategic Orientation	.834	9
Resource Orientation	.921	8
Reward Philosophy	.902	4
Entrepreneurial Culture	.850	8
Entrepreneurial Networks	.836	4

4.4 Background Information

4.4.1 Gender category

The study required the respondents to indicate their gender and from the findings, the study established that, majority of the respondents, as shown by 65.8% response rate, were males while 34.2% of the respondents were females (Table. 4.5). This is an indication that both genders were fairly involved in this research and thus the findings of this study did not suffer from gender biasness. Korir (2010) noted that micro and small furniture manufacturing enterprises field had a big challenge in attracting female gender as compared to other fields. The findings slightly fall short of the Constitution of Kenya (2010) which requires a representation of not less than a third of total employees' population. The findings notwithstanding, Ellis *et al.,* (2007) observed that women are major actors in the Kenya's economy, notably in the agriculture and business sector. Men dominate the informal sector citing a ratio of 74%:26% and perhaps the gender disparity may have an implication on the growth of micro and small furniture manufacturing enterprises. This supports argument by Gakure (2003, 2001) that women are more prudent in business management compared to men.

Table 4.5: Distribution of Respondents by Gender

Gender	Frequency	Percentage
Male	210	65.8
Female	109	34.2
Total	319	100

4.4.2 Age Distribution of the Respondents

The researcher also sought to investigate the distribution of age among the respondents. This was categorized into: 21-25, 26-30, 31-35, 36-40 and over 40. The results indicated that most of the respondents were below 35 years (41.7%), while those aged between 36-40 years were second (31.7%), those aged 40 years and above were (23.2%), while the rest were aged 21-25 (3.4%). Armstrong (2008) indicated that a healthy organization should have a balanced and a well distributed age bracket to allow smooth transition of the organizational characteristics from one generation to the next. However, the same argue that age is rarely an employment requirement and a poor predictor of performance of an organization. The age of the entrepreneurs may have an important implication in the growth of micro and small furniture manufacturing enterprises.

Table 4.6: Distribution of Respondents by Age

Age Distribution	Frequency	Percentage
21-25	11	3.4
31-35	133	41.7
36-40	101	31.7
Over 40	74	23.2
Total	**319**	**100**

4.4.3 Highest Level of Education

The study revealed that majority of the respondents (44.8%) held diploma certificates, 17.2% of the respondents had high school certificates, while 16.0% of the respondents held trade certificates from other technical training institutions. 11.6% of the respondents were holders of bachelor's degree, while, 10.3% indicated they held masters' degrees. This indicates that respondents were relatively educated and that they were in a position to respond to research questions with ease. This saved the researcher a lot of time. These findings implied that most of the respondents were qualified to understand the nature of the study problem. This concurs with Joppe (2000) that during research process, respondents with technical knowledge on the study problem assist in gathering reliable and accurate data on the problem under investigation. This demonstrated that most of the respondents were

qualified professionals with technical knowledge and skills on the study problem and thus provided the study with reliable information on entrepreneurial management and growth of micro and small furniture manufacturing enterprises in Kenya. Ngugi (2008) observes that the level of education influences the giving and receiving of both managerial and entrepreneurial skills of most entrepreneurs. The role of education as a change agent is indisputable and has always been a central mechanism for transmission of skills and values for the sustenance of societies and promotion of social change (Lebaking & Phalare, 2001).

Table 4.7: Distribution of Respondents by Level of Education

Level of Education	Frequency	Percentage
High school	55	17.2
Certificate	51	16.0
Diploma	143	44.8
Bachelors	37	11.6
Masters	33	10.3
Total	**319**	**100**

4.4.4 Business Ownership

The study sought to understand the kind of ownership of the enterprises. The study reveals that most of the enterprises are proprietorships (48.6%), while 22.6 % of the businesses were corporations/companies. In addition, 20.4% of the enterprises were partnerships, while 8.5% of the enterprises were classified under family owned businesses. The findings correspond with other scholars' findings. Ngugi (2012) observe that a mere 30% of family businesses survive past the first generation and only 10% survive to a third generation. From the findings, it is worth noting that the Kenyan figures are lower than those of developed countries. This may be attributed to lack of a well-structured sector and lack of a well-defined policy on micro and small furniture manufacturing enterprises in Kenya. The results are consistent with others by Evert Martin, McLeod and Payne, (2016) who indicates that A sole proprietorship is very easy to set up and maintain and thus is the most preferred form of business ownership. This explains why most of the respondents indicated that they were sole proprietors. Further, the results indicated that few business were family owned. This finding is inconsistent with others by Bjuggren Johansson and Sjögren,

(2011) who indicated that family owned businesses are the backbone of private industry and a key target for policies aimed at increased employment and economic growth. Further, the low number of respondents indicating that they operated a family business can be explained by the findings of some researchers (Bjuggren, Daunfeldt & Johansson, 2013; Miller and Le Breton-Miller, 2015; Evert et al., 2016) who argued that family businesses are an inefficient way to organize business activities because they put social goals, such as control and nepotism, before economic goals, such as profit and growth.

Table 4.8: Business Ownership

Ownership	Frequency	Percentage
Sole ownership	155	48.6
Family business	27	8.5
Partnership	65	20.4
Corporations/Companies	72	22.6
Total	**319**	**100.0**

4.4.5 Status of Your Business

The study sought classification on business status. Results obtained show that most of the businesses (52.4%) were classified under micro enterprises while 47.6% were classifies under small enterprise. This may be attributed to the fact that manufacturing and service require specialized skills, while trade may accommodate diverse general skills and lower start-up capital than the other strata, thereby reducing barriers to entry as depicted in Porter's Model (Bwisa, 2011).

Table 4.9: Status of the Business

	Frequency	Percentage
Micro enterprises	167	52.4
Small enterprise	152	47.6
Total	**319**	**100.0**

4.4.6 Number of Employees

Research sought to determine the number of employees that the firms had. Results investigating the number of employees show that most of the micro and small

furniture manufacturing enterprises (63.6%) had less than 5 employees, 32.9% had between 6 to 10 employees, 2.2% had between 41 to 45 employees, while 1.3% had between 11 to 15 employees. This can be deduced that most of the MSEs under study in the study area have less than 50 employees. The findings of the study are in alignment with the Sessional Paper No. 2 (ROK, 2005) which define micro and small enterprises as businesses employing 1-50 workers, which corresponds to the main focus of the study. In the Medium and Small Enterprises (MSEs) National Baseline Survey of 2009, women enterprises, whether in the formal or informal sector, had 1-50 people. The number of persons a business employs helps to identify the size of the business and its economic value in terms of employment creation.

Table 4.10: Number of Employees

Number	Frequency	Percentage
0-5 employees	203	63.6
6-10 employees	105	32.9
11-15 employees	4	1.3
41-45 employees	7	2.2
Total	**319**	**100.0**

4.5 Descriptive Analysis

4.5.1 Descriptive for Strategic Orientation

Strategic orientation describes what factors drive the creation of strategy. Strategy is driven by the opportunities that exist in the environment and not the resources that may be required to exploit them (Charoenrat, Harvie & Amornkitvikai, 2013). The study, therefore, sought to determine which aspects of resources they had adopted in their business enterprises. The results are presented in Table 4.11. Results obtained show that most of the micro and small furniture manufacturing enterprises manufacture sofas, sofa beds and sofa sets as indicated at 49.34%, office furniture at 20.91%, furniture for bedrooms, living rooms, gardens at 5.22%, kitchen furniture at 4.86%, special furniture for shops: counters, display cases, shelves etc. at 4.25%, furniture for churches, schools, restaurants at 2.43%, chairs and seats for transport equipment at 2.40%, garden chairs and seats at 2.38% and cabinets for sewing machines, televisions etc. at 1.71%.

Table 4.11: Aspects of Resources Adopted

	Percentage
Sofas, sofa beds and sofa sets	49.34
Office furniture	20.91
Special furniture for shops: counters, display cases, shelves etc.	4.25
Chairs and seats for offices, workrooms, hotels, restaurants, public and domestic premises	2.94
Kitchen furniture	4.86
Cabinets for sewing machines, televisions etc.	1.71
Furniture for bedrooms, living rooms, gardens etc.	5.22
Furniture for churches, schools, restaurants	2.43
Garden chairs and seats	2.38
Chairs and seats for transport equipment	2.40
Other	3.56

4.5.2 Types of Wood Utilized By Micro and Small Furniture Manufacturing

The furniture enterprise in Kenya is crucial to employment and growth. It heavily relies on wood obtained locally (Ahveninen, Nganga, Muga, Mogollon, Dowdall, & Manji, 2015). The study sought to determine various types of woods utilized by micro and small furniture manufacturing enterprises. Results obtained are presented in Table 4.12 showing the most utilized was hardwood (45.1%) with most of the respondents indicating that the enterprise utilised 41%-60% of the wood in all its furniture. Hardwood was followed by cedar which is a softwood with (62.4%) with most of the respondents indicating that the enterprise utilised 21%-40% of the wood in all its furniture. Artificial wood was the least utilized common wood, with 19.4% of the respondents indicating that the business utilised 61%-80% of the wood in all its furniture.

Table 4.12: Types of Wood Utilized By Micro and Small Furniture Manufacturing

	Hardwood		Softwood		Artificial	
	f	%	F	%	f	%
20% and below	77	24.1			182	57.1
21%-40%	65	20.4	199	62.4	62	19.4
41%-60%	144	45.1	108	33.9	13	4.1
61%-80%	11	3.4	12	3.8	62	19.4
81%-100%	22	6.9				
Total	**319**	**100.0**	**319**	**100.0**	**319**	**100.0**

4.5.3 Estimated Worth of the Business

Respondents were requested to indicate the worth of the business. Results obtained show that most of the businesses, 38.2%, had values between Kshs 400,001-500,000, 32.3% indicated that the business was valued at between Kshs 200,001- 400,000, 22.6% indicated value above Kshs 500,000 while 6.9% were valued at less than Kshs100,000. This implies that on average most of the micro and small furniture businesses in Nairobi had an estimated worth ranging between Kshs 400,001 to 500,000. The study findings concur with the Micro, Small, & Medium Establishments (MSMEs) Basic Report (ROK 2016) which determined that 31.7% of MSMEs business' worth range was Kshs. 200,000 - 1,000,000. The findings are presented on Table 4.13.

Table 4.13: Estimated Worth of the Business

	Frequency	Percent
Less than 100, 000	22	6.9
Between 200,001- 400,000	103	32.3
Between 400,001-500,000	122	38.2
Above 500,000	72	22.6
Total	**319**	**100.0**

4.5.4 Estimated annual earnings of the business in the last five years

The study sought to determine the profitability trend in the last 5 years. Results are presented in Table 4.14. Results obtained show a progressive decline on estimated

annual earnings of the business in the last 5 years with the lowest earning being recorded in the year 2016 mean value (1.05), while the highest annual earnings were recorded in the year 2012 with a mean value of 1.22.

Table 4.14: Estimated Annual Earnings of the Business in the Last Five Years

	2012	2013	2014	2015	2016	Mean	Std. Deviation
Please indicate your estimated annual earnings of the business in the last 5 years.	1.22	1.33	1.65	1.13	1.05	1.28	0.55

The study sought to establish the extent to which micro and small furniture manufacturing had adopted strategic orientation within the last five years. Results presented on Table 4.15 show that most firms had adopted few strategic partnerships with other businesses (mean =1.69, STD deviation =.68), venturing into new markets (mean =1.74, STD deviation =0.83), adoption of new technologies and processes (mean =1.85, std deviation =0. 97), identifying, pursuing and implementing business opportunities on the basis of current resources (branding) (mean =1.86, std deviation =1.09) and new product development strategy (mean =1.87, std deviation =0.83).

Standard deviation shows how much variation is apparent in the responses of the participants in the study. A low standard deviation indicates that the data points tend to be very close to the mean responses, whereas high standard deviation indicates that the respondents widely differed on their opinions regarding the various statements. The responses regarding the enterprises partnering with other businesses as a strategy to pursue opportunities during limited resource situations, had the lowest deviation from the mean responses as indicated by a standard deviation of 0.683. The statement with the highest variation in responses was with regard to the enterprises engaging in identifying, pursuing and implementing business opportunities on the basis of current resources (branding) as indicated by a standard deviation of 1.099.

The other three statements regarding strategic orientation had a degree of variation with opinions on adopting new technologies and processes having a standard

deviation of 0.979, thoughts from respondents regarding new product development having a standard deviation of 0.833, while considerations for venturing into new markets had a standard deviation of 0.754.

Skewness is a measure of the asymmetry of the probability distribution of a real-valued random variable. All the responses with respect to questions regarding strategic orientation were negatively skewed. A negative skew indicates that the tail on the left side of the probability density function is longer than the right side and the bulk of the values (possibly including the median) lie to the right of the mean.

Kurtosis on the other hand is a measure of the peakedness of the probability distribution of a real-valued random variable. The distribution of responses regarding partnering with other businesses as a strategy to pursue opportunities during limited resources situations was the only one which assumed a negative kurtosis value. All the other statements had a positive kurtosis value.

Skewness and kurtosis are ideal measurements that try to provide information with regards to the severity of departure from a normal distribution. The values in this case are modest and we can deduce that the departure from normality was insignificant and thus not severe. These results are in line with those of Narver and Slater, (2010), who determined that a firm's strategic orientation reflects the strategic directions implemented by a firm in order to create the proper behaviours for the continuous superior performance of the business. A firm invests its resources in activities that reflect its strategic orientation. In addition, the findings are in concurrence with James and Hatten, (2010), who determined that a well formulated strategy helps to marshal and allocate an organization's resources into a unique and viable posture based on its relative internal competencies and shortcomings, anticipated changes in the environment, and contingent moves by intelligent opponents.

Table 4.15: Strategic Orientation Strategies Employed within the Last Five Years

Statements	2012	2013	2014	2015	2016	Mean	Std. Deviation	Skewness	Kurtosis
Partnering with other businesses as a strategy to pursue opportunities limited resources situations	1.43	1.47	1.97	1.77	1.83	1.69	.683	-.840	-.450
Venturing into new markets	1.76	1.73	1.82	1.69	1.72	1.74	.754	-1.837	4.873
New product development	1.89	1.78	1.78	1.89	1.99	1.87	.833	-2.135	6.642
Adopting new technologies and processes	1.97	1.99	1.34	1.96	1.98	1.85	.979	-1.471	1.369
Identifying, pursuing and implementing business opportunities on the basis of current resources (branding)	1.53	1.58	1.91	1.67	1.74	1.86	1.099	-1.593	3.261

4.5.5 Descriptive for Resource Orientation

The growth of micro and small furniture manufacturing enterprises requires various resources in order to achieve desired development. The study, therefore, sought to determine which aspects of resources they had adopted in their business enterprises.

The results presented in Table 4.16 reveal the mean responses of the various resource orientation incorporated by the respondents. The findings of this study show that majority of the respondents never considered the significance of business strategic location as shown by mean score of 1.27. A considerable number of enterprise owners had not adequately invested on skill development in the last five years as shown by mean score of 1.62. The findings also reveal less attention by MSEs owners on strategic role of capital in ensuring enterprise development as shown by mean score of 1.63. Only a few business enterprises had invested on reputation (referrals) for future businesses as shown by mean score of 1.82.

Variations in responses regarding resource orientation was assessed using the standard deviation and shows how much variation is apparent in the responses of the

participants in the study. A low standard deviation indicates that the data points tend to be very close to the mean responses; whereas high standard deviation indicates that the respondents widely differed on their opinions regarding the various statements as supported by the views of other researchers (Ahveninen, Nganga, Muga, Mogollon, Dowdall, & Manji, 2015).

The responses regarding embracing the importance of capital had the highest departure from the mean as indicated by a standard deviation of 0.752, while responses regarding location had the lowest departure from the mean as indicated by a standard deviation of 0.51. Responses with respect to training, reputation and skills, also indicated a considerable departure from the mean as shown by a standard deviation of 0.72, 0.71 and 0.64 respectively.

The other statistics in Table 4.16 are skewness and kurtosis. Skewness is a measure of the asymmetry of the probability distribution of a real-valued random variable. All the responses with respect to questions regarding resource orientation, were negatively skewed. A negative skew indicates that the tail on the left side of the probability density function is longer than the right side and the bulk of the values (possibly including the median) lie to the right of the mean.

Kurtosis on the other hand is a measure of the peakedness of the probability distribution of a real-valued random variable. The distributions of responses regarding capital and location have a negative kurtosis while the other aspects of resource orientation assume a positive kurtosis value.

Skewness and kurtosis are ideal measurements that try to provide information with regards to the severity of departure from a normal distribution. The values in this case are modest and we can deduce that the departure from normality was insignificant and thus not severe.

The results are in agreement with those of Knight and Cavusgil (2014), who found that resource management, may be especially important to small firms because it appears to drive them toward developing high-quality, distinctive, and technologically advanced goods. However, a venture must have access to the

sufficient resources to realize these benefits. Further, they argued that the main reason for firms' growth and success can be found inside the firms. That is, firms with resources and superior capabilities will build up a basis for gaining and sustaining competitive advantage.

Table 4.16: Descriptive for Resource Orientation

Statements	2012	2013	2014	2015	2016	Mean	Std. Deviation	Skewness	Kurtosis
Capital	1.52	1.78	1.61	1.67	1.57	1.63	0.752	-.449	-.653
Location	1.19	1.23	1.22	1.19	1.5	1.27	0.51	-.272	-.699
Skills	1.26	1.28	1.78	1.88	1.89	1.62	0.64	-1.415	1.276
Reputation (referrals)	1.25	1.56	1.78	1.97	2.55	1.82	0.71	-1.817	4.970

4.5.6 Descriptive for Reward Philosophy

Rewards go beyond the financial returns to include all the aspects about work that people find rewarding, such as recognition, career development, feedback and meaningful work. The growth of micro and small furniture manufacturing enterprises requires a rewards philosophy that translates an organization's vision, strategy and values into a framework that guides the design and decision making of base salary, short and long-term incentives, recognition and benefits. The study, therefore, sought to determine which aspects of reward philosophy they had adopted in their business enterprises. The mean response with regards to the responses is represented in the Table 4.17.

The findings show that a considerable number of furniture businesses in Nairobi County did not recognize employees for outstanding performance (awards, bonuses) as shown by a mean score of 1.28. Furniture business in Nairobi County did not offer fringe benefits to the employees as show by a mean score of 1.40, and rarely did the business conduct salary reviews as shown by a mean score of 1.43. The furniture business in Nairobi County rarely promoted employees as show by a mean score of 1.51 and the business seldom compensated employees based on the value they add to the business as shown by a mean score of 1.58. Standard deviation was generated to show how much the responses had departed from the mean response.

The responses regarding employee compensation and employee promotions had the largest departure from the mean as shown by a standard deviation of 0.74. The responses on basing salary on the value employees add to the business had the least standard deviation as shown by a standard deviation of 0.58. The other aspects of reward philosophy such as giving fringe benefits to the employees and recognizing employees for outstanding performance (awards, bonuses), also showed notable departure from the mean as shown by a standard deviation 0.70 and 0.59 respectively.

The Table 4.17 also includes statistics that describe how the responses depart from the normal distribution. Skewness is a measure of symmetry, or more precisely, the lack of symmetry. A distribution, or data set, is symmetric if it looks the same to the left and right of the center point. All the responses with respect to questions regarding reward philosophy were negatively skewed. A negative skew indicates that the tail on the left side of the probability density function is longer than the right side and the bulk of the values (possibly including the median) lie to the right of the mean.

Kurtosis is a measure of whether the data are heavy-tailed or light-tailed relative to a normal distribution, that is data set with high kurtosis tend to have heavy tails, or outliers. Data sets with low kurtosis tend to have light tails, or lack of outliers. A uniform distribution would be the extreme case. Kurtosis on the other hand is a measure of the peakedness of the probability distribution of a real-valued random variable. The distribution of responses regarding compensation of employees based on the value they add to the business, assumed a negative kurtosis value while other aspects of reward philosophy had a positive kurtosis value. Skewness and kurtosis are ideal measurements that try to provide information with regard to the severity of departure from a normal distribution. The values in this case are modest and we can deduce that the departure from normality was insignificant and thus not severe.

The results are in conformity with previous studies by Puranam, Alexy and Reitzig (2013), regarding reward philosophy. The trio argue that reward philosophy is one of the most critical issues for competitive advantage of the firm since it laid emphasis

on innovation. In addition, they determined that an effective rewards philosophy can be useful for communicating the comprehensive valuation of employment to the firms' teams and enable to drive engagement, retention, and improve overall business outcomes. Gupta and Shaw (2014) propose a reward philosophy that offers tremendous flexibility because it allows awards to be mixed and remixed to meet the different emotional and motivational needs of employees. The findings from the study affirm the argument.

Table 4.17: Descriptive for Reward Philosophy

Statements	2012	2013	2014	2015	2015	Mean	Std. Deviation	Skewness	Kurtosis
Compensate employees based on the value they add to the business	1.24	1.33	1.55	1.82	1.97	1.58	0.74	-.272	-.699
Give fringe benefits to the employees	1.21	1.29	1.45	1.47	1.57	1.40	0.70	-1.172	.459
Recognize employees for outstanding performance (awards, bonuses)	1.16	1.16	1.3	1.36	1.44	1.28	0.59	-1.490	3.267
Promote employees	1.18	1.32	1.42	1.72	1.92	1.51	0.74	-1.201	2.815
Salary reviews	1.28	1.28	1.46	1.53	1.61	1.43	0.58	-1.017	.044

4.5.7 Descriptive for Entrepreneurial Culture

As business leaders strive for increased competitiveness, creating an entrepreneurial culture has become an important advantage. An effective entrepreneurial culture endeavors to establish and balance the innovation abilities of the organization with the efficient and effective use of resources. It can, both, initiate and react to changes quickly and flexibly.

The study, therefore, sought to determine which aspects of entrepreneurial culture had been assimilated in the business enterprises. The results are presented in Table 4.18. Entrepreneurial culture was the other aspect that studied to establish how it

influences the growth of micro and small furniture manufacturing enterprises. Results presented in the Table 4.18 reveal low focus by MSEs on implementation of research and development with view to improving and introducing new products and services as shown by a mean of 1.48. Results also show low innovativeness on processes and services of the firms that make products and services profitable. This is depicted by a mean of 1.49 and standard deviation of 0.73. The findings further show that most of the firms did not adequately encourage the team members to come up with new ideas often to ensure growth of the business. This is depicted by a mean of 1.49 and standard deviation of 0.74. Lastly, SMEs in the furniture business do not fully support or involve the staff in the process of continuous improvement of products and services as well as create new products. This is depicted by a mean of 1.53 and standard deviation of 0.76.

To appreciate the distribution of the responses regarding entrepreneurial culture, the study generated Skewness and kurtosis statistics to help determine the departure from the mean responses. Skewness is a measure of symmetry, or more precisely, the lack of symmetry. A distribution, or data set, is symmetric if it is similar to the left and right of the center point. All the responses with respect to questions regarding entrepreneurial culture were negatively skewed. A negative skew indicates that the tail on the left side of the probability density function is longer than the right side and the bulk of the values (possibly including the median) lie to the right of the mean.

Kurtosis is a measure of whether the data are heavy-tailed or light-tailed relative to a normal distribution. That is, data sets with high kurtosis tend to have heavy tails, or outliers. Data sets with low kurtosis tend to have light tails, or lack of outliers. A uniform distribution would be an extreme case. All the questions that covered the aspects of entrepreneurial culture assumed a positive kurtosis value. Skewness and kurtosis are ideal measurements that try to provide information with regards to the severity of departure from a normal distribution. The values in this case are modest and we can deduce that the departure from normality was insignificant and thus not severe.

The results indicate that the respondents' businesses had made progress embracing innovation in their activities and adoption of continuous improvement in their products. This concurs with studies done by other researchers, (Fellnhofer, 2017; Amin & Tomaney, 2013; Venkataraman, 2014).

Table 4.18: Descriptive for Entrepreneurial Culture

Statements	2012	2013	2014	2015	2016	Mean	Deviation	Skewness	Kurtosis
Innovative processes and services that make your products and services profitable	1.19	1.26	1.39	1.67	1.96	1.49	0.73	-1.250	3.822
Implement research and development to improve and introduce new products and services	1.33	1.29	1.31	1.58	1.9	1.48	0.77	-1.184	.490
Do you support and involve your staff in the process of continuous improvement of products and services as well as create new products	1.21	1.29	1.47	1.73	1.97	1.53	0.76	-1.150	2.697
Encourage your team to come up with new ideas often to ensure growth of our business	1.18	1.33	1.35	1.69	1.92	1.49	0.74	-1.594	2.268

4.5.8 Descriptive for Entrepreneurial Networking

Entrepreneurial networking and the practice of business networking have grown in popularity with firms seeking to generate business by referral. Entrepreneurial networking is the process of establishing a mutually beneficial relationship with other business people and potential clients or customers. The aim of these relationships is to recognize, create and act upon business opportunities.

The study, therefore, sought to determine which critical role played by aspects of entrepreneurial networking are employed by business enterprises. The results are presented in Table 4.19. In view of the findings, the researchers were able to obtain the mean responses of the various entrepreneurial networking incorporated by the respondents. The findings show that in the last five years, furniture businesses interacted with financial institutions, competitors and customers as shown by mean score of 1.28. Furniture businesses rarely and passively cooperate with training

partners, educational, research, as shown by mean score of 1.36, and that only a few of furniture businesses maintained communication with customers who gave business periodically, as shown by mean score of 1.40.

Further, the results show that there existed weak relationship between reliable MSEs procurement department and raw material suppliers as shown by a mean score of 1.50 and that cooperation with final users, suppliers, and agents was relatively weak. This fact is represented by mean score of 1.72.

Variation in responses regarding networking was assessed using the standard deviation and shows how much variation is apparent in the responses of the participants in the study. A low standard deviation indicates that the data points tend to be very close to the mean responses; whereas high standard deviation indicates that the respondents widely differed on their opinions regarding the various statements. The responses regarding the cooperation with final users, suppliers, and agents had the highest departure from mean responses as indicated by a standard deviation of 0.86 while responses regarding establishing good relationship with reliable raw material suppliers had high departure from the mean as shown by a mean score of 0.74.

Responses regarding maintaining communication with customers who give them business periodically had a high departure from the mean denoted by a standard deviation of 0.69. Further, responses regarding regular and actively cooperating with training partners, educational, research and interaction with financial institutions, competitors and customers, both had a high departure from the mean as indicated by a standard deviation of 0.65.

The other statistics on the table are Skewness and Kurtosis. Skewness is a measure of the asymmetry of the probability distribution of a real-valued random variable. All the responses with respect to questions regarding networking were negatively skewed. A negative skew indicates that the tail on the left side of the probability density function is longer than the right side and the bulk of the values (possibly including the median) lie to the right of the mean. Kurtosis on the other hand is a

measure of the peakedness of the probability distribution of a real-valued random variable.

The distribution of responses regarding capital and location have a negative kurtosis while the other aspects of networking assume a positive kurtosis value. Skewness and kurtosis are ideal measurements that try to provide information with regard to the severity of departure from a normal distribution. The values of skewness and kurtosis in this case are modest and we can deduce that the departure from normality was insignificant and, thus, not severe.

The results of the study imply that the respondents have established formal and informal relationships with financial and non-financial institutions in order to access resources to enable their business grow. This study supports the findings by Elfring and Hulsink (2015), who argue that entrepreneurs make a strategic network when forming entrepreneurial networks. Furthermore, Floyd and Lane (2014), emphasize that firm entrepreneurial networks give the owner a central position in the business activities, thereby fostering growth.

Table 4.19: Descriptive for Entrepreneurial Networking

Statement	2012	2013	2014	2015	2012	Mean	Std. Deviation	Skewness	Kurtosis
Established good relationship with reliable raw material suppliers	1.23	1.27	1.49	1.69	1.83	1.50	0.74	-1.344	3.433
Maintained communication with customers who give us business periodically	1.13	1.26	1.31	1.57	1.75	1.40	0.69	-.449	-.653
Regularly and actively cooperate with training partners, educational, research,	1.1	1.22	1.32	1.49	1.68	1.36	0.65	-.618	-.558
Cooperating with final users, suppliers, and agents.	1.55	1.59	1.76	2.15	1.55	1.72	0.86	-1.158	.394
Interact with financial institutions , competitors and customers	1.12	1.17	1.26	1.34	1.53	1.28	0.65	-0.168	-.314

4.5.9 Descriptive for Growth of Micro and Small Furniture Manufacturing Enterprises

Micro and small furniture manufacturing enterprises are confronted with several factors that affect their performance. Some enterprises fail to sustain, others remain for a long period of time without transforming, and most are producing similar and non-standard products.

The study, therefore, sought to assess the various factors that measure the growth of micro and small enterprises furniture manufacturing. The results are displayed in Table 4.20. The study considered a number of factors to be indices that measure the degree of growth of enterprises. Respondents were asked to indicate whether they feel the various measures of growth and performance had significantly increased or decreased. A majority of the respondents indicated that the volume of sales had decreased as shown by mean score of 1.43. The number of employees in the enterprises had significantly decreased as shown by mean score of 1.32 and the number of products also significantly decreased as shown by a mean score of 1.26.

In addition, a majority of the respondents also indicated that there was a significant increase in the level of profitability and the number of new branches by their enterprises as shown by a mean score of 1.54 and 1.06. Further the respondents also indicated that they experienced a decrease in coverage of market share as shown by a mean score of 1.70.

A standard deviation was generated to show how much the measures of growth had deviated from mean. The responses regarding coverage of market share mean are shown to have a standard deviation 1.26 while the responses on the number of branches had the least standard deviation as shown by a standard deviation of 0.30. Other aspects such as volume of sales, coverage of market share, the number of employees, level of profitability, number of new products, and number of products also showed notable departure from the mean as shown by a standard deviation of 0.91, 1.26, 1.03, 0.44, 0.53 and 1.16 respectively.

The distribution of the responses regarding the decrease or increase of measures of growth was represented using skewness and kurtosis. Skewness is a measure of symmetry, or more precisely, the lack of symmetry. A distribution, or data set, is symmetric if it looks the same to the left and right of the center point. All the responses with respect to questions on measures of growth of the enterprises were negatively skewed. A negative skewness indicates that the tail on the left side of the probability density function is longer than the right side and the bulk of the values (possibly including the median) lie to the right of the mean.

Kurtosis is a measure of whether the data are heavy-tailed or light-tailed relative to a normal distribution. That is, data sets with high kurtosis tend to have heavy tails, or outliers. Data sets with low kurtosis tend to have light tails, or lack of outliers. A uniform distribution would be the extreme case. Skewness and kurtosis are ideal measurements that try to provide information with regards to the severity of departure from a normal distribution. The values in this case are modest and we can deduce that the departure from normality was insignificant and, thus, not severe.

The results indicate that the respondents' businesses were growing and profitable. This is in line with studies by Thornhill (2015) and Delmar (2015), who noted that SMEs must produce value added products to maintain growth and survive in a global economy.

Table 4.20: Descriptive for Growth of Micro and Small Furniture Manufacturing Enterprises

Statement	2012	2013	2014	2015	2016	Mean	Std. Dev.	Skewness	Kurtosis
Volume of sales	1.17	1.09	1.05	1.96	1.9	1.43	0.91	-.439	-.731
Coverage of market share	1.99	2.2	1.97	1.15	1.17	1.70	1.26	-1.073	.248
The number of employees	1.56	1.29	1.24	1.22	1.31	1.32	1.03	-1.826	4.501
Level of profitability	1.67	1.72	1.42	1.63	1.26	1.54	0.44	-2.058	6.105
Number of branches	1.06	1.04	1.08	1.04	1.09	1.06	0.30	-1.612	2.110

Number of new products	1.24	1.13	1.08	1.25	1.13	1.17	0.53	-1.637	3.408
Number of products	1.33	1.58	1.17	1.08	1.14	1.26	1.16	-1.166	2.886

4.6 Diagnostics Tests

4.6.1 Tests of Normality

Normality tests are done to determine whether the sample data has been drawn from a normally distributed population. Normality assessment can be done using a graphical or numerical procedure. The numerical procedures include inferential statistics such as Kolmogorov-Smirnov and Shapiro-Wilk. The Kolmogorov-Smirnov test is considered appropriate for samples larger than 2,000, while Shapiro-Wilk test is deemed appropriate for samples ranging from 50 to 2,000. In this study, the usable response rate was 319 and, hence, the Shapiro-Wilk test was used. The normality was tested using the Shapiro-Wilk test which also has power to detect departure from normality due to either skewness or kurtosis or both. If statistic ranges from zero to one and figures are higher than 0.05 there is an indication that the data is normal (Razali & Wah, 2011). Shapiro-Wilk test assesses whether data is normally distributed against hypothesis that:

H_0: Sample follows a Normal distribution.

H_a: Sample does not follow a Normal distribution.

When the p-value is greater than the alpha value, then one fails to reject the null hypothesis. Table 4.21 shows the results of the Shapiro-Wilk normality test.

Table 4.21: Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Strategic Orientation	0.152	319	0.078	0.944	319	0.834
Resource Orientation	0.209	319	0.092	0.918	319	0.921
Reward Philosophy	0.154	319	0.32	0.956	319	0.095
Entrepreneurial Culture	0.214	319	0.233	0.892	319	0.092
Entrepreneurial Networking	0.166	319	0.992	0.942	319	0.85
Growth of Micro and Small Furniture Manufacturing Enterprises Model residual	0.164	319	0.731	0.913	319	0.61

a. Lilliefors Significance Correction

The table shows that the distribution of data on strategic orientation (p-value 0.834>0.05), resource orientation (p-value 0.921>0.05), reward philosophy (p-value 0.095>0.05), entrepreneurial culture (p-value 0.092>0.05), entrepreneurial networking (p-value 0.85>0.05) and growth of micro and small furniture manufacturing enterprises are all normally distributed (p-value 0.61>0.05). The distribution is corroborated graphically by the histograms with normality distribution curves. All the curves are consistent with the Shapiro -Wilk test in showing that the data are normally distributed.

According to the analysis on Table 4.21, distribution of data on strategic orientation (p-value 0.834>0.05) is normally distributed. Figure 4.1 presents a histogram with normality distribution curve representing data on strategic orientation. The curve is consistent with the Shapiro-Wilk test in showing that the data is normally distributed.
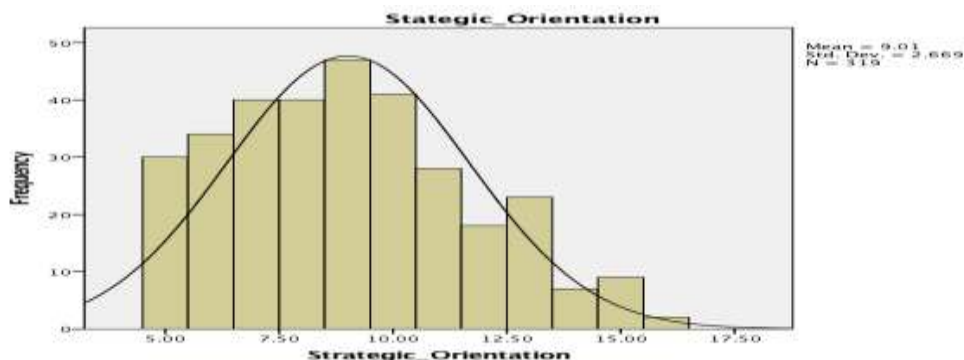
Figure 4.1: Strategic Orientation

Distribution of data on resource orientation (p-value 0.921>0.05) as presented on Table 4.21 is normally distributed. Figure 4.2 presents a histogram with normality distribution curve representing data on resource orientation. The curve is consistent with the Shapiro -Wilk test in showing that the data is normally distributed.
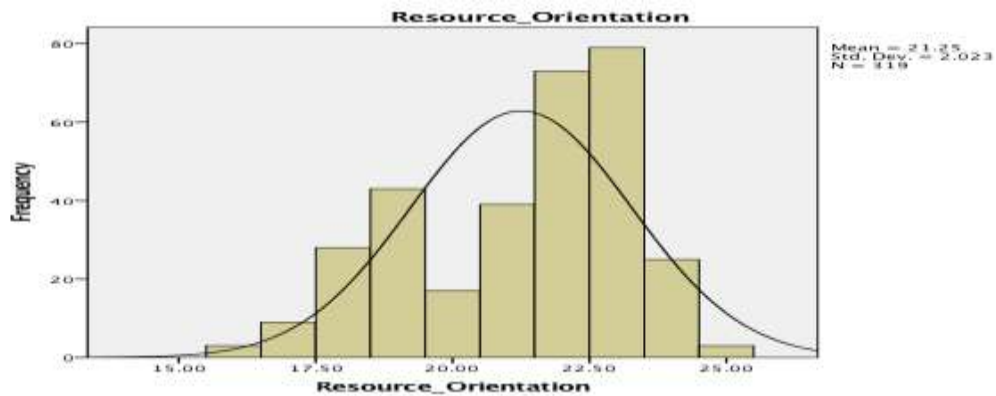
Figure 4.2: Resource Orientation

Distribution of data on reward philosophy (p-value 0.095>0.05) is normally distributed. Figure 4.3 presents a histogram with normality distribution curve showing data on reward philosophy. The curve is consistent with the Shapiro-Wilk test in showing that the data is normally distributed.
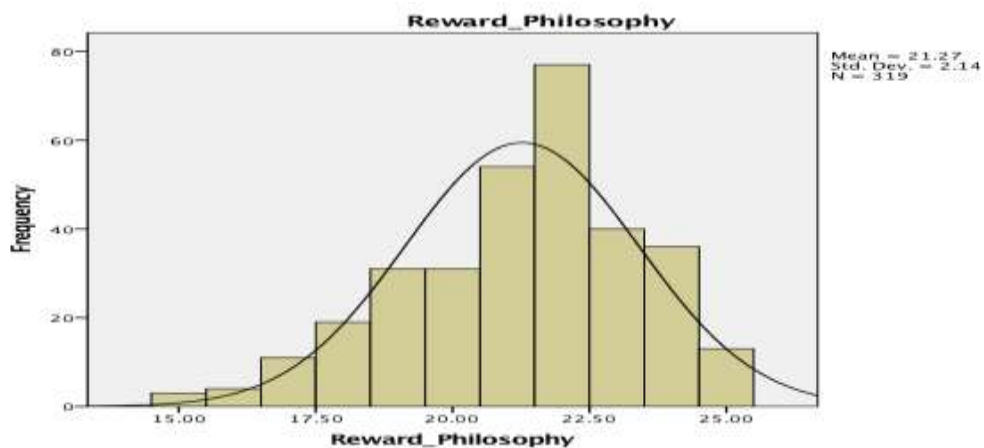
Figure 4.3: Reward Philosophy

According to the analysis on Table 4.21, distribution of data on entrepreneurial culture (p-value 0.092>0.05) is normally distributed. Figure 4.4 presents a histogram with normality distribution curve showing data on entrepreneurial culture. The curve is consistent with the Shapiro-Wilk test in showing that the data is normally distributed.
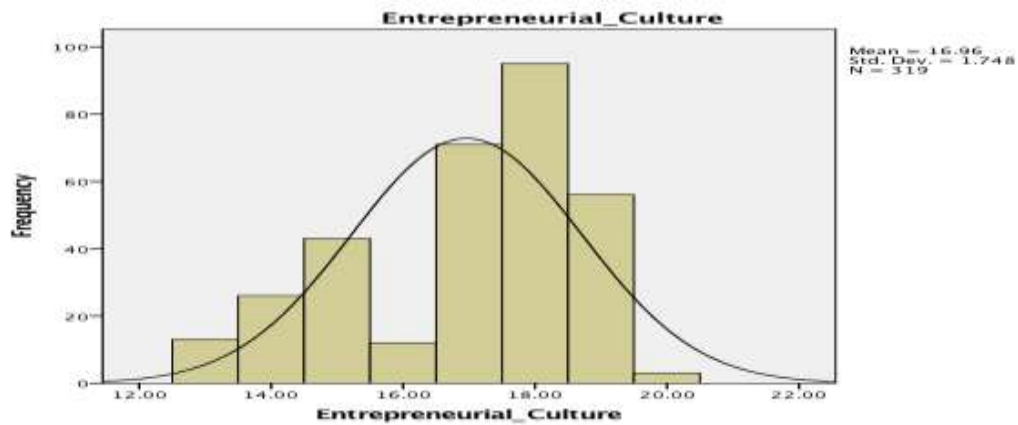
Figure 4.4: Entrepreneurial Culture

Distribution of data on entrepreneurial networking is normally distributed (p-value, 0.85>0.05). Figure 4.5 presents a histogram with normality distribution curve representing the entrepreneurial networking. The curve is consistent with the Shapiro-Wilk test in showing that the data is normally distributed.
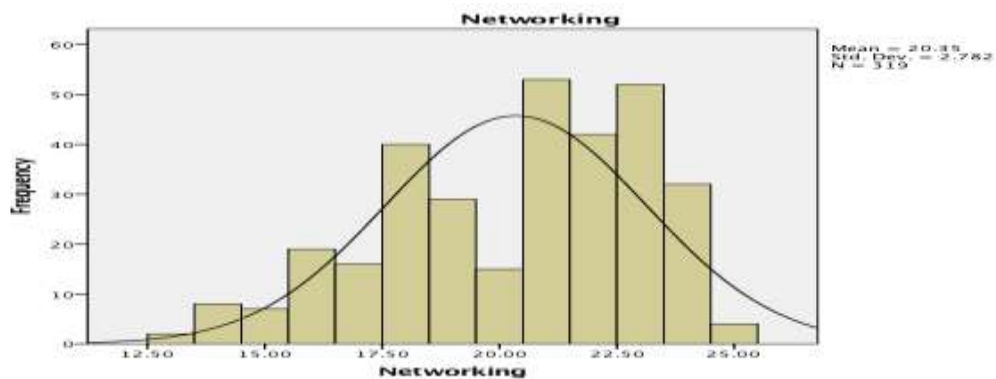
Figure 4.5: Entrepreneurial Networking

Distribution of data on growth of micro and small furniture manufacturing enterprises is normally distributed (p-value, 0.61>0.05). Figure 4.6 presents a histogram with normality distribution curve representing data on growth of micro and small furniture manufacturing enterprises. The curve is consistent with the Shapiro -Wilk test in showing that the data is normally distributed.

Figure 4.6: Growth of Micro and Small Furniture Manufacturing Enterprises

4.6.2 Test for Independence

Independence of error terms, which implies that observations are independent, was assessed through the Durbin-Watson test. Durbin-Watson (DW) test checks that the residuals of the models were not auto-correlated since independence of the residuals is one of the basic hypotheses of regression analysis. Its statistic ranges from zero to four. The calculated Durbin-Watson statistic is compared to the tabulated Durbin-Watson statistics for a model with 4 predictors excluding the intercept and sample size of 319. The tabulated Durbin-Watson table is shown in Appendix IV. The calculated Durbin Watson statistic is higher than the upper limit of the tabulated value that shows non-autocorrelation implying independence.

Table 4.22: Model Summary[b]

Durbin-Watson statistic	Tabulated lower limit	Tabulated Upper limit
1.968	1.791	1.842

a. Predictors: (Constant), Strategic_Orientation, Reward_Philosophy, Entrepreneurial_Culture, Resource_Orientation

b. Dependent Variable: Growth of Micro and Small Furniture Manufacturing Enterprises

4.6.3 Test for Multi-Collinearity

In statistics, multicollinearity refers to the predictors that are correlated with other predictors in the model. Severe multicollinearity can cause problems because it increases the variance of coefficient estimates which make the estimates very

sensitive to minor changes in the model. This then makes the coefficient estimates unstable and difficult to interpret. In this study, multicollinearity was tested by computing the Variance Inflation Factors (VIF) and its reciprocal, the tolerance. It is a situation in which the predictor variables in a multiple regression analysis are themselves highly correlated making it difficult to determine the actual contribution of respective predictors to the variance in the dependent variable.

Collinearity diagnostics measure how much regressors are related to other regressors and how this affects the stability and variance of the regression estimates. Multicollinearity is a situation when independent variables in the regression model are highly inter-correlated. Multicollinearity inflates the variances of the parameter estimates and hence this may lead to lack of statistical significance of individual predictor variables even though the overall model may be significant.

To detect for multicollinearity, the study used Variance Inflation Factor (VIF) as shown in Table 4.23. The Variance Inflation Factor (VIF) quantifies the severity of multi-collinearity in a regression analysis. VIF's greater than 10 are a sign of multi-collinearity; the higher the value of VIF's, the more severe the problem. Results in Table 4.24 shows that all the variables had a variance inflation factors (VIF) of less than 10: Strategic Orientation (1.495), Resource Orientation (2.893), Reward Philosophy (2.671), Entrepreneurial Culture (2.278) and Networking (1.915). This implies that there was no severe collinearity with the variables thus all the variables were maintained in the regression model.

Table 4.23: Multicollinearity

Model		Collinearity Statistics	
		Tolerance	VIF
1	Strategic_Orientation	.669	1.495
	Resource_Orientation	.346	2.893
	Reward_Philosophy	.374	2.671
	Entrepreneurial_Culture	.439	2.278
	Networking	.522	1.915

a. Dependent Variable: Growth of Micro and Small Furniture Manufacturing Enterprises

4.6.4 Test for Heteroscedasticity

Heteroscedasticity refers to non-constant variance while homoscedasticity refers to constant variance. A classical assumption in linear model estimation is that the residual term is homoscedastic. A test for heteroscedasticity was thus performed to confirm that the residuals of the model fitted do not exhibit heteroscedasticity. A scatter plot showing the standardized residuals against the predicted values was plotted for a virtual indication on the presence or absence of heteroscedasticity. The scatter plot does not show any signs of an increasing or decreasing pattern of the residuals against the predicted values. The plots are however randomly distributed about zero which is a sign of homoscedasticity.
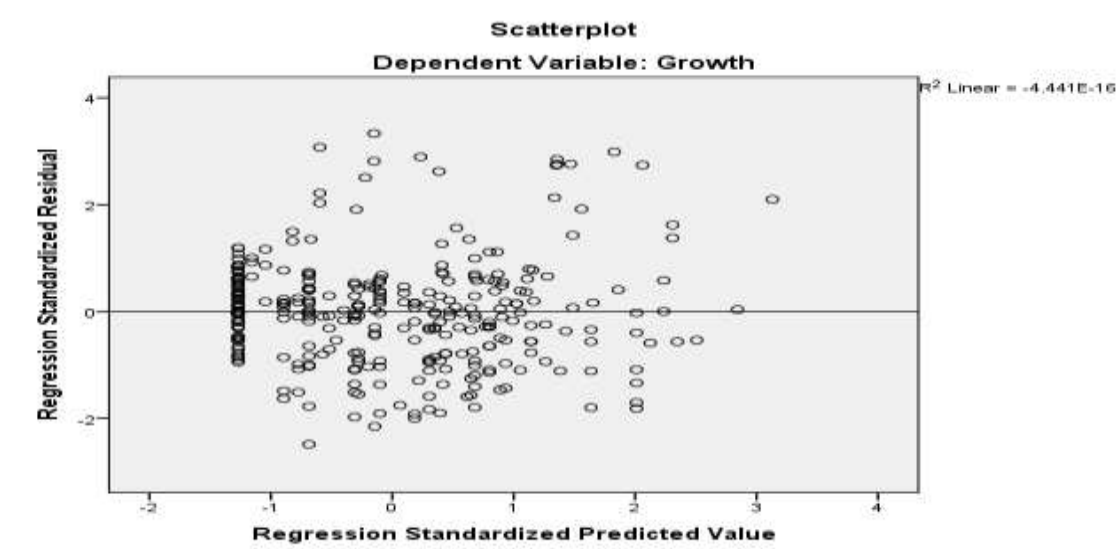
Figure 4.7: Residual Plot against Predicted Values

Further a statistical test of heteroscedasticity was carried out to confirm homoscedasticity with statistical significance. The Breusch-Pagan test was carried out where the BP Lagrange Multiplier (LM) statistic was computed for the residuals. The BP and Koenker test the hypothesis that H0: residuals do not exhibit heteroscedasticity (residuals are homoscedastic). The P-value of the BP-LM test were greater than 0.05 implying that the residuals do not exhibit heteroscedasticity thus meeting the homoscedasticity assumption.

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Table 4.24: Heteroscedasticity Results

	LM	Sig	Conclusions
BP	5.833	0.212	Fail to reject H_0
Koenker	1.876	0.759	

4.5.5 Test for Linearity

Linearity Assumption of linear estimation is that the dependent variable has a linear relationship with the independent variables. Computation of ANOVA statistics was used to test for the linearity assumption. ANOVA results were computed with F-statistics for both the linear and the non-linear components for each independent variable. Linearity is attributed to an insignificant deviation from linearity. The F-statistics for each independent variable deviation from linearity with the p-values are shown in Table 4.25. All the p-values are above 0.05 hence confirming insignificant deviations from linearity and thus linear relationships (constant slope) between the independent variables and the dependent variable.

Table 4.25: Linearity Results

	F-Statistic (Deviation from Linearity)	p-value
Growth * Strategic orientation	1.250	0.097
Growth * Resource Orientation	0.576	0.965
Growth * Reward Philosophy	1.165	0.169
Growth * Entrepreneurial culture	1.202	0.124

4.7 Statistical Modeling

Statistical modelling involved the use of inferential analysis techniques. This analysis formed the basis behind which the researcher tested for study hypotheses, made inferences to the population and drew conclusions on the study objectives. The aim of the study was to establish the influence of entrepreneurial management on growth of micro and small furniture manufacturing enterprises in Kenya. The analysis involved statistical model estimation based on the latent constructs from factor scores following factor analysis dimension reduction from the individual items

measured. The study involved both correlation analysis and regression analysis. Further, this section presents moderating effect of entrepreneurial networks.

4.7.1 Moderating effect of Entrepreneurial Networks

The study also sought to establish the moderating effect of entrepreneurial networks on the relationship between entrepreneurial management and the growth of micro and small furniture manufacturing enterprises in Kenya. To draw conclusions on the objective involving the moderating effect of entrepreneurial networks, a Moderated Multiple Regression (MMR) was fitted. MMR fitting involves generating transformation variables as interaction variables between entrepreneurial networks and each independent variable. A 3 stepwise hierarchical multiple regression is then fitted to assess the significance of the change statistics.

The coefficient of determination (R-squared) of 0.236 as indicated in Table 4.26 shows that 23.60% of growth of micro and small furniture manufacturing enterprises in Kenya can be explained by strategic orientation, resource orientation, reward philosophy and entrepreneurial culture. When an entrepreneurial network was introduced into the analysis (Model 2), there was R-square change of 25.80%. This means that entrepreneurial networks strengthened the relationship between entrepreneurial management and growth of micro and small furniture manufacturing enterprises in Kenya. When the product terms were introduced into the analysis (Model 3), there was R-square change of 31.9%, entrepreneurial networks strengthened the relationship between entrepreneurial management and growth of micro and small furniture manufacturing enterprises in Kenya and the model became significant as shown by p-value<0.001. Therefore, it can be concluded that entrepreneurial networks had significant moderating effect.

Table 4.26 shows that resource orientation had the most significant positive contribution to growth of micro and small furniture manufacturing enterprises in Kenya ($\beta = 0.360$, t = 6.865, p-value< 0.001). In addition, all the independent variables, strategic orientation ($\beta = 0.225$, t = 4.113, p-value <0.001), reward philosophy ($\beta = 0.263$, t = 4.853, p-value <0.001) had positive relationships as per correlations analysis, except entrepreneurial culture had a negative relationship ($\beta = -$

0.336, t = -3.506, p-value< 0.001) with growth of micro and small furniture manufacturing enterprises in Kenya, they were still significant in the full model. The second model shows the regression coefficients for both independent variables (strategic orientation, resource orientation, reward philosophy and entrepreneurial culture) and entrepreneurial networks (moderator). When entrepreneurial networks were introduced into the analysis, there was a significant positive relationship between entrepreneurial networks and growth of micro and small furniture manufacturing enterprises in Kenya (β = 0.155, t = 3.015, p-value < 0.003). This means that a unit increase in entrepreneurial networks index increases growth of micro and small furniture manufacturing enterprises in Kenya index by 0.155 units (measured in Likert type scale).

The introduction of entrepreneurial networks (Model 2), weakened the strength of the relationship between strategic orientation and growth of micro and small furniture manufacturing enterprises in Kenya (β = 0.189, t = 3.680, p-value < 0.001), resource orientation and growth of micro and small furniture manufacturing enterprises in Kenya (β = 0.326, t = 6.048, p-value < 0.001), reward philosophy and growth of micro and small furniture manufacturing enterprises in Kenya (β = 0.202, t = 4.094, p-value < 0.001). Moreover, entrepreneurial culture regression coefficient strengthened positively from (-0.025) to (-0.011), it was not significant after the introduction of entrepreneurial networks.

When the product terms were introduced into the analysis, the resulting model (Model 3) showed a positive significant relationship between entrepreneurial networks and growth of micro and small furniture manufacturing enterprises in Kenya. The introduction of product terms further made the relationship between strategic orientation, resource orientation and entrepreneurial culture and growth of micro and small furniture manufacturing enterprises in Kenya significant. However, that of reward philosophy and growth of micro and small furniture manufacturing enterprises in Kenya is insignificant suggesting that entrepreneurial networks have significant moderating effect between entrepreneurial management and growth of micro and small furniture manufacturing enterprises in Kenya and that it impacts

positively on growth of micro and small furniture manufacturing enterprises in Kenya.

Table 4.26 on the coefficients table of the MMR shows the coefficients estimates of the 3 different models. Model 1 shows that 3 independent variables strategic orientation, resource orientation and reward philosophy significantly influence the growth of micro and small furniture manufacturing enterprises but entrepreneurial culture does not influence growth. The result of the model generates an equation given as:

$$\hat{Y} = 0.227X_1 + 0.344X_2 + 0.216X_3$$

The addition of entrepreneurial networks as an independent variable yielded a significant change in R-square and T-statistics. The p-value of the coefficient of entrepreneurial networks in model 2 is 0.003 which implies that entrepreneurial networks is significant. The equation generated from model 2 is given by;

$$\hat{Y} = 0.227X_1 + 0.344X_2 + 0.216X_3 + 0.155Z$$

Model 3 was due to addition of the interaction variables to the model. The interaction variables between strategic orientation and entrepreneurial networks, between resource orientation and entrepreneurial networks, between reward philosophy and entrepreneurial networks, and between entrepreneurial culture and entrepreneurial networks are significant predictors in the equation with p-values less than 0.05. This implies that entrepreneurial networks moderate the relationship between growth and the independent variables strategic orientation, resource orientation, reward philosophy and entrepreneurial culture. The equation generated from model 3 is given by;

$$\hat{Y} = 0.122X_1 * Z + 0.119X_2 * Z + 0.030X_3 * Z + 0.253X_4 * Z$$

Table 4.26: Model Summary for the MMR model

Model	R	R^2	Adj. R^2	S.E of the Estm.	R^2 Change	F Change	df1	df2	Sig. F Change
					Change Statistics				
1	.486a	0.236	0.227	0.879	0.236	24.312	4	314	0.000
2	.508b	0.258	0.246	0.868	0.022	9.093	1	313	0.003
3	.565c	0.319	0.299	0.837	0.061	6.933	4	309	0.000

a Predictors: (Constant), Entrepreneurial culture , Reward Philosophy, Strategic orientation , Resource Orientation

b Predictors: (Constant), Entrepreneurial culture , Reward Philosophy, Strategic orientation , Resource Orientation, Entrepreneurial Networks

c Predictors: (Constant), Entrepreneurial culture , Reward Philosophy, Strategic orientation , Resource Orientation, Entrepreneurial Networks , X_1 intersection Z, X_2 intersection Z, X_3 intersection Z, X_4 intersection Z

d Dependent Variable: Growth

Hypothesis Five: H_{as}: Entrepreneurial networks have a significant influence on the relationship between entrepreneurial management and growth of micro and small furniture manufacturing enterprises in Kenya

The study findings showed that there was a positive significant relationship between strategic orientation and growth of micro and small furniture manufacturing enterprises in Kenya (β=0.227 and p-value<0.001) as shown in Table 4.27. Therefore, a unit increase in use of strategic orientation led to an increase in growth of micro and small furniture manufacturing enterprises in Kenya by 0.227. Since the p-value was less than 0.05, the null hypothesis was rejected and alternative hypothesis accepted thus concluded that strategic orientation had a significant positive relationship with growth of micro and small furniture manufacturing enterprises in Kenya.

The second model depicted that there is a significant positive relationship between strategic orientation and growth of micro and small furniture manufacturing

enterprises in Kenya ($\beta = 0.189$ and p-value<0.001). Thus, it can be implied that a unit change in strategic orientation index increases growth of micro and small furniture manufacturing enterprises in Kenya index by 0.189 units. A closer scrutiny of the strategic orientation beta coefficient depicts that entrepreneurial networks reduce the strength of the positive relationship (β=0.184 and p-value<0.001) between strategic orientation and growth of micro and small furniture manufacturing enterprises in Kenya.

The third model depicted a significant relationship between moderated strategic orientation and growth of micro and small furniture manufacturing enterprises in Kenya (β=0.122, p-value<0.013) and the relationship between strategic orientation and growth of micro and small furniture manufacturing enterprises in Kenya weakened from ($\beta = 0.227$, p-value <0.001) to ($\beta = 0.122$, p-value 0.001). It can then be concluded that entrepreneurial networks have a significant moderating effect.

The study findings showed that there was a positive significant relationship between resource orientation and growth of micro and small furniture manufacturing enterprises in Kenya (β=0.344 and p-value<0.000) as shown in Table 4.27. Therefore, a unit increase in use of resource orientation led to an increase in growth of micro and small furniture manufacturing enterprises in Kenya by 0.344. Since the p-value was less than 0.05, the null hypothesis was rejected and concluded that resource orientation had a significant positive relationship with growth of micro and small furniture manufacturing enterprises in Kenya.

The second model depicted that there is a significant positive relationship between resource orientation and growth of micro and small furniture manufacturing enterprises in Kenya ($\beta = 0.326$ and p-value<0.000). Thus, it can be implied that a unit change in resource orientation index increases growth of micro and small furniture manufacturing enterprises in Kenya index by 0.326 units. A closer scrutiny of the resource orientation beta coefficient depicts that entrepreneurial networks reduce the strength of the positive relationship (β=0.347 and p-value < 0.001) between resource orientation and growth of micro and small furniture manufacturing enterprises in Kenya.

The third model depicted a significant relationship between moderated resource orientation and growth of micro and small furniture manufacturing enterprises in Kenya (β=0.119, p-value<0.025) and the relationship between resource orientation and growth of micro and small furniture manufacturing enterprises in Kenya weakened from (β = 0.344, p-value <0.001) to (β = 0.119, p-value= 0.025). It can then be concluded that entrepreneurial networks have a significant moderating effect.

The study findings showed that there was a positive significant relationship between reward philosophy and growth of micro and small furniture manufacturing enterprises in Kenya (β=0.216 and p-value<0.001) as shown in Table 4.27. Therefore, a unit increase in use of reward philosophy led to an increase in growth of micro and small furniture manufacturing enterprises in Kenya by 0.216. Since the p-value was less than 0.05, the null hypothesis was rejected and alternative hypothesis accepted concluding that reward philosophy had a significant positive relationship with growth of micro and small furniture manufacturing enterprises in Kenya.

The second model depicted that there is a significant positive relationship between reward philosophy and growth of micro and small furniture manufacturing enterprises in Kenya (β = 0.202 and p-value<0.001). Thus, it can be implied that a unit change in reward philosophy index increases growth of micro and small furniture manufacturing enterprises in Kenya index by 0.202 units. A closer scrutiny of the reward philosophy beta coefficient depicts that entrepreneurial networks strengthens the positive relationship (β=0.166 and p-value < 0.001) between reward philosophy and growth of micro and small furniture manufacturing enterprises in Kenya.

The third model depicted significant relationship between moderated reward philosophy and growth of micro and small furniture manufacturing enterprises in Kenya (β=0.030, p-value=0.004) and the relationship between reward philosophy and growth of micro and small furniture manufacturing enterprises in Kenya weakened from (β = 0.216, p-value <0.001) to (β = 0.030, p-value=0.004). It can then be concluded that entrepreneurial networks have a significant moderating effect.

The study results showed that there was a negative significant relationship between entrepreneurial culture and growth of micro and small furniture manufacturing enterprises in Kenya (β= -0.025 and p-value=0.002) as shown in Table 4.27. Therefore, a unit increase in use of entrepreneurial culture led to a decrease in growth of micro and small furniture manufacturing enterprises in Kenya by 0.025. Since the p-value was less than 0.05, the null hypothesis was rejected and concluded that entrepreneurial culture has a significant negative relationship with the growth of micro and small furniture manufacturing enterprises in Kenya.

The second model depicted that there is significant negative relationship between entrepreneurial culture and growth of micro and small furniture manufacturing enterprises in Kenya (β = -0.011 and p-value=0.002). Thus, it can be implied that a unit change in entrepreneurial culture index decreases the growth of micro and small furniture manufacturing enterprises in Kenya index by 0.011 units. A closer scrutiny of the entrepreneurial culture beta coefficient depicts that entrepreneurial networks strengthen the negative relationship (β=-0.011 and p-value<0.001) between entrepreneurial culture and growth of micro and small furniture manufacturing enterprises in Kenya.

The third model depicted a significant relationship between moderated entrepreneurial culture and growth of micro and small furniture manufacturing enterprises in Kenya (β=0.253, p-value<0.000) and the relationship between entrepreneurial culture and growth of micro and small furniture manufacturing enterprises in Kenya strengthened from (β = -0.025, p-value =0.003) to (β = 0.253, p-value <0.000). It can then be concluded that entrepreneurial networks have a significant moderating effect on the relationship between entrepreneurial culture and growth of micro and small furniture manufacturing enterprises in Kenya.

Table 4.27: Model coefficients for the MMR Model

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	9.371	3.049		3.073	
	Strategic orientation	0.227	0.050	0.211	4.540	0.000
	Resource Orientation	0.344	0.054	0.320	6.370	0.000
	Reward Philosophy	0.216	0.050	0.201	4.320	0.001
	Entrepreneurial culture	-0.025	0.055	-0.023	-0.455	0.002
2	(Constant)	6.289	3.049		2.063	0.003
	Strategic orientation	0.189	0.051	0.176	3.706	0.001
	Resource Orientation	0.326	0.054	0.303	6.037	0.000
	Reward Philosophy	0.202	0.049	0.188	4.122	0.001
	Entrepreneurial culture	-0.011	0.054	-0.010	-0.204	0.002
	Entrepreneurial Networks	0.155	0.051	0.144	3.039	0.003
3	(Constant)	-5.009	1.959		-2.557	0.002
	Strategic orientation	0.184	0.051	0.171	3.608	0.001
	Resource Orientation	0.347	0.053	0.323	6.547	0.000
	Reward Philosophy	0.166	0.049	0.154	3.388	0.001
	Entrepreneurial culture	0.019	0.054	0.018	0.352	0.000
	Entrepreneurial Networks	0.144	0.050	0.134	2.880	0.004
	X_1 intersection Z	0.122	0.049	0.113	2.490	0.013
	X_2 intersection Z	0.119	0.053	0.111	2.245	0.025
	X_3 intersection Z	0.030	0.050	0.028	0.600	0.004
	X_4 intersection Z	0.253	0.055	0.235	4.600	0.000

Further, based on the p-value of the coefficient of the interaction between strategic planning and entrepreneurial networks, which is less than 0.05, it was determined

that entrepreneurial networks influence the relationship between strategic orientation and growth of micro and small furniture enterprises. Entrepreneurial networks have a positive moderating effect on the relationship between strategic orientation and growth. Figure 4.8 shows a graphical presentation of the model. With low entrepreneurial networks the slope of the relationship between strategic orientation and growth is slightly negative. With increase in levels of entrepreneurial networks the slope of the relationship between strategic orientation and growth gets steeper. The high level of entrepreneurial networks results into a stronger influence of strategic orientation on growth.
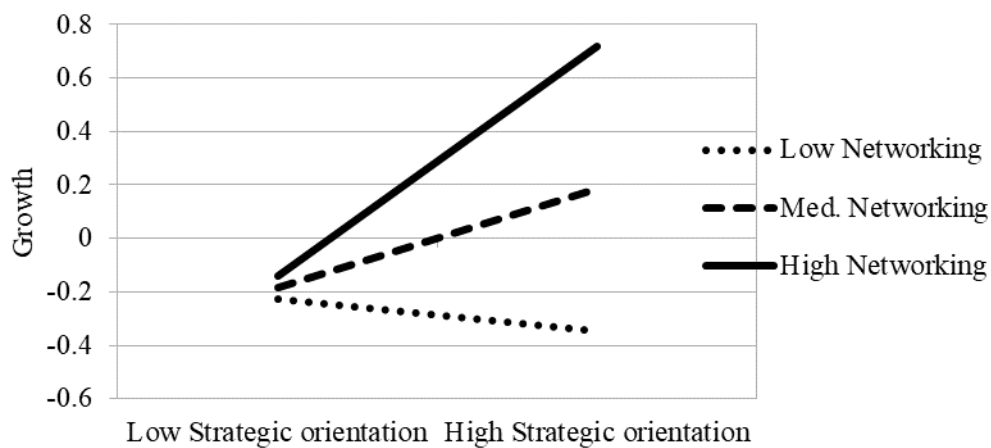
Figure 4.8: Moderating influence of Entrepreneurial Networks on Strategic Orientation and Growth

Entrepreneurial networks were also found to have a positive influence on the relationship between resource orientation and growth. The p-value of the interaction variable between entrepreneurial networks and resource orientation was less than 0.05 implying significance. Figure 4.9 shows the graphical presentation of the model. With low entrepreneurial networks the slope of the relationship between growth and resource orientation shows a low relationship. With increasing entrepreneurial networks, the slope gets steeper and stronger influence of resource orientation on growth.
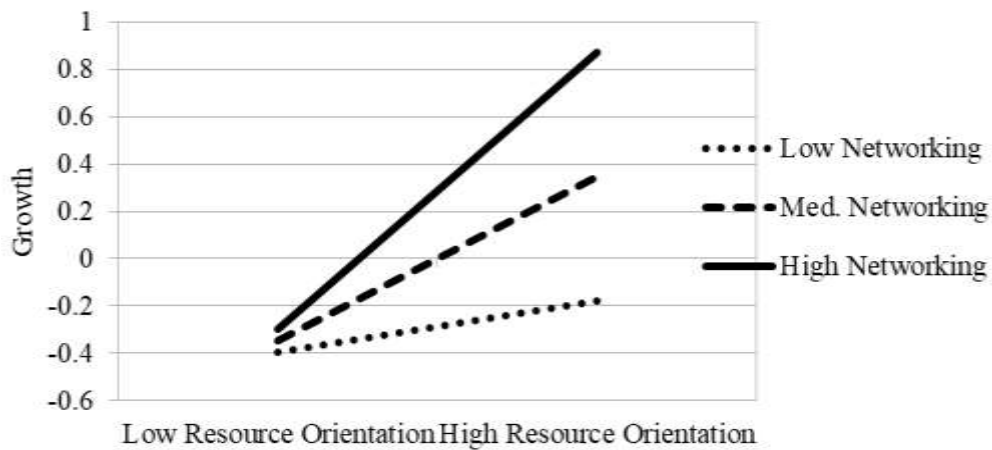
Figure 4.9: Moderating influence of Entrepreneurial Networks on Resource Orientation and Growth

The relationship between growth and entrepreneurial culture is moderated by entrepreneurial networks. The estimate coefficient of the interaction between entrepreneurial culture and entrepreneurial networks is positive and significant with a p-value less than 0.05. Figure 4.10 shows the graphical presentation. With low entrepreneurial networks, entrepreneurial culture has a negative relationship with growth. With increasing levels of entrepreneurial networks, the influence of entrepreneurial culture on growth increases.

Figure 4.10: Moderating influence of Entrepreneurial Networks on Entrepreneurial Culture and Growth

The results indicate that entrepreneurial networks also moderate the relationship between growth and reward philosophy. The estimate coefficient of the interaction between reward philosophy and entrepreneurial networks is significant positive as shown by the p-value less than 0.05. Figure 4.11 shows the graphical presentation. With low entrepreneurial networks, reward philosophy has a positive relationship with growth. With increasing levels of entrepreneurial networks, the influence of reward philosophy on growth increases.

Figure 4.11: Moderating influence of Entrepreneurial Networks on Reward Philosophy and Growth

The study investigated the effect of entrepreneurial management on the growth of micro and small furniture manufacturing enterprises in Kenya. The analysis showed that the four entrepreneurial management variables of strategic orientation, resource orientation, reward philosophy and entrepreneurial culture were significant predictors of growth of micro and small furniture manufacturing enterprises in Kenya. The study findings mesh with generic strategy research which suggested that strategic orientation, resource orientation, reward philosophy and entrepreneurial culture are appropriate entrepreneurial management in dynamic environment (Chew-Graham et al., 2014). The study further investigated the moderating effect of entrepreneurial networks on the relationship between entrepreneurial management and growth of micro and small furniture manufacturing enterprises in Kenya. The results of the study revealed that entrepreneurial networks had positive significant effect on growth of micro and small furniture manufacturing enterprises in Kenya. This result is congruent with Minitti (2015) assertion that entrepreneurial networks is an important determinant of firm growth in a given industry. Similarly, it was established from the findings of the study, that entrepreneurial networks had significant moderating effect between entrepreneurial management and growth of micro and small furniture manufacturing enterprises in Kenya

The study findings are consistent with the previous studies. Minitti (2015) in a study to establish relationship between Entrepreneurship and Network Externalities established that, by observing others, a potential entrepreneur acquires information and skills; meets other individuals who have similar or complementary expertise; learns the ropes of how to find competent employees, inputs at affordable prices, financial support and, most important, potential buyers. Moreover, Anderson and Miller (2012) in a study on human capital and social capital in entrepreneurial process established that, because entrepreneurs are a product of their social environment, they will be conditioned by that environment and perceive opportunities in a manner that is influenced by their social background. Throughout this process social environment remains important because participation in a broadly defined network helps to enact the contours of her entrepreneurial tasks. In this way we see entrepreneurship as a significantly social practice where networking acts as an organizing and governing mechanism to provide meaning, identity and resources (Jack Anderson & Drakopoulou-Dodd, 2013).

These findings are consistent with those of other scholars. Sirec and Bradac (2009) established networking impacts SMEs growth. Today's market conditions are forcing companies to adapt to changes in order to survive, grow and be competitive. Such changes include inter-company cooperation and entrepreneurial networks, which allow for competition and innovation in dynamic environment. Today, almost all industries are affected by the evolution of networking relationships within and between firms. Similarly, networks are a socially constructed "strategic alliance" for instituting change, developing growth and thus creating the future. Networking extends the reach and abilities of the individual to capture resources that are held by others and so improve entrepreneurial effectiveness. Entrepreneurial networks are an essential element in entrepreneurial social process. They operate as a linking device to others, provide an embedding mechanism and may be construed as the social platform for entrepreneurship.

4.7.2 Correlation Analysis

Correlation is a statistical measure that determines the relationships between two or more variables or sets of variables. It also shows the level of significance of the relationship. The correlation analysis also shows the direction of the relationship between the variables and the magnitude. In this study, Pearson Product moment correlation was used to determine the relationship between independent variables. Strategic orientation, resource orientation, reward philosophy, entrepreneurial culture, entrepreneurial networks and dependent variable growth of micro and small furniture manufacturing enterprises. The purpose was to establish the strength of the relationship and to find out if the six variables were related to one another.

The data presented on growth of micro and small furniture manufacturing enterprises, strategic orientation, resource orientation, reward philosophy, entrepreneurial culture and entrepreneurial networks were computed into single variables per factor by obtaining the averages of each factor. Pearson's correlations analysis was then conducted at 95% confidence interval and 5% confidence level 2-tailed. Generally, correlation is a bivariate analysis that measures the strengths of association between two variables and the direction of the relationship. In terms of the strength of relationship, the value of the correlation coefficient varies between +1 and -1. When the value of the correlation coefficient lies around ± 1, then it is said to be a perfect degree of association between the two variables. As the correlation coefficient value goes towards 0, the relationship between the two variables will be weaker. The direction of the relationship is simply the + (indicating a positive relationship between the variables) or – (indicating a negative relationship between the variables) sign of the correlation.

The study sought to establish the relationship between strategic orientation and growth of micro and small furniture manufacturing enterprises. A Pearson Correlation was performed and the result of the Pearson Correlation test as presented in Table 4.28 show a correlation (r (319) = 0.225; $p<0.001$) between the strategic orientation and growth of micro and small furniture manufacturing enterprises. This implies that the strategic orientation is positively correlated to the growth of micro

and small furniture manufacturing enterprises. In addition, the correlation between these two variables were significant, that is p<0.001 implying a linear relationship between the strategic orientation and the growth of micro and small furniture manufacturing enterprises. This shows that strategic orientation had a significant impact on the growth of micro and small furniture manufacturing enterprises.

The study findings are consistent with previous research by Floyd and Lane (2014) established that entrepreneurial managers are indeed more strategic in developing their social capital in accordance with their changing resource needs. By contrast, administrative managers – just like gamblers – are rather spontaneous in developing their entrepreneurial networks. The network of entrepreneurial managers tends to have more weak ties and more structural holes. The aim of such a diverse network is to provide sufficient resources through potential partners. The partners, with whom entrepreneurial managers collaborate, have more stakes in the collaboration than pure return of investment. These partners tend to share the same goal and interest; hence both of them are in a win-win situation in case the opportunity is realized.

Table 4.28: Pearson Correlation between Strategic Orientation and Growth of Micro and Small Furniture Manufacturing enterprises

Independent Variable		Growth	Strategic Orientation
Strategic Orientation	Pearson Correlation	.225	1
	Sig. (P-value)	.000	
	N	319	

*. Correlation is only significant at the 0.01 level

The study sought to establish the relationship between resource orientation and growth of micro and small furniture manufacturing enterprises. A Pearson Correlation was performed and the result of the Pearson correlation test as presented in Table 4.29 show a correlation (r (319) = 0.360; p<0.001) between the resource orientation and growth of micro and small furniture manufacturing enterprises. This implies that the resource orientation is positively correlated to the growth of micro and small furniture manufacturing enterprises. In addition, the correlation between

these two variables were significant, that is p<0.001 implying a linear relationship between the resource orientation and the growth of micro and small furniture manufacturing enterprises. This shows that resource orientation had a significant impact on the growth of micro and small furniture manufacturing enterprises.

The study findings are in agreement with the findings by Agarwal, Sarkar and Echambadi, (2012) while studying firms in Peru noted that resource may serve as important starting points, however, the scarcity of skills, time, and resources imply constraints. In this regard, Rao and Drazin (2012) conducted their study in New Zealand mutual fund industry and established that resource constraints can be enabling when the management develops resource acquisition strategies to overcome these constraints.

Table 4.29: Pearson Correlation between Resource Orientation and Growth of Micro and Small Furniture Manufacturing enterprises

Independent Variable		Growth	Resource Orientation
Resource Orientation	Pearson Correlation	.360	1
	Sig. (P-value)	.000	
	N	319	

*. Correlation is only significant at the 0.01 level

The study sought to establish the relationship between reward philosophy and growth of micro and small furniture manufacturing enterprises. A Pearson Correlation was performed and the result of the Pearson Correlation test as presented in Table 4.30 show a correlation (r (319) = 0.263; p<0.001) between the reward philosophy and growth of micro and small furniture manufacturing enterprises. This implies that the reward philosophy is positively correlated to the growth of micro and small furniture manufacturing enterprises. In addition, the correlation between these two variables were significant, that is p<0.001 implying a linear relationship between the reward philosophy and the growth of micro and small furniture manufacturing enterprises. This shows that reward philosophy had a significant impact on the growth of micro and small furniture manufacturing enterprises.

The study findings are consistent with previous research. There is positive relationship between reward philosophy and firm performance. Wei, Frankwick, and Nguyen (2012) highlight that participatory-based rewards have significant and indirect effect on firm performance. Ferguson and Reio (2010) indicate that payment system and other human resource practices have significant relationship with organizational and financial performance. Firm performance springs from reasonable incentive compensation (Ferguson & Reio, 2010; Bradley et al., 2011).

Table 4.30: Pearson Correlation between Reward Philosophy and Growth of Micro and Small Furniture Manufacturing enterprises

Independent Variable		Growth	Reward Philosophy
Reward Philosophy	Pearson Correlation	.263	1
	Sig. (P-value)	.000	
	N	319	

*. Correlation is only significant at the 0.01 level

The study sought to establish the relationship between entrepreneurial culture and growth of micro and small furniture manufacturing enterprises. A Pearson Correlation was performed and the result of the Pearson correlation test as presented in Table 4.31 show a correlation (r (319) = -0.336; p<0.001) between the entrepreneurial culture and growth of micro and small furniture manufacturing enterprises. This implies that the entrepreneurial culture is positively correlated to the growth of micro and small furniture manufacturing enterprises. In addition, the correlation between these two variables were significant, that is p<0.001 implying a linear relationship between the entrepreneurial culture and the growth of micro and small furniture manufacturing enterprises. This shows that entrepreneurial culture had a significant impact on the growth of micro and small furniture manufacturing enterprises.

Entrepreneurship management involves development of strategies aimed at improving organizational performance. The study findings are inconsistent with previous research by Adibaku, Westhead and Wright (2013) who highlight a positive relationship between entrepreneurial culture and growth of firms since the successful

entrepreneurs possess some pre conditions that allow for growth in their firms. As such some entrepreneurs may show low tolerance for failure in business than others.

Table 4.31: Pearson Correlation between Entrepreneurial Culture and Growth of Micro and Small Furniture Manufacturing enterprises

Independent Variable		Growth	Entrepreneurial Culture
Entrepreneurial Culture	Pearson Correlation	-.336	1
	Sig. (P-value)	.000	
	N	319	

*. Correlation is only significant at the 0.01 level

The study sought to establish the relationship between entrepreneurial networks and growth of micro and small furniture manufacturing enterprises. A Pearson Correlation was performed and the result of the Pearson correlation test as presented in Table 4.32 show a correlation (r (319) = 0.276; p<0.001) between the entrepreneurial networks and growth of micro and small furniture manufacturing enterprises. This implies that the network is positively correlated to the growth of micro and small furniture manufacturing enterprises. In addition, the correlation between these two variables were significant, that is p<0.001 implying a linear relationship between the entrepreneurial networks and the growth of micro and small furniture manufacturing enterprises. This shows that entrepreneurial networks had a significant impact on the growth of micro and small furniture manufacturing enterprises. The study findings agree with literature review by Groen (2015) indicating that firms cooperate beyond their individual scope with other organizations, large and small, to exploit new technologies in entrepreneurial networks in what is considered to be entrepreneurial networking. In MSEs, strategic cooperation and entrepreneurial networks allow MSEs to compete and innovate in a dynamic business environment. The success of a company depends also on its collaboration with other organizations that influence the creation and delivery of its products or services (Valkokari & Helander, 2015).

Table 4.32: Pearson Correlation between Entrepreneurial Networks and Growth of Micro and Small Furniture Manufacturing enterprises

Independent Variable		Growth	Entrepreneurial Culture
Entrepreneurial Networks	Pearson Correlation	.276	1
	Sig. (P-value)	.000	
	N	319	

*. Correlation is only significant at the 0.01 level

4.7.3 Regression Analysis

Regression analysis is a statistical process for estimating the relationships among variables. With this analysis, one is able to understand how the typical values of the dependent variable change when one of the independent variables is varied, while the other variables are held constant/fixed. For this study, a multiple regression model was applied to identify the impact strategic orientation, resource orientation, reward philosophy, entrepreneurial culture, entrepreneurial networks and their impact on growth of micro and small furniture manufacturing enterprises. All the five independent variables were measured using the responses on each of the variables obtained from the respondents. The collected data satisfied the assumptions for multiple linear regression as shown in the diagnostics tests.

The initial effort to examine the relationships proposed by the research model involved conducting multiple regression analysis. Bivariate regression analysis is used to analyze the relationship between a single dependent variable and single predictor variable (Hair et al., 2006). The study used linear regression analysis to test the first four alternative hypotheses. Linear regression is an approach to modelling the relationship between a scale of variable Y or more variables denoted as X. To test the four hypothesis, the study used moderated multiple regression analysis to estimate the interaction effect and test the moderating effect of entrepreneurial networks on the relationship between entrepreneurial management and growth of micro and small furniture manufacturing enterprises. The F-test was used further to determine the validity of the model while R squared was used as a measure of the

model goodness of fit. The regression coefficient summary was then used to explain the nature of the relationship between the dependent and independent variables.

Hypothesis one: H_a: Strategic orientation significantly improves growth of micro and small furniture manufacturing enterprises in Kenya

A linearity test enables a researcher to compute the likelihood of a random variable underlying the data set to be normally distributed (Cooper & Schindler, 2011). A normality test was carried out on the variables, the strategic orientation. A Normal Q-Q plot of the data was generated from the SPSS software and the findings are presented in Figure 4.12 which shows that most of the scatter dots fell within the line of best fit and, therefore, the study concluded that the variables were drawn from a normally distributed population. Further, the figure shows that the scatter dots fall within a linear line which implies that there is a positive linear relationship existing between strategic orientation and growth of micro and small furniture manufacturing enterprises in Kenya. The figure shows that all the plots appear in the line of best of fit indicating an estimate line that is increasingly positively upwards. Therefore, the findings observed a positive linear relationship between strategic orientation growth of micro and small furniture manufacturing enterprises in Kenya. The study findings corroborates with the findings by Narver and Slater (2010) who established that a firm's strategic orientation reflects the strategic directions implemented by a firm positively in order to create the proper behaviors for the continuous superior performance of the business.
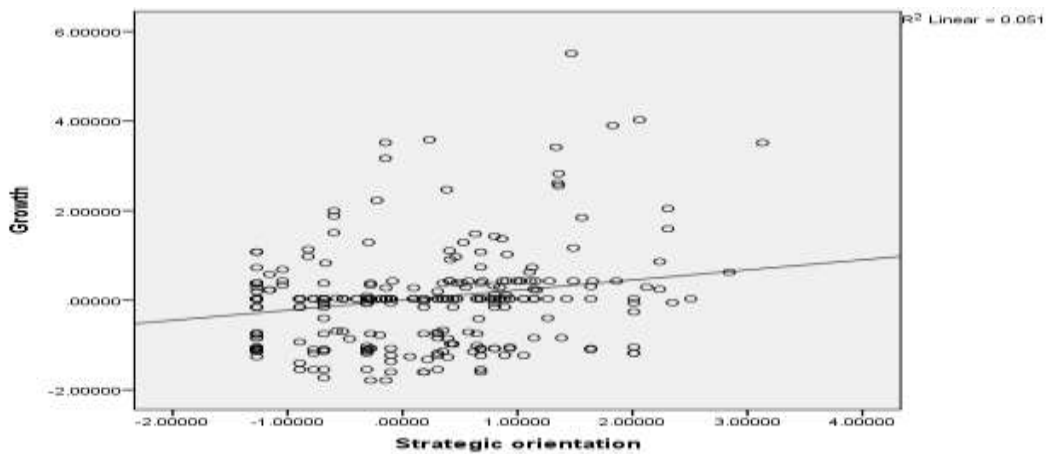
Figure 4.12: Strategic Orientation and Growth Scatter Plot

The study objectives sought to establish the influence of strategic orientation on the growth of micro and small furniture manufacturing enterprises in Kenya. The coefficient of determination (R squared) of 0.051 shows that 5.1% of growth of micro and small furniture manufacturing enterprises can be explained by strategic orientation. The adjusted R-square of 4.8% indicates that strategic orientation in exclusion of the constant variable explained the change in growth of micro and small furniture manufacturing enterprises by 5.1%. The remaining percentage can be explained by other factors excluded from the model. R of 0.225 shows that there is positive correlation between growth of micro and small furniture manufacturing enterprises and strategic orientation. The standard error of estimate (0.976) shows the average deviation of the independent variables from the line of best fit.

The result of Analysis of Variance (ANOVA) for regression coefficient as shown in Table 4.33 revealed that there exists a significant relationship between strategic orientation and growth of micro and small furniture manufacturing enterprises (F=16.916, p value < 0.001). This means that the coefficient of strategic orientation in the model is at least not equal to zero.

The study hypothesized that strategic orientation significantly improves growth of micro and small furniture manufacturing enterprises in Kenya. The study findings indicated that there was a positive significant relationship between strategic orientation and growth of micro and small furniture manufacturing enterprises in Kenya (β=0.225 and t=4.113) which has a (p-value <0.001). Further, the linear regression analysis coefficients shows that the model Y= $\beta0 + \beta_1X_1$, is significantly fit. The general form of the equation was to predict growth of micro and small furniture manufacturing enterprises in Kenya from X_1= Strategic orientation; becomes= $0.225X_1$. This indicates that growth of micro and small furniture manufacturing enterprises in Kenya = 0.225*Strategic Orientation .The model growth of micro and small furniture manufacturing enterprises in Kenya = β (strategic orientation) holds as suggested by these test. This confirms that there is a positive linear relationship between strategic orientation and growth of micro and small furniture manufacturing enterprises in Kenya. Therefore, a unit increase in use of strategic orientation index led to an increase in growth of micro and small furniture manufacturing enterprises in Kenya index by 0.225. Since the p-value was less than 0.05 as shown in Table 4.34, the null hypothesis was rejected and alternative hypothesis accepted then concluded that strategic orientation improves growth of micro and small furniture manufacturing enterprises in Kenya.

The regression analysis on Table 4.33 revealed that strategic orientation had an influence on growth of micro and small furniture manufacturing enterprises in Kenya. For every unit increase in strategic orientation, there was a corresponding increase by 0.225 in growth of micro and small furniture manufacturing enterprises in Kenya. The Pearson product moment correlation coefficient revealed a moderate, positive and significant correlation between strategic orientation and growth of micro and small furniture manufacturing enterprises in Kenya (r = 0.225, p-value < 0.001) significant at 0.05 level of significance. Use of strategic orientation was positively and significantly associated with other entrepreneurial management as revealed by the results of the correlation matrix on Table 4.33.

These results are consistent with previous studies investigating the influence of strategic orientation and growth of micro and small furniture manufacturing

enterprises in Kenya. Hortoványi and Szabó (2017) established that entrepreneurship researchers have specifically focused on social aspect of entrepreneurial managers. Elfring and Hulsink (2015) while studying emerging organizations in South Africa highlighted that entrepreneurs make strategic choices regarding their network; they add new ties, upgrade weak ties to strong ties, or drop ties according to the changing needs. Hite and Hesterly (2011) conducted a study in Ghana to investigate the evolution of firm entrepreneurial networks, from emergence to early growth of the firm. They established that, entrepreneurs are ready to move beyond their close, initial core network if they are to meet their changing resource needs. Further, review of literature indicates that entrepreneurial management also focuses on strategic partnership.

A study conducted in Nigeria by Floyd and Lane (2014) established that entrepreneurial managers are indeed more strategic in developing their social capital in accordance with their changing resource needs. By contrast, administrative managers – just like gamblers – are rather spontaneous in developing their entrepreneurial networks. The network of entrepreneurial managers tends to have more weak ties and more structural holes. The aim of such a diverse network is to provide sufficient resources through potential partners. The partners, with whom entrepreneurial managers collaborate, have more stakes in the collaboration than pure return of investment. These partners tend to share the same goal and interest; hence both of them are in a win-win situation in case the opportunity is realized.

Further, Bettis and Hitt (2015) note that entrepreneurial management is a prerequisite for attainment of organizational agility and flexibility of an organization to cope with changes in a dynamic business environment. Flexibility is critical to create wealth while competing in the global economy. Continuous organizational change is needed as firms seek to navigate in an increasingly turbulent competitive landscape. Brown and Eisenhardt (2016) suggest that the key strategic challenge for current firms is managing organizational change. Effective management of change is required but difficult, because change is risky. Outcomes from organizational change processes are a product of the firm's motivation, opportunity, and capability to change (Miller & Chen, 2012).

Table 4.33: Strategic Orientation and Growth Model

Model Summary			
R	R Square	Adjusted R Square	Std. Error of the Estimate
.225a	0.051	0.048	0.976

ANOVA					
Sum of Squares	Sum of Squares	d.f	Mean Square	F	Sig.
Regression	16.110	1	16.110	16.916	.000 b
Residual	301.890	317	0.952		
Total	318	318			

Coefficients					
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	8.115	4.027		2.015	
Strategic orientation	0.225	0.055	0.134	4.113	0.000

Hypothesis Two: H$_a$: Resource orientation significantly improves growth of micro and small furniture manufacturing enterprises in Kenya

The study findings presented in Figure 4.13 show that most of the scatter dots fell within the line of best fit and, therefore, the study concluded that the variables were drawn from a normally distributed population. Further, the figure shows that the scatter dots fall within a linear line which implies that there exists a positive linear relationship between resource orientation and growth of micro and small furniture manufacturing enterprises in Kenya. The figure presents that all the plots appear in the line of best of fit indicating an estimate line that is increasingly positively upwards. Therefore, the findings observed a positive linear relationship between resource orientation growth of micro and small furniture manufacturing enterprises in Kenya. The study findings are in line with the findings by Knight and Cavusgil (2014) who found that resource orientation positively and may be especially important to small firms because it appears to drive them toward developing high-quality, distinctive, and technologically advanced goods.
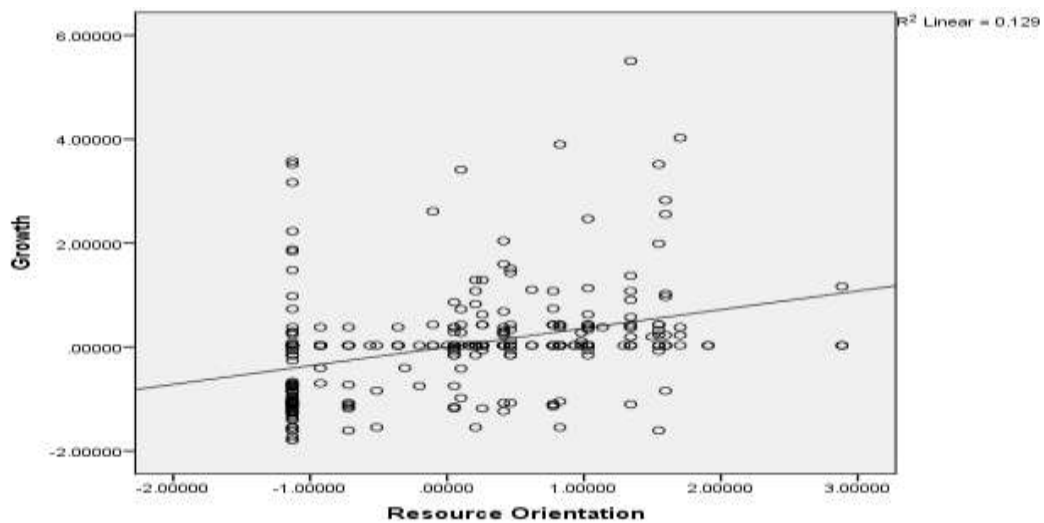
Figure 4.13: Resource Orientation and Growth Scatter Plot

The study objective two sought to examine the influence of resource orientation on the growth of micro and small furniture manufacturing enterprises in Kenya. The coefficient of determination (R squared) of 0.129 shows that 12.90% of growth of micro and small furniture manufacturing enterprises can be explained by resource orientation. The adjusted R-square of 12.70% indicates that resource orientation in exclusion of the constant variable explained the change in growth of micro and small furniture manufacturing enterprises by 12.70%. The remaining percentage can be explained by other factors excluded from the model. The R of 0.360 shows that there is positive correlation between growth of micro and small furniture manufacturing enterprises and resource orientation. The standard error of estimate (0.934) shows the average deviation of the independent variables from the line of best fit.

The result of Analysis of Variance (ANOVA) for regression coefficient as shown in Table 4.35 revealed that there exists a significant relationship between resource orientation and growth of micro and small furniture manufacturing enterprises (F=47.128, p value < 0.001). This means that the coefficient of resource orientation in the model is at least not equal to zero.

The study hypothesized that resource orientation significantly improves growth of micro and small furniture manufacturing enterprises in Kenya. The study findings

indicated that there was a positive significant relationship between resource orientation and growth of micro and small furniture manufacturing enterprises in Kenya (β=0.360 and t=6.865) which has a (p-value <0.001). Further, the linear regression analysis coefficients shows that the model Y= $\beta 0$ + $\beta_2 X_2$, is significantly fit. The general form of the equation was to predict growth of micro and small furniture manufacturing enterprises in Kenya from X_2= Resource orientation; becomes= 0.360X_2. This indicates that growth of micro and small furniture manufacturing enterprises in Kenya = 0.360*Resource Orientation.

The model growth of micro and small furniture manufacturing enterprises in Kenya = β (Resource orientation) holds as suggested by these test. This confirms that there is a positive linear relationship between resource orientation and growth of micro and small furniture manufacturing enterprises in Kenya. Therefore, a unit increase in use of resource orientation index led to an increase in growth of micro and small furniture manufacturing enterprises in Kenya index by 0.360. Since the p-value was less than 0.05, the null hypothesis was rejected and alternative hypothesis accepted then concluded that resource orientation significantly improves growth of micro and small furniture manufacturing enterprises in Kenya.

The regression analysis revealed that resource orientation had an influence on growth of micro and small furniture manufacturing enterprises in Kenya. For every unit increase in resource orientation, there was a corresponding increase by 0.360 in growth of micro and small furniture manufacturing enterprises in Kenya. The Pearson product moment correlation coefficient revealed a moderate, positive and significant correlation between resource orientation and growth of micro and small furniture manufacturing enterprises in Kenya (r = 0.360, p-value < 0.001) significant at 0.05 level of significance. Use of resource orientation was positively and significantly associated with other entrepreneurial management influenced growth of micro and small furniture manufacturing enterprises in Kenya as revealed by the results of the correlation matrix on Table 4.34.

These results are consistent with previous studies investigating the influence of resource orientation and growth manufacturing enterprises. Agarwal, Sarkar and

Echambadi, (2012) while studying firms in Peru, noted that resource may serve as important starting points, however, the scarcity of skills, time, and resources imply constraints. In this regard, Rao and Drazin (2012) conducted their study in New Zealand mutual fund industry and established that resource constraints can be enabling when the management develops resource acquisition strategies to overcome these constraints.

The study findings are in tandem with the findings by Egbule, Utebor, and Enwemasor (2018) who identified that entrepreneurial management tend to center around the pursuit of an opportunity and organization of resources for success of a business venture. In the course of the entrepreneurial process, the entrepreneurial manager creates new value through identifying new opportunities, attracting the resources needed to pursue those opportunities, and building an organization to manage those resources (Wickham, 2011).

The study findings are consistent with the findings by Stevenson (2010) who highlighted that an entrepreneurial manager seizes any promising business opportunity irrespective of the level and nature of resources currently controlled. Consequently, an entrepreneurial manager is someone who acts with ambition beyond that supportable by the resources currently under his or her control, in relentless pursuit of an opportunity. Mutegi, Wanjau and Musimba (2013) found that supply of financial capital, innovation, allocation of resources among alternative uses and decision- making are other functions of an entrepreneur. They therefore indicated that entrepreneur is someone who specializes in taking responsibility for and making judgmental decisions that affect the location, form, and the use of goods, resources or institutions.

The study results are in line with the findings by Sundqvist Kylaheiko, Kuivalainen and Cadogan (2012) that entrepreneurship management includes the allocation of resources carefully and entrepreneurial strategies to achieve high level of firm performance. Entrepreneurship management allows entrepreneurs to cope with uncertainty. Wang and Fang, (2012) note that pay-offs associated with business environmental turbulence need to be taken into account in calibrating resource

allocation. As such, Stopford and Baden-Fuller (2013) note that business needs strong entrepreneurial management to ensure optimal resource allocation for enhanced business performance. As noted by Brown et al., (2011) that entrepreneurship management is vital for organization growth as it involves organization of resources to create societal and firm value.

Table 4.34: Resource Orientation and growth model

Model Summary				
R	R Square	Adjusted R Square	Std. Error of the Estimate	
.360a	.129	.127	.934	
ANOVA				
Sum of Squares	Sum of Squares	d.f	Mean Square	F	Sig.
Regression	41.158	1	41.158	47.128	.000b
Residual	276.842	31 7	.873		
Total	318.000	31 8			
Coefficients					
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	10.728	3.935		2.726	
Resource Orientation	.360	.052	0.215	6.865	0.000

Hypothesis Three: H$_a$: Reward Philosophy significantly improves growth of micro and small furniture manufacturing enterprises in Kenya

The study findings presented in Figure 4.14 show that most of the scatter dots fell within the line of best fit and, therefore, the study concluded that the variables were drawn from a normally distributed population. Further, the figure shows that the scatter dots fall within a linear line which implies that there exist a positive linear relationship between reward philosophy and growth of micro and small furniture manufacturing enterprises in Kenya. The figure presents that all the plots that appear in the line of best of fit indicate an estimate line that is increasingly positively upwards. Therefore, the findings, observed a positive linear relationship between

reward philosophy and growth of micro and small furniture manufacturing enterprises in Kenya. The study findings are in agreement with the findings by Wei, Frankwick, and Nguyen (2012) who highlight that participatory-based rewards have significant and indirect effect on firm performance. Ferguson and Reio (2010) indicates that payment system and other human resource practices have significant relationship with organizational and financial growth. Firm performance springs from reasonable incentive compensation (Ferguson & Reio, 2010; Bradley et al., 2011). Entrepreneurship management involves development of strategies aimed at improving organizational growth. There is positive relationship between reward philosophy and firm growth.
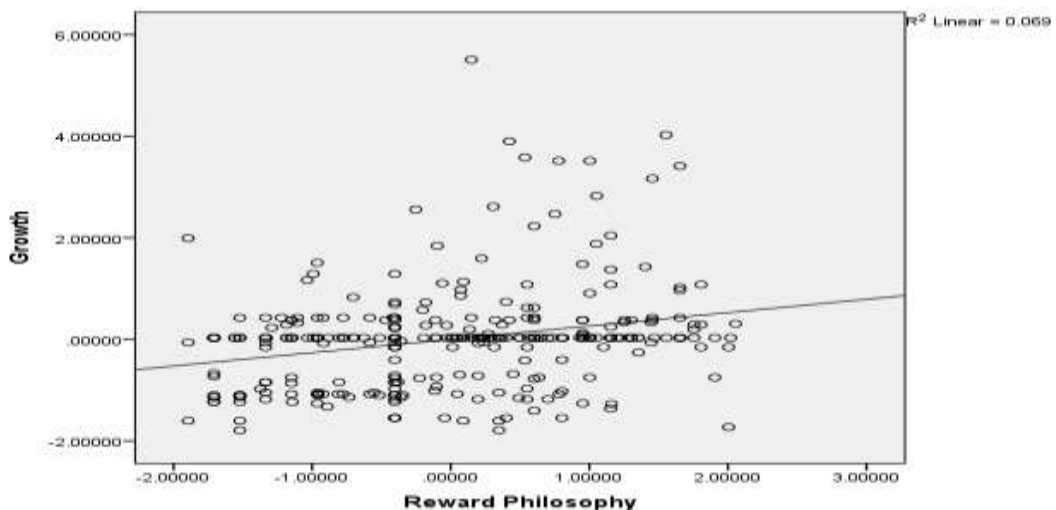
Figure 4.14: Reward Philosophy and Growth Scatter Plot

The study objective three sought to assess the influence of reward philosophy on the growth of micro and small furniture manufacturing enterprises in Kenya. The coefficient of determination (R squared) of 0.069 shows that 6.90% of growth of micro and small furniture manufacturing enterprises can be explained by reward philosophy. The adjusted R-square of 6.6% indicates that reward philosophy in exclusion of the constant variable explained the change in growth of micro and small furniture manufacturing enterprises by 6.60%. The remaining percentage can be explained by other factors excluded from the model. The R of 0.263 shows that there is positive correlation between growth of micro and small furniture manufacturing

enterprises and reward philosophy. The standard error of estimate (0.966) shows the average deviation of the independent variables from the line of best fit.

The result of Analysis of Variance (ANOVA) for regression coefficient as shown in Table 4.36 revealed that there exists a significant relationship between reward philosophy and growth of micro and small furniture manufacturing enterprises (F=23.548, p value < 0.001). This is means that the coefficient of reward philosophy in the model is at least not equal to zero.

The study hypothesized that reward philosophy significantly improves growth of micro and small furniture manufacturing enterprises in Kenya. The study findings indicated that there was a positive significant relationship between reward philosophy and growth of micro and small furniture manufacturing enterprises in Kenya (β=0.263 and t=4.853) which has a (p-value <0.001). Further, the linear regression analysis coefficients shows that the model Y= β_0 + $\beta_3 X_3$, is significantly fit. The general form of the equation was to predict growth of micro and small furniture manufacturing enterprises in Kenya from X$_3$= Reward philosophy; becomes= 0.263X$_3$. This indicates that growth of micro and small furniture manufacturing enterprises in Kenya = 0.263*Reward philosophy. The model growth of micro and small furniture manufacturing enterprises in Kenya = β (reward philosophy) holds as suggested by these test. This confirms that there is a positive linear relationship between reward philosophy and growth of micro and small furniture manufacturing enterprises in Kenya. Therefore, a unit increase in use of reward philosophy index led to an increase in growth of micro and small furniture manufacturing enterprises in Kenya index by 0.263. Since the p-value was less than 0.05 as shown in Table 4.35, the null hypothesis was rejected and alternative hypothesis accepted then concluded that reward philosophy significantly improves growth of micro and small furniture manufacturing enterprises in Kenya.

The regression analysis revealed that reward philosophy had an influence on growth of micro and small furniture manufacturing enterprises in Kenya. For every unit increase in reward philosophy, there was a corresponding increase by 0.263 in growth of micro and small furniture manufacturing enterprises in Kenya. The

Pearson product moment correlation coefficient revealed a moderate, positive and significant correlation between reward philosophy and growth of micro and small furniture manufacturing enterprises in Kenya (r = 0.263, p-value < 0.001) significant at 0.05 level of significance. Use of reward philosophy was positively and significantly associated with other entrepreneurial management which influenced growth of micro and small furniture manufacturing enterprises in Kenya as revealed by the results of the correlation matrix on Table 4.35.

These results are consistent with previous studies investigating the influence of reward philosophy and growth manufacturing enterprises. Entrepreneurial management involves development of strategies aimed at improving organizational performance. There is positive relationship between reward philosophy and firm performance. Wei, Frankwick, and Nguyen (2012) highlight that participatory-based rewards have significant and indirect effect on firm performance. The study findings concur with that of Ferguson and Reio (2010) that payment system and other human resource practices have significant relationship with organizational and financial performance. Firm performance springs from reasonable incentive compensation (Ferguson & Reio, 2010; Bradley et al., 2011).

The findings of the study support the notion that reward philosophy is acknowledged as valuable mechanism to transform entrepreneurial resources into firm performance and therefore the growth. Compensation and incentive system are the most under-researched area in human resource, especially in the context of small business (Gupta & Shaw, 2014). In the context of entrepreneur approach, reward philosophy allows employee compensation to lay emphasis on innovation (Bradley, Wiklund, & Shepherd, 2011). However, there is a strong tendency that MSEs suffer from poor labor productivity even after raising wage.

Similarly, the study findings confirm the assertion by Puranam, Alexy, & Reitzig (2013). They established that the workers in MSEs also suffer from poor human resource system. In Indonesia context, the informal workers comprise 70% of workforces. They work with a very low wage, irregular working time, and no social security (BPS Statistics Indonesia & Asian Development Bank, 2010). Reward

philosophy is one of the most critical issues for competitive advantage of the firm. This concept lays emphasis on innovation. Firms provide greater reward for innovative employees, which becomes direction of strategic to the firm (This allows reward philosophy with entrepreneurial context to be aligned with business strategy. However, increasing compensation may bring a tight compensation budget for the firms. This raises debates on the degree of match between firms and their employees through improvement in effort-reward balance. The challenges come to transformation process of such resources into performance, especially since it is embedded in employees. To understand the complex relationship among performance, reward philosophy and entrepreneurial management, it may be useful to consider entrepreneurial networking as a mediating variable; especially from the role of product development and marketing (Qureshi & Kratzer, 2012). Firms with greater entrepreneurial management (EM) and reward philosophy may fail to achieve their target unless they gain greater marketing capability (MC) through entrepreneurial networking.

Table 4.35: Reward Philosophy and Growth Model

Model Summary			
R	R Square	Adjusted R Square	Std. Error of the Estimate
.263a	.069	.066	.966

ANOVA					
Sum of Squares	Sum of Squares	Df	Mean Square	F	Sig.
Regression	21.989	1	21.989	23.548	.000b
Residual	296.011	317	.934		
Total	318.000	318			

Coefficients					
	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	7.923	3.053		2.595	
Reward Philosophy	0.263	.054	0.1571	4.853	.000

Hypothesis Four: H_a: Entrepreneurial Culture significantly improves growth of micro and small furniture manufacturing enterprises in Kenya

The study findings presented in Figure 4.15 shows that most of the scatter dots fell within the line of best fit and, therefore, the study concluded that the variables were drawn from a normally distributed population. Further, the figure shows that the scatter dots fall within a linear line which implies that there does exist a negative linear relationship between entrepreneurial culture and growth of micro and small furniture manufacturing enterprises in Kenya. The figure presents that all the plots appear in the line of best of fit indicating an estimate line that is increasingly negatively downwards. Therefore, the findings observed a negative linear relationship between entrepreneurial culture and growth of micro and small furniture manufacturing enterprises in Kenya. The study findings are consistent with previous research by Adibaku, Westhead and Wright (2013) whose findings highlight a negative relationship between entrepreneurial culture and growth of firms since the successful entrepreneurs possess some preconditions that allow for growth in their firms. As such some entrepreneurs may show low tolerance for failure in business than others.

Figure 4.15: Entrepreneurial Culture and Growth Scatter Plot

The study objective four sought to determine the influence of entrepreneurial culture on the growth of micro and small furniture manufacturing enterprises in Kenya. The coefficient of determination (R squared) of 0.037 shows that 3.70% of growth of micro and small furniture manufacturing enterprises can be explained by entrepreneurial culture as indicated in Table 4.36. The adjusted R-square of 3.4%

indicates that entrepreneurial culture in exclusion of the constant variable explained the change in growth of micro and small furniture manufacturing enterprises by 3.40%. The remaining percentage can be explained by other factors excluded from the model. The R (-0.193) shows that there is a negative correlation between growth of micro and small furniture manufacturing enterprises and entrepreneurial culture. The standard error of estimate (0.983) shows the average deviation of the independent variables from the line of best fit.

The result of Analysis of Variance (ANOVA) for regression coefficient as shown in Table 4.36 revealed that there exists a significant relationship between entrepreneurial culture and growth of micro and small furniture manufacturing enterprises (F=12.295, p value < 0.001). This means that the coefficient of entrepreneurial culture in the model is at least not equal to zero.

The study hypothesized that entrepreneurial culture significantly improves growth of micro and small furniture manufacturing enterprises in Kenya. The study findings indicated that there was a negative significant relationship between entrepreneurial culture and growth of micro and small furniture manufacturing enterprises in Kenya (β= -0.193 and t= -3.506) which has a (p-value <0.05). Further, the linear regression analysis coefficients shows that the model $Y = \beta_0 + \beta_4X_4$, is significantly fit. The general form of the equation was to predict growth of micro and small furniture manufacturing enterprises in Kenya from X_4= entrepreneurial culture; becomes= (-0.193)X_4. This indicates that growth of micro and small furniture manufacturing enterprises in Kenya = (-0.193)*entrepreneurial culture. The model growth of micro and small furniture manufacturing enterprises in Kenya = β (entrepreneurial culture) holds as suggested by these test. This confirms that there is a negative significant linear relationship between entrepreneurial culture and growth of micro and small furniture manufacturing enterprises in Kenya. Therefore, a unit increase in use of Entrepreneurial Culture index led to a decrease in growth of micro and small furniture manufacturing enterprises in Kenya index by (-0.193). Since the p-value was less than 0.05, the null hypothesis was rejected and alternative hypothesis accepted then concluded that entrepreneurial culture significantly influenced growth of micro and small furniture manufacturing enterprises in Kenya.

The regression analysis revealed that entrepreneurial culture had an influence on growth of micro and small furniture manufacturing enterprises in Kenya. For every unit increase in entrepreneurial culture, there was a corresponding decrease by (-0.193) in growth of micro and small furniture manufacturing enterprises in Kenya. The Pearson product moment correlation coefficient revealed a moderate, positive and significant correlation between entrepreneurial culture and growth of micro and small furniture manufacturing enterprises in Kenya (r = 0.193, p-value < 0.001) significant at 0.05 level of significance. Use of entrepreneurial culture was negatively and significantly associated with other entrepreneurial management influencing growth of micro and small furniture manufacturing enterprises in Kenya as revealed by the results of the correlation matrix on Table 4.36.

These results are consistent with previous studies investigating the influence of entrepreneurial culture and growth manufacturing enterprises The study findings are inconsistent with previous research by Adibaku, Westhead and Wright (2013) highlighting a positive relationship between entrepreneurial culture and growth of firms since the successful entrepreneurs possess some preconditions that allow for growth in their firms. As such some entrepreneurs may show low tolerance for failure in business than others.
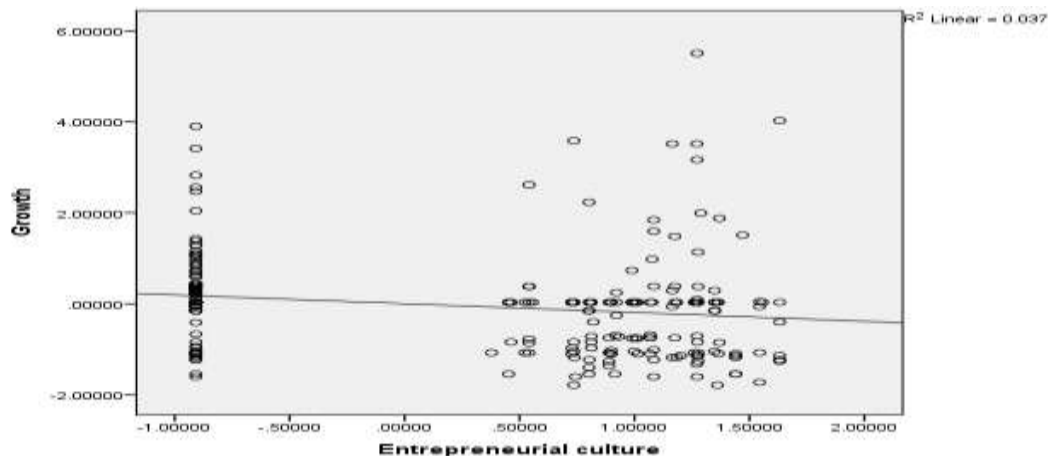
Table 4.36: Entrepreneurial Culture and Growth Model

Model Summary			
R	R Square	Adjusted R Square	Std. Error of the Estimate
.193a	.037	.034	.983

ANOVA					
Sum of Squares	Sum of Squares	Df	Mean Square	F	Sig.
Regression	11.873	1	11.873	12.295	.001b
Residual	306.127	317	.966		
Total	318.000	318			

Coefficients					
	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	6.316	2.063		3.062	
Entrepreneurial culture	-.193	.055	-0.115	-3.506	.001

Multiple regression analysis was used to determine whether independent variables, Strategic Orientation (X_1), Resource Orientation (X_2), Reward Philosophy (X_3) and Entrepreneurial Culture (X_4) simultaneously affect the dependent variable (Y) which is growth of micro and small furniture manufacturing enterprises in Kenya. From Table 4.38, the coefficient of determination (R-squared) of 0.236 shows that 23.60% of growth of micro and small furniture manufacturing enterprises in Kenya can be explained by Strategic Orientation (X_1), Resource Orientation (X_2), Reward Philosophy (X_3) and Entrepreneurial Culture (X_4). The adjusted R of 0.227% indicates that the Strategic Orientation (X1), Resource Orientation (X2), Reward Philosophy (X3) and Entrepreneurial Culture (X2) in exclusion of the constant variable explained the change in growth of micro and small furniture manufacturing enterprises in Kenya by 22.70%. The remaining percentage can be explained by other factors not included in the model. An R of 0.486 shows that there is a positive correlation between Strategic Orientation (X_1), Resource Orientation (X_2), Reward Philosophy (X_3) and Entrepreneurial Culture (X_2) and growth of micro and small furniture manufacturing enterprises in Kenya.

The analysis of variance (ANOVA) as shown on Table 4.37 tests the significance of the model at 5% level of significance. The value of $p < 0.001$ means that the null hypothesis is rejected and the alternative hypothesis is taken to hold at p-value is less than 0.05. This implies that Strategic Orientation (X_1), Resource Orientation (X_2), Reward Philosophy (X_3) and Entrepreneurial Culture (X_4) as elements of entrepreneurial management are significant predictors at explaining the growth of micro and small furniture manufacturing enterprises in Kenya and that the model is significantly fit at 5% level of significance.

Further analysis as shown in Table 4.37 shows the beta coefficients X_1 ($\beta = 0.227$, p-value <0.001), X_2 ($\beta = 0.344$, p-value <0.001), X_3 ($\beta = 0.216$, p-value<0.001) and X_4 (-0.025, p-value $=0.002$) implies a positive significant relationship between strategic orientation, resource orientation, reward philosophy and entrepreneurial culture on one hand and growth of micro and small furniture manufacturing enterprises in Kenya on the other. Since the p-values for strategic orientation, resource orientation and reward philosophy are less than 0.05, the null hypothesis was rejected and alternative hypothesis accepted. The p-values for entrepreneurial culture was less than 0.05 thus the null hypothesis was rejected and alternative accepted concluding that entrepreneurial culture has significant effect on the growth of micro and small furniture manufacturing enterprises in Kenya. Therefore, it can be concluded that cost leadership, differentiation and focus strategies have insignificant effect on manufacturing firm performance. Further, the constant term was also found to be insignificant. This implies that the model passes through the origin thus no growth is expected to be realized in case predictors are set to zero ($\beta = 0.000$, p-value <0.001).

The optimal model equation without the moderator will be as follows:

$$\hat{Y} = 0.227X_1 + 0.344X_2 + 0.216X_3.$$

The overall objective of this study was to determine the effect of entrepreneurial management on the growth of micro and small furniture manufacturing enterprises in

Kenya. The expectation was that if a firm chooses to implement entrepreneurial management strategies of strategic orientation, resource orientation and reward philosophy, it will achieve superior growth and stay ahead of competition. The results of regression analysis showed that strategic orientation, resource orientation and reward philosophy combined had significant positive relationship with growth of micro and small furniture manufacturing enterprises X1 (β = 0.227, p-value <0.001), X2 (β = 0.344, p-value <0.001), X3 (β = 0.216, p-value<0.001) as shown in Table 4.37.

The study findings corroborate with literature review by Fairoz et al., 2013; Xavier, Kelley, Kew, Herrington, & Vorderwülbecke, 2012; St-Jean et al., 2014). Mohamed et al., (2012), indicate that the growth of firms has presented a lot of concern not only to the owners and managers of firms but also to the policy makers globally, in their study they observed that there was a serious lack of entrepreneurial management among owner managers of small businesses in Malaysia resulting in poor production methods, products and services and lack of competitiveness which resulted into slow economic growth of the SMEs. The situation was worsened by the absence of government instituted policies to guide the entrepreneurs. Entrepreneurial management, or certain of its dimensions, have been associated with positive effects related to performance in manufacturing firms in London (Young, 2015).

Teece (2016) highlights that often, entrepreneurial management (EM) of a firm is associated with private owned business entities. Within the context of organizational entrepreneurship, research shows that EM of a firm has a significant relationship with its performance and thus its growth (Haroon, Mohd, & Mad, 2012). Further, Majid, Ismail and Cooper (2011) conducted a study in Malaysia. The study sought to establish prevalence of entrepreneurial management practices in technology-based firms. The results suggest that a large majority of the firms that were included in the study were seen to be entrepreneurial. Further inquiry into entrepreneurial management construct, the results were mixed on the prevalence of entrepreneurial management in the firms. For the firms with high affinity for entrepreneurial propensity, there was high prevalence of management structure, strategic orientation and entrepreneurial culture dimensions. However, the firms sampled had average scores for the growth orientation and resource orientation dimensions.

This finding supports Porter's (1980) assertion that strategy selection by itself does not necessarily lead to improved firm performance. Similar conclusions were also

drawn by Kwasi and Moses (2007) in their study examining the relationship between manufacturing strategy, competitive strategy and firm performance of Ghanian manufacturing firms which found no direct relationship between entrepreneurial management and growth of the firms. This means that manufacturing firms wanting to achieve superior growth should align their entrepreneurial management strategies to changes happening in larger environment and look for other ways to cope with competition as competitiveness of a firm is not only determined by the choice of entrepreneurial management as revealed by the study findings.

The study findings are consistent with previous studies; for example, Stevenson (2010) holds that entrepreneurial management practices can help firms remain vital and contribute to firm and societal level value creation. The study further urgues that entrepreneurial value creation process can take place in any type of organization. Similarly, the study finding confirms the assertion by Stevenson and Jarillo (2011) that entrepreneurship is more than just starting new business; entrepreneurial management may be seen as a 'mode of management' different from traditional management".

Table 4.37: Multiple Regression

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.486a	0.236	0.227	0.879

ANOVA						
Model		**Sum of Squares**	**Df**	**Mean Square**	**F**	**Sig.**
	Regression	75.198	4	18.800	24.312	.000b
1	Residual	242.802	314	0.773		
	Total	318.000	318			

Regression Coefficients					
	Unstandardized Coefficients		**Standardized Coefficients**	**t**	**Sig.**
	B	**Std. Error**	**Beta**		
(Constant)	13.36	2.049		6.5203	
Strategic orientation	0.227	0.050	0.1355	4.54	0.000
Resource Orientation	0.344	0.054	0.2054	6.3704	0.000
Reward Philosophy	0.216	0.050	0.1289	4.32	0.00

						0
Entrepreneurial culture	-0.025	0.055	-0.0149		- 0.4545	0.00 2
X_4 interaction Z	0.253	0.055	0.1510		4.6	0.00 0

a. Dependent Variable: Growth of Micro and Small Furniture Manufacturing Enterprises

b. Predictors: (Constant), Strategic Orientation, Entrepreneurial culture, Resource Orientation, Reward Philosophy

The optimal model was established as follows with regression coefficients generated from Table 4.37.

$$Y = 13.36 + 0.344X_2 + 0.227X_1 + 0.216X_3 - 0.025X_4 + 0.253Z$$

Where: Y = Growth of MSEs; X_1 = Strategic Orientation; X_2 = Resource Orientation; X_3 = Reward Philosophy; X_4 = Entrepreneurial Culture. The implication is that a unit change in strategic orientation leads to 0.227 increase in growth of MSEs, a unit change in resource orientation leads to 0.344 increase in growth of MSEs, a unit change in reward philosophy leads to 0.216 increase in growth of MSEs and a unit change in resource entrepreneurial to 0.025 decrease in growth of MSEs.

4.7.4 Optimal Model

From the tests that were conducted, the study concluded the independent variables (strategic orientation, resource orientation, reward philosophy and entrepreneurial culture) had an influence on the dependent variable (growth of furniture manufacturing MSE in Nairobi). Therefore, the optimal model resultant model is shown below and the conceptual framework remained unchanged as presented on Figure 4.16.

Strategic Orientation
- Investment in Products development planning
- Investment in New market research
- Number of Strategic partnerships
- Investment in Reputational Branding

Dependent variable

Growth of MSE
Increase in:-
- Sales
- Employees Numbers
- Branches
- Product lines

Resource Orientation
- Amount of Capital injected
- Investment in Location
- Additional Skills training/ Hires
- Number of referrals

Reward Philosophy
- Number of Salary reviews
- Number of Fringe benefits
- Number of awards/ Recognition
- Number of Promotions

Entrepreneurial Networks
- Number of Customers
- Number of Competitors
- Number of Financial institutions
- Number of Distributor agents (whole sellers,

Entrepreneurial Culture
- Number of Ideas
- Number of trials
- Number of unique designs
- Number Innovations

Independent Variables

Moderating Variable

Figure 4.16: Conceptual Framework

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CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of key data findings, the conclusion drawn from the findings and recommendations proposed by the study. The conclusions drawn and recommendations proposed focused on addressing the objective of the study.

5.2 Summary of Major Findings

The study sought to establish the influence of entrepreneurial management on growth of micro and small furniture manufacturing enterprises in Kenya. This section presents the summary of major findings presented per objectives.

5.2.1 Strategic Orientation

From the study objective it was evident that strategic orientation improves growth of micro and small furniture manufacturing enterprises.

It was established that new product development, strategic partnership and market research that were cited by the respondents as dimensions of strategic orientation play an integral part in improving growth of micro and small furniture manufacturing enterprises in Kenya. However, it was temporarily employed. The respondents contended that the objective of new product development was to cultivate, maintain and increase the market share and to satisfy consumer demand. Some respondents suggested that since not every product will appeal to every customer or client base, defining the target market for a product is a critical component that must take place early in the product development process. A majority of the respondents also indicated that they had ventured into new markets.

The study findings rejected the null hypothesis and accepted the alternative hypothesis. It was therefore established that growth of micro and small furniture

manufacturing enterprises in Kenya was significantly influenced by strategic orientation positively.

5.2.2 Resource Orientation

The study objective sought to ascertain the relationship between resource orientation and growth of micro and small furniture manufacturing enterprises in Kenya. It was firmly approved through descriptive and quantitative analysis that resource orientation plays an important role in improving growth of micro and small furniture manufacturing enterprises in Kenya.

A majority of the respondents indicated that they believed that micro and small furniture manufacturing enterprises needs working capital, investment in location and training which key components of resource orientation and plays an important role in improving growth of small and micro furniture manufacturing enterprises. They categorized capital as a very useful function of wealth because of the role it plays in production of wealth. The findings also show that location of a business is strategic resource if it gave the entities a strategic advantage.

The study findings rejected the null hypothesis and accepted the alternative hypothesis. It was therefore established that growth of micro and small furniture manufacturing enterprises in Kenya was significantly influenced by resource orientation positively.

5.2.3 Reward Philosophy

The study objective sought to ascertain the relationship between reward philosophy and growth of micro and small furniture manufacturing enterprises in Kenya. It was ascertained that reward philosophy plays an important role in improving growth of micro and small furniture manufacturing enterprises in Kenya.

The results reveal that a majority of the respondents indicated that promoting employees which is a critical component of reward philosophy encourages employee retention. The respondents recognized that promotion at work often makes employees feel recognized, valued, and engaged which is one way to ensure the

micro and small furniture manufacturing enterprises keep valuable employees. In addition, the findings indicated that a majority of the enterprises that participated in the study indicated that compensation of employees based on the value they add to the business was recognized as a move adapted by the enterprises to reward employees.

This objective was built on the following alternative hypothesized statement that 'Reward philosophy significantly improves growth of micro and small furniture manufacturing enterprises in Kenya'. The study findings rejected the null hypothesis and accepted the alternative hypothesis, establishing that growth of micro and small furniture manufacturing enterprises in Kenya was significantly influenced by reward philosophy positively.

5.2.4 Entrepreneurial Culture

The study of objective was aimed at determining the relationship between entrepreneurial culture and growth of micro and small furniture manufacturing enterprises in Kenya.

From the findings it's evident that innovative processes and services make organisations' products and services more profitable. The findings show that many of the respondents indicated that micro and small furniture manufacturing enterprises, especially young firms, contribute greatly and increasingly to the innovation system by introducing new products and adapting existing products to the needs of customers. Findings of the research also suggest that micro and small furniture manufacturing enterprises supported and involved their staff in the process of continuous improvement of products and services as well as creation of new products. The study recognized that these efforts are enormously inventive and creative ways that can open large opportunities to improve products.

This objective was built on the following alternative hypothesized statement that 'Entrepreneurial culture significantly improves growth of micro and small furniture manufacturing enterprises in Kenya'. The study findings rejected the null hypothesis and accepted the alternative hypothesis, establishing that growth of micro and small

furniture manufacturing enterprises in Kenya was significantly influenced by entrepreneurial culture negatively.

5.2.5 Entrepreneurial Networks

The study of objective was aimed at determining the moderating effect of entrepreneurial network on the relationship between entrepreneurial management and growth of micro and small furniture manufacturing enterprises in Kenya.

The study established the critical role played by aspects of entrepreneurial networking employed by micro and small furniture manufacturing enterprises has led improvement of growth in micro and small furniture manufacturing enterprises in Kenya. A majority of the respondents strongly agreed with the fact that they regularly and actively cooperated with training partners and educational centres for purposes of research since they operate in medium to low technology environments and innovate without using formal research and development inputs. However, the findings revealed that the enterprises had weak communication with their customers as a periodic source of business. The findings also revealed that micro and small furniture manufacturing enterprises poorly cooperated with final users, suppliers, and agents. The respondents were almost unanimous in claiming that business entrepreneurial networks carry advantages for competitiveness.

This objective was built on the hypothesized statement that 'entrepreneurial networks have a significant influence on the relationship between entrepreneurial management and growth of micro and small furniture manufacturing enterprises in Kenya', alternative hypothesis. The study findings rejected the null hypothesis and accepted the alternative hypothesis, establishing that entrepreneurial networks have a significant influence on the relationship between entrepreneurial management and growth of micro and small furniture manufacturing enterprises in Kenya.

5.3 Conclusions

5.3.1 Strategic Orientation

The study reached a conclusion that there was a significant positive relationship between strategic orientation and growth of the micro and small furniture manufacturing enterprises in Kenya. The key benefit of strategic orientation is that it is a central component of any organization. Adopting strategic orientation, micro and small furniture manufacturing enterprises assists a business to achieve its performance objectives. Strategic orientation of the firm leads to, at least in part, superior performance because of the innovative products and services in the market.

The study also concluded new product development is intended to cultivate, maintain and increase the market share. This also is aimed at satisfy consumer demand. Further, it was concluded that defining the target market for a product is a critical component to ensure business growth.

5.3.2 Resource Orientation

The researcher also concluded that there was a significant and positive relationship between resource orientation and growth of the micro and small furniture manufacturing enterprises. Managers in micro and small furniture manufacturing enterprises understand that, for a firm to achieve high levels of performance and realize a sustained competitive advantage, it needs to acquire heterogeneous resources and have the capabilities to manage resource constraints.

Resource orientation is an important in contribution to the growth of micro and small furniture manufacturing enterprises. Micro and small furniture manufacturing enterprises need working capital financing to invest in inventory and other purchases for raw materials. Capital is therefore a very useful function of wealth because of the role it plays in production of wealth to a business.

5.3.3 Reward Philosophy

In addition, the research further concluded that there was a significant but positive association between reward philosophy and growth of the micro and small furniture manufacturing enterprises. The study found the reward philosophy is one of the most critical issues for competitive advantage of the micro and small furniture manufacturing enterprises and we can conclude that it lays meaningful emphasis on innovation.

Firms provide greater reward for innovative employees, which becomes strategic to the firm. It was concluded that promotion at work often makes employees feel valued therefore ensure the micro and small furniture manufacturing enterprises keep valuable employees. The study has also concluded that micro and small furniture manufacturing enterprises compensate employees based on the value they add to the business.

5.3.4 Entrepreneurial Culture

Based on the data collected from the field, the study reached a conclusion that entrepreneurial culture had a significant negative association with the growth of the micro and small furniture manufacturing enterprises. Although entrepreneurial culture is one of the crucial aspects that can differentiate one firm from another, many micro and small furniture manufacturing enterprises lack entrepreneurship skills and experience which affect the propensity of enterprises to become entrepreneurial and the likelihood of their success.

It was also concluded that that many micro and small furniture manufacturing enterprises, especially young firms, contribute greatly and increasingly to the innovation system. This is by introducing new products and adapting existing products to the needs of customers. The businesses supported and involved their staff in the process of continuous improvement of products and services as well as creation of new products.

5.3.5 Entrepreneurial Networks

The study further reached a conclusion that entrepreneurial networking had a significant positive association with the growth of the micro and small furniture manufacturing enterprises. The research acknowledges the importance associated with strategic cooperation and entrepreneurial networks and their capacity to allow micro and small furniture manufacturing enterprises to compete and innovate in a dynamic business environment. However, the respondent's opinions were divergent and they supposed that the success of a micro and small furniture manufacturing enterprises was not dependent on their collaboration with other organizations that influence the creation and delivery of its products or services.

Further, the study concludes that micro and small furniture manufacturing enterprises in Kenya regularly and actively cooperated with training partners and educational centres for purposes of research since they operate in medium to low technology environments and innovate without using formal research and development inputs. Business entrepreneurial networks carry advantages for competitiveness in a business and therefore result in growth. The enterprises however had weak communication with their customers. It was also concluded that enterprises poorly cooperated with final users, suppliers, and agents.

5.4 Recommendations

In view of the findings made and conclusions drawn from the study, the following recommendations are provided to help enhance an accelerated and sustained growth in the micro and small furniture manufacturing enterprises in Kenya.

5.4.1 Strategic Orientation

Based on this objective, the study concludes the following. A policy should be formulated that rewards innovation to ensure that micro and small furniture manufacturing businesses have new and innovative products that will allow for growth and development in the sector. Also, the government through the Ministry of Industrialization, Trade and Enterprise Development (MoITED) should facilitate

access to international market for locally manufactured furniture as well as remove barriers to access to raw materials from international markets in order to drive growth in the sector.

5.4.2 Resource Orientation

On resource orientation a policy should be developed to ensure that entrepreneurs engaging in micro and small furniture manufacturing enterprises undergo some training before they are issued with a business license. This will assist the micro and small furniture manufacturing enterprises in Kenya to possess a little of technical/ entrepreneurial knowledge on enterprise initiation and growth. The training will be important in aligning the skills of owner managers of micro and small furniture manufacturing enterprises with technological advancements and new business developments that require employees to have new or improved skills. Since access to credit is important for the growth and development of micro and small furniture manufacturing enterprises in Kenya, there is need for the government and other partners to formulate and implement policies that facilitate the ease accessibility of credit to micro and small furniture manufacturing enterprises in Kenya from the financial institutions.

The government in partnership with micro and small furniture manufacturing enterprises need to develop a fund that will be directed to research and development in furniture manufacturing. The lack of sufficient financial assets, weaker competencies and absorptive capacity, and the absence of scale and scope economies, militate against possible innovation in general and research and development in particular being implemented in micro and small furniture manufacturing enterprises. Therefore, such a partnership can go a long way to improve efficiency and productivity in the industry.

5.4.3 Reward Philosophy

On reward and philosophy, the government in partnership with micro and small furniture manufacturing enterprises need to develop a fund that will be directed to research and development in furniture manufacturing. The lack of sufficient financial

assets, weaker competencies and absorptive capacity, and the absence of scale and scope economies, militate against possible innovation in general and research and development in particular being implemented in micro and small furniture manufacturing enterprises. Therefore, such a partnership can go a long way to improve efficiency and productivity in the industry.

5.4.4 Entrepreneurial Culture

On entrepreneurial culture, through trainings, the entrepreneur should be prepared in a way that they are able to accept small failures in the business. This will allow them to continually improve and learn from mistakes. The businesses should always bring on board aspiring entrepreneurs for the purposes of nurturing them as well as taping their knowledge and skills for enhanced performance and growth in the sector.

Further, the furniture-manufacturing firms should give their employees a chance to be heard and also offer them the opportunity to own the firm. This will motivate them to higher performances as well as grow their entrepreneurial culture.

5.4.5 Entrepreneurial Networks

The findings indicated that formal business networking is significantly positively correlated with net asset and added value growth. Therefore, there is need for more study on entrepreneurial networks since they are a socially constructed strategic alliance for instituting change, developing growth and thus creating the future. Networking extends the reach and abilities of the individual to capture resources that are held by others and so improve entrepreneurial effectiveness. Entrepreneurial networks are an essential element in entrepreneurial social process; they operate as a linking device to others; they provide an embedding mechanism and they may be construed as the social platform for entrepreneurship. More and more entrepreneurial workshops should be organized among entrepreneurs to enhance their networks.

Moreover, there is a dire need for capacity building support to enable micro and small furniture manufacturing enterprises to grow. They need to be helped to liaise with the public agencies and institutions responsible for implementing the various

schemes aimed at assisting micro and small furniture manufacturing enterprises. Strong associations would enjoy legal recognition; negotiate with official authorities on issues such as work permits, credit and the right to occupy public land. The entrepreneurs in furniture manufacturing business should form cooperatives that will allow them to network as well as gain access to cheap financing to grow their businesses. Such associations will also strengthen their bargain and access to resources, capital and information through links with formal markets.

5.4.6. Study's Contribution to Theory

Contribution of the current study would include the addition to knowledge of entrepreneurship. The exploration of the linkage between contingency theory depicts about every strategic orientation type and states that there is a manner that fits micro and small furniture manufacturing enterprises traits which lead to enhanced growth. Resource- Based View (RBV) theory do it more in a strategic context, presenting resources and capabilities as essential to gaining a sustained competitive advantage and, consequently, to a superior performance and hence growth of micro and small furniture manufacturing enterprises. Herzberg Hygiene Theory describes the reward philosophy in micro and small furniture manufacturing enterprises and how it motivates the employees for enhanced growth.

Porter's entrepreneurial management strategies and firm growth in manufacturing sector particularly in developing countries, provides not only significant contribution to the entrepreneurship management literature but also enables managers to employ the right strategies for their firms to compete in the fast changing business environment. Schumpeter's Theory of Innovation explains entrepreneurial culture where ideas are more important than resources and furniture manufacturing MSEs usually have more ideas than their resources.

Another major contribution is the introduction of critical element of entrepreneurial networking theory in the relationship between entrepreneurial networks and growth of micro and small furniture manufacturing enterprises. This study contributed to the knowledge by investigating the moderating effect of entrepreneurial networking as an environmental variable in order to analyze the reactions of micro and small

furniture manufacturing enterprises in their choice of entrepreneurial management strategy when the environment is intense. Despite the known fact that external environment impacts on entrepreneurial management, choice and the need to have a fit between the entrepreneurial management and the growth in a competitive environment, there had been a gap in the empirical knowledge in literature. Therefore, the findings of this study have contributed to filling this knowledge gap.

For firms to achieve Entrepreneurial Culture and growth, they must choose any of these entrepreneurial management strategies. The findings of this study equally revealed that strategic orientation, resource orientation, reward philosophy and entrepreneurial culture influence growth of micro and small furniture manufacturing enterprises. The findings further revealed that resource orientation was the most preferred strategy by the micro and small furniture manufacturing enterprises and that generally the micro and small furniture manufacturing enterprises employed multiple strategies unlike the assumption of the Porters' model used in this study.

5.4.7 Recommendations for Policy

The underlying assumption of Porter's model and growth theory of a firm as used in this study, is that entrepreneurial management with components of strategic orientation, resource orientation, reward philosophy and entrepreneurial culture, influence growth of micro and small furniture manufacturing enterprises when used exclusively.

The study also found out that entrepreneurial networking had significant moderating effect on the relationship between entrepreneurial management and growth of micro and small furniture manufacturing enterprises in Kenya. The entrepreneurial networks also had a positive effect on the growth of micro and small furniture manufacturing enterprises in Kenya. The study recommends that policy managers of these firms pay careful consideration to aligning their entrepreneurial management and entrepreneurial networking as one of the environmental variable so as to remain competitive and grow in this global business.

5.5 Areas for Further Research

This study should be replicated in micro and small furniture manufacturing enterprises in Counties outside Nairobi to establish if similar results can be achieved. Also, the study can be replicated to cover micro and small manufacturing enterprises operating in other sectors to see whether similar results can be obtained. Future researchers should consider introducing other factors not covered in this study such as entrepreneurial orientation, business development services, and innovation among others to establish their effect on growth of micro and small furniture manufacturing enterprises.

The study relied on cross-sectional data survey where the respondents were asked to assess viewpoints on the item in the instrument. But some success factors of growth of firms are known to be strategic and dynamic in nature. Therefore, a longitudinal study would be more preferable as it could provide a better perspective of the effect of entrepreneurial management on the firm performance in Kenya in addition to further informing the policy frameworks of entrepreneurial management.

In addition, the sampled firms in this study were drawn from firms within one geographical region. Future research may consider expanding the scope to include firms in other geographical regions to confirm the findings of this study and establish whether there is significant difference in entrepreneurial management employed by these enterprises based on their geographical scope.

The current study was undertaken in Kenya, there is need to replicate the findings of this study in other developing economies to see whether there is difference in application of this entrepreneurial management. The study also focused only on micro and small furniture manufacturing enterprises; other researchers may look at other sectors of the economy.

The current study limited itself to establishing which of the entrepreneurial management strategies were applied by micro and small furniture manufacturing enterprises in Kenya and how that impacted on their growth without due consideration on different categories of firms within the sector that is, small, medium

and large. Future studies should be undertaken to do a comparative study to check if there is difference in choice of entrepreneurial management strategy based on these categories.

Conceptual model of this study can also be extended by considering other aspects of external environmental factors since the current study limited itself to entrepreneurial networking as the moderating variable. The finding of this study on the moderating effect of entrepreneurial networking on the relationship between entrepreneurial management and micro and small furniture manufacturing enterprises growth showed significant moderating effect. Future research may replicate this variable in similar study on different firms' category to find out whether the finding is different from the current results.

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APPENDICES

Appendix I: Introduction Letter

Dear Respondent,

RE: DATA COLLECTION

My name is Grace Okello, a PhD student at Jomo Kenyatta University of Agriculture and Technology (JKUAT). As a requirement, I am undertaking a study on '**Entrepreneurial Management and Growth of Micro on Small Furniture Manufacturing Enterprises in Kenya**.

In today's turbulent business environment, entrepreneurs are required to adapt by the business environment and therefore engage entrepreneurial management for growth and survival. As such the purpose of this study is to investigate the influence of entrepreneurial management on growth of micro and small furniture manufacturing enterprises in Kenya.

I hereby request you to support me by filling this questionnaire to enable me obtain data for the study. The information obtained here will be treated with utmost confidentiality and will only be used for academic purposes.

Your cooperation will be highly appreciated.

Yours truly,

Grace Okello

Appendix II: Questionnaire

Please answer these questions giving your most honest opinion. Tick appropriately.

This questionnaire is to collect data for purely academic purposes. All the information will be treated as confidential. **DO NOT WRITE YOUR NAME ON THIS QUESTIONNAIRE.**

Kindly answer all questions by either ticking the option that applies or filling in the blank space.

Section I: Background Information

Name of the organization……………………………………………………

Year established…………………………………………………………….

Address …………………………………   Postal code…………………………

Telephone number……………………   Street…………………………………

Email…………………………………   Sub-county……………………………
Constituency…………………………

1. Gender   Male [   ]   Female [   ]
2. Age bracket:
   Below 20   [   ]   21-25   [   ]

   26-30   [   ]   31-35   [   ]

   36-40   [   ]   Over 40   [   ]

3. Highest level of education
   High school   [   ]   Certificate   [   ]

   Diploma   [   ]   Bachelors   [   ]

Masters   [ ]   Others (specify) _____

4. What the form of the business ownership?

Sole ownership   [ ]   Family business   [ ]

Partnership   [ ]   Corporations/Companies   [ ]

Others (specify)…………………………………………………

1. Indicate the status of your business

Micro enterprises   [ ]   Small enterprise   [ ]

2. How many employees do you have?

0-5   [ ]   5-10   [ ]

11-15   [ ]   16-20   [ ]

21-25   [ ]   26-30   [ ]

31-35   [ ]   36-40   [ ]

41-45   [ ]   46-50   [ ]

Above 50   [ ]

5. What type of furniture products (except stone, concrete or ceramic) does your company produce for any place and various purposes? Select from the list indicated below: by a check (tick)

Type of product	% of the total production
1. Sofas, sofa beds and sofa sets	
2. Office furniture	
3. Special furniture for shops: counters, display cases, shelves etc.	
4. Chairs and seats for offices, workrooms, hotels, restaurants, public and domestic premises	

5. Kitchen furniture	
6. Cabinets for sewing machines, televisions etc.	
7. Furniture for bedrooms, living rooms, gardens etc.	
8. Furniture for churches, schools, restaurants	
9. Garden chairs and seats	
10. Chairs and seats for transport equipment	

6. What proportion/percentage of the following types of wood/raw materials is used in the company?

Wood/Raw Materials	20% and below	20%-40%	41%-60%	61%-80%	81%-100%
Hardwood					
Softwood					
Artificial					
Others (Specify)…………………					

7. Estimate the value of your business (Kshs.).

Less than 100, 000   [ ]   Between 100,001-200,000   [ ]

Between 100,001- 400,000   [ ]   Between 400,001-500,000   [ ]

Above 500,000   [ ]

8. Please indicate your estimated annual earnings of the business in the last 5 years.

	2017	2015	2014	2013	2012
Estimated annual business earnings'000'					

SECTION B: Entrepreneurial Management on Growth of Micro and Small Furniture Manufacturing Enterprises in Kenya

Strategic orientation

9. In the last five years, how many times on average per year have you adopted the following aspects of strategic orientation each year?

Strategic orientation	2012	2013	2014	2015	2017
Partnering with other businesses as a strategies to pursue opportunities limited resources situations					
Venturing into new markets					
New product development					
Adopting new technologies and processes					
Identifying ,pursuing and implementing business opportunities on the basis of current resources (branding)					

Resource Orientation

10. In the last five years, how many times each year have you adopted the following aspects of resource orientation to bring you new business?

Resource orientation	2012	2013	2014	2015	2017
Capital					
Location					
Skills					
Training					
Reputation (referrals)					

Reward Philosophy

11. In the last five years, how many times each year has the business adopted these elements of reward philosophy?

Reward Philosophy	2012	2013	2014	2015	2017
Compensate employees based on the value they add to the business					
Give fringe benefits to the employees					
Recognize employees for outstanding performance (awards, bonuses)					
Promote employees					
Salary reviews					

Entrepreneurial culture

12. In the last five years , how many times each have you and your staff practiced the following aspects of entrepreneurial culture?

Entrepreneurial Culture	2012	2013	2014	2015	2017
Innovative processes and services that make your products and services profitable					
Implement research and development to improve and introduce new products and services					
Do you support and involve your staff in the process of continuous improvement of products and services as well as create new products					
Encourage your team to come up with new ideas often to ensure growth of our business					

Entrepreneurial Networking

13. In the last five years, how many times each year have the following aspects of entrepreneurial networking been implemented in your organizations?

Entrepreneurial Networking	2012	2013	2014	2015	2017
Established good relationship with reliable raw material suppliers					
Maintained communication with customers who give us business periodically					
Regularly and actively cooperate with training partners, educational, research,					
Cooperating with final users, suppliers, and agents.					
Interact with financial institutions , competitors and customers					

Growth of Micro and Small Furniture Manufacturing Enterprises

14. Please indicate the status on the following aspects of your business growth in the last five years?

	2012	**2013**	**2014**	**2015**	**2017**
Volume of sales in Kshs ('000)					
Coverage of market share (%)					
The number of employees					
Level of profitability in Kshs. ('000')					
Number of branches					
Number of new products					
Number of products					

Thank You for Your Participation

Appendix III: Factor loadings table

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6
Partnering with other businesses as a strategies to pursue opportunities limited resources situations	0.091					
Venturing into new markets	0.626					
New product development	0.796					
Adopting new technologies and processes	0.710					
Identifying ,pursuing and implementing business opportunities on the basis of current resources (branding)	0.643					
Capital		0.908				
Location		0.912				
Skills		-0.704				
Training		-0.184				
Reputation (referrals)		-0.918				
Compensate employees based on the value they add to the business			0.786			
Give fringe benefits to the employees			0.481			
Recognize employees for outstanding performance (awards, bonuses)			-0.100			
Promote employees			-0.682			
Salary reviews			0.079			
Extraction Method: Principal Component Analysis.			-0.056			
Innovative processes and services that make your products and services profitable				0.927		
Implement research and development to improve				0.949		

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and introduce new products and services		
Do you support and involve your staff in the process of continuous improvement of products and services as well as create new products	0.952	
Encourage your team to come up with new ideas often to ensure growth of our business	0.938	
Established good relationship with reliable raw material suppliers		0.883
Maintained communication with customers who give us business periodically		0.937
Regularly and actively cooperate with training partners, educational, research,		0.951
Cooperating with final users, suppliers, and agents.		0.319
Interact with financial institutions , competitors and customers		0.115
Volume of sales in Kshs ('000)		-0.502
Coverage of market share (%)		-0.511
The number of employees		0.011
Level of profitability in Kshs. ('000')		0.356
Number of branches		0.651
Number of new products		0.814
Number of products		0.568

Appendix IV: Durbin Watson tables

Critical Values for the Durbin-Watson Test: 5% Significance Level

T=200,210,220,...,500, K=2 to 21

K includes intercept

T	K	dL	dU	T	K	dL	dU	T	K	dL	dU
290	7	1.76539	1.8498	300	15	1.71385	1.90885	320	3	1.80408	1.82922
290	8	1.75825	1.85704	300	16	1.70667	1.91623	320	4	1.79775	1.83559
290	9	1.75106	1.86434	300	17	1.69946	1.92365	320	5	1.79139	1.84199
290	10	1.74384	1.87169	300	18	1.69221	1.93111	320	6	1.785	1.84844
290	11	1.73659	1.87909	300	19	1.68494	1.93863	320	7	1.77857	1.85494
290	12	1.72929	1.88655	300	20	1.67764	1.94619	320	8	1.77211	1.86147
290	13	1.72196	1.89405	300	21	1.6703	1.95379	320	9	1.76563	1.86804
290	14	1.71459	1.90161	310	2	1.80725	1.82019	320	10	1.75911	1.87466
290	15	1.70718	1.90921	310	3	1.80076	1.82672	320	11	1.75256	1.88133
290	16	1.69975	1.91686	310	4	1.79422	1.83329	320	12	1.74598	1.88804
290	17	1.69227	1.92456	310	5	1.78766	1.83991	320	13	1.73937	1.89478
290	18	1.68477	1.93232	310	6	1.78105	1.84657	320	14	1.73272	1.90156
290	19	1.67722	1.94012	310	7	1.77441	1.85328	320	15	1.72605	1.9084
290	20	1.66964	1.94798	310	8	1.76774	1.86003	320	16	1.71935	1.91527
290	21	1.66204	1.95587	310	9	1.76104	1.86683	320	17	1.71262	1.92218
300	2	1.80398	1.81735	310	10	1.7543	1.87368	320	18	1.70585	1.92913
300	3	1.79726	1.8241	310	11	1.74753	1.88058	320	19	1.69906	1.93613
300	4	1.79051	1.83088	310	12	1.74072	1.88751	320	20	1.69225	1.94316
300	5	1.78371	1.83773	310	13	1.73389	1.89449	320	21	1.6854	1.95024
300	6	1.77689	1.84463	310	14	1.72703	1.90152	330	2	1.81335	1.8255
300	7	1.77003	1.85157	310	15	1.72012	1.90859	330	3	1.80724	1.83162
300	8	1.76313	1.85856	310	16	1.71319	1.91571	330	4	1.80111	1.83779
300	9	1.75619	1.8656	310	17	1.70622	1.92286	330	5	1.79495	1.844
300	10	1.74921	1.87269	310	18	1.69923	1.93006	330	6	1.78876	1.85024
300	11	1.74222	1.87983	310	19	1.69221	1.93731	330	7	1.78252	1.85653
300	12	1.73518	1.88702	310	20	1.68516	1.94459	330	8	1.77627	1.86286
300	13	1.7281	1.89425	310	21	1.67807	1.95192	330	9	1.76999	1.86923
300	14	1.72099	1.90152	320	2	1.81037	1.82291	330	10	1.76367	1.87563

Appendix V: Sample Size Determination Table

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	181	1200	291	6000	361
45	40	180	118	400	196	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	230	140	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380
85	70	260	152	650	242	2200	327	50000	381
90	73	270	155	700	248	2400	331	75000	382
95	76	270	159	750	256	2600	335	100000	384

Note: "N" is population size   "S" is sample size.

Source: Saunders, Lewis, and Thornhill (2012)

Appendix VI: Data Reliability Outputs

Strategic Orientation

Reliability Statistics for Strategic Orientation

	Cronbach's Alpha	N of Items
Strategic Orientation	.834	9

Item-Total Statistics for Strategic Orientation

	Cronbach's Alpha if Item Deleted
Identifying and pursuing opportunities on the basis of current resources to develop new products	.796
Partnering with other businesses as a strategy to pursue opportunities limited resources situations	.795
Venturing into new markets based on the resources controlled	.814
New product development	.782
Adopting new technologies and processes	.807
Partnering with other businesses as a strategy to pursue opportunities limited resources situations	.817
Venturing into new markets	.809
New product development	.796
Adopting new technologies and processes	.813

Resource Orientation

Reliability Statistics for Resource Orientation

	Cronbach's Alpha	N of Items
Resource Orientation	.921	8

Item-Total Statistics for Resource Orientation

	Cronbach's Alpha if Item Deleted
The firm rely on own resources (capital) to pursue business opportunities for enhanced business growth	.919
The location of the business is prime and thus has helped the business to grow	.920
Our organization has a big pool of skilled personnel who ensure fashionable and good quality products	.912
We usually get lots of business from our good reputation	.905
Capital	.911
Location	.907
Skills	.909
Reputation (referrals)	.823

Reward Philosophy

Table 4.38: Reliability Statistics for Reward Philosophy

	Cronbach's Alpha	N of Items
Reward Philosophy	.902	4

Item-Total Statistics for Reward Philosophy

	Cronbach's Alpha if Item Deleted
In our firm employee are compensated based on the value they add to the firm as individuals	.887
We give our employees fringe benefits to motivate them to work hard for the growth of our firm	.825
In our firm recognition is given for outstanding employees performance thus enhancing growth of our firm	.879
Our reward philosophy entails career mobility to motivate our employees to high performances thereby enhancing our firm growth	.879

Entrepreneurial Culture

Entrepreneurial Culture for Reward Philosophy

	Cronbach's Alpha	N of Items
Entrepreneurial Culture	.850	8

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Item-Total Statistics for Reward Philosophy

	Cronbach's Alpha if Item Deleted
We often innovate to improve on the processes into profitable products and services	.824
We conducts research and development to improve and introduce new products and services	.908
We have a creative personnel for continuous improvement of our products as well as development of new products	.808
We encourage our team to come up with new ideas often to ensure growth of our business	.843
New business ideas	.873
Experimentation	.807
Creative product	.816
Innovative product	.804

Entrepreneurial Networks

Reliability Statistics for Entrepreneurial Networks

	Cronbach's Alpha	N of Items
Entrepreneurial Networks	.836	4

Item Total Statistics for Entrepreneurial Networks

	Cronbach's Alpha if Item Deleted
We have established good relationship with reliable raw material suppliers	.576
We have a large network of customers who give us business periodically	.297
Cooperation with training partners, educational, research, and supporting institutions	.343
Cooperation with final users, suppliers, and agents.	.343

Descriptive Statistics					
	N	Min	Max	Mean	Std. Dev
1. Sofas, sofa beds and sofa sets					
2. Office furniture					
3. Special furniture for shops: counters, display cases, shelves etc.					
4. Chairs and seats for offices, workrooms, hotels, restaurants, public and domestic premises					
5. Kitchen furniture					
6. Cabinets for sewing machines, televisions etc.					
7. Furniture for bedrooms, living rooms, gardens etc.					
8. Furniture for churches, schools, restaurants					
9. Garden chairs and seats					
10. Chairs and seats for transport equipment					
Hardwood					
Softwood					
Artificial					
Others (Specify)……………………					
Estimate the value of your business (Kshs.).					
2016_Please indicate your estimated annual earnings of the business in the last 5 years.	319	92	296	151.83	42.267
2015_Please indicate your estimated annual earnings of the business in the last 5 years.	319	102	372	265.82	70.856
2014_Please indicate your estimated annual earnings of the business in the last 5 years.	319	115	469	221.39	56.094
2013_Please indicate your estimated annual earnings of the business in the last 5 years.	319	34	634	342.90	134.529
2012_Please indicate your estimated annual earnings of the business in the last 5 years.	319	154	675	401.31	116.481
Partnering with other businesses as a strategy to pursue opportunities limited resources situations	319	1	3	1.69	.683
Venturing into new markets	319	1	3	1.74	.754
New product development	319	1	3	1.87	.833

Adopting new technologies and processes	319	1	4	1.85	.979
Identifying, pursuing and implementing business opportunities on the basis of current resources (branding)	319	1	4	1.86	1.099
2012_Capital	319	1	3	1.52	.667
2013_Capital	319	1	3	1.78	.782
2014_Capital	319	1	3	1.61	.789
2015_Capital	319	1	3	1.67	.757
2016_Capital	319	0	3	1.57	.765
2012_Location	319	1	3	1.19	.422
2013_Location	319	1	3	1.23	.443
2014_Location	319	1	3	1.22	.541
2015_Location	319	1	3	1.19	.455
2016_Location	319	1	3	1.50	.691
2012_Skills	319	1	3	1.26	.648
2013_Skills	319	1	2	1.28	.448
2014_Skills	319	1	3	1.78	.570
2015_Skills	319	1	3	1.88	.758
2016_Skills	319	1	3	1.89	.795
2012_Training	319	1	2	1.27	.446
2013_Training	319	1	3	1.59	.564
2014_Training	319	1	3	2.04	.774
2015_Training	319	1	4	2.36	.804
2016_Training	319	1	4	2.58	.990
2012_Reputation (referrals)	319	1	2	1.25	.436
2013_Reputation (referrals)	319	1	3	1.56	.631
2014_Reputation (referrals)	319	1	3	1.78	.824
2015_Reputation (referrals)	319	1	4	1.97	.814
2016_Reputation (referrals)	319	1	4	2.55	.837
2012_Compensate employees based on the value they add to the business	319	1	2	1.45	.498
2013_Compensate employees based on the value they add to the business	319	1	2	1.63	.484
2014_Compensate employees based on the value they add to the business	319	1	3	1.99	.828
2015_Compensate employees based on the value they add to the business	319	1	4	2.50	.800
2016_Compensate employees based on the value they add to the business	319	2	4	2.79	.745
2012_Give fringe benefits to the employees	319	1	2	1.38	.486
2013_Give fringe benefits to the employees	319	1	2	1.60	.490

2014_Give fringe benefits to the employees	319	1	3	2.04	.846
2015_Give fringe benefits to the employees	319	1	4	2.43	.805
2016_Give fringe benefits to the employees	319	1	4	2.74	1.117
2012_Recognize employees for outstanding performance (awards, bonuses)	319	1	2	1.50	.501
2013_Recognize employees for outstanding performance (awards, bonuses)	319	1	2	1.61	.490
2014_Recognize employees for outstanding performance (awards, bonuses)	319	1	3	2.03	.820
2015_Recognize employees for outstanding performance (awards, bonuses)	319	1	4	2.35	.754
2016_Recognize employees for outstanding performance (awards, bonuses)	319	1	4	2.55	.885
2012_Promote employees	319	1	2	1.45	.498
2013_Promote employees	319	1	3	1.64	.548
2014_Promote employees	319	1	3	1.92	.824
2015_Promote employees	319	1	4	2.51	.907
2016_Promote employees	319	1	4	2.95	.887
2012_Salary reviews	319	1	2	1.46	.499
2013_Salary reviews	319	1	3	1.57	.527
2014_Salary reviews	319	1	3	2.02	.822
2015_Salary reviews	319	1	4	2.43	.858
2016_Salary reviews	319	1	4	2.61	1.079
2012_Innovative processes and services that make your products and services profitable	319	1	2	1.44	.497
2013_Innovative processes and services that make your products and services profitable	319	1	2	1.56	.497
2014_Innovative processes and services that make your products and services profitable	319	1	3	1.88	.770
2015_Innovative processes and services that make your products and services profitable	319	1	4	2.50	.938
2016_Innovative processes and services that make your products and services profitable	319	1	4	3.08	.859

2012_Implement research and development to improve and introduce new products and services	319	1	4	1.62	.864
2013_Implement research and development to improve and introduce new products and services	319	1	2	1.63	.483
2014_Implement research and development to improve and introduce new products and services	319	1	3	1.67	.732
2015_Implement research and development to improve and introduce new products and services	319	1	4	2.30	1.051
2016_Implement research and development to improve and introduce new products and services	319	1	4	3.01	.847
2012_Do you support and involve your staff in the process of continuous improvement of products and services as well as create new products	319	1	2	1.47	.500
2013_Do you support and involve your staff in the process of continuous improvement of products and services as well as create new products	319	1	2	1.62	.486
2014_Do you support and involve your staff in the process of continuous improvement of products and services as well as create new products	319	1	3	2.04	.774
2015_Do you support and involve your staff in the process of continuous improvement of products and services as well as create new products	319	1	4	2.59	.889
2016_Do you support and involve your staff in the process of continuous improvement of products and services as well as create new products	319	1	4	3.12	.843
2012_Encourage your team to come up with new ideas often to ensure growth of our business	319	1	2	1.40	.491
2013_Encourage your team to come up with new ideas often to ensure growth of our business	319	1	2	1.70	.459
2014_Encourage your team to come up with new ideas often to ensure growth of our business	319	1	3	1.77	.797
2015_Encourage your team to come up with new ideas often to ensure growth of our business	319	1	4	2.51	1.009

2016_Encourage your team to come up with new ideas often to ensure growth of our business	319	1	4	3.03	.884
2012_Established good relationship with reliable raw material suppliers	319	1	2	1.50	.501
2013_Established good relationship with reliable raw material suppliers	319	1	2	1.60	.491
2014_Established good relationship with reliable raw material suppliers	319	1	3	2.03	.788
2015_Established good relationship with reliable raw material suppliers	319	1	4	2.53	.853
2016_Established good relationship with reliable raw material suppliers	319	1	4	3.17	.813
2012_Maintained communication with customers who give us business periodically	319	1	2	1.32	.468
2013_Maintained communication with customers who give us business periodically	319	1	2	1.67	.469
2014_Maintained communication with customers who give us business periodically	319	1	3	1.81	.702
2015_Maintained communication with customers who give us business periodically	319	1	4	2.41	1.014
2016_Maintained communication with customers who give us business periodically	319	1	4	2.90	.933
2012_Regularly and actively cooperate with training partners, educational, research,	319	1	2	1.26	.438
2013_Regularly and actively cooperate with training partners, educational, research,	319	1	2	1.60	.490
2014_Regularly and actively cooperate with training partners, educational, research,	319	1	3	1.85	.684
2015_Regularly and actively cooperate with training partners, educational, research,	319	1	4	2.27	.959
2016_Regularly and actively cooperate with training partners, educational, research,	319	1	4	2.78	1.090
2012_Cooperating with final users, suppliers, and agents.	319	1	4	1.61	.994
2013_Cooperating with final users, suppliers, and agents.	319	1	3	1.77	.664

2014_Cooperating with final users, suppliers, and agents.	319	1	3	1.92	.761
2015_Cooperating with final users, suppliers, and agents.	319	1	4	2.41	.818
2016_Cooperating with final users, suppliers, and agents.	319	1	4	2.85	.799
2012_Interact with financial institutions , competitors and customers	319	1	4	1.67	.901
2013_Interact with financial institutions , competitors and customers	319	1	2	1.68	.467
2014_Interact with financial institutions , competitors and customers	319	1	3	1.97	.722
2015_Interact with financial institutions , competitors and customers	319	1	4	2.29	1.026
2016_Interact with financial institutions , competitors and customers	319	1	4	3.03	1.098
2012_Volume of sales in Kshs ('000)	319	106	326	170.38	51.162
2013_Volume of sales in Kshs ('000)	319	142	412	305.82	70.856
2014_Volume of sales in Kshs ('000)	319	156	567	310.05	70.543
2014_Volume of sales in Kshs ('000)	319	189	892	554.57	153.181
2016_Volume of sales in Kshs ('000)	319	120	943	522.52	205.191
2012_Coverage of market share (%)	319	19	34	26.23	3.641
2013_Coverage of market share (%)	319	22	39	30.38	4.188
2014_Coverage of market share (%)	319	27	42	34.45	3.616
2015_Coverage of market share (%)	319	34	53	42.31	5.075
2016_Coverage of market share (%)	319	39	58	47.31	5.075
2012_The number of employees	319	1	9	3.80	1.613
2013_The number of employees	319	2	7	4.13	.941
2014_The number of employees	319	2	9	4.38	1.255
2015_The number of employees	319	2	9	4.46	1.238
2016_The number of employees	319	3	8	4.34	.916
2012_Level of profitability in Kshs. ('000')	319	92	296	151.83	42.267
2013_Level of profitability in Kshs. ('000')	319	102	372	265.82	70.856
2014_Level of profitability in Kshs. ('000')	319	115	469	221.39	56.094
2015_Level of profitability in Kshs. ('000')	319	34	634	342.90	134.529
2016_Level of profitability in Kshs. ('000')	319	1	6	3.48	1.157
2012_Number of branches	319	1	2	1.35	.478

2013_Number of branches	319	1	3	2.20	.688
2014_Number of branches	319	1	4	2.45	.729
2015_Number of branches	319	2	4	2.84	.718
2016_Number of branches	319	2	4	3.01	.820
2012_Number of new products	319	1	6	3.59	1.420
2013_Number of new products	319	2	3	2.57	.495
2014_Number of new products	319	1	4	2.13	.525
2015_Number of new products	319	1	3	2.22	.646
2016_Number of new products	319	1	2	1.63	.484
2012_Number of products	308	1	6	3.64	1.413
2013_Number of products	319	4	9	6.16	1.504
2014_Number of products	319	6	11	8.29	1.586
2015_Number of products	319	8	14	10.51	1.812
2016_Number of products	319	9	15	12.13	1.926
Valid N (listwise)	0				