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INFLUENCE OF RESOURCE ORIENTATION ON THE GROWTH OF MICRO AND SMALL FURNITURE MANUFACTURING ENTERPRISES IN KENYA

Grace Adhiambo Okello

**Doctor of Philosophy in Entrepreneurship, Jomo Kenyatta University of Agriculture
and Technology, Kenya**

Dr. Patrick Karanja Ngugi

Jomo Kenyatta University of Agriculture and Technology, Kenya

Prof. Romanus Odhiambo

Jomo Kenyatta University of Agriculture and Technology, Kenya

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ABSTRACT

MSEs contribute about 70% to the country's GDP and over 80% of the countries employment. 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. However, reports indicate that MSEs are ranked highest to risk exposure related to management. The higher exposure to risk for the MSEs leads to high collapse rate that leads to loss of

job and hence low economic development to the country. High dependence on old methods of doing business, lack of entrepreneurial management was ranked highest among the risks by businesses in Kenya. Entrepreneurial management has been fronted as a key determinant for a firm's growth and profitability. It has been related to high firm growth. 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. Therefore, this study sought to establish the influence of resource orientation on growth of MSE in furniture manufacturing industry in Kenya. To achieve the objective of this study, the study was guided by contingency theory

and resource-based view theory. The research approach adopted in this study was the mixed method. The target population of study was the 10,345 owners/managers of Furniture manufacturing MSEs in Nairobi. A sample of 393 owner/managers of furniture business in Nairobi were selected using stratified random sampling. The study used a questionnaire for data collection purposes. Respondents filled in the questionnaire as the researcher waits, a drop and pick later method was employed in cases where it was not possible to fill in

the questionnaire same day. The researcher did pilot testing the of research instrument to ensure its reliability and validity. The study generated both qualitative and quantitative data. Correlation inferential analysis was employed for analysis. The study also used correlation to show the degree of association between the independent variables and the dependent variable.

Key Words: *resource orientation, growth, micro and small furniture manufacturing enterprises, Kenya*

INTRODUCTION

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 business network. However, Meagher (2010) 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.

This study focused on entrepreneurial management and growth of micro and small furniture manufacturing enterprises in Kenya. Statistics from Kenya National Bureau of Statistics (KNBS) shows 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. 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, 2006).

Devolution in Kenya has presented MSEs with new challenges (Argidius, 2015). According to Ong'olo and Odhiambo (2013) the challenge 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 affect 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 that 3 out of 5 businesses fail within the first few months of operation and those that continue 80 per cent fail before the fifth year (KNBS, 2017).

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 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).

Furniture Industry in Kenya

Kenya is the strongest regional producer of furniture in East Africa. It has a logistically advantageous geographic position that confers 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).

STATEMENT OF THE PROBLEM

In Kenya, 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. 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 of these SMEs. Aylin et al. (2013) highlights 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 of 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 constitute 13% of the total market. Imports of furniture grew at a CaGr of 24% between 2011-2015, while exports grew more slowly at a 10% CaGr. Therefore if the gap is not filled, the ever-rising consumption in the Kenyan furniture markets will be met by imports. 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 struggle with stagnated growth and failure to meet the market demand. Ngaruiya (2014) describe the entrepreneurs in MSEs as lacking creativity and vision, resources as well as access to credit services and as who enter the business only to meet their immediate financial need. They are therefore not keen on taking their business to the next level.

Several empirical studies have been done in the area of entrepreneurship and entrepreneurial management. For example, 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. Also, Hortoványi (2013) did a study to assess entrepreneurial management in Hungarian SMEs. However, despite the empirical inquiry into the field of EM, no study either local or international known to the researcher has been conducted to establish the effect EM on growth of MSE in furniture manufacturing industry in Kenya. Therefore, this study sought to fill the gap in inadequate research on the relationship between EM and growth MSEs. The study aimed to determine the influence of resource orientation on growth of MSE in furniture manufacturing industry in Kenya.

GENERAL OBJECTIVE

The study sought to find out the influence of resource orientation on the growth of micro and small furniture manufacturing enterprises in Kenya.

THEORETICAL 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 and Resource Based View Theory.

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, 2007). The objective of this study that 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. These patterns depict various interconnected and reinforcing traits of the organization that are imperative to the materialization of organizations 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?

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 & Lertwongsatien, 2013). This stream argues that resource availability determines organizational growth (Ray, Muhanna & Barney, 2010).

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 (Janney & Dess, 2010; Runyan et al., 2009; Teece, 2009). 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 firm possesses different bundles of these resources. This is the assumption of firm resource heterogeneity. Second, drawing from Selznick (1957) and

Ricardo (1966), 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' competitive advantage. Once, 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, 2009; Newbert, 2010). 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 of their distinctive competences (those activities that a particular firm does better than any competing firms) allow to do 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, 1991). 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, 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 (Hult, Ketchen & Slater, 2012). Therefore, in relation to this study, these specific capabilities roots from the capacity of employees, resources available to the firm for enhanced product quality as well as level of employee motivation. Further, capabilities touches 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 the how strategic orientation, resource orientation, reward philosophy and entrepreneurial culture leads to growth of MSEs.

EMPIRICAL REVIEW

Resource Orientation

Entrepreneurial management is a prerequisite for success of a venture. Katila and Shane (2015) in their study to "investigate at what time does lack of resources make new firms innovative", they studied firms in Brazil. Katila and Shane hence cracked the conventional

wisdom that low-competition, resource-rich, and high-demand environments support innovation. However, for entrepreneurial manager 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. Further, Shane and Venkataraman (2009) 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).

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) notes 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.

Summary of Literature Review

MSEs identify 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 – like: who is the target customer segment? What are our core capabilities and what specific need can we best satisfy? Then who will be the right customer to approach? - Not just improves resilience but 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 characterized by firmness of purpose and relentless pursuit of an opportunity. People 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.

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. According to Schutt (2009) Identifying causes, figuring out why things happen is the goal of most social science research. An objective 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*). 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 entrepreneurial management and growth of micro and small furniture manufacturing enterprises in Kenya. An experimental design is where the researcher actively tries to control the research by changing the circumstances, situation, or experience of participants (Bachman, 2006). In a cross-sectional, non-experimental research design, all data are collected at one point in time and the researcher has no control of the circumstances, situations, or experience of participants.

Target Population

Target population in statistics is the specific population about which information is desired. According to Ngechu (2004), 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 owners/managers of Furniture manufacturing MSEs in Nairobi (Nairobi City County, 2017). The distribution of the owners in micro and macro enterprises.

Sample Frame

The sampling plan describes how 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 sample 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 (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 (132 from Micro enterprises and 241 from Small enterprises). The sampled respondents will be 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. The distribution of the sample size across the two categories of the respondents

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 for primary data collection purposes. 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 (Sarantakos, 1998).

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 hotel then personally deliver the questionnaires to the respondents. The researcher administered the questionnaire individually to the selected sample. The researcher issued the questionnaire and wait for the respondents to fill in the questionnaire and then collect. However, where it was difficult for the respondents to fill in as the researcher waits, 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 questionnaire given out and the ones returned.

Pilot Testing

The researcher did a pilot testing the of research instrument to ensure its reliability and validity. Bryman and Bell (2011) argues that a pretest of the questions with suitable respondents can help to 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 researcher 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 were established so as to enhance the instrument's validity and reliability. The pilot study enabled the researcher to be familiar with research and its administration procedure as well as identifying items that require modification. Pilot study helped the researcher to correct inconsistencies arising from the instruments, which ensured that they measure what is intended.

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.

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.

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 characteristic 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:

$$Y = \beta_0 + \beta_1 X_1 + \varepsilon$$

Where: Y = Growth of MSEs; X₁ = Resource Orientation; β₀ = Constant; β₁ = the regression equation coefficients; ε = error

RESEARCH FINDINGS

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.

Discriminant Validity

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 (Koufteros 2015). As shown in table 4.3 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 1: Squared correlations and AVEs

Variables	Growth	Strategic Orientation	Resource Orientation	Reward Philosophy	Entrepreneu rial culture	Netw orks
Growth	0.609	0.130	0.332	0.177	0.289	0.195
Resource Orientation	0.332	0.009	0.845	0.021	0.525	0.052

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.

Table 2: Correlation Matrix

Variables		Growth	Strategic Orientation	Resource Orientation	Reward Philosophy	Entrepreneurial culture	Networks
Growth	Pearson Sig. (2-tailed)	1	.225** 0.000	.360** 0.000	.263** 0.000	-.336** 0.000	.276** 0.000
	N	319	319	319	319	319	319
Resource Orientation	Pearson Sig. (2-tailed)	.360** 0.000	-0.060 0.286	1	0.091 0.106	-.453** 0.000	.142* 0.011
	N	319	319	319	319	319	319

** . Correlation is significant at the 0.01 level (2-tailed).

The findings indicate that there was also a meaningfully strong and positive correlation between growth of micro and small furniture manufacturing enterprises and resource orientation ($r = 0.360$; Sig. = 0.000).

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 variable is varied, while the other variables are held constant/ fixed.

The model summary table provides information about the regression line’s ability to account for the total variation in the dependent variable. It demonstrates how the observed y-values are highly dispersed around the regression line. The output indicates that the strength of association between the dependent variable and the independent variables jointly is moderately high ($R = 0.486$). The coefficient of determination (R-square) was found to be 0.236. This is the explanatory power of the model which shows that 23.6% of the variation in the dependent variable growth is explained by the variation of predictors in the model (entrepreneurial management). This therefore means that other factors not studied in this research explain the remaining 76.4% of the growth of micro and small furniture manufacturing enterprises.

Table 3: Model Summary

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

a. Predictors: (Constant), Resource Orientation

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

From the ANOVA table, the P-value of the F-statistic is less than 0.05 showing that the coefficient estimates of the model are jointly not equal to zero. This implies that the model is

statistically significant in predicting how resource orientation impacts the growth of micro and small furniture manufacturing enterprises. This shows that the regression model has a less than 0.05 likelihood (probability) of giving a wrong prediction. This therefore means that the regression model has a confidence level of above 95% hence high reliability of the results. According to Kotter (1996), this is model can be used for estimating purposes.

Table 4: ANOVA

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

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

b. Predictors: (Constant), Resource Orientation

The coefficients table shows the regression coefficients for the independent variables and statistics that determine how significant the variables are in predicting the growth of micro and small furniture manufacturing enterprises. The findings show that entrepreneurial management (Resource Orientation) significantly influenced the dependent variable. Resource orientation (p value=0.000) was found to be significant predictors of growth of micro and small furniture manufacturing enterprises. The regression equation for the estimate of growth derived from the regression analysis is as follows below;

$$\hat{Y} = 0.344X_2$$

Table 5: Regression Coefficients

	Unstandardized Coefficients	Std. Error	Standardized Coefficients	t	Sig.
	B		Beta		
(Constant)	0.000	0.049		0.000	1.000
Resource Orientation	0.344	0.054	0.344	6.328	0.000

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

Inferring from the regression equation a unit increase in resource orientation would lead to a 0.344 change in growth of micro and small furniture manufacturing enterprises; The results from the multiple regression was used for hypothesis testing to draw conclusions on the objective of the study on the influence of resource orientation on the growth of micro and small furniture manufacturing enterprises in Kenya.

Ha: Resource orientation significantly improves growth of micro and small furniture manufacturing enterprises in Kenya.

The coefficient of resource orientation in the model was positive implying increase in growth with increase in resource orientation. The p-value of the coefficient of resource orientation in

the model was found to be 0.000 which is less than 0.05. Therefore, the alternative hypothesis was accepted and a conclusion drawn that resource orientation significantly improves growth of micro and small furniture manufacturing enterprises in Kenya.

CONCLUSIONS

The study indicated that they believed that micro and small furniture manufacturing enterprises need working capital financing to invest in inventory and other purchases. They categorized capital as a very useful function of wealth because of the role it plays in production of wealth. In fact, production would almost come to a stand-still without adequate and suitable supply of capital. The findings also show that location of a business is strategic resource if it gave the entities a strategic advantage. The results also reveal that if a company selects the right location, it may have adequate access to customers, workers, transportation, materials, and so on. The findings goes hand in hand with the research by Miller and Shamsie (2010) that Entrepreneurial management is intimately linked to better access to critical resources and the ability to make more productive use of the resources

We can deduce from the results that there was a supply-demand skills mismatch which affected new and fast paced micro and small furniture manufacturing enterprises, resulting in extra investment training of new recruits or the importing of skills, and thus higher labor costs. The results revealed the need for development of a framework for interaction between teaching professionals and the micro and small furniture manufacturing enterprises, to ensure the currency and relevance of skills. The changes in individuals facilitate assimilation of new skills and abilities which enable them to act in new ways. The findings support the findings by Grant (2015) that indicate that resource orientation and management is very important function in the company operations.

The results of the study support Resource-based view (RBV) theory proposition that organizational resources that are costly or hard to imitate help organizations retrieve competitive advantage. The respondents indicated that their business location was strategic resource if it gave the entities a strategic advantage. The results also reveal that if a company selects the right location, it may have adequate access to customers, workers, transportation, materials, and so on. The study further realizes the importance of resources in the growth of their business, they indicated that micro and small furniture manufacturing enterprises need working capital financing to invest in inventory and other purchases to ensure growth. Further, in line with RBV, the owners of the businesses indicated that production would stall without adequate and suitable supply of capital. In fact, other researchers (Janney & Dess, 2010; Runyan et al., 2009; Teece, 2009) support the argument of relevance of Resource-Based View (RBV) in the context of strategic resource and firms growth. They do so 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.

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