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Variables Influencing the Growth of Micro and Small Manufacturing Enterprises in Kenya: The Entrepreneurial Management

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Abstract

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

Keywords: entrepreneurial management, reward philosophy, entrepreneurial culture, small and medium enterprise

Introduction

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

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

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

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

resource utilization that are considered to be critical in the area of engineering economic development (Ayyagari et al., 2014).

Kenya's informal sector comprises of micro, small and medium sized indigenous and family-owned businesses. This informal sector is not organized in large entrepreneurial networks, and investments are done largely from private savings. Although the statistical base of the small businesses in Kenya is still poor, there can be little doubt about their relative significance. There are more than 800,000 micro, small and medium enterprises in the country, absorbing about a quarter of the labor force of 30 million people. The emergence of high skill and technology-intensive MSEs has recently been noted, especially in high technology industries (ROK, 2015). While MSEs can play a crucial role in contributing to job creation and decent working conditions, it should be noted that majority of those who run MSEs are not well equipped with the knowledge to carry out managerial routines for their enterprises (King & McGrath, 2012). The typical owners or managers of MSEs develop their own approaches to management, through the process of trial and error.

MSEs' capacity to meet growing customer expectations is based largely on their ability to innovate and deliver new products at competitive prices. MSEs have the ability to innovate effectively and develop new products more rapidly than larger firms. However, many MSEs in Kenya still fail to see the opportunities and advantages available to them, such as the flexibility of customizing products to consumers' requirements through well-defined processes, an advantage adopted by larger firms.

The growth of MSEs is ideally led by dynamics of innovation, specialization, complementarity and (national or even global) value chain integration (Altenburg & Eckhardt, 2017). Okello, (2018) defined growth or expansion of enterprise as involving increase in size (number of

employees), strength and quality, the creation of more departments, acquisition of additional branches and expansion of entrepreneurial network. However, Madichie, et al., (2020) argues that the indicator most frequently used to measure expansion is the change in the number of workers in the enterprise.

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

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

Controversy remains over the underlying growth assumptions, the job creation potential and the net contribution of MSEs to national employment (Fields, 2014). Here, job creation within MSEs is defined as the creation of new employment in existing MSEs as well as the job

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

Growth of SME's has presented a lot of concern not only to the owners and managers of firms but also to the policy makers globally (Herlinawati et al., 2019). Mohamed et al., (2012) in their study observed that there was a serious lack of entrepreneurial management among owner managers of small businesses in Malaysia resulting in poor production methods, products and services and lack of competitiveness which resulted into slow economic growth of the SMEs. The situation was worsened by the absence of government instituted policies to guide the entrepreneurs. Entrepreneurial management, or certain of its dimensions, have been associated with positive effects related to performance in manufacturing firms in London (Young, 2015). Brown et al., (2011) notes that entrepreneurial management has definite conceptual dimensions. These are highlighted as strategic orientation, commitment to opportunity, commitment of resources, control of resources, management structure, reward philosophy, growth orientation, and entrepreneurial culture. Stevenson (2010) holds that entrepreneurial management practices can help firms remain vital and contribute to firm and societal level value creation. Stevenson (2010) argues that entrepreneurial value creation process can take place in any type of organization.

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

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

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

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

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

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

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

in developed and developing countries alike, comprising over 90% of African business operations and contributing to over 70% of African employment and GDP (Okafor, 2010).

Devolution in Kenya has presented MSEs with new challenges (Gero et al., 2017).

According to Ong'olo and Odhiambo (2013) the challenges include little public/private dialogue at the county level, and little consultation with MSEs on the ground, and poor coordination between national and county governments that has led to poor enforcement of regulations impacting MSEs. Similarly, African Development Bank, (2013) highlighted that uncertainty surrounding devolution is discouraging private sector investment which adversely affects growth of MSEs. The 2015 Kenya Economic Survey established that MSEs contributed about 18.4% of the country's Gross Domestic Product (GDP) and that 80.6% of jobs were in the MSE subsector (ROK, 2015). Despite their significance, past statistics indicate majority of MSEs fail within their first few years (KNBS, 2017).

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

Reviewed studies, both local and international have indicated the significance of EM in growth and performance enhancement of enterprises irrespective of their size. In Kenya, the furniture manufacturing, an industry that has been underdeveloped and neglected for long. In a bid to develop the industry, the researcher had the conviction that EM has the potential to stir growth

in the furniture manufacturing industry. In this regard, this study sought to establish effect EM on growth of MSEs in the furniture manufacturing industry in Kenya. Therefore, this study sought to fill the gap in establishing the relationship between EM and growth of MSEs.

Hypotheses

1. There is no significant influence of reward philosophy on the growth of micro and small manufacturing enterprises in Kenya.
2. There is no significant influence of Entrepreneurial Culture on the growth of micro and small manufacturing enterprises in Kenya.

Research Method

This study was therefore a cross-sectional and non-experimental and sought to establish the influence of entrepreneurial management on growth of micro and small furniture manufacturing enterprises in Kenya. In a cross-sectional, nonexperimental research design was applicable in this study because, the researcher collected all data are at one point in time and had no control of the circumstances, situations, or experience of participants. The target population of study were 10,345 owner managers of manufacturing MSEs in Nairobi (Nairobi City County, 2017). From the above population of 10,345 owner-managers of furniture business, a sample from within each group was taken using stratified random sampling which gives each item in the population an equal probability chance of being selected. From each stratum the study will use simple systematic sampling to select respondents from furniture manufacturing micro enterprises and small enterprises. The sample size was 373 owner-managers of manufacturing business in Nairobi. From micro enterprises, a sample of 132 respondents used in the study while in small enterprises a sample of 241 respondents was used. The study used a questionnaire

to collect primary data. The questionnaire contained closed-ended questions. Closed –ended questions guide respondents and restrict them to only specified choices given. The researcher informed the respondents that the instruments being administered will be for research purpose only and the responses from the respondents will be kept private and confidential. The researcher obtained an introductory letter from the university to collect data from the furniture businesses then personally deliver the questionnaires to the respondents. The questionnaire were administered individually to the selected sample. The questionnaires were issued and waited for the respondents to fill them, then collected. Where it was difficult for the respondents to fill in, a drop and pick later method was employed where the questionnaires were given out to the respondents and then collected later. To ensure high response rate, follow up calls were made to remind the respondents to complete the questionnaires. The researcher exercised care and control to ensure all questionnaires issued to the respondents are received, therefore, she maintained a register of questionnaires given out and the ones returned. The study conveniently selected a pilot group of 10 individuals from the population to test the reliability of the research instrument. The pilot data was not included in the actual study. The pilot study allowed for pretesting of the research instrument. The clarity of the instrument items to the respondents was established so as to enhance the instrument's validity and reliability. 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. This reliability estimate was measured using Cronbach Alpha coefficient (α) and a reliability coefficient of 0.79 was obtained. The researcher employed a multiple regression model to study the relationship between strategic orientation, resource orientation, reward philosophy and entrepreneurial

culture influences on one hand and growth of MSEs in the manufacturing 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:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$$

Where: Y = Growth of MSEs; X_1 = Reward Philosophy; X_2 = Entrepreneurial Culture; and; β_0 = Constant β_1 and β_2 = the regression equation coefficients for each of the variables, and; ε = error.

Results and Discussion of Findings

There is no significant influence of reward philosophy on the growth of micro and small furniture manufacturing enterprises in Kenya

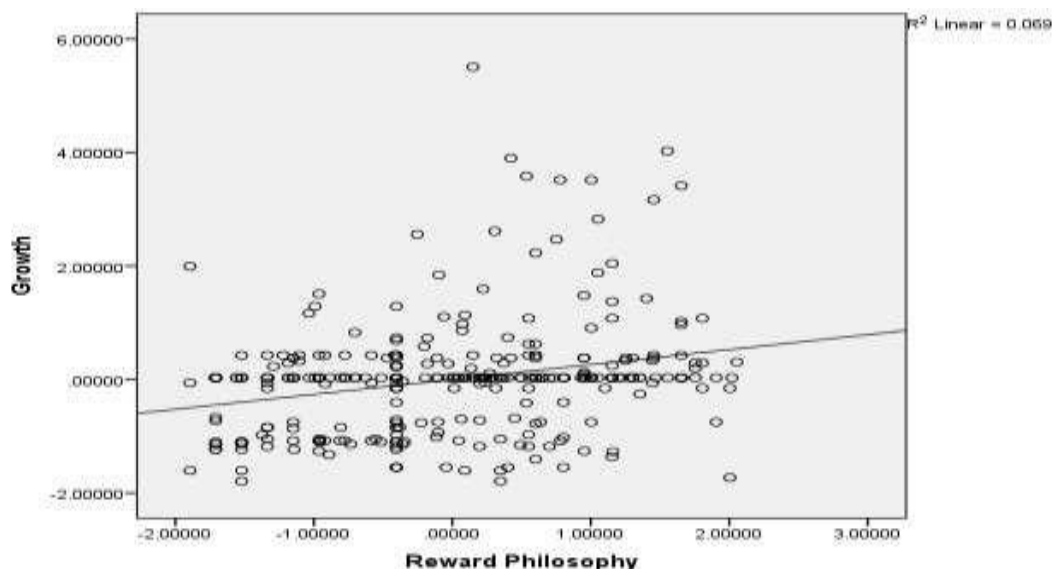


Figure 1: Reward Philosophy and Growth Scatter Plot

The study findings presented in Figure 1 show that most of the scatter dots fell within the line of best fit and, therefore, the study concluded that the variables were drawn from a normally distributed population. Further, the figure shows that the scatter dots fall within a linear line which implies that there exist a positive linear relationship between reward philosophy and growth of micro and small furniture manufacturing enterprises in Kenya. The figure presents that all the plots that appear in the line of best of fit indicate an estimate line that is increasingly positively upwards. Therefore, the findings, observed a positive linear relationship between reward philosophy and growth of micro and small furniture manufacturing enterprises in Kenya. The study findings are in agreement with the findings by Wei, Frankwick, and Nguyen (2012) who highlight that participatory-based rewards have significant and indirect effect on firm performance. Ferguson and Reio (2010) indicates that payment system and other human resource practices have significant relationship with organizational and financial growth. Firm performance springs from reasonable incentive compensation (Bradley et al., 2011). Entrepreneurship management involves development of strategies aimed at improving organizational growth. There is positive relationship between reward philosophy and firm growth.

Table 1: Reward Philosophy and Growth Model

Model Summary					
R	R Square	Adjusted R Square	Std. Error of the Estimate		
.263a	.069	.066	.966		
ANOVA					
Sum of Squares	Sum of Squares	Df	Mean Square	F	Sig.
Regression	21.989	1	21.989	23.548	.000b
Residual	296.011	317	.934		
Total	318.000	318			

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

The study in objective one sought to assess the influence of reward philosophy on the growth of micro and small furniture manufacturing enterprises in Kenya. The coefficient of determination (R squared) of 0.069 shows that 6.90% of growth of micro and small furniture manufacturing enterprises can be explained by reward philosophy. The adjusted R-square of 6.6% indicates that reward philosophy in exclusion of the constant variable explained the change in growth of micro and small furniture manufacturing enterprises by 6.60%. The remaining percentage can be explained by other factors excluded from the model. The R of 0.263 shows that there is positive correlation between growth of micro and small furniture manufacturing enterprises and reward philosophy. The standard error of estimate (0.966) shows the average deviation of the independent variables from the line of best fit.

The result of Analysis of Variance (ANOVA) for regression coefficient as shown in Table 1 revealed that there exists a significant relationship between reward philosophy and growth of micro and small furniture manufacturing enterprises ($F=23.548$, $p \text{ value} < 0.001$). This means that the coefficient of reward philosophy in the model is at least not equal to zero.

The study hypothesized that reward philosophy significantly improves growth of micro and small furniture manufacturing enterprises in Kenya. The study findings indicated that there was a positive significant relationship between reward philosophy and growth of micro and small

furniture manufacturing enterprises in Kenya ($\beta=0.263$ and $t=4.853$) which has a (p -value <0.001). Further, the linear regression analysis coefficients shows that the model $Y = \beta_0 + \beta_1 X_1$, is significantly fit. The general form of the equation was to predict growth of micro and small furniture manufacturing enterprises in Kenya from $X_1 = \text{Reward philosophy}$; becomes $= 0.263X_1$. This indicates that growth of micro and small furniture manufacturing enterprises in Kenya $= 0.263 * \text{Reward philosophy}$. The model growth of micro and small furniture manufacturing enterprises in Kenya $= \beta (\text{reward philosophy})$ holds as suggested by these test. This confirms that there is a positive linear relationship between reward philosophy and growth of micro and small furniture manufacturing enterprises in Kenya. Therefore, a unit increase in use of reward philosophy index led to an increase in growth of micro and small furniture manufacturing enterprises in Kenya index by 0.263. Since the p -value was less than 0.05 as shown in Table 1, the null hypothesis was rejected and alternative hypothesis accepted then concluded that reward philosophy significantly improves growth of micro and small furniture manufacturing enterprises in Kenya.

The regression analysis revealed that reward philosophy had an influence on growth of micro and small furniture manufacturing enterprises in Kenya. For every unit increase in reward philosophy, there was a corresponding increase by 0.263 in growth of micro and small furniture manufacturing enterprises in Kenya. The Pearson product moment correlation coefficient revealed a moderate, positive and significant correlation between reward philosophy and growth of micro and small furniture manufacturing enterprises in Kenya ($r = 0.263$, p -value < 0.001) significant at 0.05 level of significance. Use of reward philosophy was positively and significantly associated with other entrepreneurial management which influenced growth of

micro and small furniture manufacturing enterprises in Kenya as revealed by the results of the correlation matrix on Table 1.

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

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

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

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

There is no significant influence of Entrepreneurial Culture on the growth of micro and small furniture manufacturing enterprises in Kenya

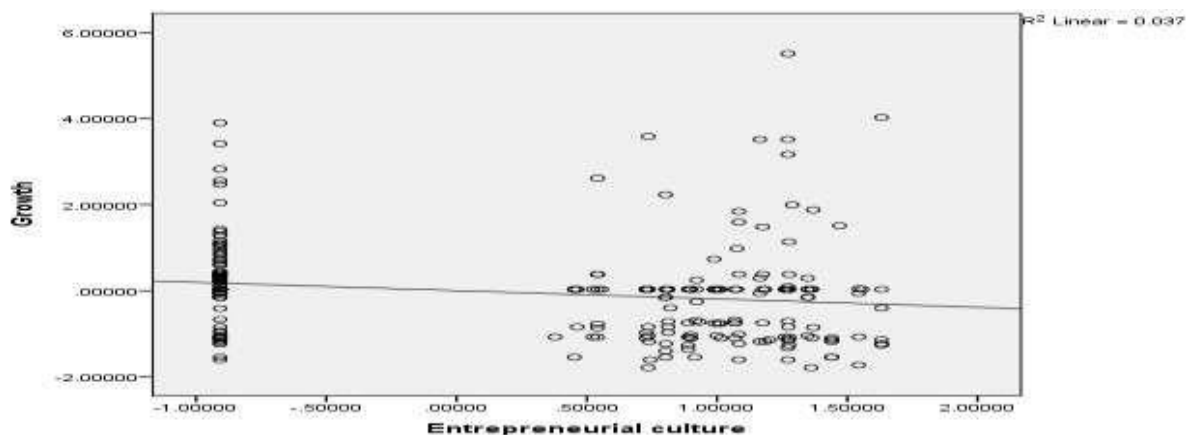


Figure 2: Entrepreneurial Culture and Growth Scatter Plot

The study findings presented in Figure 2 shows that most of the scatter dots fell within the line of best fit and, therefore, the study concluded that the variables were drawn from a normally distributed population. Further, the figure shows that the scatter dots fall within a linear line which implies that there does exist a negative linear relationship between entrepreneurial culture and growth of micro and small furniture manufacturing enterprises in Kenya. The figure presents that all the plots appear in the line of best of fit indicating an estimate line that is increasingly negatively downwards. Therefore, the findings observed a negative linear relationship between entrepreneurial culture and growth of micro and small furniture manufacturing enterprises in Kenya. The study findings are consistent with previous research by Adibaku, Westhead and Wright (2013) whose findings highlight a negative relationship between entrepreneurial culture and growth of firms since the successful entrepreneurs possess some preconditions that allow for growth in their firms. As such some entrepreneurs may show low tolerance for failure in business than others.

Table 2: Entrepreneurial Culture and Growth Model

Model Summary					
R	R Square	Adjusted R Square	Std. Error of the		
.193a	.037	.034	.983		
ANOVA					
Sum of Squares	Sum of Squares	Df	Mean Square	F	Sig.
Regression	11.873	1	11.873	12.295	.001b
Residual	306.127	317	.966		
Total	318.000	318			
Coef ficients					

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

The study objective two sought to determine the influence of entrepreneurial culture on the growth of micro and small furniture manufacturing enterprises in Kenya. The coefficient of determination (R squared) of 0.037 shows that 3.70% of growth of micro and small furniture manufacturing enterprises can be explained by entrepreneurial culture as indicated in Table 2. The adjusted R-square of 3.4% indicates that entrepreneurial culture in exclusion of the constant variable explained the change in growth of micro and small furniture manufacturing enterprises by 3.40%. The remaining percentage can be explained by other factors excluded from the model. The R (-0.193) shows that there is a negative correlation between growth of micro and small furniture manufacturing enterprises and entrepreneurial culture. The standard error of estimate (0.983) shows the average deviation of the independent variables from the line of best fit.

The result of Analysis of Variance (ANOVA) for regression coefficient as shown in Table 2 revealed that there exists a significant relationship between entrepreneurial culture and growth of micro and small furniture manufacturing enterprises ($F=12.295$, $p \text{ value} < 0.001$). This means that the coefficient of entrepreneurial culture in the model is at least not equal to zero.

The study hypothesized that entrepreneurial culture significantly improves growth of micro and small furniture manufacturing enterprises in Kenya. The study findings indicated that there was a negative significant relationship between entrepreneurial culture and growth of micro and small furniture manufacturing enterprises in Kenya ($\beta = -0.193$ and $t = -3.506$) which has a (p-

value < 0.05). Further, the linear regression analysis coefficients shows that the model $Y = \beta_0 + \beta_2 X_2$, is significantly fit. The general form of the equation was to predict growth of micro and small furniture manufacturing enterprises in Kenya from $X_2 =$ entrepreneurial culture; becomes $= (0.193)X_2$. This indicates that growth of micro and small furniture manufacturing enterprises in Kenya $= (-0.193) * \text{entrepreneurial culture}$. The model growth of micro and small furniture manufacturing enterprises in Kenya $= \beta (\text{entrepreneurial culture})$ holds as suggested by these test. This confirms that there is a negative significant linear relationship between entrepreneurial culture and growth of micro and small furniture manufacturing enterprises in Kenya. Therefore, a unit increase in use of Entrepreneurial Culture index led to a decrease in growth of micro and small furniture manufacturing enterprises in Kenya index by (-0.193) . Since the p-value was less than 0.05, the null hypothesis was rejected and alternative hypothesis accepted then concluded that entrepreneurial culture significantly influenced growth of micro and small furniture manufacturing enterprises in Kenya.

The regression analysis revealed that entrepreneurial culture had an influence on growth of micro and small furniture manufacturing enterprises in Kenya. For every unit increase in entrepreneurial culture, there was a corresponding decrease by (0.193) in growth of micro and small furniture manufacturing enterprises in Kenya. The Pearson product moment correlation coefficient revealed a moderate, positive and significant correlation between entrepreneurial culture and growth of micro and small furniture manufacturing enterprises in Kenya ($r = 0.193$, $p\text{-value} < 0.001$) significant at 0.05 level of significance. Use of entrepreneurial culture was negatively and significantly associated with other entrepreneurial management influencing growth of micro and small furniture manufacturing enterprises in Kenya as revealed by the results of the correlation matrix on Table 2.

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

Conclusion

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

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

Based on the data collected from the field, the study reached a conclusion that entrepreneurial culture had a significant negative association with the growth of the micro and small furniture manufacturing enterprises. Although entrepreneurial culture is one of the crucial aspects that can differentiate one firm from another, many micro and small furniture manufacturing

enterprises lack entrepreneurship skills and experience which affect the propensity of enterprises to become entrepreneurial and the likelihood of their success.

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

Recommendations

1. On reward and philosophy, the government in partnership with micro and small furniture manufacturing enterprises need to develop a fund that will be directed to research and development in furniture manufacturing. The lack of sufficient financial assets, weaker competencies and absorptive capacity, and the absence of scale and scope economies, militate against possible innovation in general and research and development in particular being implemented in micro and small furniture manufacturing enterprises. Therefore, such a partnership can go a long way to improve efficiency and productivity in the industry.
2. On entrepreneurial culture, through trainings, the entrepreneur should be prepared in a way that they are able to accept small failures in the business. This will allow them to continually improve and learn from mistakes. The businesses should always bring on board aspiring entrepreneurs for the purposes of nurturing them as well as taping their knowledge and skills for enhanced performance and growth in the sector.

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

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