

**RELATIONSHIP BETWEEN GOVERNMENT
REGULATIONS AND ENTREPRENEURIAL
ORIENTATION OF SMALL AND MEDIUM
ENTERPRISES IN KENYA**

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**Relationship between Government Regulations and
Entrepreneurial Orientation of Small and Medium Enterprises in
Kenya**

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philosophy in Entrepreneurship in the Jomo Kenyatta University
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DECLARATION

This thesis is my original work and has not been presented for a degree in any other University.

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DEDICATION

To Grace, Jimmy, Sharon, Valentine and Shiku

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LIST OF ABBREVIATIONS AND ACRONYMS

ACA	Alcohol Control Act
AIDS	Acquired Immunodeficiency Syndrome
BAT	British American Tobacco
CDC	Centre for Disease Control & Prevention
EABL	East African Breweries Limited
EK	Entrepreneurial Competence
EO	Entrepreneur Orientation
HIV	Human Immunodeficiency Virus
ISO	International Organisation of Standardisation
JKUAT	Jomo Kenyatta University of Agriculture and Technology
KBC	Kenya Broadcasting Corporation
RoK	Republic of Kenya
NACADA	National Agency for the Campaign against Drug Abuse
PERAK	Pub, Entertainment and Restaurant Association of Kenya
SMEs	Small and Medium Enterprises
SPSS	Statistical Package for Social Sciences
USA	United States of America
UNDP	United Nations Development Programs
WANs	Wide Area Networks

DEFINITION OF TERMS

Entrepreneurial Orientation

It is the propensity of the firm to be innovative, be proactive to market place opportunities, and be willing to take risks in taking up and maximizing on opportunities (Lumpkin & Dess, 1996).

Innovation

It is the introduction of a new thing or method, the embodiment, combination, or synthesis of knowledge in original, relevant, valued new products, processes or services. It involves the creation of new designs, concepts and ways of doing things, their commercial exploitation and subsequent diffusion through the rest of the economy and society (Luecke & Katz, 2003).

Pro-activeness

Proactiveness refers to how firms relate to market opportunities in the process of new entry, and how they seize such opportunities in order to shape the environment (Wang, 2008). It is an opportunity-seeking, forward- looking perspective involving introduction of new products or services ahead of the competition and acting in anticipation of future demand to create change and shape the environment (Lumpkin & Dess, 2001).

Regulation

These rare set of incentives established either by legislature, government or public administration that mandates or prohibits actions by citizens and enterprises (Fakhrul & Wan, 2009).

Risk- taking

This is the degree to which managers are willing to take bold actions by venturing

into the unknown, borrowing heavily and/or committing significant resources to venture in uncertain environments (Frese & Rauch, 2009).

Small and Medium Enterprises (SMEs)

Small and medium enterprises (SMEs) are companies whose personnel numbers fall below certain limits (European Commission, 2003). In Kenya, an SME is an enterprise that employs between 10-49 people (Bowen, Morara & Mureithi, 2009).

Marketing-activities

This is the set of behaviours and processes or an aspect of culture to create a superior customer value, understanding of the availability of the product and its uses (Kohli and Jaworski, 2009).

Product standardization

This is the process which allow for products and services replication with a predictable degree of consistency both in technical and/or managerial specifications (Peter, 2004).

Entrepreneurial competencies

It is as much a learned skill as it is a natural talent that defines the success of a business by engaging in creative activities process with the ability to observe, identify, relate, solve puzzles and see things in the hidden (Salvini, 2004).

Entrepreneurial Training

It is a mindset that supports everyone in day-to-day life at home and in society, and provides a foundation for entrepreneurs establishing a social or commercial activity (European Framework for Key Competences, 2006).

Changaa or Chang'aa

Is an alcoholic drink which is popular in Kenya and distilled from grains like millet, maize and sorghum and it is very potent. Its production and distribution is controlled in many cases by criminal gangs (Literal meaning "kill me quick").

ABSTRACT

The purpose of the study was to explore the influence of entrepreneurial training on government regulations and entrepreneurial orientation of small and medium enterprises in Kenya. Small and Medium Enterprises in Kenya, play a key role in economic development, being the source of income generation through the provision of new job opportunities, industrial change and innovation, stimulating competition and wealth creation. In the present economy, SMEs are facing tremendous challenges and threats to survive in an environment that is very competitive hence the need to improve their technological advancement and innovation as well as the understanding of regulations set by the government in order to survive. Government of Kenya has formulated many regulations that have affected the entrepreneurial orientation of SMEs both in the services and manufacturing sectors. This study was guided by variables like marketing activities, product standardization, entrepreneurial competencies and technology adoption as independent variables and entrepreneurial orientation as the dependent variable while entrepreneurial training moderated their relationship. The study adopted cross-sectional survey research design. To collect relevant data, a semi-structured questionnaire was developed and semi-structured interview guide was used. Validity and reliability of research instruments was ascertained through a pre-test and pilot survey. The study targeted 115 owners/managers of alcohol retailing SMEs who have been in business for the last five years and are members of Pub, Entertainment and Restaurant Association of Kenya (PERAK). Descriptive and inferential statistics were used to analyse the data. The findings of this study from the structural equation modeling indicated that, there was a positive significant relationship between marketing activities, product standardization, entrepreneurial competencies, technology adoption and entrepreneurial orientation of SMEs in Kenya. The results of this research also revealed that, entrepreneurial training had no significant moderating effect on the relationship between technology adoption and entrepreneurial orientation of SMEs dealing in alcohol retailing in Kenya. However, the findings showed that entrepreneurial training moderated the relationship between marketing activities,

product standardization, entrepreneurial competencies and entrepreneurial orientation of the SMEs in Kenya. Based on the results of this study, it could therefore be concluded that, entrepreneurial training influenced entrepreneurial orientation of the SMEs in Kenya and that majority of the SMEs in this sector laid more emphasis on marketing activities, product standardization and entrepreneurial competencies but not to technology adoption. The study recommends that, SMEs should engage in entrepreneurial training and marketing activities as they are widely considered likely to survive, develop and succeed in new ventures. Entrepreneurs should set standards for the products and services in line with government regulations and they should lay more emphasis on technology adoption and its advancement because of the major influences on globalization, rapid revolutions in information and knowledge. The study concluded with recommendations that further study should be extended to small and medium- sized enterprises (SMEs) who are not members of PERAK. Future studies could also be carried out particularly on the issue of entrepreneurial training on whether alternative systems or methods could be devised to encourage double-loop learning and facilitate access to further support for SMEs businesses in Kenya. The study also recommends for testing of the developed entrepreneurial orientation model as per the government regulations in relation to alcohol retailing in other lines of SMEs and a comparative study to be carried out on the same.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Small and Medium Enterprises (SMEs) are important to all economies in the world, but especially to those in developing countries and, within that broad category, especially to those with major employment and income distribution challenges. Hisrich and Peter (1990) posit that, SMEs play an integral role in industrial change and innovation, and are important vehicles of employment creation and economic growth. Small and medium enterprises (SMEs) have turned round world economies especially in Kenya. In 2005, SMEs in Kenya created 414,000 new jobs out of the total 458,900 jobs created that year, representing 90.2% jobs creation. In the year 2006, out of the 469,000 new jobs created, 418,000 were from the SMEs sector (Republic of Kenya (RoK), 2008). In the United States of America (USA), 99.7% jobs were created (Heneman, Tansky, & Camp, 2000), in China, 99% (Cunningham & Rowley, 2008), Europe, 99% (Frese & Rauch, 2000), Holland, 95%, Philippines, 95% and in Taiwan, 96.5% jobs were created (Lin, 1997) by SMEs demonstrating how important SMEs are to any country's economic growth. Small and medium enterprises act as an environment for thriving entrepreneurial culture.

The Government of Kenya has recognized the pivotal role played by SMEs and in its Finance Bill 2007, abolished 315 licenses out of the existing 1325 licenses for trading in the country (RoK, 2007) to promote the SMEs sector as licensing system had been a great impediment to growth in this sector. The number of SMEs in Kenya is high but their mortality rate is also high as very few survive after the third anniversary (RoK, 2005). Small and medium enterprises are supposed to follow government rules and regulations in their operations. Regulation is any administrative legislation that constitutes or constrains rights and allocates responsibilities. One can consider regulation as actions of conduct imposing sanctions, such as a fine, to the extent permitted by the law of the land. This action of

administrative law, or implementing regulatory law, may be contrasted with statutory or case law (Frese & Rauch, 2000). The level of regulatory laws or policies imposed by the government is directly proportional to the economic growth of the country. As the economic power of private sector business has grown, so too has the number of laws regulating business activity. In support of this assertion, Glaeser, Shleifer and Andre (2003) argue that, the amount of government regulation of private sector business directly reflects the level of economic power within the private sector. Common examples of regulation include controls on market entries, prices, wages, development approvals, pollution effects, employment for certain people in certain industries, standards of production for certain goods and services.

Entrepreneurs posit that, government regulations impede the growth of the private sector and SMEs. However, in broad terms, government can be said to regulate private sector business for the good of “society” .The basic premise behind regulation is to limit the ability of private sector businesses to do harm to other organizations, groups or individuals (whether intentionally or unintentionally) during the course of conducting business (Keter, 2004). In general, government regulations of private business tends to serve two overriding public objectives: (1) to promote market competition and control the market power of large firms over customers and smaller firms, and (2) to mitigate any adverse effects of business activity on individuals, other organizations and the environment (Cunningham & Rowley, 2008). On the other hand, it is widely acknowledged that business regulations impose costs as well as benefits, and any regulatory costs typically fall most heavily on the businesses being regulated. The direct costs include capital costs associated with compliance, the costs associated with gathering information about what compliance entails, and the costs associated with reporting and record keeping (Heneman, Tansky, & Camp, 2000). Many regulations expose businesses or their representatives to the risk of litigation and associated civil or criminal penalties. The direct costs incurred due to regulations can negatively impact on businesses especially SMEs and eventually lead to their closure (Lin, 1997). To caution the entrepreneurs from

operating against these government regulations, be innovative, risk takers and being proactive in their businesses, entrepreneurial training is hence considered important.

Entrepreneurial training could be the most effective method to facilitate SMEs to overcome problems associated with failure to comply with government regulations. Studies indicate that such entrepreneurial training could identify responsible entrepreneurs and transform them into job creators (Urbano, Aponte & Toledano, 2008). Munir, Idrus, Azren, Shukur, Ithnin, and Mohammad, (2014) in their study on “The effectiveness of entrepreneurial motivational training programme among University Students” aver that, entrepreneurs must attend entrepreneurial training programmes to become successful entrepreneurs in the future. They can grab this opportunities of entrepreneurial training to enhance their entrepreneurial skills and knowledge. Entrepreneurial training has been supported by Banadaki, Karimzadegan, Meiboudi and Baghersad (2013) who carried out a research in Iran on “The development of entrepreneurial training: a necessity in Iran’s Universities” and found out that, in Iran 50.8% of individuals who have entrepreneurship responsibilities have received voluntary entrepreneurship training, furthermore, 46% have received forced training to run SMEs, while 32.9% have not received any training. Their study concluded that, most individuals who have received voluntary entrepreneurial training had entrepreneurship responsibilities. Oosterbeek, Ijsselstein and Van Praag (2010) too urged that, entrepreneurial training is a tool that policy-makers believe could increase societal entrepreneurship level and has been recognized as an effective strategy for more innovation.

Garavan and Barra (1994) state that, the most commonly referred aims of entrepreneurship training programmes are the following: i) to get useful knowledge of entrepreneurship; ii) to acquire skills in the use of techniques, in the analysis of business atmospheres, and in the synthesis of action plans; iii) to identify and stimulate entrepreneurial skills; iv) to develop empathy and support for all aspects of entrepreneurship; v) to develop attitudes towards change and uncertainty; and vi) to encourage new start-ups. Murray and White (1986) while supporting entrepreneurial

training posited that, the responsibility for teaching entrepreneurship does not rest wholly with the educational world. In fact, at public level there is a need for the creation of an environment that will promote entrepreneurship. Business environment encompasses all those factors that affect a company's operations, and includes customers, competitors, stakeholders, suppliers, industry trends, regulations, other government activities, socio-economic factors and technological developments. The Kenya government has passed laws on how to regulate businesses and this have gone ahead to affect the environment politically, economically, socially, technologically and legally (Timmons & Spinelli, 2007).

Politically, regulations may be detrimental or may be favourable depending on motive. Especially during electioneering years, politicians may pass the rules that favour business people for them to seek political mirage. The government of the day may reduce taxes, offer incentives or reduce the interest rate to motivate entrepreneurs to venture into business in return seek votes from them (Nyamu & Machuhi, 2000).

Economically, regulations affect the business when the government feels the need to protect customers from unscrupulous entrepreneurs who are out to exploit them. With the passing of these many regulations that is Tobacco Control Act 2007, Media Bill 2008 and the Alcohol Act 2010, the playing fields have really changed for the entrepreneurs (RoK, 2010). The Alcohol Act on its side is a new regulation and what are being experienced now are the results of panic associated with the new shift from old practices. It has an effect on entrepreneurs in that this reduces their operations from the normal twenty four (24) hours to six (6) and nine (9) hours for weekdays and weekends respectively (RoK, 2010). This will affect the profit margin because the more you sell the more the profit. They will operate for few hours hence reduction in profits. With high court fines, many people may not be willing to risk taking beer outside the stipulated hours. This law as much as it is good, negates the country's vision 2030 on economic development plan that envisions a twenty four

(24) hour working nation limiting their peak selling hours only to accelerate unemployment which has other devastating effects.

Socially, regulations affect the way of life for many people. Generally, human beings are social animals and like socializing. Many people will think of socializing as going out to entertainment places. Some people drink beer or wine when they are socializing. Historically, alcoholic beverages, have served as sources of needed nutrients. They can be a social lubricant, can facilitate relation and provide pharmacological pleasure (Gastineau, 1979). Government regulations will curtail the freedom of people due to fear of breaking the law. Social places like discotheques, bars and casinos have to comply with the law and this effect the way entrepreneurs do this business (Tourism Board of Kenya [TBK], 2008).

It is important for entrepreneurs to change the way of doing business without breaking these laws. The environment here calls for adherence to the rule of law. It is incumbent upon each business to become familiar with the legal environment in which they practice. Remember that a defense of “I didn’t know the law” is no defense at all. Regulations will change the environment to include creativity and innovation (Keter, 2004). This will call for technological developments that mainly lead to lowered costs of transport and communication, cost of production and the way of doing business. Entrepreneurs must engage technological skills through innovation to be relevant in the way they do business (Lev, 2001).

In several hemispheres of this globe, the common problems faced by small and medium enterprises are lack of financial capital, shortage in human resources, weak business network and market penetration ability, less-supporting business atmosphere, lack of business media and infrastructures, short product lifetime and limited market access. To create a favourable business atmosphere which is able to improve micro, small and medium enterprises (MSMEs) as well as cooperative, government takes a pivotal role to guarantee and protect the MSMEs and cooperatives to be able to compete (Chowdhury & Nuimuddin, 2007). In macro

perspective, government role in supervising and developing entrepreneurial culture affects the creation and definition of the entrepreneurial orientation profile.

Related to the entrepreneurial orientation, Todorovic and Ma (2008) observed the role of entrepreneurial orientation toward business performance in cross-cultural perspective. They revealed that the values of national culture have significant effects on entrepreneurial orientation. Entrepreneurial orientation is inseparable from socio-cultural values which are defined as habits, norms and customs that are taken from generation to generation in a particular region. The existing difference among societies is evident in individual's entrepreneurship behaviour.

Vitale and Miles (2003) stated that, cultural attributes have strong influence in forming entrepreneurial behaviour. Further, it was explained that national culture is responsible for encouraging an individual to get bounded to uncommon behaviour for individual behaviour and different national culture. Hence if national culture influences strategic orientation presented by an organization, there is a possibility for national culture to influence entrepreneurial orientation level of an organization in totality. Thus, culture is an important aspect that can drive entrepreneurial orientation.

Namusonge (2006) postulates that, SMEs support development of strategic entrepreneurship which is an aspect of entrepreneurial training and promotion of an enterprise culture, which ensures production of a mass of creative and innovative Kenyans capable of developing into high profile entrepreneurs and industrialists especially among women and youth, who constitute the majority of the population. Self-employment and micro and small enterprises creation are therefore the routes that young people can actively explore to forge their economic future. Small medium enterprises not only provide avenues for employment, but also act as the source of economic growth of the country (Lin, 1997). Lin argues that, in most countries where SMEs have a dynamic potential and are supported to thrive, small firms (of say 6-25 workers) began their lives as micro enterprises and then grew. Thus, the SMEs sector is to a considerable extent the place where successful micro enterprises wind up

through a process which is at least in part one of survival and growth of the firm (Cunningham & Rowley, 2008). This positive selection process will of course be less prominent if for policy or other reasons, it is hard to operate SMEs in a given country.

During the last few decades, the phenomenon of entrepreneurship has gained unprecedented importance on a world-wide scale and is being regarded as a sustainable source of new employment, innovation and economic growth (Morales, Gualdron & Roig, 2005). Entrepreneurial orientations can be described as “desirable and acquirable attitudes and behaviours” (Timmons & Spinelli, 2007). The process of entrepreneurial behaviour that intrigues many in the field of entrepreneurship research have been largely unexplored within the tradition and indeed within economics in general (Nicolette & Scarpetta, 2003). There are many entrepreneurial orientations (EOs) but the following three entrepreneurial orientation aspects were considered as they are the major orientations that seem to have effects on entrepreneur’s orientations as a result of regulations. This includes innovativeness, pro-activeness and risk-taking among many other orientations.

Miller (2005) uses the dimension of innovativeness, risk-taking and pro-activeness to conceptualize entrepreneurial orientation. Innovativeness reflects the propensity of a firm to engage in new ideas and creative processes that may result in new products, services or technological process. Pro-activeness refers to the firm’s tendency to lead rather than to follow in exploration of new opportunities and risk-taking reflects the firm’s propensity to devote substantial resources to projects and entail a high probability of failure along with chances for high returns. Lumpkin and Dess (1996) added two other factors which can be considered important in measuring entrepreneurial orientation namely; competitiveness, aggressiveness and autonomy. Aggressiveness refers to a firm’s propensity to directly and intensely challenge its competitors to improve its own market place position. Autonomy refers to independent action of an individual or a team in generating an idea and carrying it through to completion.

Entrepreneurial training is important for SMEs intervention to help build their capacities and competitiveness (Storey, 2004). Entrepreneurial training helps SMEs cope with accounting challenges, production, improve financial performance and business skills (Hansen & Noe, 1998). Colombo and Stanca (2008) found evidence that suggested that entrepreneurial training has positive implications on the productivity of employees and the firm in general. Rauch, Wiklund and Frese (2004) in the study on entrepreneurial orientation training and business performance, an assessment of past research and suggestions for the future noted that, within occupational groups, the effect of training on productivity is large and significant for blue-collar workers, but small and not as significant for white collar workers. Booth (2003) posits that, the benefits of entrepreneurial training are shared between employers and employees depending on labour market imperfections, whether training is specific or general, and who pays for the cost of training so that wage equations do not provide an appropriate indication of the effects of training on productivity.

1.1.1 Global Perspective of Government Regulations

The decision to regulate business in Europe is supported by several structures. The Organization for Economic Co-operation and Development (OECD), which includes several European nations (such as Poland, United Kingdom, France, etc.), North America states (such as USA and Canada) and South America states such as Uruguay and Czech Republic are some of the structures. States in other continents such as Japan (Asia) and Australian also form part of the economic union. The main aim of OECD is to ensure that the regulatory frameworks in the members states aims at ensuring highest sustainable economic growth and employment and a rising standard of living in member countries, while maintaining financial stability, and thus contributing to the development of the world economy (OECD,1997). In March 1995, the Council of the OECD adopted a recommendation on improving the quality of government regulation, which included a ten-point checklist (OECD, 1997).

There are several instances where OECD has enhanced regulatory frameworks within the member states. This ensures that better empirical justification of

regulatory decisions is strongly supported by international trade rules. In the Uruguay round, for instance, the General Agreement on Trade in Services (GATS) requires that standards on the supply of services be based on objective and transparent criteria and be not more burdensome than necessary to ensure the quality of the service (OECD,1997).

In the USA for example, on July 22, 2010, the government regulated the use of tobacco by passing a law on tobacco regulation. Dubbed “no more “light” “low” or mild” cigarettes, regulations”, seeking to prohibit the tobacco industry from distributing or introducing into the USA market any tobacco products from which the labeling or advertising contains the descriptions “light” “low” or any similar description irrespective of the date of manufacturers (CDC -Centers for Disease Control and Prevention).

1.1.2 Government Regulations in Kenya

In Kenya, the government has introduced many regulations which include Tobacco Control Act 2007 which came into force on 8th July, 2008 (RoK, 2008), Kenya Communications Act, Banking and Credit Laws, Land and Building Laws among many that guide on how government governs on SMEs. Tobacco Control Act 2007 regulates cigarette smoking, advertising, selling and who to buy cigarettes, public smoking and marketing and sales of tobacco products in Kenya. Kenya Communications (Amendment) Bill 2008 that imposed new reservations on the press, the bill provides for heavy fines and prison sentences for press offences. It also gives the Information and Internal Security ministries the authority over the issuing of broadcast licenses and the production and content for new programmes, as well as search and surveillance powers. Banking and Credit Laws are the laws that guide entrepreneurs on banking and lending. They protect t entrepreneur against any frauds that may end up to them losing money or getting exploited when they borrow from banks and other financial institutions while Land and Building Laws touch on those businesses that have a physical location. They govern the dues that a business owner has to pay in relation to their land and buildings.

Alcohol Act 2010 which is the base for this study seeks to regulate the selling, advertisement and in general how to regulate the promotion of alcoholic drinks by outlawing misleading and false promotions and standardization of local brews. The Alcohol Act is also very critical of the hours that the business people should operate on weekdays and weekends. Bars are supposed to remain closed from morning to 5.00 P.m on weekdays and to operate for six hours up to 11.00 P.m. For weekends, they are supposed to operate for nine hours from 2.00 P.m to 11.00 P.m. Failure to adhere to the rules attracts very heavy fines and imprisonment or both (RoK, 2010). Neglect is expected to require more enforcement efforts and involve a lower expected penalty compared to a strict liability standard (Cohen, West & Aiken, 2003).

A common argument among economists and business executives is that, regulations are detrimental to the competitiveness of a business because of the cost involved in complying with them (Scherel, 1990). Though the business fraternity can cry foul of the regulations, business ethics is also important hence regulation is sometimes called for (Zahra, 2001). However, in the preparation of regulation framework, it is imperative to critically analyze the costs of such regulations to small business. Policy-makers should also put special consideration on the impact such policies will have on SMEs. It is in line with this argument that this study proposed to determine the influence of entrepreneurial training on government regulations and entrepreneurial orientation of small and medium enterprises in Kenya

1.1.3 Pub, Entertainment and Restaurant Association of Kenya (PERAK)

Pub, Entertainment and Restaurant Association of Kenya (PERAK) is an association that was founded and registered in the interest of pub, entertainment and restaurant operators with a view to coming together to resolve common problems in the industry and to develop a strict code of conduct for its members. Pub, Entertainment and Restaurant Association of Kenya (PERAK) is a non-political organization consisting of law abiding citizens as stressed in its constitution. One of PERAK'S

functions is to ensure compliance to regulations governing the hospitality industry as well as social responsibility (i.e. underage drinking/drug abuse, etc).

The members of PERAK include some of the leading pubs, restaurants, discotheques and other entertainment establishments in Kenya. The members cater for residents as well as regional and international tourists and serve the purpose of making their visit to Kenya a pleasurable one. Night life and entertainment of any city or country plays a crucial role in a tourist's decision to choose a holiday destination and pay that particular city/country a return visit.

Pub, Entertainment and Restaurant Association of Kenya (PERAK) members have been creating entertainment venues in Kenya's major cities that provide good food, drinks, professional service and an enjoyable atmosphere for their guests. It is important to note that both, residents and tourist expect and demand a hygienic atmosphere, safety, security and variety in the entertainment menu. With their strict code of conduct and their professionalism, PERAK members ensure that their guests and patrons enjoy the best standards in quality, cleanliness and security during a visit to any of their establishments.

1.2 Statement of the Problem

To date, the research on entrepreneur's orientation is fragmented and ad hoc (Bird & Schjoedt, 2009). Since the alcohol regulation was effected in 2010, there are very few SMEs dealing with alcohol retailing that have started business or a few have grown or expanded in Kenya. The restrictions are opined in the Alcohol Drinks Control Act 2010. In Kenya, SMEs dealing with alcohol retailing and are registered members of Pub, Entertainment and Restaurant Association of Kenya (PERAK) have declined, that is, from 287 in 2010 to 162 (43.6%) in 2014 (RoK, 2014) thus reducing the entrepreneurial orientation of the entrepreneurs dealing in this sector of SMEs. Entrepreneurial training for the owners/managers of these SMEs is of paramount importance. With the changing business environment, entrepreneurial training will assist them cope with these changes.

Regulation provides rules and frameworks for business. Some aspects of business activity are self-regulating where the government provides a voluntary code of practice. However, in many areas it is important to establish some form of compulsory government regulations backed up by legal sanctions such as fines, and even prison sentences for directors (and employees) for malpractice. Regulations guarantee minimum standards to protect consumers, protect the weak against the strong like SMEs against larger companies that work together to fix prices, to provide benchmark of good practice for business to set as minimum standard, to provide an appropriate framework for ethical business behaviours and to create standards where non exist.

However, government regulations will cause many people to lose their job which is a blow to the economy as a whole (RoK, 2011). This will create economic and social problems due to unemployment leading to among other ills, the spread of communicable diseases, Human Immunodeficiency Virus, inability to acquire proper medical care and clean habitats (Achoka, 2005) considering that SMEs employs 74% of graduates from Kenya's tertiary academic institution. Kenya receives a lot of revenue from alcohol and increasing strict regulations will lead to decline in the growth of SMEs in this sector. This is affirmed considering the reduction of operating time in hours that affects the entrepreneur's income and government revenue in return (RoK, 2011). Government will lack funds to build capacity in institutions that assist in the development of SMEs in Kenya like Ministry of Industrialization. Infrastructure, both physical and telecommunication, will suffer a great deal because the government will concentrate more on providing services that it consider mandatory like health and recurrent expenditures which may not add value to the growth of SMEs (Nyamu & Machuhi, 2000).

1.3 Objectives of the Study

1.3.1 General Objective

The overall objective of the study was to determine the relationship between government regulations and entrepreneurial orientation of small and medium enterprises in Kenya.

1.3.2 Specific Objectives

The study was guided by the following specific objectives:

1. To determine the influence of marketing activities on entrepreneurial orientation amongst SMEs operators in Kenya.
2. To establish how product standardization influences entrepreneurial orientation amongst SMEs operators in Kenya.
3. To investigate whether entrepreneurial competencies influences entrepreneurial orientation amongst SMEs operators in Kenya.
4. To assess the influences of technology adoption on entrepreneurial orientation amongst SMEs operators in Kenya.
5. To determine the moderating role of entrepreneurial training on the relationship between government regulation and entrepreneurial orientation amongst SMEs operators in Kenya.

1.4 Hypotheses of the Study

The following five hypotheses were formulated to address the following pertinent research hypotheses;

1. There is no significant relationship between marketing activities and entrepreneurial orientation (EO) amongst SME operators in Kenya.
2. There is no significant relationship between entrepreneurial orientation (EO) and product standardization amongst SMEs operators in Kenya.

3. There is no significant relationship between entrepreneurial competencies and entrepreneurial orientation (EO) amongst SMEs operators in Kenya.
4. There is no significant relationship between technology adoptions and entrepreneurial orientation (EO) amongst SME operators in Kenya.
5. Entrepreneurial training does not moderate the relationship between government regulation and entrepreneurial orientation amongst SMEs operators in Kenya.

1.5 Justification of the Study

It is important to realize that the Alcohol Control Act (ACA) is now a law and a permanent feature in our socio-economic lives. With the advent of this new law, the number of entrepreneurs of SMEs dealing with alcohol retailing are declining (RoK, 2011), there is need to change the way of doing business without breaking the law. Small and Medium Enterprises (SMEs) play an integral role in industrial change and innovation, and are important vehicles of employment creation and economic growth (Hisrich & Peter, 1990). Small and Medium enterprises contributed to seventy per cent (70%) of the Gross Domestic Product (GDP) in 2011 in Kenya (RoK, 2012). The government of Kenya has hence recognized the pivotal role played by SMEs and in its Finance Bill 2007, abolished 315 licenses out of the existing 1325 licenses for trading in the country (RoK, 2007). It is the only regulation that seems to reduce the number of operating hours considering banks in Kenya have increased the hours of operations from the normal six (6) hours to eight (8) and ten (10) hours respectively. Media houses, hospitals, transport industries and large companies operate for twenty four (24) hours. This study intends to demonstrate how the Act has influenced entrepreneurial orientation amongst SMEs retailing alcohol in Kenya.

1.6 Significance of the Study

The research study anchored on strategic entrepreneurship will be significant to owners-managers, investors and management in the alcohol sector as it will elucidate how government's regulations (such as Alcohol Control Act) affect their entrepreneurial orientation. Thus, the findings and recommendations there-of will help them realign their entrepreneurial success to threats or opportunity portended by regulations. By extrapolation, the study would also help the business owners, investors and management in other sectors of the economy to realign their entrepreneurial orientations to regulation affecting their business.

It is important for policy or law makers and authorities such as county governments to formulate and implement policies that would foster business growth without disregarding consumer rights and welfare. This owes to the fact that should business friendly regulations be enforced, more investors would be attracted to Kenya or more citizens invest in the country thus leading to better macro-economic performance.

The study will also be a source of reference materials for future researchers and students on related topics. The study will also be an empirical source for future research. Further, academicians will find this study useful in learning the nexus between government orientation and entrepreneurial orientation. The knowledge thus gained will be useful for pedagogical purposes.

1.7 Scope of the Study

The study only included SMEs dealing in alcohol retailing, have been in business for the last five years and been registered with Pub, Entertainment and Restaurant Association of Kenya (PERAK). These SMEs are in Mombasa, Nairobi, Kisumu (Kenya's cities), Naivasha, Nakuru and Nanyuki mostly tourist destination points.

To achieve the objectives set for the study, hypotheses were developed. To test these hypotheses, structural equation modeling was used and therein the t-statistics were observed to ascertain the significance of the relationship. The difference of the R^2 was used to test on the function of the moderating significance of entrepreneurial training as recommended by (Rindskopf and Rose, 1998).

1.8 Limitations of the Study

The Alcohol Act is generally new and the owners/managers would want it to appear as if they cannot survive in business with the introduction of this Act. This study explored the opinions of Alcohol retailing SMEs owners/managers regarding typical activities with Alcohol Act implications within their firms and majority were very negative about the Act. Therefore, the effect of the small size of the sample might be a decreased generalizability of the findings. To obscure manageability of the data collected, the study only used survey questionnaire that relied on self-report responses, however, the problem with using questionnaire is that it is based on the assumption that participants will respond to the questions in an honest and accurate manner. Nevertheless it is not always the case that participants answer the questions with honesty. This is because participants will often give answers that they believe to be desirable (Donaldson & Preston, 1995).

The study used ordinal scale among others to measure the variables. However, ordinal scale does not give the investigator the level of precision required in a study, especially when strong statistical procedures are to be applied (Mugenda, 2008). The respondent was the sole data source for both independent and dependent variables, common method variance could introduce spurious correlation between the variables. However, a test of common method variance resulted in a value that was acceptable thus mitigating against the limitation.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter provides a clear account of the developments in the literature relating to the study. In this chapter, the following sub-topics were discussed: entrepreneurial orientation concept, theoretical review, conceptual framework, empirical review, critique of the existing literature, summary of chapter and the research gaps of the study.

2.1.1 Entrepreneurial Orientation Concept

Entrepreneurial orientation (EO) refers to the strategy making processes that provide organizations with a basis for entrepreneurial decisions and actions (Lumpkin & Dess, 1996; Wiklund & Shepherd, 2003). If strategic leaders and the culture of a given firm together generate a strong motion to innovate, to accept risks and aim for new entrepreneurial opportunities, one can speak of a firm that is characterized by entrepreneurial orientations (Dess & Lumpkin, 2005). Scholars have paid attention to this phenomenon since the 1970s (e.g., Mintzberg, 2006; Khandwalla, 2007). Alternative terms frequently used in the literature describing entrepreneurial orientation are for instance entrepreneurial proclivity (Matsuno, 2002), entrepreneurial posture (Covin & Slevin, 2006) or entrepreneurial management (Stevenson & Jarillo, 2007). To build entrepreneurial orientation into an organization is essentially a task of strategic decision-makers.

Miller (2005) characterized an entrepreneurial firm as one that engages in product-market innovation, undertakes somewhat risky ventures, and is first to come up with “proactive” innovations, beating competitors to the punch. He used the dimension of innovation, proactiveness, and risk-taking to measure entrepreneurship. These three dimensions have been adopted by most previous studies (Covin & Slevin, 2006; Lumpkin and Dess, 2006; Lee & Peterson; Kreiser, Marino & Weaver (2002);

Tarabishy, Lloyd & George, (2005). As summarized in the table below, Miller’s (2005) original framework has been widely adopted by numerous empirical studies on entrepreneurial orientation and its impact on the organizations. When it comes to the relationships among dimensions, Miller (2005), Covin and Slevin (2006) adopted entrepreneurial orientation as a one-dimensional. They insisted that these dimensions can be combined into a single scale. On the other hand, Lumpkin and Dess (2006) and Kreiser, Marino and Weaver (2002) claimed that dimensions of entrepreneurial orientation can vary independently of each other.

Table 1: Dimensions of Entrepreneurial Orientation.

Study	EO Dimension Used
Miller (2005)	Innovation, Proactiveness, and Risk-taking
Covin and Slevin (2006)	Innovation, Proactiveness, and Risk-taking
Lumpkin and Dess (2006)	Autonomy, Innovation, Proactiveness, Risk-taking and competitive aggressiveness
Wiklund (2004)	Innovation, Proactiveness, and Risk-taking
Lee and Peterson (2000)	Autonomy, Innovation, Proactiveness, Risk-taking and Competitive aggressiveness
Kreiser, Marino and Weaver (2002)	Innovation, Proactiveness, and Risk-taking
Mario and Edward (2002)	Innovation, Proactiveness, and Risk-taking
Messeghem, (2003)	Innovation, Proactiveness, and Risk-taking
Tarabishy, Lloyd and George (2005)	Innovation, Proactiveness, and Risk-taking

(Source: Lumpkin and Dess, 1996)

2.1.2 Alcohol Act

Regulatory requirements can define the changes that would be necessary to remain in the market. On the demand side, three factors could push firms towards technological change. These are opportunities for cost savings or expansion of sales, public demand for more environmentally-sound, eco-efficient, and safer industry, products,

and services, and worker demands and pressures arising from industrial relations concerns (Keter, 2004). However, all these factors may stimulate change too late in dominant technology firms, if new entrants have already seized the opportunity to engage in developing disrupting innovations.

The Alcoholic Drinks Control Act (ADCA) 2009 came into effect on 22nd November 2010, after being gazetted by the Minister for Internal Security then. The Act was signed into law by the President on August 10, 2010. The Act provides for the regulation of the production, sale, to repeal the Changaa Prohibition Act and liquor licensing (RoK, 2010) among other requirements. It is divided into different clauses that include Preliminary, Administration, Licensing, General Requirement, Sale and Consumption, Promotions, Enforcement, Education Information and Miscellaneous.

The object and purpose of this Act is to provide for the control of the production, sale and consumption of alcoholic drinks in order to protect the health of the individuals, protect consumers from misleading inducement, inform and educate the public on the harmful health, economic and social consequences of consumption of alcoholic drinks, adopts and implement measures to eliminate illicit trade and promote research and dissemination of information on the effects of alcoholic drinks consumption in particular health risks that may arise.

Section 24 prohibits access of alcohol by persons under the age of 18. No person holding a license to manufacture, store or consume alcoholic drinks under this Act shall allow a person under the age of eighteen years to enter or gain access to the area in which the alcoholic drink is manufactured, stored or consumed (RoK, 2010). Restaurants serving families will not be allowed to sell or store alcohol whether the clients consuming the alcohol have children with them or not. This also implies that mini bars in rooms will need to be removed or only stocked with alcohol once a room has been established not to be having children; serving of alcoholic drinks in flight or on cruises will not be allowed; as long as there are persons under 18 on the flight or cruise. At outside catering events, champagne breakfasts, bush dinners,

picnics and at the beach, access to children is difficult to control (Nyamu & Machuhi, 2000).

Part III focuses on licensing, the law in section 12 states that, alcoholic premises should not be located less than 300 metres from a learning institution. Tourism industry is concerned that there lies very little difference between bar that is situated 290 metres away and one that is situated 320 metres from an educational institution (RoK ,2010). This begs the question of who will be moved in instances that an educational institution and an establishment selling alcohol are within 300 metres of each other and have co-existed for a time before the law was in place.

Part IV section 43(1) ban on the promotion of alcoholic drinks. While many factors may influence an underage person's drinking decisions, including among other things parents, peers and the media, there is reason to believe that advertising also plays a role (Gentile & Walsh, 2008). On Malaysian television, alcohol advertising is not shown before 10:00 p.m and during Malay-language programmes. This only leaves one wondering how then will SMEs dealing with alcohol retailing will survive these hard hitting regulations. Television advertising changes attitudes about drinking; young people report more positive feelings about drinking and their own likelihood to drink after viewing alcohol advertisement (Austin & Reed, 2009). Banning advertising may reduce the entrepreneurial orientation amongst SMEs operators. Contraventions of any of the rule attract huge fines and imprisonment.

2.2 Theoretical Framework

Theoretical orientation is a collection of existing theories from literature which underpin conceptual framework and subsequently inform the problem statement (Mugenda, 2008). This section will discuss Multidimensional Model of Entrepreneurship, Market Orientation theory, need for achievement, Parkers theory of Proactive, the Schumpeterian theory on innovation, and Stage Models of Standardization (D-S-N Model).

2.2.1 Multidimensional Model of Entrepreneurship

The model was developed by Weerawardena and Mort, the model sum up innovativeness, pro-activeness and risk management (Weerawardena and Mort, 2006).

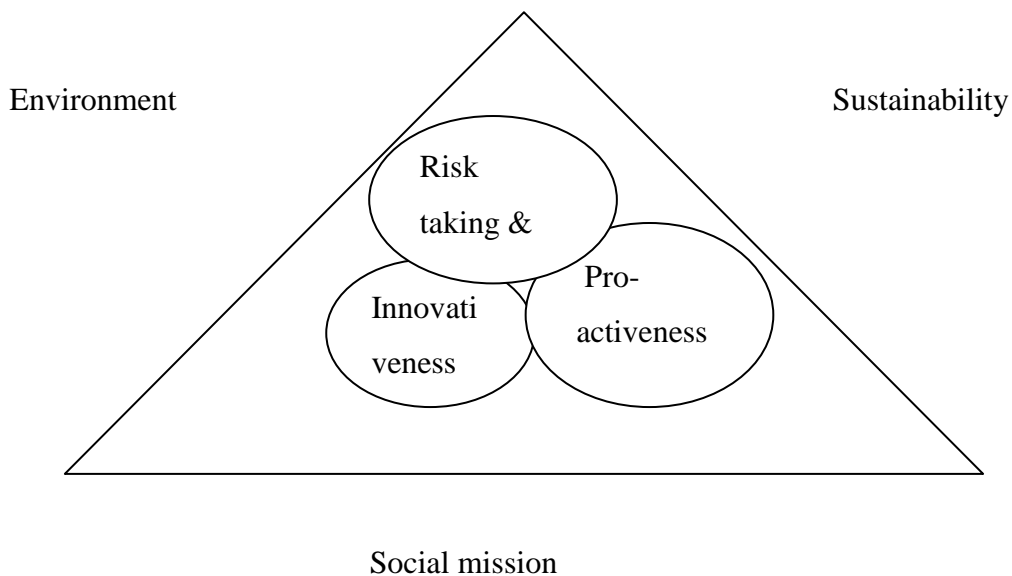


Figure 2.1: Multi-dimensional Model of Entrepreneurship (Weerawardena and Mort, 2006)

Innovativeness reflects a tendency for an enterprise to engage in and support new ideas, novelty, experimentation, and creative processes that may result in new products, services, or technological process (Lumpkin & Dess, 1996). Innovativeness has become an important factor used to characterize entrepreneurship (Schumpeter 1934, 1942). Innovation is the ability to take quick advantage of scientific or technological discoveries, commercializing them in ways that translate the new discoveries into added- value goods and services for their customer. Similarly, it is the tendency to support new ideas, experimentation and creative processes (Hitt & Ireland, 2003). Bolton and Thompson (2004), also closely associate innovation with creativity; however, they suggest that it must be linked to entrepreneurship if the innovation is to become a commercial opportunity to be exploited.

Risk-Taking Propensity and management is the willingness and the tendency of entrepreneurs to take of calculated business risk (Leko-Simi & Horvat, 2006). Lumpkin and Dess (2006) identified “venturing into the unknown” as a definition for risk-taking, though one that is difficult to quantify. This is because, in addition to monetary risk, it typically entails psychological and social risk (Lumpkin & Dess, 2006). It is expected that firms that have better performance would also have a higher level of risk propensity (Leko-Simi & Horvat, 2006). The positive relationship between risk-taking propensity and risk decision making by individuals is expected to translate organizations through top management teams (Panzano & Billings, 1997). While some scholars argue that, risk-taking is an essential component of entrepreneurship (Dess, 2008), other see entrepreneurs as cautious and pragmatic (Boschee & McClurg, 2003) and (Weerawardena and Mort, 2006).

Pro-activeness is the ability to take the initiative whenever the situation demands. An essential component of being proactive is the incorporation of a strategic plan (Weerawardena & Mort 2006). Strategic plans give broad directional framework for the organisation (Dees & Emerson, 2001). Cunningham and Lagan (2005) assert that, entrepreneurs prefer to take moderate risks in situations where they have some degree of control or skill in realizing a profit. Entrepreneurs actually tend to proactively deal with the risks that potentially damage their business (Davidson, 1989).

The change in content of dimension from risk-taking to proactive risk handling is aimed at portraying more realistically the phenomena existing in the scope of entrepreneurial orientation held by entrepreneurs. Some optimum level of pro-activeness as contributing to performance might be expected to exist in terms of a specific context Coulthard (2007). Weerawardena and Mort (2006) argue that, sustainability is an important component of entrepreneurial organization for ultimately the art of survival. It implies the ability to discern what opportunities to pursue and how much risk to take or not to take. Sustainability is maintained by

creating values through opportunities seeking while managing risks and adhering to the social mission.

2.2.2 Market Orientation Theory

This challenge of the need to anticipate the future in dealing with innovation is really encompassed in the market orientation theory. Kohli and Jaworski (2009) acknowledge that, intelligence generation involves anticipating customers' future needs, but do not develop this thought. Indeed in a later paper, Kohli and Jaworski (2009) argue that, innovation is an outcome of market orientation. The relationship between market orientation and innovation is not clear. On the one hand, there is an argument that a market-oriented focus could be detrimental to innovation, based on the idea that market orientation seduces the business to being narrowly interested in short-term customer needs (Hayes & Abernathy, 2005). On the other hand it is proposed that models of market orientation should focus more on innovation (Hurley & Hult, 2008). They suggest that, if market orientation requires the adoption of new behaviours, then innovation should be included in the existing models of market orientation.

Other studies of market orientation (Slater & Narver, 1990, 1993 & 1994) took the position that the existence of a customer and competitor orientation in creating customer value will be sufficient to give a business a competitive advantage in all circumstances. Later, Slater and Narver, (1998) seem to have modified this view by adding that a market-oriented organization develops long-term thinking and tries to satisfy latent customer needs. However, the mechanics of market sensing in this way still seems to be very vague and it is not clear how it fits into the original market orientation models. Slater & Narver (1998) admit that, the understanding of market orientation continues to evolve and much is still unknown.

2.2.3 Need for Achievement

While the trait model focuses on enduring inborn qualities and locus of control on the individual's perceptions about the rewards and punishments in his or her life (Pervin, 2010), need for achievement theory by McClelland (1961) explained that, human beings have a need to succeed, accomplish, excel or achieve. Entrepreneurs are driven by this need to achieve and excel. While there is no research evidence to support personality traits, there is evidence for the relationship between achievement motivation and entrepreneurship (Johnson, 2009).

Risk-taking and innovativeness need for achievement, and tolerance for ambiguity had positive and significant influence on entrepreneurial inclination (Mohar, Singh & Kishore, 2007). However, locus of control had negative influence on entrepreneurial inclination. The locus of control was also found to be highly correlated with variables such as risk taking, need for achievement, and tolerance for ambiguity. Further evidence suggests that some entrepreneurs exhibit mildly risk-loving behaviour (Brockhaus, 2008). These individuals prefer risks and challenges of venturing to the security of stable income.

2.2.4 Parker's Theory of Proactive

A belief that one can be successful in a particular domain, or high self-efficacy, is likely to be especially important in proactive goal generation because being proactive entails quite a high potential psychological risk to the individual (Parker, 2006). Proactive goal is likely to involve a deliberate decision process in which the individual assesses the likely outcomes of his or her behaviours (Morrison & Phelps, 1999; Parker, Williams, 2006). Individuals need to feel confident that they can both initiate proactive goals and deal with their consequences before they act. Individuals want to be proactive or see value associated with being proactive to change a particular target. When goals are imposed or prescribed via some external regulation, there is already a reason to carry out the goal. Situations in which individuals have high levels of discretion, goals are not tightly specified, the means for achieving

them are uncertain, and attainment is not clearly linked to rewards. Under such circumstances their needs will be a strong internal force driving the potentially risky behaviour of pro-activity (Parker, 2006).

Lakhani and Wolf (2003) argue that, pro-activity can be generated by intrinsic motivation. Motivation is important in proactive goal processes particularly for very long-term oriented proactive goals. In a related vein, pro-activity can be motivated by the experience of flow, which is when an individual narrows his or her focus to an activity in which he or she feels immersed, forgetting time, tiredness, and everything but the activity (Rousseau & Vallerand, 2008). Proactive goals not only are linked to current identities but also can be motivated by future-oriented identities (Strauss, Griffin, & Rafferty, 2009). Like other possible future and past identities, future work will serve as a standard against which the present self can be compared (Carver & Scheier, 2008) and constitute motivational resources that individuals can use in the control and direction of their own actions (Oyserman & Markus, 2009). Strauss, Griffin, & Rafferty, (2009) showed that future work pertaining to individuals' careers motivated greater proactive career-oriented behaviours.

2.2.5 Schumpeter Theory of Innovation

Schumpeter (1934) used the concept of equilibrium as theoretical. He coined a phrase to describe this equilibrium state: "the circular flow of economic life." Its chief characteristic is that economic life proceeds routinely on the basis of past experience; there are no forces evident for any change of the status quo (Schumpeter, 1934). In Schumpeter's theory, the dynamic entrepreneur is the person who innovates, who makes "new combinations" in production. Schumpeter described innovation in several ways. He first spelt out the kinds of new combinations that underlie economic development. They encompass the creation of a new good or new quality of good; creation of a new method of production; the opening of a new market; the capture of a new source of supply, and; a new organization of industry (e.g., creation or destruction of a monopoly).

Schumpeter observes that people act as entrepreneurs only when they actually carry out new combinations, and lose the character of entrepreneurs as soon as they have built up their business, after which they settle down to running it as other people run their businesses (Schumpeter, 1939). For Schumpeter (1939), an entrepreneur is not only an innovator but also a leader. Since the main characteristic of an entrepreneur is innovation and leadership, Schumpeter's entrepreneur does not necessarily start his own business and does not have risk-taking as one of his functions Tarabishy, Lloyd & George (2005).

2.2.6 Stage Models of Standardization (D-S-N Model)

Every such step involves generating, evaluating and choosing between different technical and socio-technical options (Williams, 2007). During the design phase, actors plan and commit a specific, new and innovative course of action. Standardization as design involves "finding occasions for making a decision, finding possible courses of action, and choosing among courses of action". Design anticipates that during negotiation each actor weighs design alternatives against a set of criteria that may cover economic, political, social and technological criteria. These criteria describe reasons an actor can give for choosing one option. At the same time, they signal reflective announcements of background sense-making processes. Such rationales may include maximization of economic profits. From the viewpoint of negotiation, actors' design anticipates others' designs and seeks to change the selection criteria between designs.

In the context of standardization, sense-making results in creating and enacting novel frames of reference and meaning in relation to potential and produced designs, processes, or actors. It comprises transforming and renouncing beliefs, cognitive elements, behaviours and standards of evaluation (Karnoe & Garud, 2001). It is a deviation from established frames of reference (Garud, Jain, & Kumaraswamy, 2000). During standardization, meanings are ambiguous and fluid. The standard can accordingly take varying shapes and drastically change over time (Garud & Karnoe, 2001). These significations embody ideas about a possible space of design.

The creation of such scenarios expands alternative design spaces, thus creating permanent tensions within the dominant design framework (Fransman, 2009). Sense-making takes place in all stages of standardization including the adoption and use of the products or services due to its “interpretive flexibility” (Hughes & Pinch, 2009). The need for interpretation, the creation of a new sense of what the products/services is about and what its economic implications are, dominate the early phases of standardization. Later negotiations, surprises and novel products/services opportunities, use experiences and economic information and force actors to continuously question their established frame and continuously develop new readings.

There is need to continually rethink, or make sense of, their relationships with others so that the network implied by the standard permits its mobilization (Hanseth, Monteiro, & Halting, (2006). Thus, mobilizing or “performing” the actor-network as a part of a sense-making process creates the negotiation space for actors in which they relate the designs to actors and to their different interpretations (Latour, 2005). By establishing sufficient commonality in interests and thereby mobilizing the actor-network often demands the ability to compromise, and thereby reaches an agreement (Weick, 2005) in the form of a standard. During negotiation, actors bargain the distribution of future inputs and outputs to reach an agreement in relation to the designs that have emerged. This normally takes the form of choosing specific designs, identifying associated intellectual property rights and their nature (Callon & Law, 2005) as well as agreeing on the normative framework that defines commitments and obligations of different parties. Such negotiation involves, at the same time, the capability to envision, connect and fix a social technical network, which “inscribes” the chosen agreement (Latour, 2005) distributes and maintains specific rights and obligations for different actors and their relationships to new standard. Each actor seeks to maximize his benefits in coming to an agreement that during sense making was only imagined, but now has to be embedded into the material and social network. The entities identified and the relationships envisaged

have not been yet tested. The scene is set for a series of trials of strength whose outcomes will determine the solidity of the product (Callon & Law, 2005).

This study proposes a model for entrepreneurship training and management skills development that is aimed at providing the skills needed by new and existing entrepreneurs to, implement and manage a strategic business plan as a result of government regulations on the way they should operate. The main stakeholders in the study include new and existing entrepreneurs dealing in the retailing of alcohol and are members of Pub, Entertainment and Restaurant Association of Kenya (PERAK). The key components of the entrepreneurial training model will be (1) teaching strategic and business management concepts and how to operate their businesses with the inception of Alcohol Act 2010 without necessarily breaking the law and (2) strategic and business management skills development. The second component is where the real entrepreneurial learning takes place by allowing the entrepreneur to employ the management concepts in a practical way. The approaches used include seminars, business clinics, industry assessments, marketing research studies, business plans and feasibility studies.

2.3 Conceptual Framework

A conceptual framework is a graphical or diagrammatic representation of the relationship between variables in a study. It helps the researcher see the proposed relationship between variables easily and quickly (Mugenda and Mugenda, 2008). It is used in research to outline possible courses of action or to present a preferred approach to an idea or thought (Berlin, 2006).

This study has adopted a conceptual framework with the following as independent variables; marketing activities, product standardization, entrepreneurial competencies and technology adoption. Entrepreneurial orientation was the dependent variable for the study while entrepreneurial training was considered as a moderating variable (Figure 2.2).

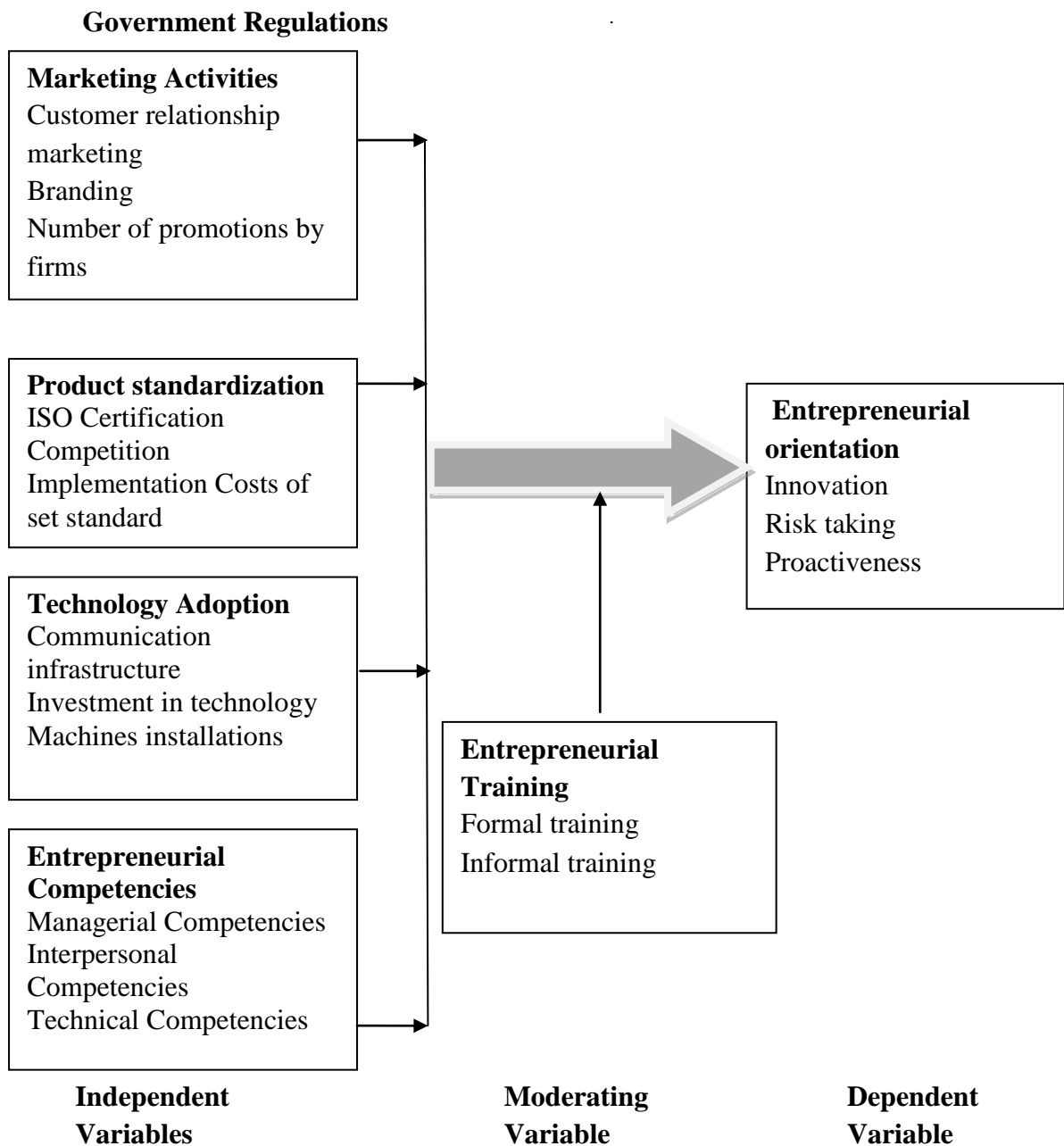


Figure 2.2 Conceptual Framework

2.4 Review of Related Literature

2.4.1 Entrepreneurial Training

Training of an ongoing nature is needed to assist the SME owner to manage the constant changing environment and be able to respond to it with initiative and innovation (Ladzani, 2006). Entrepreneurial training which as a moderating variable of this study, is therefore, about entrepreneurial characteristics, creativity, innovation, risk propensity and need for achievement. Entrepreneurial training nurture the skills which enhance entrepreneurial performance, where a skill is knowledge demonstrated in action (Nieman, 2010).

The entrepreneur's level of education increases the probability of established firms and more jobs per firm. The higher the entrepreneur's level of education, the greater the involvement with the firm and therefore, the greater the ability to grow the firm. There exists a strong positive correlation between entrepreneur training and the entrepreneurial orientation dimensions of autonomy, innovativeness, risk-taking, competitive aggressiveness, pro-activeness, stability and learning orientation, achievement orientation and personal integrity as well as business success (Frese, Frese & Rauch, 2000).

Training of entrepreneurs moderated the relationship between government regulations and entrepreneurial orientation because it is about preparing them or business persons for entrepreneurship and it is about enhancing the abilities of the individual so that the business can be more successful (Nieman, 2010). Entrepreneurial training is a suitable way for individuals who suffer from lack of efficiency and skills, to deal with unemployment and changes of global economy and at the same time understand what government policies are and their need to be implemented (Amiri, 2005). Storey (2004) suggests that, owners of small firms need entrepreneurial training, because they are invariably less educated and therefore, less able to be formally trained, compared to the managers in large firms. He advances his argument that it is important for these entrepreneurs to realise that it is not

possible to compete with the government on the policies, rules and regulations. This implies that entrepreneurial training will improve the situation by creating the awareness. To effectively manage the functional areas of a business, it is important for small business owners to have the necessary skills, which include entrepreneurial training, finance, operations, marketing, planning, human resource and awareness of knowledge management (Monk, 2000).

Virtanen (2007) and Kew (2009) assert that, entrepreneurial training should be directed at the individual who drives the process of entrepreneurship. Entrepreneurship is a dynamic process created and managed by an individual who strives to exploit economic innovation to create new value in the market. Training should nurture the necessary entrepreneurial qualities, which is the ability to control events, tolerance for ambiguity, need for independence, ability to identify market opportunities, innovation and vision, personal drive and risk acceptance (Perrin & Grant, 2010).

Studies have established specific entrepreneurial and business skills essential for the success of SMEs. The absence or low levels of key skills like motivation, ability to gather resources, financial management, human resource management, marketing and technical skills, may lead to zero performance, while weakness in a particular element would decrease effectiveness in the overall performance of the venture. This thus means that the increase in the capacity of any of these skills can lead to an increase in the entrepreneurial performance of the person involved (Botha, 2006).

Entrepreneurial and business skills can be acquired through learning on the job or training (Perrin & Grant, 2010). Training of entrepreneurs, involves equipping them with both entrepreneurial as well as business skills to secure competitive businesses. Business and entrepreneurial skills are vital to the sustainability of the business and should, therefore, be taught to the aspiring entrepreneurs (Botha, 2006). Furthermore, Solomon (2004) in his study on entrepreneurial training also discovered the need for entrepreneurial skills and business skills for the upkeep of the business. He argues that the entrepreneur's initiative and skills are significant determinants of success.

Training for small business is primarily internally focused and imparts generic management skills such as marketing, finance, record-keeping, human relations, as well as industrial relations (Solomon, 2004).

In conclusion, it is maintained that entrepreneurial training improves entrepreneurial orientation in SMEs over time, showing that the business and the entrepreneurial skills are importance in the business world, especially for entrepreneurs (Kuene, 2008). Business and entrepreneurial skills are important for the sustainability and profitability of businesses (Smith & Perks, 2006). Based on this, it is hypothesized that entrepreneurial training moderates the relationship between government regulation and entrepreneurial orientation amongst SMEs operators in Kenya.

2.4.2 Marketing Activities

Kohli and Jaworski (2009) described market-activities as a set of behaviours and processes or an aspect of culture to create a superior customer value, understanding of the availability of the product and its uses. Narver and Slater (1990) assert that, by adapting a process approach, use the term market-activities to mean the implementation of a marketing concept via market intelligence generation, intelligence dissemination, and responsiveness (implementing a marketing strategy). Slater and Narver (1995) extended the boundary of the market-activities concept by incorporating the development of information about competitors, and inter-functional collaboration. Ruekert, (2008) influenced by Deshpande and Webster's (2009) cultural framework of marketing and adopting a strategic view, identified three components of market-activities, that are obtaining and using customer information, developing a strategic plan based on such information and implementing the plan to respond to customer needs. Accordingly, market-activities are a cognitive, behavioural, and cultural aspect of a firm's marketing concept that puts the customer at the centre of the organization and its development (Deshpande & Webster, 2009).

Doole (2007) asserts that, small firm owner-managers do engage in marketing activities, even if the form this marketing activity takes is not fully understood. The

marketing activities function in SMEs is hindered by constraints such as government regulations on marketing activities of SMEs, poor cash flow, lack of marketing expertise, business size, tactical customer-related problems, and strategic customer-related problems (Chaston & Sadler, 2008). Marketing activities foster a knowledge-producing behaviour – providing a source of ideas for change and improvement by market information processing and marketing strategies (Hurley & Hult, 2008). However, the knowledge generated by marketing activities has little benefit if not appreciated and implemented for firm innovation. Baker and Sinkula (2002) argue that, marketing activities, representing the degree to which firms acquire, distribute, and use the market information, as an input for the innovation process. Government regulations breed the rigidity and stickiness of the existing customer intelligence and plans; it may also hinder firm innovativeness. Hurley and Hult (2008) suggest that, the concept of marketing activities and the philosophy to set a priority to satisfy customer needs, although important, is insufficient and requires revising. Elliot (2007) proposes that, the designing of strategies that are purposed to achieve customer satisfaction should be considered as part of the marketing activities concept.

Market-oriented SMEs explore the market broadly and have a long-term focus. Since the future is so uncertain because of turbulent events that may emerge, they continuously conduct small-scale market experiments that allow them to learn from the results. Government regulations influence the information derived from the market experiments which subsequently influence SMEs opportunity to modify their offerings based on the new knowledge and insights (Slater & Olson, 2002). Marketing activities as observed in business behaviours enable managers to learn from current and potential customer needs and act in an entrepreneurial way to generate superior customer value (Slater & Olson, 2002). The regulations set by the government have effect on the capabilities inherent in a market orientation that permits firms to discover customer needs and opportunities in un-served markets as well as in markets they are already serving. Based on this and other supporting arguments, the study hypothesizes that:

H₁. There is no significant relationship between marketing activities and entrepreneurial orientation amongst SMEs' operators in Kenya.

2.4.3 Product Standardization

There are a number of well-voiced criticisms of standardization (Walters, 2006). From a conceptual perspective, standardization is seen as a step backwards in that it involves viewing markets from the perspective of the manufacturer rather than from the perspective of the customer. At an empirical level, the existence and extent of cost savings have been questioned in relation to both production and marketing (Whitelock, 2007). The significance of the need for consistency has also been questioned because relatively few customers come into contact with a product outside their domestic market (Vardar, 2006); it has also been suggested that increasing internationalization has made nationally differentiated products more attractive from the perspective of the consumer (Tsai & Ghoshal, 2007).

Today, different countries regard product standardization as an essential guideline for all companies within their economy, and aim to promote and motivate adopting standards. Imai (2006) notes "There can be no improvement where there are no standards". However, when dealing with the issue of standards and standardization, the perceived meaning needs clarification in order to place it in the proper context. In fact, definitions in management-oriented publications link standardization to product standards (Medina & Duffy, 1998). ISO Guide 2 (ISO, 1996) defines a standard as "a document, established by consensus and approved by a recognized body, which provides, for common and repeated use, rules, guidelines or characteristics for activities or their results, aimed at the achievement of the optimum degree of order in a given context". Peter (2004) states, standards are both technical and/or managerial specifications about products and services which allow us to replicate them with a predictable degree of consistency.

Once standards have been set and published, they need to be evaluated to measure actual performance to ascertain how they are being perceived so as to enable the

standards setter to track the need for improvement. Brennan and Douglas (2007) reported that, in planning for feedback about product standards, organizations need to consider what they want to know, whom they should ask, how and when they should ask, who should analyze the feedback and how they will use the information. Based on these and other supporting arguments, it is hypothesized that:

H₂. There is no significant relationship between product standardization and entrepreneurial orientation amongst SMEs operators in Kenya.

2.4.4 Entrepreneurial competencies

Entrepreneurial skills are related to the debate on whether entrepreneurship can be conceived as something teachable or not. Luecke and Katz (2003) suggest that, most likely, there are some skills which can be taught and some that cannot. Baumol (1993a) puts this issue very well, “How can we analyse and teach acts whose nature is not yet known and whose effectiveness relies to a considerable degree on the difficulties others have in foreseeing it?” Rosa and Westley (2004) suggest that, in the United Kingdom at least, there has been more faith than strategic reasoning in entrepreneurial training and education. In business schools, however, courses aimed at teaching entrepreneurial skills have become popular during the last couple of decades. Indeed, Curran (2008) comments that, the unprecedented growth in demand for entrepreneurship education has been matched by a corresponding growth in the number of courses offered by both academic institutions and by enterprise agencies of one sort or another. Anderson and Jack (2006) suggest that, the growth in demand is a reflection of the newer forms of capitalism and that enterprise education provides the state with a quick response to underlying economic problems. Gibb (2000) makes the point that, the overriding aim of enterprise knowledge is to develop enterprising behaviours, skills and attributes.

Entrepreneurs are not a homogenous group .They come in a wide variety of shapes and sizes (Bolton & Thompson, 2004). As a result, research exploring entrepreneurship and enterprise, depends on the development and deployment of a

robust and justifiable definition of the entrepreneur and entrepreneurial activities. Carland (1984) argues that, detailed studies of entrepreneurs cannot draw sound conclusions if the case studies are not entrepreneurial. Research examining entrepreneurial traits or characteristics has largely proven incapable of predicting entrepreneurial capacities and behaviours as well as proving unable to differentiate entrepreneurs from non-entrepreneurs; references to specific traits continue to pervade the entrepreneurship literature. McClelland's (1961) introduction to the concept of an achieving society and an individual's need for achievement remains, arguably, the most often cited characteristic associated with entrepreneurs.

Bird and Romanelli (2001) concurs with researchers on managerial competence when they notes the importance of distinguishing between competency which contributes towards success and competence as a minimum or baseline standard. Bird and Romanelli (2001) suggest that the competencies necessary to launch a new venture or to plan a new venture may be conceived as “baseline” and highly effective entrepreneurs are those who go beyond launch into organisations who survive and grow. Based on these and other supporting arguments, it is hypothesized that:

H₃. There is no significant relationship between entrepreneurial competencies and entrepreneurial orientation amongst SMEs operators in Kenya.

2.4.5 Technology Adoption

The use of technology by small and medium sized enterprises (SMEs) is a challenge in both developed and developing countries (Schreiner & Woller, 2003). Selective use of technology can benefit micro-enterprises in several ways. It can help businesses gain better access to information and expertise, reach new markets and customers (or more generally, stakeholders), administer the business more efficiently and effectively, and in gaining the knowledge and skills needed to run the businesses better (Wolcott, Kamal & Qureshi, 2008).

To realize the potential of technology, small businesses must view them from economic, management, and marketing perspectives (Brady et al., 2002). A holistic view of technology can stimulate small businesses to adopt new technologies, create innovative products, and be competitive (Barba-Sanchez et al., 2007). Nevertheless, micro-enterprises face a host of challenges in adopting and using technology including incomplete government regulations. Government officials and elected leaders have increasingly come to realize that SMEs must utilize technology in order to enhance the processes in the SMEs sector. Faced with tight budgets and a retiring workforce, today's government agencies and SMEs are operating in an environment defined by the need to 'do more with less'. Small and medium enterprises (SMEs) are expected to provide excellent services to their clientele in an effective and efficient manner, working under constant resource constraints by adopting technology (Chin & Fairlie, 2004).

Small and Medium Enterprises (SMEs) are implementing scalable communication infrastructures to promote economic development, attract new businesses and residents, and above all, provide excellent service to their customers (Oyelaran-Oyeyka & Adeya, 2003). From a business perspective, implementing scalable communication infrastructures such as Wide Area Networks (WANs) accommodates the various types of services SMEs require on a day-to-day basis, including provision of broadband internet access for online services and internal collaboration and handling administrative data.

As rightly pointed out by Richard (2002), African countries need to accept technology as a priority area for development and hence invest adequately in it. This is to say that Africa has to promote its economic development through the use of technology. As pointed out by Tousseau-Oulai and Ura (1991), there are many possible national-level factors determining the adoption of technology in developing countries: infrastructure, myths associated with computer installations, lack of national policy on technology development, technology supply problems, scarcity of human resources, education problems, and economic factor.

The advancement in technology adoption has had major influences on globalization, rapid revolutions in information and knowledge (Kaynak et al., 2005); business structural change and the way small and medium-sized enterprises (SMEs) conduct their business activities including their marketing strategies, service provision, working practices and management. Technology adoption has become a strategic asset which can help improve business processes and change the function of markets. Thus, it is necessary for organizations to continue their efforts in developing and implementing the up-to-date technology adoption. Nevertheless, many organizations still hesitate to adopt new technology and some even believe information technology does not matter as a strategic resource because of its commoditization (Carr & Sequeira, 2007).

Prior studies have identified many benefits to be attained by SMEs as producers or users of technology which include closer working relationship among value chain partners, increased productivity, enhanced efficiency, greater access to market information and knowledge, acquiring information system capabilities to support business transformation, and reaching new clients from either locally, regionally, or globally (Kotelnikov, 2007; Balocco, 2009). While SMEs are flocking towards the adoption of technology due to many potential benefits Kotelnikov (2007) reveals that, many SMEs within the Asia-Pacific region have yet to reap these benefits evenly. They face major constraints such as poor telecommunications infrastructure, limited technology literacy, inability to integrate technology into business processes, high costs of technology equipment, incomplete government regulations for e-commerce, and poor understanding of the dynamics of the knowledge-economy. Based on these and other supporting arguments, it is hypothesized that:

H₄. There is no significant relationship between technology adoptions and entrepreneurial orientation amongst SMEs operators in Kenya.

2.5 Empirical Review

Keskin (2006) did a study on market activities, learning orientation and innovation capabilities in SMEs: an extended model. The objective of the study was to examine the relations among marketing activities, learning-orientation and innovativeness in medium-sized business (SMEs) of developing countries. The study involved a questionnaire-based survey of managers from small-sized-firms operating in Turkey. A total of 157 usable questionnaires were received from managers. These were subjected to a structural equation modelling (SEM) analysis. The study results showed that a firm's innovativeness positively affects its performance; a firm's learning-orientation positively influences its innovativeness; a firm's marketing activities positively impact its learning orientation; a firm's learning-orientation mediates the relationship between its marketing activities and its innovativeness; and a firm's marketing activities indirectly impact its performance via firm innovativeness and learning. The use of technology by small and medium sized enterprises (SMEs) is a challenge in both developed and developing countries (Schreiner & Woller, 2004).

Peter and Qureshi (2005) indicate that, selective use of technology can benefit micro-enterprises in several ways. Technology adoption can help businesses gain better access to information and expertise, reach new markets and customers (or more generally, stakeholders), administer the business more efficiently and effectively, and in growing the knowledge and skills needed to run the businesses better. To realize the potential of technology, small businesses must view them from economic, management and marketing perspectives (Brady et al., 2002). A holistic view of technology can stimulate small businesses to adopt new technologies, create innovative products, and be competitive (Barba-Sanchez et al., 2007). Nevertheless, micro-enterprises face a host of challenges in adopting and using technology.

Sylvie (2009) did a study to examine the effects of size, strategic orientation and market activities on innovation. A mail survey was conducted on a random sample of 60 South Yorkshire non-high-tech small, medium-sized manufacturing enterprises. A

hypothesized model, stating company size, strategic and market orientation affect innovation was tested using multiple linear regression analysis. The results confirmed customer orientation had a positive effect on innovation at product, process and organisational level. While it was found size and strategic orientation have an effect on process innovation. Size also has an impact on strategic orientation and strategic orientation on market orientation. Overall, medium-sized firms are prospectors and small firms, defenders. Prospectors are customer focused while defenders are competitors and environmental/technology-led. Process innovation is important to defenders. The findings reiterate that customers are the drivers for organisational innovation; while firms' strategic orientation determines their market orientation.

Smallbone and Welter (2009a) assert that, there is ample evidence from a variety of studies that unfavorable institutional framework and regulations has an adverse impact on SME growth. Furthermore, it has been shown that the slow, and uneven, development of the institutional framework in different transition economies has been one of the major factors explaining the divergent paths of development, particularly the development of SMEs and entrepreneurship (Frye & Zhuravskaya, 2000).

Johnson (2009), Shleifer and Vishny (1994) noted that, complicated and excessively regulated environments create the incentive for entrepreneurs to evade regulations by moving partially or fully to the informal sector. It also encourages rent seeking behaviour by public officials and facilitates the growth of corruption. Combined, informal activities and corruption contribute to an anti-competitive environment in which the market fails to allocate resources efficiently because some market players operate outside the law while those operating within the legal system face the increased cost of "doing business" legally.

Austin and Reed (2009), analysed situations in Malaysia after advertising regulations were introduced by banning television advertisements before 10 p.m and during Malay-language programmes and found that the entrepreneurial orientation of SMEs

was reduced. Profit reduced drastically and some were forced to close down their businesses.

Cook and Minogue (1990) states that, SMEs play vital roles, in the provision of employment, economic and social development, and the seedbed for industrialization, poverty alleviation, and personal development/rewards, create value for the business itself, creation of an enterprise, self-satisfaction and creation of a market for a new product. Any government should then realise the need for supporting them in order to continue supplementing the effort of the government in the provision of services and job creations.

2.6 Critique of Existing Literature Relevant to the Study

An increasing number of empirical studies have demonstrated that an improvement in the level of market orientation and activities will lead to superior organizational performance, (Narver & Slater, 1990; Oczkowski & Farrell, 1998; Slater & Narver, 2000). Despite these relatively consistent findings, a number of authors are questioning the benefits of being market oriented, suggesting that there may be several limitations to a marketing activities and orientation. Hamel and Prahalad (2001) suggest that, market-oriented firms may suffer from the "tyranny of the served market", ignoring or missing markets and competitors. Market-oriented firms may fail to identify and capitalize on the latent needs of customers, due to their excessive focus on expressed needs (Slater & Narver, (1995). This small, but increasing criticism of the marketing activities literature suggests that, organizations should aim at becoming learning-oriented if they are to achieve a sustainable competitive advantage, (Slater & Narver, 2000).

The level of analysis in psychological theories is the individual (Landstrom, 1998). These theories emphasize personal characteristics that define entrepreneurship. Personality traits need for achievement and locus of control are reviewed and empirical evidence presented for three other new characteristics that have been found

to be associated with entrepreneurial inclination. These are risk-taking, innovativeness, and tolerance for ambiguity.

The Austrian School Economists, beginning with Ludwig von Mises, sees regulations as problematic not only because they disrupt market processes, but also because they tend only to bring about more regulations. According to Austrian theory, every regulation has some consequences besides those originally intended when the regulation was implemented. If the unintended consequences are undesirable to those with the power to regulate, there exist two alternative possibilities: do away with the existing regulation, or keep the existing regulation and institute a new one as well to treat the unintended consequence of the old one. In practice, regulators very seldom even consider that the problems they detect may actually be the consequence of prior regulation, so the second option is preferred far more often than the first. The new regulation, however, has unintended consequences of its own that bring about this cycle anew. If unchecked, the result over time is regulation so extensive as to amount to a state run economy.

Scholars have proposed that setting a proactive goal is likely to involve a deliberate decision process in which the individual assesses the likely outcomes of his or her behaviours (Morrison & Phelps, 1999; Parker, Williams, et al., 2006). A belief that one can be successful in a particular domain, or high self-efficacy, is likely to be especially important in proactive goal generation because being proactive entails quite a high potential psychological risk to the individual. Using one's personal initiative and taking charge to improve work methods, for example, involve changing the situation, which can often be met by resistance and scepticism from others. Likewise, active feedback seeking involves risks to individuals' ego and perceived image (Ashford, Blatt, & VandeWalle, 2003). Individuals, therefore, need to feel confident to initiate both proactive goals and deal with their consequences before they act. Self-efficacy has also been shown to enhance persistence and increase individuals' willingness to overcome obstacles (Bandura, 1991) both of which have been suggested as important for successful proactive action (Frese & Rauch, 2001).

The standard criticism of Schumpeter's theory is that it is unable to account for the clustering of innovations. Two factors have contributed to the persistence of these interpretations. One was Kuznets' (1940) review of business cycles which first claims that Schumpeter fails to provide an explanation (Kuznets, 1973). The second was Schumpeter's reluctance in business cycles to explain what he believed caused the clustering of innovations. Instead, he chose to postulate it as a hypothesis "made to fit the facts" (Schumpeter, 1943). Nonetheless, an explanation is suggested in business cycles and explicit in his earlier works. In the Schumpeter theory, different indicators of innovative activity have been suggested which include research and development expenditures, number of patents and other measures of innovative output (Audretsch, 2002). These indicators may measure the number of inventions, but they did not capture the number of Schumpeterian entrepreneurs who are the leaders carrying out new combinations. Research and development expenditures, number of patents and other measures of innovative output may also be criticized for not measuring successful innovations but instead input cost and/or strategic interaction among firms (Griliches, 1990).

Schumpeter (1934) already associates entrepreneurs with "the dream and the will to find a private kingdom". They have the will to conquer, the impulse to fight, to prove one superior to others, to succeed for the sake, not of the fruits of success, but of success itself. Such a joy is found creating, getting things done, or simply of exercising one's energy and ingenuity. These entrepreneurs according to Schumpeter (1934) don't like the status quo to remain but they feel challenged by competition and don't give up. Always they are looking for opportunity to excel even in turbulent environment. He has substantially contributed to literature on entrepreneurs.

Mike, Jo, Nick and Jane (2006) carried out a study to report on a full-scale testing of the role of marketing and its relevance in small and medium sized enterprises (SMEs) in the United Kingdom. The study adopted a positivist approach that relied on the use of the hypothetical-deductive method to produce the theoretical model. Both quantitative and qualitative research methods were applied to investigate the

model. The study used large-scale questionnaire survey, follow-up interviews with SMEs owner-managers and the use of published accounts to show how companies had performed during this study. The study findings revealed that the role and relevance model of marketing activities in SMEs had been thoroughly investigated and tested. The model offered a straightforward way of diagnosing the situation within an SME. The simplicity of the model allowed for a clearer understanding of what is often a complex and messy situation within these companies and their business environment. Some findings suggested a positive link between a company's financial performance and its approach to marketing within the model. However, the study did not address the influence of government regulation on marketing activities of SMEs which is the central focus of this study. A study needs to be carried out on the influence of government regulation on marketing activities of SMEs in transition economy.

Marie and Michel (2007) did a study aimed at identifying organizational factors influencing the technology adoption and diffusion of a formal code of conduct. The reviewed literature revealed codes that had multiple goals, such as improving efficiency of use, IS security awareness, and ethics. A survey was administered to 505 companies. To highlight the emerging nature of this practice, the study was conducted in similar conditions for two consecutive years (2002 and 2003). Results indicated that though still marginal, the adoption of technology codes of conduct concerns an increasing number of companies. This practice is related to the degree of standardization, technological context (the degree of virtualization and the strategic importance placed on technology by the management) and size of the organization. However, the adoption of technology codes of conduct is not associated with specific industry sectors and nationalities. There is need for a study to be carried out on SMEs.

2.7 Research Gaps

At this point, there has been so much research that Wiklund and Shepherd (2011) ask: "Are we at a point of saturation with little more to learn, or can future

investigations of entrepreneurial orientation still make contributions to the strategy and/or entrepreneurship literature?” From a policy perspective, one might note that much remains to be done before the existing insights can reliably be translated into policy recommendations. Perhaps, the original question raised by Miller (2005 – How does entrepreneurship differ in different firms? – and a logical extension there of – How does entrepreneurial orientation affect firm performance differently in different ways?

Whilst quantitative based-evidence map is out the general effects of regulations, methodological approach adopted are inadequate for the understanding effects of regulations (Blackburn, 2006). Cheng, Chan & Amir (2009), in his study on The effectiveness of entrepreneurship education in Malaysia (Education and Training) notes that there is little research on the impact of government regulation and according to Higgins, Friedman, Harlow, Idson, Ayduk, & Taylor, (2001), on understanding government relations and regulations portrays that previous studies of business- government relations have tended to take either a macro approach using a single theoretical framework to explain all business-government relations or a micro approach one that fails to explain why business-government relations have not improved over time.

Clarity of the effects of government regulations on entrepreneurial orientations on SMEs has not emerged from the previous studies. Mostly, the studies concentrate more on the effects on health and social well beings of individuals rather than the economic well being. The existing body of knowledge is not sufficient to explain how government regulations affect SMEs dealing with alcohol retailing due to the fact that the law is relatively new. What is likely to be on record are the short term effects ranging from business shut down to loss of key personnel due to business limited ability to support their salary budget. There is contradiction on how, when and to whom the law should be applied. Little knowledge is available on how entrepreneurs should adjust and carry on their business without necessarily breaking the alcohol law. Despite the importance of government regulations on entrepreneurial

orientation, there is little empirical evidence of the relationship between government regulations and entrepreneurial orientation of small and medium enterprises in Kenya. Thus, this study envisioned to fill this research gap.

2.8 Summary

From the literature reviewed above and the theories explained, it is noted that governments in most developing countries now recognise the SMEs as the main engine of economic growth, and acknowledge the need to focus public policy on a narrow set of core functions which enable the markets to function efficiently and contribute effectively to the goals of environmental sustainability and social welfare (Achoka, 2005). Review of literature also has revealed that unfavourable institutional framework and regulations have an adverse impact on SMEs growth (Smallbone & Welter, 2009a).

Regulation is the means by which government attempts to effect private sector behaviour to the public sector. The design of regulation policies is both complex and challenging for decision-makers. First, regulation can give rise to both benefits (gains) and costs (losses) for different groups, across time. It is noted that complicated and excessively regulated environment creates the incentive for entrepreneurs to evade regulations by moving partially or fully to the informal sector. It also encourages rent seeking behaviour by public officials and facilitates the growth of corruption (Johnson, 2009, Shleifer & Vishny, 1994).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents a description of research design that was used to conduct the study. It describes both the target and study population, sample size, research instruments, data collection procedures, pilot test, data analysis measurement of variables and the model estimation.

3.2 Research Design

The study adopted cross-sectional survey design research approach and used a descriptive survey design. Cross-sectional survey research and descriptive survey designs were used to allow for the gathering of information, summary, presentation and interpretation for the purpose of clarification (Creswell, 2003). Cooper and Schindler (2011) posit that, cross-sectional survey research design is one of the most widely used non-experimental research designs across disciplines to collect large amounts of survey data from a representative sample of individuals sampled from the target population. Creswell (2003) too observed that, cross-sectional survey research design is used when data are collected to describe persons, organizations setting or phenomena. It also involves large numbers and describes population characteristics by the selection of unbiased sample (Kothari, 2007). Descriptive survey design has been used by Kibe (2013) in her study on “An assessment of the background information of micro and small enterprise entrepreneurs and their training needs in Nairobi, Kenya” and Etuk, Eyo and Etuk (2013) in their study on gender and entrepreneurial activities of secondary school administrators in southern Nigeria.

3.3 Target Population of the Study

The target population comprised all small and medium enterprises (SMEs) in Kenya dealing with retailing of alcoholic drinks and are registered members of Pub,

Entertainment and Restaurant Association of Kenya (PERAK). The target population refers to the total number of subjects of interest to the researcher. The study found that there are a total of 162 registered members of Pub, Entertainment and Restaurant Association of Kenya (PERAK) dealing with alcohol retailing. The accessible population was the owner/ managers of these SMEs. The accessible population is the sub-set of the target population that is accessible to the researcher because of the geographic, temporal or cultural characteristics.

The study only considered those registered SMEs that have been operating for the last five years. This target population is in order because they have been in alcohol business long enough before and after the Alcohol Act hence they can clearly state the difference in relation to how the business was before and after the passing of the Alcohol Act.

3.4 Sampling Frame

A sampling frame (Table 3.1 below) is a list of all items where a representative sample is drawn for the purpose of research. In this study, the sampling frame was a list of all the SMEs who are registered members of PERAK and have been in business operation for the last five years. The SMEs were drawn from Mombasa, Nairobi, Kisumu (Kenya's cities), Naivasha, Nakuru and Nanyuki mostly considered tourist destination points. The sampling frame was obtained from the PERAK offices in the respective towns and cities because their website could not provide the information because it was not updated by the time the study was being conducted.

Table 3.1 Sampling Frame

Town	Area	Number of Enterprises
1	Nairobi	26
2	Mombasa	59
3	Kisumu	21
4	Naivasha	32
5	Nakuru	15
6	Nanyuki	9
Total		162

3.5 Sample and Sampling Technique

Sampling technique lies in selecting information rich respondents for in-depth analysis of the issues being discussed (Kombo & Tromp, 2006). Sampling is appropriate when it is not feasible to involve the entire population under study (Cooper and Schindler, 2004). The study used simple random sampling. Simple random sampling helps to eliminate bias in selecting sample elements. Cooper and Schindler (2006) assert that, simple random sampling is the purest form of probability sampling. A similar sampling design has been used by Aliata and Baba (2013) in the study of “Developing rural women entrepreneurs as a key to poverty reduction in Ghana: The case of Wa Municipality” and Chimucheka (2013) in the study on “The impact of entrepreneurship education on the establishment and survival of small, micro and medium enterprises (SMMEs).”

The following formula was used to determine the sample size for the survey based on simple random sampling.

$$n = \frac{Z^2 pqN}{e^2(N-1) + Z^2 pq} \dots\dots\dots \text{Equation 1 (Pagano \&Gauvreau, 2000)}$$

$$n = \frac{1.96^2 * 0.5 * 0.5 * 162}{0.05^2(162-1) + 1.96^2 * 0.5 * 0.5}$$

$$n = \frac{155.5848}{1.3629} = 115$$

$$P=0.5, q=0.5, Z_{0.025}=1.96, e=0.05$$

Where

n = sample size

N= Entire Population

Z= Z score Corresponding to $\alpha =0.05$ level of Significance.

E= Expected Error

p = Probability of Entrepreneurial Training

q = Probability of Non-Entrepreneurial Training

Table 3.2: Sample Size per Stratum

Firm Size	Population	Sample
Small	33	$\frac{33}{162} * 115 = 23$
Medium	129	$\frac{129}{162} * 115 = 92$
Total	162	115

3.6 Data Collection Instruments

3.6.1 Instruments

The study used semi-structured interview guide for the collection of primary data. The selection of this method was due to the unwillingness of respondent's to provide information through other communication methods such as mail survey and questionnaires (Swierczek & Ha, 2003). In the use of semi-structured interview guide, personal interviews were conducted where questions were generally in a face-to-face contact to the other person. The study adopted the direct personal investigation interview guide rather than the indirect oral interview guide. Direct personal investigation interview guide is recommended because the researcher collects the information personally from the sources concerned thus reducing the probability of errors. The method is also suitable for intensive investigations as more information and in greater depth can be obtained (Kothari, 2007).

Interviewer by his own skill can overcome the resistance, if any, of the respondent hence and the method can be made to yield an almost perfect sample of the general population making this type of method more suitable. Besides, it ensures

confidentiality, reduces chances of bias, saves time and enables the researcher to collect a relatively wide range of information from a large sample in a shorter period of time and at a reasonably low cost. The semi structured interview guide involved the use of predetermined questions and of highly standardised techniques of recording. The interviewer followed a rigid procedure laid down, asking questions in a form and order prescribed (Swierczek & Ha, 2003). The interviewees were given a chance to express themselves in some instances where they contributed freely in open-ended questions. This gave chance for the respondent to add information that might/was not included in the closed-ended questions while likert scale was designed to examine how strongly subjects agree or disagree with the statement (Sekaran & Bougie, 2009, Leedy & Ormrod, 2010).

The use of semi-structured interview guide method to collect primary data has also been used by Pira (2011) in the study on “entrepreneurial intuition, an empirical approach” and Kibe (2013) in her study on “An assessment of the background information of micro and small enterprise entrepreneurs and their training needs in Nairobi, Kenya and Ed (2005) on “The role of family in entrepreneurship: a qualitative study”

3.6.2 Measurement of Variables

Panneerselvam (2006) defines measurement as the assignment of a number to an object which reflects the degree of possession of characteristics by that object. All the questions and statements related to the study variables were answered on a five-point Likert scale. The statements ranged from “strongly disagree” to “strongly agree”. A five-point Likert scale is an effective way of collecting data because it minimizes the response time and effort and thus increases the chances of getting enough completed questionnaires and it is actually the sum of responses to several Likert items (Knight and Cavusgil, 2004).

A five-point Likert scale was useful because it is balanced on both sides of a neutral option, creating a less biased measurement and all the items in the question were

related to each other and the options were in the form of a scale. The actual scale labels, as well as the numeric scale, may vary. Respondents were given a statement that they were asked to evaluate and give a response. The responses from the Likert scale were then summed up and the values of each selected option were given a score for each respondent. This score was then used to represent a particular trait. This was quite useful for evaluating a respondent's opinion. The scores were then used to create a chart of the distribution of opinion across the population.

The data generated aimed at testing the entrepreneurial orientation among the alcohol retailing SMEs and how it is influenced by; marketing activities, product standardization, entrepreneurial competencies and technology adoption after the inception of the Alcohol Act 2010. The use of psychometric tests within industry is now widely accepted. A range of tests was prepared to evaluate managerial personality and sought to measure the cognitive style of a person's to potentially determine how they might behave, or at least to explain their existing behaviour.

3.6.3 Operationalization and Measurement of Variables

Saunders et al., (2009) state the need for operationalization of variables. Operationalized variables enable facts to be measured. However, the measurement of social relationships has always been a nagging and unresolved problem (Hail & Rist, 2009). The scales used in this study were either developed specifically for this study or adapted from existing scales to suit the context of the present study. The proposed model for the relationship between and government regulations and entrepreneurial orientation moderated by entrepreneurial training were as follows:

3.6.4 Marketing activities

All the eight items which depicted the influence of marketing activities on entrepreneurial orientation were subjected to descriptive analysis through the use of percentages, mean and standard deviation. The respondents were asked to determine the influence of marketing activities on entrepreneurial orientation amongst SMEs in

Kenya in a likert scale. A five point Likert scale (with 1= strongly disagree, 2= Disagree, 3= Neutral 4=, Agree, 5= Strongly Agree) was used for each of the statements corresponding where **5** indicates that you **strongly agree** and **1** you **strongly disagree**. The constructs were gauged by using three sub-dimensions, namely; customer relationship marketing, branding and the number of promotions.

3.6.5 Product standardization

Product standardization is regarded today by different countries as an essential guideline for all companies within their economy, and aim to promote and motivate adopting standards. The study sought to establish how product standardization influences entrepreneurial orientation amongst SMEs operators in Kenya. Likert scale (with 1= strongly disagree, 2= Disagree, 3= Neutral 4=, Agree, 5= Strongly Agree) was used for each of the statements corresponding where 5 indicates that you strongly agree and 1 you strongly disagree. The constructs were gauged by using three sub-dimensions, namely; ISO Certification, Competition and Implementation Costs of set standard. Grading and product standardization should be promoted and promotional activities should be enhanced. This is in line with the aims of Alcohol Act whose major aim is to standardize the production of beer to do away with the adulterated alcohol production.

3.6.6 Entrepreneurial competencies

This has become popular during the last few years. This variable was measured by considering the growth in the number of SMEs in Kenya. Differentiation of products and excellent services rendered to customers by the entrepreneurs was also used to measure entrepreneurial competencies. Aspects measured included; managerial skills, technical skills, interpersonal skills, communication skills, market analysis and product or service knowledge. Likert scale (with 1= strongly disagree, 2= Disagree, 3= Neutral 4=, Agree, 5= Strongly Agree) was used for each of the statements corresponding where 5 indicates that you strongly agree and 1 you strongly disagree.

3.6.7 Technology adoption

Technology drives the world. Businesses are anchored on innovation. Due to the increased access to information, the globe is ripe with technology adoptions and already developed business ideas of economic significance are being well nurtured, incubated and implemented through education and other various exposures. Technology adoption was measured by assessing how SMEs are implementing scalable communication infrastructure to promote economic development, attract new businesses using Wide Area Networks (WAN). Installation of new machines like electronic tax register (ETR), how orders are made and investment in technology were used to measure the technology adoption.

3.6.8 Entrepreneurial Training

Respondents were presented with a list of nine statements on entrepreneurial training on a binary coded form (Yes/No). The respondents were required to evaluating the kind of training carried out by the firms for the employees and management. In particular, the study was interested in formal training and informal training.

3.6.9 Entrepreneurial Orientation

It is the propensity of the firm to be innovative, be proactive to market place opportunities, and be willing to take risks in taking up and maximizing on opportunities. It was treated as a multi-dimensional construct indicating that each of its dimensions can have an individual influence on the SMEs operators in Kenya despite the level or existence of the other dimensions (Lumpkin & Dess, 1996). It was operationalized as innovation, proactiveness and risk-taking, the propensity of the firm to be innovative, proactive to market place opportunities and willingness to take risks. It was measured by the level of innovation, proactiveness and risk-taking propensity of the SMEs.

Table 3.3: Operationalization of Study Variable

Types of variables	Variable name	Operationalizing indicators of variables
Dependent variable	Entrepreneurial Orientation	Innovation- level of introducing new methods, valued new products, processes or services, Degree of proactiveness Degree of risk taking propensity
Independent variables	<ol style="list-style-type: none"> 1. Marketing activities 2. 3. Product standardization 4. 5. Entrepreneurial competencies 6. Technology adoption 	<p>The set of behaviours and processes or an aspect of culture to create a superior customer value, understanding of the availability of the product and its uses</p> <p>The process which allow for products and services replication with a predictable degree of consistency both in technical and/or managerial specifications</p> <p>Level of success of a business by engaging in creative activities process with the ability to observe, identify, relate, solve puzzles and see things in the hidden</p> <p>Level of using technology in gathering information and looking for customers</p>
Moderating variable	Entrepreneurial training	Level of mindset supporting day-to-day life and provides a foundation for entrepreneurs establishing a social or commercial activity

3.7 Pilot Test

To ascertain the validity and reliability of questionnaire, pre-test and pilot survey was conducted. The size of the pilot study group may range from 25 to 100 subjects, depending on the method to be tested but the respondents do not have to be statistically selected (Cooper & Schindler, 2011). The study, therefore, targeted 25 SMEs involved with alcohol retailing and not registered members of PERAK and have not been in business operations for the last 5 years representing 4% of the whole population. Mugenda (2003) states that, the pre-test sample is between 1-10% of the target population.

A total of 25 questionnaires were obtained and reliability tests were conducted .The results showed a Cronbach-alpha coefficient of greater than 0.60, which is used to indicate a factor as reliable (Suhr & Shay, 2009). A summary of Cronbach-alphas for each factor is given in table 3.4 below.

Table 3.4 Reliability Test

Aggregated Variable	No. of items	Cronbach's Alpha
Marketing Activities	8	0.865
Product Standardization	7	0.857
Entrepreneurial competencies	6	0.697
Technology Adoption	8	0.704

3.7.1 Validity of Data Collection Instruments

Validity refers to the extent to which the measures used in the questionnaire are truthfully measuring the intended concept and not something else (Sekaran & Bougie, 2009). Kothari (2004) defines validity as the extent to which differences found with a measuring instrument reflect true differences among those being tested.

There are two ways of establishing the validity of a research instrument, that is, logic and statistical evidence. Logic evidence implies justification of each question in relation to the objectives of the study, whereas statistical procedures provide hard evidence by way of calculating the coefficient of correlations between the questions and the outcome variables (Kumar, 2005). This study adopted statistical evidence approach.

Gall and Borg (2003) assert that, content validity of an instrument is improved through expert judgement. To evaluate the content validity of a research instrument, one must first agree on what elements constitute adequate average. If the data collection instruments adequately cover the topics that have been defined as relevant dimensions, the instrument is deemed to have good content validity. To ensure content validity, the questionnaire was subjected to a panel of peers to assess whether each measurement question in the questionnaire was essential, useful or necessary. Essential responses on each item from each panellist were evaluated by a content validity ratio, and those meeting statistical significance value were retained (Cooper & Schindler, 2011).

Katrin, Abdollah, Rahmatollah and Ghodsy (2013) employed content validity test in the study on comparison effectiveness stability approaches on entrepreneurship skills over time and assert that entrepreneurship training and education is one of the important aims that various countries have considered a multi-axial process that causes acquisition of knowledge related to entrepreneurship, solves occupation problems, improves efficiency, identifies and stimulates talents and entrepreneurship skills, and induces risk-taking. Cheng and Wang (2012) too in a study on the relationship among government regulations, employed content validity test and found that government regulations play an important role in making strategic choices for SMEs, which affect the performance ultimately. Nangol, Basalirwa, Kituyi and Kusemererwa (2013) also used content validity test in the study on strategizing for firm excellence in innovation: an exploratory study of entrepreneurial tendencies and behaviours in SMEs in Uganda among other scholars.

3.7.2 Reliability of Data Collection Instruments

Reliability refers to the consistency of the measure of concept (Bryman, 2012). It is generally understood to be extent to which a measure is stable or constituent and produces similar result when administered repeatedly (Sushil & Verma, 2010). Sushil and Verma, (2010) reiterate that, if a test has a strong internal consistency, it should show only moderate correlation among items (0.70 to 0.90). Too low values means unreliability and too high values reveals some items are redundant and should be removed from the test. A measuring instrument is reliable if it provides consistent results; if the quality of reliability is satisfied by an instrument, then while using it, the researcher can be confident that the transient and situational factors are not interfering (Kothari, 2007). Cronbach's alpha (α) generated from internal consistency technique was used to ensure that items had reasonably good internal consistency and measured the same underlying consistently. Cronbach's alpha (α) is a coefficient (a number between 0 and 1) that is used to rate the internal consistency (homogeneity) or the correlation of items in a test (Sushil & Verma, 2010).

Internal consistency examines the inter-item correlations within an instrument and indicates how well the items fit together conceptually (Nunnally & Bernstein, 1994; DeVon, Block, Moyle-Wright, Ernst, Hayden, & Lazzara, 2007). In addition, a total score of all the items is computed to estimate the consistency of the whole questionnaire. Cronbach's alpha, the most frequently used reliability statistic to establish internal consistency reliability was used for the study (Trochim 2001; DeVon, Block, Moyle-Wright, Ernst, Hayden & Lazzara, 2007). Cronbach Alpha value is widely used to verify the reliability. The size of the pilot study group may range from 25 to 100 subjects, depending on the method to be tested but the respondents do not have to be statistically selected (Cooper & Schindler, 2011). The study, therefore, targeted 25 SMEs involved with alcohol retailing and not registered members of PERAK and have not been in business operations for the last 5 years representing 4% of the whole population. Mugenda (2003) states that, the pre-test sample is between 1-10% of the target population.

3.8 Data Collection Procedure

Questionnaires were self-administered and three research assistants were recruited and trained so that they were able to get quality results. The target participants were the owner/ managers who filled in the questionnaires. These target participants were easy to identify, have adequate knowledge about the business, considering their crucial role in management. Before going out to the field, the small and medium enterprises' list was acquired from PERAK offices. The list was used to map out the enterprises (Table 3.1). Organizations were first contacted and the intention to do the interview request explained to the owner/ managers. Interviews were conducted at the workplace/offices of the respondents and detailed notes were taken during the interviews. The informants of this study during the interviews were also the owner/ managers.

3.9 Data Analysis and Presentation

Hosmer and Stanley (2002) opine that, data analysis involves reducing accumulated data to a manageable size, developing summaries, looking for patterns and applying statistical techniques. According to Sekaran (2003) as cited by Njuguna (2008), there are three objectives in data analysis: getting a feel for the data, testing the goodness of the data and testing hypothesis developed for the research. A feel for the data gives the researcher a good idea of how well the respondent have reacted to the items in the questionnaire and how good the items and measures are. This includes descriptive statistics such as the response rate, mean and standard deviations of the observed variables. Establishing the goodness of the data lends credibility to all subsequent analysis and findings because it measures the reliability and validity of the measures used in the study. Once the data is ready for analysis, the researcher is ready to test the hypothesis already developed using appropriate statistical tests.

Qualitative data was collected using a structured interview guide, and that involved taking down field notes when interviewing the informants. From these field notes, keywords/phrases that kept on re-occurring were identified and manual themes developed which became the basis of the codes. The code categories were based on the research questions of the study and were entered into a computer that developed pattern codes to group the summaries of data into a smaller number of sets, themes or constructs and using Microsoft Excel, the researcher analyzed the frequencies of the emerging themes; usually the frequency of appearance of a particular idea is obtained as a measure of content (Krishnaswamy et al. 2006). Data was presented in graphs, tables and pie charts.

Path analysis/coefficient was used to test for the validity of the causal relationships between the various variables. To achieve this, Analysis of Moment Structures (AMOS) statistical software Version 21 was used. This is because the approach implements the general approach of visual SEM that incorporates analysis of covariance structures (casual modeling) that uses the general linear model and common factor analysis combined. This software also assesses the models' fit, computes results and develops a graphical output Gathenya (2012) quoting Arbuckle (2007). This was used to analysis objectives 1, 2, 3, 4 and 5.

Hierarchical regression analysis using moderated multiple regression (MMR) model 1 (Appendix 2) was used on each of the independent variables and dependent variable to establish the moderating effects of entrepreneurial training on the relationship between government regulations and entrepreneurial orientation of small and medium enterprises in Kenya. The moderating effect of entrepreneurial training using MMR was analyzed in two steps by interpreting (1) the R^2 change in the models obtained from the model summaries, (2) the regression coefficients for the product term obtained from the coefficient tables.

3.9.1 Basic Statistical Assumptions

The data was first checked for violations of assumptions (outliers, normality, multicollinearity, homoscedasticity). Presence of the outliers was tested through the computing Mahalanobis distance for each sample with outliers being identified as those samples yielding large values of Mahalanobis distance (Webb & Copsey, 2011). The Pearson product-moment correlation coefficient which is a measure of the strength and direction of association that exists between two variables measured on at least an interval scale was used to test for linearity of the data.

Normality is important in knowing the shape of distribution as it helps to predict dependent variable scores (Wahab & Norizan, 2012). To test the normality of the data, the study used Kolmogorov-Smirnov and Shapiro-Wilk for the dependent variable, skewness and kurtosis for the independent variables. Factor analysis was conducted on all factors to determine the ones to be regressed against the dependent variable where two statistical measures namely Bartlett's test of Sphericity and the Kaiser-Meyer Olkin (KMO) were generated by IBM Statistical Package for Social Sciences (SPSS) version 21 to help assess the factorability of the data.

Variance Inflation Factor (VIF) and tolerance index were used to examine multicollinearity. Heteroscedasticity test was carried out to verify the presence of heteroscedastic disturbances where Breusch-Pagan and Koenker was used to test for heteroscedasticity. The factor loadings, also called component loadings in PCA which is the correlation coefficient between the cases (rows) and factors (columns) was used to indicate the percentage of variance in the indicator variable explained by the factor. Tabachnick and Fidell (2007) indicate that, a loading factor of 0.32 is good for a minimum loading of an item.

Common method variance is a bias in a data set due to something external to the measures that may have influenced the response given (Podsakoff, Mackenzie, Lee, & Podsakoff, 2009). Collecting data using a single (common) method may introduce systematic response bias that will either inflate or deflate responses as majority of the

variances can be explained by a single factor (Podsakoff et al., 2009). To this end, the study employed Analysis of Moment Structures statistical software Version 21 to test for CMB.

Critical ratio was used to test whether the models were significant by comparing the model output (t-calculated) with the conventional critical value of 1.96 at 95% significance level so as to test for the hypothesis (Schumaker & Lomax, 1999). This was an exploratory data analysis (EDA) for understanding the structure of the variable before undertaking further data analyses to avoid crucial violations of key assumptions in modelling processes. Exploratory data analysis was followed by model fit testing. The fit indices in SEM were used to establish whether, overall, the model was acceptable, and if acceptable, and then establish whether specific paths were significant (Moss, 2009). This applied to all the five objectives.

Sauer and Dick (1993) aver that, moderation occurs when variable M either changes the relationship of variables X and Y, by strengthening or weakening their relationship. Carte and Russell (2003) recommend use of the difference in R^2 in order to determine the function of the moderator. The study used the difference in R^2 to test the function of moderation.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter provides the analyses, interpretation and findings of the results. The chapter presents analysis of the descriptive data analysis as the first step to understand the data structure, followed by qualitative analysis. Univariate analysis was also carried out for uncovering the one on one relationship after which factors which were significant univariately were further subjected to a rigorous multivariate analysis. Exploratory factor analysis (EFA) was done on the data whereby iterative process was undertaken until a pattern matrix, sample adequacy, convergent validity, discriminant validity and reliability of the model were achieved. Confirmatory Factor analysis (CFA) involving obtaining a roughly decent model fit was performed by undertaking a validity and reliability check and common method bias. Descriptive statistics used was percentages while structural equation models were employed for inferential statistics.

4.2 Response Rate

The samples for the study consisted of 115 small and medium enterprises in Kenya dealing with retailing of alcoholic drinks and are members of Pub, Entertainment and Restaurant Association of Kenya (PERAK). A total of 113 self-administered questionnaires were filled out of the expected 115 yielding a response rate of 98.26% as depicted in table 4.1. Rogers, Miller and Judge (2009) posit that, a response rate of 50% is acceptable in descriptive social sciences, Mugenda and Mugenda (2003) observed that, 50% response rate is adequate, 60% good and above, while over 70% is rated very good. Babbie (1990) asserts that a return of 50% is adequate, although Bailey (1987) set the adequacy bar at 75%. This implies that based on this assertion, the response rate of, 98% is, therefore, very good.

The response rate recorded was high and can be attributed to self-administration of the questionnaire. A response rate of this figure is reasonable compared with other studies in entrepreneurial orientation. A similar study by Beale (2004) on home-based business and government regulation reported 62% response rate, Mohd, Yahya and Kamaruddin, (2012) on The Moderating Effect on the Relationship Between Self-efficacy and Entrepreneurial Orientation among Malaysians SMEs, a response rate of 44.6 % was obtained while a study by Mehrdad, Abdolrahim, Hamidreza, Mohsen and Ramin (2011) on Entrepreneurial Orientation and Innovation Performance, a response rate of 44.9% was achieved.

Table 4.1: Response Rate

Response rate	Sample size	Percentage (%)
Returned questionnaires	113	98.26
Un-returned questionnaires	2	1.74
Total	115	100

4.2.1 Firm Demographics

Description of factors involved the summarizing of the dependent variable, independent and the moderating factors used in the study as shown in Appendix 2. The study had one dependent variable (Entrepreneurial orientation), four independent variables (marketing activities, product standardization, entrepreneurial competencies and technology adoption). Entrepreneurial training was moderating.

The demographic characteristics of the owner/managers in the SMEs retailing in alcohol and members of PERAK was collated and reviewed. The analysis was based on the information that the respondents provided in the questionnaire. The SMEs gender, level of education, number of years in operations, categories of people

employees, products promotion and frequencies were captured and the results shown in table 4.2.

The descriptive results indicated that (86%) of the respondents were men while the remaining (14%) were women and this may be attributed to the strong male domineering culture in alcohol retailing businesses in Kenya where until recently women were relegated to domestic chores. This result contradicts the spirit of the Kenyan constitution 2010 which provides for gender fairness (RoK, 2010). The findings may be inferred to be in line with the biblical writings which place man as the head. The findings collaborate that of Hoof & Nandram, (2012) who posit that lower levels of entrepreneurship among women is attributed to the idea that women tend to be less interested in the opportunity of self-employment.

Respondents' level of education was sought. The study established that 15.65 % of the pub, entertainment and restaurant owner/managers had primary school level of education; 17.39% had secondary level, majority 46.96 % had diploma level of education, 14.78 % had degree level of education, 3.47% had a post-graduate education level while 1.75% of the respondents did not respond to the questionnaires. This indicates that, the literacy level is high for the pub, entertainment and restaurant owner/managers, thus they were able to comprehend the research questions and answer appropriately. The question sought to investigate the number of years the business has been in operation. This was because the target population was supposed to have been in operation for a period not less than five years. All the SMEs the study noted they have been in operation for a period of five years and above with majority (64.6%) having been in operation for five to eight years, 17.7 % have been in operation for between nine to eleven years, 14.16 % between twelve to fifteen years and minority (3.4 %) were noted to have been in operation for over fifteen years.

On the categories of the employees working in the SMEs under investigation, the study established that majority (56.6 %) of the pub, entertainment and restaurant SMEs employees were permanent and pensionable and few (12.4%) were working on contract basis while 31% were casual employees. The results finding reveals that, majority (63.7%) carried out their promotion monthly, (20.4%) weekly, (9.7%) do promotion daily and simple majority (4.4%) and (1.8%) of SMEs do the promotion of their products semi-annually and yearly respectively. Lastly, the study findings also show that, SMEs dealing in alcohol retailing and are members of PERAK, spend a fortune to advertise and carry out promotions of their products and services as majority (47.8%) usually spend between 5,001 - 10,000 shillings to carry out promotions, (22.1 %) spends between 10,001 to 20,000, (8.8%) ranges between 20,001 to 30,000 while (15.1%) of SMEs spends over shillings 30,000. Only a small percentage (6.2%) was noted to spend less than 5,000 shillings in promotion. This shows the seriousness and emphasis products promotion is regarded by the said SMEs.

Table 4.2 Firms Demographics

Main factor	Factor level	frequency	Percentage (%)
Gender of respondents	Male	97	85.84
	Female	16	14.16
Level of education of respondents	Primary	18	15.65
	Secondary	20	17.39
	Diploma	54	46.96
	Degree	17	14.78
	Phd	3	3.47
Number of years in operation	5-8	73	64.6
	9-11	20	17.7
	12-15	16	14.16
	Over 15	4	3.54
Categories of employees and pensionable	Permanent	64	56.6
	Contract	14	12.4
	Casuals	35	31
Products promotion(in thousand shillings)	100-5000	7	6.2
	5,000-10,000	54	47.8
	10,001-20,000	25	22.1
	20,001-30,000	10	8.8
	Over 30,000	17	15.1

4.2.2 Test of Assumption of Study Variables

When the assumptions of the linear regression model are correct, ordinary least square (OLS) provides efficient and unbiased estimates of the parameters (Long and Ervin (2000). To keep on with the assumptions, this study tested for outliers, linearity, homoscedasticity, multicollinearity and common method variance.

Outliers

An outlier is a case that is significantly different from the main trend of the data and can thus cause bias in the data. Mahalanobis d-squared was used for multivariate testing on the independent variable where they produced reasonable box-plots as shown in figure 4.1 where all the constructs are symmetrical and with no outliers identified.

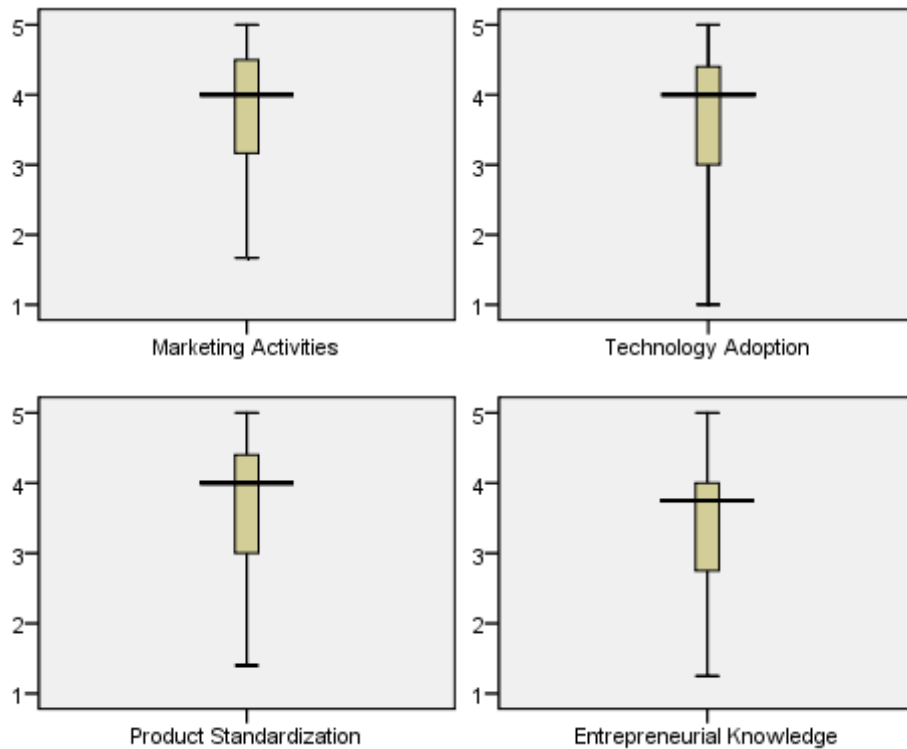


Figure 4.1: Multivariate Testing of Outliers for the Independent Variables

For the dependent variable, results identified an outlier as shown in figure 4.2. Outliers are often caused by human error, such as errors in data collection, recording, or entry. Data from an interview can be recorded incorrectly, or miskeyed upon data entry Anscombe, (1960). The outlier in this study was as a result of a miskeyed upon data entry where numerical 12 was miskeyed as 112. This error was corrected by returning to the original documents and entering the correct value thus removing the outlier as shown by figure 4.3. Figure 4.3 shows the results after the outlier was removed from the dependent variable. From the figures, one can conclude that there is no presence of outliers in the independent variables as while in the dependent variable and that they were normally distributed.

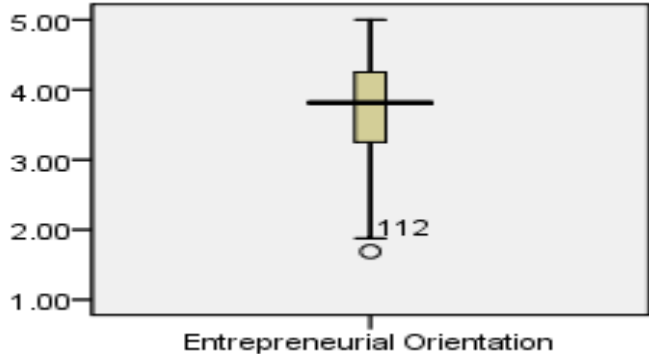


Figure 1 Figure: 4.2: Box plot with an Outlier

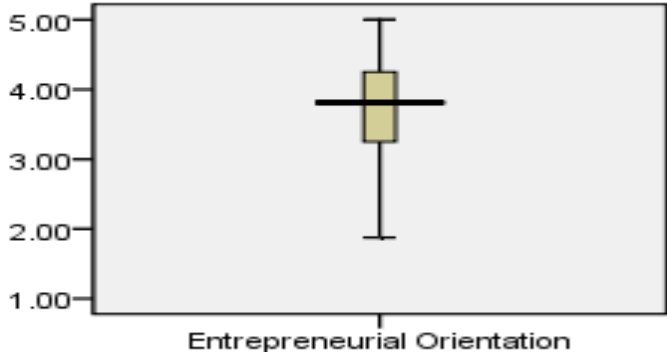


Figure 4.3: Box plot without Outliers

Normality of the Dependent Variable

Normality of Entrepreneurial Orientation which had been operationalized into three measuring items (innovativeness, proactiveness and risk taking) was tested by use of Kolmogorov-Smirnov and Shapiro-Wilk test. The tests results show that the p-value = 0.052 > 0.05 as shown in table 4.3. The tests reject the hypothesis of normality when the p-value is less than or equal to 0.05 (Sharpiro & Wilk, 1965) illustrating that the standardized residuals was significantly normally distributed.

To this end, graphical approach was also employed. Normal Q-Q plot of entrepreneurial orientation was obtained showing that the line representing actual data for the dependent variable closely follows the diagonal representing normally distributed data suggesting a normal distribution (See appendix 3).

Table 4.3: Normality Test Results for Dependent Variable

	Kolmogorov-Smirnov			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Significance	.072	105	.200*	.976	105	.052

Entrepreneurial
Orientation

Homoscedasticity

Heteroscedasticity in a study usually happens when the variance of the errors varies across observation, Long and Ervin (2000). Breusch-Pagan and Koenker was used to test the null hypothesis that the error variances are all equal versus the alternative that the error variances are a multiplicative function of one or more variables. Breusch-Pagan and Koenker test the null hypothesis that heteroskedasticity not present (homoskedasticity) if sig-value is less than 0.05, reject the null hypothesis.

A large chi-square value greater than 9.22 would indicate the presence of heteroscedasticity (Sazali, Hashida, Jegak & Raduan, 2009). In this study, the chi-square value was 5.983 indicating that heteroscedasticity was not a concern.

Ho: Constant variance

Variables: Marketing Activities (MA), product standardization (PS), Entrepreneurial competencies (EK) and Technology adoption (TA)

Table 4.4: Breusch-Pagan and Koenker Test for Heteroscedasticity

Ho	Variables	Chi2(1)	Prob > Chi2
Constant Variance	MA,PS,EK & TA	5.983	0.200

Multicollinearity

The standard issue in multicollinearity is that, the standard errors and thus the variances of the estimated coefficients are inflated when multicollinearity exists (Simon, 2004). Test for multicollinearity among study variables was conducted using Tolerance and Variance Inflation Factor (VIF). Variance Inflation Factor was checked for evidence of multicollinearity where their numerical values were all well below the cut-off value of 10 suggested by Neter, Kutner, Wasserman and Nachtsheim (1996). Porter and Gujarat (2010), view that as a rule of the thumb if VIF of independent variables exceeds 10, that variable is collinear. Based on this rule of the thumb, there was no collinearity among the independent variables.

From the results, inspection of the Variance Inflation Factors (VIFs) showed that multicollinearity was not a concern. No variable was observed to have VIF value above 10 and no tolerance statistic was below 0.100 as suggested by Hamilton (2006). This hence led to a conclusion that no predictor had a strong linear relationship with any of the predictor(s).

Table 4.5: Multicollinearity Test for the Study Variables

Variables	VIF	Tolerance
Marketing Activities	1.435	0.697
Product Standardization	1.291	0.774
Entrepreneurial competencies	1.174	0.851
Technology Adoption	1.041	0.961
Mean VIF	1.2352	0.809

Common Method Variance

Common Method Variance (CMV) is a form of systematic error variance that can cause observed correlations among variables to differ from their population values (Doty & Glick, 1998). It can either inflate or attenuate relationships but it is most commonly expected to cause inflation when the method variance components of the individual measures are more positively related than an underlying true relationship (Williams & Brown, 1994). If Common Method Variance (CMV) produces significant divergence between true and observed relationships, method bias is said to be in effect (Ostroff, Kinicki, & Clark, 2002).

Correlational marker technique (CMT) an approach developed by Lindell and Whitney (2001) and is based on the notion of controlling for CMV by partialling out shared variance in bivariate correlations associated with a particular covariate was adopted for this study. Podsakoff and Organ, (1988) avers that, CMB should be less than 18%. In this study, common method bias was = 0.00 as shown in figure 4.4 explaining absence of response bias.

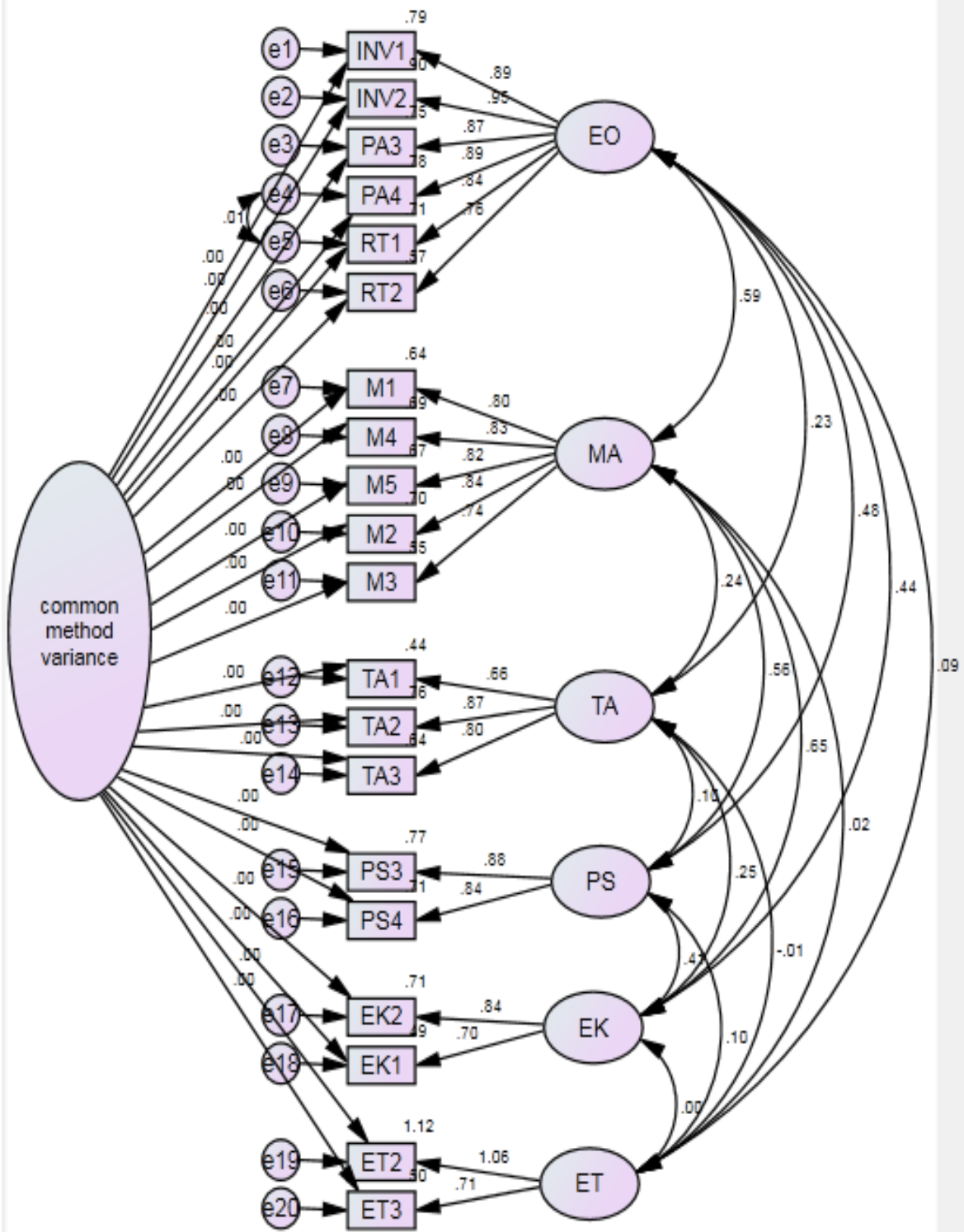


Figure 4.4: Common Method Variance

4.2.3 Data Analysis and Results of Study Variables

This was done in two phases consisting of confirmatory measurement model and structural model (Bryne, 2001). Estimation of the measurement model was categorized as the first phase which assesses the relationship between the observable variables and the theoretical constructs they represent while the second phase was the specification of the structural model and evaluation of the relationships proposed and testing of hypothesis (Bryne, 2001).

4.2.4 Confirmatory Measurement Model

Confirmatory factor analysis (CFA) was categorized as the first phase and it evaluates the measurement model on multiple criteria such as internal reliability, convergent and discriminant validity. Prior to CFA, it was EFA that includes the computation of factor loadings matrix, communalities and Principle Component Analysis (PCA).

4.2.5 Exploratory Factor Analysis (EFA)

Exploratory factor analysis (EFA) is intended to explore the data if the links between the observed and latent variables are known or uncertain (Byrne, 2010; Hair et al., 2010). Prior to exploratory factor analysis, two statistical tests, namely; Kaiser-Meyer-Olkin (KMO) which measures sampling adequacy and Bartlett test of Sphericity which assess the factorability of data or suitability of data for structure detection were performed to assess the appropriateness of using factor analysis and to test whether the relationship among the variables has been significant or not (Pallant, 2010).

The Bartlett test of sphericity value from the data showed statistical significance (Chi square with degrees of freedom 190=1723.198, $p = 0.000$) implying there were sufficient relationships among the variables to investigate. Bartlett's Test Sphericity value is significant if $p \leq 0.05$ (Pallant, 2010). Bartlett's test value was deemed significant since the p-value was 0.000 ($p = 0.000$). Kaiser-Meyer-Olkin and Bartlett

test of Sphericity values suggest that, the data set in the study was suitable for factor analysis.

Table 4.6: Kaiser-Meyer-Olkin and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.763
	Approx. Chi-Square	1723.198
Bartlett's Test of Sphericity	df	190
	Sig.	.000

Pattern Matrix

This is a matrix containing the coefficient or loadings used to express the item in terms of the factors if the factors are uncorrelated. Rummel (1970) posits that the pattern matrix loadings are zero when a variable is not involved in a pattern and close to 1.0 when a variable is almost perfectly related to a factor pattern. The more the factors, the lower the pattern coefficients as a rule since there will be more common contributions to variance explained. Appendix 4 shows the loading and cross loading for the measurement model. The coefficients ranged between 0.736 and 0.948 indicating that the variables are almost perfectly related to factor pattern.

Communalities

Communality values were checked to measure the variability of each observed variable that could be explained by the extracted variable (Field, 2009). Low value for communality (e.g., less than 0.3) is undesirable, as it could indicate that the variable does not fit well with the other variables in its component. Extraction communalities as shown in Appendix 5 are the estimates of the variance in each variable accounted for by the factors in factor solution. Small values indicate variables that do not fit well with the factors solution and should be dropped from the analysis (Pallant, 2007) posits.

The findings show that, all twenty (20) variables had extraction communalities for the solution above 0.6 implying that variables fitted well with other variables and all combined accounted for 80.169%. All items in a factor model should have communalities of over 0.60 or an average communality of 0.7 to justify performing a factor analysis (MacCallum, Widaman, Zhang and Hong (1999, 2001).

Principal Component Analysis

Principal component analysis (PCA) was used to carry out factor analysis with the aim of identifying the least number of factors that account for the common variance in the set of variables as advised by Myers (2003). Principal component analysis (PCA) was appropriate because it converts a set of observations of possibly correlated variables into a set of values of linearly uncorrelated variables (Tabachnick & Fidell, 2013). Its first principal component is the linear combination of observed variables that maximally separates subjects by maximizing the variance of their component scores while the second component is formed from residual correlations (Tabachnick & Fidell, 2013).

Appendix 6 generated using SPSS and by constraining factors shows the total variance explained by the initial eigen values. There were twenty (20) factors in total and the study used variance percentage (%) and Kaiser's criterion test in order to determine the number of factors that can best represent the interactions among the set variables (Hair et al., 2010). Based on Kaiser's criterion, six (6) factors out of twenty (20) factors were imputed. In this case, six (6) factors in the initial solution had eigen values greater than 1.00 and together, they accounted for 80.169% of the variability in the original variables with one variable emerging dominant and accounted for 38.770% of the variance in the original variables data.

4.2.6 Confirmatory Factor Analysis

Confirmatory Factor Analysis (CFA) is part of the structural equation modelling (SEM), which consists of two steps: the measurement model and the structural model

(Byrne, 2010; Hair et al., 2010). In the first step, the researcher validates the measurement model through Confirmatory Factor Analysis (CFA), which shows the extent to which the observed variables (indicators) represent an underlying latent construct (Hair et al. 2010). The model was subjected to first order confirmatory factor analysis in order to assess the reliability and validity of the measures before using them in the research model (Anderson and Gerbing (1988).

The first phase includes the analysis of the measurement model, while the second phase examines the structural relationships among latent constructs. The twenty (20) items for the study variables were examined using confirmatory factor analysis (CFA) on the basis of EFA results to examine the dimensionality of each variable and to test the model fit of the factors of the study variables (Anderson & Gerbing, 1988) as shown in figure 4.5.

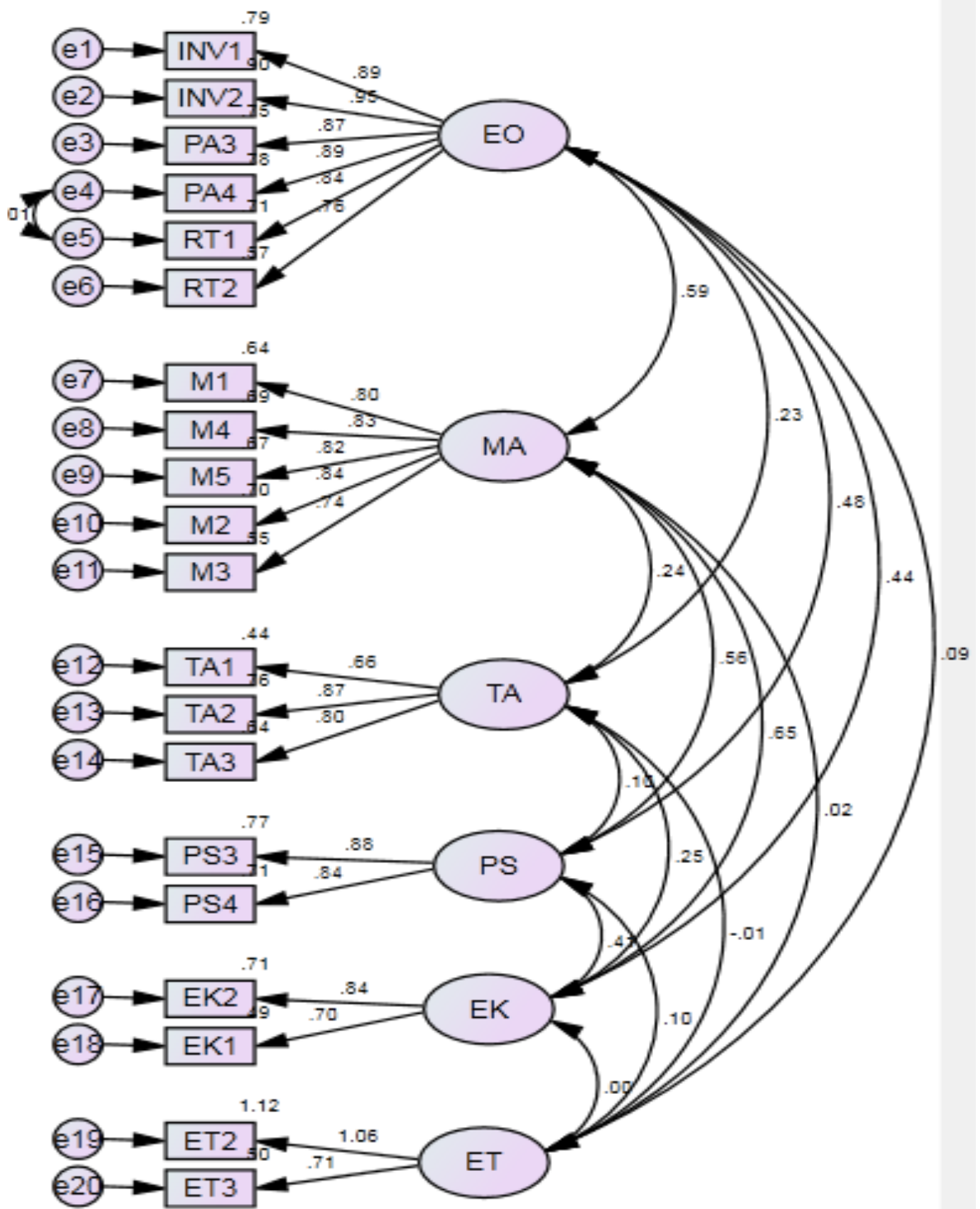


Figure 4.5: First Order CFA Model for Study Variables

Convergent Validity

The convergent validity is the degree to which a set of variables converge in measuring the concept on construct and is confirmed using the items reliability, composite reliability and average variance extracted (Bagozzi & Yi, 1988; Hair et al., 2010). If all the items are significantly important in measuring their constructs, composite reliability values are at least 0.7 and the average variance extracted (AVE) are at least 0.5 then the convergent validity can be confidently confirmed (Bagozzi & Yi, 1988; Hair et al., 2010). Referring to appendix 7, the composite reliability value of all the constructs exceeded the cut-off value of 0.7 and all the values of average variance extracted (AVEs) are more than 0.5. Thus, one can confirm that the measurement, outer, model possesses an adequate level of convergent validity.

Discriminant Validity

The discriminant validity shows to which degree a set of items differentiate a construct from other measures is greater than the variance shared among distinct constructs. To examine the discriminant validity of the measurement model, this study followed the criterion suggested by Fornell and Larcker (1981). In correlation matrix illustrated in table 4.7, the diagonal elements in bold are the square root of the average variance extracted (AVE) of all the latent constructs. The discriminant validity is assumed if the diagonal elements are higher than other off-diagonal elements in their rows and columns (Compeau, Higgins, & Huff, 1999). This situation is apparently the case in the correlation matrix and thus the discriminant validity for the first order confirmatory factor analysis (CFA) model is confirmed.

Table 4.7: Correlations among Constructs and Discriminant Validity

	EK	EO	MA	TA	PS	ET	AVE
EK	0.774						0.599
EO	0.451	0.862					0.743
MA	0.656	0.588	0.808				0.653
TA	0.250	0.235	0.243	0.783			0.613
PS	0.421	0.469	0.563	0.100	0.860		0.739
ET	-0.049	0.059	0.071	-0.078	0.017	0.852	0.726

Internal Consistency for Reliability

Appendix 7 shows the average Cronbach's statistics for all the measuring items of the study variables. All the retained factors depicted that the value of Cronbach's alpha were above the suggested value of 0.7 (Nunnally & Bernstein, 1994; Nunnally, 1974) ranging from 0.713 to 0.910 thus reliability of the model was achieved.

Chi-square Goodness of Fit Test

Chi-square goodness of fit test was used to determine whether the model provided adequate fit for the data. Different fit statistical tests were used to assess whether overall models were acceptable and if acceptable, the researchers establish whether specific paths were significant (Hu & Bentler, 1999). The criterion for acceptance of chi-square index ranges from less than 2 (Ullman, 2001) to less than 5 (Marsh, et al., 2011). Other fit statistics were used to examine the fits since the chi-square goodness of fit statistics is overly sensitive to sample size (Schumacker & Lomax, 2004). Table 4.8 shows a Chi-Square statistics of 391.650 with an associated probability value of 0.000 which is greater than 0.05.

Table 4.8: Chi-square Test Statistics

Chi-Square	df	p-value
391.650	154	.000

Two types of fit statistics commonly used were considered; absolute fit indices and incremental fit indices to ascertain whether overall models were acceptable and if acceptable, to establish whether specific paths were significant. Root mean square error of approximation (RMSEA), goodness of fit index (GFI), adjusted goodness of fit index (AGFI), Comparative Fit Index (CFI) and Normed fit index (NFI) were reported (Hair et al., 2010). McDonald and Ho (2002) also found that the most commonly reported fit indices are the CFI, GFI, AGFI, NFI and the RMSEA hence this study picked on five mostly reported fit indices. Since all the overall fit statistics indicated an acceptable satisfactory fit, the model was found to be acceptable.

The Comparative Fit Index (CFI), values range between 0.0 and 1.0 with values closer to 1.0 indicating good fit. A value of CFI greater than or equal to 0.95 is recognized as indicative of good fit (Hu & Bentler, 1999). The model had a comparative fit index (CFI) of 1 indicating good fit. Marsh, et al., (2011) posit that RMSEA values range from 0 to 1 with a smaller RMSEA value indicating a better good model fit which is typically indicated by an RMSEA value of 0.05 or less (Hu & Bentler, 1999). The model had a Root Mean Square Error of Approximation (RMSEA) of 0.04 which was within the acceptable range and which is considered excellent.

The goodness of fit index (GFI) which is a measure of fit between the hypothesized model and the observed covariance matrix recorded a value of 0.906 which was above the recommended value of 0.8 McDonald and Ho, (2002). Adjusted goodness of fit index (AGFI) values ranges between 0 and 1 and it is generally accepted that values of 0.913 or greater indicate well-fitting models. The NFI for the study was 0.978 which indicated a satisfactory fit. A good fit for NFI is indicated by values

greater than 0.90 Chan, Lee, Jeong Lee, Kubota and Allen (2007).

Table 4.9: Confirmatory Factor Analysis Model Fits

Model	CFI	GFI	AGFI	NFI	RMSEA
Default model	1	0.906	0.913	0.978	0.04
Saturated model	1	1		1	
Independent model	0	0.374	0.124	0	0.455

4.3 Descriptive and Qualitative Analysis of Study Variables

This section discusses the descriptive statistics of the study variables on the influence of entrepreneurial training on government regulations and entrepreneurial orientation of small and medium enterprises in Kenya. The discussion was divided in parts comprising independent variable, dependent variables and the moderating variable. Each of the variables was discussed individually.

Objective 1: To determine the influence of marketing activities on entrepreneurial orientation amongst SMEs operators in Kenya.

4.3.1 Empirical Findings of Marketing Activities on Entrepreneurial Orientation

The study sought to determine the influence of marketing activities on entrepreneurial orientation amongst SMEs in Kenya. Eight items which depicted the influence of marketing activities on entrepreneurial orientation were subjected to descriptive analysis through the use of percentages, mean and standard deviation. From the study findings as shown in table 4.10, overwhelming majority, (81%) (Mean = 4.80, SD =0.466) of the respondents strongly agreed that customer relationship marketing is important in order to know what exactly satisfies their needs and wants. This implies that, SMEs operating in alcoholic retailing business continues to evaluate their customer's needs as such to attain their optimal satisfaction levels. Second, the study findings depicted that the respondents strongly agreed (Mean = 4.60, SD = 0.634) that their organization strongly carried out the

promotions of their products and whole heartedly adopted and adhered to the principles and practices of marketing. This implies that, SMEs operating in the retailing alcoholic beverages sector complied with the agreed standards and policies while marketing their products. The findings too revealed that majority of the respondents strongly agreed (Mean= 4.26, SD = 0.843) that branding of organization in order to advertise their products has increased the number of customers. Therefore, the SMEs should maximize their products advertisement through painting of their walls as such to increase their customer base. Moreover, the majority of the respondents agreed (Mean =3.35, SD = 1.18), that the level of competition in their markets produced rivalry competition between competitors. It was important to note that the responses in this statement had the highest dispersion among the eight marketing activities statements, percentage analysis indicated that (15%) strongly agreed while (37%) agreed and (11%) either strongly agreed or disagreed on the same.

Table 4.10: Influence of Marketing Activities on Entrepreneurial Orientation

Opinion Statements	*SD (%)	D (%)	N (%)	A (%)	SA (%)	M	SD
Customer relationship marketing is important in order to satisfies their needs and wants	0	0	2	17	81	4.8	0.45
This organization does marketing and adheres to the principles and practices of marketing	0	2	2	30	66	4.6	0.63
Branding of buildings in order to advertise our products has led to the increase of the number of customers	0	6	10	39	46	4.3	0.84
The level of competition in our market produces intense rivalry between competitors	11	11	25	37	15	3.4	1.18
We operate in a market where it is relatively easy for new competitors to emerge	0	0	15	38	47	4.4	0.72
Our suppliers have few customers and rely heavily upon our business	0	18	18	23	41	3.9	1.13
All employees of the organization understand their role	8	22	9	40	21	3.5	1.25
Marketing is important for expansion and growth of the company	4	10	15	35	36	4.0	1.11

*SD= strongly disagree D=Disagree N=Neutral A=Agree SA=Strongly Agree
M=Mean SD=Standard Deviation

4.3.2 Influence of Marketing Activities on Entrepreneurial Orientation

The first specific objective of the study was to determine the influence of marketing activities on entrepreneurial orientation amongst SMEs operators in Kenya. The study sought to determine the linear relationship between marketing activities and entrepreneurial orientation. Structural equation modelling (SEM) which is a two-step methods consisting of the measurement model and structural model was applied (Hair et al., 2010). Prior to the two steps, exploratory factor analysis (EFA) was

carried out to identify the factors with the highest factor loadings.

Appendix 8 shows the factor loading of factors measuring marketing activities retained for further analysis while Appendix 9 shows the value for the Mahalanobis d- squared for marketing activities. Since none of the p value was less than 0.05, this confirmed the absence of outliers in the data set. Table 4.11 shows the model fit indices for marketing activities on entrepreneurial orientation which was acceptable.

Table 4.11: Model Fit Indices of Marketing Activities on Entrepreneurial Orientation

Model	CFI	GFI	AGFI	NFI	RMSEA
Default model	1	0.978	0.934	0.980	0.014
Saturated model	1	1		1	
Independent model	0	0.374	0.124	0	0.455

4.3.3 Convergent Validity of Marketing Activities

Regression weights were used to explain the nature of the relationship for every unit change in the marketing activities since all the variables were in the same measurement scale They depict the change in standard deviation for every unit increase in marketing activities standard deviation (Kusumawardhani, 2013). The t-values (critical ratio; C.R) for all the items measuring marketing activities were higher than 1.96 (CR > 1.96) implying that all the indicators were significantly related to marketing activities, results verifying the convergent validity of the marketing activities construct as shown in table 4.12. This implies that, there was a significant positive relationship between marketing activities and entrepreneurial orientation amongst SMEs operators in Kenya.

Table 4.12: Regression Weight of Marketing Activities

			Estimate	SE	CR	P
MA5	<---	Marketing Activities	1.243	0.16	7.972	***
MA4	<---	Marketing Activities	1.27	0.15	8.699	***
MA3	<---	Marketing Activities	0.612	0.08	7.872	***
MA2	<---	Marketing Activities	0.976	0.15	6.526	***
MA1	<---	Marketing Activities	0.818	0.11	7.615	***

***= significance of the construct.

4.3.4 Hypothesis Testing

The study had hypothesized that;

H₀₁ “There is no significant relationship between marketing activities and entrepreneurial orientation (EO) amongst SMEs operators in Kenya”.

To test the hypothesis, structural models were used by considering the path coefficients to determine the direction and strength of the factors. From figure 4.6, path coefficient beta value was 0.59 ($\beta=0.59$) implying that, for every 1 unit increase in marketing activities, entrepreneurial orientation of SMEs dealing in alcohol retailing was predicted to increase by 0.59 units. Figure 4.6 also shows that, marketing activities had a coefficient R^2 mean of 0.35 showing the proportion of variation in dependent variable explained by the SEM model. R^2 indicates that, 35% of the variations in entrepreneurial orientation of SMEs dealing in alcohol retailing can be accounted for by marketing activities scores.

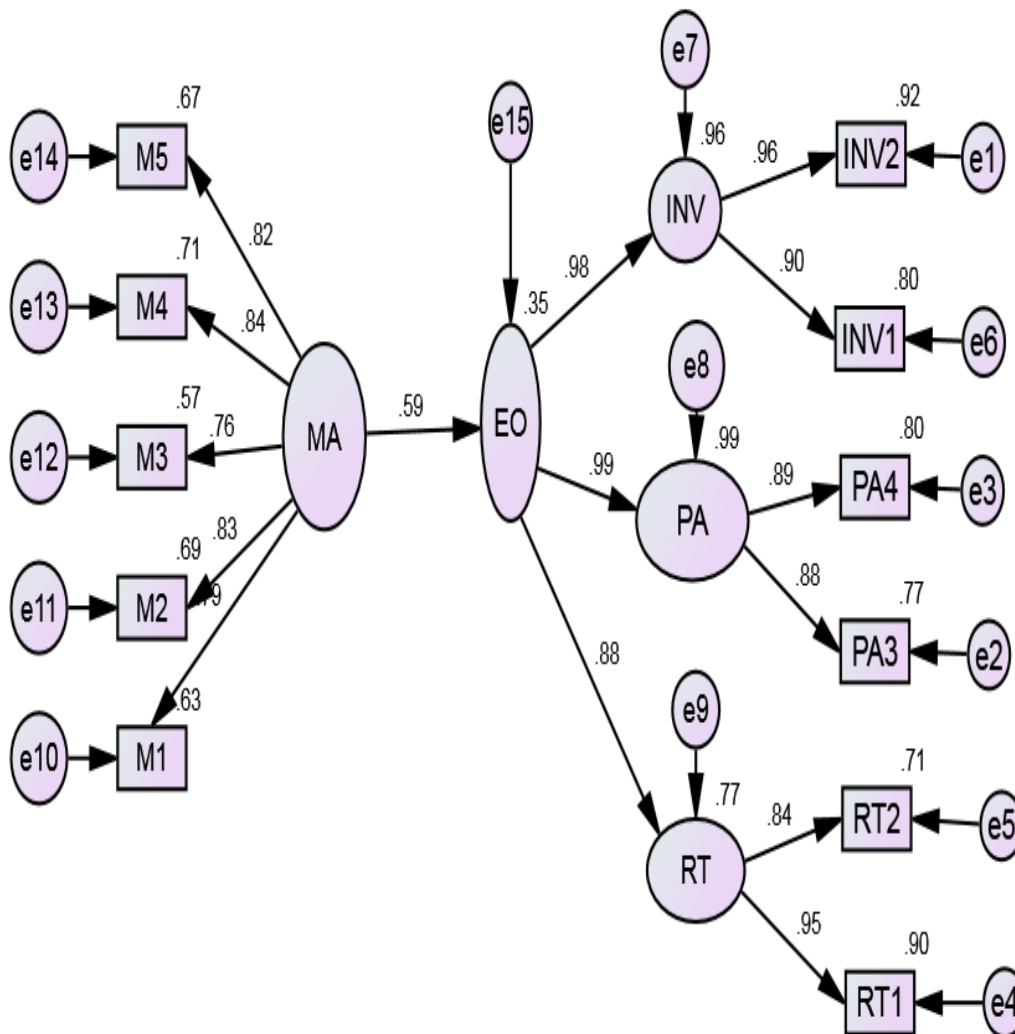


Figure 4.6: Structural equation modeling for the first hypothesis

Table 4.13, shows t-statistics values (CR) used to provide information on the significance to the relationship using path coefficients to determine the direction and strength of the factors. This results reveals that, there was a significant positive (critical ratio = 4.061, p-value = .000) relationship between marketing activities and entrepreneurial orientation which is greater than the conventional critical value of

1.96 at 0.05 significance level ($p < 0.05$). An increase in marketing activities led to an increase in entrepreneurial orientation of SMEs operators in Kenya.

In this regard, the null hypothesis was rejected and therefore, this model was significant at 95% significant level indicating a positive significant relationship between marketing activities and entrepreneurial orientation.

Table 4.13: Critical Values of Marketing Activities

			Estimate	S.E.	C.R.	P
EO	<---	Marketing Activities	0.418	0.103	4.061	***
MA5	<---	Marketing Activities	1.243	0.16	7.972	***
MA4	<---	Marketing Activities	1.27	0.15	8.699	***
MA3	<---	Marketing Activities	0.612	0.08	7.872	***
MA2	<---	Marketing Activities	0.976	0.15	6.526	***
MA1	<---	Marketing Activities	0.818	0.11	7.615	***

The findings of this study concur with findings by Njoroge and Gathungu (2013) that carried out a study on the effect of entrepreneurial training on development of small and medium size enterprises in Githunguri District- Kenya and found that, entrepreneurship training has been found to be a major determinant in the growth and survival of small and medium enterprises. Bjerke and Hultman (2002) too in a study on entrepreneurial marketing: the growth of small firms in the new economic era, found that small and medium enterprises (SMEs) that participate in entrepreneurial training and engage in marketing activities are widely considered likely to survive, develop and succeed in new ventures. Hussey and Hussey, (1998) aver that, one important aspect of model for improving entrepreneurial orientation of the firm is through marketing activities.

Small medium enterprises (SMEs) that have a marketing philosophy are able to assess market needs before new products development. Some entrepreneurs prefer

gauging customer reaction after products development and using a wait and see attitude on passed government regulations by hoping the government of the day would rescind its regulations rather than look for new opportunities or be proactive. Such ideas epitomized by entrepreneurs limit the degree of entrepreneurship within their firms.

This study advocates for entrepreneurial training for SME operators so that they can be able to understand government regulations and enhance their ability to be entrepreneurial. Through entrepreneurial training, SME operators should express a zeal for the development of new marketing activities, concepts and ideas – an “innovation oriented” – rather than being dedicated to the principles of customer orientation as per the marketing concept. These results reveal that successful SME operators, undertake entrepreneurial training and engage in marketing activities in ways which often should not be seen at odds with conventional models. They tend to focus first on customer needs and do not identify customer groups through a bottom-up process of elimination, rather than a more deliberate segmentation, targeting and positioning strategies because of entrepreneurial training received. Entrepreneurial training enhances entrepreneurial intensity within the firm.

4.4. Descriptive Analysis of Product Standardization on Entrepreneurial Orientation

Objective 2: The second objective of the study was to establish how product standardization influences entrepreneurial orientation amongst SMEs operators in Kenya.

Product standardization is regarded today by different countries as an essential guideline for all companies within their economy, and aim to promote and motivate adopting standards. Imai, (2006) notes that, there can be no improvement where there are no standards. The study sought to establish how product standardization influences entrepreneurial orientation amongst SMEs operators in Kenya.

Descriptive statistics, factor analysis, reliability test, influence of product standardization on entrepreneurial orientation was sought.

A five-point likert scale with seven survey statements, closed-ended questions were used to evaluate product standardization and the results were as tabulated in table 4.14. Percentages were used to describe the results. Most of the respondents were observed to agree with most of the statements. From the results, majority (65%) of the respondents unanimously agreed that many of the businesses registered under PERAK are ISO certified, and 16% disagreed.

On whether there has been completion of alcohol products in the market, majority at (57%) agreed with the statements with a few (20%) of the respondents disagreed with the statements. Majority of the respondents (70%) agreed that the cost of implementing the set standards have gone up with minority (20%) answering on the negative. This result agreed well with the findings by Saxena (2012) that, major problems faced by marketers are the problem of product standardization and competition from large scale units. They face the problems in fixing the standards and sticking to them. There should be efficient regulated market and government should also lend its helping hand in this context. Grading and product standardization should be promoted and promotional activities should be enhanced. This is in line with the aims of Alcohol Act whose major aim was to standardize the production of beer to do away with the adulterated alcohol production.

Table 4.14: Influence of Product Standardization on Entrepreneurial Orientation

Opinion Statements	SD (%)	D (%)	N (%)	A (%)	S	
					A (%)	S M D
Many of the businesses registered under PERAK are ISO certified	4	12	19	33	32	3.8 1.1
There has been an improvement in quality of alcohol products in terms of health and safety for consumers in the Kenyan market	0	2	8	30	60	4.5 0.7
There has been an increase of new products in the market since the inception of Alcohol Act	2	3	19	32	44	4.2 0.9
New methods of production have been introduced in the market since the inception of Alcohol Act	13	8	25	32	22	3.4 1.2
There has been competition from second generation beers after legalization of chang'aa, busaa and traditional beers	9	11	23	34	23	3.5 1.2
There has been a decrease in the number of people taking alcohol due to the inception of Alcohol Act	18	8	21	30	23	3.4 1.4
Implementation of the set standards has been cost-effective	10	10	10	33	37	3.8 1.3

4.4.1 Influence of Product Standardization on Entrepreneurial Orientation

The linear relationship between product standardization and entrepreneurial orientation was sought where structural equation modeling (SEM) was applied. Prior to this, exploratory factor analysis (EFA) was carried out to identify factors with the highest factor loadings. The results of the study findings depicted that all the factors measuring product standardization had a factor loading of greater than 0.5 showing high construct validity (see appendix 8).

The measurement model was evaluated through the assessment of the goodness of fit statistics. The overall fit statistics indicated an acceptable fit for product standardization model as shown in table 4.15. With regard to which indices should be reported, the study found that the most commonly reported fit indices are the CFI, GFI, AGFI, NFI and the RMSEA (McDonald and Ho (2002)).

Table 4.15: Model Fit Indices for Product Standardization

Model	CFI	GFI	AGFI	NFI	RMSEA
Default model	0.993	0.982	0.911	0.984	0.073
Saturated model	1	1		1	
Independent model	0	0.441	0.161	0	0.531

4.4.2 Convergent Validity of Product Standardization

Table 4.16 shows the regression weights, which depicts the nature of the relationship for every unit change in the product standardization. All the regression weights were above the minimum acceptable level of 0.5 while the t- values (critical ratio; C.R) were higher than 1.96 (Kusumawardhani, 2013). This implies that all the indicators were significantly related to product standardization, and the results verified the convergent validity of the product standardization construct.

Table 4.16: Regression Weight of the Product Standardization

			Estimate	S.E.	C.R.	P-value
EO	<---	PS	0.159	.069	2.316	.021
PS2	<---	PS	0.99	0.14	7.2	***
PS3	<---	PS	1.71	0.31	5.6	***
PS4	<---	PS	1.83	0.32	5.7	***
PS5	<---	PS	1.65	0.30	5.4	***

*PS= Product Standardization, EO=Entrepreneurial Orientation.

4.4.3 Hypothesis testing

The study had hypothesized that;

H₀₂: There is no significant relationship between entrepreneurial orientation (EO) and product standardization amongst SMEs operators in Kenya.

To test the hypothesis, structural models were used by considering the path coefficients to determine the direction and strength of the factors. From figure 4.8, path coefficient beta value was 0.47 ($\beta = 0.47$) implying that for every 1 unit increase in product standardization, entrepreneurial orientation of SMEs dealing in alcohol retailing is predicted to increase by 0.47 units. Figure 4.7 also shows that, product standardization had a coefficient R^2 mean of 0.23 showing the proportion of variation in dependent variable explained by the SEM model. R^2 indicates that 23% of the variations in entrepreneurial orientation of SMEs dealing in alcohol retailing can be accounted for by product standardization scores.

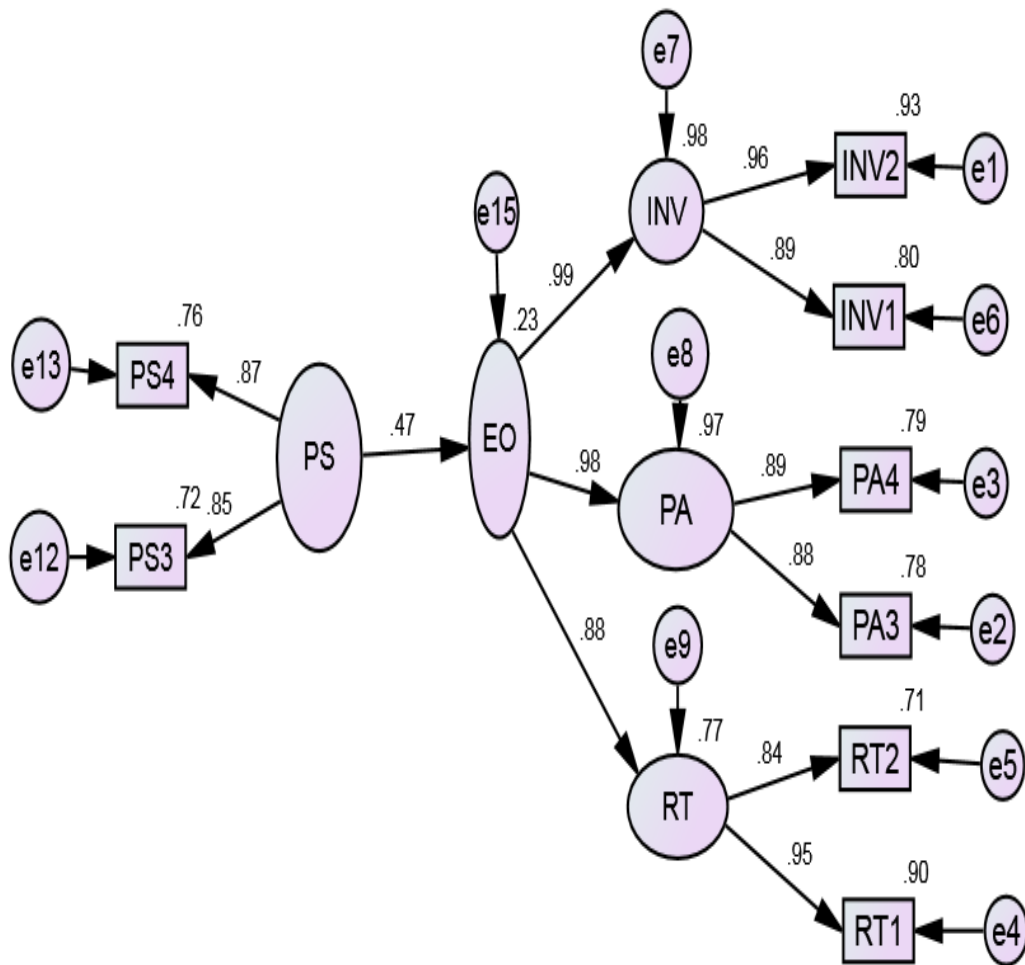


Figure 4.7: Structural equation modeling for the second hypothesis

Where **PS**= Product Standardization, **EO** = Entrepreneurial Orientation, **Inv** is Innovation **PA** is proactiveness and **RT** is Risk Taking

Table 4.17 shows t-statistics values (CR) used to provide information on the significance to the relationship between product standardization and entrepreneurial orientation amongst SMEs operators in Kenya. These results show that there was a significant positive (critical ratio= 2.316) relationship between product standardization and entrepreneurial orientation of SMEs in Kenya. Results thus

reveal that, when product standardization increases by 1 unit, entrepreneurial orientation increases by 0.159 units. This implies that an increase in product standardization leads to an increase in entrepreneurial orientation of SME operators in Kenya. Therefore null hypothesis was rejected at 95% significance level. There is therefore significant relationship between product standardization and entrepreneurial orientation (EO) amongst SMEs operators in Kenya.

Table 4.17: Critical Values for the Product Standardization

			Estimate	S.E.	C.R.	P-value
EO	<---	PS	0.159	.069	2.316	.021
PS2	<---	PS	0.99	0.14	7.2	***
PS3	<---	PS	1.71	0.31	5.6	***
PS4	<---	PS	1.83	0.32	5.7	***
PS5	<---	PS	1.65	0.3	5.4	***

*PS= Product Standardization, EO = Entrepreneurial Orientation.

4.5 Analysis of Entrepreneurial Competencies on Entrepreneurial Orientation

Objective 3: To investigate whether entrepreneurial competencies influences entrepreneurial orientation amongst SMEs operators in Kenya.

This objective of the study sought to investigate the influence of government regulations and entrepreneurial competencies on entrepreneurial orientation on SMEs in Kenya. An entrepreneurial competency is the power that enables invention, innovation and ability to solve problems irrespective of their complexity. Entrepreneurial competencies define the success of a business. It is as much a learned skill as it is a natural talent and those that engage in creative activities possess a creative mind Salvini (2004). This knowledge has the ability to observe, identify, relate, solve puzzles and see things in the hidden.

Small and Medium operators in this sector must have entrepreneurial competencies to come up with products, goods and services that are unique and endear customers and has the capacity of positively affecting lives. It is the essence of entrepreneurship which means that an entrepreneur is nothing without knowledge. Entrepreneurs are driven by the passion to create something that never existed before not necessarily because of a need that must be met but because of the joy they get in succeeding in their businesses. It's the joy of success that makes entrepreneurs persist even when the world laughs at their idea. An entrepreneur can increase the knowledge capacities through practice and exercise, use of improved tools and increased access to information and understanding (Katz & Brockhaus, 2008).

The study findings depicted that majority (83%) of the respondents reported that government regulations had great influence on their managerial skills while a few (17%) reported low influence from government regulations on their managerial skills. Second, (31%) reported that they received very little influence from government regulations in relation to technical skills. Third, majority (37%) reported that they received great extent in form of interpersonal skills due to government regulations. An overwhelming number of respondents (36%) reported that they received great extent influence due to government regulations in regard to communication skills.

The result findings relates with the findings of Erzetec (2008) who agrees that entrepreneurs need to learn continuously through self-directed learning, as well as through formal education and entrepreneurial training to be able to secure the business performance of their ventures in the study "Means of knowledge acquisition of entrepreneurs and their success" thereby influencing entrepreneurial orientation. He posits that, failure to acquire new knowledge and learn can make a firm unable to keep with technological progress in an industry and to anticipate shifts in customer requirements since it may be unable of producing technology standards. Knowledge is power for any business to thrive. When making a decision on what it means to use in order to succeed in business, entrepreneurial competencies by

entrepreneurs is one of the criteria employed for the business success, time and money investment as well as pedagogical techniques (Sullivan, 2000).

Table 4.18: Influence of Entrepreneurial Competencies on Entrepreneurial Orientation

Opinion Statements						Very	Mean	SD
	Very low	Low	Moderate	Great	great			
	extent	extent	extent	extent	extent			
	(%)	(%)	(%)	(%)	(%)	(%)		
Managerial Skills	6	31	27	31	5	3.12	1.462	
Technical Skills	31	16	33	13	7	2.63	1.686	
Interpersonal skills	9	13	23	37	18	3.43	1.179	
Communication skills	0	9	21	34	36	3.98	0.963	
Ability to come up with new ideas	9	21	15	36	17	3.40	1.607	
Market analysis	6	16	16	35	27	3.63	1.204	
Product/service knowledge	20	15	30	21	14	3.08	1.670	
Understanding of legal structures	12	19	14	38	17	3.32	1.270	

4.5.1 Influence of Entrepreneurial Competencies on Entrepreneurial Orientation

The study sought to find out the relationship between entrepreneurial competencies and entrepreneurial orientation. To test their relationship, SEM modeling was carried out. Exploratory Factor Analysis (EFA) was carried out as such to investigate the factor loadings of the various variables explaining entrepreneurial competencies (see appendix 8). The model unidimensionality was tested through the assessment of

goodness of fit statistics as shown in table 4.19. Since all, the overall fit statistics indicated an acceptable fit for entrepreneurial competencies model; it then implies that entrepreneurial competencies construct was fit and acceptable.

Table 4.19: Model Fit Indices for Entrepreneurial Competencies

Model	CFI	GFI	AGFI	NFI	RMSEA
Default model	1.000	0.997	0.975	0.996	0.014
Saturated model	1	1		1	
Independent model	0	0.556	0.259	0	0.481

4.5.2 Convergent Validity of Entrepreneurial Competencies

Table 4.20 shows the regression weights which depicts the nature of the relationship for every unit change in the entrepreneurial competencies. All the regression weights were above the minimum acceptable level of 0.5 and t- values (critical ratio; C.R) for all the entrepreneurial competencies items were also higher than 1.96 (Kusumawardhani, 2013). This implies that, all the four indicators were significantly related to entrepreneurial competencies, and the results verified the convergent validity of the entrepreneurial competencies construct. This was an indication of the presence of a positive significant relationship between entrepreneurial competencies and entrepreneurial orientation amongst SMEs operators in Kenya.

Table 4.20: Regression Weight of the Entrepreneurial Competencies

			Estimate	S.E.	C.R.	p-value
EO	<---	EK	0.394	0.106	3.731	***
EK2	<---	EK	2.213	0.460	4.811	***
EK3	<---	EK	1.543	0.314	4.909	***
EK4	<---	EK	1.539	0.312	4.929	***

4.5.3 Hypothesis Testing

The study had hypothesized that;

H₀₃: There is no significant relationship between entrepreneurial competencies and entrepreneurial orientation (EO) amongst SMEs operators in Kenya.

To test the hypothesis, structural models were used by considering the path coefficients to determine the direction and strength of the factors. From figure 4.10, path coefficient beta value was 0.61 ($\beta = 0.61$) implying that for every 1 unit increase in entrepreneurial competencies, entrepreneurial orientation of SMEs dealing in alcohol retailing is predicted to increase by 0.61 units. Figure 4.8 also shows that entrepreneurial competencies had a coefficient R^2 mean of 0.37 showing the proportion of variation in dependent variable explained by the SEM model. R^2 indicates that 37% of the variations in entrepreneurial orientation of SMEs dealing in alcohol retailing can be accounted for by entrepreneurial competencies scores.

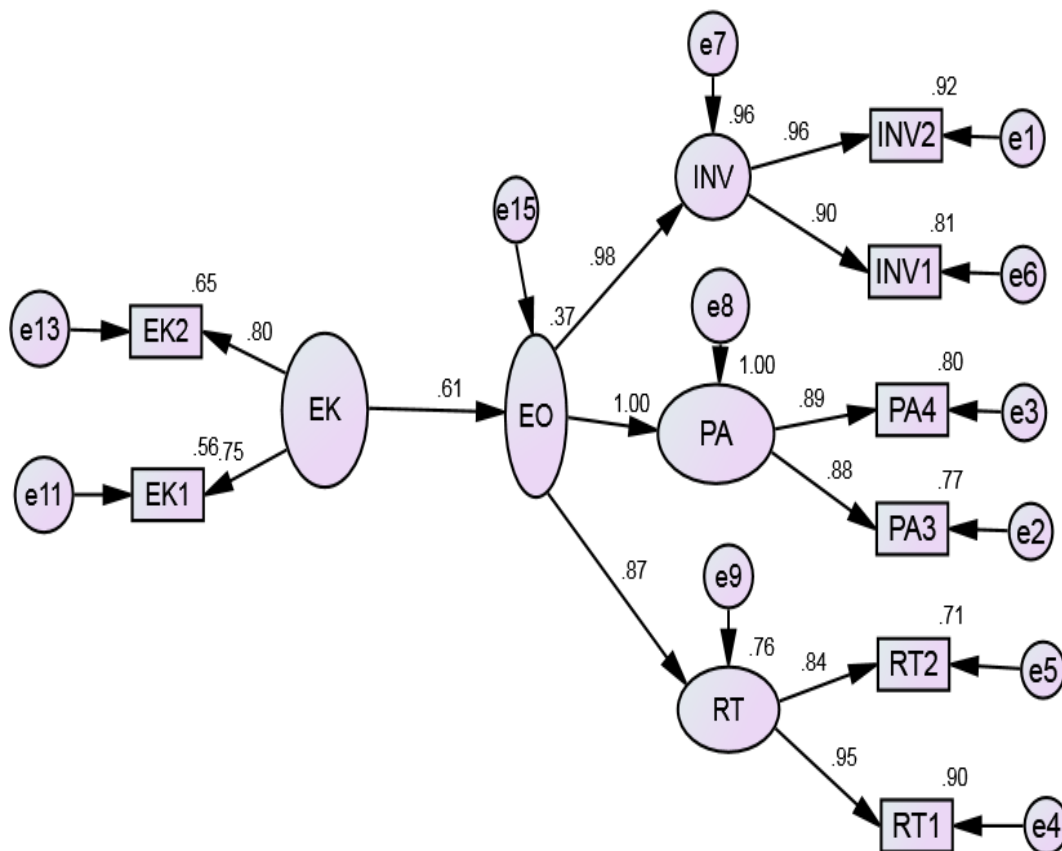


Figure 4.8: Structural equation model for the third hypothesis

Table 4.21 shows t-statistics values (CR) used to provide information on the significance to the relationship between entrepreneurial competencies and entrepreneurial orientation amongst SME operators in Kenya. These results show a significant positive (critical ratio = 3.434, p-value = .000) relationship between entrepreneurial competencies and entrepreneurial orientation. Results thus reveal that when entrepreneurial competencies increase by 1 unit, entrepreneurial orientation increases by 0.699 units. This implies that an increase in entrepreneurial competencies led to an increase in entrepreneurial orientation of SMEs operators in Kenya.

Therefore null hypothesis is rejected at 95% significance level.

Table 4.21: Critical Values of the Entrepreneurial Competencies

Regression Weights						
			Estimate	S.E.	C.R.	P
EO	<---	EK	0.699	0.204	3.434	***
EK2	<---	EK	2.213	0.460	4.811	***
EK3	<---	EK	1.543	0.314	4.909	***
EK4	<---	EK	1.539	0.312	4.929	***

4.6 Descriptive Analysis of Technology Adoption on Entrepreneurial Orientation

Objective 4: To assess the influences of technology adoption on entrepreneurial orientation amongst SMEs operators in Kenya.

Technology drives the world. Businesses are anchored on innovation. Due to the increased access to information, the globe is ripe with technology adoptions and already developed business ideas of economic significance are being well nurtured, incubated and implemented through education and other various exposures. In line to promote this, emphasis is given to incubating the product idea which results to product value creation at the expense of enterprise development and sustainability which gives the business the capacity to be financed, further growth and continuity in technology adoptions which are core pillars in the success of start-ups. Technology provides an ideal underpinning for technology innovation and entrepreneurship. It is recommended that, schools incorporate entrepreneurial modules within the core curriculum. This supports Drucker (1985) cited in McCormick and Maalu (2011) who stated that, systematic technology adoption is an entrepreneurs' tool and the innovation process should be taught and learnt in a pedagogic and didactic way.

A five-point Likert scale was used to measure technology adoption and the results were as tabulated in table 4.22. Respondents were presented with a list of government regulations and asked to state the extent to which the regulations influenced their ability to adopt technology. From the results, majority (68%) indicated that alcohol law influenced the respondents' ability to adopt technology from a moderated extent to very great extent while few (32%) stated that they were not influenced by alcohol law regulation. For the opinion on environmental protection law, majority (81%) indicated that they were influenced from moderate extent to a very great extent while minority (19%) were only influenced from a very low extent to a low extent by government regulation. On whether intellectual property and trade protection laws influenced technology adoption, majority (74%) were influenced from moderate extent to a very great extent while (26%) were influenced from a very low extent to a low extent.

On the opinion for scientific and technological achievements transformation law, majority (89%) indicated to have been influenced from moderate extent to a very great extent while few (11%) were influenced from a very low extent to a low extent. Lastly, on technological innovation law, majority (71%) indicated to have been influenced from moderate extent to a very great extent while only few (29%) were influenced from a very low extent to a low extent.

Table 4.22: Responses Rate on Ability to Technology Adoption

Opinion Statements	Very low extent (%)				Very great extent (%)		Mean	SD
	Very low extent (%)	Low extent (%)	Moderate extent (%)	Great extent (%)	Very great extent (%)			
Alcohol law	12	19	15	38	16	3.30	1.262	
Environmental protection law	4	15	21	38	22	3.64	1.094	
Intellectual property and trade protection laws	6	19	29	28	17	3.47	1.506	
Scientific and technological achievements transformation law	2	9	19	30	40	4.00	1.036	
Technology contract law	2	13	11	28	46	4.03	1.130	
Technological innovation law	14	15	38	21	11	3.01	1.169	

n=113

4.6.1 Influence of Technology Adoption on Entrepreneurial Orientation

The fourth objective was to assess the influences of technology adoption on entrepreneurial orientation amongst SMEs operators in Kenya. Linear relationship between technology adoption and entrepreneurial orientation was sought. Structural equation modeling was applied. This is two step methods which consist of the measurement model and structural model (Hair et al, 2010). Prior to the two steps,

exploratory factor analysis (EFA) was carried out to identify factors with the highest factor loadings (see appendix 8).

4.6.2 Testing of the Model Fit of Technology Adoption

The measurement model was tested through the assessment of goodness of fit statistics as shown in table 4.23. The overall fit statistics indicated an acceptable fit for technology adoption model implying that technology adoption construct was unidimensional.

Table 4.23: Model Fit Indices for Technology Adoption

Model	CFI	GFI	AGFI	NFI	RMSEA
Default model	0.988	0.943	0.883	0.947	0.047
Saturated model	1	1		1	
Independent model	0	0.377	0.253	0	0.336

4.6.3 Convergent Validity of Technology Adoption

Table 4.24 shows the regression weights which depicts the nature of the relationship for every unit change in the technology adoption. As shown in table 4.24, all the regression weights were above the minimum acceptable level of 0.5 (Kusumawardhani, 2013). The t- values for all the technology adoption were higher than 1.96 and this implies that, all the five indicators were significantly related to technology adoption verifying the convergent validity of the technology adoption constructs.

Table 4.24: Regression Weight and Critical Values of Technology Adoption

			Estimate	S.E.	C.R.	P-value
EO	<---	TA	0.101	0.097	1.045	
TA2	<---	Technology Adoption	0.961	0.072	13.276	***
TA3	<---	Technology Adoption	0.749	0.077	9.782	***
TA4	<---	Technology Adoption	0.751	0.101	7.401	***
TA5	<---	Technology Adoption	0.587	0.096	6.124	***

4.6.4 Hypothesis Testing

The study had hypothesized that, there is no significant relationship between technology adoption and entrepreneurial orientation (EO) amongst SME operators in Kenya. To test the hypothesis, structural models were used by considering the path coefficients to determine the direction and strength of the factors. From figure 4.9, path coefficient beta value was 0.23 ($\beta = 0.23$) implying that, for every 1 unit increase in technology adoption, entrepreneurial orientation of SMEs dealing in alcohol retailing is predicted to increase by 0.23 units. Figure 4.9 also shows that, technology adoption had a coefficient R^2 mean of 0.05 which was very low to be significant and R^2 indicates that only 5% of the variations in entrepreneurial orientation of SMEs dealing in alcohol retailing can be accounted for by technology adoption scores.

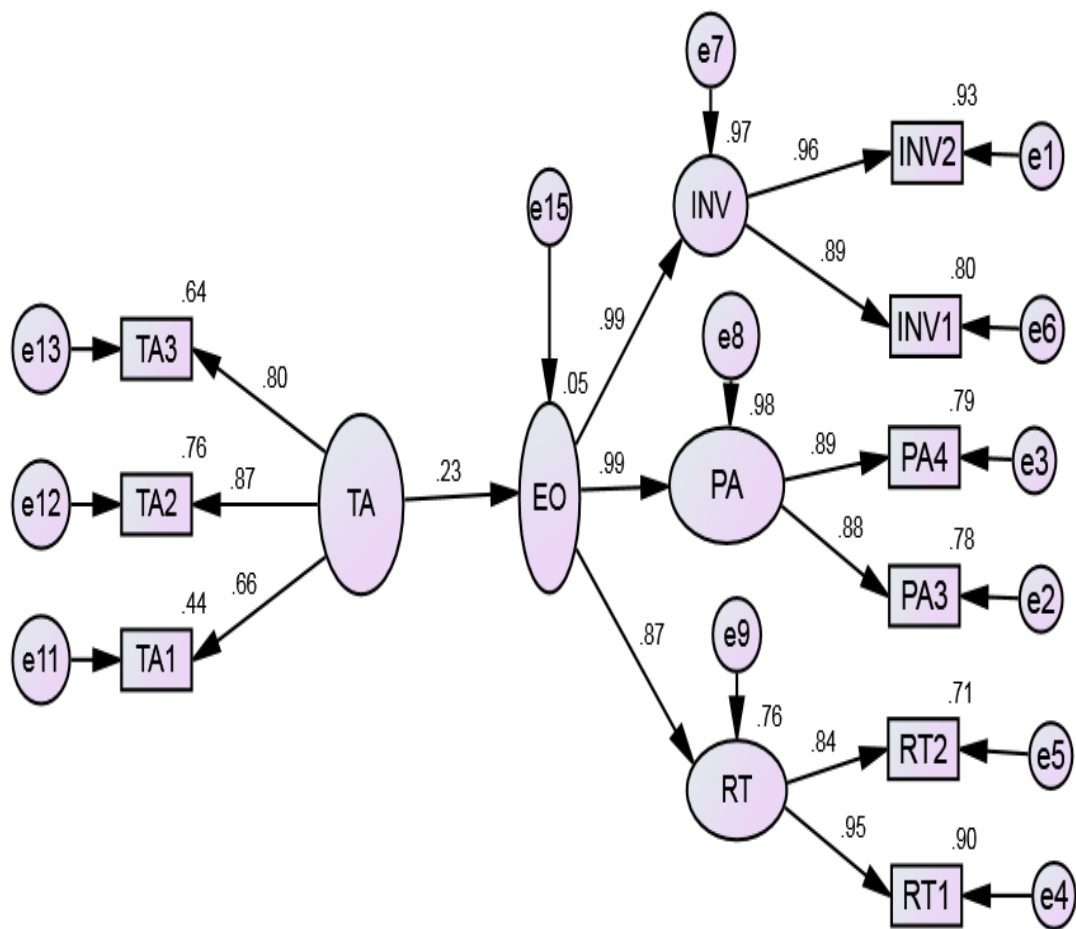


Figure 4.9: Structural equation model for the fourth hypothesis

Table 4.25 shows t-statistics values used to provide information on the significance to the relationship between technology adoption and entrepreneurial orientation amongst SME operators in Kenya. These results shows there was no significant (critical ratio= 0.883, p-value = 0.377) relationship between technology adoption and entrepreneurial orientation which is less than the conventional critical value of 1.96 at 0.05 significance level ($p < 0.05$). This implies that an increase in technology adoption did not lead to an increase in entrepreneurial orientation of SMEs operators in Kenya.

In this regards, the null hypothesis that, there is no significant relationship between technology adoption and entrepreneurial orientation amongst SMEs operators in Kenya was accepted at 95% significance level. Therefore this model was not significant at 95% significant level with $t= 0.883$.

Table 4.25: Critical Values of Technology Adoption

			Estimate	S.E	C.R	p-value
EO	<---	TA	0.083	0.094	0.883	0.377
TA2	<---	Technology Adoption	0.961	0.072	13.276	
TA3	<---	Technology Adoption	0.749	0.077	9.782	***
TA4	<---	Technology Adoption	0.751	0.101	7.401	***
TA5	<---	Technology Adoption	0.587	0.096	6.124	***

Results corroborated findings by Carr & Sequeira (2003) in the study on business exposure as intergenerational influence and entrepreneurial training who found that, many organizations still hesitate to adopt new technology and some even believe technology adoption does not matter as a strategic resource because of its commoditization. Richard (2002) too pointed out that, African countries have not really adopted the use of technology and there is need to accept technology as a priority area for development. This possibly explains why entrepreneurial training did not have a significant moderating relationship amongst SMEs operators in Kenya.

The study advocate for the adoption of technology advancement by SMEs because of the major influences on globalisation, rapid revolutions in information and knowledge (Kaynak et al., 2005); business structural change and the way small and medium-sized enterprises (SMEs) conduct their business activities (including their marketing strategies, service provision, working practices and management). Technology adoption has become a strategic asset which can help improve business

processes and change the function of markets. Thus, it is necessary for organizations to continue their efforts in developing and implementing the up-to-date technology through entrepreneurial training and investment without violating government regulations.

4.7 Analysis of the Dependent Variable Entrepreneurial Orientation

Entrepreneurial orientation (EO) was operationalized into innovation, proactiveness and risk taking. A five point Likert scale was used to measure the three constructs where the respondents were required to indicate their level of agreement. Frequencies were used to explain the number of times respondents agreed or disagreed with the hypothesized state. Entrepreneurial Orientation of SMEs was operationalized into innovation, proactiveness and risk taking. The three sub-variables were measured by the use of five point Likert scale for each of them.

Innovation

Six survey statements were used to evaluate innovation in entrepreneurial orientation and the results were tabulated in table 4.26. Percentages were used to describe the results. As per the results, it was found that majority (36%) of the respondents agreed with the opinion that in their industry they often are the first to take initiative in every situation to which their competitors then respond while (31%) disagreed. For the opinion that often our firm is the first to introduce new products, services, administrative techniques, etc, majority (65%) agreed and minority (18%) of the respondents disagreed. On whether the firm actively introduces improvements and innovations in the business, majority (41%) agreed, (34%) were between agreeing and disagreeing while a few (25%) disagreed. For the opinion our firm encourages development of employees' ideas for the purpose of business improvement, majority (57%) agreed, and (32%) were neutral and few (11%) disagreed.

Lisboa, Skarmeas and Lages (2010) found that innovation is critical to the success of a firm. In an attempt to compete effectively in the global market place, firms must

possess both technical and non-technical innovative capabilities. Rapid growth in new technologies, increasingly diverse and demanding customers, intensifying market competition, and globalization have significantly enhanced the importance of innovation to the success of a firm (Hurley & Hult, 2008; Menguc & Auh, 2010). Lin and Chen (2007) found that innovation is a dominant factor for a firm's competitiveness within this environment. It fuels organizational growth, drives future success and is the engine that allows businesses to sustain their viability in a global economy.

Results were also supported too by the findings of Dess, Lumpkin and Eisner (2008) who found that most important sources of new ideas is the new technology, it creates new possibilities, provides raw materials that a firm uses to make innovative new products and services that enable business to successfully turn-around and achieve competitive advantage. This leads to a conclusion that, firms must be able to create and commercialize a stream of new products and processes that extend the technology frontier, while at the same time keeping a step or two ahead of their rivals. Every organization therefore, needs one core competency: innovation (Sheu 2007). These findings corroborate findings in the current study by showing that business enterprises must continuously innovate so as to enable themselves to develop and launch new products and services to satisfy the changing needs of their customers and at the same time follows the government regulations as laid down in the Alcohol Act 2010.

Table 4.26: Response on Innovation

	*SD	D	N	A	SA	M	SD
Opinion Statements	(%)	(%)	(%)	(%)	(%)		
In our industry we are often the first to take initiative in every situation to which our competitors then respond	15	16	33	21	15	3.10	1.25
Often our firm is the first to introduce new products, services, administrative techniques,	7	11	17	35	30	3.71	1.21
Our firm actively introduces improvements and innovations in our business	16	9	34	23	18	3.20	1.27
Our firm encourages development of employees ideas	6	5	32	21	36	3.78	1.16
Innovation strategies are aligned with our firm's core mission and values	23	19	22	30	6	2.81	1.26
Our firm usually develops creative solution to difficult problems	13	15	29	34	7	3.24	1.54

*SD= strongly disagree D=Disagree N=Neutral A=Agree SA=Strongly Agree
M=Mean SD=Standard Deviation

Proactiveness

The second construct for entrepreneurial orientation was proactiveness. Descriptive statistics for the ten statements were used and measured using likert scale and the results tabulated in table 4.27. As per the results, majority (72%) agreed with the opinion that their firms actively seeks out and exploits opportunities to introduce new products or services in anticipation of future demand and (17%) disagreed. Second, majority (53%) of the respondents agreed while (19%) disagreed that their firms are a market leader and are associated with aggressive posturing relative to the competitors. It was important to note that majority (75%) of the respondents agreed that their firm adopts creative methods of running business ahead of their competitors though few (9%) disagreed. Although majority (69%) of the respondents agreed that their firms are able to anticipate and respond to latent and emerging customer needs, few (8%) disagreed. Finally, majority (68%) of the respondents agreed that their firms continuously seek opportunities, new market and new customers (16%) disagreed.

The findings corroborate those of Coulthard (2007) that proactiveness is an important ingredient of entrepreneurship. Venkatraman (1989a) asserts that, proactiveness is seeking new opportunities which may or may not be related to the present line of operations. Firms can be proactive by: shaping the environment by monitoring market trends, introducing new products and brand ahead of competition, participating in emerging markets, anticipating and pursuing new opportunities and by harnessing strong research and development capabilities in making future decisions. It is largely expected that for firms to maintain their leads in a competitive environment, they must be proactive and focus on meeting changing and diversified needs, taste and preferences of their customers.

Table 4.27: Response on Proactiveness

Opinion Statements	SD (%)	D (%)	N (%)	A (%)	SA (%)	M
Our firm actively exploits opportunities to introduce new products or services in anticipation of future demand.	8	9	9	50	22	3.72
Our firm is a market leader relative to the competitors.	10	9	28	34	19	3.44
We identify needs of current and potential customers	10	11	6	31	42	2.93
other modes of payment have been introduced like M-Pesa pay bill	2	2	9	30	57	4.41
Our firm is involved in new opportunity identification and evaluation	2	6	7	21	64	4.42
Our firm identifies and monitor market trends to predict future trends	2	4	16	23	55	4.28
The firm adopts creative methods of running business ahead of its competitors	2	7	16	19	56	4.22
Our firm initiates improvement projects designed to capitalize on new opportunities	4	9	21	23	43	3.94
Our firm is able to anticipate and respond to the latent and emerging needs of customers	2	6	23	23	46	4.05
The firm seeks opportunities, new market and new customers.	4	12	16	17	51	4.02

*SD= strongly disagree D=Disagree N=Neutral A=Agree SA=Strongly Agree
M=Mean SD=Standard Deviation n=113

Risk Taking Propensity

Risk-taking propensity is one of the characteristics possessed by successful entrepreneurs (Hursky & Tuunanen, 2001). A five-point Likert scale was used to measure risk-taking propensity. Six survey statements were used to evaluate risk taking in Entrepreneurial Orientation. Descriptive statistics measures such as

percentages, means and standard deviation were used to describe the results as shown in table 4.28. From the findings, majority (65%) agreed with the opinion that staff members in this firm are encouraged to take calculated risks with new ideas, and few (10 %) disagreed. In regard on whether their firms tend to sacrifice profitability to gain market share, majority (66%) agreed while (12%) disagreed.

The study findings showed that, entrepreneurs dealing with the retailing of alcohol involve themselves in high risk-taking propensity whereby majority (50%) were risk-takers where they ventured into business venture without adequate resources and more so the trading licences which portrayed them as risk takers. Further, the study findings depicted that the owners were ready to take risks by venturing into unknown, first movers and new markets. In contrast, the owners/managers understood very well the government regulations on SMEs dealing in Alcohol sale and retails as depicted (21%) who agreed and (54%) who disagreed on their clear indication that they were following the law.

These findings correspond with those by Hursky and Tuunanen (2001) who found that, American entrepreneurs have rich entrepreneurial traditions which involve high risk-taking propensity than Finnish entrepreneurs which made American entrepreneurs more successful as the same case applies to Kenyan scenario where entrepreneurs in the alcohol retailing industry seem to be risk-takers as some were noted to borrow huge loans even when the business seems not to be doing well and also making careful decision to take a risk and developing a strategy that minimizes the risk. Findings too collaborates those of Moore and Gergen, (1985) in their study on risk-taking businesses who found that the process of risk-taking involves both making the decision to take a risk and developing a strategy that minimizes the risk. Therefore, the study concludes that alcohol retailers in the Kenyan market should develop the skills for decision making so as to maximize their gains from the risky business ventures.

Table 4.28: Response Rate on Risk Taking Propensity

Opinion Statements	SD (%)	D (%)	N (%)	A (%)	SA (%)	M	SD
Staff are encouraged to take calculated risks	7	3	25	20	45	3.94	1.21
Our firm typically adopts a bold, aggressive posture in order to maximize exploiting of potential opportunities	7	2	19	40	32	3.89	1.10
This firm tends to sacrifice profitability to gain market share	4	6	22	21	45	4.14	1.44
The firm ventures into unknown and new markets	4	28	26	33	7	3.30	1.63
I greatly sell alcohol any time of the day	32	18	25	11	10	2.77	2.07
I sell alcohol to any person without considering the age	7	15	28	37	13	3.36	1.09
The firm take risk in technology adoption	0	11	24	36	29	3.81	0.98
Our firm starts business without adequate resources	7	27	16	40	10	3.51	1.82

SD= strongly disagree D=Disagree N=Neutral A=Agree SA=Strongly Agree
M=Mean SD=Standard Deviation

4.8 Descriptive Analysis of Entrepreneurial Training

The fifth objective of this study was to explore the moderating role of entrepreneurial training on the relationship between government regulation and entrepreneurial orientation amongst SMEs operators in Kenya. Entrepreneurial training was used in this study as the moderating variable for the relationship between government regulations and entrepreneurial orientation of small and medium enterprises in Kenya. Respondents were presented with a list of nine statements on entrepreneurial training on a binary coded form (Yes/No). From the descriptive analysis, majority of

the respondents (79%) were not trained on how to run the business. Most of the respondents (70%) obtained their business skills by learning on the job training through experience. Most of the respondents (71%) reported that they were prepared, if needed, to temporarily lower their standard of living until their business is firmly established while another (66%) were prepared to lose a portion of their savings.

Table 4.29: Response Rate for Entrepreneurial Training

Opinion Statements	Yes		No	
	F	%	F	%
If you discover you do not have the basic skills needed for your business will you be willing to delay your plans until you have acquired the necessary skills?	41	36	72	64
Have you ever worked in a managerial or supervisory capacity?	72	64	41	36
Do you possess those skills?	85	75	28	25
Do you know what basic skills you will need in order to have a successful business?	94	83	19	17
Are you prepared to lose a portion of your savings?	75	66	38	34
Are you prepared, if needed, to temporarily lower your standard of living until your business is firmly established?	80	71	33	29
Did you obtain your business skills by learning on the job training through experience?	79	70	34	30
Did you go to any college to be trained on the way to run business or is it informal training?	42	37	71	63
Are you trained on how to run the business?	24	21	89	79

4.9 Hypothesis testing for Moderation on the effects of Entrepreneurial Training

The fifth objective of the study was to explore the moderating role of entrepreneurial training on the relationship between government regulation and entrepreneurial orientation amongst SMEs operators in Kenya. The study employed both structural equation modeling and hierarchical moderated multiple regressions (MMR) to determine the moderating effect of entrepreneurial training on government regulation and entrepreneurial orientation amongst SMEs operators in Kenya. The moderating effect of entrepreneurial training using MMR was analyzed in two steps by interpreting (1) the R^2 change in the models obtained from the model summaries, (2) the regression coefficients for the product term obtained from the coefficient tables. This was undertaken in two steps.

The results of the moderated multiple regression (MMR) analysis corroborated the results of the structural equation modeling (SEM) when t-statistics were considered but in relation to the regression weight, technology adoption was found to be below the required threshold and it was not significant.

The study had hypothesized that:

H₀₅: Entrepreneurial training does not moderate the relationship between government regulation and entrepreneurial orientation amongst SMEs operators in Kenya” was used to test this objective.

4.9.1 Hypothesis testing on effects of Entrepreneurial Training on Marketing Activities and Entrepreneurial Orientation.

Moderation occur when variable M alters the relationship between the variables X and Y, by enhancing, strengthening or weakening the relationship (Sauer & Dick, 1993). In order to determine the function of the moderator, difference in R^2 as recommended by Carte and Russell (2003) was used.

To test the hypothesis, structural models were used whereby interaction term entrepreneurial training was added into the model (Marketing Activities * Entrepreneurial training) as shown in figure 4.10. Inclusion of the interaction term resulted in an R^2 change of 0.04 showing significant presence of moderating effect. This means the moderating effect of entrepreneurial training gained 4% variance in entrepreneurial orientation, above and beyond the variance by marketing activities and entrepreneurial training.

The study therefore rejects the null hypothesis that “entrepreneurial training does not moderate the relationship between government regulation and entrepreneurial orientation amongst SMEs operators in Kenya”. The study therefore accept the alternative hypothesis that entrepreneurial training moderates the relationship between marketing activities and entrepreneurial orientation amongst SMEs operators in Kenya.

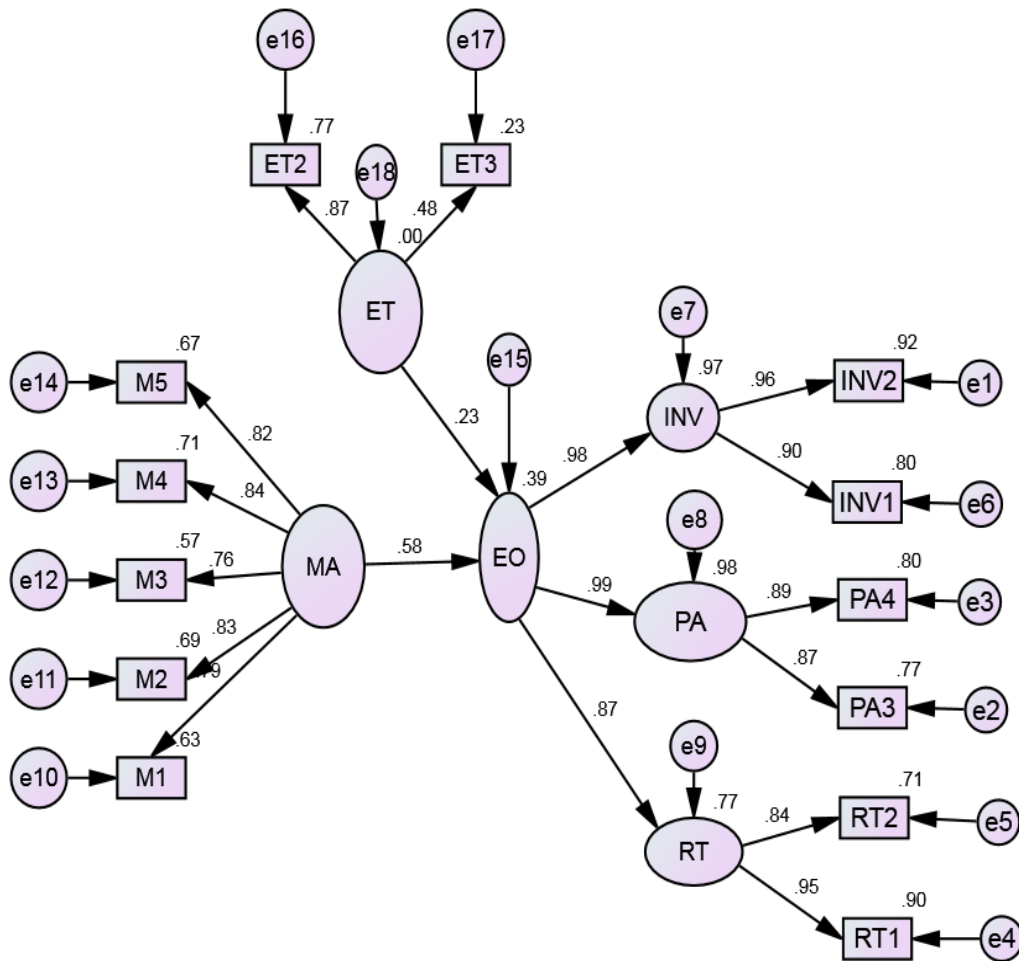


Figure 4.10: Structural equation modeling for the first hypothesis with moderator

Where, **MA** is Marketing activities, **EO** is Entrepreneurial Orientation, **Inv** is Innovation **PA** is proactiveness and **RT** is Risk Taking.

The moderating effect of entrepreneurial training was also tested by the use of Moderated Multiple Regression (MMR) which was analyzed in two steps by interpreting (1) the R^2 change in the models obtained from the model summaries, (2) the regression coefficients for the product term obtained from the coefficient tables.

The study had hypothesized that:

H₀₅: Entrepreneurial training does not moderate the relationship between government regulation and entrepreneurial orientation amongst SMEs operators in Kenya.

To test this hypothesis, an ordinary Least Squares Regression (OLS) equation was used to represent the variables in the model:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon \dots \dots \dots \text{Equation 6}$$

The use of ordinary Least Squares Regression (OLS) is preferred due to its ability to show whether there is a positive or a negative relationship between independent and dependent variables (Castillo, 2009). In addition, OLS is useful in showing linear elasticity/sensitivity between independent and dependent variables (Cohen, West & Aiken, 2003)

To determine the presence of moderation; equation $Y = \beta_0 + \beta_1 X_1 + \beta_2 Z + e$ was compared with the Moderated Multiple Regression (MMR) model represented by the following equation

(MMR Model) MMR Equation $Y = \beta_0 + \beta_1 X_1 + \beta_2 Z + \beta_3 X * Z + e \dots \dots \dots \text{Equation 7}$

Where;

Y = dependent variable (Entrepreneurial Orientation)

X= independent variables

Z= a hypothesized moderator (entrepreneurial training)

X*Z= the interaction between the predictors (Independent variable * Moderator)

β_0 = intercept of the line of –best –of –fit which represent the value of Y when X =0

β_1 = the least square estimates of the population regression coefficient for X

β_2 = the least square estimates of the population regression coefficient for Z

β_3 = the sample based least square estimates of the population regression coefficient for the interaction term

e= the error term.

Table 4.30 shows the moderating effect of entrepreneurial training on the relationship between marketing activities and entrepreneurial orientation amongst SMEs operators in Kenya. From table 4.30, Model 1 shows that $R=0.606$, $R^2= 0.368$ and $[F (2,111) = 64.549, p = 000]$. The value of R^2 with a change of 0.077 indicates that 36.8% of the variance in entrepreneurial orientation can be accounted by marketing activities scores and entrepreneurial training. This implies that the goodness of fit improves with the introduction of entrepreneurial training hence a conclusion that entrepreneurial training has a strong positive moderating influence on the relationship between entrepreneurial orientations and marketing activities. Further, R^2 means that 36.8% of the variance in entrepreneurial orientation is explained by marketing activities and entrepreneurial training.

Table 4.30: Variation on Moderated Multiple Regression for Marketing Activities

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.606 ^a	.368	.362	.66518	.368	64.549	2	111	.000
2	.667 ^b	.444	.434	.62639	.077	15.174	1	110	.000

Model 2 in table 4.30, shows the results after interaction term entrepreneurial training was added and introduced into the model (Marketing Activities* Entrepreneurial training). Table 4.30 also indicates that, the inclusion of the interaction term resulted in an R^2 change of 0.077, [F (1,110) =15.174, p =.000] showing presence significant moderating effect. This means the moderating effect of entrepreneurial training gained 7.7% variance in entrepreneurial orientation, above and beyond the variance by marketing activities and entrepreneurial training. The amount of the change in R^2 is a measure of the increase in the predictive power of particular dependent variable/variables, given the dependent variable or variables already in the model. Thus the null hypothesis was rejected and hence entrepreneurial training moderates the relationship between marketing activities and entrepreneurial orientation.

In table 4.31, Model 1 indicates that marketing activities was statistically significant ($p=0.000<0.05$, $\beta = 0.791$). This implies that for a 1- point increase in marketing activities, entrepreneurial orientation is predicted to have a difference by 0.791; given that entrepreneurial training is held constant. The regression coefficient associated with entrepreneurial training means that the difference in entrepreneurial orientation between SMEs that highly regards entrepreneurial training is 0.791, given that entrepreneurial orientation is held constant. Substituting in equation 7, we have:

$$EO = 1.785 + 0.791 (MA) + 0.927(ET).....Equation 8$$

Model 2 shows the result after interaction term (Marketing Activities* Entrepreneurial training) was introduced in the equation. Marketing activities was found to be significant ($p=0.000<0.05$, $\beta = 0.739$). Entrepreneurial training was found to be significant too with $p= 0.000<0.05$, $\beta = 0.927$) and Marketing activities * Entrepreneurial training was also found to be significant ($p = 0.023< 0.05$, $\beta = 0.650$) as shown in table 4.31. On substituting of the coefficients in equation 7,

(MMR Model) $Y= \beta_0 +\beta_1X_1+ \beta_2Z + \beta_3X_1*Z +e$) we obtain,

$$EO =1.534 + 0.739 (MA) + 0.927 (ET) + 0.650 (Marketing activities * Entrepreneurial training)Equation 9$$

Table 4.31: Moderated Multiple Regression Model Coefficients for Marketing Activities

Model	Coefficients				
	B	Std. Error	Beta	t	Sig.
1 (Constant)	1.785	.275		6.487	.000
Marketing activities	0.791	.099	.606	8.034	.000
2 (Constant)	1.534	.267		5.748	.000
Marketing activities	.739	.094	.566	7.877	.000
Entrepreneurial Training	.927	.238	.280	3.895	.000
Marketing activities * Entrepreneurial Training	.650	.281	.766	2.315	.023

The results for Model 2 in table 4.31 indicates that for 1- point increase in marketing activities, entrepreneurial orientation is predicted to have a difference by 0.791, given that entrepreneurial training is held constant. The interpretation of the regression coefficients for the interaction term is that there was a 0.650 difference

between the slope of entrepreneurial orientation on marketing activities between SMEs with high regard to an entrepreneurial training and those with low entrepreneurial training for entrepreneurial orientation on marketing activities. Figure 4.11 shows that the slope regressing entrepreneurial orientation on marketing activities is steeper for the SMEs with high entrepreneurial training as compared to SMEs with low entrepreneurial training. Findings based on equation (9) led to the conclusion that there was a positive significant moderating effect of entrepreneurial training.

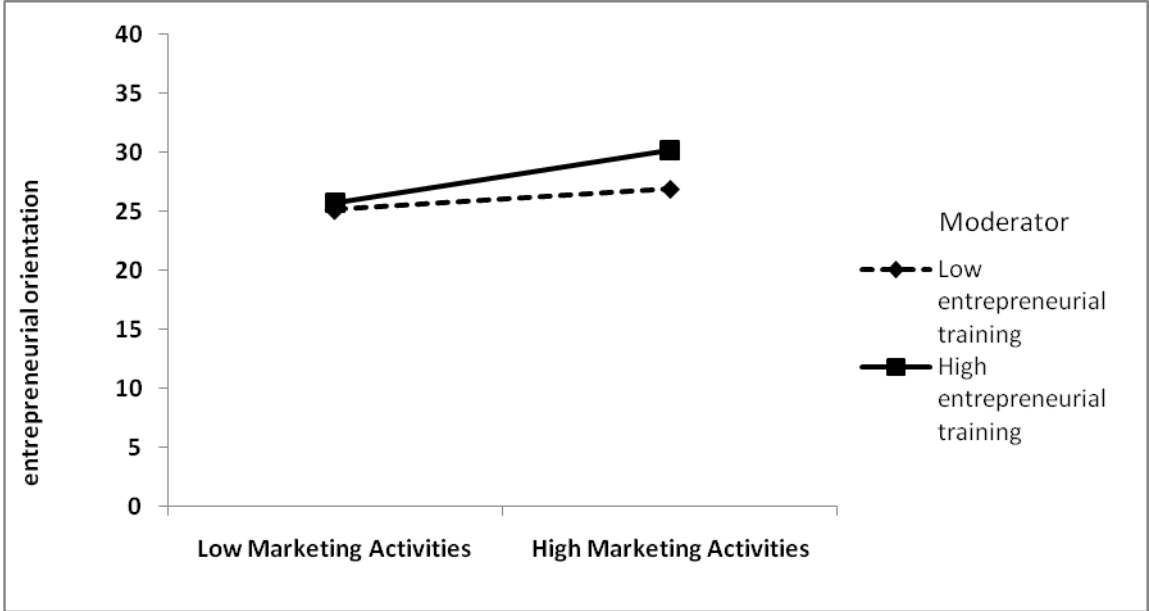


Figure 4.11: Slope of Entrepreneurial Orientation on Marketing Activities for Entrepreneurial Training

These results imply that, SMEs with high entrepreneurial training as compared to SMEs with low entrepreneurial training and engage in marketing activities are widely considered likely to survive, develop and succeed in new ventures (Bjerke & Hultman, 2002; Carson & Gilmore, 2001). Hussey & Hussey (1998) avers that, one important aspect of model for improving entrepreneurial orientation of the firm is through marketing activities. Marketing activities as an organizational philosophy indicates that, an assessment of market needs come before new products

development. Entrepreneurs seem to do it the other way round, gauging customer reaction after the development of the concept and this should erase the ideas epitomized by entrepreneurs of trying to find which market you fit into and then aiming publicity or information at that market.

Entrepreneurs through entrepreneurial training should express a zeal for the development of new marketing activities, concepts and idea – an “innovation oriented” – rather than being dedicated to the principles of customer orientation as per the marketing concept. However, they should not always search for major breakthroughs and inventions. Most achieved growth should be through incremental adjustments to existing product and services or market approaches, rather than larger scale developments. These includes stoking new lines, approaching a new segment with a particular service, or improving services to existing customers – in other words, incremental, innovative adjustment which together creates a competitive edge.

4.9.2 Hypothesis testing on effects of Entrepreneurial Training on Product Standardization and Entrepreneurial Orientation

To test the hypothesis, structural models and moderated multiple regression (MMR) were used whereby interaction term entrepreneurial training was added into the model (Product standardization * Entrepreneurial training) as shown in figure 4.12. Inclusion of the interaction term resulted in an R^2 change of 0.07 showing presence significant moderating effect. This means the moderating effect of entrepreneurial training gained 7 % variance in entrepreneurial orientation, above and beyond the variance by product standardization and entrepreneurial training. The amount of the change in R^2 is a measure of the increase in the predictive power of particular dependent variable/variables, given the dependent variable or variables already in the model.

In this regards, null hypothesis that “entrepreneurial training does not moderate the relationship between government regulation and entrepreneurial orientation amongst

SMEs operators in Kenya was rejected at 95 % level of significance. The study therefore accepts the alternative hypothesis that entrepreneurial training moderates the relationship between product standardization and entrepreneurial orientation amongst SMEs operators in Kenya.

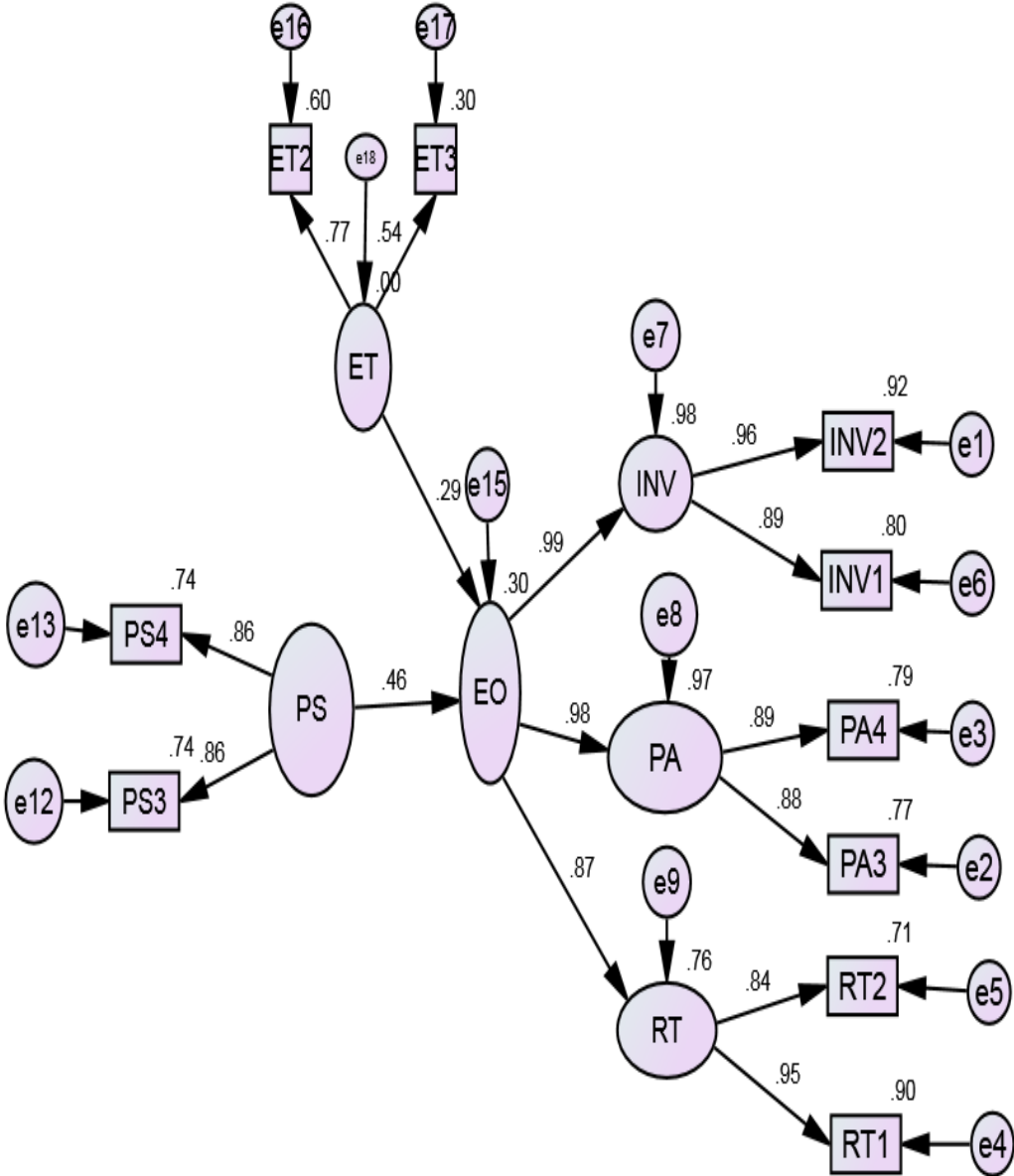


Figure 4.12: Structural Equation Modeling for Second Hypothesis With Moderator

Further, moderated multiple regression was used to determine the moderating effect of entrepreneurial training on the relationship between product standardization and entrepreneurial orientation amongst SMEs operators in Kenya. From table 4.32, Model 1 shows that $R = 0.474$, $R^2 = 0.224$, $[F(2,111) = 32.095, p = 0.000]$. The value of R^2 with a change of 0.103 indicates that 22.4% of the variance in entrepreneurial orientation can be accounted by product standardization scores and entrepreneurial training. This implies that the goodness of fit improves with the introduction of entrepreneurial training hence a conclusion that entrepreneurial training has a strong positive moderating influence on the relationship between entrepreneurial orientations and product standardization. Further, R^2 means that 22.4% of the variance in entrepreneurial orientation is explained by product standardization and entrepreneurial training scores.

Table 4.32: Variation on Moderated Regression Model for Product Standardization

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.474 ^a	.224	.217	.73676	.224	32.095	2	111	.000
2	.572 ^b	.327	.315	.68916	.103	16.863	1	110	.000

Model 2 shows the results after interaction term entrepreneurial training was added into the model (Product Standardization * Entrepreneurial training). Table 4.32 also indicates that the inclusion of the interaction term resulted in an R^2 change of 0.103, $[F(1,110) = 16.863, p = .000 < 0.05]$ showing presence significant moderating effect. This means the moderating effect of entrepreneurial training gained 10.3 % variance in entrepreneurial orientation, above and beyond the variance by product standardization and entrepreneurial training. The amount of the change in R^2 is a measure of the increase in the predictive power of particular dependent variable/variables, given the dependent variable or variables already in the model. Thus the null hypothesis was rejected and therefore entrepreneurial training moderates the relationship between product standardization and entrepreneurial orientation.

In table 4.33, Model 1 indicates that product standardization was statistically significant ($p = 0.000 < 0.05$, $\beta = 0.417$). This shows that for a 1- point increase in product standardization, entrepreneurial orientation is predicted to have a difference by 0.417; given that entrepreneurial training is held constant. The regression coefficient associated with entrepreneurial training means that the difference in entrepreneurial orientation between SMEs that highly regards entrepreneurial training is 0.417, given that entrepreneurial orientation is held constant. Substituting in equation 7,

{(OLS) $Y = \beta_0 + \beta_1 X_1 + \beta_2 Z + e$} we have:

EO=2.683+0.471(PS) +1.068 (ET).....Equation 10

Model 2 shows the result after interaction term (Product Standardization * Entrepreneurial training) was introduced in the equation. Product standardization was found to be significant $p=0.000 < 0.001$, $\beta = 0.392$). Entrepreneurial training was found to be significant too with $p=0.000 < 0.05$, $\beta= 1.068$) and Product Standardization * Entrepreneurial training was also found to be significant ($p=0.031 < 0.05$, $\beta= 0.535$) as shown in table 4.33

On substituting of the coefficients in equation 7,

{(MMR Model) $Y = \beta_0 + \beta_1 X_1 + \beta_2 Z + \beta_3 X_1 * Z + e$ } : We obtain,

EO =2.304 + 0.392 (PS) + 1.068 (ET) + 0.535 (Product standardization * Entrepreneurial training).....Equation 11

Table 4.33: Moderated Regression Model Coefficients of Product Standardization

Model	Coefficients					
		B	Std. Error	Beta	t	Sig.
1	(Constant)	2.683	.232		11.565	.000
	PS	.417	.074	.474	5.665	.000
2	(Constant)	2.304	.236		9.771	.000
	PS	.392	.069	.445	5.669	.000
	ET	1.068	.260	.322	4.106	.000
	PS_ET.	.535	.245	.704	.2184	.031

The results for model 2 in table 4.33 indicates that for 1- point increase in product standardization, entrepreneurial orientation is predicted to have a difference by 0.417, given that entrepreneurial training is held constant. The interpretation of the regression coefficient for the interaction term is that there was a 0.535 difference between the slope of entrepreneurial orientation on product standardization between SMEs with high regard to an entrepreneurial training and those with low entrepreneurial training for entrepreneurial orientation on product standardization.

Figure 4.13, shows that the slope regressing entrepreneurial orientation on product standardization is steeper for the SMEs with high entrepreneurial training as compared to SMEs with low entrepreneurial training implying that entrepreneurial training strengthens the positive relationship between product standardization and entrepreneurial orientation.

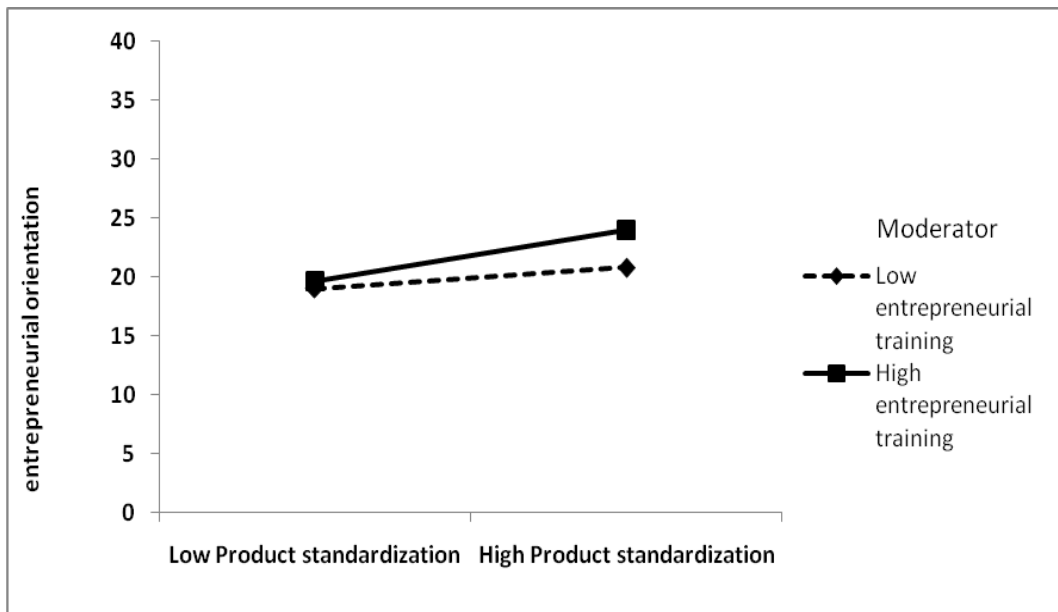


Figure 4.13: Slope of Entrepreneurial Orientation on Product standardization for Entrepreneurial Training

The findings confirm that, there is a statistically significant influence of product standardization on entrepreneurial orientation of SMEs operators in Kenya. The findings agree with those of Imai (2006) who noted that there can't be improvement where there are no standards. Once standards have been set and published, they need to be evaluated to measure actual performance to ascertain how they are being perceived so as to enable the standards setter to track the need for improvement. Entrepreneurs should plan for feedback about standards and organizations need to consider what they want to know, whom they should ask, how and when they should ask, who should analyze the feedback and how they will use the information (Brennan & Douglas, 2007).

4.9.3 Hypothesis testing on effects of Entrepreneurial Training on Entrepreneurial Competencies and Entrepreneurial Orientation.

Structural models and moderated multiple regression (MMR) were used to test this hypothesis, whereby interaction term entrepreneurial training was added into the model (Entrepreneurial competencies * Entrepreneurial training) as shown in figure 4.14. Inclusion of the interaction term resulted in an R^2 change of 0.06 showing presence significant moderating effect. This means the moderating effect of entrepreneurial training gained 6 % variance in entrepreneurial orientation, above and beyond the variance by entrepreneurial competencies and entrepreneurial training. The amount of the change in R^2 is a measure of the increase in the predictive power of particular dependent variable/variables, given the dependent variable or variables already in the model.

In this regards, null hypothesis that “entrepreneurial training does not moderate the relationship between government regulation and entrepreneurial orientation amongst SMEs operators in Kenya was rejected. The study therefore accept the alternative hypothesis that entrepreneurial training moderates the relationship between entrepreneurial competencies and entrepreneurial orientation amongst SMEs operators in Kenya

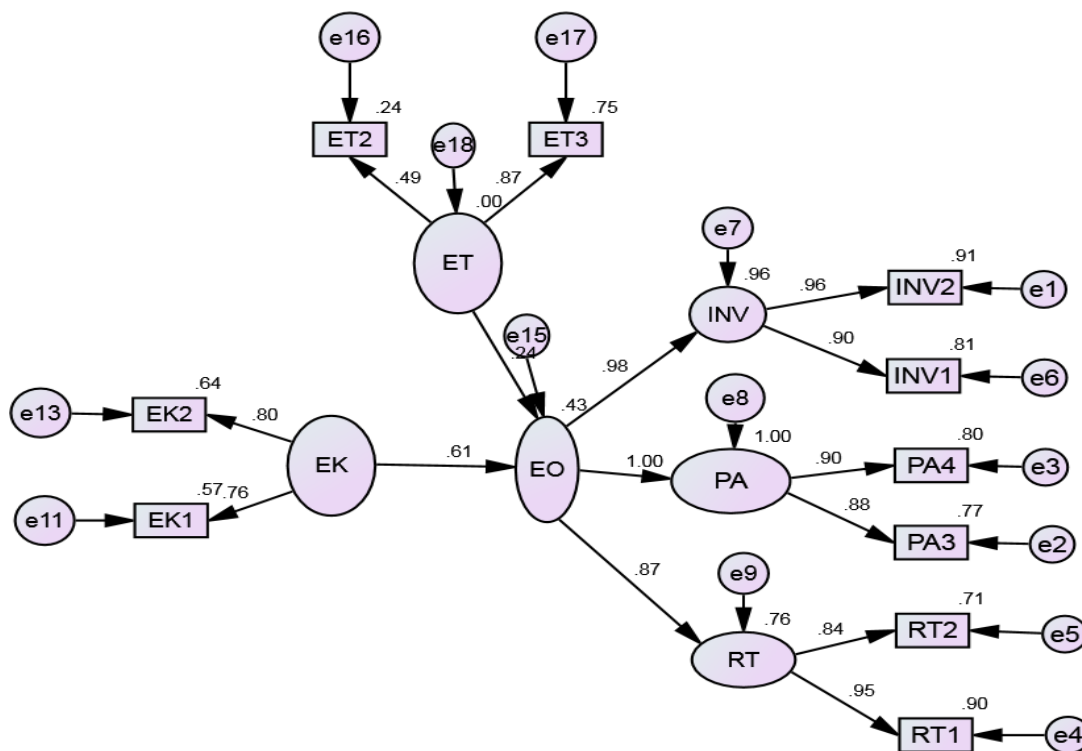


Figure 4.14: Structural equation model for the third hypothesis with moderator

Table 4.34 shows the moderating effect of entrepreneurial training on the relationship between entrepreneurial competencies and entrepreneurial orientation amongst SMEs operators in Kenya. From table 4.34, it is observed that Model 1, $R = 0.623$, $R^2 = 0.388$, $[F(2,111) = 70.470, p = 0.000]$. The value of R^2 indicates that 38.8% of the variance in entrepreneurial orientation is explained by entrepreneurial competencies scores and entrepreneurial training. This implies that the goodness of fit improves with the introduction of entrepreneurial training hence a conclusion that entrepreneurial training has a strong positive moderating influence on the relationship between entrepreneurial orientations and entrepreneurial competencies.

Model 2 in table 4.34 shows the results after interaction term Entrepreneurial training was introduced into the model (Entrepreneurial competencies * Entrepreneurial training). Table 4.34 also indicates that the inclusion of the interaction term resulted

in an R^2 change of 0.080, [F (1,110) =16.649, $p=.000<0.05$] showing presence significant moderating effect. This means the moderating effect of entrepreneurial training gained 8% variance in entrepreneurial orientation, above and beyond the variance by entrepreneurial competencies and entrepreneurial training. The amount of the change in R^2 is a measure of the increase in the predictive power of particular dependent variable/variables, given the dependent variable or variables already in the model. Thus the null hypothesis was rejected and therefore entrepreneurial training moderates the relationship between entrepreneurial competencies and entrepreneurial orientation.

Table 4.34: Variation in the Moderated Regression Model of Entrepreneurial Competencies

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.623 ^a	.388	.383	.65424	.388	70.470	1	111	.000
2	.685 ^b	.469	.459	.61249	.080	16.649	1	110	.000

In table 4.35, Model 1 indicates that entrepreneurial competencies was statistically significant ($p=0.000<0.05$, $\beta = 0.698$) and entrepreneurial training was also statistically significant ($p=0.00>0.05$, $\beta = 0.656$). This shows that a 1- point increase in entrepreneurial competencies, entrepreneurial orientation is predicted to have a difference by 0.698; given that entrepreneurial training is held constant. The regression coefficient associated with entrepreneurial training means that the difference in entrepreneurial orientation between SMEs that highly regards entrepreneurial training is 1.845, given that entrepreneurial orientation is held constant. Substituting in equation 7, we obtain:

$$\{(OLS) Y = \beta_0 + \beta_1 X_1 + \beta_2 Z + e \dots \dots \dots \}, \text{ we have}$$

$$EO = 2.142 + 0.698(EK) + 1.845(ET) \dots \dots \dots \text{Equation 12}$$

Model 2 shows the result after interaction term (Entrepreneurial competencies* Entrepreneurial training) was introduced in the equation. Entrepreneurial

competencies was found to be significant ($p=0.000 < 0.005$, $\beta = 0.656$). Entrepreneurial training was found to be significant too with $p=0.006 > 0.05$, $\beta = 0.947$) and Entrepreneurial competencies * Entrepreneurial training was found to be significant ($p=0.001 < 0.05$, $\beta = 0.166$) as shown in table 4.35.

On substituting in equation 7 we obtain:

{(MMR Model) $Y = \beta_0 + \beta_1 X_1 + \beta_2 Z + \beta_3 X_1 * Z + e$ we obtain—**equation 7**}

EO = 1.845 + 0.656(EK) + 0.947 (ET) + 0.166 (Entrepreneurial Entrepreneurial training).....Equation 13

Table 4.35: Moderated Multiple Regression Model Coefficients of Entrepreneurial Competence

Model	Coefficients					
	B	Std. Error	Beta	t	Sig.	
1	(Constant)	2.142	0.223		9.619	.000
	Entrepreneurial competencies	.698	0.083	0.623	8.395	.000
2	(Constant)	1.845	0.221		8.358	.000
	Entrepreneurial competencies	0.656	0.078	0.586	8.363	.000
	Entrepreneurial training	0.947	0.232	0.286	4.080	.000
	PS*ET	0.166	0.117	0.360	1.416	0.004

The results for model 2 indicates that for 1- point increase in entrepreneurial competencies, entrepreneurial orientation is predicted to have a difference by 0.698, given that entrepreneurial training is held constant. The interpretation of the regression coefficient for the interaction term is that there was a 0.698 difference between the slope of entrepreneurial orientation on entrepreneurial competencies

between SMEs with high regard to an entrepreneurial training and those who prefer informal training. The slope regressing entrepreneurial orientation on entrepreneurial competencies is steeper for SMEs with high entrepreneurial training as compared to SMEs with low entrepreneurial training as shown in figure 4.15. The results from figure 4.26 indicate that entrepreneurial training strengthens the positive relationship between entrepreneurial competencies and entrepreneurial orientation.

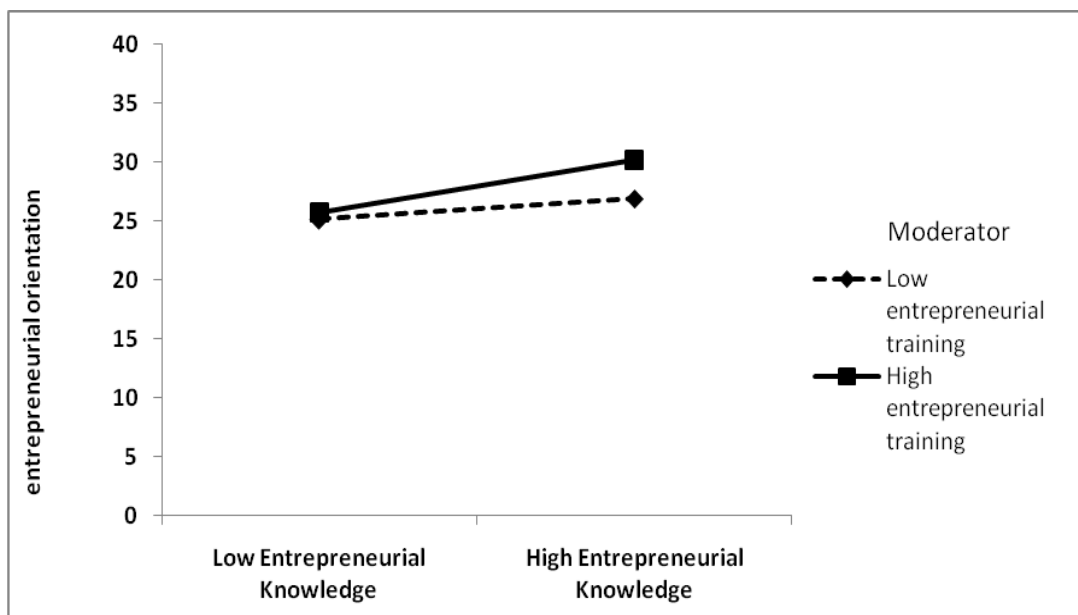


Figure 4.15: Slope of Entrepreneurial Orientation on Entrepreneurial Competencies for Entrepreneurial Training

Entrepreneurial competencies and training of entrepreneurs is about preparing them or business persons for entrepreneurship and it is about enhancing the abilities of the individual so that the business can be more successful (Nieman, 2000). Entrepreneurial competencies is a suitable way for individuals who suffer from lack of efficiency and skills, to deal with changes of global economy and at the same time understand what government policies are and their need to be implemented (Amiri, 2005).

Findings concurs with those of Storey (2004) who posited that owners of small firms need entrepreneurial competencies because they are invariably less educated and therefore less able to be formally trained, compared to the managers in large firms. The study advance the argument that it is important for the entrepreneurs to realise it is not possible to compete with the government on the policies, rules and regulations. This implies that, entrepreneurial competencies will improve the situation by creating the awareness. In order to effectively manage the functional areas of a business, it is important for small business owners to have necessary entrepreneurial competencies and skills, which include finance, operations, marketing, planning, human resource and awareness of knowledge management (Monk, 2000).

4.9.4 Hypothesis testing for effects of Entrepreneurial Training on Technology Adoption.

Hierarchical moderated multiple regressions (MMR) analysis was used to determine the presence of moderation effects of entrepreneurial training on the relationship between entrepreneurial orientation and technology adoption. Table 4.36 shows the moderating effect of entrepreneurial training on the relationship between technology adoption and entrepreneurial orientation amongst SMEs operators in Kenya. From table 4.41, it is observed that model 1, $R = 0.166$, $R^2 = 0.027$ [$F(2,111) = 2.911$, $p = 0.091$]. The value of R^2 with a change of 0.147 indicates that 2.7% of the variance in entrepreneurial orientation can be accounted by technology adoption scores. Though there was an R^2 change, the relationship was not significant a conclusion that entrepreneurial training does not moderate the relationship between entrepreneurial orientation and technology adoption.

Table 4.36: Variation in the Moderated Regression Model of Technology Adoption

Model	R	Adjusted Square	RStd. Error	the Estimate	ofChange Statistics				
					R Square	F	df1	df2	Sig.
1	.166 ^a	.027	.018	.74233	.027	2.911	1	111	.091
2	.418 ^b	.175	.159	.68709	.147	18.228	1	110	.256

Model 2 shows the results after interaction term entrepreneurial training was added into the model (Technology adoption * Entrepreneurial training) which indicates that the relationship was not significant thus showing no presence of moderating effect. The null hypothesis was, therefore, accepted that entrepreneurial training found not to moderate the relationship between technology adoption and entrepreneurial orientation. In table 4.36, Model 1 indicates that technology adoption was not statistically significant ($p = 0.256 > 0.05$, $\beta = 0.166$)

Model 2 shows that the result after interaction term (technology adoption * Entrepreneurial training) was introduced in the equation. Technology adoption was found not to be significant ($p = 0.091 > 0.001$, $\beta = 0.019$) and entrepreneurial training was found not to be significant too with $p = 0.237 > 0.05$, $\beta = 0.147$). The findings indicate that entrepreneurial training does not moderate the relationship between technology adoption and entrepreneurial orientation of SMEs in Kenya.

Table 4.37: Moderated Regression Model Coefficients for Technology Adoption

Model	Coefficients				
	B	Std. Error	Beta	t	Sig.
(Constant)	3.525	.282		12.508	.142
Technology Adoption	0.190	.111	.166	1.706	.091
(Constant)	3.129	.277		11.304	.000
Technology Adoption	0.147	.104	.128	1.413	.159
Entrepreneurial training	1.220	.286	.386	4.269	.237
Technology Adoption * Entrepreneurial training	-0.265	0.098	-0.562	-2.713	0.194

The results for model 2 indicates that for 1- point increase in technology adoption, entrepreneurial orientation is predicted to have a difference by -0.562, given that entrepreneurial training is held constant. The interpretation of the regression coefficient for the interaction term is that there was a -0.265 difference between the slope of entrepreneurial orientation on technology adoption between SMEs with high regard to an entrepreneurial training and those who prefer informal training. Entrepreneurial training dampens the negative relationship between technology adoption and entrepreneurial orientation. The slope regressing entrepreneurial orientation on technology adoption is neither steeper for SMEs with high entrepreneurial training as compared to SMEs with low entrepreneurial training as shown in figure 4.16. The results from figure 4.16 indicate that entrepreneurial training did not strengthen the positive relationship between technology adoption and entrepreneurial orientation.

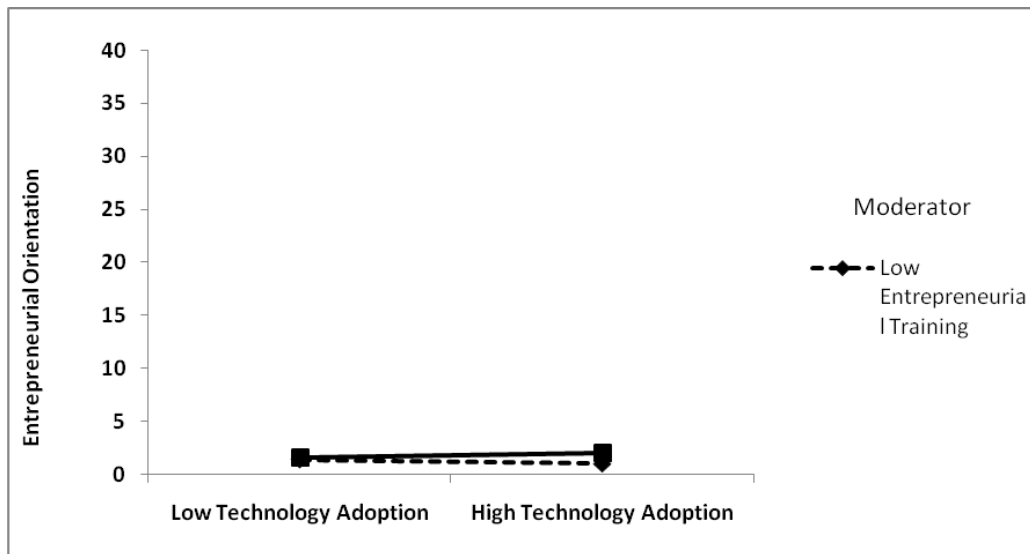


Figure 4.16: Slope of Entrepreneurial Orientation on Technology Adoption for Entrepreneurial Training

The findings found that technology adoption had no significant relationship with entrepreneurial orientation of SMEs operators in Kenya. The findings agree with those of Carr & Sequeira (2007) who found that many organizations still hesitate to adopt new technology and some even believe technology adoption does not matter as a strategic resource because of its commoditization. As rightly pointed out by Richard (2002), African countries have not really adopted the use of technology and there is need to accept technology as a priority area for development and hence invest adequately in it. This is to say that Africa has to promote its economic development through the use of technology. As pointed out by Tousseia-Oulai & Ura (1991), there are many possible national-level factors determining the adoption of technology in developing countries: infrastructure, myths associated with computer installations, lack of national policy on technology development, technology supply problems, scarcity of human resources, education problems, and economic factor.

The advancement in technology has had major influences on globalisation, rapid revolutions in information and knowledge (Kaynak et al., 2005); business structural change and the way small and medium-sized enterprises (SMEs) conduct their

business activities (including their marketing strategies, service provision, working practices and management). Technology has become a strategic asset which can help improve business processes and change the function of markets. Thus, it is necessary for organizations to continue their efforts in developing and implementing the up-to-date technology.

4.10 Overall structural Equation model on the relationship between government regulations and entrepreneurial orientation of SMEs in Kenya.

The study sought to establish an overall relationship between government regulations and entrepreneurial orientation of SMEs in Kenya. This was by evaluating the Structural Equation Model (SEM) consisting of the measurement models and Structural Model. Entrepreneurial orientation was set as the dependent variable or endogenous latent variable. Four independent latent variables marketing activities, product standardization, entrepreneurial competencies and technology adoption were set as exogenous variables and entrepreneurial training as the moderator in the relationship between the endogenous and exogenous variables. Hypothesized structural equation model (SEM) was tested using the maximum likelihood method and evaluated by assessing the measurement model.

4.10.1 Convergent Validity of Study Variables

Regression weights were used to determine the combined effect of exploratory variables on entrepreneurial orientation and also to explain the nature of the relationship, direction and strength of the factors. From table 4.38, the results shows that, the regression weights for marketing activities, product standardization and entrepreneurial competencies were higher than the acceptable level of -1.96 or 1.96 at 95% significance level ($p < 0.05$) thus significant. Technology adoption was not significant ($t = 1.045 < 1.96$). This implies that, not all the explanatory variables were significantly related to entrepreneurial orientation though the results verified the convergent validity of explanatory variable constructs.

Table 4.38: Regression Weight and Critical Values for Explanatory Variables

Dependent variable		independent variables	Estimate	S.E.	C.R.	P	Label
EO	<---	MA	0.437	0.105	4.139	***	
EO	<---	PS	0.165	0.070	2.351	0.019	
EO	<---	EK	0.394	0.106	3.731	***	
EO	<---	TA	0.101	0.097	1.045	0.296	
EK1	<---	EK	1.000				
EK2	<---	EK	1.019	0.242	4.214	***	
M1	<---	MA	1.000				
M2	<---	MA	1.393	0.146	9.519	***	
M3	<---	MA	1.283	0.150	8.543	***	
M4	<---	MA	1.421	0.146	9.719	***	
M5	<---	MA	1.510	0.161	9.391	***	
PS3	<---	PS	1.000				
PS4	<---	PS	1.030	0.333	3.096	.002	
TA1	<---	TA	1.000				
TA2	<---	TA	1.360	0.203	6.704	***	
TA3	<---	TA	1.104	0.162	6.808	***	

***-significance of the constructs

Two structural models were used to determine the influence of entrepreneurial training on government regulations and entrepreneurial orientation of SMEs in Kenya. Model 1 represented un-moderated overall SEM while model 2 represented moderated overall SEM. Figure 4.17 shows the structural equation modeling (SEM) for the fifth objective. Path coefficients were used to determine the direction and strength of the factor. The figure shows path coefficient beta value of $\beta = 0.38$ for marketing activities, $\beta = 0.22$ for product standardization, $\beta = 0.43$ for entrepreneurial competencies and $\beta = 0.09$ for technology adoption respectively. The

beta value implies that for every 1 unit increase in marketing activities, entrepreneurial orientation is predicted to increase by 0.38 units. For every 1 unit increase in product standardization, entrepreneurial orientation is predicted to increase by 0.22 units, for every 1 unit increase in entrepreneurial competencies, entrepreneurial orientation is predicted to increase by 0.43 units and for every 1 unit increase in technology adoption; entrepreneurial orientation is predicted to increase by 0.09 units. R^2 was used to test how well the models fitted the data and to show the proportion of variation in dependent variable explained by the SEM model.

Figure 4.17 indicated goodness of fit for the regression between the predictor variables and the outcome variable (entrepreneurial orientation). Figure 4.17 Model 1, also shows that, there was a strong relationship between independent variables and variations in entrepreneurial orientation were explained by the model entrepreneurial orientation ($R^2 = 0.39$). An R^2 of 0.39 indicate that 39 % of the variations in entrepreneurial orientation were explained by the model.

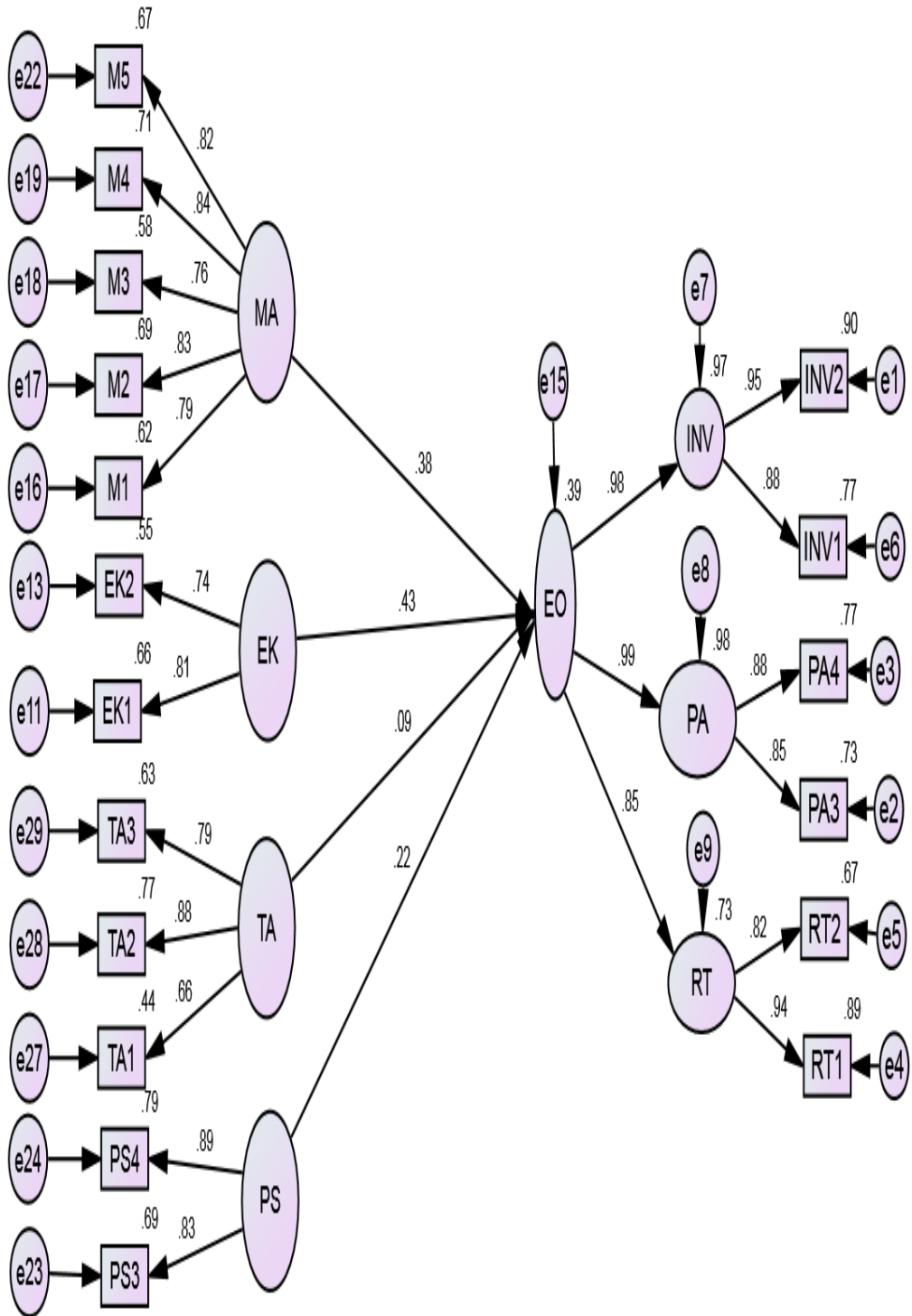


Figure 4.17: Overall Structural Equation Modeling Without Moderator

From Table 4.39, the results indicates that, (critical ratio) for three independent variables were higher than -1.96 or 1.96 (Critical Ratio >-1.96 or 1.96 at 0.05 significance level ($p < 0.05$) indicating the significance of the relationship between variables. Critical value should be greater than -1.96 or 1.96 at 0.05significance level.

Table 4.39: Overall T-Statistics Value

		independent variables	Estimate	S.E.	C.R.	p-value
EO	<---	MA	.437	.105	4.139	***
EO	<---	PS	.165	.070	2.351	.019
EO	<---	EK	.394	.106	3.731	***
EO	<---	TA	.101	.097	1.045	.296

4.10.2 Overall Structural Equation Modelling With Moderator

Moderation occur when variable M alters the relationship between the variables X and Y, by enhancing, strengthening or weakening the relationship (Sauer & Dick, 1993). In order to determine the function of the moderator, difference in R^2 as recommended by Carte and Russell (2003) was used. The structural equation modeling (SEM) for the fifth objective for model 2 is as shown in figure 4.18. Model 2 shows the results after interaction term entrepreneurial training was introduced in the equation. Path coefficients were used to determine the direction and strength of the factor.

From figure 4.18, path coefficient beta value of marketing activities $\beta = 0.37$, $\beta = 0.21$ for product standardization, $\beta = 0.42$ for entrepreneurial competencies and $\beta = 0.08$ for technology adoption. The results show that with the introduction of the moderator, the effect of entrepreneurial training on entrepreneurial orientation was reduced. This implies that for every 1 unit increase in marketing activities,

entrepreneurial orientation is predicted to increase by 0.37 units. For every 1 unit increase in product standardization entrepreneurial orientation is predicted to increase by 0.22 units. For every 1 unit increase in entrepreneurial competencies, entrepreneurial orientation is predicted to increase by 0.42 units and for every 1 unit increase in technology adoption, entrepreneurial orientation is predicted to increase by 0.09 units.

R^2 was used to show the proportion of variation in dependent variable explained by the structural equation modeling (SEM) model. The results shows a coefficient R^2 mean = 0.42 which is higher than that of explanatory variables of 0.39. Model 2, shows a strong relationship between independent variables and entrepreneurial orientation. Inclusion of interaction term resulted in an R^2 change of 3%. An R^2 change of 3% indicates that, moderating effect explains 3% variances in entrepreneurial orientation above and beyond the variance explained by explanatory variables. This shows a significant presence of moderating effect of entrepreneurial training on the relationship between explanatory variables and entrepreneurial orientation.

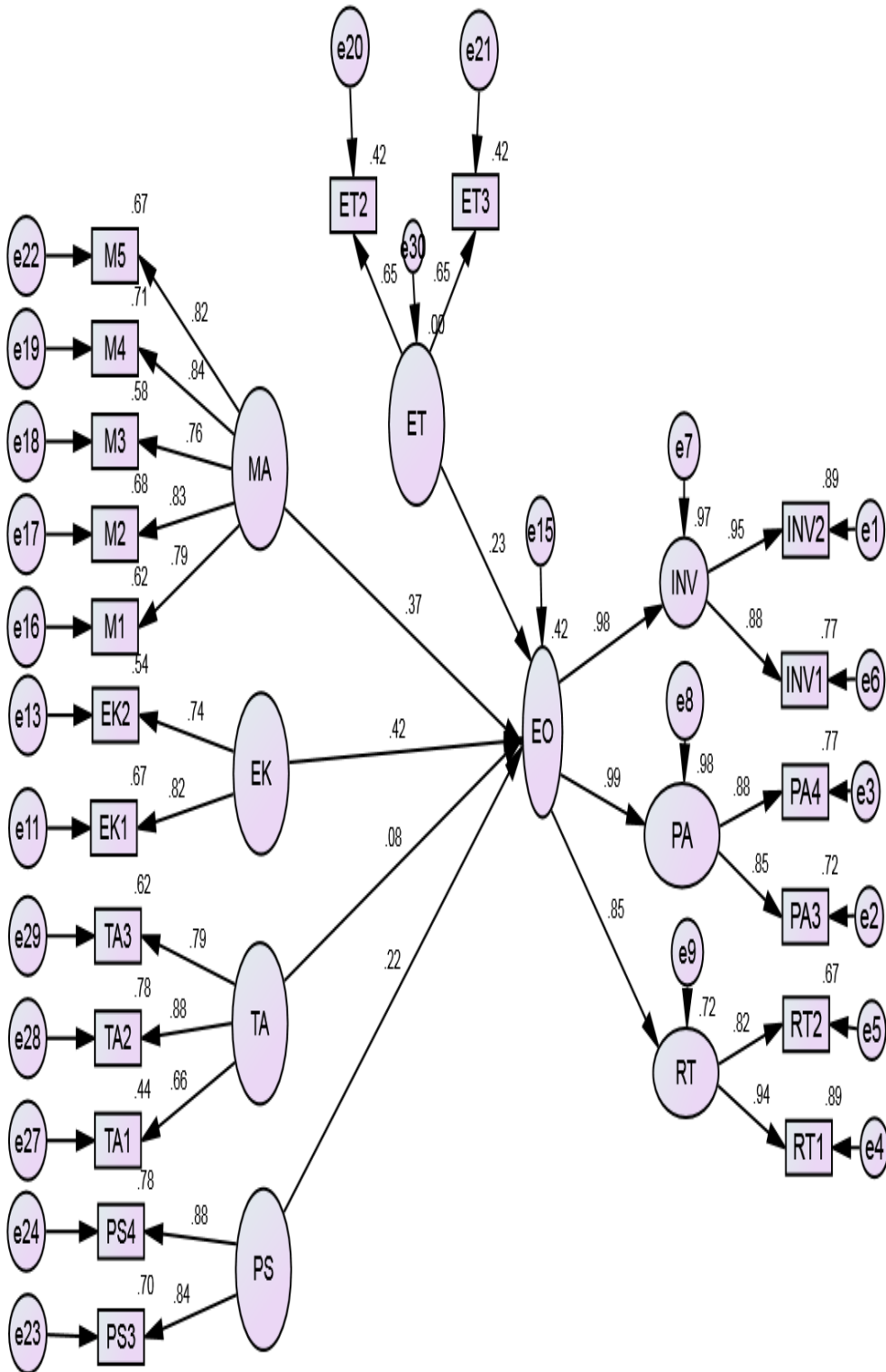


Figure 4.18: Overall moderated structural equation Modeling with moderator

In summary, the study retained models containing only the sub-variables that were significant after establishing the hypothesized relationships as shown in figure 4.19. Technology adoption was found not to be significant after establishing the hypothesized relationships with critical ratio of $0.883 < 1.96$ at 0.05 significance level ($p < 0.05$). Carr & Sequeira (2003) in the study on business exposure as intergenerational influence and entrepreneurial training found that, many organizations still hesitate to adopt new technology and some even believe technology adoption does not matter as a strategic resource because of its commoditization. Richard (2002) too pointed out that, African countries have not really adopted the use of technology and there is need to accept technology as a priority area for development. This possibly explains why entrepreneurial training did not have a significant moderating relationship amongst SMEs operators in Kenya. This led to dropping of technology adoption as a variable.

Rindskopf & Rose, (1988) observed that, when a model fails to provide an acceptable solution, variables with poorly loading interventions can be dropped and the model re-run. Sharma et al. (1981) too posit that, dropping of a poorly loading factor enhance the strength of the relationship between predictor and criterion. Figure 4.19 shows the overall retained model where entrepreneurial competencies was found to have a strong positive significant relationship on entrepreneurial orientation of SMEs operators in Kenya compared to the other variables with a beta value of 0.57.

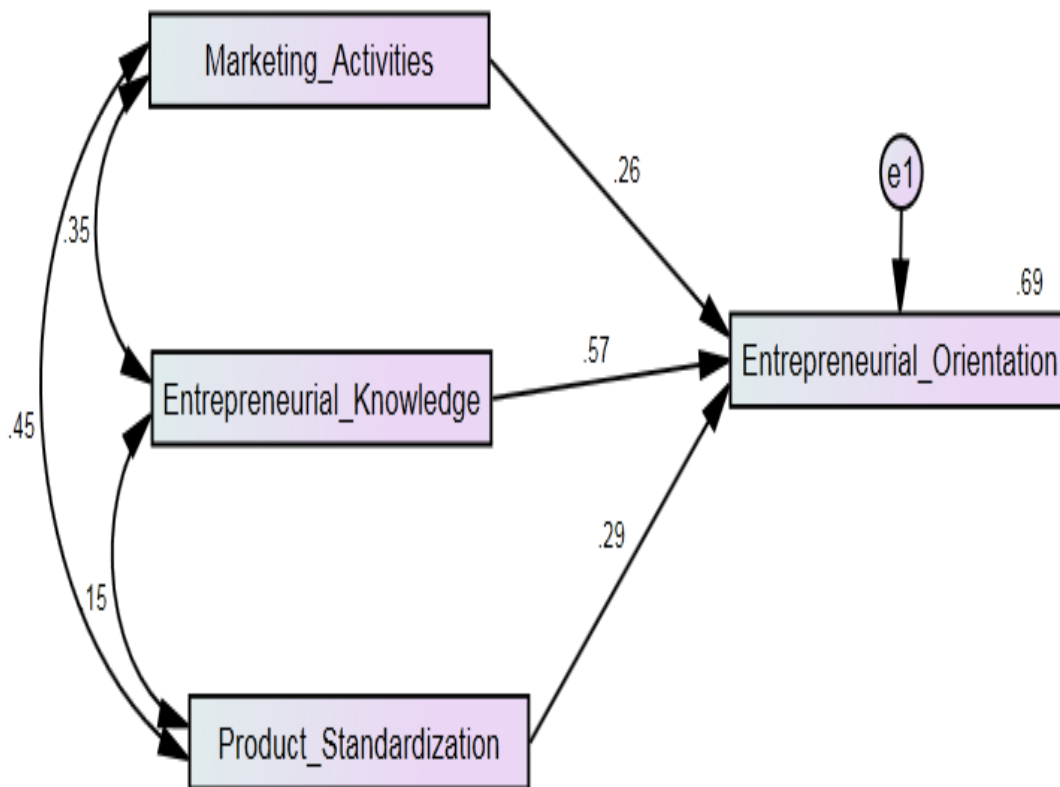


Figure 4.19: Retained Models

4.11 Overall hypothesis testing results on the relationship between government regulations and entrepreneurial orientation of SMEs in Kenya.

Table 4.40 shows results after testing the hypothesized research model. The relationships between all explanatory variables were positive and significant except for technology adoption that was not significant. Three of the research null hypotheses were rejected at 95% level of significance and one hypothesis accepted. This was guided by the t-calculated statistics values

Table 4.40: Hypothesis Testing Results

Hypothesis	Estimate (Z-Score)	T-statistics (.05 Sig level)	Results
H ₀₁ : There is no significant relationship between marketing activities and entrepreneurial orientation (EO) amongst SME operators in Kenya.	1.243	7.972	Positive and significant (Rejected)
H ₀₂ Entrepreneurial training does not moderate the relationship between marketing activities and entrepreneurial orientation (EO) amongst SME operators in Kenya.	0.437	4.139	Positive and significant (Rejected)
H ₀₃ : There is no significant relationship between entrepreneurial orientation (EO) and product standardization amongst SMEs operators in Kenya.	0.159	2.316	Positive and significant (Rejected)
H ₀₄ : Entrepreneurial training does not moderate the relationship between between entrepreneurial orientation (EO) and product standardization amongst SMEs operators in Kenya.	0.165	2.351	Positive and significant (Rejected)
H ₀₅ : There is no significant relationship between entrepreneurial competencies and entrepreneurial orientation (EO) amongst SMEs	0.699	3.343	Positive and significant (Rejected)

	operators in Kenya			
		0.394		Positive and significant
H ₀₆ :	Entrepreneurial training does not moderate the relationship between entrepreneurial competencies and entrepreneurial orientation (EO) amongst SMEs operators in Kenya.		3.731	(Rejected)
H ₀₇ :	There is no significant relationship between technology adoptions and entrepreneurial orientation (EO) amongst SME operators in Kenya.	0.101	1.045	Positive and not significant (Accepted)
H ₀₈ :	Entrepreneurial training does not moderate the relationship between technology adoption and entrepreneurial orientation (EO) amongst SME operators in Kenya.	0.237	1.045	Positive and significant (Accepted)

The findings of the hypothesis testing indicated that, out of the five hypothesized relationships, only technology adoption was not significant and contributed little to entrepreneurial orientation. Overall, the study concludes that, it is possible for the SMEs dealing in retailing of alcoholic drinks to do their businesses without violating the government regulations. They can be able to generate more wealth by collaborating with the government and pursuit of superior performance via simultaneous opportunity seeking and advantage-seeking activities (Ireland, Hitt, & Sirmon, 2003) commonly referred to as strategic entrepreneurship. By working along

with the government, these SMEs attempt to create wealth by exploiting competitive advantages and by setting the stage for future performance through identifying ideas that will create subsequent advantages (Ireland & Webb, 2007).

By forging collaboration with the government, the SMEs thus form collaborative innovation that can enable both of them to overcome their respective challenges related to successfully engaging in strategic entrepreneurship. Collaborative innovation is the creation of innovations across firm (and perhaps industry) boundaries through the sharing of ideas, knowledge, expertise, and opportunities (Miles, Miles, & Snow, 2005). Through collaborative innovation, SMEs innovations can be implemented on a scale that permits market entry to be as fast and effective as that of large firms. This suggests that collaborative innovation can fuel the strategic renewal of SMEs that large firms often find elusive (Floyd and Lane, 2000). Overall, the study believes that if SMEs effectively integrates strategic entrepreneurship and collaborative innovation, they will be well positioned to continuously create wealth.

Strategic entrepreneurship also involves finding a balance between opportunity-seeking and advantage-seeking activities (Ireland et al., 2003). Opportunity seeking involves sorting through potential opportunities to identify areas of future activity for the SMEs. Building a diverse knowledge base will enable SMEs to expand competitively. Lee and Cole, (2003) posit that by collaborative network, SMEs cannot only fill the innovation gap, but also preserve the balance between advantage-seeking and opportunity-seeking activities for strategic entrepreneurship. Entrepreneurs dealing with retailing of alcoholic drinks should also have entrepreneurial mindset which is required to successfully engage in strategic entrepreneurship.

McGrath and MacMillan (2000) view an entrepreneurial mindset as a way of thinking about business that focuses on and captures the benefits of uncertainty. Risk and ambiguity are part of SMEs uncertainty (Priem, Love & Shaffer, 2002). Small and medium enterprises (SMEs) capable of successfully dealing with uncertainty tend to outperform those unable to do so (Brorstrom, 2002). Thus, entrepreneurs

should take risk in order to contribute to a competitive advantage. Their collaboration, wealth creation, opportunity seeking entrepreneurial mindsets and risk propensity fit well in strategic entrepreneurship.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the major findings of the study, relevant discussions, conclusions and the necessary recommendations. The chapter gives the summaries of the major findings based on the output of the descriptive and inferential statistics and give recommendation and suggestion for further research.

5.2 Summary of Findings

The main purpose of the study was to explore the moderating role of entrepreneurial training on the relationship between government regulations and entrepreneurial orientation of SMEs in Kenya. The hypothesized relationships were tested empirically where certain assumptions about the variables used in the analysis were tested for. The study tested for normality, heteroscedasticity, reliability, multicollinearity, linearity, outliers and common method variance.

Specific Objective 1: To Determine the Influence of Marketing Activities on Entrepreneurial Orientation amongst SMEs Operators in Kenya.

Entrepreneurial orientation is the tendency for enterprises to be innovative, proactive and take risks so as to remain competitive in the market place (Lumpkin and Dess, 1996). This study attempted to find out whether the SMEs were influenced by their position of being proactive, innovative and risk-taking. The study found that owners/managers of SMEs dealing with retailing of alcoholic drinks engaged themselves in marketing activities as key aspects in the promotion of organization's goods and services. The results indicated that, marketing activities had a positive relationship with entrepreneurial orientation which led to the rejection of the null hypothesis. Out of the items used to measure marketing activities, some were dropped in further analysis because of low loadings. The findings found that

organizations strongly does marketing of the products and whole-heartedly adopts and adheres to the principles and practices of marketing and also branding of buildings in order to advertise the products led to the increase of the number of their customers. The two factors out of five other factors contributed significantly to entrepreneurial orientation of SMEs dealing in the retailing and selling of alcoholic drinks in Kenya.

The study further revealed that entrepreneurial training had a strong positive moderating influence in the relationship between marketing activities and entrepreneurial orientation. This was demonstrated by the increase in the R^2 when entrepreneurial training was introduced in the moderated hierarchical regression analysis in the presence and absent of entrepreneurial training. It was also evident that the respondents were aware that marketing was very important for growth and expansion of their SMEs as majority of the respondents were of the view that their area of business operation was characterized by intense competition. Study findings indicated that a unit change in entrepreneurial orientation can be explained by marketing activities and there is a positive significant relationship between marketing activities and entrepreneurial orientation. However, the knowledge generated by market-activities has little benefit if not appreciated and implemented for firm innovation.

This study finding described marketing-activities as a set of behaviours and processes or an aspect of culture to create a superior customer value, understanding of the availability of the product and the uses. By adapting a process approach, marketing-activities mean the implementation of a concept via market intelligence generation, intelligence dissemination, and responsiveness. The results noted that, from a review of the literature, it is clear that entrepreneurs had narrow conceptualizations of marketing activities, believing that it relates to selling and promotions only. This shows that many entrepreneurs were particularly not concerned about other people's perceptions of their business and more so their customers.

Objective 2: To Establish how Product Standardization Influences Entrepreneurial Orientation amongst SMEs Operators in Kenya.

The second objective sought to establish how product standardization influences entrepreneurial orientation amongst SMEs operators in Kenya. The results revealed that, product standardization positively influences entrepreneurial orientation amongst SMEs operators in Kenya as there was a positive relationship between them as portrayed by the regression weight. It was observed too that, there was a significant increase in the value of R^2 when moderated hierarchical regression analysis was done. The study revealed that, entrepreneurial training had a moderating influence in the relationship between product standardization and entrepreneurial orientation. The null hypothesis was rejected.

The findings found that, there can't be improvement where there are no standards. Once standards have been set and published, they need to be evaluated to measure actual performance to ascertain how they are being perceived so as to enable the standards setter to track the need for improvement.

Objective 3: To investigate whether entrepreneurial competencies influences entrepreneurial orientation amongst SMEs operators in Kenya.

The third objective of the study sought to investigate whether entrepreneurial competencies influences EO amongst SMEs operators in Kenya. Statistical analyses and tests were done to determine the influence of entrepreneurial competencies on entrepreneurial orientation amongst SMEs operators in Kenya. The results revealed that, entrepreneurial competencies positively influences entrepreneurial orientation amongst SMEs operators in Kenya as there was a positive relationship between them as portrayed by the regression weight. It was observed too that there was a significant increase in the value of R^2 when moderated hierarchical regression analysis was done.

Further test confirm, too that there existed a moderating influence in the relationship considering that the R^2 value increased considerably when entrepreneurial competencies was not controlled in the correlation analysis. The null hypothesis that there is no significant relationship between entrepreneurial competencies and entrepreneurial orientation (EO) amongst SMEs operators in Kenya was rejected and the alternative hypothesis accepted.

Objective 4: To assess the influences of Technology Adoption on entrepreneurial Orientation amongst SMEs operators in Kenya.

The fourth objective of the study sought to assess the influences of technology adoption on entrepreneurial orientation amongst SMEs operators in Kenya. Study findings found that entrepreneurial training did not have a significant relationship in the government regulations and entrepreneurial orientation of the SMEs operators in Kenya. Path coefficients were used to determine the direction and strength of the factor. Technology adoption was found to have a weak relationship with a very low coefficient R^2 . R^2 indicated that, variations in entrepreneurial orientation of SMEs dealing in alcohol retailing could be accounted for by very low technology adoption scores.

The results showed no significant relationship between technology adoption and entrepreneurial orientation of SMEs operators in Kenya. This implies that, an increase in technology adoption did not lead to an increase in entrepreneurial orientation of SMEs operators in Kenya. Therefore, null hypothesis could not have been rejected. The study therefore, accepted the null hypothesis that “There is no significant relationship between technology adoption and entrepreneurial orientation (EO) amongst SME operators in Kenya”.

Objective 5: To explore the moderating role of entrepreneurial training on the relationship between government regulation and entrepreneurial orientation amongst SMEs operators in Kenya

To determine for the presence of the moderating effect of entrepreneurial training on government regulation and entrepreneurial orientation amongst SMEs in Kenya, structural equation modeling (SEM) and Moderated hierarchical multiple regression was used. This was done by introducing the interaction between independent variables (marketing activities, product standardization, entrepreneurial competencies and technology adoption) and the moderator (entrepreneurial training) in the hypothesized relationship.

The findings reported of an existence of positive significant moderating effect in the relationship between marketing activities, product standardization and entrepreneurial competencies when the moderator entrepreneurial training was introduced. The results however reported a non-significant moderating effect on technology adoption leading to the acceptance of the hypothesized relationship. These results corroborated with those of structural equation modeling (SEM). Marketing activities, product standardization and entrepreneurial competencies interactions with entrepreneurial training showed the presence of moderating effects and they also had a positive regression weights indicating a presence of moderation effects. The study reported the presence of moderation effect of entrepreneurial training on three objectives, namely; marketing activities, product standardization and entrepreneurial competencies with technology adoption testing negative.

5.3 Conclusions

The overall objective of the study was to explore the influence of entrepreneurial training on the relationship between government regulations and entrepreneurial orientation of small and medium enterprises in Kenya. The study specifically sought to investigate the role of marketing activities, product standardization, entrepreneurial competencies and technology advancement on entrepreneurial orientation of SMEs in Kenya.

The study showed that there was a positive significant relationship between marketing activities and entrepreneurial orientation of SMEs in Kenya. Therefore,

SMEs should sensitize their consumers on the availability of the services and goods they offer. Since the business environment is characterized by continued entrants of new competitors, there is need for improved marketing as such to enjoy the various opportunities available as they cope with their business threats. Successful entrepreneurs should undertake entrepreneurial training and engage in marketing activities in ways which often should not be seen at odds with conventional models. They should tend to focus first on customer needs and not innovations to products and services.

They should not identify customer groups through a bottom-up process of elimination, rather than a more deliberate segmentation, targeting and positioning strategies. They should rely on interactive marketing activities methods communicated largely through word-of-mouth, rather than a more controllable and integrated marketing mix. They should monitor the market place by gathering ad-hoc information through informal networks and formalized market research strategies. Entrepreneurs involved in these kinds of entrepreneurial training and marketing activities will successfully grow and expand their business.

The findings of the study depicted that there was a strong positive relationship between product standardization and entrepreneurial orientation of SMEs in Kenya. Therefore, SMEs in Kenya should ensure that their products meet the thresholds for quality as determined by quality assurance bodies.

Regarding the effect of entrepreneurial competencies, the study showed the existence of a positive relationship between entrepreneurial competencies and entrepreneurial orientation of SMEs in Kenya. Thus, there is need for continuous training to ensure that SMEs operators have the desired skills and knowledge for effective running of their day-to-day businesses.

The study advanced the argument that, it is important for the entrepreneurs to realize that it is not possible to compete with the government on the policies, rules and

regulations. This implies that entrepreneurial competencies will improve the situation by creating the awareness.

To effectively manage the functional areas of a business, it is important for small business owners to have necessary entrepreneurial competencies and skills, which include finance, operations, marketing, planning, human resource and awareness of knowledge management. In the “new economy” of the Internet era, the ability to continuously learn and acquire knowledge in an ever-changing dynamic environment will be of fundamental importance to all organizations. In particular, if SMEs are to compete highly.

The study found that, market orientation theory expressed the need to anticipate the future in dealing with innovation and acknowledge that intelligence generation involves anticipating customers’ future needs. These models of market orientation should focus more on innovation. The theory contributes to this study objective one in that the existence of a customer and competitor orientation in creating customer value will be sufficient to give a business a competitive advantage in all circumstances and that market-oriented organization develops long-term thinking and tries to satisfy latent customer needs.

In the Parker’s theory of proactive, a belief that one can be successful in a particular domain, or high self-efficacy, is likely to be especially important in proactive goal generation because being proactive entails quite a high potential psychological risk to the individual. The theory contributed to this study by identifying that proactive goal is likely to involve a deliberate decision process in which the individual assesses the likely outcomes of his or her behaviour. Individuals need to feel confident that they can both initiate proactive goals and deal with their consequences before they act.

In line with Schumpeter's theory, the dynamic entrepreneur is the person who innovates, who makes "new combinations" in production. Schumpeter describes

innovation in several ways. The theory contributed to this study by first spelling out the kinds of new combinations that underlie economic development. They encompass the creation of a new good or new quality of good; creation of a new method of production; the opening of a new market; the capture of a new source of supply, and; a new organization of industry. When goals are imposed or prescribed via some external regulation, there is already a reason to carry out the goal. Situations in which individuals have high levels of discretion, goals are not tightly specified, the means for achieving them are uncertain, and attainment is not clearly linked to rewards. Under such circumstances, their needs will be a strong internal force driving the potentially risky behavior of pro-activity.

Economic life proceeds routinely on the basis of past experience and there are no forces evident for any change of the status quo. In Schumpeter's theory, the dynamic entrepreneur is the person who innovates, who makes "new combinations" in production. Schumpeter described innovation in several ways. In this study, the theory observes that people act as entrepreneurs only when they actually carry out new combinations, and lose the character of entrepreneurs as soon as they have built up their business, after which they settle down to running it as other people run their businesses. It is then evident from this theory that entrepreneurs must continue carrying out new invention for them to be relevant in business.

5.4 Recommendations

The success of SMEs dealing with alcohol retailing can only be realized through education, training and lifelong learning, implemented holistically to enhance knowledge, skills, and intellectual capital in science and technology as well as entrepreneurial capabilities.

The study recommends for the training of entrepreneurs on how to conduct a market research. This will assist them in customer profiling.

There can't be improvement of products and services where there are no products standards. This study recommends that, SMEs dealing with alcohol retailing need to work closely with Kenya Bureau of Standards (KEBS), NACADA and the Ministry of Health in ensuring that only licensed and quality products are in the market. Pub, Entertainment and Restaurant Association of Kenya (PERAK) needs to ensure that its members are well-sensitized about product standardization. Emerging issues shows that, government is very critical on the products sold to customers. The fight on SMEs selling second generation alcoholic drinks is on. The study recommends that SMEs should be trained on the danger of the second generation alcoholic drinks and the government should not relent on the fight.

The members to have regular training on product standardization and even get certifications which will enable them to continuously be allowed to continue being in business. Entrepreneurs should plan for feedback about standards and organizations need to consider what they want to know, whom they should ask, how and when they should ask, who should analyze the feedback and how they will use the information (Brennan & Douglas, 2007).

Government needs to set up an entrepreneurship development policy, with the primary goal of generating high-quality human capital, with entrepreneurial thinking, attributes, and values and the secondary goal of producing more graduate entrepreneurs to act as catalysts for economic transformation. The study therefore recommends that, entrepreneurship education courses to be introduced in the primary and secondary education curriculum. This will enable primary and secondary graduates to acquire entrepreneurial competencies that will enable them start thinking of self-employment.

The study also recommends that the government and NGOs to assist SME operators in technology transfer and technology management. Technology adoption has become a strategic asset which can help improve business processes and change the function of market. The study also recommends that, there should be introduction of entrepreneurship development programme for potential and existing entrepreneurs.

The national government to partner with the county governments and stakeholders like UNIDO, USAID, UNDP and local universities.

Lastly, the study recommends that, the government to be involving PERAK, NGOs, KEBS, SME operators and international organizations when developing regulations for this particular sub-sector. The world at large advocates for a 24 hour economy and it is illogic to enact regulations that hinder growth of entrepreneurship in a country.

5.5 Suggested Areas for Further Research

Results findings of the study have several implications for theory, methodology and practice.

a. Theoretical studies and academic implications

The findings have contributed to the existing stock of knowledge in the literature of entrepreneurial training in small and medium businesses by relating this to the experience of SMEs in a developing country. Despite this known fact of the importance of entrepreneurial training in SMEs, there had been a gap in empirical knowledge in developing countries; therefore, the findings of this study have contributed in filling this knowledge gap. Additional research is required particularly on the issue of entrepreneurial training and whether alternative systems or methods could be devised to encourage double-loop learning and facilitate access to further support for SMEs businesses in Kenya.

b. Studies on methods and methodology implications

Since the study applied cross-sectional survey design utilizing both qualitative and quantitative approaches, and developed an entrepreneurial orientation model for SMEs as per the government regulations in relation to alcohol retailing, the model can be tested in other lines of SMEs and a comparative study can be carried out. The study developed Structural models thus future studies could test all parameters and

develop further models using all constructs used in this study as well as all other parameters relevant to the study.

c. Policy intervention

This study was carried out during a period when the government was not very critical of the second generation alcoholic drinks which have led to destruction of young men and women economically. Future studies could focus on the real effect of this second generation alcoholic drinks and their economic, social and political effects to the young generation. These kinds of comparative studies could help the government to gauge the effects of SMEs dealing with alcoholic drinks thus mitigate on the effects.

Lastly, the findings in this study are based on evidence gathered from small and medium enterprises (SMEs) who are registered members of PERAK. Future studies should be extended to small and medium- sized enterprises (SMEs) who are not members of PERAK.

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APPENDICES

APPENDIX 1: Questionnaire

This questionnaire is divided into **Section 1 and 2**. Please respond as accurately and as honestly as possible to all the questions. Read each question carefully and follow the instructions. Answer all questions by either circling the number in the box, using a tick (√) in the box or by writing your views on the space provided that best describes your answer. All individual answers will be kept confidential.

SECTION 1: BACKGROUND INFORMATION

Please complete each section as instructed do not write your NAME on the questionnaire. All the information in this questionnaire will be kept confidential.

Part A: DEMOGRAPHIC DATA

Please put a tick (√) against the answer of your choice.

1. Gender: Male () Female ()
2. Name of the business (Optional)
3. To date, what has been your highest formal qualification? (Please tick one box only)
 - i. Primary Certificate []
 - ii. Secondary []
 - iii. Diploma []
 - iv. Undergraduate []
 - v. Postgraduate []
4. Please indicate the number of years this firm has been in operation.

5 to 8 years	9 to 11 years	12 to 15 years	Over 15 years
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--	--	--	--

5. How many employees do you have at the moment? () employees

6. How many employees are?

i. Permanent and pensionable []

ii. Contract []

iii. Casual []

PART B: MARKETING ACTIVITIES

7. i) Do you think there is good understanding within your business of the needs, wants and behavior patterns of the targeted customers?

Yes

No

ii. If **No**, why?

.....

8. Has the government regulations influenced understanding within your business of the needs, wants and behavior patterns of the targeted customers?

Yes

No

ii. If yes, how?

.....

9. Does the organization carry out products promotions in order to reach out to more customers?

Yes

No

10. If the answer to the above question is yes, how often do you carry out the product promotions? Tick the appropriate box

Daily	weekly	monthly	Semi-annually	Yearly

11. What is the budget range of the amount of money spent on these product promotions? Tick in the appropriate box.

Range in Kenya shillings	Tick appropriately
100-5,000	
5,001,-10,000	
10,001-20,000	
20,001-30,000	
Above 30,000	

12. To what extent do you agree with the following statements related to marketing activities using the scale?

(S.A-Strongly Agree, A-Agree, N-Neutral, D.A-Don't Agree S.D-Strongly Disagree)

Tick as appropriate.

Opinion statements	SA	A	N	D.A	S.D
i. Customer relationship marketing is important in order to know what exactly satisfies their needs and wants.					
ii. This organization strongly does marketing of the products and whole-heartedly adopts and adheres to the principles and practices of marketing.					
iii. Branding of buildings in order to advertise our products has led to the increase of the number of customers					
iv. The level of competition in our market produces intense rivalry between competitors.					
v. We operate in a market where it is relatively easy for new competitors to emerge.					
vi. Our suppliers have few customers and rely heavily upon our business.					
vii. All employees of the organization understand their role in achieving integrated effort to realize a marketing orientation.					
viii. Marketing is important for expansion and growth of the company.					

PART C: PRODUCT STANDARDIZATION

1. To what extent do you agree with the following statements relating to government regulation influence on product standardization using the scale; **(S.A-Strongly agree, A-Agree, N-Neutral, D.A-Don't Agree S.D-Strongly Disagree)**

	SD	A	N	DA	SD
i. Many of the businesses registered under PERAK are ISO certified.					
ii. There has been an improvement in quality of alcohol products in terms of health and safety for consumers in the Kenyan market reducing the total number of deaths from adulterated alcoholic drinks.					
iii. There has been an increase of new products in the market since the inception of Alcohol Act.					
iv. New methods of production have been introduced in the market since the inception of the Alcohol Act					
v. There has been competition from other beers that have come up after legalization of chang'aa, busaa and traditional beers creating intense rivalry between competitors.					
vi. There has been a decrease in the number of people taking alcohol due to the inception of Alcohol Act.					
ix. Implementation of the set standards has been cost-effective					

Part D: TECHNOLOGY ADOPTION

1) Does the government regulation influence the adoption of technology in your business?

Yes [] No []

i. If Yes, **how**?

.....

ii. If No, why?

.....

iii) Have you been trained on how to use computers for your business?

Yes [] No []

2. How much money has your organization spent in machines installations and investment in technology?

Range in Kenya shillings	Tick
Hundreds	
Thousands	
Hundred Thousands	
Others	

3. Which of the following technology equipment and facilities do you use? (You can select more than one)

TECHNOLOGY	Tick
i. Computers/PCs used by employees	
ii. Networked – computers/PCs networked or interconnected for communications purposes	
iii. Email used for internal or external communications	
iv. EDI (Electronic Data Interchange) used to communicate with suppliers and/or customers	
v. Internet – employees have access to Internet	

2. To what extent has the following government regulations influenced your ability to adopt technology?

Use a scale (V.G-very great extent; G-great extent; M.E- moderate extent; L-Low extent and V.L-very low extent) Tick as appropriate.

	VG	GE	ME	L	VL
i. Alcohol law					
ii. Environmental protection law					
iii. Intellectual property and trade protection laws					
iv. Scientific and technological achievements transformation law					
v. Technology contract law					
vi. Technological innovation law					

PART E: ENTREPRENEURIAL COMPETENCIES

To what extent has the government regulations influenced the following statements related to your knowledge and skills?

Use the scale provided (V.G-very great extent; G-great extent; M.E-moderate extent; L-Low extent and V.L-very low extent) Tick as appropriate.

	V.G	G.E	M. E	L	V.L
i. Managerial Skills					
ii. Technical Skills					
iii. Interpersonal skills					
iv. Communication skills					
v. Ability to come up with new ideas					
vi. Market analysis					
vii. Product or service knowledge					
viii. Understanding of legal structures					

SECTION 2: ENTREPRENEURIAL ORIENTATION

A. The Entrepreneurial Orientation Scale

1. To what extent do you agree with the following statements related to Entrepreneurial Orientation using the scale?

(S.A-Strongly agree, A-Agree, N-Neutral, D.A-Don't Agree S.D-Strongly Disagree) Tick as appropriate.

	S.A	A	N	D.A	S.D
INNOVATION					
i. In our industry we are often the first to take initiative in every situation to which our competitors then respond.					
ii. Often our firm is the first to introduce new products, services, administrative techniques, etc.					
iii. Our firm actively introduce improvements and innovations in our business					
iv. Our firm encourages development of employees ideas for the purpose of business improvement					
v. Innovation strategies are aligned with our firm's core mission and values					
vi. Our firm usually develops creative solution to difficult problems					
PROACTIVENESS					
i. Our firm actively seeks out and exploits opportunities to introduce new products or services in anticipation of future demand					
ii. Our firm is a market leader and is associated with aggressive posturing relative to the competitors					
iii. We identify needs of current and potential customers					
iv. We have introduced other modes of payment rather than cash like M-Pesa pay bill					
v. Our firm is involved in new opportunity identification and evaluation,					
vi. Our firm identifies and monitor market trends to predict future trends					
vii. Our firm harnesses the strong research and development capabilities in making future decisions					
viii. The firm adopts creative methods of running					

business ahead of its competitors					
ix. Our firm initiate improvement projects designed to capitalize on new opportunities					
x. Our firm is able to anticipate and respond to the latent and emerging needs of customers					
xi. The firm continually seeks opportunities (new market and new customers) related to the present operations					
RISK TAKING					
i. Staff in this firm are encouraged to take calculated risks with new ideas					
ii. Our firm typically adopts a bold, aggressive posture in order to maximize exploiting of potential opportunities.					
iii. This firm tends to sacrifice profitability to gain market share					
iv. The firm ventures into unknown (first mover) new markets					
v. I greatly sell alcohol any time of the day					
vi. I readily sell alcohol to any person who visits my premises without considering the age brackets					
vii. Our firm has a strong tendency for risk-taking in technology adoption					
viii. Our firm starts business without adequate resources (e.g. required licenses)					

B. ENTREPRENEURIAL TRAINING

Answer the questions below appropriately

Questions	Yes	No
i. Are you trained on how to run the business?		
ii. Did you go to any college to be trained on the way to run business or is it informal training?		
iii. Did you obtain your business skills by learning on the job training through experience?		
iv. Are you prepared, if needed, to temporarily lower your standard of living until your business is firmly established?		
v. Are you prepared to lose a portion of your savings?		
vi. Do you know what basic skills you will need in order to have a successful business?		
vii. Do you possess those skills?		
viii. Have you ever worked in a managerial or supervisory capacity?		
ix. If you discover you do not have the basic skills needed for your business, will you be willing to delay your plans until you have acquired the necessary skills?		

1. Do you think the alcohol Act 2010 has achieved its objectives? (To provide for the regulation of the production, sale and consumption of alcoholic drinks, to repeal the Chang’aa Prohibition Act, the Liquor Licensing Act) in Kenya.

i) Yes [] No []

ii) Explain your answer in (i) above

.....

iii) What amendments would you recommend on the alcohol Act 2010?

.....

Thank You!!!

APPENDIX 2: Firms Demographics- Gender

Gender	Frequency	Percentage
Male	97	85.84%
Female	16	14.16%
Total	113	100%

Categories of Employees

Experience in years	Frequency	Percentage (%)
Permanent and pensionable	64	56.6
Contract	14	12.4
Casuals	35	31
Total	113	100

Education Level

Level	Frequency	Percentage (%)
Primary Level	18	15.65
Secondary level	20	17.39
Diploma	54	46.96
Degree level	17	14.78
Post graduate	4	3.47
Total	113	100

Number of years in operation

Number of years frequency	Frequency	Percentage (%)
5 to 8 years	73	64.6
9 to 11 years	20	17.7
12 to 15 years	16	14.16
Over 15 years	4	3.54
Total	113	100%

APPENDIX 2: Firms Demographics (PIE CHARTS)

Figure 4.1: Gender of the Respondents

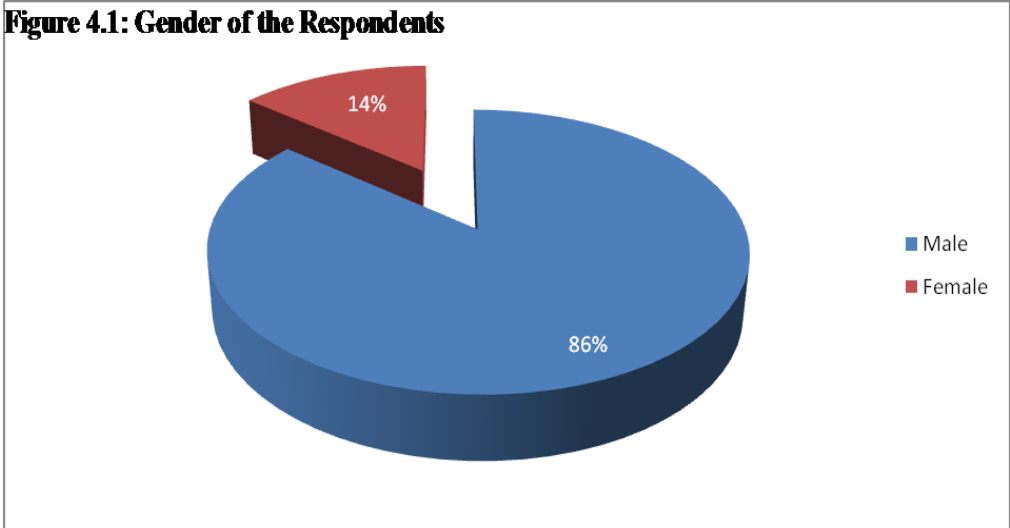


Figure 4.2: Education Level of the Respondents

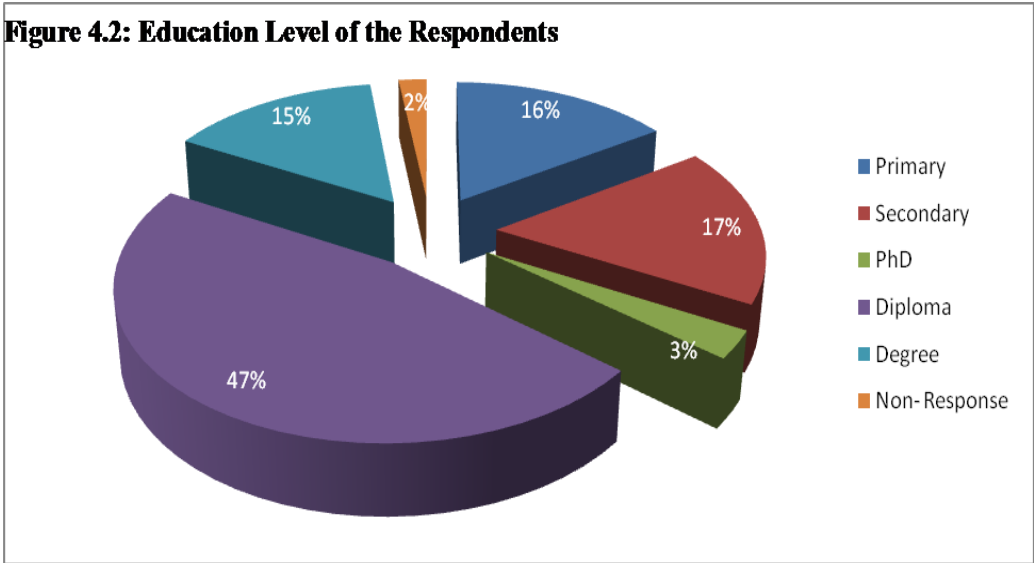


Figure 4.3: Number of Years in Operation

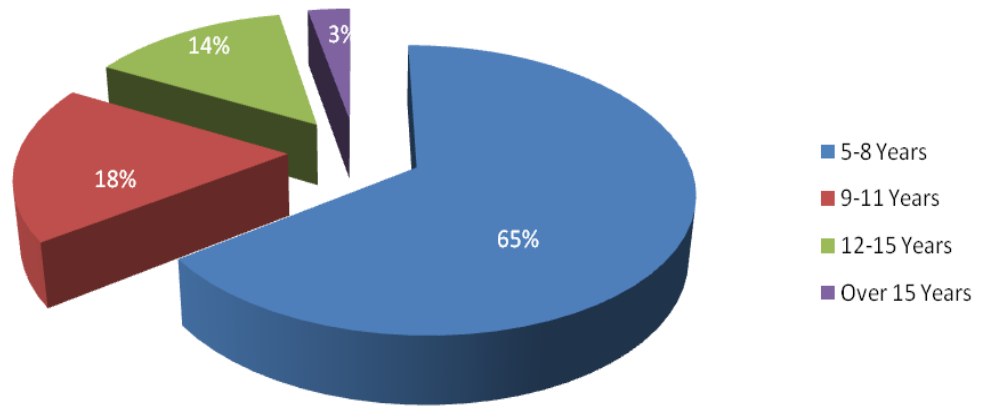
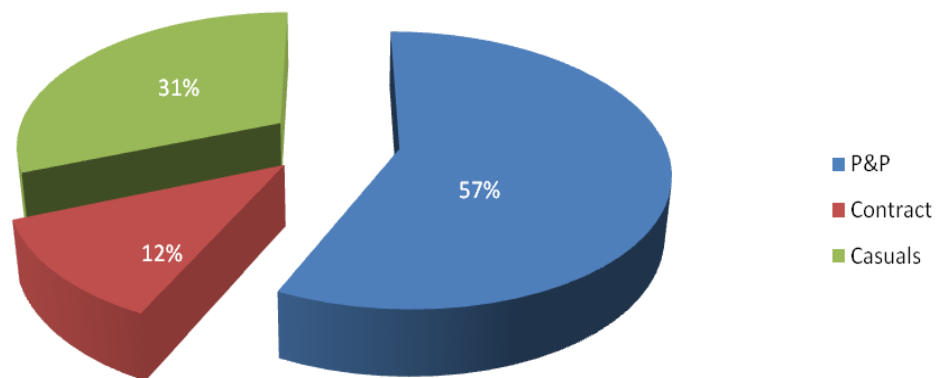
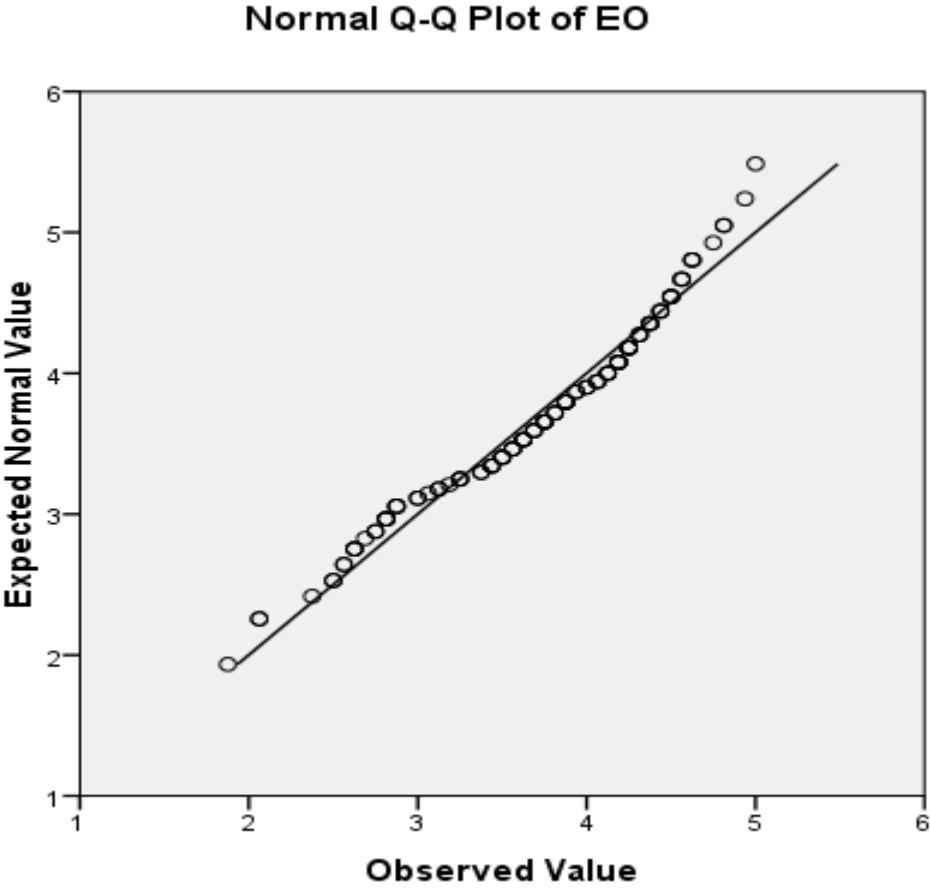


Figure 4.4 Categories of Employees



APPENDIX 3: Normal Q-Q Plot of Entrepreneurial Orientation



APPENDIX 4: Loading For The Measurement Model(Pattern Matrix)

	Components					
	1	2	3	4	5	6
INV1	0.856					
INV2	0.915					
PA3	0.929					
PA4	0.939					
RT1	0.824					
RT2	0.861					
M1		0.736				
M2		0.782				
M3		0.948				
M4		0.863				
M5		0.761				
TA1			0.804			
TA2			0.903			
TA3			0.855			
PS3				0.877		
PS4				0.904		
ET2					0.936	
ET3					0.931	
EK1						0.876
EK2						0.799

APPENDIX 5: Communalites of the Study Variables

	Initial	Extraction
INV1	1.000	.804
INV2	1.000	.881
PA3	1.000	.815
PA4	1.000	.861
RT1	1.000	.824
RT2	1.000	.750
M1	1.000	.703
M2	1.000	.764
M3	1.000	.724
M4	1.000	.778
M5	1.000	.754
EK1	1.000	.804
EK2	1.000	.790
TA1	1.000	.721
TA2	1.000	.818
TA3	1.000	.781
PS3	1.000	.845
PS4	1.000	.863
ET2	1.000	.880
ET3	1.000	.872

Extraction Method: Principal Component Analysis.

APPENDIX 6: Extracted Components obtained by Constraining Factors

Component	Initial Eigenvalues		Extraction Sums of Squared		Rotation	Sums
	Total %	ofCumulative	Total %	ofCumulative	of	Squared
					Loadings	Loadings ^a
	Variance %		Variance %	Total		
1	7.75438.770	38.770	7.75438.770	38.770	6.476	
2	2.20611.032	49.802	2.20611.032	49.802	5.824	
3	2.06610.332	60.133	2.06610.332	60.133	2.617	
4	1.6778.384	68.517	1.6778.384	68.517	3.541	
5	1.2316.154	74.671	1.2316.154	74.671	1.805	
6	1.0995.497	80.169	1.0995.497	80.169	3.188	
7	.574 2.870	83.038				
8	.553 2.765	85.804				
9	.478 2.392	88.196				
10	.428 2.138	90.334				
11	.378 1.888	92.221				
12	.297 1.483	93.704				
13	.276 1.378	95.082				
14	.231 1.157	96.239				
15	.190 .949	97.188				
16	.188 .940	98.128				
17	.126 .631	98.759				
18	.118 .592	99.351				
19	.092 .460	99.811				
20	.038 .189	100.000				

APPENDIX 7: Convergent Validity Analysis of the First Order CFA Model

Constructs		Loadings	Cronbach's Alpha	Composite Reliability	AVE
Marketing Activities	M1	.823	0.91	0.904	0.653
	M2	.896			
	M3	.783			
	M4	.868			
	M5	.836			
	M6	.797			
Product Standardization	PS1	.698	0.843	0.850	0.739
	PS2	.709			
	PS3	.868			
	PS4	.819			
	PS5	.822			
Entrepreneurial competencies	EK1	.824	0.717	0.748	0.599
	EK2	.732			
	EK3	.650			
	EK4	.741			
Technology Adoption	TA4	.872	0.713	0.824	0.613
	TA5	.872			
Innovation	INV1	.965	0.842		
	INV2	.965			
Proactiveness	PA3	.945	0.883		
	PA4	.945			
Risk-Taking	RT1	0.952	0.769	0.945	0.744
	RT2	0.859			
	RT3	0.664			
Entrepreneurial Training	ET2	.837	0.574	0.839	0.725
	ET3	.837			

APPENDIX 8: Factor loadings for Independent Variables.

Factor Loadings for Marketing Activities

	Component
Branding of buildings in order to advertise our products has led to increase in number of customers	0.736
The level of competition in our market produces intense rivalry between competitors	0.782
We operate in a market where it is relatively easy for new competitors to emerge	0.948
Our suppliers have few customers and rely heavily upon our business	0.863
All employees of the organization understand their role in achieving an integrated effort to achieve a marketing orientation	0.761

Factor Loadings for Product standardization

	Components
Many of the businesses registered under PERAK are ISO certified	0.767
There has been an increase of new products in the market since the inception of Alcohol Act	0.759
New methods of production have been introduced in the market since the inception of Alcohol Act	0.848
There has been competition from other beers that have come up after legalization of chang'aa, busaa and traditional beers creating intense rivalry between competitors	0.815
Implementation of the set standards have been cost-effective	0.800

Factor Loadings of Entrepreneurial competencies construct

	Component
Managerial Skills	0.692
Interpersonal skills	0.874
Communication skills	0.830
Understanding of legal structures	0.771

Factor Loading for Technology Adoption

	Component
Alcohol law	0.758
Environmental protection law	0.877
Intellectual property and trade protection laws	0.856
Scientific and technological achievements transformation law	0.864
Technology contract law	0.700

APPENDIX 9: Mahalanobis d-squared

Observation number	Mahalanobis squared	d-	p1	p2
110	17.038		.009	.646
111	17.038		.009	.277
112	15.675		.016	.259
113	15.675		.016	.101
78	14.439		.025	.156
79	14.439		.025	.066
71	14.138		.028	.041
72	14.138		.028	.015
2	13.996		.030	.007
12	13.996		.030	.002
48	12.121		.059	.073
49	12.121		.059	.036
80	11.528		.073	.071
81	11.528		.073	.037
7	10.354		.110	.265
34	10.354		.110	.181
90	9.973		.126	.252
92	9.973		.126	.174
100	9.882		.130	.142
101	9.882		.130	.091
106	9.445		.150	.174
107	9.445		.150	.118
50	8.850		.182	.314
51	8.850		.182	.235
52	8.850		.182	.169

Observation number	Mahalanobis squared	d-	p1	p2
53	8.850		.182	.117
74	8.753		.188	.105
75	8.753		.188	.069
73	8.714		.190	.051
94	8.564		.200	.055
97	8.564		.200	.034
15	8.477		.205	.030
85	7.243		.299	.599
86	7.243		.299	.518
87	7.243		.299	.436
91	6.772		.342	.735
93	6.772		.342	.665
6	6.433		.376	.836
18	6.433		.376	.783
108	6.249		.396	.843
109	6.249		.396	.792
88	5.664		.462	.979
89	5.664		.462	.967
76	5.512		.480	.979
77	5.512		.480	.967
5	4.982		.546	.999
17	4.982		.546	.998
13	4.915		.555	.998
24	4.915		.555	.996
9	4.891		.558	.995
45	4.891		.558	.991

Observation number	Mahalanobis squared	d-	p1	p2
3	4.696		.583	.997
4	4.696		.583	.994
29	4.696		.583	.991
26	4.558		.602	.995
27	4.558		.602	.991
40	4.558		.602	.986
82	4.378		.626	.994
83	4.378		.626	.990
84	4.378		.626	.984
32	4.211		.648	.993
37	4.211		.648	.989
38	4.211		.648	.982
57	4.211		.648	.971
58	4.211		.648	.956
60	4.211		.648	.935
10	4.049		.670	.966
42	4.049		.670	.948
63	3.866		.695	.978
64	3.866		.695	.965
54	3.807		.703	.965
55	3.807		.703	.946
19	3.769		.708	.937
33	3.769		.708	.909
1	3.752		.710	.882
20	3.752		.710	.838
28	3.752		.710	.783

Observation number	Mahalanobis squared	d-	p1	p2
31	3.752		.710	.719
104	3.505		.743	.881
105	3.505		.743	.834
59	3.483		.746	.797
62	3.483		.746	.733
98	3.255		.776	.879
99	3.255		.776	.830
65	3.241		.778	.783
66	3.241		.778	.713
21	2.913		.820	.929
43	2.913		.820	.893
30	2.774		.837	.934
36	2.774		.837	.898
69	2.736		.841	.878
70	2.736		.841	.822
95	2.540		.864	.917
96	2.540		.864	.870
14	2.525		.866	.822
25	2.525		.866	.745
35	2.525		.866	.653
44	2.525		.866	.548
56	2.525		.866	.439
61	2.525		.866	.331

APPENDIX 10: LIST OF SMES

Ole-Sereni Hotel

Nairobi Airport Hotel

Hotel Central Park

Southern Sun Mayfair Nairobi

Nairobi Serena Hotel

Eka Hotel Nairobi

Sarova Stanley

The Boma Nairobi

Sarova Panafric

Silver Springs Hotel

Villa Rosa Kempinski

The Panari Hotel

Meridian Hotel

DusitD2 Nairobi

Safari Park Hotel

Hotel Riverview Westlands

The Heron Portico

67 Airport Hotel Nairobi

The Oakwood Hotel

The Ndemi Place

Methodist Guest House and Conference Centre

The Clarion Hotel

The Monarch Hotel

Milestone City

Nairobi Airport Rest house

Fairmont the Norfolk

MOMBASA

Il Covo Italian Restaurant & Bar

Safari Inn Restaurant & Bar

Mombasa Go Kart & Restaurant

Tembo Disco

The Pitcher & the Butch

Bob's Sandwich Bar & Murphy's Irish Pub

Roberto's Restaurant

Hunter's Steak House

La Veranda Restaurant

Yaamas Beach Bar & Pub

Gecko Village

The Hideaway

Mamba Village Cultural Centre

Florida Night Clubs & Casinos

Bamburi Beach Hotel

Reef Hotel Mombasa

Voyager Beach Resort

New Palm Tree Hotel

Serena Beach Resort & Spa

Travellers Beach Hotel

Sarova Whitesands Beach Resort & Spa

Eden Beach Resort

Neptune Beach Resort

Bahari Beach Hotel

Kahama Hotel Mombasa

Glory Holiday Resort

Gasaro Hotel

Baobab Holiday Resort

Prestige Holiday Resorts

Monalisa Hotel

Topville Hotel

Amani

Apartment Mtwapa beach

Shanzu Beach Homes

Up the Creek Guest Home

Gasaro Hotel

Ocean Village Club

Waterlovers Beach Resort

The Sands at Nomad

Kenyaways

Diani Sea Lodge

South Coast Backpackers

Diani Sea Resort

Kinondo Kwetu

Shambani Cottages
Shalom Cottages Diani
Mangro Hotel
Lantana Galu Beach
The Bright Star Resort
The Villa
Southern Palms Beach Resort
Diani Reef Beach Resort & Spa
Amani Tiwi Beach Resort
Papillon Lagoon Reef Hotel
Leopard Beach Resort & Spa
Afrochic Diani
African Dream Cottages - Diani Beach
Swahili House
Inchi-Raha Cottage
Great Rift Valley Lodge & Golf Resort
Naivasha Kongoni Lodge Enashipai Resort & Spa
Eseriani the Hotel
Kiboko Luxury Camp-Sun Africa Hotels
Lake Naivasha Sopa Resort
Mount Longonot Lodge
Chui Lodge
Kiangazi House
Olerai House

Lake Naivasha Crescent Camp
Lake Naivasha Simba Lodge
Lake Naivasha Sawela Lodge
Camp Carnelley's
Lake Naivasha Panorama Park
Taphe Guest Resort
Crater Lake Tented Camp
Naivasha Peppercorn Holiday Resort
Fish Eagle Inn
Lake Naivasha Resort
Three Ways Restaurant Hotel
Masada Hotel
Sweet Lake Resort
Crayfish Camp
Most Serene Environment
Triple Eden Resort
Dafina Holiday Cottage
Burch's Resort Naivasha
Cottages in the Great Rift Valley Lodge
Dove Nest Lodge
Elsamere Lodge
Eseriani Hotel
Fish Eagle
The Duke Of Breeze Hotel

Imperial Hotel
Royal City Hotel, Milimani
Jumuia Hotel Kisumu
The Great Lakes Hotel Ltd
Thesha Place Hotel & Apartments
Royal Town Centre Branch
Wigot Gardens
Parkview Safari Hotel and Apartments
Victoria Comfort Inn
Hotel Riversand Limited
Palmers Hotel
Rusinga Island Lodge
Dreamhouse Hotel
Sovereign Hotel Limited
Ritz Garden Hotel
Caltab Image Solution
Scottish Tartan Hotel
Macadai Guest House
Ojisyo Lakeside Impala Guest House
Rozala Motel
Miale Hotel
Eagle Palace Hotel
Chester Hotel
Brownie's Guesthouse

Legacy Hotel and Suites

Signature Hotel

Hotel Marvin

Serene Deluxe Villa

Abbey Resort

Mama's Guest House

Milele Resort Nakuru

Hotel Bisons

Maili Saba Camp

Sarova Lion Hill Game Lodge

Peniel Guest House