

Research Article

ENTREPRENEURIAL NETWORKING RESOURCES AND GROWTH OF SMALL AND MEDIUM ENTERPRISES IN KENYA

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ABSTRACT

The growth of Small and Medium Enterprises (SMEs) may increase the potential of SMEs performance of social and economic functions. However, SMEs in Kenya face low growth and high failure rates. Inadequate resource is a major factor that hinder growth of SMEs this has motivated researchers and policy makers to look for strategies to mitigate inadequate resources. The study attempted to determine the entrepreneurial networking resources on growth of small and medium enterprises in Kenya. The study was underpinned to positivism philosophy and guided by entrepreneurial networking and entrepreneurship theories. The study employed a mixed research design to examine influence of entrepreneurial networking on growth of Small and Medium Enterprises. Stratified and simple sampling techniques were employed to obtain 363 SMEs registered in Nairobi, Nakuru and Trans Nzoia Counties in Kenya. The primary data was collected through questionnaires that were dropped and picked later from SME operators. Statistical Package of Social Science (SPSS) was used to analyze data. Descriptive statistics was used to summarize data and inferential statistic (regressions) was employed in analysis to test hypotheses. The study used regression model to establish relationship between independent and dependent variables. The findings of the study found that entrepreneurial networking provided financial, entrepreneurial innovations and social capital resources that enhanced growth Small and medium Enterprises. The study established that entrepreneurial networking resources had positive significant effects on growth of Small and Medium Enterprises. The study further established that entrepreneurial networking provided resources and learning that cannot be found at market transactions. The study recommends that the government as a policy setting organ to come up with conducive regulatory policies that encourage Small and Medium Enterprise entrepreneurs to participate in entrepreneurial networking to address some of the resources deficiencies that inhibit growth of enterprises. The study also recommends that SME entrepreneurs should configure valuable entrepreneurial networking to access resources and information that enhance growth of enterprises.

Keywords: Entrepreneurial networking resources, Small and Medium Enterprises.

BACKGROUND OF THE STUDY

The Small and Medium Enterprises (SMEs) are acknowledged all over the world as important drivers of economic growth and economic development in terms of new job creation, contribution towards GDP and promotion of entrepreneurial culture (Lori, Rajshekhar & Robert, 2018). According to Ruchkina *et al.*, (2017), SMEs account for 90 percent of the total enterprises and account for 60-70 percent of new jobs created in Japan, Italy, United States of America and Netherlands. Burt (2019) observes that importance of SMEs in these economies are not by their sheer number but the significant growth of SMEs that create decent and permanent jobs, promotion of entrepreneurial culture, distribution of wealth and less suffering to owners' of enterprises. According to Taiwo, Ayodeji, and Yusuf (2018), SMEs in Nigeria contribute to 24.5 percent of GDP, provides industrial base for manufacturing sector and employ more than 75 percent of the labour force. Similar Kenya National Economic Survey Report (RoK, 2017) indicates that SMEs constitute 98 percent of all businesses in Kenya and creates 30 percent of jobs annually as well as a major contributor to GDP. Therefore, growth of SMEs is important drivers of socio-economic development and economic growth functions in economies. However, growth of SMEs in developing countries Kenya has been a concern 3 out of 5 SMEs failure to celebrate fifth anniversaries (Hussein & Baharudin, 2017; Karanja & Namusonge, 2017). According to Olweny, Odhiambo and Namusonge (2020), low growth and high failure of SMEs increase

social ills caused by job destruction. Hashim, Raza, and Minai (2018) observe that dynamic business environment, stiff competition, lack of collateral to access loans, globalization, unfavourable government policies and lack of support from SME agencies are challenges that limit growth of small and medium enterprises in economies. If the challenges inhibiting growth of SMEs are not addressed soon effectively and efficiently, the SMEs would be unable to perform their economic functions. Thus there is need of an urgent need of measures that will mitigate challenges facing SMEs in order to enhance their growth to enable them perform their social and economic functions effectively and efficiently. Entrepreneurial networking is voluntary organisation by entrepreneurs to organise business functions outside firm's boundaries. Bwisa and Mwnagi (2016) perceive entrepreneurial networking resources create avenues for business enterprises and entrepreneurs pooling resources, enjoy economies scale in operations, reduce competition and create strategic alliances to growth firms. Bwisa (2016) define entrepreneurial networking as a voluntary active process where an entrepreneur or a team of entrepreneurs continually form relations to further business activities. Schwarz (2017) observes that entrepreneurial networking resources create resources dependency syndrome and yield common resources that lacks entrepreneurial outcomes. Gilbert (2017) posits that entrepreneurs evaluate networking partners before explicitly sub-contract or collaborate to prevent opportunistic behaviour.

However, the effects of entrepreneurial networking resources on growth of SMEs is not explicitly documented in Kenya. The previous studies conducted in Kenya on effects entrepreneurial networking resources on growth of SMEs were not conclusive. These studies

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only considered tangible networking resources. However, according to Schumpeterian Entrepreneurship innovation theory intangible (innovations) is responsible for entrepreneurial outcomes. Therefore, the current study attempted to examine entrepreneurial networking resources by considering both intangible and tangible resources on growth of SMEs in Kenya.

Statement of the problem

Despite importance of small and medium enterprises (SMEs) in performance of social and economic functions in economies their growth has been concern (OECD, 2018). The concern of SMEs' growth has attracted several researchers with attempt to formulate measures to address low growth and high failure rate of SMEs (Karanja & Namusonge, 2017; Nelima, Namusonge & Sakwa, 2016; Martin & Namusonge, 2014). Statistics indicate that 60 percent of SMEs in Kenya do not celebrate their fifth birthdays (Kariuki, Namusonge & Iravo, 2015; Linguli Namusonge & Sakwa, 2016). Wanambisi, Namusonge and Nambuswa (2020) note majority of SMEs in Kenya lack security to access loans from financial institutions to expand. The authors further note financial institution perceive SMEs as riskier borrowers that lack predictable income streams. According to Odhiambo *et al.*, (2018), government interventions in Kenya have been ineffective in address SMEs' challenges including insufficient financial and other resources. Thus, there is an urgent need for effective strategies to enable SMEs access necessary or strategic resources and other challenges to enhance growth of SMEs. Bwisa (2011) perceives that entrepreneurial networking could be a possible strategy to mitigates challenges constraining growth of SMEs in Kenya. However, effects of entrepreneurial networking resources on growth of SMEs in Kenya are unknown. Thus, there is need of empirical study to explain effects of entrepreneurial networking resources on growth of SMEs in Kenya. Studies done in developed and Asian countries revealed that entrepreneurial networking resources enabled SMEs access to financials and other innovative resources increased growth of SMEs (Abass (2019; Burt, 2019; Salim, 2017). However, there is no guarantee that findings of these studies could be applicable in Kenya since Kenyan SMEs experience different economic and legislations conditions than those of developed and Asian countries. Kariuki and Iravo (2015) examined effects of sub-contracting on growth of SMEs Agro-based in Kirinyaga County Kenya. The study revealed that sub-contracting created business opportunities to enhance growth of SMEs. The current study was imperative as the study attempted to fill both conceptual and contextual gaps. The conceptual gap was filled by considering both tangible and innovative resources (intangible).

Research objective

The study was guided by specific objective:

I. To evaluate the influence of entrepreneurial networking resources on growth of SMEs in Kenya.

Research hypothesis

H₀₁: there is no statistically significant relationship between entrepreneurial networking resources and growth of SMEs.

Justification of the Study

The current study is imperative to contribute to academic discourse of entrepreneurial networking resources (tangible and intangible resources) on growth of SMEs. the previous studies done in Kenya considered contracting and sub-contraction on access to market by SMEs. the current study considered both tangible and entrepreneurial

innovation. The later resource is key in entrepreneurial outcomes. Thus current aimed to create insight on effects of entrepreneurial innovation on growth of SMEs in Kenya.

Scope of the Study

The scope of the study defines the boundaries of coverage and limits the study to relevant areas of concern (Kothari, 2004). The study was conducted in Kenya (Nairobi, Nakuru and Trans Nzoia Counties). Kenya is sub-divided into 47 governing zones called counties. To get representative of Kenya the study considered Nairobi represents cities, Nakuru upcoming cities and Trans Nzoia rural counties to create a representative sample of Kenya. Kenya being one of developing countries created in sighted of entrepreneurial networking resources on growth of SMEs. After identification of SMEs to participate in the study, the researcher selected one respondent from each SME who could be SME owners or entrepreneurs or SMEs managers who were responsible for making strategic decisions on whether to network or not. The franchise SMEs or subsidiary companies operating in the study area were excluded because local managements depend on decisions made in head offices. The study confined itself to influence of entrepreneurial networking resources (tangible and intangible resources) on growth of SMEs.

Limitation of the Study

The study made certain methodological assumptions that arose from the survey design used in the study. The methodology relied on standardization of research collection tools forcing the researcher to develop general questions that were minimally appropriate to all respondents, possibly missing what was most appropriate to many respondents. Besides, survey is inflexible and requires initial design to remain unchanged throughout the data collection. To address the issues the researcher piloted the research data collection instruments for suitability in data collection. SME operators may be reluctant to disclose profitability of enterprises for fear of information to be used by Kenya Revenue Authority. To address the fear of respondents the study requested respondents to indicate only levels of their profitability. The respondents were not required to state name of their enterprises. The sampling errors and bias might have been induced by sample design as the case of gender in this study. To address the sampling error and bias the study constructed the sampling frame that according all element equal chances of being included in the study sample.

THEORETICAL FRAMEWORK

The study was underpinned to innovation and social entrepreneurial networking theories.

a. Innovation Entrepreneurship Theory

According to Dessai (2013), innovation theory was formulated by Schumpeter in 1949. Schumpeterian innovation theory holds that entrepreneurship innovation is a catalyst that disrupts the stationary circular of the economy and thereby initiates and sustains the process of economic development through innovations. According to Schumpeter, an entrepreneur is an innovator who carries out new business organization to disrupt market forces. Schumpeter accorded an entrepreneur the role invention and innovations that disrupted market equilibrium and resulted into economic growth. The essence of entrepreneurship, therefore, lies not simply in putting up business activities in their original formation or invent a product, but in establishing new innovative business combinations in terms of supplies, products, market processes or organisations. Entrepreneurial networking resources are form of innovative business

organization that allows entrepreneurs to come up with new order to execute enterprises functions. Brand et al. (2018) argued that entrepreneurial networking created a synergy for entrepreneurs to share resources and ideas.

b. Social Entrepreneurial Networking Theory

Walker *et al.*, (1997) hold that entrepreneurs are embedded in networks of enduring social relations. Nair *et al.*, (2016) perceive that entrepreneurial networking relations provide mechanism for dependency on others resources and subsequently create social capital to enhance entrepreneurial outcomes. Burt (2015) posits that entrepreneurial networking is a paradigm shift where an entrepreneur networks with other entrepreneurs and enterprises to access resources and information to enhance entrepreneurial outcomes.

c. Growth Theory

Greiner (1998) perceives that growth of firms goes through phases accompanied by crisis and states that movement to next phase is anchored on dissolution of crisis in the current phase. Burt (2016) supports Greiner growth theory by identifying growth elements as increase in sales, profitability, return on capital invested, market coverage number of employees and innovations. Greiner theory observes that there are five phases of growth.

Conceptual framework

The conceptual framework model shows diagrammatically the relationships between independent and dependent variables in the study (Kothari, 2004). Entrepreneurial networking theory and entrepreneurship theory provided concepts and constructs to examine influence of entrepreneurial networking resources on growth of SMEs.

Independent variable Dependent variable

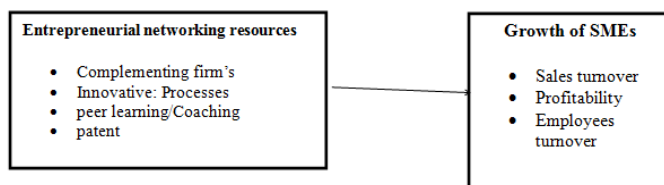


Figure 2.1: Conceptual Framework

Literature review

Ha Hoang and An Yi (2015) examined effects of entrepreneurial networking resources on growth of SMEs in South Korea. The study adopted mixed research design involving both qualitative and quantitative approaches. The study targeted SMEs that had operated for three years and above. The study found that networking resources complemented SMEs' tangible resources (machines, equipment and warehouses) that enhanced growth of SMEs. The study did not consider intangible resources such as innovations. The current study attempted to gaps by examining both entrepreneurial networking intangible and tangible resources on growth of SMEs in Kenya.

Rauch *et al.*, (2016) evaluated effects of cooperative resources (buildings, plant and equipment) on growth of SMEs. The study defined SMEs as businesses having employees above 100 and less than 200. The study found that cooperative tangible resources had insignificant on growth of SMEs (start-ups, sales and opening of new branches). The study further revealed that 10% of respondents reported 5-20% growth in profit. The current study to fill both

conceptual and context gaps by considering both tangible and intangible resources and conducted study in Kenya. Boh, De-haan and Strom (2016) evaluated effects of entrepreneurial networking intangible resources on growth of SMEs in Australia. The study found that entrepreneurial networking innovations (learning, coaching and advanced processes) provided effective and efficient system of operations. The study further established entrepreneurial networking alliances provided sharing of resources that addressed resources deficiency syndrome of SMEs. The current study attempted to fill context gap by conducting study in Kenya.

Kamasak (2017) assessed influence of entrepreneurial networking resources among growth of SMEs in United States of America. The study found that entrepreneurial networking exposed SMEs' core competitive advantages to competitors. The study further revealed entrepreneurial networking peer learning and coaching had insignificant effects on introduction of new commodities and processes. Similar to Torok *et al.*, (2017) examined effects entrepreneurial networking patent on growth of SMEs. The study found that entrepreneurial networking patents provided technologies that improve products of SMEs in manufacturing sector in United Kingdom. The current study filled literature gaps by considering SMEs in all sectors in Kenya. Batjargal (2015) examined effects of entrepreneurial networking innovation on growth of small and medium enterprises in Russia. The study employed qualitative design. The study found that averred that strategic alliances enabled members to access technologies and innovations that improved products, processes or access to markets. The study further established that small and medium enterprises formed new networking as businesses progressed through phases of growth. Similar to Burt (2019) found that business networks provided innovative and others to complement Small and Medium Enterprises in manufacturing industry in China. The studies were done in developed countries whose findings may or may not be applicable in Kenya thus current study was imperative. Lin (2016) examined effects of business networking on access to resources in Pakistan. The study employed mixed research design. The study found that strategic alliances were difficult to exit by SMEs as the attracted heavy penalties. The study further established that business networking exposed firm's competitive advantages to competitors' firms posing as networking partners. The study further found that strategic alliances with large firms provided market entry to Small and Medium Enterprises. This implied some networks norms constrained Small and Medium Enterprises to exit and join other networks.

Abbas *et al.*, (2019) found that business networks provided forum for Small and Medium Enterprises to learn the best practices from leaders in the industry in Pakistan and USA. The study established that business networks enabled small and medium enterprises to benchmark products or processes with other networking members. This implies that business networks were significant in evaluation of product offered by small and medium enterprises. Stam *et al.*, (2014) found that business networks benefit large firms than Small and Medium Enterprises. The study established that large firms used business networks with small and medium enterprises to test viability of products. Similar to Ahmed *et al.*, (2017) who found that small and medium enterprises lacked mechanism to exit networks forged with large firms. This meant that small and medium enterprises remained in non-productive networks. Kinyua (2016) examined the impact of business networking on SMEs' products development and growth of SME in EPZ in Nairobi. The study found that cooperative organisations provided tangible (storage, processing, transportation) resources that improved performance of businesses. The study further established that tangible resources had no differential effects on growth of SMEs.

However, Serem (2016) found that business networks' learning resulted in members producing homogeneous in textile industry Eldoret Kenya. Njeri, Namusonge and Nambuswa (2017) examined effects of entrepreneurial networking resources on growth of small and medium enterprises in Textile industry in Eldoret Kenya. The study employed descriptive survey design, and found that networking machineries and equipment had no influence on growth of small and medium enterprises. The study assumed that small and medium enterprises only lacked tangible resources. Secondly, the study only considered textile industry thus the findings of the study may not be applicable in other industries in Kenya. The current study was worthwhile as it considered both tangible and intangible resources and SMEs from different industries in Kenya.

Maina *et al.*, (2016) evaluated effects of business networking on growth of manufacturing SMEs in Nairobi. The employed quantitative design and selected 120 SMEs. The study found that networking businesses were not honest and engaged in opportunistic behaviors. Kiprotich (2014) found that family networks generated non-innovative resources to enhance entrepreneurial outcomes among SMEs in Kenya. Similar to Otieno (2016) who found that sharing of ATM facilities allowed Small bank clients to use facilities owned by large banks. This implied that business networks provided resources to complement SMEs' resources. The study further established that Small banks lost clients as they perceived Small bank were unstable. Mwangi and Namusonge (2016) found that family networking provided reference to members to get capital Small and Meium enterprise operators in Kirinyaga County. This probably suggested youth owned Small and Meium enterprises may lack collateral to acquire commercial bank loans and other financiers. Similar to Kariuki and Iravo (2015) found that nascent entrepreneurs networking lack tangible resources in small and medium enterprises in Garissa Kenya. The study found that entrepreneurial networking resources enabled small and medium enterprises to address resources deficiencies. Similar to Mustafa and Mohammad (2014) who found that use of patents of strategic alliance provided access to innovations and technology that were difficult to develop by firms. The use of other patents or intellectual property reduced the cost and time for developing own technology. Sifuna *et al.*, (2017) analyzed effects of strategic alliance on performance of firms in Nairobi Kenya. The study found that firms' strategic alliances reduced heavy investment in capital machinery, equipment and research and development. The study further found that firms' strategic alliances created specialization in production chain in hospitality industry. Wanga (2017) found that industrial clustering provided access to resources to enhance performance of SMEs. The current study is imperative as it attempts to fill conceptual gap by considering both effects of tangible and intangible resources on growth of small and medium enterprises in Kenya. The study conceptual framework is informed by reviewed literature indicating that small and medium enterprises lack both tangible and intangible resources in Kenya.

Research gaps

The current study attempts to fill both conceptual and context gaps. The study done in developing Kenya included never adopted integrated approach to examine effects of entrepreneurial networking (intangible and tangible) resources on growth of SMEs. Studies done developed and Asian some adopted integrated approaches to examine effects of entrepreneurial networking on growth of SMEs. these studies are conclusive that entrepreneurial networking strategy has significant effect on growth of SMEs by mitigation resources deficiencies. However, these studies findings cannot be seamlessly be applicable in Kenyan as SMEs since they do experience different conditions and legislations.

RESEARCH METHODOLOGY

Research design

The study was guided by Positivism Philosophy that limited researcher roles on factual data collection and interpretation in objective way. Positivism philosophy was formulated by Auguste Comte in 1830. Proponents of Positivism philosophy holds that it is empirical, all genuine knowledge is either true by definition or posteriori facts derived from reasons or logic from sensory experience. The study adopted a mixed research design that included both quantitative and qualitative approaches. Namusonge (2010) notes that quantitative and qualitative approaches are effective for gathering descriptive information where the researcher wants to know about the attitude of people concerning one or more variable through direct query. According to Saunders, Lewis and Thornhill (2003), quantitative data is strongly linked to deductive testing of theories through hypothesis, while qualitative approach is concerned with inductive reasoning and formulation of theories. Mugenda and Mugenda (2003) observe that qualitative research design are effective in helping researchers understand people and the social cultural contexts within which they live so that valid conclusion can be made on phenomena of interest. Thus, the qualitative approach helps the research to go beyond the statistical results reported in the quantitative research. The current study adopted open ended questions in a questionnaire to generate qualitative data that helped to answer the 'why' questions. The study adopted descriptive research design with intention of describing the nature of existing conditions without manipulation of some variables.

Target population

Mugenda and Mugenda (2003) defined population as an entire group of individuals, events or objects having common observable characteristics that distinguishes it from other populations. The target population of study was all small and medium enterprises (SMEs) registered in Nairobi, Nakuru and Trans Nzoia Counties in the years (2016, 2017 & 2018). The study adopted SMEs from three counties: Nairobi represented SMEs in Cities, Nakuru big municipalities and Trans Nzoia rural.

Table1: Target population

County	SMEs
Nairobi	1543
Nakuru	481
Trans Nzoia	330
Total	2354

Source: Nairobi, Nakuru and Trans Nzoia Business Directory (2018)

Sampling frame

The study determined sample size using Yemen formula. The calculation yielded 341 SME.

$$Y = \frac{N}{1+N(e)^2} \text{ Where: } N = \text{number of SMEs (2354), } e = \text{error (0.05).}$$

the Yemen formula yielded 341. Fisher, Laing and Styoeckel (1983) suggest adding 10 % to cater for non-response ($341 \times 10\%$) = $341 + 34 = 375$. The study employed stratified sampling techniques to place SMEs in Nairobi, Nakuru and Trans Nzoia Counties. Simple sampling technique was employed to select SMEs from each stratum. Previous empirical studies where similar sampling frames were used included Kariuki and Iravo (2016) and Katambo and Okatch (2016).

Table.2: Sampling Frame

Sector	Target Population	Percent	Sample size
	N	%	N
Nairobi	1543	16	246
Nakuru	481	16	77
Trans Nzoia	330	16	52
Total	2354	16	375

Validity and Reliability Testing of Data Collection Instruments

Validity is the extent to which an instrument measures what it is supposed to measure. According to Bryman and Cramer (2005), validity concerns the accuracy and meaningfulness of inferences which are based on research results. This ensures that study variables measure concepts correctly and provide correct inferences to population parameters. Mugenda and Mugenda (2003) recommend that reviewing a large body of literature to carefully identify concepts, ideas, relationship and developing questionnaire questions from existing relating studies and pre-testing the questionnaire formally with academic experts to evaluate individual items. These measures were undertaken in the current study and all suggestion and comments regarding structure, wording and questions were adopted in final questionnaire of the study. The study conducted pilot study among small and medium enterprise operators in Kisumu County Kenya. Cronbach values were above 0.7.

RESEACH FINDINGS AND DISCUSSION

Response rate

The study distributed three hundred and seventy-five questionnaires to the respondents out of which, 267 were completed and returned. Thus achieving a response rate of 71.2 percent and this was considered adequate for the purpose of further analysis. According to Mugenda and Mugenda (2003), a response rate of 50 percent and above is adequate for social science and education.

Entrepreneurial Networking Resources on Growth of SMEs

Employing a five-pointlikert scale, the study sought to obtain entrepreneurs or equivalent responses regarding effects of the entrepreneurial networking resources on growth of SMEs. The respondents were required to give opinion ranged from the 1-strongly disagree (SD), 2 - disagree (D), 3 - neither agreed nor disagreed (U), 4 - agree (A) and 5 - strongly agree (SA).

Table 3: Entrepreneurial Networking Resources and Growth of SMEs

Statement	SD	D	U%	A	SA	M
Entrepreneurial networking resources complementing SMEs' resources	5.7	8.6	4.8	42.8	38.1	4.1
Networking innovations improve products for sale.	5.2	8.1	5.3	47.6	33.8	4.0
Patent resources eased access to new innovations	11.9	6.2	1	47.6	33.3	3.8
Peer learning generates information.	4.8	5.7	2.4	27.6	59.5	4.3
Chamber of commerce provide marketing and referral that enhance growth of SMEs	9.1	5.7	3.3	34.3	47.6	4.1
Networking eased access to strategic resources to enhance growth of SMEs	8.1	5.7	2.4	36.2	47.6	4.1
Overall Mean						4.0

Overall high mean high of 4.0 on a likert scale of 1-5 indicated agreement that entrepreneurial networking resources influence growth of SMEs. It meant that entrepreneurial networking resources were important in mitigating SMEs' resources inadequacy to enhance growth. The findings of the study are supported by those Abbas *et al.*, (2019) who found that networking resources complemented SMEs resources to mitigate resources deficiency syndrome of SMEs. Burt (2019) found that access to external resources enhanced growth of small firms. The finding of the study contradicts those of Wanga *et al.*, (2017) who found that clusters in networking exposed a firm's competitive resources to competitors.

Qualitative Data on Networking Resources on Growth of SMEs

The study asked respondents to describe any other entrepreneurial networking resources that enhanced growth of SMEs. The respondents (47 percent) of SME entrepreneurs felt that moral support encouraged them to remain in businesses to undertake risky business projects. The study's views are supported by Brand *et al.*, (2018) who felt that moral support provided by family members influenced entrepreneurs to venture into entrepreneurship. Bunyasi *et al.*, (2016) felt that family members coaching provided impetus for nascent entrepreneurs to consider entrepreneurship as a worthwhile career path. The respondents (33 percent) felt that entrepreneurial networking assisted in incubation of innovations and evaluation of entrepreneurial opportunities to enhance implementation. The views of the respondents are supported by Naude *et al.*, (2014) who felt that entrepreneurial networking members assisted SME entrepreneurs in evaluation of entrepreneurial opportunities that had high probabilities of scalable in the market. They further felt that entrepreneurial networking assisted members to create prototype of goods to test before introducing to buyers. Kariuki and Iravo (2016) felt that entrepreneurial networking incubation centers assisted nascent entrepreneurs in assessment of their innovations and business ideas with successful entrepreneurs to test their viability.

The respondents 20 percent felt that the use of networking innovations and resources enhanced competitiveness of their enterprises. The results of the study are supported by Maina *et al.*, (2016) who found that entrepreneurial networking enabled entrepreneurs to access innovations and patents of other entrepreneurial networking members. Okatch, Mukulu and Oyugi (2012) felt that subcontracting in motor vehicle industry enabled SMEs to access innovations and resources from motor vehicle assemblers.

Table 4: Qualitative Networking Resources

Networking resources	Frequency	Percent
Moral support from entrepreneurial networking members to encourage SME entrepreneur taking risky	23	47
Incubation of innovations that became ease to introduce new products	16	33
Networking innovations to improve its products to increase sales	10	20
Total	49	100

Inferential Results

After highlighting the independent variables through descriptive statistical analysis, the study sought to establish the relationship between independent variables (entrepreneurial networking resources and dependent variable growth of SMEs measured by both financial and non-financial indicators: sales turnover rate, profitability turnover, return on capital and number of employees turnover.

Testing Assumption of Linear Regression

a. Normality test of all variables

The normal distribution peaks in the middle and is symmetrical about the mean (Ghasemi & Zahedial, 2012). Many of the statistical procedures in parametric tests (correlations, t-test and regression) are based on assumption that data is normally distributed. Though with large samples or any sample size greater than 30 and above, the violation of normality assumption should not cause any problem (Kothari, 2004). Ghasemi *et al.*, (2012) observed that Kolmogorov-Smirnov (K-S) test seems to be the most common test for normality, but they cautions that it should not be used owing to its lower power and they recommend that normality be assessed both by visually and normality test, that is, Shapiro Wilk test is recommended. The study employed p value from both Kolmogorov-Smirnov and Shapiro-Wilk to determine normality. If p value is greater than $\alpha = 0.05$ implies normally distributed, while p value less than $\alpha = 0.05$ skewed. The p value for entrepreneurial networking resources was greater than 0.05 implies normally distributed.

Table 5: Tests of Normality

Variables	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	Df	Sig.
Entrepreneurial networking resources.	.180	210	.085	.747	210	.085

a. Lilliefors Significance Correction

b. Multicollinearity

According to Urdan (2010), the problem of Multicollinearity occurs when two or more independent variables are linearly dependent (correlated). In bivariate relationship Multicollinearity is not an issue as there are one predictor variable on dependent variable.

c. Heteroscedasticity

This is the extent to which residual values for dependent and independent variable have unequal variance.

Regression results

The study used both simple and multiple regressions to determine the statistical influence of entrepreneurial networking resources on growth of SMEs of the study. The study tested two types of hypotheses null (H_0) and alternative (H_1). The reason for testing two types of hypotheses: null (H_0) and alternative (H_1) hypothesis is for significant purpose

Regression Results for Networking Resources on Growth of SMEs

The study used simple regression to determine the influence of entrepreneurial networking resources on growth of SMEs.

a. The model summary of entrepreneurial networking resources on growth of SMEs

The model summary of entrepreneurial networking resources revealed coefficient of determination of $r^2 = 0.760$ (p value < 0.001). This means that entrepreneurial networking resources determined 76 percent growth of SMEs. The adjusted $r^2 = 0.74$ (74.0 %) meant growth of SMEs explained, the remaining an unexplained growth

could be attributed to other factors not captured in the model. The $r = 0.872$ revealed that there was positive correlation between entrepreneurial networking resources and growth of SMEs in Kenya.

Table 6: Model Summary Networking Resources on Growth of SMEs

Model	R	r Square	Adjusted R Square	Sig.	Std. Error of the Estimate
1	.872	0.760	0.74	0.000	4.3573

a. Predictors: (Constant), entrepreneurial networking resources. b. Growth of SMEs

The findings of the study are supported by those of Brand *et al.* (2019) who found that entrepreneurial networking resources complemented SMEs' tangible and innovations. The study further established that entrepreneurial networking resources determined performance of SMEs. Okatch (2012) found that SME entrepreneurs formed subcontracting relationship with large firms and multinational corporations to access marketing information that enhanced sales of SMEs. Burt (2019) found that entrepreneurial networking arrangement paradigm enabled SMEs to address resources deficiencies. However, the findings of the study contradict those of Mwangi and Namusonge (2016) who found that collaboration of enterprises exposed competitive advantages to current collaborators who in future turn up as competitors. Korir and Maru (2014) found that some networking member engaged in opportunistic behaviour that limited sharing of resources and information.

b. ANOVA of entrepreneurial networking resources on growth of SMEs

The regression ANOVA model of X_4 (entrepreneurial networking resources) and Y (Growth of Small and Medium Enterprises) was significant (F value of 36.888, p value < 0.001) at 0.05 percent level of significance. This means that entrepreneurial networking resource is a valid predictor in the entrepreneurial networking model determining growth of small and medium enterprises in Kenya.

Table 7: ANOVA Networking Resources on Growth of SMEs

Model	Sum of squares	DF	Mean square	F	Sig
Regression	732.869	1	732.869	36.888	0.000
Residue	4112.585	209	19.868		
Total	4845.455	210			

a. Predictors: entrepreneurial networking resources. b. Dependent: SMEs growth

The study ANOVA (F value of 36.888, P value < 0.001 at 0.05) which meant that entrepreneurial networking resource is a valid predictor significant in entrepreneurial networking model determining growth of SMEs. The findings of the study are supported by those of Stam *et al.*, (2014) who found entrepreneurial networking resource was a valid predictor in entrepreneurial networking model determining growth of small and medium enterprises in USA. Katambo and Okatch (2016) found that networking resources were valid significant predictor in entrepreneurial networking model determining growth of small and medium enterprises in Kenya. However, findings of the study contradict those of Rauch *et al.* (2016) who found that networking resources created less competitive advantages to enhance performance of SMEs.

c. Coefficients of regression of entrepreneurial networking resources on growth of SMEs

The coefficients of regression of entrepreneurial networking resources revealed that $\beta_0 = 9.241$, $\beta_3 = 0.394$, $t = 6.089$, $P \text{ value} < 0.001$ at 0.05 level of significance. The coefficients of regression fitted simple regression. $Y = 9.241 + 0.594X_4$

Where $Y =$ growth of SMEs, $X_4 =$ entrepreneurial networking resources. This meant that a unit increase in entrepreneurial networking resources resulted in an index 0.394 or 39.4 percent increase in growth of SMEs significantly. The findings of study are supported by those of Brand et al. (2018) who found entrepreneurial networking resources complemented SMEs' resources to enhance growth of SMEs in Dutch. Table 4.39.

Table 8: Coefficients of regression of networking resources

Model	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	T	Sig	Tolerance	VIF
Constant	9.241	2.651		3.485	0.001		
Networking resources	0.594	0.980	0.389	6.089	0.000	1.000	1.000

a. Dependent Variable: growth of SMEs b. Entrepreneurial networking resources

Testing Hypothesis

The study hypothesized that H_0 : There is no statistically significant difference between entrepreneurial networking resources and growth of Small and Medium Enterprises in Kenya ($H_0: \beta_0 = 0$, $H: \beta \neq 0$). The coefficient of regression of entrepreneurial networking resources revealed ($\beta_0 = 9.241$, $\beta_4 = 0.594$, $t = 6.089$, $P \text{ value} < 0.001$ at 0.05). This means that entrepreneurial networking resources have significant influence on growth of Small and Medium Enterprises in Kenya. The study rejected the null hypothesis and adopted H_0 : There is no statistically significant difference between entrepreneurial networking resources and growth of Small and Medium Enterprises in Kenya. The survey results fitted regression model: $Y = 9.241 + 0.594X_4$

Where: $X_4 =$ entrepreneurial networking resources, $Y =$ growth of SMEs. This meant one unit increase in entrepreneurial networking resources resulted into 59.4 percent increases in growth of SMEs significantly. The findings of the study are supported by those of Abbas et al., (2019) who found that use of entrepreneurial networking resources complement both tangible and intangible resources in Pakistan. The study further established that entrepreneurial networking resources had positive significant effects on performance of SMEs. Okatch (2012) found that subcontracting between SMEs and large firms assisted former to have wide markets in Kenya. However, the findings of the study contradicted those of Rauch et al. (2016) who found that use of entrepreneurial networking resources created redundant resources and common resources lacked competitive advantages on member enterprises products in USA. Korir and Maru (2014) found utilization over reliance on entrepreneurial networking resources disrupted supply in case of emergency. The study established that entrepreneurial networking resources were not assured sources for growth of SMEs. The findings of the study supported entrepreneurial networking theory assumption on dependency on others resources to fulfill entrepreneurial aspirations. The entrepreneurial networking theory assumption of governance contends that networking governance provided means of networking access actual and virtual resources.

SUMMARY, CONCLUSION AND RECOMMENDATION

SUMMARY

Descriptive results revealed that entrepreneurial networking resources had high rating/ mean indication of agreement. This meant that entrepreneurial networking resources influenced growth of SMEs in Kenya. The following entrepreneurial networking resource variables (complementing SMEs' resources, pooling up their resources use, innovations and information) affirmed influence of growth of SMEs. However, resources from very close friends and family membership had low ratings an indication of disagreement influence on growth of SMEs.

CONCLUSION

The study concluded that entrepreneurial networking resources had positive significant influence on growth of SMEs in Kenya. Accordingly, the study concluded that entrepreneurial networking resources complemented SMEs' resources to enhance growth of SMEs. The study established that entrepreneurial networking resources provided shortcuts for SME entrepreneurs to acquire resources that are difficult to obtain from markets.

RECOMMENDATION

a. Entrepreneurial recommendation

The study recommends that entrepreneurs should configure valuable entrepreneurial networking to complement SMEs resources to enhance growth. The growth of SMEs increases performance of both social (job creation, reduction of poverty and redistribution of national wealth) and economic (contribution toward Gross Domestic Product, revenue to government through taxation and industrial base) functions.

b. Policy recommendation

The study recommends that the government as a policy setting organ to concoct conducive regulatory policies that suit the necessities of existing SME entrepreneurs and nascent SME entrepreneurs to participate in entrepreneurial networking activities to access intangible and tangible resources to spur growth of the SMEs. The growth of SMEs has potential of contributing toward GDP.

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