

## Entrepreneurial Competence and Growth of Micro-Small Enterprises in Kiambu County, Kenya

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### Abstract

Micro and small enterprises sector in Kenya is characterized by high mortality rate, three out of five fail within the first few months of operation, over 60% fail each year; and most do not survive to their third anniversary. Despite the significance of entrepreneurial competence in small business, it is not clear the influence of entrepreneurial competence on growth micro and small enterprises. Therefore, this study assessed the effect of entrepreneurial competence on growth of micro and small enterprises in Kiambu County. The specific objectives were; to establish the effect of innovation competency, leadership competency, networking competency, and risk-taking competency on the growth of micro and small enterprises. Descriptive research design was used and data collected from 1274 micro and small enterprises owners or managers. Stratified random and simple sampling was used to arrive at 304 micro and small enterprises. The collection of data was done via questions emailed online by the researcher to micro and small enterprises owners. Descriptive measures and regression analysis were used to explain the relationship between variables. It was discovered that the majority of respondents used various innovative technologies in their businesses, including Mshwari and KCB-Mpesa mobile banking technology. The findings also revealed that majority of micro and small enterprises have adopted various leadership competency facets such as results and performance-based traits, listening and engaging with workers, employee engagement (rewarding and facilitating their wellness), avoidance of unethical behavior (drugs and alcohol abuse), and supporting staff teamwork. As part of their network strategies, the majority of the respondents partnered up with other vendors for joint sales, approached former clients, and created multiple revenue streams. Cautious decision-making, taking manageable risks, careful risk analysis, and measured moves all had an effect on a company's growth. The study concluded that innovation, leadership, networking and risk-taking competencies have a positive and significant effect on growth of micro and small enterprises. The recommendation was that micro and small enterprises should embrace innovation competency as a means of enhancing their development, owners should improve their leadership skills, which, according to the results, is a critical component of firm growth and success, entrepreneurs should accept networking as a means of gaining a competitive edge and should follow risk-taking strategies by making calculated moves in their operations and carefully analyzing the available options in order to maximize their chances of landing on the best option.

**Keywords:** *Innovation Competency, Growth, Leadership Competency, Networking Competency, Risk-taking Competency, Micro, Small and Medium Enterprises.*

## 1.0 Introduction

Micro and Small Enterprises (MSEs) distinct features are critical in boosting market competition and product innovation (Mukulu & Marima, 2016). Micro and small businesses (MSEs) play an important economic role in many nations across the world. Their activities are a source of new jobs and a key role in a free market economy; they have a substantial influence on economic growth and great commercial power (Lukes & Laguna, 2015). Demographic shifts, technological advancements, shifting economics, and other complex factors all over the world have altered society in unprecedented ways, bringing new challenges and possibilities to the forefront. Increased emphasis by governments, organizations, and the public on entrepreneurship is among the responses to these shifting forces (Gebru, 2017). In developing countries, micro and small enterprises have been a source of jobs for decades despite the difficulties faced by entrepreneurs ranging from; financing, manufacturing, and marketing and human resource development (Alemany, 2015). A range of governments in developing countries in the past decade have been focusing on boosting their economic growth through formulation on policies. It is clear that a large proportion of micro-entrepreneurs actually work in the informal economy in European countries such as Portugal, Germany and the United Kingdom (Forsman & Rantanen, 2016).

Regionally, growth of MSEs in the informal and formal sector is seen as a viable path to sustainable development as it is in line with Africa's capital (Njuguna, 2015). MSEs are the primary source of jobs in developing countries and account for more than 70 percent of African sector. MSEs contribute to African jobs and GDP by more than 50 per cent. They contributed an estimated 37 per cent of GDP in Nigeria, (Osunde, 2015). MSEs face a persistent danger of failure and most don't graduate into big business (World Bank, 2015). According to previous studies, the MSE sector in Kenya has a high mortality rate (Naikuru, 2017); three out of five fail within the first few months of operation (Bowen, Morara, & Mureithi, 2018); over 60% fail each year (KNBS, 2017); and the majority do not survive to their third anniversary (KNBS, 2017). (Eser & Ozdemirci, 2016).

Many MSEs are not fully utilizing their entrepreneurial skills (Bosma et al., 2018), and African nations' capacity to recognize and grasp economic opportunities is lacking (Bokea, Dondo, & Mutiso, 2017). Despite this, the Kenyan government's commitment to promoting MSE growth has become one of the country's most important national development initiatives throughout the years. Micro and small businesses have been identified as a critical driver in attaining Vision 2030 (Government of Kenya, 2017). Therefore, the Kenyan government has developed strategies and promotion programs aimed at supporting the micro and small enterprise sector. Improving on entrepreneurial competence has been cited as one of the most important of these strategies to improve the growth of MSEs in Kenya. It is evident that scanty of empirical literature have been done on the relationship between entrepreneurial competence and growth of MSEs. Some of the studies done in western economies have presented contradicting results despite similar objectives (Bouazza, Ardjouman & Abada, 2015; Mairura, 2017).

According to Naikuru (2017), a competence is an underlying trait of individuals, resulting in successful and/or superior performance at a job. A job competence is a person's underlying characteristics, in which motives, attributes, abilities, aspects of one's self-image, a body of information, a collection of abilities and a cluster of suitable motives / attributes that an individual possesses for performing a given task. According to RoK (2016) the complexity of business operations in an ever-changing competitive business environment that results from rapid technological advances requires rapid remedial action. An entrepreneur is required to

cope with these environmental pressures, which necessitates a high level of competence in a variety of areas, including intellectual, attitudinal, behavioral, technical, and managerial (Penchev & Salopaju, 2015). But entrepreneurs are forced to apply a range of skills to succeed in their entrepreneurial activities (Kochadai, 2016).

Endi, Suracham, Armanu and Djumilah (2015) found that entrepreneurial competencies propel business performance, the higher the competence that MSE owners portray the higher the likelihood of good business performance. Some of the proxies of entrepreneurial competencies proposed by researchers include; innovation competency, leadership competency, networking competency, risk-taking competency (Viswanadham, 2017; Bowen, Morara & Mureithi, 2018; Penchev & Salopaju, 2015) and intellectual, attitudinal, behavioral, technical and managerial competency (Kochadai, 2016). The current study will operationalize entrepreneurial competence using innovation competency, leadership competency, networking competency, risk-taking competency proposed by Viswanadham (2017); Bowen, Morara and Mureithi (2018) and Penchev and Salopaju (2015).

Innovation is the path through which companies create inimitable assets, and thus achieve a sustainable competitive advantage (Viswanadham, 2017). The underlying argument is that encouraging businesses to innovate would lead to improved economic results, higher productivity, more employment and higher wages (Duran, Kammerlander, Van Essen & Zellweger, 2016). Successful corporate entrepreneurship involves both innovation and exploitation at the same time, and thus involves a range of activities and processes. Innovative firms exhibit significantly higher profits and growth figures than non-innovative firms. Such developments are renewing businesses, improving their competitive edge, stimulating growth, creating new opportunities for jobs and increasing wealth (Kochadai, 2016).

Good leadership is seen as an important source of management growth and a competitive long-term advantage for enhancing business efficiency (Edoka, 2015). Transactional leadership, for example, helps companies to more successfully achieve their current goals by connecting job performance to reciprocal awards and making sure that employees have the instruments to do the work (Obiwuru, Okwu, Akpa & Nwankwere, 2015). Transformational leaders develop a strategic vision for a future state, convey that vision through metaphor and framing, model the goal by continuously performing, and increase commitment to the vision (Karodia, Mandiyya, & Machera, 2015). Innovative management may lead to a high level of unity, commitment, trust, encouragement and therefore success in the present organizational context.

Networking helps small companies to participate in networking partnerships and it can be part of social capital and have ways to communicate with various markets and the extent of partnership proximity (Taneja, & Toombs, 2015). Business networking plays a crucial role in making MSEs more competitive. Networking is a valuable way to extend marketing skills and boost the efficiency of MSE owners / managers. Innovative leadership may result in high levels of unity, engagement, and collaboration in today's organizations. As a result, clusters, strategic partnerships, and corporate collaboration have grown popular among MSEs as a competitive method of communication (Turyakira & Mbidde 2015). Networking seems to be in a good connection with the survival of companies, formal and informal networks are associated with MSE survival, but the expansion, self-assurance and support and therefore success are linked exclusively to official networks.

The convergence of quantity and quality is driving the rise of MSEs. The expansion of the size of MSEs reflects the rise in quantity, as seen by increases in sales volume, market share, revenue, income, and staff numbers. Enhancing the consistency of MSEs, which involves

technological innovation capabilities from immature to mature manufacturing technology, is an example of quality growth, maximum investment and performance capacity, organizational innovation and reform (Karega, Bowen & Onjala 2015). The current study will quantify aspects; sales volume, income and increase in number of employees to measure growth of MSEs in Kiambu County, Kenya.

### **1.1 Research Problem**

MSEs account for the majority of Kenya's economic growth. Despite its significance, data estimates revealed that 46% of MSEs perished in 2017, resulting in an unprecedented 2.2 million MSEs closing down in the previous five years. Micro and small businesses (MSEs) are major economic players in many nations throughout the world. It is commonly acknowledged that their contribution to economic development, revenue production, and poverty alleviation is significant (ILO, 2015).

According to the study's background material, MSEs are constantly threatened with failure, and the majority do not grow into huge corporations (World Bank, 2016). According to previous research, the MSE sector in Kenya has a high mortality rate, with three out of five failing during the first few months of operation, and over 60% failing each year (KNBS, 2017); with the majority failing before their third anniversary (Bokea, Dondo, & Mutiso, 2017). Despite the significance of entrepreneurial competence in small business, it is not clear the influence of entrepreneurial competence on growth of MSEs.

Entrepreneurial Competence has been acknowledged as a key determinant for a firm's growth and profitability, superior performance (Mahmood & Hanafi, 2015), and longevity (Soininen, 2016). A study by Ebert, Brenner and Brixy (2015) entitled "New Firm Survival: The impact of start-ups' innovation activity on their ability to profit from regional localization and externalities is examined. According to the findings, highly creative entrepreneurial businesses benefit from a diverse economic environment, which increases their chances of survival. Martin and Namusonge (2015) explored the influence of innovation on MSEs growth. They established that the relationship between innovation and business growth was insignificant. Despite the studies having similar objectives, the studies presented diverse findings presenting a possibility of methodological, conceptual and contextual gaps. The operationalization of entrepreneurial competence in many studies are dissimilar hence a possibility of diverse findings as evidenced by the reviewed studies. The current study filled the knowledge gap presented relating to methodology, context and concept presented by assessing the influence of entrepreneurial competence on growth of MSEs in Kiambu County, Kenya.

### **1.2 Study Objectives**

- i). To determine the effect of innovation competency on MSE's growth in Kiambu County
- ii). To evaluate the effect of leadership competency on MSEs growth in Kiambu County
- iii). To establish the effect of networking competency on MSEs growth in Kiambu County
- iv). To determine the effect of risk-taking competency on MSEs growth in Kiambu County

### **2.0 Theoretical Review**

The theoretical review consists of the chosen theories that undergirds one's thought on how the researcher understands and aims to study a subject, as well as the concepts and meanings applicable to the subject from that theory.

## **2.1 Theory on Innovation- Schumpeter's Theory**

The notion of innovation was proposed by Schumpeter in 1934. His original theory of innovative profits emphasized the role of entrepreneurship (which he coined "enterprise profits") and the search for new value-generating opportunities to expand (and transform) the circular flow of income, but it did so by separating invention or discovery from innovation, marketing, and entrepreneurship. MSEs may engage in domestic innovation for the launch or marketing of new goods or services; they can revitalize themselves through innovative and changing internal processes, systems and capacity; they can find and adapt new competitive solutions in established markets; or they can develop fully new product brands proactively (Claude, Gaudillat & Quélin, 2006).

Innovating necessitates the technical notion of an invention, and so necessitates a high level of professional knowledge, the type of which varies depending on the firm and sector (Sledzik, 2013). This idea is crucial to this research since survival is connected to production, and the theory stresses the advantages of entrepreneurship. The quasi-monopoly positions formed by business enterprises that enjoy first-mover advantages in marketplaces are the focus of Schumpeter's theory of benefit by innovation. This common interpretation of Schumpeter's theory makes it intelligible in the framework of traditional market-based analysis, in which entities are analyzed solely in terms of their place in the economic exchange cycle, primarily through markets. Leading innovators benefit from 'mega' benefits from invention, which are generally linked with higher production prices and lower input prices or costs, since they establish a brief monopoly in specific production (product) or input (process) markets.

## **2.2 Theory on Leadership- Path-Goal Theory**

Originally developed by Evans (1970) and subsequently updated by House (1971), the path-goal theory was designed to define a leader's most practiced style as an incentive for having subordinates to accomplish objectives. The path-goal theory gives weight to the notion that, based on the relationship, motivation plays a significant part in how a boss and a subordinate communicate, and the overall performance of the subordinate. According to Northouse (2010), the Path-Goal model is a theory that specifies a leader's behavioral / managerial style that employees could better mimic in the workplace in order to achieve organizational transformation goals.

The leader clearly defines the goal, outlines the direction toward achieving the target, eliminates obstacles if any, and provides the support needed, financial, moral or otherwise. The objective is to increase employee motivation, autonomy, and happiness in order for them to become more productive members of the company. This idea is best characterized as a method by which leaders recognize and pick various activities that are in harmony with the requirements of workers and the working environment in order to offer employees with a fantastic roadmap in their path to accomplishing their daily work objectives / aims. This theory is applicable to this study as growing MSE aims at surviving and moving into the growth process. The leaders' behavior is correlated with employee's motivation to make them more effective. According to objective Dhladhla (2011) a leader's actions and attitude are capable of manipulating followers, being role models, providing clear command and control, and setting direction, all geared toward achieving in this case a survival.

## **2.3 Theory on Networking- Social Network Theory**

Social network theory was developed by Moreno (1937). Individuals in any community, according to Moreno, are involved in a variety of social connections with one another (Theory

of networking). After then, members would try to shape connections and networks. This will result in common links between members, resulting in trustworthiness, which will lead to positive information sharing and resource exchange (Al-Tabbaa & Ankrah, 2016). Public capital directly impacts the speed and likelihood of entrepreneurs starting up new companies and their overall success (Muzychenko et al., 2008).

The importance of this theory to this study stems from the fact that the entrepreneur relies heavily on referrals to secure business transactions or win business deals in today's competitive business environment. This network idea and its emphasis, according to Christakis and Fowler (2009), is on the individual who has a relationship with ego, and therefore social network research exploits the link, either directly or indirectly, between the ego and their alter ego(s). Alters include families, acquaintances, colleagues and business contacts. With today's market environment insecurity, the social network is seen as a tool for obtaining essential resources for MSE firms. The that the radius of the social network, the higher the chances of clinching further business transactions aimed at making further income thus survival prospects.

### **3.0 Empirical Review**

Colombelli, Krafft and Vivarelli (2016) examined the role played by innovation on survival under the title "To be born is not enough: The key role of innovative startup". The study looked at the reasons why starting a business isn't always a smart idea, as well as the data that connected innovative businesses to longer survival than their non-innovative counterparts. The French Statistical Office provided the information. Aside from the impacts of the innovation-related factors, there is also extra control for the effects of a number of other variables such as age and size, which have been shown to affect a firm's survival in prior empirical studies. According to their theory, when companies effectively engage in both product and process innovation, with the latter playing a significant role, they have a better chance of surviving. To obtain further data, the study moved beyond a strictly microeconomic approach to explore the critical significance of the ecosystem in which creative entry emerge. The evidence presented and addressed in their presentation clearly supports the idea for a proper economic policy agenda, with the development and survival of creative start-ups as one of the qualifying elements.

Ngugi, McOrege and Muiru (2015) performed a study in Kenya on the influence of innovation on MSE growth, using a descriptive survey and exploratory approach. The Nairobi City County Ministry of Industrialization and Department of Commerce set 4560 MSEs as the study's objective. The impact of creative capabilities on Kenya's MSE market was investigated using regression models. The major data gathering method was through questionnaires. After that, descriptive statistics and inferential data analysis methodologies were used to examine the data. According to the findings, innovation has a beneficial influence on the growth of Kenya's MSMEs. The owner/inclination managers to support and promote innovative ideas, innovation, creativity, and creative processes resulting in new goods, services, or development methods that have a significant influence on MSE outcomes.

Ng, Kee and Ramayah (2016) conducted a study on the role of transformation leadership, entrepreneurial skills and technical skills in Malaysia's owner-managed MSEs' enterprise performance. The study hypothesized that three factors (transformative leadership, entrepreneurial abilities, and technical skills) are critical to MSE performance. Self-reported questionnaires were deployed using purposive sampling to collect data from MSEs in Malaysia. Both the statistical package for social science system and the Structural Equation of the Partial Least Squares (SmartPLS) were used to evaluate data and to test hypotheses. The results

showed that owner-managers' transformational leadership, entrepreneurial ability, and technical skills have a positive, meaningful, and important impact on MSE 's performance. They concluded that MSEs should expand and optimize their scarce resources and capabilities through ongoing training and collaboration to survive and develop into larger productive organizations, particularly in transformation leadership, entrepreneurial skills, and technical competence.

Szczepańska-Woszczyzna and Kurowska-Pysz (2016) researched sustainable business growth through leadership in small sized businesses. The goal of the paper was to explore the position and scope of leadership's impact on MSE sustainability. Testing methodology included research literature theoretical analysis, and a direct survey. The quantitative sample for research included 138 managers based in Poland, serving firms (MSEs). The results obtained showed that leadership is one of the main aspects for sustainability. The result offered theoretical reflections on the relationship between MSEs' sustainable business growth and leadership, also confirmed by the empirical study that was conducted among private firm managers.

Omar (2015) researched on the Muslim Women Entrepreneurs' Entrepreneurship Network in the Southern Region of Malaysia. The paper intended to assess empirically the complex positions of strong and weak links within the networks of Muslim female entrepreneurs during crucial problems ("tipping points"), and how this influences the subsequent success of the small business. It is a qualitative analysis involving four cases of small business Muslim women working in Johor Malaysia. The study findings suggested that all these entrepreneurs' personal networks (i.e., spouse, family, close relatives and close friends) that they find to be strong relations are important for both the start-up and the growth process. It is because the partnership existed even before the company was founded and in terms of helping the entrepreneurs they are readily accessible. The findings support the idea that the relationship with business networks (suppliers, customers and employees) is formed at the start-up stage as they are the individuals / parties firmly dependent on by entrepreneurs to operate the company. However, the growth phase of the company develops relations with other individuals/parties of the business network (such as financial institutions, government departments, clubs and associations, and other entrepreneurs).

Turyakira and Mbidde (2015) conducted study in Uganda on MSE networking. The paper's main goal was to determine networking elements that impact small-business competitiveness and to develop a hypothesized relationship that could be tested on small and medium-sized businesses in Uganda to improve their survival rate. It was a theoretical study that used a quantitative analysis paradigm. Quantitative data was collected using a structured questionnaire and processed using Windows' Statistical System for Social Scientists. The study indicated that in order for small and medium-sized businesses to gain from networking agreements, they must generate actual value for their partners through promoting dialogue. The objective of networking is to build long-term, mutually beneficial connections with partners in order to increase profits.

Kinyua, Ogollah, and Mburu (2015) linked risk management approaches to the performance of the ICT project among MSEs. The goal of the analysis was finally to assess the effect on the success of these small and medium-sized enterprises in Kenya, Nairobi. The independent variables were strategies for minimizing risk, while the MSE ICT project performance varied. The research followed a concise structure. The target population in Nairobi, Kenya was 48 ICT MSEs and the study followed random sampling methodology for determining the sample size. Primary data was collected using a self-administered questionnaire by drop-and-pick

questionnaires to interview employee members working in the ICT MSEs. Many ICT businesses in Nairobi, Kenya, have acknowledged the relevance of ICT project management risk management activities to success in the process, according to the study's findings. They use Risk to help them be more efficient.

Peng (2015) investigated the link between risk taking and firm growth in Japan utilizing company data from 2002 to 2012 to investigate the relationship between risk taking and MSE and large private business performance. All businesses with more than 50 workers and a capital of more than 30 million yen were included in the study, which included both manufacturing and nonmanufacturing industries. First, they used a two-digit SIC industry designation to modify Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA). Then, using 11 years of EBITDA/Assets data, we calculated the variance of adjusted EBITDA/Assets at the company level from 2003 to 2012. The finding of the study was that corporate growth and corporate earnings are statistically and economically affected by risk-taking competency. More crucially, risk-taking was found to be positively connected to corporate profitability, implying that businesses that took more risks had less cash flow deficits.

#### 4.0 Research Methodology

The study adopted descriptive research design. According to Salaria (2012), descriptive research is a research approach which is concerned with the current phenomena in terms of circumstances, behaviors, attitudes, systems, relationships or invariable trends. The study's target demographic was 1274 MSEs in Kenya's Kiambu County, Thika town sub-county. The respondents were managers or owners of the MSEs. The reason for the choosing MSEs in Kiambu was because of the high rate of MSEs death in Kiambu County (County Government of Kiambu, 2020). The sample size of the study was 304 MSEs using a stratified random sampling. Due to Covid 19, primary data was collected via an online questionnaire given to consumers. The questionnaires were delivered to MSE owners/managers through the internet. The researcher perused the completed questionnaires to test their completeness and accuracy. The data must then be coded such that the answers can be classified correctly, and numerical figures are allocated to the dummy variables. The researcher then employed a descriptive analysis. Summarizing the data used concise figures such as percentages and frequencies. Both linear and multiple regression analyzes were used to measure the quantitative data with the aid of Statistical Package of Social Sciences (SPSS) version 24 and Microsoft Excel.

#### 5.0 Results and Discussion

The researchers conducted at the overall regression model to see how the independent variables of innovation competency, risk-taking competency leadership competency, and networking competency affected the dependent variable of MSEs' survival in Kenya.

**Table 1: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.965a	0.931	0.93	1.16443

a. Predictors: (Constant), Innovation, Leadership, Competency, Risk-Taking

Table 1 shows that the proportion of relationship between the independent variables; innovation competency, leadership competency, networking competency, and risk-taking competency on the dependent variable; growth of MSEs in Thika town sub county was 96.5 percent. This meant that there was a strong correlation between independent variables and dependent variable. The adjusted R squared value of .930 indicates that 93 percent change in growth of MSEs was as a result of changes in innovation competency, leadership competency,



networking competency, and risk-taking competency. Other factors not considered in the model determine only 7% (100-93) changes in growth of MSEs.

**Table 2: ANOVA**

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	4942.41	4	1235.6	911.288	.000b
Residual	368.801	272	1.356		
Total	5311.21	276			

a. Dependent Variable: Growth

b. Predictors: (Constant), Innovation, Leadership, Competency, Risk-Taking

The regression model has a less than 0.000 chance of making incorrect predictions, according to ANOVA Table 2. As a result, the model is suitable for drawing firm conclusions about population parameters. The null hypothesis (Ho) is rejected, and it is concluded that entrepreneurial competency (innovation, leadership, networking, and risk-taking competency) has a significant positive impact on the growth of MSEs in Thika, Kenya.

**Table 3: Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	16.448	0.83		19.811	0.000
Innovation	0.757	0.055	0.292	13.692	0.000
Leadership	1.143	0.045	0.469	25.566	0.000
Competency	1.215	0.058	0.526	21.029	0.000
Risk-taking	1.091	0.066	0.314	16.579	0.000

Dependent Variable: Growth of MSEs

The study agrees with Colombelli, Krafft and Vivarelli, (2016) product innovation have a significant positive effect on growth of MSEs. According to Ebert, Brenner, and Brixy (2015), highly creative entrepreneurial businesses benefit from a diverse economic environment, which increases their chances of survival. Ng, Kee and Ramayah (2016) study showed that owner-managers' transformational leadership, entrepreneurial ability, and technical skills have a positive, significant impact on MSEs performance. They concluded that MSEs should expand and optimize their scarce resources and capabilities through ongoing training and collaboration to survive and develop into larger productive organizations, particularly in transformation leadership, entrepreneurial skills, and technical competence. Szczepańska-Woszczyzna and Kurowska-Pysz (2016) echoed the study findings that leadership is one of the main aspects for sustainability. The result offered theoretical reflections on the relationship between MSEs' sustainable business growth and leadership, also confirmed by the empirical study that was conducted among private firm managers.

Omar (2015) study findings suggested that all these entrepreneurs' personal networks (i.e., spouse, family, close relatives and close friends) that they find to be strong relations are important for both the start-up and the growth process. It is because the partnership existed even before the company was founded and in terms of helping the entrepreneurs they are readily accessible. The findings support the idea that the relationship with business networks (suppliers, customers and employees) is formed at the start-up stage as they are the individuals/parties firmly dependent on by entrepreneurs to operate the company. The results were

supported by Turyakira and Mbidde (2015) that in order for small and medium-sized companies to benefit from networking arrangements, by facilitating conversation they need to create genuine value for their partners. The objective of networking is to build long-term, mutually beneficial connections with partners in order to increase profits.

Many ICT businesses in Nairobi, Kenya, have acknowledged the relevance of ICT project management risk management activities to success in the process, according to Kinyua, Ogollah, and Mburu (2015). The results were supported by Peng (2015) that corporate growth and corporate earnings are statistically and economically affected by risk-taking competency. More importantly risk taking was identified to be positively related to corporate earnings, and thus higher risk-taking firms had smaller cash flow shortfalls. Sajilan, Tehseen and Adeyinka-Ojo (2016) found that market success for MSEs would be heavily dependent on internal and external risk factors like financial and non-financial steps. Similarly based on the combination of significant features such as: (a) the characteristics of the entrepreneur; (b) the characteristics of the small business; and (c) the growth strategies of the company, entrepreneurial risk-taking ability will influence the success of MSEs.

## **6.0 Conclusion**

In Thika town sub county, innovation competency was found to be significant in enhancing MSEs' growth prospects. As a result, the study concludes that entrepreneurs' creativity keeps MSEs ahead of the competition. Innovation can be said to be a prerequisite for surviving and thriving in an increasingly hypercompetitive market, as it has been recognized as a key driver of profitability, ensuring MSEs remain ahead of the competition through control of significant market share and temporary monopoly.

Effective leadership, according to the report, is a powerful source of management growth and a long-term competitive advantage. Small and medium businesses can more effectively accomplish their existing goals by connecting job results to valuable incentives. MSEs are able to improve their success and eventual development as a result of performance-driven managers with proper listening and communication skills.

If MSEs are to expand, the conclusion that comes from networking is critical because it ensures repeat business transactions and beneficial knowledge sharing. More importantly, networking can be a means of knowledge gathering, idea generation and sharing, and advice seeking for the betterment of the company, all of which are essential for survival. Many MSEs strengthen their competitive base by forming partnerships with other vendors and diversifying their revenue sources, ensuring their long-term viability and success. In business, networks built by owners, in particular, serve as sources of potential profit to the company.

The study concludes that how entrepreneurs view and handle risks in their businesses is critical to long-term business growth. Businessmen have the idea to take risks after a comprehensive analysis of the situation and to take risks that they can deal with and identify only because risk management success is typically recognized as a product of the design rather than chance. Entrepreneurs are able to use risk to their advantage, generating value that boosts profitability and, as a result, growth. Taking risks is the difference between success and failure in industry. For a company to develop and stay afloat, its managers or owners must take chances, but they must do so carefully in order to direct the company's growth and survival.

## **7.0 Recommendations**

MSEs should embrace innovation competency as a means of enhancing their development, according to the study's findings. MSEs become more successful by introducing new product

lines and adopting new concepts, thereby improving their efficiency. MSEs should consider rebranding as a means of attracting new customers and regaining more market penetration in order to increase the effectiveness of their operations.

The research suggests that MSEs owners improve their leadership skills, which, according to the results, is a critical component of firm growth and success. In order to foster cooperation, owners should use simple modes of communication, ideally technology-based communication networks, and often delegate duties as a training tool to subordinates. Managers of MSEs should ensure that their workers are influenced as followers and that they (managers) lead by example. According to the report, MSEs should ensure that clear directions are developed as a means of enhancing growth by concentrating on a single target.

The study also suggests that entrepreneurs should accept networking as a means of gaining a competitive edge and expanding their customer base through network marketing. Entrepreneurs can leverage or pursue new entrepreneurial opportunities through strategic partnerships with other entrepreneurs, market purchases, and resource sharing with other businesses. Since networking is widely regarded as a strategic weapon, these results show that they keep the firm stable and improve its survival chances. If a MSE owner has established a network, he or she should treat the network as a friend rather than a business connection, emphasizing the importance of quality over quantity.

The study also suggests that MSEs follow risk-taking strategies by making calculated moves in their operations and carefully analyzing the available options in order to maximize their chances of landing on the best option, since risk-taking performance is more a function of design than luck. The firm's management should always exercise caution and take stable paths that do not expose them to more volatile risks. In general, the study suggests that entrepreneurs should have a plan in place for coping with risks that offer them a competitive advantage.

MSE owners should aim to obtain or develop their ECs through preparation, schooling, seminars, workshops, and focus group discussions, according to the experts. To instill a culture of training in MSEs, a regulatory body such as the Micro and Small Enterprise Authority (MSEA) should be required to compulsorily register MSEs, implement Continuous Professional Development (CPD) points earned via attendance of suggested model geared toward MSE growth, and have annual trading license renewal based on a minimum number of CPD points.

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