

Entrepreneurial Networking Strategic Renewal and Performance of Youth-Owned Agro-Processing Small and Medium Enterprises in Selected Counties in Kenya

*Francis K Kariuki, Teresiah Kyalo, Beatrice Ombaka

Department of Business and Economics, Karatina University, Kenya.

*Correspondence: fkkariuki7@gmail.com

Received: Jun 24, 2021; Accepted: Dec 24, 2021

COPYRIGHT: Kariuki *et al.* This is an open-access article published under the terms of the Creative Commons Attribution License (CC BY). This permits anyone to copy, distribute, transmit, and adapt the work, provided the original work and source are appropriately cited.

CITATION: Kariuki FK, Kyalo T, Ombaka B, 2021. Entrepreneurial Networking Strategic Renewal and Performance of Youth-Owned Agro-Processing Small and Medium Enterprises in Selected Counties in Kenya. Management and Economics Research Journal, 7(4): 1-10, Article ID 1431686. DOI: 10.18639/MERJ.2021.1431686

ABSTRACT

The current business environment has become very dynamic, and this comes with threats and opportunities. Some of the factors that pose a challenge in this environment are new entrants, loss of competitive advantage, or rapid change in technology. In Kenya, SMEs suffer the same fate despite the critical role they play in the country. Most youth business startups fail in their third year, and very few enterprises have grown into large formal organizations. To survive in this dynamic environment, entrepreneurial networking becomes an important strategy that can be adopted by organizations. The objective of this study was thus trying to examine the influence of entrepreneurial networking strategic renewal on the performance of youth-owned SMEs. The specific objectives were membership in social networks, professional networks, business networks, and social networks and their influence on SMEs' performance. The research design adopted was a descriptive cross-sectional survey. The study targeted youth-owned agro-processing SMEs registered by the Ministry of Trade and Industry from four County Governments namely, Nyeri, Kirinyaga, Murang'a, and Nyandarua. The population that constituted the sampling frame was 287 youth-owned enterprises. Quantitative data were collected by the use of a structured questionnaire. The overall model study was $R^2 = 0.092$, meaning that entrepreneurial networking strategies explained 9.2% of the variation in SMEs' performance. The study coefficients indicated that holding all other factors constant, changing entrepreneurial networking strategies by one unit would result in a 0.324 change in the performance of youth-owned agro-processing SMEs. The value of t is 6.095, which was >2 , and the p -value of 0.000 which implied that there was a statistically significant influence of entrepreneurial networking strategies on performance. The study concluded that entrepreneurship networking influences the performance of the youth-owned agro-processing SMEs in Kenya. This study recommends there is a need for SMEs to further establish networks outside their business cycle.

KEYWORDS: Dynamic Environment, Entrepreneurial Networking, Performance, Strategic Renewal.

1. BACKGROUND OF THE STUDY

In today's ever-changing economic environment, it is important to outline a strategy that focuses on a long-term perspective and also adapts to the current market (Grant and Jordan, 2012). Environmental changes, new entrants, loss of competitive advantage, or rapid growth are some of the factors that might require a company to renew itself in order to survive (Helfat *et al.*, 2007). Entrepreneurial networking becomes an important strategy that can be adopted by organizations to survive in the changing environment (Afazeli and Ivanova, 2014). However, there are companies that struggle with market adaptation having operated successfully for a long time noting that people and businesses are not entirely comfortable with entrepreneurial networking aspect as they fear disclosing the company secrets (Helfat *et al.*, 2007).

To survive and thrive in a hypercompetitive environment, researchers have advocated that the focus on the elusive "position" defense strategy should be dropped (D'Aveni *et al.*, 2010; Tanriverdi *et al.*, 2010). Instead, an organization should align itself with the environment and network (Day, 2006), and focus its strategy and resources on developing capabilities that allow them to consistently and continuously enact effective strategic renewals (Agarwal and Helfat, 2009; Tanriverdi *et al.*, 2010). Unfortunately, organizations find that it is so difficult to survive in a hypercompetitive environment because strategic renewal or strategy formation and implementation has become a very complicated and complex endeavor in recent times (Camillus, 2008).

Entrepreneurial networking strategic renewal should be part of an organization's strategies (Afazeli and Ivanova, 2014). Research has indicated that most small and micro enterprises (MSEs) globally do not engage in strategic planning (O'Regan and Ghobadian, 2012) meaning incorporating entrepreneurial networking as a strategy in their operations is not feasible. This is a challenge as literature has indicated that enterprises must plan for the future in order for them to compete effectively and survive (Noble, 2010). Accordingly, SME owner-managers have been accused of being strategically myopic and lacking a long-term

vision as to where their company is headed (Robson, 2014). The main concern is that by neglecting strategic planning, most SMEs may not achieve their growth potential and performance, and their survival could be at risk (Rhodes, 2015). Consequently, considerable research effort had been expended on identifying “barriers” that hinder planning so that, they may be overcome or otherwise mitigated to inspire strategic planning in SMEs.

Despite the lack of strategic planning, the strategic importance of the MSEs in the nation’s economic development had been well established. SMEs create employment opportunities, stimulate entrepreneurial capabilities and innovation, and contribute significantly to the gross domestic products (GDP) (Herath and Mahmood, 2014). According to Rao and Joshi (2011), SMEs constitute over 90% of the economies. It is because of these outstanding impacts they are viewed as the engine of global economic growth. Globally, their GDP contributions are 60.0% in China, 57.0% in Germany, 55.3% in Japan, and 50% in the United Kingdom. In East Africa, the sector contributes about 18% of GDP in Kenya (Katua, 2014), 70% in Uganda (Ankunda, 2010), and 27% in Tanzania (URT, 2012). They contribute employment to over 60% of the Kenyan population (Katua, 2014), more than 2.5 million persons in Uganda (Ankunda, 2010), and over 23.4% of the total employment in Tanzania (URT, 2012). Clearly, this shows that SMEs play a great role in the growth of a country’s GDP and thus cannot be ignored.

For SMEs to survive, they need to undertake a strategic renewal. Strategic renewal is a type of strategic change that specifically emphasizes the refreshment or replacement of strategic attributes (such as goals, products and services, resources and capabilities, and the like) of an organization that has the potential to substantially affect its long-term prospects (Agarwal and Helfat, 2009). Strategic renewal is a concept that is used to describe the process of aligning an organization’s competencies to changes in the external environment. One of the most important parts of strategic renewal is the change and adjustment in strategic direction that had the potential to determine the long-term competitiveness of a firm (Sammot-Bonnici and McGee, 2014). Referring to strategic renewal as the phenomenon that includes the process, content, and outcome of renewal or replacement of organizational attributes, this indicated a firm’s ability to alter its long-time prospects. Organizations can plan to undertake strategic renewal to revive or change their organizational attribute when they recognize that their functionality may be weakened in the future (Agarwal and Helfat, 2009). One-way SMEs can survive in the competitive environment is to adopt entrepreneurial social networking as a strategy.

With social networking, businesses usually gain access to resources that may not be available to them without the network. It aids the development of a firm’s worthiness, increases customer and supplier contacts, brings to light where resources and funding are available, promotes innovation, and helps in the cultivation of strategic partnerships (Zontanos and Anderson, 2004).

Simon (2012) states that businesses can realize different benefits such as improved customer service, access to different audiences, adoption of favorable pricing practices, and improved products and services. In addition, Rasiah (2006) argues that the pressures on SMEs to a network are particularly intense. Tan and Macaulay (2007) add that networking through social media is important to SMEs because it helps in developing the efficiency of the way business operations are carried out. The use of social media as a networking platform has seen organizations expanding and surviving in areas they could not have survived.

Additionally, SMEs generate employment opportunities and economic growth, and produce commercial innovations of high quality which is an indication that there is a growing appreciation within the Government, Development Community, and Civil Society promoting active participation and involvement of the youth in SMEs (Youth Employment Marshall Plan, 2012). Besides their significance, statistics however show that in Kenya, three out of five SMEs run by youths fail within the first 3 years of operations (Odhiambo, 2013), and among those that continue 80% fail before the fifth year. While little evidence exists that these small firms grow into micro-size firms (employing 50–100 workers), many of these small firms have the potential to grow and add one to five employees (Kanyari and Namusonge, 2013). The SMEs sector is extremely volatile and experiences a high level of business closure and shrinkage.

Going by the support given to SMEs and with the advent of social networking, the expectation is to change the mortality rate of SMEs. However, past studies indicate that the SMEs sector in Nyeri, Kirinyaga, Murang’a, and Nyandarua Counties is characterized by a high mortality rate (GoK, 2005); three out of five fail within the first few months of operation (RoK, 2013); over 60% fail each year (KNBS, 2007); and most do not survive to their third year of operation (Ngugi, 2013). This implies that SMEs in these four Counties may be lacking the strategies to utilize the social network for their growth. This study, therefore, was based on assumption that entrepreneurial networks can positively impact the growth of youth-owned agro-processing enterprises.

1.1. PROBLEM STATEMENT

In Kenya, despite the critical role played by the SMEs in the country, most youth business startups are faced with many challenges where over 90% of the businesses fail in their third year (Njoroge and Gathungu, 2013). As stated by Kanyari and Namusonge (2013) in Kenya, very few enterprises have grown into large formal organizations, an adverse scenario that is common among youth-owned business enterprises raising questions if agro-processing youth-owned SMEs in the four Counties are strategically oriented to overcome the already existing challenges causing high mortality rate. There is much support that is given to youth SMEs in Kenya and the expectation would be that the youth SMEs will survive, grow into big organizations, and create employment (RoK, 2013). Failure of these SMEs will add to the growing list of unemployed youth where globally according to the World Youth Report (2012), approximately 88 million youth around the world are unemployed, and also some are underemployed.

According to Waita (2014) in Kenya, it is estimated that 64% of unemployed persons in Murang'a, Nyeri, Kirinyaga, and Nyandarua Counties are youth, while the other 34% are attributed to being over the age of 35 years. This shows the need to support the informal sector to create employment and despite its contributions, the SMEs in the informal sector face countless challenges but they still contribute to the growth of the economy all over the world. Any mechanism that could reverse this trend of failing SMEs could be of great importance to youth.

This research intended to establish the relationship between entrepreneurial networking strategic renewal and the performance of youth-owned agro-processing SMEs. This is because while most of the studies have contributed to the understanding of various aspects of strategic renewal, not much had linked entrepreneurial networking.

1.2. OBJECTIVE OF THE STUDY

The objective of this study was to examine the influence of entrepreneurial networking strategic renewal on the performance of youth-owned agro-processing MSEs' performance in Nyeri, Kirinyaga, Murang'a, and Nyandarua Counties.

2. LITERATURE REVIEW

This section reviews the relevant theories that support entrepreneurial networking strategic renewal and empirical review.

2.1. SOCIAL NETWORK THEORY

The first proponents of the social network theory were Travers and Milgram (1969). The focus was on the probability that any two randomly selected individuals know each other. This theory was further modified by Granovetter (1973). In his work *The Strength of Weak Ties*, Granovetter (1973) observed that it is easier to know about existing opportunities from social networks. The theory of social networks is thus ubiquitous across organic structures (Borgatti and Halgin, 2011). Borgatti and Halgin (2011) observed that the term "social network" has developed to mean anything from a private club to a website. They describe a network as "a set of actors or nodes along with a set of ties of a specified type that link them." Unlike groups, networks do not have natural boundaries, and they do not need to be connected internally.

Shafie *et al.* (2011) on social network theory view social relationships in terms of nodes and ties. Nodes are the individual actors within the networks, and ties are the relationships between the actors. There can be many kinds of ties between the nodes. In its most simple form, a social network is a map of all of the relevant ties between the nodes being studied. The network of a person can also be used to determine the social capital of individual actors. Social capital refers to gains made by an individual or group as a result of the interaction between actors in a social network (Lin, 1999). Social capital facilitates the creation of value, just as physical and human capital do because a network within which there is greater trust can achieve more (Coleman, 1988).

The relations between the nodes in social network sites help one to understand individuals' choices in their relationships with others. In the online social network, there are vaster weaker ties among the nodes (Shafie *et al.*, 2011). Stutzman (2006) avers that the influence of social network theory stems from the traditional sociological studies that assume the attributes of an individual actor are what matters. Social network theory creates an alternate view, where attributes of an individual are less important than their relationships and ties with other actors within the network (Krause *et al.*, 2007). The theory of social network applies to this study since SMEs depend on social networks to survive.

From an entrepreneurship point of view, the social network is defined as the interrelationship between the entrepreneurs (ego) and their contacts (alter/s) for business purposes. The terms social network and informal network discussed in entrepreneurship research are often used interchangeably. This concept of network and its focus lies on the person who had the relationship with the ego and thus, social network research utilizes the relationship either directly or indirectly between the ego and their alter(s). Alters encompass family members, relatives, friends, and business contacts. With the vulnerability of the business environment today, the social network is considered a weapon to secure important resources for SME firms (Fombrun, 1982).

In testing the applicability of the theory in MSE, Cowbrough (2011) carried out a study on networks and companies. His findings noted that almost every big company uses networks today as a natural way of increasing market share. MSEs on the other hand don't use it as frequently or not at all. One reason why SMEs don't use social network as frequently as bigger companies is the fact that social network is considered time-consuming for smaller companies with few employees. His finding supported social network theory.

The benefit of a business network is that any positive effect may be distributed among all participants, directly or in indirect relationships. The truth is that strong players in the network are those who have made investments in the past and have the ability to mobilize their resources and those of others. Those players have the final word on the network. SMEs are an important group in the market. The business network approach allows firms to exploit the potential of the network to solve problems of strategic customers, establish long-term relationships with them, and gain a competitive advantage. SMEs are not able to use the business network method for all of their customers because of prohibitive coordination costs. Therefore, it is important to choose appropriate customers (Cowbrough, 2011).

Not only is it time-consuming and difficult for SMEs to develop all the resources necessary to successfully commercialize a business idea alone, they normally rely on external contacts for accessing scarce and specialized resources that the firm

needs to become established and grow (Gaudici, 2013). Effects of social networking are extensively studied and assumed to positively affect entrepreneurial opportunities (Stam, 2010; Gaudici, 2013).

Srinivasan *et al.* (2016) considered the effect of online networking marketing techniques utilized by SME ventures on client procurement and maintenance. The study found that online networking support impacts strongly influence brand trust, which thusly, affects client acquisition and client retention. It was likewise found that there is a solid positive relationship between sales and the measure of time spent on social media and that online networking marketing techniques impact customer acquisition and retention and increment in market share. His studies well supported the social networking theory.

The social networking theory has been lauded by scholars because first, it gives an explanation for how random people are connected. Second, it's useful in the study of large groups and understanding how their members relate to others in the group. Finally, it provides insight into viral phenomena, such as viral content, and the spread of diseases like Ebola and COVID-19 among others. However, though, the theory suffers from a number of criticisms. One, individual agency is often ignored, although this may not be the case in practice. Second, it's difficult to scientifically replicate social network theory. Finally, interpreting relationships/ties can be subjective depending on the circumstances. Despite the shortcomings, this theory well supported this study on networking and performance of youth-owned agro-processing SMEs.

2.2. ENTREPRENEURIAL NETWORKING AND PERFORMANCE

Networks are strategic for the development and expansion of new ideas and innovations, since innovation is critical to the creation of a firm's competitive advantage. Networks provide access to resources, knowledge, and skills required for the development and exploitation of new business opportunities. Business innovation and competitive advantages don't arise in isolation from other companies (Freytag and Young, 2014; LaPlaca, 2014). The success of the relationship fundamentally depends on how well the two parties exploit resources owned by other companies.

Besides applying a propensity score matching to control for observable characteristics influencing networking decisions, Confindustria (2016) argued that firms entering formal network agreements are more productive (in terms of value added per worker) as well as more oriented to foreign markets. It is also expected in the current study that the use of the entrepreneurial social network by youth-owned agro-processing SMEs will have a positive influence on their performance.

Kowalkowski *et al.* (2013) noted that, on network forums, organizations today are faced with massive globalization, demanding customers with shrinking response time, rapidly changing desires, demanding employees, and shrinking product lifecycles. Lack of resources deters the possibilities for SMEs to invest in new equipment and, hence, they often depend on the different actors in the network who have the right resources. The key to the success of SMEs is the ability to coordinate the work with limited resources (Kowalkowski *et al.*, 2013). Firms can obtain different resources from the external environment. The environment is constantly changing, and adapting the company to these changes is necessary. SMEs must utilize their networks for their survival.

Regarding business networking, Beth *et al.* (2007) note that there are accrued benefits on SMEs namely: increased employment and wealth creation by local firms; acceleration of knowledge transfer and technology upgrading; enhanced skills, standards, and capacity; the attraction of FDIs in cluster effects; more diversified client and market structures; stable relationships to buyer/producer organizations; and risk-sharing through joint funding operations and facilitation of access to finance. There are opportunities to upgrade, innovate, and increase competitiveness. Despite the fact that these benefits go to networking firms, irrespective of their size and activity, many studies have indicated that the majority of SMEs face both external and internal obstacles to seizing networking opportunities. Since structure influences resources flow, a clearly defined structure is likely to influence growth.

In Pakistan, for instance, despite the significant contribution of SMEs to the economic development of any country, the sector is continuously deteriorating. Its growth rate of less than 10% (Ejaz and Ramazan, 2012; Kausar, 2013) compared unfavorably to that of India where the rate is 43.72% (Vasu and Jayachandra, 2014). An economic survey of Pakistan had shown that there is a continuous decline in the growth rate of SMEs. In 2009, the growth rate was 8.6% which had reached 8.4% in 2014 (Wasti, 2015). For a country like Pakistan, it should be at the minimum, above 10%. Some of the major factors for such poor growth are lack of access to finance, lack of entrepreneurial networking, lack of entrepreneurial orientation, and low government support for the sector. It is clear from this that entrepreneurial networking plays a critical role in the success of SMEs.

Furthermore, SMEs in general are not interesting partners for other network participants (Colombo *et al.*, 2012). This fact is based on the lack of own knowledge, lack of resources for research, and subsequent commercialization of the research outcome. The reason for their absence from the networks at the side of Managed Service Provider (MSP) is often risks (Lasagni, 2012) which may include the threat of redirecting the limited resources of the company from the business to unexpected leakage of knowledge for the benefit of network partners, higher fluctuation of employees, or dependence on the dominating partner in the network (Colombo *et al.*, 2012). This study indicates that SMEs may not be willing to join networks, despite the benefits of such networks.

The few resources held by SMEs need to be complemented by external sources (Pressey *et al.*, 2009). As a result of the networking capabilities of suppliers, SMEs get access to valuable resources. The above past studies have shown that despite the large number of assistance programs from MFIs, the growth and development of SMEs had not been satisfactory. Ventures have collapsed as soon as assisting organizations pull out of the project and the remaining ones have remained small (Membra *et al.*, 2012). Reviewed studies have established that the researcher felt that there was a need for a study on this area and thus this study intended to bridge this gap and focus on the effects of network services on the performance of youth-owned agro-processing SMEs in the four Counties.

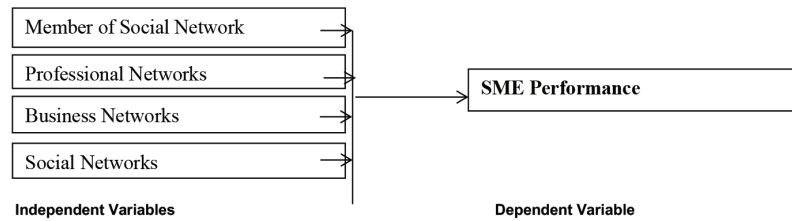


Figure 1. Conceptual framework.

3. RESEARCH METHODOLOGY

The study adopted the positivist philosophy, while the research design adopted was a descriptive cross-sectional survey. A combination of quantitative and qualitative techniques allowed the study to examine entrepreneurial networking and performance of youth-owned agro-processing SMEs in Nyeri, Kirinyaga, Murang'a, and Nyandarua Counties, Kenya. The study targeted youth-owned agro-processing SMEs registered by the Ministry of Trade and Industry and the four County Governments namely, Nyeri, Kirinyaga, Murang'a, and Nyandarua. The sampling frame was 287 and the population under study was 287 youth-owned. This study gathered both primary and secondary data. A semi-structured questionnaire with predetermined questions with highly standardized techniques of recording was used. Questionnaires were distributed to respondents by the researcher and research assistants giving respondents sufficient time to answer the questions. Focus group discussion targeting youth-owned agro-processing SMEs was used to discuss particular subject matters which were of interest. Data were analyzed using descriptive and inferential statistics. Multiple linear regression analysis was carried out to determine the form of the mathematical model that defines the relationship between the dependent and independent variables. Findings of the study were presented in various ways such as descriptions and discussions, frequencies, percentages, tables, bar graphs, and measures of central tendency.

4. RESEARCH FINDINGS AND DISCUSSION

The purpose of this study was to establish the influence of entrepreneurial networking on the performance of youth-owned agro-processing small and micro enterprises SMEs in Nyeri, Kirinyaga, Murang'a, and Nyandarua Counties. A total of 243 out of 287 questionnaires were returned translating to an 84.7% response rate. According to Fowler (2004), this response rate was appropriate for data analysis.

4.1. ENTREPRENEURIAL NETWORKING STRATEGIC RENEWAL AND PERFORMANCE

The objective of this study was to find out the influence of entrepreneurial networking and the performance of youth-owned agro-processing SMEs. The study started by undertaking a descriptive analysis of the parameters under entrepreneurial networking. The study results are presented under this section of the study where descriptive analysis of the parameters is analyzed first.

4.2. MEMBERSHIP IN SOCIAL NETWORK

The first parameter under entrepreneurial networking was social network. The study wanted to understand how the respondent was socially networked with peers during the social cycles. Social networks help in creating social capital which is a key component of successful entrepreneurs (Lin, 1999). The majority of the respondents (78.4%) indicated that they are members of social networks, signifying that nearly all SMEs owned by the youth are members of a business-related social network, while 21.6% were not members of any network. The findings supported Ronge *et al.*'s (2008) argument that most SMEs lack access to sufficient market connection, since most of the information is designated for large and well-established businesses. This makes the SMEs unable to plan their sales since the market turn up is unpredictable.

4.3. SOCIAL GROUPS INFLUENCE ON PERFORMANCE OF BUSINESS

The study sought to establish if membership in social groups influences performance. The results are as per Figure 2.

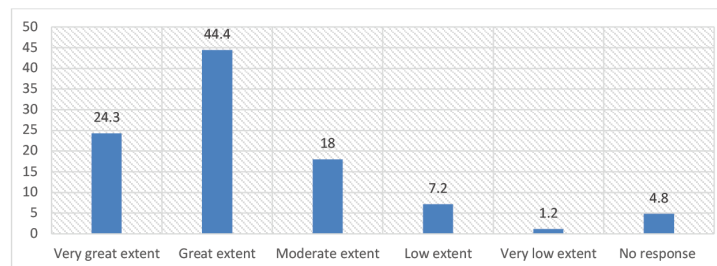


Figure 2. Social groups influence on performance of business.

The members were asked to what extent does being a member of a social network/social groups assists in improving the performance of their business, and from the study, 44.4% agreed that it had influenced their business to a great extent as shown in Figure 2, indicating that being a member of social group influences youth-owned agro-processing SMEs to a great extent. This finding concurs with Zhou *et al.* (2006) who noted that a firm's interactions with markets and environment can have a positive impact on their ability to respond to change and therefore having sound network relationships provide organizations with opportunities and even motivation to change.

4.4. MEMBERSHIP IN PROFESSIONAL NETWORKS

Professional networking can help businesses create opportunities within the current organization and beyond. The results showed that the average mean for the aspects of professional networking variables varied across the three constructs and had an average mean score of 3.943 and a standard deviation of 0.921. This depicted a moderately high ranking which meant that professional networks influenced the performance of the youth-owned agro-processing SMEs.

Table 1. Professional network.

Professional networks	1	2	3	4	5	Mean	Std. deviation
The company encourages employees to join professional bodies for example accountants to join professional bodies related to accounts	3.6%	8.1%	7.2%	60.7%	20.4%	3.862	0.953
The firm management has joined professionals to increase their knowledge and ideas in the market	3.6%	5.7%	4.8%	64%	21.9%	3.949	0.905
Most of employees are members of professionals bodies	3.6%	5.7%	1.2%	64.3%	25.2%	4.018	0.905
Average mean score						3.943	0.921

According to 81.1% of the respondents, SMEs encourage the employees to join professional bodies, 85.9% supported that firm management has also joined professionals to increase their knowledge and ideas in the market, while 89.5% supported that most of the agro-processing SMEs employees were members of professional bodies. The benefits of networks are supported by Olekamma (2016) who posits that networks can also be used by SMEs to overcome the challenge of accessing limited resources and markets. Through networking, SMEs are able to access information and get advice and capital. According to Atieno (2009), networks can be used as solutions to overcome the problems of access to limited resources and markets.

4.5. MEMBERSHIP IN BUSINESS NETWORKS

Business networking is a valuable way to expand your knowledge, get new clients, learn from the success of others, and tell others about your business. The results of the business network parameter are shown in Table 2.

Table 2. Business/strong networks.

Business/strong networks	1	2	3	4	5	Mean	Std. deviation
The firm is a member of SMEs groups that meets weekly to share ideas and challenges	3.6%	6.9v	4.8%	62.8%	21.9%	3.925	0.930
The firm has networked with similar SMEs offering the same products/services to create customers networks	4.5%	26.1%	9.6%	42%	17.7%	3.423	1.181
The firm is a member of general SMEs that once in a while in the town	3.6%	8.1%	1.2%	63.1%	24%	3.958	0.950
Average mean score						3.769	1.020

The results showed that the average mean for the aspects of business networking variables varied across the three constructs with an average mean score of 3.769 and a standard deviation of 1.020. This depicted a high ranking of the variables and implied that most respondents agreed that business networks among youth-owned agro-processing SMEs influenced performance. About 84.7% of the respondents were members of SMEs groups that met weekly to share ideas and challenges. Further, 59.7% supported that similar SMEs with the same networks were offering the same products/services to create customers' networks, while 87.1% of the firms were members of general SMEs that once in a while we're in the town for exchange of business ideas. This indicated that youth-owned agro-processing SMEs were members of business networks that assisted them to improve their performance based on weekly meetings and SMEs offering the same goods and services.

4.6. MEMBERSHIP IN SOCIAL NETWORKS

Social networks are concerned with the offering of web-based services which allow firms or individuals to communicate with other users, and view pages and details provided by users within the system. The informal sector plays a key role in both marketing and customer attraction. The results as illustrated in Table 3 showed that the average mean for the aspects of social networking variables varied across the four constructs with an average mean score of 3.720 and a standard deviation of 0.990, which was an indication that most of the respondents agreed that social networks influenced youth-owned agro-processing SMEs' performance.

Table 3. Membership in social networks.

Social networks	1	2	3	4	5	Mean	Std. deviation
The firm maintains cordial undefined networks with SMEs around it	3.6%	7.8%	7.2%	62.8%	18.6%	3.850	0.935
The firm shares products and services with other MSEs	3.6%	6.6%	4.8%	66.1%	18.9%	3.901	0.905
The firm outsources products/services from other SMEs when demand is high	3.6%	8.1%	2.4%	65.8%	18.9%	3.894	0.929
The SMEs have an unwritten code of conduct that they share in the market	3.6	8.1	7.2	60.7	20.4	3.234	1.189
Average mean score						3.720	0.990

About 81.4% of the owners supported that firms maintain cordial undefined networks with SMEs, around 85% of firms shared products and services with other MSEs, 84.7% outsourced products/services from other SMEs when demand was high, while 81.1% of SMEs had unwritten code of conduct that they shared in the market.

This implied that youth-owned agro-processing had social networks that enabled the SMEs to maintain cordial undefined networks, share products and services, outsourced products/services from other SMEs when demand is high, and have an unwritten code of conduct that they share in the market which in turn influenced performance. In support, Zizah *et al.* (2010) in their research on influential factors for SME internationalization in Malaysia found that SMEs networking with government agencies and other institutions were able to get relevant and updated information about their business. Nurbani *et al.* (2010) argued that through networking with the government agencies, SMEs were trained on procedures that required guidance when applying for a loan and easier and faster ways to promote their products abroad.

4.7. HYPOTHESES TESTING OF INFLUENCE OF ENTREPRENEURIAL NETWORKING STRATEGIES RENEWAL ON PERFORMANCE

The objective of the study was to examine the influence of entrepreneurial networking strategic renewal on the performance of youth-owned agro-processing small and micro enterprises in Nyeri, Kirinyaga, Murang'a, and Nyandarua Counties. The hypothesis and model are as follows;

The model of the study was; $Y_3 = \alpha + \beta_3 X_3 + \epsilon_3$

Where Y_1 = Performance of SMEs (dependent variable)

X_1 = the independent variable (networking strategies)

β_1 = the coefficient of the independent variable.

ϵ_3 = error term.

The overall model for the construct of entrepreneurial networking strategies was based on indicators that formed the questions under this variable. Upon regression, a model summary was derived as shown in Table 4.

Table 4. Model summary of influence of entrepreneurial networking strategic renewal on performance.

Model summary ^b										
Model	R	R ²	Adjusted R ²	Std. error of the estimate	Change statistics					Durbin-Watson
					R ² change	F change	df1	df2	Sig. F change	
1	0.303 ^a	0.092	0.089	0.222708	0.092	37.154	1	242	0.000	1.772

a. Predictors: (constant), entrepreneurial networking strategies.

b. Dependent variable: performance of youth owned agro-processing MSEs.

The findings in Table 4 above showed the $R^2 = 0.092$. This meant that entrepreneurial networking strategies explained 9.2% of the variation in performance. The remaining 90.8% was explained by factors other than the ones in the study.

The study also conducted an analysis of variance (ANOVA) and the results are shown in Table 5 below.

Table 5. ANOVA of influence of entrepreneurial networking strategic renewal on performance of youth-owned agro-processing MSEs.

Model	Sum of squares	Df	Mean square	F	Sig.	
1	Regression	1.843	1	1.843	37.154	0.000 ^b
	Residual	18.252	242	0.050		
	Total	20.095	243			

a. Dependent variable: performance of youth owned agro-processing MSEs.

b. Predictors: (constant), entrepreneurial networking performance strategies.

The results of ANOVA for regression results in Table 5 indicated that the coefficients $F = 37.154$ which was >4 and the p-value was 0.00 and therefore <0.05 which implied that the null hypothesis was rejected and the alternative hypothesis accepted. This meant that there was a statistically significant relationship between entrepreneurial networking and the performance of youth-owned agro-processing SMEs. The coefficients of the independent variable against the dependent variable are shown in Table 6.

Table 6. Coefficients of influence of entrepreneurial networking strategic renewal on performance youth-owned agro-processing SMEs.

Coefficients ^a								
Model	Unstandardized coefficients	Standardized coefficients	T	Sig.	Collinearity statistics			
	B	Std. error	Beta			Tolerance	VIF	
1	(Constant)	0.482	0.038		12.553	0.000		
	Entrepreneurial networking strategies	0.324	0.053	0.303	6.095	0.000	1.000	1.000

a. Dependent variable: Performance of youth-owned agro-processing MSEs.

The study coefficients shown in Table 6 indicated that holding all other factors constant, changing entrepreneurial networking strategies by one unit would result in a 0.324 change in the performance of youth-owned agro-processing SMEs. Here, the value of t is 6.095, which was >2 , and the p-value of 0.000 which implied that there was a statistically significant influence of entrepreneurial networking strategies on performance.

The above results are in agreement with other studies done by different scholars (Hadhi and Krasniqi, 2011; Hoang and Antoncic, 2003; Mäläskä *et al.*, 2011; Peng, 2001). The importance of social networking in the survival and success of small and micro enterprises cannot be overemphasized and this had been an area that had received very little research attention. Social networking helps entrepreneurs to collate diverse resources and information. This social networking includes the personal network which the entrepreneur had with individuals, the cultural dimension with the aspect of overall inclusion of the family and community. Nonetheless, there are many studies currently dealing with the impacts of social networking usage on the success of a business in the Kenyan context. Therefore, research concerning the benefits of social networking, as well as the employment of entrepreneurial orientation, are widely studied. However, few studies have integrated this theoretical concept which is considered among the most important justifications of the current study and how they relate to performance (Gaudici, 2013).

Hoang and Antoncic (2003) as well as Peng (2001), through networking SMEs, were able to access external finance, spread knowledge about a firm's existence, share information, and get needed support. Through social networks, SMEs were able to access and share knowledge from other SMEs and also access external finance from banks and other lending institutions (Ngoc and Nguyen, 2009). In relation to sharing goods and services when demand is high, Mäläskä *et al.* (2011) supported that networks are important especially to SMEs with limited resources as they are dependent on other firms. Networking, therefore, seems to have a positive impact on growth as a source of benefit (Hadhi and Krasniqi, 2011).

According to interviewed respondents, they believed that networking is the backbone of any business today. To support these findings, a study carried out by Kane *et al.* (2014) coincided that 18% of managers believed networking is important for their business today, whereas over 63% predicted that networking was an important part of their business within 3 years. Jennings *et al.* (2014) indicated that 73.3% of 262 participants, who were employed in a wide range of US industries, used networks for business-related purposes out of which 100% of these same participants reported that they used networks for personal purposes.

Kowalkowski *et al.* (2013) indicated that the key to success by SMEs is the ability to coordinate the work with limited resources. SMEs can take advantage of the environment outside the company and obtain different resources. It is necessary for SMEs to adapt to the changing environment. Evaluating network forums, organizations today are faced with massive globalization, demanding customers with rapidly changing desires, shrinking response time, shrinking product lifecycles, and demanding employees. Inadequate resources limit the likelihood for SMEs to invest in new equipment and hence they often depend on the different actors in the network who have the right resources (Kowalkowski *et al.*, 2013).

According to LaPlaca (2014), networks are strategic for the development and expansion of new ideas and innovations in SMEs as innovation is key to the creation of a firm's competitive advantage. Well-used networks provide access to knowledge, resources, and skills required for the development and exploitation of new business opportunities. Business innovation and competitive advantages don't arise in isolation from other companies; they are worked for (Freytag and Young, 2014). The success of the relationship fundamentally depends on how well the two parties exploit resources owned by other companies.

The majority of the big and successful companies use a network in one way or another to enlarge their market share. SMEs on the other hand are not in a position to use social networks frequently or sometimes, not at all. One reason why SMEs don't use social networks as frequently as bigger companies is the fact that sometimes networking consumes time, money, and human capital which sometimes is scarce for SMEs (Cowbrough, 2011). Despite this, SMEs must come up with strategies to maximize social networks.

5. CONCLUSION

The objective of this study was to find out the relationship between entrepreneurial strategic renewal and the performance of youth agro-processing SMEs. The coefficient of determination shows that entrepreneurial networking strategies explained 9.2% of the variation in performance. The study findings showed that professional networking plays a key role in the performance of youth-owned agro-processing SMEs. This is why the management of SMEs has joined professional bodies as they have known the value of these networks. It was also found that youth-owned agro-processing SMEs were members of business networks that assisted them to improve on their performance. The study results provide evidence that entrepreneurial networking strategic renewal influenced the performance of youth-owned agro-processing SMEs, and this supports the social network theory. The past research had failed to relate how entrepreneurial networking strategy renewal influence SMEs, for example (Hoyos-Ruperto *et al.*, 2013; Kowalkowski *et al.*, 2013; Mano *et al.*, 2012; Yoshino, 2011; Gaudici, 2013; Stam, 2010).

The results on entrepreneurship networking were significant (p -value = 0.0000) and therefore it was concluded that entrepreneurship networking influences the performance of the youth-owned agro-processing SMEs in Kenya. This means that for SMEs to survive in the ever-changing market, there is a need for SMEs to establish the professional, business, and social networks since they each play a role in the business world. This is mainly because no SMEs can survive or grow on their own without involving others to share ideas or get the goods and services needed.

As a recommendation, there is a need for SMEs to further establish networks outside their business circle and seek networks with other bigger firms in the market. SMEs should also establish a network with the government and firms outside the country for growth and diversification. For further research, it is important to develop approaches and carry out a full cost-benefit analysis of entrepreneurial networking in SMEs.

CONFLICT OF INTEREST

None.

REFERENCES

- Ankunda O, 2010. Uganda: SME sector forms the engine of growth. <http://allAfrica.com/stories/201005130365.html>
- Afazeli A, Ivanova V, 2014. The role of entrepreneurial networking on internationalization of a micro-sized Born Global Swedish fashion company: A narrative ethnographic research. <http://www.diva-portal.org/smash/get/diva2:739347/fulltext01.pdf>
- Atieno R, 2009. Linkages, access to finance and the performance of small scale enterprises in Kenya County. Research Paper No. 2009/06, UNU-WIDER
- Borgatti SP, Brass DJ, Halgin DS, 2011. Social network research: confusions, criticisms, and controversies. In DJ Brass, G Labianca, A Mehra, DS Halgin, and SP Borgatti (Eds.), *Research in the Sociology of Organizations*. Vol. 40. Emerald Publishing: Bradford, UK.
- Camillus JC, 2008. Strategy as a wicked problem. *Harvard Business Review*, 86(5), 98-106.
- Chinonso OK, Zhen T, 2016. The influence of entrepreneurial characteristics on small and medium sized enterprise accessibility to debt finance in Nigeria. *International Journal of Managerial Studies and Research*. 4(10), 83-92.
- Colombo MB, Laursen K, Magnusson M, Rossi-Lamastra C, 2012. Introduction: small business and networked innovation: organizational and managerial challenges. *Journal of Small Business Management*, 50(2), 181-190.
- Cowbrough C, 2011. Small businesses really need social media. *Start Up Scotland*. (<http://www.startupscotland.co.uk/internet-marketing/do-small-businesses-really-need-social-media/>)
- D'Aveni RA, Dagnino GB, Smith KG, 2010. The age of temporary advantage. *Strategic Management Journal*, 31, 1371-1385.

- Ejaz A, Ramazan M, 2012. Microfinance and entrepreneurship, A case study of Akhuwat. *Interdisciplinary Journal of Contemporary Research in Business*, 4(7), 305-324.
- Fombrun CJ, 1982. Strategies for network research in organizations. *Academy of Management Review*, 7(2), 280-291.
- Giudici A, 2013. Sensing together: An Exploration of the Support of Network Intermediaries to Firms' and Entrepreneurs' Search for New Opportunities. Cranfield University. <https://dspace.lib.cranfield.ac.uk/handle/1826/7956?show=full>
- Grant RM, Jordan J, 2012. *Foundations of strategy* (2nd ed.). Chichester, UK: John Wiley and Sons Ltd.
- Helfat CE, Finkelstein S, Mitchell W, Peteraf MA, Singh H, Teece DJ, *et al.*, 2007. *Dynamic capabilities—understanding strategic change in organizations*. Malden, MA: Blackwell.
- Herath HMA, Mahmood R, 2014. Determining a model of SME performance based on the dimensions of entrepreneurial orientation and absorptive capacity of the firm. 2014 Annual Conference on Management and Social Sciences, Singapore, 15-17.
- Hoang H, Antoncic B, 2003. Network-based research in entrepreneurship: a critical review. *Journal of Business Venturing*, 18, 165-187.
- Jennings S, Blount J, Weatherly M, 2014. Social media—a virtual Pandora's box: prevalence, possible legal liabilities, and policies. *Business Communication Quarterly*, 77(1), 96-113.
- Kane C, Alavi M, Labianca G, Borgatti P, 2014. What's different about social media networks? *MIS Quarterly*, 38(1), 275-304.
- Kanyari JW, Namusonge GS, 2013. Factors influencing the youth entrepreneurs towards the Youth Enterprise Development Fund. *International Journal of Education and Research*, 1(5), 6-8.
- Katuka TM, 2018. Role of Holistic Leadership in Kenyan Small and Medium Enterprises. *Journal of Business and Management Sciences*. 6(1), 12-15. doi: 10.12691/jbms-6-1-3.
- Kausar A, 2013. Factors effect microcredit's demand in Pakistan. *International Journal of Academic Research in Accounting, Finance and Management Sciences*, 3(4), 11-17. doi:10.6007/IJARAFMS/v3-i4/270
- Kowalkowski C, Witell L, Gustafsson A, 2013. Anyway goes; identifying value constellations for service infusion in SMEs. *Industrial Marketing Management*, 42(1), 18-30.
- Krause J, Croft PD, James R, 2007. Social network theory in the behavioural sciences: potential applications. *Journal of Behavioral and Ecological Sociobiology*, 62, 15-27.
- Lasagni A, 2012. How can external relationships enhance innovation in MSEs? New evidence for Europe. *Journal of Small Business Management*, 50(2), 310-339.
- Malaska M, Savaniemi S, Tahtinen J, 2011. Network factors participation in B2B SME branding. *Industrial Marketing Management*, 40(2011), 1144-1152.
- Memba SF, Gakure WR, Karanja K, 2012. Venture Capital (VC): Its Impact on Growth of Small and Medium Enterprises in Kenya. *International Journal of Business and Social Science*, 3(6).
- Njoroge CW, Gatungu JM, 2013. The effect of entrepreneurial education and training on development of small and micro size enterprises in Githunguri district – Kenya. *International Journal of Education and Research*, 1(8), 1-22.
- Noble CH, 2010. The eclectic roots of strategy implementation research. *Journal of Business Research*, 4(5), 114-127.
- Odhiambo AA, 2013. Factors influencing performance of youth owned micro, small and micro enterprises (mMSE) in Kenya. *International Journal of Social Sciences and Entrepreneurship*, 1(3), 263-272.
- O'Regan N, Ghobadian A, 2012. Effective strategic planning in small and medium sized firms. *Management Decision*, 40(7), 663-671.
- Peng MW, 2001. How entrepreneurs create wealth in transition economics. *Academy of Management Perspective*. Vol. 15, No. 1, *Creating Wealth in Organizations* (Feb, 2001), 95-110.
- Rao V, Joshi HG, 2011. Entrepreneurship training in apparel and fashion design sector through distance mode: a strategy for facing the challenge of growing unemployment in India. <http://www.wikieducator.org>
- Rasiah R, 2006. Information and communication technology and GDP per capita. *International Journal of Internet and Enterprise Management*, 4(3), 202-214.
- Sammut-Bonnici T, 2015. Strategic renewal. In C. L. Cooper (Ed.), *Wiley encyclopedia of strategic management*, 12(1-3). John Wiley and Sons Ltd. <http://onlinelibrary.wiley.com/doi/10.1002/9781118785317.weom120211/abstract>
- Srinivasan R, Bajaj R, Bhanot S, 2016. Impact of social media marketing strategies used by micro small and micro enterprises (MMSEs) on customer acquisition and retention. *Journal of Business and Management*, 18(1), 91-101.
- Stutzman F, 2006. An evaluation if identity sharing behavior in social network communities. *Journal of the International Digital Media and Arts*. 13(2), 247-262.
- Tanriverdi H, Rai A, Venkatraman N, 2010. Reframing the dominant quests of information systems strategy research for complex adaptive business systems. *Information Systems Research*, 21(4), 822-834.
- Vasu DM, Jayachandra DK, 2014. Growth and development of MSMEs in India. *Indian Journal of Applied Research*, 4(5).
- Waita DM, 2014. Influence of entrepreneurship education on economic growth of county governments in Kenya: a case of Nairobi County. *International Journal of Social Sciences and Project Planning Management*, 1(2), 59-79.
- Wasti SE, 2015. *Economic survey of Pakistan 2014-15*. Islamabad: Government of Pakistan.
- Zhou KZ, Tse DK, Li JJ, 2006. Organizational changes in emerging economies: drivers and consequences. *Journal of International Business Studies*, 37(2).