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

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ABSTRACT

Entrepreneurial management has been fronted as a key determinant for a firm’s growth and profitability. Entrepreneurial management helps firms to be proactive in managing uncertainty to create long-term value because uncertainty has upside potential as well as a downside exposure. 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. Therefore, this study sought to establish the influence of entrepreneurial management on growth of MSE in furniture manufacturing industry in Kenya. To achieve this objective, the study was guided by Firm Growth Theory and Network Theory. The research design adopted in this study was the mixed method. The target population of study was the 10,345 owner managers of furniture manufacturing MSEs in Kenya. A sample of 393 owner managers of furniture business in Nairobi were selected using stratified random sampling. Questionnaires were used as data collection tool. 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. 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 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). The study recommends that policy managers of these firms pay careful consideration to aligning their entrepreneurial management as one of the environmental variable so as to remain competitive and grow in this global business.

Key Words: entrepreneurial management, growth, micro and small furniture manufacturing enterprises, Kenya
INTRODUCTION

Entrepreneurial Management

Brown, Davidsson and Wiklund (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. Shane and Venkataraman (2009) definition of entrepreneurial management tend to center around the pursuit of an opportunity. 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”.

In a study carried out on Malaysia public enterprises by Sumon, et al (2010), 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, 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.

In a study in South Africa, (Kroop, et al., 2011) 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 (Peberdy & Rogerson, 2013). 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 (Autio, 2012).

In Uganda, Bhave (2010) highlights that 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 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 country’s 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. Therefore, 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).

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 Gauthier (2013) 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 (Svensson and Reinikka 2013), unfavorable taxation systems, and a heavy regulatory burden and administrative bureaucracy (Keefer, 2015). Further constraints include limited access to differentiated markets, (Kappel, Lay, and Steiner 2014), the concentration of MSEs in low-quality production, high transport and transaction costs (Rudaheranwa 2017), corruption.

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 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 opportunities, encourage 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 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 small, medium and micro-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.

**STATEMENT OF THE PROBLEM**

UNDP Report (2015) pointed out that MSEs in Kenya have low managerial ability and 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 the performance, survival and growth. Aylin et al. (2013) highlight that lack of management skills is a barrier to growth and is one of the factors that can lead to failure. A report by Kenya National Bureau of Statistics (2017) indicates that 3 out 5 businesses fail within the first few months of operation and those that continue 80% of them fail before the fifth year. This high failure rate has a direct impact on the National GDP and also contributes to unemployment. MSEs create employment for 50% of the working population and contribute 18% to the Gross Domestic Product (GDP) (KIPRA, 2013). 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. Ngaruiya (2014) describes the entrepreneurs in MSEs as lacking
creativity and vision, resources and people who enter the business only to meet their immediate financial need. A number of studies have been done in this area. Bendixen and Migliorini (2017) did a study on entrepreneurship and women: The making of a business plan for the creation of a distribution business in Denmark. Hortoványi (2013) did a study to assess entrepreneurial management in Hungarian SMEs. However, no study either local or international has been conducted to establish the effect entrepreneurial management on growth of MSE in furniture manufacturing industry in Kenya.

GENERAL OBJECTIVE

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

SPECIFIC OBJECTIVES

1. To establish the influence of strategic orientation on the growth of micro and small furniture manufacturing enterprises in Kenya.

2. To find out the influence of resource orientation on the growth of micro and small furniture manufacturing enterprises in Kenya.

3. To determine the influence of reward philosophy on the growth of micro and small furniture manufacturing enterprises in Kenya.

4. To assess the influence of entrepreneurial culture on the growth of micro and small furniture manufacturing enterprises in Kenya.

THEORETICAL LITERATURE REVIEW

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, which phenomenon the World Bank has identified as the ‘missing middle’ (Ryan, 2015). For example in a study of Botswana, Kenya, Malawi, Swaziland and Zimbabwe, Mead (2013) 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
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.

In regard to this study, the firm growth theory, MSEs in Kenya, given the right entrepreneurial boast, they are likely to grow to large firms. Growth in furniture business can as well 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 excising products.

**Network Theory**

The study will make use of Network Theory to investigate the moderating effect of 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 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, Vanhaverbeke and West, 2017).

There are various advantages of network. Sirkin, Hemerling and Bhattacharya (2013) entrepreneurial networks create social capital for individuals. Further, it assists in information sharing; the depth of knowledge and experience from a group of people, connections when opportunity knocks which you want to be in a position to take advantage of. Having a large network may assist in moving career forward, promoting a new product launch, or driving new members to your organization. Other advantages of entrepreneurial networks include credibility which implies improving reputation and finding support that enhancing self-
esteem (Bijlsma-Frankema and Costa, 2009). In relation with the study, network assists in growth of micro and small furniture manufacturing enterprises in Kenya. Entrepreneurial management is expected to stir growth in furniture manufacturing MSEs.

**EMPIRICAL REVIEW**

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).

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.

On the other hand, 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 of the firm (Puranam, Alexy, & Reitzig, 2013). 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 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 networking.
RESEARCH METHODOLOGY

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 research question and meet research objectives 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 a causal, non-experimental and cross-sectional. The design also takes on a confirmatory element as it is based on priori hypotheses deduced from existing theories and empirical studies. As in this study, a causal research seeks to determine the cause effect relationship between the independent and the dependent variable. This study seeks to explore the cross-sectional non-experimental causal effect between reward philosophy and growth of micro and small furniture manufacturing enterprises in Kenya.

Target Population

Target population in statistics is the specific population about which information is desired. According to Hanlon & 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).

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. Sample was selected from the population of 10,345 owner managers of furniture business. 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 were taken using stratified random sampling which gives each item in the population an equal probability chance of being selected.
`Sampling Size`

To determine the sample size of the owner managers of furniture business in Nairobi, the researcher used a formula by Saunders, Lewis, and Thornhill (2012) for sample size determination.

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

Where: \( n \) = required sample size; \( N \) = the given population size from the sampling frame; \( P \) = Population proportion, assumed to be 0.50; \( \chi \) = the degree of accuracy; \( p \) value is 0.05

The sample size was 373 owner managers of furniture business in Nairobi (132 from Micro enterprises and 241 from Small enterprises). The sampled respondents were deemed knowledgeable on subject matter and therefore, they are 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 were adequate for generalization.

`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, 2011). 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, 2011).

`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 secret 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 researcher administered the questionnaire individually to the selected sample. The researcher issued the questionnaires and waited for the respondents to fill them then collected. However, where it was difficult for the respondents to fill in as the researcher waited, 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, the researcher maintained a register of questionnaires given out and the ones returned.

**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 give straight formal analysis. The researcher further employed a multivariate 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; \( \beta_0 \) = Constant \( \beta_1 \), \( \beta_2 \), \( \beta_3 \), \( \beta_4 \) and \( \beta_5 \) = the regression equation coefficients for each of the variables, and; \( \varepsilon \) = error.
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 ($R^2$) 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 ($X_1$), Resource Orientation ($X_2$), Reward Philosophy ($X_3$) and Entrepreneurial Culture ($X_4$) 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 ($X_4$) and growth of micro and small furniture manufacturing enterprises in Kenya.

The analysis of variance (ANOVA) as shown in Table 2 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 2 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 greater than 0.05 thus the null hypothesis failed to be rejected and concluded that entrepreneurial culture has insignificant 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 $X_1$ ($\beta = 0.227$, p-value $<0.001$), $X_2$ ($\beta = 0.344$, p-value $<0.001$), $X_3$ ($\beta = 0.216$, p-value $<0.001$) as shown in Table 3.

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 (Coulthard, 2013).

According to a study carried out on Malaysia public enterprises by Sumon, et al (2010), 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 and thus its growth (Wiklund, 1999). 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 argues 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 1: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
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<tr>
<td></td>
<td>.486a</td>
<td>0.236</td>
<td>0.227</td>
<td>0.879</td>
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</tbody>
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Table 2: ANOVA

<table>
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<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
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<tbody>
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<td>18.800</td>
<td>24.312</td>
<td>.000b</td>
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<td>314</td>
<td>0.773</td>
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<td>Total</td>
<td>318.000</td>
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Table 3: Regression Coefficients

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<tr>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>13.36</td>
<td>2.049</td>
<td>6.5203</td>
</tr>
<tr>
<td>Strategic orientation</td>
<td>0.227</td>
<td>0.050</td>
<td>0.1355</td>
</tr>
<tr>
<td>Resource Orientation</td>
<td>0.344</td>
<td>0.054</td>
<td>0.2054</td>
</tr>
<tr>
<td>Reward Philosophy</td>
<td>0.216</td>
<td>0.050</td>
<td>0.1289</td>
</tr>
<tr>
<td>Entrepreneurial culture</td>
<td>-0.025</td>
<td>0.055</td>
<td>-0.0149</td>
</tr>
<tr>
<td>X4 interaction Z</td>
<td>0.253</td>
<td>0.055</td>
<td>0.1510</td>
</tr>
</tbody>
</table>

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 3.

\[ Y = 13.36X_2 + 0.227X_1 + 0.216X_3 - 0.025X_4 + 0.25Z \]

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.
CONCLUSIONS

From the study’s findings, it was concluded that entrepreneurial management as composed of 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 dual strategy unlike the assumption of the Porters’ model used in this study.

RECOMMENDATIONS

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. For firms to achieve competitiveness and growth, they must choose any of these entrepreneurial management strategies. The study recommends that policy managers of these firms pay careful consideration to aligning their entrepreneurial management as one of the environmental variable so as to remain competitive and grow in this global business.

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