RELATIONSHIP BETWEEN ENTREPRENEURIAL TEAM AND GROWTH OF SMALL AND MEDIUM MANUFACTURING ENTERPRISES IN KENYA

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Abstract

Purpose: The purpose of this study was to assess the relationship between entrepreneurial team and growth of small and medium manufacturing enterprises in Kenya.

Methodology: The study adopted a descriptive survey design. The target population was 422 manufacturing SMEs in Nairobi County who are members of Kenya Association of Manufacturers. Nairobi County was purposively selected. Both stratified and simple random sampling was used to select a representative sample. Both primary and secondary data collection techniques were employed. A Pilot study was conducted on 20 manufacturing SMEs in Kiambu County to establish and improve on the validity and reliability of research instruments. Data collected was coded and stored in tabular form using Microsoft Excel. Data was analyzed using both quantitative and qualitative data analysis methods. Quantitative data was analyzed using Statistical Package for Social Sciences (SPSS) Version 25 software through descriptive statistics (measures of central tendency and measures of dispersion). Data was presented through Tables.

Results: The study found out that the there was a significant positive relationship between entrepreneurial team and growth of small and medium enterprises. The conclusion from the results is that that 23.8% of growth of small and medium enterprises in Kenya is explained by entrepreneurial team.

Unique contribution to theory, practice and policy: The study recommended that the government should formulate supportive policies for entry, survival and growth of manufacturing SMEs such as favorable terms and conditions for accessing finance, entrepreneurial education and training, research and development and markets.

Key words: Entrepreneurial Team, Growth of Small and Medium, Manufacturing Enterprises
INTRODUCTION

Globally, SMEs play a very crucial role in the economic development of any country through the fact that they provide goods and services needed by the society and they create employment to majority of citizens. In fact, large enterprises alone cannot meet the demand for goods and services with the increasing customer base (Katua, 2014). In Kenya, SMEs are key drivers to economic development through promotion of innovation, creating employment opportunities thus assisting in alleviation of poverty, increasing competition and they act as an important source of goods and services (KNBS, 2016; Nasr & Rostom, 2013). They however face several challenges that impede on their growth and subsequent increase in death rates of the start-ups leading to de-industrialization (KNBS, 2016). This justifies the need to study how the entrepreneurial team relates to the growth of manufacturing SMEs.

Entrepreneurial team incorporates factors such as knowledge, skills, competencies, education, experience and other attributes embodied in an individual or group of individuals and are used to produce goods, services or ideas in market circumstances (OECD, 2017; Renko, Shrader & Simon, 2012). The entrepreneurial team factors that will be used in this study include: Knowledge, experience, competences and skills. A team is defined as a group of individuals that share interdependent tasks and outcomes associated with these tasks. It is therefore a social unit. Entrepreneurial team is therefore a group of individuals who are responsible for decisions making in a new venture (Kloetz, Hmieleski, Bradley & Busenitz, 2014). It is the underlying characteristics possessed by entrepreneurs that enable them perform entrepreneurial tasks more efficiently and effectively (Omri & Boujelbene, 2012).

Entrepreneurs with industrial experience have a higher probability of being successful compared with their counterparts who lack this experience since they have a better understanding on the demand and the strategies to take to beat competition, they are able to gather crucial information for their enterprise than outsiders, they have useful contacts and sufficient experience to know the kinds of products and services that meet customer demand within the context of their business (Dobbs & Hamilton, 2007; Smallbone & Wyer, 2000). Entrepreneurs with more management experience are able to manage their firms better because previous experience in management provides training in the skills needed for recognizing and acting on entrepreneurial opportunities, including negotiation, decision making styles, ways to serve markets and methods for dealing with customers and employees (Shane, 2007).

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Entrepreneurial ecosystem refers to a set of interdependent actors and factors that are coordinated in such a way that they contribute to development and growth of entrepreneurial ventures. The concept is drawn from the biological concept of the interaction between living organisms in their physical environment (Stam, 2015). Stam, posited that, just like the biological ecosystems, an entrepreneurial ecosystem consists of different elements, which can be individuals, groups, organizations and institutions that form a community by interacting with one another together with environmental determinants that have an influence on how these actors work and interconnect. It is a recently emerged concept that helps to balance focus on entrepreneurs as individual actors and the system-level conditions as contextual factors with the recognition that individual entrepreneurial actions are largely influenced by the local business environment (Mason & Brown, 2014).

Globally, many countries offer a variety of incentives for start-ups such as Babson Entrepreneurship Ecosystem Project and Global Entrepreneurship Program for the U.S. Department of State which outlines six key domains of the entrepreneurship ecosystem: conducive culture, enabling policies and leadership, availability of appropriate finance, quality human capital, venture-friendly markets for products, and a range of institutional and infrastructural supports. The idea rests on the premise that no single factor alone can spur and sustain entrepreneurship (CIPE, 2014).

In Africa, case studies of entrepreneurial ecosystem have shown a positive effect on growth of firms. For example, start-ups in South Africa, Angola, Rwanda and Ethiopia have incredibly been vibrant with support infrastructure from investors, government, and private institutions contrary to Senegal, Ivory Coast and Botswana which has recorded low growth due to retrogressive culture, low intake of technology and innovation due to high entry barriers and high government regulations (Mason & Brown, 2014). In Kenya, although much has been done to improve entrepreneurship ecosystem since 2010, with increase in the number of hubs, co-working spaces, incubation and acceleration centers, there has been low growth of firms due to limited connections to networks of international mentors, angel investors, venture capitalists (VCs), poor managerial practices, information failures, inadequate technology difficulties in connecting to global and regional value chains. These internal constraints continue to hold back Kenyan manufacturing SMEs from growing (KNBS, 2019).

In this realization, the Kenyan government has formulated various policies in form of Sessional papers such as sessional paper No. 2 and No. 55 of 2005 and 2012 respectively, which provides for promotion and development of small businesses through creation of an enabling environment for new venture creation and growth. This enabling environment constitutes the entrepreneurial ecosystem factors that form the basis of this study. Despite these efforts by the government, the manufacturing SMEs in Kenya have continued to perform poorly as evidenced by an estimated total of 2.2 million SMEs in Kenya that closed, with 46.3% of them closing during the first year of operation (KNBS, 2017). This poor growth has been attributed to fluctuating supply of raw
materials, marketing problems, inadequate entrepreneurial team development, poor seed capital, poor entrepreneurial culture and competition with large-scale companies (Makokha, 2015). Whereas entrepreneurial ecosystem factors are important drivers of enterprise development (Stam, 2015), there are scarce empirical studies on the relationship between them and growth of enterprises that this study intends to establish. Entrepreneurial orientation (EO) which is the entrepreneur’s risk-taking behavior, pro-activeness and innovativeness have been found to be important ingredient for enterprise growth (Pratono & Mahmood, 2015), will be used as the moderating variable.

Mubarik (2015) carried out a study to establish the role of human capital (HC) and performance of small and medium enterprises (SMEs) in the manufacturing sector of Pakistan. The study employed productivity, export, innovation, technological progress and survivability of firms as measurement variables for firm performance while skills, experience, employee stability, personal abilities, training, attitude, compliance and health were used as the parameters to measure human capital. Data was collected using close ended questionnaire while One-way analysis of variance (ANOVA), multivariate analysis of variance (MANOVA), t-test and Structural Equation Modeling (SEM) were used for data analysis. The study found out that education ranked at the top, followed by experience, skills, personal abilities, training, employee stability, attitude, health and compliance. It also revealed that there is a significant positive impact of human capital on firm performance.

Ojokuku and Sajuyigbe (2015) in their study sought to investigate the effect of human capital development on the performance of Small and Medium Scale Enterprises in Nigeria. Data was collected by the use of structured questionnaires while Pearson Product Moment Correlation Coefficient and Multiple Regression Analysis was used for data analysis. The study found out that, human capital development variables: on-the-job training; level of formal education; level of participation in seminars, conferences and workshops and level of participation in trade fairs and exhibitions had significant effect on SMEs performance and thus, SME operators should actively promote those strategies to enhance their capacity for growth and survival.

Akande (2012) conducted an explorative case study to establish the influence of strategic entrepreneurial skills on service delivery of small businesses in Nigeria using multistage probability technique of selected block. Self-administered questionnaires were used for data collection while Chi-square and ANOVA were used to analyze the data collected. The study concluded that there was a positive relationship between the performance of SMEs and strategic entrepreneurial skills. Thaimuta and Moronge (2014) carried out a study to investigate on the factors that affect the performance of Matatu para-transit Venture in Small and Medium Enterprises (SMEs) in Nairobi County, Kenya. Management skills, entrepreneurial skills, training, and government policies were used as the measurement variables. Questionnaires were used for data collection and multiple regressions using SPSS software were used to analyze the data. The study concluded that, management skills, entrepreneurial skills, training and the role of government policies have an influence on the performance of matatu para-transit sector in Nairobi County Kenya.
The manufacturing sector plays a critical role in economic development and creation of employment globally, regionally and in Kenya. In USA, UK, Italy, France and Germany, it contributes to 52%, 62%, 79%, 63% and 60% in employment respectively (Petty, et al., 2012) while in china, it contributes to 80% and 60% to employment and GDP respectively (Sham, 2014). In Kenya, the employment growth rate was 1.8% in 2016 accounting for 11.8% of wage employment while in 2015, it accounted for 11.9% (KNBS, 2017). In 2017, the GDP growth rate was projected at 3%. Thus, the sector is a crucial tool for Kenya to achieve her long-term economic strategy, the Vision 2030 and the Big Four Agenda for the Jubilee Government, (National Planning Commission, 2013).

However, in Kenya, the sector has been facing significant challenges in the last 15 years with significant drop in its contribution to GDP hence the premature de-industrialization phenomenon. This is evidenced by constant reduction in the manufacturing firms and employment levels as well as the rise in the service sector’s share to the GDP (KNBS, 2017). The share of GDP has remained stagnant with only limited increases in the last three decades, contributing an average of 10% from 1964-73 and rising marginally to 13.6% from 1990-2007 (KAM, 2018). The GDP has declined from 11.8% in 2011 to 9.2% in 2018, while the sector’s growth declined to 3.5% in 2016 from 7.2% in 2011 which is against the vision 2030’s annual growth rate target of 10%. The employment growth rate has also declined from 11.9% in 2015 to 11.8% in 2016 despite the increased policy interventions by the government such as creation of enabling business environment, access to business development services and promotion of an entrepreneurial culture through introduction of entrepreneurship education at all levels of education to change the status of the sector (KNBS, 2018).

Entrepreneurial ecosystems factors have been recognized to play a significant role in promoting entrepreneurial activity and creating high growth entrepreneurial ventures (Acs, Autio & Szerb, 2014; World Economic Forum, 2013; Feld, 2012). However, majority of the studies in this field have been carried out in developed economies: Mason & Brown (2014); Stam (2015) & Spigel (2017). Regional studies have mainly focused on the state of entrepreneurial ecosystems but have not measured how the factors relate with enterprise growth: Sheriff & Muffatto (2015) & Rahatullah (2013). In Kenya, majority of the studies have focused on technology start-ups: Hain & Jurowetzki (2017); Bramann (2017) & Ankarcona & Holm (2016). In addition, most empirical studies on manufacturing SMEs have focused on one element of the ecosystem: Bunyasi (2012); Kimando, Sakwa & Njogu (2012); Bwisa & Ndolo (2011) while according to Park, Martins, Hain and Jurowetzki, (2017) a more holistic view of the ecosystem factors is useful in determining the weak and strong elements. Furthermore, Ogollah (2014) & Ombongi (2018) focused on other variables other than entrepreneurial ecosystem factors discussed in this study. From the foregoing, there is little extant literature on the relationship between entrepreneurial ecosystem and growth of small and medium manufacturing enterprises in Kenya hence the need to carry out this study.
The Human Capital Theory

Human capital is refers to the competences, knowledge and personal attributes embodied in the ability of a firm’s workforce to efficiently and effectively perform their tasks and deliver desirable results and are mainly gained through education, training and experience (Collings, Wood & Szamosi, 2018). According to Hessels and Terjesen (2008), entrepreneurial human capital refers to an individual’s knowledge, skills and experiences related to entrepreneurial activity. Human capital theory was first conceived by Adam Smith in 1776 which formed the basis of what later became the science of human capital. The theory was proposed by Schultz (1961) and later developed extensively by Becker (1964).

According to Becker, human capital is similar to physical means of production such as factories and machines thus a means of production into which additional investment yields additional output. However, it is substitutable but not transferable like land, labor or fixed capital. It was first generally applied on employees but Bruderl, Preisendorfer and Ziegler (1992) looked at it in an entrepreneurial context and termed it as entrepreneurial human capital. Bruderl et al. (1992) argued that, entrepreneurs with higher general and specific human capital are likely to perform better than their counterparts with much lower levels. According to Hessels and Terjesen (2008), entrepreneurial human capital is important to entrepreneurial development. The theory hypothesis that; education level, line of training, past entrepreneurial and business experience and skills have great influence on the choice of business sector and its eventual performance (Brush & Hirsrich, 1991).

The theory has largely been criticized by sociologists of education that it encourages individualism, has system defects, creates pseudo-capitalists out of workers and that it causes conflict of interest between socialist and capitalist workers. Despite these criticisms, the theory is regarded as the basis for the rational-exchange theory and that it gives explanations of economic phenomena (Fitzsimons, 2015). The theory contributed to objective number three of assessing the relationship between entrepreneurial team and growth of small and medium manufacturing enterprises in Kenya.

2.0 METHODOLOGY

The study adopted a descriptive survey design. The target population was 422 manufacturing SMEs in Nairobi County who are members of Kenya Association of Manufacturers. Nairobi County was purposively selected. Both stratified and simple random sampling was used to select a representative sample. Both primary and secondary data collection techniques were employed. A Pilot study was conducted on 20 manufacturing SMEs in Kiambu County to establish and improve on the validity and reliability of research instruments. Data collected was coded and stored in tabular form using Microsoft Excel. Diagnostic tests for a regression model were carried out to determine data normality, auto-correlation, multi-collinearity, homoscedasticity and linearity. Data was analyzed using both quantitative and qualitative data analysis methods. Quantitative data was analyzed using Statistical Package for Social Sciences (SPSS) Version 25 software through descriptive statistics (measures of central tendency and measures of dispersion)
and inferential statistics (Pearson correlation coefficient \( r \), multiple linear regression models and ANOVA). T-test was used to test the hypothesis. Thematic analysis was used for qualitative data. Analyzed data was presented using Tables.

3.0 RESULTS
3.1 Descriptive Statistics on Entrepreneurial Team

Table 1 gives the descriptive statistics on how the respondents agreed or disagreed with statements relating to entrepreneurial team and growth of manufacturing enterprises. A Likert Scale of 1-5 was used to represent the response in categories comprising of Strongly Disagree, Disagree, Not Sure, Agree and Strongly Agree respectively. From the findings in the table above, majority of respondents agreed with the statement that, having a pool of employees with business knowledge has led to growth of their firm (48.9%), training of employees on entrepreneurship and management of business has assisted in growth of their firms (62.5%), having a managerial team who have prior knowledge in business has helped in the growth of their firms (55.5%). Majority also agreed that, having a team with capacity to identify new business opportunities and quickly taking advantage of it has led to growth of their firms (57.6%), their managerial team has skills that have contributed to efficient management and hence growth of their firms (60.4%), they have continuous training of their management team (55.4%), the skills of their managerial team has led to growth of their firms (55.5%), the ability of their team to apply the acquired skills has led to development of better quality products hence growth (54.8), their managerial team has been managing firm’s operations competently and efficiently hence growth (58.5%), and their managerial team hires employees with the required skills for the firm hence growth 57.5%). 46.9% also agreed that their team is able to strategically plan and implement the organization’s goals, their team has adequate experience in making proper decisions (53.8%), their team has adequate experience in negotiating with financiers and suppliers thus improving access to credit (63.1%). All these have contributed to the growth of their firms. However, there was disagreement (47.3%) on the statement that there has been consistent motivation of their employees from the management leading to improved production, hence growth. These findings agree with the findings agree with studies that were carried by Thaimuta and Moronge (2014) and Akande (2012) which were carried out to investigate on the factors that affect the performance of Matatu para-transit Venture in Small and Medium Enterprises (SMEs) in Nairobi County, Kenya and to establish the influence of strategic entrepreneurial skills on service delivery of small businesses in Nigeria respectively. Both studies concluded that management skills, entrepreneurial skills and training had an influence on the performance of SMES.
Table 1: Descriptive on Entrepreneurial Team

| Description                                                                 | SD  | D    | I   | A    | SA  |
|----------------------------------------------------------------------------|-----|------|-----|------|-----|
| Having a pool of employees with business knowledge has led to growth of our company from education and training | 9 (6.2) | 13 (9.0) | 52 (35.9) | 55 (37.9) | 15 (11) |
| Training our employees on entrepreneurship and management of business has assisted in growing the business | 8 (5.4) | 18 (12.1) | 27 (19.1) | 56 (39.7) | 32 (22.7) |
| Having a managerial team who have prior knowledge in business has helped in the growth of our business | 23 (15.8) | 14 (9.6) | 28 (19.2) | 29 (19.9) | 52 (35.6) |
| Having a team with capacity to identify new business opportunities and quickly taking advantage of it has ensured efficiency leading to growth of our firm | 9 (6.3) | 19 (13.2) | 33 (22.9) | 65 (45.1) | 18 (12.5) |
| Our managerial team has skills that have contributed to efficient management of our firm. | 8 (6.0) | 18 (13.4) | 27 (20.1) | 54 (40.3) | 27 (20.1) |
| Our team is continuously trained to gain new skill | 14 (10.1) | 17 (12.2) | 31 (22.3) | 52 (37.4) | 24 (18) |
| The ability of our team to apply the acquired skills has led to development of better quality products. | 15 (10.3) | 17 (11.6) | 33 (22.6) | 36 (24.7) | 45 (30.8) |
| Our team is able to manage the firm’s operations competently and efficiently hence growth of our firm | 7 (4.9) | 17 (11.8) | 41 (28.5) | 51 (35.4) | 28 (19.4) |
| Our managerial team hires employees with the required skills for our firm hence growth | 12 (8.5) | 22 (15.5) | 25 (17.6) | 61 (43.0) | 22 (15.5) |
| Our team is able to strategically plan and implement the organization’s goals which have led to growth of our firm. | 15 (10.3) | 21 (14.4) | 26 (17.8) | 31 (21.2) | 53 (36.3) |
| Our team has enough experience to make proper decisions which has led to the growth of our firm. | 6 (4.2) | 25 (17.5) | 45 (31.5) | 41 (28.7) | 25 (18.2) |
| Our team has enough experience in negotiating with financiers and suppliers thus improving access to credit | 12 (8.3) | 25 (17.2) | 30 (20.7) | 55 (37.9) | 23 (15.9) |
| Our team is experienced enough to meet the changing demands of our customers hence growth of our firm. | 8 (5.5) | 15 (10.3) | 30 (20.7) | 44 (30.3) | 48 (33.1) |
| There has been consistent motivation of our employees from the management leading to improved production. | 26 (17.6) | 44 (29.7) | 32 (21.6) | 18 (12.2) | 28 (18.9) |

3.2 Regression Analysis

3.2.1 Regression Analysis of the Relationship between Entrepreneurial Team and Growth of Small and Medium Manufacturing Enterprises in Kenya

The study was designed to establish the relationship between entrepreneurial team and growth of small and medium manufacturing enterprises in Kenya. The literature that was reviewed in this
study as well as theoretical reasoning associated entrepreneurial team with growth indicators. The following hypothesis was formulated and tested:

**H₀₃**: There is no significant relationship between entrepreneurial team and growth of small and medium enterprises in Kenya

To test this hypothesis, Analysis of Variance (ANOVA), model summary and Beta coefficient were tabulated and illustrated in table 2, 3 and 4 respectively. As illustrated in table 2, F=45.315 and p-value is .000 which is less than 0.05 hence, entrepreneurial team had a significant explanatory power on the growth of small and medium enterprises in Kenya. In the regression model summary, the coefficient of determination is indicated by Adjusted R square which is equal to a regression model summarized in Table 3. From the table, the coefficient of determination as indicated by Adjusted R² is 0.238 implying that 23.8% of growth of small and medium enterprises in Kenya is explained by entrepreneurial team. From Table 4 regression equation can be written as: \( Y = 2.066 + 0.424 X₃ \)

Where \( X₃ \) is entrepreneurial team and \( Y \) is Growth of small and medium enterprises. This regression equation shows that when entrepreneurial team is held constant at zero, growth of small and medium enterprises would be 2.066 units. Thus, there is a positive relationship between entrepreneurial team and growth of small and medium enterprises. A unit increase in entrepreneurial team increases growth of small and medium manufacturing enterprises by 0.424 Units. Since the p-value is less than 0.05, we reject the null hypothesis and conclude that there is a significant positive relationship between entrepreneurial team and growth of small and medium enterprises. This agrees with the study by: (Mubarik, 2015; Ojokuku & Sajuyigbe, 2015 and Thaimuta & Moronge, 2014). In their studies, they found out that, education, experience, personal abilities, training, entrepreneurial skills and management skills, had a significant positive influence on performance and growth of SMEs. Bunyasi (2015) concluded that the greater the training and education and the higher the level of experience of the owners and managers of SMEs the higher the chances of growth. The aspects of entrepreneurial team that were covered under this study included: knowledge, experience, competence and skills.
Table 2 ANOVA

| Model | Sum of Squares | df | Mean Square | F      | Sig.  |
|-------|---------------|----|-------------|--------|-------|
| 1     | Regression    | 21.311 | 1     | 21.311   | 45.315 | .000b |
|       | Residual      | 66.311 | 141   | .470     |        |       |
|       | Total         | 87.622 | 142   |          |        |       |

Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|------|---|----------|-------------------|---------------------------|
| 1    | .493a | .243     | .238              | .68578                    |

a. Predictors: (Constant), X3

| Model | B    | Std. Error | Unstandardized Coefficients | Standardized Coefficients | T    | Sig.  |
|-------|------|------------|-----------------------------|---------------------------|------|-------|
| 1     | (Constant) | 2.066      | .227                        |                           | 9.100 | .000  |
|       | X3   | .424       | .063                        | .493                      | 6.732 | .000  |

a. Dependent Variable: Y

Regression Analysis of the moderating Influence of entrepreneurial orientation on the relationship between entrepreneurial team and growth of small and medium enterprises in Kenya

The study was designed to establish the moderating influence entrepreneurial orientation on the relationship between entrepreneurial team and growth of small and medium enterprises in Kenya. Following the theoretical arguments, the following hypothesis was formulated and tested:

H₀₅c: There is no moderating influence entrepreneurial orientation on the relationship between entrepreneurial team and growth of small and medium enterprises in Kenya

To test this hypothesis, Analysis of Variance (ANOVA), model summery and Beta coefficient were tabulated and illustrated in Table 3 respectively. As illustrated in Table 3, F Statistic was 46.351 which is greater than the critical value of 3.85. Since the p-value is less than 0.05, then entrepreneurial team and the interaction effect had significant explanatory power on growth of small and medium enterprises in Kenya (F=46.351 and p-value <0.05). As indicated in Table 6 the coefficient of determination is 0.489 this indicates that 48.9% of the growth of small and medium enterprises is explained by entrepreneurial team, entrepreneurial orientation and the interaction effect of entrepreneurial team and entrepreneurial orientation. Table 7 shows the regression coefficients of the regression model of growth of small and medium manufacturing enterprises and entrepreneurial team (X₃), entrepreneurial orientation (Z) and the interaction effects of entrepreneurial team and entrepreneurial orientation (X₃Z). Since the coefficient of the interaction effect is significant, we conclude that there is moderating effect of entrepreneurial orientation on the relationship between growth of small and medium enterprises and business development services.
Table 5: ANOVA

| Model     | Sum of Squares | df | Mean Square | F        | Sig.  |
|-----------|----------------|----|-------------|----------|-------|
| Regression| 43.820         | 3  | 14.607      | 46.351   | .000b |
| Residual  | 43.803         | 139| .315        |          |       |
| Total     | 87.622         | 142|             |          |       |

Model

| Model | R    | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|------|----------|-------------------|---------------------------|
| 1     | .707a| .500     | .489              | .56136                    |

Model

| Model | B    | Std. Error | Unstandardized Coefficients | Standardized Coefficients | t    | Sig.  |
|-------|------|------------|-------------------------------|---------------------------|------|-------|
| 1     | (Constant) | -.679 | .475                        | -1.429                    | .155 |
|       | X3    | .512     | .096                        | .596                      | 5.308| .000  |
|       | Z     | 1.145    | .158                        | 1.148                     | 7.247| .000  |
|       | X3Z   | -.114    | .025                        | -.944                     | -4.484| .000  |

4.0 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Summary
The study found out that there was a significant positive relationship between entrepreneurial team and growth of small and medium enterprises. The conclusion from the results is that that 23.8% of growth of small and medium enterprises in Kenya is explained by entrepreneurial team.

Conclusion
The study concluded that entrepreneurial team played a significant role in the growth of manufacturing SMEs with managerial and entrepreneurial skills playing a major role. Entrepreneurial skills assisted the owner/managers to be able to identify new business opportunities and quickly take advantage of these opportunities ahead of their competitors while managerial skills enabled the owner/managers to strategically plan and implement the plans, negotiate with financiers and suppliers and thus able to access credit and are able to hire, train and motivate their competent and skilled employees. Hence, the competent and skilled staff are able to produce quality products that meet the changing demands and expectations of the customers.
Recommendations

The study recommended that the national and local government should come up with greater initiatives for supporting and encouraging manufacturing SMEs. These initiatives include entrepreneurial education and training. A long-term education strategy is needed to inculcate entrepreneurial team including rewards, success stories, business placements, management apprenticeships and skills training for SME support. Policy makers should also put strategies in place such as government regulations to improve both formal and informal institutions thus making entrepreneurial ecosystems supportive for entry, survival and growth of SMEs.

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