MODERATING EFFECT OF SOCIAL NETWORKING ON RELATIONSHIP BETWEEN LEARNING ORIENTATION AND PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN BARINGO AND ELGEYO MARAKWET COUNTIES IN KENYA

BY

SALLY NG'ERINGWONY TOROITICH

A THESIS SUBMITTED TO THE SCHOOL OF BUSINESS AND ECONOMICS, DEPARTMENT OF MANAGEMENT SCIENCE IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF DOCTOR OF PHILOSOPHY IN BUSINESS MANAGEMENT

(STRATEGIC MANAGEMENT OPTION)

MOI UNIVERSITY

2022

DECLARATION

Declaration by the Candidate

This thesis is my original work and has not been presented for a degree or any other academic award in any other university. No part of this thesis may be reproduced without the prior permission of the author and/or Moi University.

Sign…… Date……

Sally Ng'eringwony Toroitich

SBE/DPHIL/007/12

Declaration by Supervisors

This research thesis has been submitted with our approval as university supervisors.

Signature …. ……. Date ……

Dr. Ambrose Kemboi

Department of Management Science and Entrepreneurship

School of Business and Economics

Moi University

Signature …… Date ……

Prof. David Kosgei

Department of Agricultural Economics and Resource Management

School of Agricultural and Resource Management

Moi University

DEDICATION

I dedicate this work to my loving children, Sam-Victor, Daniel, Elijah, Precious, Sheila and to my parents Mr. and Mrs. Joseph Toroitich, for their patience, support and motivation. Further I thank my brothers and sisters and the entire Toroitich family. Most importantly I appreciate my Heavenly Father, the giver and the protector of our lives for this far he has cared for me and the entire family.

ACKNOWLEDGEMENTS

I thank the Lord God who is the rock and the pillar of my life, for the far that he has brought me in the journey of academia. He has given me the strength, wisdom, knowledge and the sufficient Grace in the preparation of this thesis. I express my genuine gratitude to Moi University for the opportunity they granted me to study. To my thesis advisors, Dr Ambrose Kemboi and Prof. David Kosgey, receive my deep appreciation for the tireless work you offered during my thesis groundwork. Special thanks go to the Dean School of Business and Economics, Dr. Josphat Cheboi and the entire fraternity of Moi University for their leadership especially in facilitation of internet connectivity and ensuring availability of other resource materials which contributed greatly in the preparation of this thesis. I am also grateful to my family for the patience they gave me during my research study. They had to bear with me at the time of seclusion while writing the work. Thank you, my gifted friends, Dr Caroline Koech and Dr Diane Korir. We worked as a team and our regular meetings yielded fruits, through sharing of ideas, which enriched my thesis.

ABSTRACT

Small medium Enterprises are the backbone of most economies worldwide, SMEs that have capacities to learn faster are likely to respond to market challenges better than competitors. Statistics from Small and Medium Enterprises authority shows that SMEs in Kenya are characterised by lack of resources, poor performance, and lack of expansion. The performance of SMEs in Baringo and Elgeyo-Marakwet counties in Kenya declined over the last decade. However, the explanation for decrease was unclear this study investigated the effect of social networks on the relationship between learning orientation and performance of small and medium enterprises in the two counties. The study examined the effect of commitment to learning, shared vision, knowledge sharing and open mindedness on the performance of SMEs. It also looked at the moderating effect of their social networking on relationship between learning orientation and performance. Positivist research paradigm was adopted. The study is based on resource-based view and social network analysis theories, and it adopted the survey research design which targeted 2492 SMEs in the Counties. Systematic sampling technique was used to select 332 respondents to participate in the study. Data was collected using structured questionnaires and analysed using descriptive and inferential statistics. Factor analysis was carried out using principal components analysis to extract factors from the data. The data had average reliability coefficient of 0.807. Results indicated that shared vision ($\beta = 0.072$, p-value =0.00), organizational knowledge sharing ($\beta = 0.085$, p-value =0.00) and open mindedness ($\beta = 0.061$, p-value =0.02) positively and significantly affected performance of SMEs. Commitment to learning did not affect SME performance ($\beta = 0.054$, p-value =0.08). Social networking significantly moderated the relationship between commitment to learning ($\beta = 0.08$, p-value =0.01), shared vision ($\beta = 0.09$, p-value =0.00), and open-mindedness ($\beta = 0.04$, p-value =0.00) but failed to moderate the relationship between learning orientation and SME performance ($\beta = 0.01$, p-value =0.48). The results supported the hypothesis and revealed that learning orientation was critical and may be helpful to SMEs in the two counties, through understanding of the crucial link between learning orientation and performance. The results may assist consultants and support agencies that aid SMEs. The more the understanding on the importance of learning orientation, the greater is the insight on how firms, SMEs can develop competitive strategies to improve its performance in the selected counties.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

ABBREVIATIONS AND ACRONYMS

ANOVA	-	The Analysis of Variance
CBD	-	Central Business District
GR	-	Performance
HR	-	Human Resource
KMO	-	Kaiser Meyer Olkin
KPI	-	Key Performance Indicators
LO	-	Learning orientation
OECD	-	Organization Economic Cooperation and Development
PCA	-	Principal Component Analysis
RBV	-	Resource Based View
SME	-	Small and Medium Enterprise
SN	-	Social Network
SPSS	-	Statistical Program for Social Science
UK	-	United Kingdom
USA	-	United States of America
VIF	-	Variance Inflation Factor

OPERATIONAL DEFINITION OF TERMS

Commitment to Learning: Is the degree to which an organization promotes learning and is willing to foster a learning climate (Calontone *et al.*, 2002).

Learning Orientation: A set of organisational values that increases the propensity of an organisation to create and utilise knowledge (Sinkula, Baker & Noor 1997).

Moderator: A variable that influences the direction or the strength of relation between an independent (predictor) variable and a dependent (criterion) variable, (Baron & Kenny, 1986).

Open-Mindedness: Ability of a firm to accept new ideas and question long-held assumptions about behavior and events, that is, ability to "unlearn its past" (Martinette and Obenchain-Leeson, 2012).

Organisational Knowledge Sharing: Collective beliefs or behavioral routines that allow the spread of learning within an organization (M.and Obenchain-Leeson, 2012).

Shared Vision: Processes that makes all organization members have a sense of purpose and direction to learn. Sulaiman and Salim (2011)

SME: The term small and medium enterprises (SMEs), is used to refer to SMEs in Kenya Act of 2012, SMEs are defined according to number of employees, revenues and assets of the company. In Kenya they are defined as businesses that have

between 1 and 99 employees, which is where most businesses lie

SMEs Performance: Refers to the SME as being profitable, secure and successful as well as experiencing growth in sales, profits and employee numbers over the past three years, (Farrington, S. M. 2017).

Social Networking: Describes as a collection of actors (people, departments or businesses), and their strategic links (family, community, finance, business alliances) with each other (Johnsen & Johnsen, 1999)

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter presents the background of the study, statement of the problem, purpose of the study, research objectives, research hypothesis, significance, and scope of the study.

1.1 Background of the Study

Globally, Small and Medium Enterprises (SMEs) plays a vibrant role in mounting the economy, thus most economies have increasingly employed SMEs as a strategic framework to achieve profitable performance in a more efficient manner. SMEs makes a massive contribution to the economies of most countries worldwide, The Organization for Economic Cooperation and Development (OECD,2020), the world's most advanced economies stated that SMEs are the main form of strategies, accounting for nearly ninety nine percent of entire businesses globally. In addition, they are the main source of employment, accounting for roughly seventy percent of jobs on average, and are the major contributors to value creation, generating between 50 and 60 percent of value added on average (OECD, 2016). Empirical evidence shows that SME's account for above sixty percent of Gross Domestic Product and seventy percent of overall employment in less developed nations, on the other hand, they contribute above ninety five percent of overall employment and nearly seventy percent of Gross domestic Product in middle-income countries (Bayisenge *et al.*, 2020; Chowdhury, 2011; Keskin *et al.*, 2010; IFC, 2010).

In Kenya, SMEs plays a key role in economic development and job creation. In 2014, 80 percent of jobs created were dominated by these strategic initiatives. The term small and medium enterprises (SMEs) is used to refer to SMEs in Kenya Act of 2012,

SMEs are defined according to number of employees, revenues and assets of the company. In Kenya they are defined as businesses that have between 1 and 99 employees, which is where most businesses lie.

Small enterprises have between Ksh. 500,000 and 5 million annual turnover and employs 10 to 49 number of employees. However, medium enterprises are not covered under the act, but have been reported as comprising of enterprises with a turnover of between KES 5 million and 800 million and employing 50 to 99 employees. Most SMEs fall under the informal sector and by extension, the term informal refers to people in self-employment or small-scale industries. The informal sector is estimated to constitute 98 percent of business in Kenya, contributing 30 percent of jobs and 3 percent of Kenya's GDP. The government recognizes the role of the informal sector and seeks ways to integrate strategically on the formal sector.

Small and Medium Enterprises are acknowledged for immense creation of employment to majority of citizens in Kenya. They are assumed to have created more than fifty percent job opportunities in the year 2014 (KNBS, 2019).

Irrespective of the undisputed significance or the importance of small and medium enterprises in the economy, the persistently significant impediments with statistics showing that 3 out of 5 enterprises collapse immediately after the inception, (KNBS, 2019). SMEs that survive, however more than ninety percent fail within a period of three years, Majority of business enterprises lag behind, not able to stand and elevate to medium – sized enterprises (KNBS, 2019; Njoroge and Gathungu, 2013).

The performance of small medium enterprises is a very important concept in strategic management study, it is often engaged as a dependent variable. Regardless of this

significance, there is quiet no agreement concerning its dimension, definition and estimation, which impedes progress in research and indulgence of the idea (Richard *et al.*, 2009).

According to Ladzani (2012), performance of small and medium enterprises is characterized by risk taking tendencies which implies that they utilize readily accessible chances in growing the entrepreneurship concepts. The way in which SMEs function may exist conceptually as achieving the set entrepreneurial goals (Van Vuuren, 1997 cited in Sebikari, 2014). This study adopted Griffins' (2006) viewpoint by defining SME performance as its potentiality to source and engage its limited properties and treasures as prompt as conceivable in the quest of the aforementioned strategic planning.

SMEs performance can be measured both subjectively and objectively, using dimensional bundle of procedures of performances that consist of both financial and non-financial, which quantifies what has been achieved as well as predicting the future going forward (Alhyari, Alazab, Venkatraman & Alazab, 2013). According to a method proposed by Venkatraman and Ramanujan (1987), which has been adopted by many researchers, (for instance, Gibcus & Kemp, 2003; Kumbrai &Webb, 2010; Richard *et al.*, 2009), a valid measure of SMEs performance should capture three components, business, and organizational performance. Measures rate a firm's profitability and include assessment techniques which include returns on assets (ROA), returns on investments (ROI), and returns on sales (ROS). The performance of businesses assesses the items connected to the market, for instance, market shares, expansion, specialisation, and branding of the product while organisational measurements of efficiency are nearly similar to those of stakeholders, for instance,

the satisfaction of employees satisfaction, image and reputation, excellence together with social responsibilities (Kumbrai &Webb, 2010; Richard *et al.*, 2009; Cull *et al*., 2007; Gibcus & Kemp, 2003).

Studies on SMEs reveal a host of factors that could potentially explain their poor performance, this often complicates the way in which the managers who own the business together with investigators recognize the causes of SMEs disappointment. Pretorius (2008) and de Vos (2006) proposed a triadic structure of causes: lack of resources (knowledge, information and assets) and opportunities; descriptions as a viewpoint of disaster (for instance, liabilities of failure and liabilities of newness); and multiple causes (arising from entrepreneur, organization, and environment). This classification has been supported by other researchers, such as (Nakhaima, 2016; Kalane, 2015; Mudavanhu *et al.*, 2011; Hussein, 2009; Schoof, 2006; Atieno, 2009; Maas & Herrington, 2006; Pinhold, 2008; Pratten, 2004 adiku-Dushi, Dana & Ramadani, 2019).

Learning Orientation is an organizational salient and idiosyncratic resource that can help SMEs improve their performance. It has been argued that for SMEs to effectively survive with the present opportunities and threats from outside, they must pick up, meaning, they should obtain new schemes as well as strategies that will help in improving their performance scale now and in the future (Salim & Sulaiman, 2011; Child *et al.,* 2005). Authors, for instance, Martinette and Obenchain-Leeson (2012) have proposed that for a business enterprise to be competitive than others in the market, the only prerequisite requirement is that its leaders or managers have to be acquainted with enough information than other players while other researchers are suggesting that the only efficient method for ensuring sustainability and improvement

competitive advantage of a firm and the way it is performing is learning of the organization (Ussahawanitchakit, 2008; Mavondo, Chimhanzi, and Stewart, 2005). A practical way of operationalizing structural learning is the usage of the thought of learning orientation (LO).

The concept of LO refers to the characteristic of an organization that influences the tendency of the firm to value reproductive and double-loop learning that is shown by a set of values of knowledge-questioning (Baker, and Sinkula, 1999) in Jimenéz-Jimenéz, Martínez-Costa, and Sanz-Valle, (2014). Thus, LO may be conceptualized as the capacity of a firm to integrate, adapt and employ transferred understanding (Jimenez-Jimenez *et al.*, 2014). The present study delineates four perspectives LO: commitment to learning, shared vision, open-mindedness, and organizational knowledge sharing, following Martinette and Obenchain-Leeson (2012), Akgun Keskin, Byrne & Aren, (2007) and Calontone *et al.*, (2002). According to Calontone *et al.,* (2002), commitment to learning refers to an extent whereby firms improves the learning and is able to nature a conducive learning environment. Shared vision interrelates the work done by workers and generates connections on the basis of information exchange mental methods that are shared (Akgun *et al.*, 2007). Being open minded implies the capacity of an organization agree to take improved concepts and the readiness to ask the conventional assumptions concerning the characteristics and actions, implying that an enterprise can develop a future from “unlearning its past” (Martinette and Obenchain-Leeson, 2012; Akgun *et al.*, 2007). To end with, organizational knowledge distribution speaks of joint philosophies or developmental procedures which are interconnected to the extension of learning inside a firm (Martinette, and Obenchain-Leeson, 2012).

The bulk of studies done globally indicated the association concerning learning orientation and performances but have had contradictory results. For example, Hult (2016) did an investigation on impacts of learning orientation and the performances of business in Mexico and concluded the methods of learning orientation that are driven by the market assist internal and external business means that boost the loyalty and satisfaction of the consumer, and posited significant result. Jimenez-Jimenes & Cegarra-Navarro (2017) examined how learning orientation affects market orientation of SMEs in Brazil where they indicated insignificant effect. Ambad and Wahab (2013) carried out an investigation on learning orientation and SMEs performance amongst large administrations in Malaysia, the findings showed that inventiveness and risk assuming have impacts on the firm.

On the other hand, long (2013) found no effect for learning orientation towards the performance of the organization but showed that market orientation have positive influence. Likewise, research by Vijande, *et. al.*, 2005) revealed that there is no significant association existing amongst the performance of an organization and learning orientation, however the study established a positive interconnection between the way in which market orientation and organisations are performing. Farrell and Oczkowski (2002) showed that overall, learning orientation had a weaker relationship with organisational performance compared with market orientation.

Social networks are social structures that consist of a team made of social players (for instance, persons or firms), collections of dyadic links and additional social connections amongst players (Borgatti, Mehra, Brass, & Labianca, 2009). Whereas the existence of SMEs relies greatly on their learning potentiality and acquire new knowledge (Jimenez-Jimenes & Cegarra-Navarro, 2017); Ambad and Wahab (2013),

stated that majority are negatively affected by resource scarcity pertinent intended for such actions (Partanen *et al.,* 2008). By building and maintaining a network of partners, SMEs can ameliorate such scarcities and obtain knowledge, support, and access to distribution channels (Kiprotich, Kimosop, Kemboi & Chepkwony, 2015); Cantù *et al.,* (2010); Westerlund & Svahn, (2008) and Tata & Prasad, (2008). It follows that if learning orientation affects SMEs performance (Jimenez-Jimenes & Cegarra-Navarro, (2017); Hult, (2016); Ambad and Wahab (2013), social networking could affect the association among LO and performance, in so far because it influences the acquisition of knowledge and resources by SMEs.

Thus, a better-networked enterprise may be more adept at business knowledge acquisition and therefore, a better performance and vice versa. Many empirical studies have either investigated at the link amongst LO and SMEs performance (Jimenez-Jimenes & Cegarra-Navarro, (2017); Hult (2016); Mwaura, Gathenya & Kihoro (2015); Hanafi (2012); Liu & Fu (2011); Hakala (2010) or the effect of networks on the development of social capital by firms (*Lie et al*., (2009) and (Merriles *et al.,* 2011). A paucity of studies have investigated the possible impact of moderation of social networks on the association between LO and entrepreneurial performance. In one of the few studies from the literature that looked at all the three variables, Pesamaa, Shoham, Muhammad and Irfan (2015), posited that innovative ability has a mediating role on social networking and learning orientation on performance. The study used social networking as an independent variable and not a moderator.

SMEs within Baringo and Elgeyo Marakwet County are a combination of self-employment outlets and fast-changing firms engaged in many types of businesses.

Several such small firms are sole proprietorships; half are female owned and a third of the businesses operate from homes. Firms owned by females are likely to start and use less start-up capital, they have limited access to loans, grow slowly, and more frequently operates from homes or less permanent structures thus constraining their performance (Kimuyu & Omiti, 2014). Because of the need for the two counties to diversify and shift their economies from an overreliance on agriculture, the successful development of SME sector is crucial because of its ability to create job opportunities, and the need to position Kenya as a country that exports elementary foodstuff items and products from industries in large quantities (Mweiga, 2014). The performance of SMEs in the selected counties is low due to several factors. The understanding of factors that underlie successful tenure of SMEs and their transition into bigger organisations is therefore crucial.

1.2 Problem Statement

The findings on studies concerning the association between learning orientation and SME performance are contradictory (Jimenez-Jimenes & Cegarra-Navarro, (2017); Martinette and Obenchain (2012). The moderation effect of social networks on the association between LO and the performance of SMEs is largely unknown (Naude et. al., 2014). For instance, Hult (2016) showed that market-driven learning orientation strategy by Mexican firms helps domestic and international strategic business units improve customer satisfaction, commitment and performance. Hussain, Shah and Khan (2016), in an investigation of two hundred and thirteen SMEs that are owned by the manufacturing sector in Sialkot, Pakistan, they found a positive and statistically significant association between learning orientation and performance of the SMEs. On the other hand, long (2013) found that while market orientation of firms had a

positive effect on organisational performance, learning orientation had no effect while Aloulou (2018) in a study of 230 Saudi firms showed that learning orientation merely miss the relationship between entrepreneurial orientation and entrepreneurial performance and had an insignificant relationship.

In Kenya, the Small and Medium Enterprises are very essential key in terms of job creation and a remedy of mitigating poverty in the country. (Bayisenge *et al.*, 2020), described SMEs in developing countries as engines of economic growth. In spite of the undisputed importance of Small and Medium Enterprises in Kenya, statistics for their longevity are grim. In every five SMEs, three collapse shortly after they began to operate, over 90% of those that survive fold at their third year while many of them deteriorate, therefore not being able to attain status of medium sized enterprises (KNBS, 2019; KNBS, 2019; Njoroge and Gathungu, 2013). For decision makers and other key stakeholders to formulate and implement policies and laws that will ensure success in terms of SMEs performance, it is important to know the factors that underlie successful tenure of SMEs and their transition into medium and larger enterprises.

SMEs in Kenya have not performed as expected well in development and economic growth, this situation has been of great concern to the national, county government and private sectors. KNBS (2017) have shown that SMEs have issues which affect their performance. (Gichuki, Njeru & Tirimba, 2014). Like other SMEs in the country, SMES in Elgeyo and Baringo counties have faced similar challenges. For instance, majority of the owners of SMEs in these counties lack adequate knowledge and competence in the management of their businesses and failure to graduate to the next level, (Siekei, *et al.*, 2013; County Integrated Development plan, 2013.

Given that social networks could play a fundamental role in the ability of SMEs to obtain knowledge, support and access to distribution channels, a lack of studies considered the possible effect that networks might have on the relationship between learning orientation and entrepreneurial performance. The major thrust of studies concentrated either on the association between LO and SMEs performance (Jimenez-Jimenes & Cegarra-Navarro, 2017; Hult, 2016; Mwaura *et. al.,* 2015) or the effect of networks on the affiliation between entrepreneurial orientation and performance (Kiprotich *et. al.*, 2015; Real *et. al.,* 2014) and social capital (Li *et al.*, 2009; Merriles *et al.,* 2011)

According to Nzioka (2012), who only looked at the association between learning orientation and performance of commercial banks in Kenya. Kiprotich *et al.,* (2015) analysed the influence of moderation of social networks on the link between entrepreneurship orientation and performances of SMEs in Nakuru County in Kenya. A study by Mrisha *et. al.,* (2017) investigated the influence of learning organization culture on the performance of logistics organization in Mombasa County and showed a significant positive and weak association between constant learning, collaboration and team learning and organizational performance. Both Njeru (2013) and Oduyo (2014) researched on the relationship between strategic market orientation and SMEs performance among Kenya's tour organisations and commercial banks, respectively. Hanafi, (2012), Mwaura, Gathenya & Kihoro (2015), criticized these theoretical prescriptions and in the face of conflicting positions on performance relationship it is very vital to take into consideration probability that intervening variable may moderate the relationship

The performance of the SMEs in Kenya has not been much effective. Some of the SMEs have liquidated their operations due to low sales. It was noted that around 65% to 90% of the SMEs cease operations before three years in operations. Thus, the study sought to investigate the reason behind most of the SMEs not surviving for long. Therefore, the study examined the moderating effect of social Networking on the relationship between learning orientation and the performance of SMEs in Baringo and Elgeyo Marakwet counties in Kenya.

1.3 Research Objectives

This section presents the general and specific objectives of the study.

1.3.1 General Objectives

The general objective of this study was to examine the effects of learning orientation on performance of small and medium enterprises (SMEs) in Baringo and Elgeyo-Marakwet counties of Kenya and determine the moderating role of social networking on the relationship.

1.3.2 Specific Objectives

The specific objectives of this study were:

1 To determine the effect of commitment to learning on performance of SMEs in Baringo and Elgeyo-Marakwet counties of Kenya

2 To establish the effect of shared vision on performance of SMEs in Baringo and Elgeyo-Marakwet counties of Kenya.

3 To investigate the effect of organisational knowledge sharing on performance of SMEs in Baringo and Elgeyo-Marakwet counties of Kenya.

4 To assess the effect of open mindedness on performance of SMEs in Baringo and Elgeyo-Marakwet counties of Kenya.

5a To explore the moderating effect of social networking on the relationship between commitment to learning and performance of SMEs in Baringo and Elgeyo-Marakwet counties of Kenya.

5b To determine the moderating effect of social networking on the relationship between shared vision and performance of SMEs in Baringo and Elgeyo-Marakwet counties of Kenya.

5c To assess the moderating effect of social networking on the relationship between organisational knowledge sharing and performance of SMEs in Baringo and Elgeyo-Marakwet counties of Kenya.

5d To determine the moderating effect of social networking on relationship between open mindedness and performance of SMEs in Baringo and Elgeyo-Marakwet counties of Kenya.

1.4 Research Hypothesis

The study was guided by the following null hypotheses.

H_{01} : There is no significant relationship between commitment to learning and SMEs performance in Baringo and Elgeyo-Marakwet counties.

H_{02} : There is no significant relationship between shared vision and performance of SMEs in Baringo and Elgeyo-Marakwet counties of Kenya.

H_{03} : There is no significant effect of organizational knowledge sharing on performance of SMEs in Baringo and Elgeyo-Marakwet counties of Kenya.

H_{04} : Open-mindedness does not have a significant effect on performance of SMEs in Baringo and Elgeyo-Marakwet counties of Kenya.

H_{05A} : Social networking does not significantly moderate the relationship between commitment to learning and performance of SMEs in Baringo and Elgeyo-Marakwet counties of Kenya.

H_{05B} : Social networking does not significantly moderate the relationship between shared vision and performance of SMEs in Baringo and Elgeyo-Marakwet counties of Kenya.

H_{05C} : Social networking does not significantly moderate the relationship between organizational knowledge sharing and performance of SMEs in Baringo and Elgeyo-Marakwet counties of Kenya.

H_{05D} : Social networking does not significantly moderate the relationship between open mindedness and performance of SMEs in Baringo and Elgeyo-Marakwet counties of Kenya.

1.5 Significance of the Study

The findings out of current study highlighted the association between learning orientation of SMEs and their performance, and the moderating role of social networking on this relationship. The findings would assist governments (both national and county), ministries of trade, on showing the roles of learning orientation and social networking on the performance and survival of SMEs. This could help the ministries develop policy frameworks and relevant regulatory frameworks especially about SMEs' commitment to learning, organisational knowledge sharing, shared vision, open-mindedness, and social networks, to boost their performance.

The study shall be of more importance to the entrepreneurs in Baringo, Elgeyo Marakwet, and other counties in the country on the potential roles that learning and

social networking play in the success of SMEs. This way, they might be guided on the best stance to adopt for their businesses to succeed. The findings could also be important to the Academy by extending scholarly work in the discipline of entrepreneurship and strategic management. The findings from the study could similarly be an eye opener for advancing investigation in the same area of study.

1.6 Scope of the Study

The study focused on the relationship between learning orientation and SMEs performance and the moderating role that social networks have on this relationship. Learning orientation was represented by four first-order constructs: commitment to learning, shared vision, organizational knowledge sharing and open-mindedness. The target population of the study were SMEs in Baringo and Elgeyo-Marakwet counties. The study was conducted for a duration of six months, from the month of June 2017 to October 2018, forming the temporal scope of the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The section presents the models of performance of small medium enterprises, learning orientation, and social networks; the empirical literatures that have been reviewed on the relationships; and the theoretical underpinnings of the study, including the conceptual framework of the study.

2.2 The Concept of SMEs Performance

During the past two decades, performance of small and medium enterprises has been done by several researchers in different industries. Majority of the studies focused on analyzing the factors determining performance, where important factors of success were recognized after examining relationship between input-factors and performance (Pansiri and Temtime, 2008 and Kalane, 2015).

Existing literature indicates that, measuring presentation of small and medium enterprises are difficult as well as very challenging (Sapienza and Grimm, 1997). The main challenge is collecting performance information from privately owned small and Medium enterprises which is frequently problematic because of insufficient availability of reliable facts. The facts are also not quite perfect and also very difficult to be assessed despite the availability of information. For instance, the old procedures of SMEs' performance are frequently not available (Wang and Ang, 2004, Micro and Small Enterprise (MSE) Act of 2012 (GoK, 2012, Abiola, 2013).

Empirical evidence (Richard, Devinney, Yip, & Johnson, 2009; Herman & Renz, 1999; Forbes, 1998), showed that the association between learning orientation and SMEs performance are positive, nevertheless problems of understanding SMEs

performance have not been tackled yet. The ambiguous nature of goals held by an organization mitigates universal criteria, (Mahmood S. and Hanafi 2013). As a result, there is no consensus on what exactly the correct measurement of SME performance is. In the same way, assessments of SMEs performance need to change and stop depending on the suggestions of the team leaders alone. Therefore, the investigation of the way SME are performing is attained via development of a judicious set of measures (Nobbie & Brudney, 2003) and having several people who understand and who deal with mission or goal accomplishment to deliver their observations of activities of an organization.

Previous scholars for example Richard *et al.*, (2009; Ocloo, Akaba, and Brown (2014) posited that performance is a very important construct in strategic management studies and it is often engaged as a predictor variable. However, after this clear role, there is no constant agreement concerning its correct definition, dimension and measurement, which inhibits progress in research and understanding of the idea. Although SME performance is generally accepted to be a multidimensional construct, many studies continue to measure it with a solitary pointer and signify this perception as one dimension. (Glick, Washburn & Miller, 2005). Richard et al., (2009) advised that if there is many dimensions or ways, a researcher should select the one that is very necessary or important to his study and evaluate the results of the selected study. According to Neely, Gregory and Platts (1991), the measurement for performance is referred to as the way of putting quantity on efficiency of an accomplishment. This study adopts Griffins' (2006) viewpoint by defining SME performance as its capability to obtain and exploit its limited resources and valuables as promptly as possible while pursuing its strategic planning.

Performance might be specifically good for small enterprises (de Vos, 2006). Assumed the widely spread agreement in the research literature that SMEs are generally resource challenged bodies demonstrating both an obligation of novelty as well as obligation of compactness (Pretorius and Pinhold, 2008)) it is not a surprise that firms with limited resources are subject to climate uncertainties. For instance, it is anticipated that the competitive atmosphere for Small and Medium Enterprises undergoing unexpected declining economy would leave a small space to manoeuvre with the probability of reasonably high rates of mortality as demonstrated by the most current downturn (Soininen *et. al.,* 2012). Bigger organizations are more possible capable to drive over such an environmental uncertainty because of their size, market supremacy, and resource capacity, these may decent leadership procedures to survey performance and provide a solution to the obligation of compactness that Small and Medium Enterprises might be lacking.

One of the most cited models for measuring SME performance is the one given by Venkatraman & Ramanujan (1986), consisting of three coinciding concentric spheres whereby the larger ones stand for the efficiency of an organization. This largest field of the circle of efficiency of the organization consist of a medial circle that represent the performance of the enterprise, which, ultimately comprises the inner circle standing for performance (Figure 2.1)

.

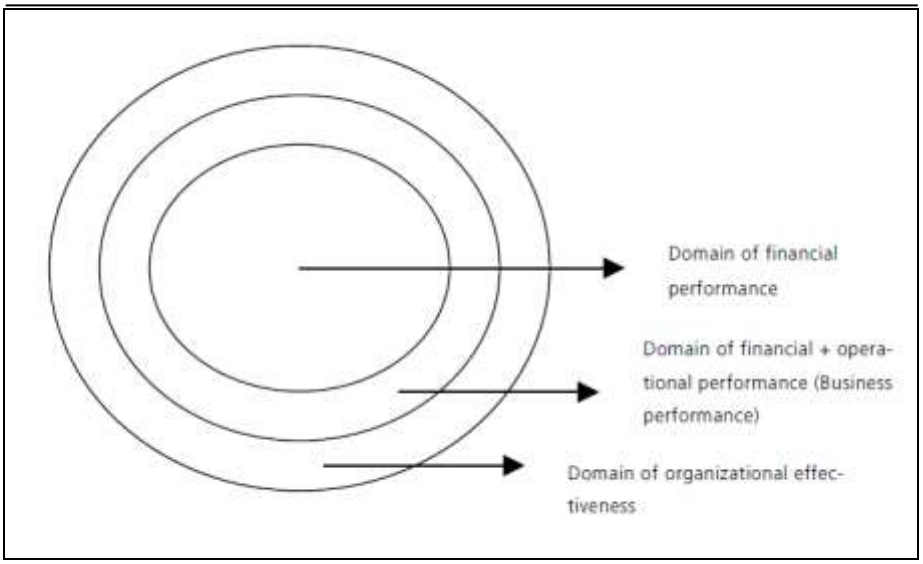


Figure 2.1: Venkatraman & Ramanujan (1986) model of entrepreneurial performance

(Adapted from Gibcus & Kemp, 2003)

The measures of business performance market-related items, for instance, market share, growth, diversification, and product development (Gray, 1997). At hand appears in two faces: the indicators that are associated with growth/share in the businesses (for example shares growth and market share) together with those that are linked to the future locating of the organization (for instance the development of a new product and diversification) (Gibcus & Kemp, 2003).

The measures of organisational efficiencies are thoroughly connected to shareholders (other than stockholders) (Gibcus & Kemp, 2003). The satisfaction of the workers, quality and social responsibility are examples of such measures. These measures again appear to include multidimensional: those indicators linked to the quality (for example, quality of the product, satisfaction of the employees, general quality) and those related to social responsibility (for instance, environmental and community responsibility)(Cenamor *et. al.*, 2019); Gibcus & Kemp, (2003).

The Venkatraman and Ramanujan (1986) model is widely supported by strategic management scholars (Richard *et al.,* 2009; Neely *et al.,* 1995). However, various empirical studies on strategic management have operationalized SMEs performance in bewilderingly different ways and in probably unbalanced fashion. For instance, Combs *et al*., (2005) in an analysis of all articles published in the *Strategic Management Journal* between 1980 and 2004 identified 238 empirical studies that used 56 different indicators. In most cases, performance was used (82%) with accounting measures of profitability being the most common choice (52%). This study viewed SME performance as a multidimensional construct that can be best operationalised by carefully choosing measures depending on the objectives of the study, the theoretical framework to be used and the nature of the firms to be studied. This study will use four measures that capture all the three dimensions: profit margins, sales growth, and improved image and reputation (Venkatraman and Ramanujan, 1986).

Another subject of intense argument with respect to SME performance is whether to use objective or subjective measures of entrepreneurial performance. According to Beal (2000), objective measures of performance are preferable to subjective measures based on manager perceptions. However, Ketokivi & Schroeder, 2004) argued that objective performance measures are less convenient for non- performance measurement and for inter-firm comparison when firms have different ways of registering information. In these cases, researchers (Forker, Vickeky & Droge, 1996; Slater & Olson, 2000; Wiklund & Shepherd, 2003) have argued that subjective measures could be used. The critique over subjective performance indicators is that they depend on human cognition and knowledge, which may result in over- or

underestimation of data, may suffer from halo effects or may just be a guess (Ketokivi & Schroeder, 2004; Richard *et al.,* 2009). However, encouragingly, researchers such as Venkatraman and Ramanujam (1987), Wall *et al.,* (2004), Dawes (1999) and Forker *et al.,* (1996) have found a positive correlation between subjective and objective performance indicators in same studies, which suggests that regardless of the type of indicator chosen, a valid measure of SMEs performance can be obtained. Consequently, this study will use subjective measures of SME performance.

2.2.1 Concept of Learning Orientation

Empirical literature shows that learning orientation has become a central concept in the domain of entrepreneurship that has received a substantial amount of theoretical and empirical attention (Ibua, Kingi, Bindu, & Mrisha, 2017). Rapid and unpredictable changes typify SMEs' business environment arising from environmental perturbations, such as, globalisation, government policies, competition, and changes in communication and information technology (Ensley, Pearce & Hmieleski, 2006; Chirico & Salvato, 2008). It has been argued that for organizations to cope up with the environmental shocks, they need to learn, that is, acquire new knowledge and skills (Child, Faulkner, & Tallman, 2005; Ortenblad, 2001). The knowledge and skills gained are resources that give the organisation a competitive advantage over others (Geus, 1988). Many scholars have suggested that the effective strategy for sustaining and improving a firm's competitive edge and its performance is to adopt a learning orientation (e.g. Mavondo, Chimhanzi, & Stewart, 2005; Senge, 1990; Sinkula, Baker, & Noordewier, 1997). Learning orientation has been considered vital for attaining higher level of competencies, greater organizational performance and sustainable competitive advantage for large organizations (Choi,

2012; Lukas & Maignan, 1996)) and SMEs in particular (Dada & Fogg, 2014). LO is crucial for the survival, growth, and sustained competitive advantage for firms (Fulmer, Gibbs, & Key, 1998).

Learning orientation has been described as the adoption of a basic learning process (Rhee, Park & Lee, 2010) and linked to the development of new knowledge in the organization. According to Baker and Sinkula, (1999), LO refers to acceptance of learning in organization, which is represented by basic attitude towards learning. LO is required to assimilate, adapt and exploit the transferred knowledge (Jimenez-Jimenez *et al.,* 2014). Wang (2008) conceptualizes LO as those firm values that affect a firm's approach to acquiring information. They emphasize the importance of planned processes in allowing firm learning to lead to the achievement of common organizational goals. In other words, it stands for the tendency of organization to create and apply knowledge in organization (Nguyen & Nigel, 2006). LO is also an organisational capability in which resources are deployed to create customer value and to achieve higher performance (Nasution & Mavondo, 2008). Such activities include obtaining and sharing information about customer needs, market changes, competitor actions, and the development of new technologies and products that are superior to those of competitors.

Learning orientation represents the propensity of an organization to learn and adapt by providing knowledge and skill training on record keeping to the organization members, managers and stakeholders (Mavondo *et al.,* 2005). While Hurhey and Hult (1998) emphasizes the effect of LO, which is known as the ability to enhance set of values of organizations, toward creating innovative ideas, which is an important aspect to SMEs. LO is the generation and development of new insights and the

changing behaviours (Slater & Narver, 1995). It is always concern about adaptation and changing of value, attitude, and behaviour in relation to creating innovation. LO is therefore a source of competitive advantage (Farrell, 2000). This study defines LO as a set of organisational values that increases the propensity of an organisation to create and utilise knowledge and the degree to which proactive learning appears (Sinkula, Baker & Noordewier, 1997; Sinkula, 1994).

Learning orientation (LO) is often used synonymously with 'learning orientation' and 'learning organization' (Ejdys & Gedvilaite, 2017; Levitt & March, 1988). Although the three concepts all refer to learning, there are subtle differences between them. LO is an organizational conceptual stance that predisposes it to learn. While a learning organizational describes a type of organization or firm, learning orientation is an activity or process (of learning) that takes place in organizations (Örtenblad, 2001; Easterby-Smith *et al.,* 1999; Schiuma, 2013). Weldy (2009) defines learning orientation as the process of individual and collective learning that occurs within an organization. Organisational learning consists of various sub processes that lead to learning, such as acquisition of knowledge, its sharing and use. On the other hand, a learning organisation describes an entity in which learning, sometimes deliberately sought, occurs. Appelbaum and Reichart (1998) proposed that LO is one of the three characteristics of a learning organization, the other two being the learning process and the factors facilitating learning in the organization.

Learning orientation has emerged as a vital area for improving performance of SMEs. By making use of internal knowledge and capabilities the whole company can become more efficient and successful (Sora, 2015; Bennet & O'Brien, 1994). Considering continuous change, learning orientation in organizations is of vital importance in the

process of adaptation and internalizing changes (Kaplan, Ogut, Mehmet & Kaplan, 2014). If SMEs obtain information through learning, they can increase their ability of perceiving environmental changes and adapt appropriately. Learning orientation is an initial indicator of entrepreneurial learning capability.

Learning Orientation (LO) has been operationalized as a multi-dimensional construct. Sinkula *et al*., (1997) conceptualized LO in four dimensions of commitment to learning, shared vision, and open mindedness, and organisational knowledge sharing. Commitment to learning refers to the organization's consideration to acquiring new knowledge (Tajeddini, 2009). Sinkula *et al.,* (1997) in their study defined commitment to learning as a value of organization that motivates a climate of learning. Similarly, commitment to learning represents the degree of organization values that promotes a learning culture and is supported by (Keskin, 2006) and that organization commitment to learning is important for survival (Calantone *et al*., 2002).

The focus of the shared vision is on internal communication that encourages all members of an organization who are determined to learn (Baker and Sinkula, 1999; Sinkula, 1997). According to Calantone *et al.,* (2002), shared vision increases the quality of learning

Shared vision will increase in the quality of learning (Calantone *et al.,* 2002). Open mindedness reflects willingness to critically evaluate daily operations of an organizations and to accept new ideas (Keskin 2006; Sinkula *et al.,* 1997). Organizational knowledge sharing refers to collective beliefs or behavioral routines that are linked to the spread of learning within an organization (Martinette and Obenchain-Leeson, 2012).

2.2.2 Concept of Social Networking and SMEs Performance

Nohria (2012) and Korir (2012); described networks as a form of collaborative relationships that firms enter into with their partners for strategic reasons. Hagedoorn and Shakenraad (1994) on the other hand defined networks as flexible modes of governance. Carson *et al.,* (1995) further described networking in a small business context as "an activity in which the entrepreneurially oriented SME owners build and manage personal relationships with particular individuals in their surroundings". The term networks also describe a collection of actors (people, departments or businesses), and their strategic links (family, community, finance, business alliances) with each other (Johnsen & Johnsen, 1999). Social network analysis makes the invisible network of social relationships between individuals and SMEs Performance more visible. The central tenet of social network analysis is that the causal motor behind what people feel, believe and do lies in the patterns of relations between actors in a situation, as opposed to the attributes of the individual actors.

However, Coulthard and Loos (2007) generalized networking to include the exchange of friendship, information, benefits and effect. But for purposes of this study, networks are defined as voluntary arrangements between firms aimed at providing a competitive advantage for the participants. Barnir and Smith (2002) echoed that social networks are important for small firms because they provide additional resources as well as emotional and support while Gulati (1998) explored the theory that networks are governed by social context and the interaction of the actors within the network rather than economic factors. The role of informal networks is also very important. can be in the form of friendships, informal advice by different people, or chatting within and outside the global business world.

Social network can be found in the network of partnerships formed by an organization, and it embraces relationships with customers as well as business, industry and community relations (Moon & Kym, 2006). Besides, social network is a factor that may contribute to the ability of group official members to provide quality monitoring and advice. A definition by Adler and Kwon (2011; 2002) is that social network is the goodwill available to individuals or groups. Its source lies in the structure and content of the actor's social relationship, which is an informal norm promoting operation between two or more individual SMEs (Fukuyama, 2001).

Social network is generally seen to be embedded in the relationship between parties rather than in the parties themselves (Adler & Kwon, 2002). That is, it is jointly owned by the organization and its members, and both parties benefit extrinsically and/or intrinsically from its existence (Leana & Van Buren, 1999). Research shows that social networks may give actors access to abundant information, which leads to greater innovation (Burt, 1987; Powell *et al.,* 1996). Social network may also give an individual/organization power and effect in the eyes of external stakeholders.

Therefore, having entrepreneurs comprised of members with higher levels of social network is likely to lead to improving firms' market performance. Consequently, a history of positive experiences by individuals and organizations with their partnerships is a likely contributor to relational capital, and this can be better understood by examining the sources of social network (Adler & Kwon, 2002). Social network does not only rest in individuals (in the form of human capital) but also in the social network. According to Leana and van Buren (1999) defined organizational social network as being ''a resource reflecting the character of social relations within the firm realized through members' levels of collective goal

orientation and shared trust, which create value by facilitating successful collective action''. Garriss (2006) asserts that, social networks are popular platforms for interaction, communication and collaboration between business associates and friends in and outside the organization. Networking in enterprises is a process of a common give and take in a win – win state for those involved in transactions of the firm.

Social networks are informal relationships or exchanges where all entrepreneurs' contacts are direct and face to face (Chen, 2008). This kind of networking includes friends, family and close business associates. Gulati *et al.,* (2000) and Ireland (2002) reported that networks and alliances are perceived to be significant for a competitive advantage and success. However, firms often engage in alliances and networks to get access to important and complementary resources and vital information that they lack as well as to jointly develop new resources. This would be important for SMEs because they are frequently founded with limited resources, lack of learning orientation, interaction and coordination in their enterprises. Additionally, Mazzarol and Reboud (2006) stated that networking relations in enterprises provide important strategic information that is vital to the success of entrepreneurial performance.

The basic idea of a social network is very simple. A social network is a set of actors (or nodes) that may have relationships (or ties) with another. Social network analysis represents networks as graphs. Krackhardt (1994) argued that graph theory provides a rich descriptive language for assessing organizational structure. Ties connecting pairs of actors can be directed (i.e., potentially one-directional, as in giving advice to someone) or undirected (as in being physically proximate) and can be dichotomous (present or absent, as in whether two people are friends or not) or valued (measured on a scale, as in strength of friendship).

Two schools of thought dominate social network theory and argue for their distinct advantages: cohesion or closure theorists and structural holes or brokerage theorists. Cohesion theorists propose that densely embedded networks with many connections are more beneficial. Dense networks of direct ties appear to foster the development of shared norms, routines, and the trust necessary for the sharing of proprietary information. Structural hole theorists, by contrast, posit that networks are open social structures where advantages derive from brokerage. Given greater homogeneity within than between groups, people whose networks bridge the structural holes between groups have earlier access to a broader diversity of information and have experience in translating information across groups (Burt, 2003).

2.3 Review of Theories

A review of definitions of the word theory invariably contains elements such as 'making predictions' and 'explaining'. A theoretical framework can be conceived as a structure or blueprint that identifies and describes the major elements, variables, or constraints that organize research (Jacard and Jacob, 2010). A theoretical framework may be used to hypothesize, understand, or give meaning to the relationships among the elements that influence, affect, or predict the events or outcomes specified in a research study (Ravitch and Matthew, 2017).

Learning orientation could increase an organization's knowledge, which can be a rare, inimitable, and idiosyncratic resource, which it can use to leverage its performance. Consequently, the theoretical framework of the Resource Based View (RBV) will guide this study. In addition, the study argues that SMEs are embedded within social networks, which can influence the way they learn and hence Social Network Theory will be a second theoretical construct for the study.

2.3.1 Resource Based View Theory

Resource Based View theory (RVB) approach builds its roots by the study of Schumpeter in the 1930s but was later introduced in strategic management in the early 1980s and deeply rooted from 1990s.

The Resource Based View Theory analysed firms as a collection and sets of resources. The resource-based theory by Wernerfelt (1994) prescribes those firm resources are the main driver of organizational performance (Barney & Clark, 2007; Barney, 1991; Grant, 1991; Hall, 1992). The resources needed to conceive, choose, and implement strategies are likely to be heterogeneously distributed across organizations, which in turn are posited to account for the differences in their performances (Grant, 1991; Barney, 1991).

The ability to learn is a priority for organizations that wish to compete effectively. The resource-based view perceives the firm as a unique bundle of idiosyncratic resources and capabilities where the primary task of management is to maximize value through the optimal deployment of existing resources and capabilities, while developing the firm's resource base for the future (Grant, 1996; Barney, 1997). Firm resources include all assets, capabilities, organizational processes, firm attributes, information and knowledge controlled by a firm that enable the firm to conceive and implement strategies that improve its efficiency and effectiveness (Barney & Clark, 2007, Barney, 1991).

The theory stipulates that in strategic management the fundamental sources and drivers to firms' competitive advantage and superior performance are mainly associated with the attributes of their resources and capabilities which are valuable and costly-to-copy (Barney 1991; Barney & Clark, 2007; Conner, 1991; Peteraf,

1993). Barney and Clark (2007) further argued that to have the potential to generate competitive advantage, a firm resource must have four attributes. First, it must be valuable, in the sense that it exploits opportunities and or neutralizes threats in a firm's environment. Second, it must be rare among a firm's current and potential competition. Thirdly, it must be imperfectly imitable and finally there cannot be strategically equivalent substitutes for this resource. Resources tend to survive competitive imitation because of isolating mechanisms such as causal ambiguity, time compression diseconomies, embeddedness, and path dependencies (Hall, 1991). Resources refer to available factors of production owned or controlled by an organization (Amit & Schoemaker, 1993).

However, RBV has been criticized on various issues. Fahy (2000) noted, the vast majority of contributions within the RBV have been of a conceptual rather than an empirical nature, with the result that many of its fundamental tenets still remain to be validated in the field. The most notable were the debates between Barney, Priem and Butler on the relevancy and validity of the resource-based view of sustainable competitive advantage (Barney, 1997; Barney & Clark, 2007).

The resource-based view has been further criticized for exhibiting circular reasoning in that one of its fundamental elements, namely, value can only be assessed in terms of a particular context (Barney & Clark, 2007; Kay, 1993; cited in Fahy, 2000). Resources may lead to competitive advantage but this in turn defines relevant competitive structures within the enterprise, which in turn defines what is a valuable resource, and so on (Schendel, 1994; cited in Fahy, 2000).

However, much of the resource-based literature takes resource stocks as given and pays insufficient attention to the process of resource development. This is an

important oversight, as the ways in which resources are accumulated within the firm are characterized by factors such as time compression diseconomies, interconnectedness, asset mass efficiencies and causal ambiguity (Dierickx and Cool, 1989; cited in Fahy, 2000). Critics further argued that RBV logic as paradoxical infused with contradictions and ambiguities. the resource-based view theory does not only provide a recommendation for improving a firms Performance but it also recommends learning orientation by building on firm resource capabilities to enter into entrepreneurial knowledge sharing.

Resource based view theory (RBV) and social network have cited profitability as the motivation behind learning orientation and indeed studies conducted on networking as a strategy for improving competitive performance that mainly focused on SMEs such as shared vision, knowledge sharing showed conflicting results (Roininen & Ylinenpaa, 2009).

2.3.2 Social Network Theory

Social Network theory is a social science concept that discusses connections and relationships in a social structure (Kadushin, 2004; Korir, 2012). The theory emerged in the late 19th century and attempted to connect people or communities from different groups. Social network theory views social relationships in terms of nodes and ties. Nodes are the individual actors within the networks, and the term Network is generally used for the structures of ties among the actors in a social system (Nohria & Eccles, 1992; Korir 2012). However, these actors could be roles of an individual person, organizations, enterprises or the nation of a community. Their ties may be friendship, economic exchange, consultancy, information exchange, or any other

service that forms the basis of a relationship in the networking system (Kadushin, 2004; Korir 2012).

Entrepreneurial firms among them are SMEs should build good reputation to enhance better relationship with the external resource providers who are always ready and willing to share important information, new ideas, new technology and support. Birley *et al.,* (1992) reported that entrepreneurs adopted social network theory since 1980s. This helps entrepreneurs to overcome their business challenges in outsourcing especially at the business start-up stage.

2.3.3 Peter Senge and the Learning Organization

Peter Senge (1947) was promoted and named as a Strategist of the century by the journal of Business. His contributions had the greatest impact on the way we conduct business today. He describes himself as an idealistic pragmatist. He advocated for systems theory and the need of bringing human values to the place of work. His areas of exceptional importance are said to concentrate on decentralizing the role of leadership in organizations to improve the capacity of all people to work productively towards common goals.

Learning in organizations according to Peter Senge (1990) are where people continually expand their capacity to create the results they truly desire within the business, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and finally where people are continually learning to see the whole together.

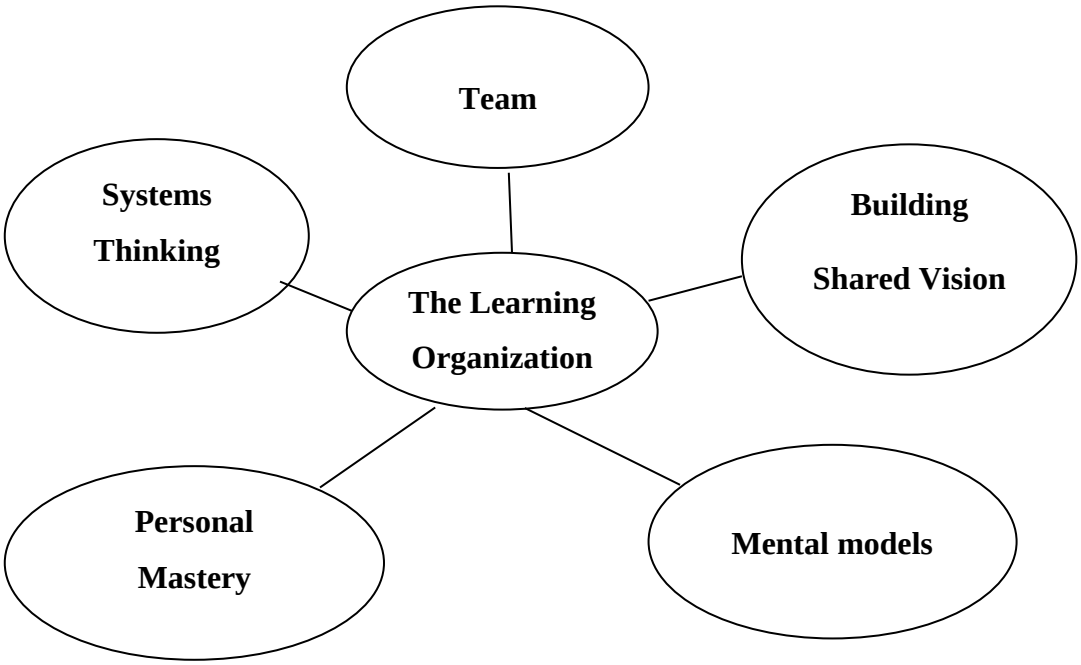


Figure 2.2: Peter Senge Model
Source: Peter M Senge (1947)

As per Peter Senge, real learning gets to the mind of what it is to be human. People come to be able to re-create themselves. This relates to both individuals and organizations. Therefore, it is not sufficient to survive for a 'learning organization. '" Survival learning" or what is more often termed "adaptive learning" is important – indeed it is necessary. But for a learning organization, "adaptive learning" must be joined by "generative learning", learning that enhances our capacity to create' (Senge 1990). The element that differentiates learning from more traditional organizations is the mastery of certain basic component technologies. The five that Peter Senge identifies are said to be converging to innovate learning organizations. They include: Systems thinking, Personal mastery, mental models, Building shared vision and Team learning

He added to this acknowledgement that people are agents, able to act upon the structures and systems of which they are a part. All the disciplines are, in this way, ‘concerned with a shift of mind from seeing parts to seeing wholes, from seeing people as helpless reactors to seeing them as active participants in shaping their reality, from reacting to the present to creating the future’ (Senge 1990). It is to the disciplines that we will now change.

2.3.4 Balance Score Card

Robert and David (2005) introduced the balanced scorecard as a method for measuring a company’s activities in terms of its vision and strategies. The system developed gave managers a comprehensive view of the performance of a business from more than simply a perspective. Kaplan argued that if any organization focused on the three other areas (out of the four identified) better performance would be realized.

Kaplan and Norton’s main aim in using four independent but inter-related measures was to equalize a perceived bias towards exploiting mainly measures of performance such as complete profitability, the cost to income ratio and return on investment sales turn over. While these are important, too much focus on this category at the expense of the other three would lead to organizational sub-optimization.

Customer perspective is typically measuring that have a direct impact on customers. For example, this might be the time taken to answer a phone or deal with a query, the time taken from order to delivery (often called the cycle time), the results of customer surveys and the overall number of complaints or competitive market rankings. Business process perspective measures reflect the performance of key business processes. For example, this might be the time spent sales prospecting, the time to

fulfill an order, the number of units that require rework, delivery quality or timeliness or even overall process costs.

Learning and growth are perspective measures describing the organization's people learning curve and the extent to which individuals have enough knowledge to achieve the goals of the enterprise. For example, this might be the number of employee suggestions, improvement projects underway at any one time or total hours spent on staff training or coaching.

The performance of SMEs is fundamental to its success. Even non-profit organizations must make the books balance. However, according to Kaplan and Norton's model, figures suffer from two major drawbacks. These four measures used by Kaplan and Norton are shown in the diagram below.

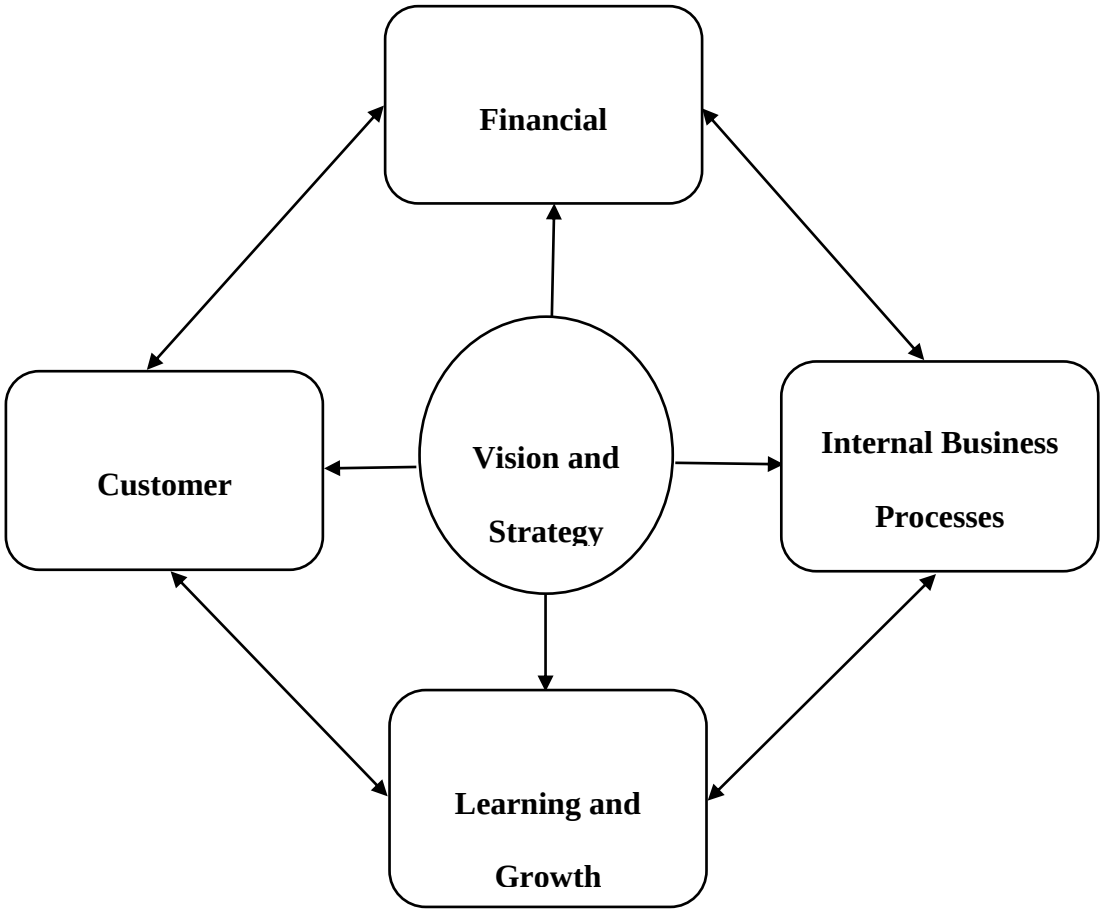


Figure 2.2: Balance Score Card

2.4 Review of Empirical Literature

The following section discusses the extant literature on the variables under study. The dependent variable in this study is the performance of SMEs while the predictor variable is learning orientation proxied by commitment to learning, shared vision, organizational knowledge sharing, and open-mindedness. Social networking is the moderator variable.

2.5 Relationship between Learning Orientation and Performance of SMEs

Numerous studies have linked LO and SME performance (Baker & Sinkula, 1999; Zahir, Yilmaz & Velioglu, 2008). Calantone *et al.,* (2002) in a study of the effects of LO on an organization innovation capability and performance found a positive

relationship between LO and SMEs performance, measured by market share, new product success and overall performance. The authors concluded that LO facilitates the generation of resources and skills essential for organizational performance. In a study of 190 senior managers in manufacturing organizations in Jordan, Kharabsheh, Ensour and Bogolybov (2017) showed that learning orientation, market orientation and absorptive capacity all had a positive and significant effect on organizational performance. This study used absorptive capacity as a mediating variable for the relationship between LO and performance, however.

Learning orientation is important for the development of competitive advantage and the improvement of SMEs performance over a period time (Fiol and Lyles, 1985; Garvin, 1993; Kropp *et al.*, 2006). Hurley and Hult (1998) find LO positively affect the development of the firm and the achievement of superior performance. Senge (1990) claimed that for learning to positively affect performance, a firm has to engage strategically in the field of learning. A firm's learning orientation helps the firm to use information from its customers to improve its products and services, increase its sales and maintain a larger customer base. The learning orientation can also increase the firm's knowledge base and enable it to utilize its resources more effectively. Hult (2016) in a study on impacts of learning orientation on business performance in Mexico, found out that the market-driven learning orientation strategy helps domestic and international strategic business units improve customer satisfaction and commitment. Ambad and Wahab (2013) conducted a study on learning orientation among big organizations in Malaysia and concluded that it was positively correlated with performance.

Sulaiman and Salim (2011) in a study of 320 SMEs operating in ICT industry in Malaysia found that learning orientation contributes to innovation capability, and that innovation is positively related to entrepreneurial performance. McLaughlin, McLaughlin and Preziosi (2004) in a study, modeled on Baker and Sinkula (1999), questioned 876 executives drawn from American Marketing Association. They found a positive linear relationship between performance and learning orientation. However, the construct of innovation was found not to be significantly related to either performance or learning orientation. In a study of 259 certified public accountants, Martinette, Obenchain-Leeson, Gomez, and Webb (2014), demonstrated that that as learning orientation increases in public accounting services firms, business performance scores and competitive advantage also increase. The study hypothesised that competitive advantage could moderate the relationship between learning orientation and business performance, although the effect of competitive advantage was found not to be significant. Martinette and Obenchain-Leeson (2012), focusing on pure service firms, concluded that competitive advantage moderates the relationship between the learning organization and its business performance. These studies did not use social networks as a moderating variable between LO and entrepreneurial performance.

Tuan and Lwin (2013) investigated the effects of internal and external learning on SMEs performance (using non- and measures) in a random sample of 120 private manufacturing firms in industrial zones in the Yangon, Myanmar. The ordinary least square (OLS) results showed that first, different domains of learning affect firms' performance differently. Individual, organisational and competitor learning impacted firms' non- performance, whereas other forms of learning did not. Secondly, the

effect of different domains of learning on performance differed according to the performance measurement used, with individual learning affecting performance both directly and indirectly whereas organisational and competitor learning could only indirectly explain firm's performance. This study used a different construction of organization learning instead of the concept of learning orientation. Azizi (2017) conducted a descriptive investigation of the relationship between learning orientation and organizational performance among 120 companies operating in the insurance industry of Tehran in Iran. The results showed a positive relationship between learning orientation and performance of the companies.

Nevertheless, not all studies have found a significant and positive relationship between learning orientation and performance of SMEs. Vijande *et al.,* (2005) found that learning orientation had a negative direct relationship with SMEs performance whereas market orientation had a positive effect on performance. Farrell and Oczkowski (2002) found overall support to the claim that market orientation has a stronger relationship with organisational performance than does learning orientation. On the other hand, Long (2013) found a positive impact of market orientation on organisational performance but found no effect for learning orientation.

The literature reviewed show that the relationship between learning orientation and SME performance may be equivocal, suggesting a need for further studies on SMEs in different business *milieu*. In addition, the studies did not use social networks as a moderating variable, instead using a host of other variables, for instance, absorptive capacity, innovation or competitive advantage. Most of the studies also operationalized LO as a second order construct instead of using the first-order indicators of LO, namely, commitment to learning, shared vision, organizational

knowledge sharing, and open-mindedness. The following sections review the literature on how the individual components of LO affect SMEs performance.

2.5.1 Effects of SMEs' Commitment to Learning on their Performance

Organization's commitment to learning is the degree to which an organization promotes learning and is willing to foster a learning climate (Calontone, *et al.,* 2002). According to Wang, (2008), commitment to learning plays a fundamental role in updating the organization's assets and abilities to link efforts on firms' Performance. Khlynovskaya, Hudson and Pesamaa (2014) explicitly tested the relationship between the first-order constructs of LO with performance of telecom companies in Kazakhstan. The study found no evidence for the relationship between learning commitment and company performance.

In a study conducted by Calontone, *et al.,* (2002), commitment to learning by a firm significantly and positively affected its innovativeness and performance. The authors argued that an organization committed to learning seeks a full understanding of its environment, including customers, competitors, and emerging technology (Calontone, *et al.,* 2002). This study emphasizes the importance of commitment to learning and links it with innovation and performance, but it does not address the issue of how learning orientation should be carried out.

McLaughlin *et al.,* (2004) also tested the correlation between commitment to learning and SMEs performance in the study involving 876 executives drawn from American Marketing Association. They found a positive and significant correlation of 0.468 between commitment to learning and entrepreneurial performance. Sulaiman and Salim (2011) tested all the four components of LO in a study on the relationship between LO and innovation and performance. They demonstrated that commitment

to learning had the greatest impact on technological innovation ($R^2 = 0.117$) relative to shared vision ($R^2 = 0.087$) and intra-organizational knowledge sharing ($R^2 = 0.065$). For the market innovation, only two factors were significant: commitment to learning as well as intra-organizational knowledge sharing with the former being more significant ($R^2 = 0.255$) and the latter marginally significant ($R^2 = 0.059$). Finally, for administration innovation, statistical results show all the four variables of learning orientation were significant, but with commitment to learning the most important ($R^2 = 0.492$).

Toloie and Maatofi, (2011) suggested that an organization's commitment to learning leads to strengthening the culture of learning in organization. In this culture, because an organization has a tendency to create and use knowledge, more opportunities are provided for learning in organization, thus increasing the capacity for innovation. Developing individual's knowledge and having them share their knowledge with each other on the one hand, and increasing the ability to perform new ideas, processes or products on the other, leads to increase in the capacity of firm's innovation. In Turkey, Kaplan *et al.,* (2014) established a positive relationship between commitment to learning and performance. They explained that businesses, which internalize environmental changes via learning, increase their adaptation capabilities, perform their activities in impressive and productive ways, fulfil customer's expectations in effective ways, experience a decrease on their production cost and increase their market share. Consequently, learning and learning outcomes lead to improvement on level (Kaplan *et al.,* 2014).

2.5.2 Effects of SMEs' Shared Vision on their Performance

Hult, Hurley and Knight (2004) and Verona (1999) defined shared vision as organizations with a wide focus on learning, stressing that organizations without shared vision, and learning by members of an organization, are less likely to be effective. Shared vision refers to the concentration of all members of organization on learning, which leads to strengthening of their energy, commitment and purposefulness (Sinkula *et al.*, 1997).

Shared vision may help in the implementation of many creative ideas in organizations that are never done due to lack of a common direction (Baker, 2000; Sinkula, 2000). Shared vision leads to increase in the quality of learning (Calantone *et al.*, 2002). It provides direction to learning orientation and brings employees to a similar level of understanding. This in turn engenders commitment and alignment with the learning direction taken by the organisation (Husain *et al.*, 2016). A Shared vision inspires the entire organization to hopefulness and success (Boyatzis & McKee, 2005). Managing through a shared vision can have a wide-ranging positive impact on an organization improving performance, promoting change, providing a foundation for a strategic plan, motivating individuals, and providing a context for decisions (Lipton, 1996). Other research suggests that shared vision occupies a core role in the team innovation process (Pearce & Ensley, 2004), plays a role in promoting extra-role or championing behaviour in mergers and acquisitions (Clayton, 2009), amplifies the impact of emotional intelligence in both IT team engagement (Mahon, 2008) and physician leadership (Quinn, 2012).

According to Brown and Eisenhard (2002), great ideas fail to be translated into action in most of the firms, because of diverse interests in the organization. Thus, a positive

learning climate requires an organizational focus when organizational knowledge is implemented. A clear direction for learning is likely to form an organizational strength or even a core competence. SMEs lack direction, because they have no shared visions among themselves. Shared vision has been described as the embodiment of a group's collective goals and aspirations (Tsai & Ghoshal, 1998) as well as its shared sense of purpose and operating values (Senge, 1990). Shared vision is considered essential for proactive learning because it fosters commitment, energy and purpose among group members (Tobin, 1993; Day, 1994). Similarly, Senge (1990) states that learning cannot occur without shared vision since it provides the "pull" toward goals that helps to overcome forces of inertia. Shared vision helps to motivate teams (Van den Bossche *et al.*, 2006); to promote sharing of perspectives and knowledge (Bunderson & Reagans, 2010); to promote positive feelings and commitment among members (Boyatzis, 2008); to foster greater organizational engagement (Mahon *et al.*, 2014); and to legitimize the acquisition and assessment of new knowledge (Lyles & Salk, 1996). When team members share common or cooperative goals they are open to problem-solving approaches that help them learn from mistakes (Tjosvold *et al.*, 2004); in contrast, competitive goals have been found to correlate negatively with collective problem- solving approaches and to undermine group learning. Tsai and Ghoshal (1998) stated that SHV and collective goals are reflections of the cognitive dimension of social capital.

Toloie and Maatofi (2011) results indicate the existence of a positive and significant relationship between shared vision and innovation. In other words, through concentrating on learning, small firms manage to strengthen energy, commitment and purposefulness of their personnel. In general, the findings show that learning will be

meaningless, unless there is a single thing to which personnel can focus their attention. Otherwise, they would not know what to learn even if they are all highly motivated to learn.

Further, Sulaiman and Salim (2011) showed that shared vision had a positive and significant relationship with both technological innovation and administration innovation, although its impact was less than that of commitment to learning. However, the same study indicated that shared vision did not affect market innovation. McLaughlin *et al.,* (2004) found a positive and significant relationship between shared vision and SMEs performance in a study of 876 executives drawn from American Marketing Association.

Extending the study of the relationship between the four components of LO with entrepreneurial performance, in which company commitment was a moderating variable for this relationship, Khlynovskaya, Hudson and Pesamaa (2014) found no significant relationship between shared values and company commitment.

2.5.3 Effects of SMEs' Knowledge Sharing on their Performance

Knowledge sharing refers to collective beliefs or behavioural routines related to the spread of learning among different units within an organization or an enterprise. It keeps alive the knowledge and information gathered from various sources and serves as a reference for future action, intra- entrepreneurial knowledge sharing is necessary to prevent the loss of information in the firm for future references (Kohli & Jaworski, 1990; Hult & Ferrell, 1997 & Calantone *et al.*, 2002). According to Chie and Chien (2015), knowledge-sharing refers to the use of knowledge databases, best practices conferences, technology, cross-functional teams, emails and social network software etc. to share self-constructed knowledge with colleagues. Through deep conversations

and brainstorming from this sharing process, one's knowledge will become more inclusive and complete, while the synergistic effect of the accumulation of organizational knowledge assets will be developed during knowledge transfer and sharing.

Senge (1997) defined knowledge sharing as the ability of assisting others to develop their capacity for effective action, and successfully transfer this knowledge through interaction for others to become their capacity to act. On knowledge research issues, Holtshouse (1998) suggested much knowledge sharing and exchange could be achieved directly through firsthand observation, personal interaction and body language etc. Whereas Liao, Fei, and Chen (2005) believed that knowledge sharing could be defined as activities of knowledge spread and transfer amongst individuals, groups or organizations. When a member of an organization asks for knowledge from another person, this means sharing his/her knowledge, while the knowledge absorber must rebuild and must have the knowledge to learn.

According to Ndegwa *et al.,* (2015), knowledge sharing helps in combining various levels of know-how to create new organizational knowledge and acquisition of deeper levels of understanding leading to better business performance (Bollinger & Smith, 2001). Knowledge sharing contributes to learning orientation by making employees better problem solvers, more creative and innovative thinkers, more confident and proficient workers through provision of skills, insights and competences to perform work well (Kumaraswamy & Chitale, 2012). The importance of knowledge resource is explained by resource-based theory, which advances the view that performance differences across firms can be attributed to the variance in firms' resources and capabilities (Barney, 1991).

Knowledge Based Theory (KBT) further depicts firms as repositions of knowledge and competences (Spender, 1996; Grant, 1996; Nonaka, 1994). However, Ndegwa *et al.,* (2015) observed that less attention has been focused on the role of learning orientation on the relationship between knowledge sharing and organizational performance. Additionally, the study sought to establish whether learning orientation effects the relationship between knowledge sharing and performance.

When knowledge is shared, it becomes cumulative and embedded within organizational processes, products and services. Today's organizations have recognized that competitive advantage hinges on effective knowledge management (Chen & Chen, 2006). The aim of knowledge sharing is integration of individual knowledge into organizational strategy, which is perceived as a basic requirement for the future (Nonaka, 2007). This study suggests that organizational performance can be efficiently enhanced if employees shared information and experiences, opinions and insights with one another. Knowledge sharing has rarely been examined to be directly contributing to organizational performance. This study sought to make a contribution by empirically testing whether knowledge sharing facilitates organizational performance (Ndegwa *et al.*, 2015).

A research conducted in the University of Colorado suggests that knowledge sharing positively affects organizational outcomes of company innovation, product improvement and employee improvement (O'Neill *et al.*, 2012). According to results from the study collected in a logistics operations context, evidence suggested the existence of a strong positive relationship between a knowledge sharing process and operational and organizational performance. The results of the case suggest that knowledge sharing fully mediates the impact of organizational culture on

organizational effectiveness, and partially mediates the impact of organizational structure and strategy on organizational effectiveness.

Ekber, Zeki, Kocoglua, Ince and Keskin (2014) results showed that knowledge sharing and integration appear as critical factors, which enhance the success of customer relationship management (CRM) through engaging all organizational members in the customer-centric approach. In addition, knowledge sharing helps to establish an organizational structure where resources are allocated according to customer satisfaction and value creation, utilize past knowledge and experiences in directing towards a vision of pro-activity, and make use of technology-based solutions in helping the integration and analysis of customer data.

Pai and Chang (2013) indicated that knowledge sharing and absorption are required to achieve and sustain competitive advantage. Firms' dynamic capabilities assist in mediating the effects of knowledge sharing and absorption on organizational innovation performance. Therefore, this study proposed a conceptual model to investigate the relationships among knowledge sharing capability, absorptive capability, dynamic capability, and organizational innovation performance. The partial least squares method was employed to examine the relationships. Questionnaire surveys were collected from the top 500 manufacturing companies in a typical emerging market, Taiwan. The results showed the positive effects of knowledge absorptive capabilities on dynamic capability and then on organizational innovation performance. In addition, the effects varied for companies with high and low innovation investment.

Abiola (2013) study concluded that system orientations, organizational climate for learning orientation, knowledge acquisition and utilization orientation, information

sharing and dissemination orientation have a positive relationship with performance. It was also revealed that system orientation, knowledge acquisition and utilization and information sharing and dissemination orientation affected the performance in positive manner. In addition, information sharing and dissemination orientation has effect on innovativeness. To ensure information sharing and dissemination orientation, the organization members should follow the technological changes in their industry and disseminate these to their colleagues. In addition, members should learn to share and apply acquired information on their job activities in order to create synergy and add value to this organization.

Ndegwa, Machuki, Maalu, Awino and Iraki (2015) study was grounded on the view that organizations have hidden reservoirs of knowledge in terms of tacit and explicit knowledge, which can be tapped to improve performance. This is according to the postulations of the knowledge and resource based theories. This study advanced a proposition that learning orientation has an effect on performance. Using a structured questionnaire, data on the variables were obtained from a cross-section of 65 medium-sized companies to empirically test the proposition. The companies were among 100 medium sized companies categorized as top performing medium-sized companies in Kenya by KPMG and Nation Media Group in the year 2013. Conversely and contrary to expectation, the study established that learning orientation had neither direct nor mediating effect on organizational performance. In spite of this finding, the study supports the anchoring theories that performance differences across firms can be attributed to the variance in firms' resources and capabilities. Knowledge sharing does not contribute to improvement of performance of medium-sized companies. This finding is important with regard to measurement of organizational performance, in

that it shows the inadequacy of using traditional measures on the basis of economic perspective alone hence the need for inclusion of non- measures as discussed in the subsequent sections.

Sora (2015) investigated the effect of knowledge sharing on organizational performance of Kenyan public universities. The target population included all University of Nairobi main campus staff, while the sample population was 140 respondents. The study collected primary data. A semi-structured questionnaire comprising both open-ended and close-ended questions was used to collect data. The study found out that organizational change helps an organization to optimize processes and define process-oriented structure and that effective employee knowledge sharing cannot be implemented without a significant behavioural and cultural change.

Kemboi and Ochieng (2015) observed that during the last decade the role of knowledge sharing in business organizations has been emphasized by practitioners, academicians and entrepreneurs. Ironically, most of these studies have focused on large organizations, yet others have predominantly focused on secondary literature of past studies for their findings. In addition, some studies have focused on particular aspects like tacit knowledge or explicit knowledge without giving a clue on the relationship to performance using both. This study sought to find out the effect of knowledge sharing on organizational performance with particular reference to SMEs, thereby filling the gap on small organizations. The study was also empirical and addressed both tacit and explicit forms of knowledge. The study was conducted by cross sectional survey, data being collected using questionnaire and structured interview, responses from a sample of 46 owners and 110 employed managers of

Micro, Small and Medium Enterprises randomly selected from the accessible population using stratified random sampling technique. Findings revealed that knowledge sharing had a significant and positive effect on Micro, Small and Medium Enterprises in Migori County, Kenya.

Positive relationship between organizational knowledge sharing and performance can be explained with these assumptions: organizational knowledge sharing enhances the usage efficiency by sharing the acquired knowledge within the whole organization and enable the organization an inimitable ability. Besides, organizational knowledge sharing coordinates on a business scale and by this means, the organizational flexibility will increase. Obtained outcomes enable organization a competitive advantage and contribute to the increase of Performance (Kaplan *et al.*, 2014).

2.5.4 Effects of SMEs' Open – Mindedness on their Performance

Open mindedness refers to the critical evaluation of organization's daily operations and the acknowledgment of new ideas (Sinkula *et al.*, 1997). Put differently, an organization reviews existing knowledge, old assumptions, and habits in order to improve performance by the process. Nguyen and Barrett (2006) reported that existing knowledge is a fundamental barrier that prevents organization from considering environmental changes, by decreasing the ability to predict market, causes damage to the long-term relationship between firm with customers, distribution channels and suppliers of the enterprise. In other words, the previous learning prevents the new learnings of organization, but if members 'unlearn' their old ideas, it could always improve the performance (Bettis & Prahalad, 1995).

Lord (2015) argues that open-mindedness (OPM) is a construct that is considered key foundational aspect of learning in individuals, groups and organizations. Also known

as critical inquiry or reflection, OPM is believed to increase learning through examination of prior beliefs, decisions and mistakes, and through openness to new ideas. Lord (2015)'s setting for the study was that of endowment investment committees at U.S. universities and colleges who need to make knowledgeable and well-reasoned decisions about the composition of investment portfolios. Findings indicate that OPM has a positive, significant effect on group learning capacity and also that share division, which represents the group's collective purpose and direction, moderates that relationship.

Toloie and Maatofi (2011) findings show that the high level of open-mindedness in small firms leads to their having more innovation, and increased entrepreneurial performance. In other words, benefiting from open-mindedness, firm will be able to critically evaluate organization's daily operations and to challenge previous learning and through deleting repetitive methods, assumptions and previous beliefs, it can manage to support innovation in organization.

Lu (2014) study theorized a model in which interdepartmental goal interdependence affects conflict outcomes between different departments through open-minded discussion dynamics adopted by employees from different departments in the organization. This study also proposed that social motives moderate the link between interdepartmental goal interdependence and open-minded discussion. A sample of 133 employees from different business organizations in China were interviewed to recall a critical incident when they had a conflict with their coworker from different departments. Structural equation model (SEM) results and other analyses supported the hypotheses that cooperative interdepartmental goal interdependence and competitive goal interdependence are antecedents to employees engaging in open-

minded discussion in the context of interdepartmental collaboration, and that open-minded discussion in turn effects conflict outcomes, like task accomplishment, relationship strengthening and future collaboration. Results further suggested that employee's pro-social motive moderates the relationship between competitive goal interdependence and open-minded discussion, and that pro-self-motive moderates the relationship between cooperative goal interdependence and open-minded discussion. Findings also suggest that practitioners promote effective interdepartmental collaboration by strengthening their pro-social motive when perceiving competitive goal and pro-self-motive when perceiving cooperative goal, setting cooperative interdepartmental goal interdependence, and handling conflict through open-minded discussion. The study contributes to conflict management literature as well as the goal interdependence theory in the organizational behavior literatures.

2.5 Moderating Role of Social Networks on the Rrelationship between Learning Orientation and Performance of SMEs

Social networks could play a pivotal role in the ability of SMEs to obtain knowledge, support and access to distribution channels (Cantù *et al.,* 2010; Kiprotich *et al.,* 2015; Westerlund & Svahn, 2008) and hence, could moderate the relationship between learning orientation and entrepreneurial performance. A better-networked firm may be more adept at business knowledge acquisition and have, therefore, a better performance and vice versa. Naude *et al.,* (2014) examined 227 CEOs of small Iranian information technology companies on the role social networks played as a moderating variable in entrepreneurial performance. The hypotheses were tested using structural equation modelling and social network analysis. The study concluded that SME performance is influenced by both network structure and external

networking behaviour. In addition, emotional intelligence was found to have a strong effect on both external networking behavior and network structure, as well as a positive and significant impact of network structure and external networking behavior on SME performance. The authors argued that CEOs are more likely to occupy brokerage positions by bridging "structural holes" when they are high in emotional intelligence. However, this study did not investigate the effect of learning orientation on entrepreneurial performance.

Pesamaa *et al.,* (2015) posited that innovativeness and environmental munificence mediates the effects of both social networking and learning orientation on entrepreneurial performance. Data were collected from 176 small enterprises from Pakistan and analysed using a structural equation model. The study found that innovativeness moderated the relationship of both social networking and learning orientation and entrepreneurial performance. However, in this study, social networking was an independent variable and not a moderator while innovativeness was used as the moderating variable.

Tsai (2001) in a study of 24 business units in a petrochemical company and 36 business units in a food-manufacturing company in China theorized that organizational units can produce more innovations and enjoy better performance if they occupy central network positions that provide access to new knowledge developed by other units, the units' absorptive capacity as a moderating variable. The results showed that the interaction between absorptive capacity and network position had a significant, positive effect on business unit innovation and performance.

According to Borgatti and Foster (2003) and Reagans and McEvily (2003), social network structure affects learning orientation processes because they help in the

development of social constraint directing information flow in the building and maintaining of social capital. Thus, learning orientation emerges from, is constrained by, and is enabled by social network structure. Two individuals who are similarly positioned in an informal communication network will come to share common knowledge and information whereas dense networks of direct ties appear to foster the development of shared norms of behavior and explicit inter-organizational knowledge-sharing routines (Burt, 2001; Rogers, 2003), thus, networks can help in the dispersion of knowledge both within and between firms.

Research in organizations has indicated that the effective sharing of knowledge that is difficult to codify requires a certain level of face-to-face communication, social affinity, and socialization (Rogers, 2003). Because we live in the information age, knowledge management is often viewed as a technical problem, solvable by the "right" hardware and software. However, it has been argued that knowledge resides in social networks, not computer systems. Most of organizational knowledge is tacit, surfacing only in the course of social interaction, storytelling, mentoring, demonstration and observation. To build effective knowledge sharing networks, leaders use formal and informal social gatherings, offsite retreats, collocation, open office designs, and incentive systems that reward participation and collaboration. Such techniques aim to develop an effective communication (with minimized knowledge-sharing barriers) between sub-networks based on emotive (trust and inclusion) and/or reactive (sanctions and awards) mechanisms (Bouzdine, & Bourakova-Lorgnier, 2004). On the other hand, Hansen (1999) argued that actors who rely on weak ties as sources of ideas are more likely to be innovative than actors that rely on strong ties.

Research shows that social networks may give actors access to abundant information, which leads to better improvement of performance (Borgatti, Mehra & Labianca, 2009). Therefore, if youths can interact, share views in their organizations, it could lead them to succeed in the business environment despite challenges that they face in running their business from competitors and also within the management. Wagenaar (2004) provides an explanation of how the interaction of directors creates a shared understanding of what is appropriate in a particular situation, noting that this understanding is grounded in their shared organizational, social and cultural context. It seems that trust between two or more interdependent actors solidifies as a function of their cumulative interaction.

Tian, Yu, Vogel and Kwok (2014), relying on social integration theory, developed a conceptual model to explain the relationship between Chinese college students' online social networking (using Facebook) and their social and academic social integration, and learning outcomes. Several rounds of focus group discussions were conducted to explore college students' current online social networking experience and their attitude toward using Facebook for education. The results indicated that students' online social networking had a direct and straightforward influential to their social learning; however, its influence on the academic learning might be realised through a gradual and longitudinal process.

Saunders, Gray and Goregaokar (2014) investigated learning orientation in SMEs and the role networks played in their learning experience. The study used a mixed method approach design and collected data from 13 focus groups, 1, 664 questionnaire responses from SME managers, and 20 case studies derived from semi structured interviews all over the United Kingdom (UK) Government's standard industrial

sectors. The questionnaire comprised 82 Likert style closed questions relating to entrepreneurial and learning orientations and a further 13 questions collecting demographic data. The questionnaire adopted Sinkula *et al.,* (1997) scale to measure learning orientation, comprising three sub scales measuring commitment to learning, shared vision and open mindedness. The findings from the study showed that SMEs had a strong commitment to learning, and a shared vision and much of the learning was informal through network events, mentoring or coaching. Further, more innovative SMEs had more dedicated LO, viewing learning as an investment compared to the less innovative. The finding suggests that a relationship exists between social networking and LO.

Dimovski and Škerlavaj (2011) examined how social networks could bring about learning in organisations. The study was conducted on 93 employees in three countries, Slovenia, Croatia and Serbia & Montenegro, working in a software company. Their core business is software development, IT & business consulting and maintenance & support. The study measured learning network by asking respondents about the people in their organization they learn the most from. Findings indicated that a relationship existed between social networking and the ability of a firm to learn. Specifically, the study found that the social network factors that increases the propensity of learning included the experience of the employee in a particular field, their physical proximity, level of expertise, complementarities in their personalities, network size and density and cohesiveness of member relationships.

Using social capital theory and social network analysis, Horton, Millo and Serafeim (2012) examined directors' connectedness and whether this connectedness was associated with their compensation levels and entrepreneurial performance. The

study was conducted amongst a sample of 4, 278 listed UK firms and constructed a social network consisting of 31,495 directors. The findings from the study showed that connectedness was positively associated with both compensation and the performance of the firm. The study concluded that directors do not use their connections to extract rent; rather the firm compensates them for the benefits they provide.

Powell, Koput, Smith-Doerr, and Owen-Smith (2006) examined the relationship between position in a network and performance of organizations. The study examined 400 firms in the human biotechnology industry in USA, drawing on data collected over a ten-year period (1988-1997). Three modes of panel regressions were used to analyse relationships between network structure, performance and patenting. Findings from the study showed that collaborations were pertinent in determining competitive advantage for firms in the study. The study also found decreasing returns to network experience and diversity, indicating there could be limits to learning that occur through networks.

Furthermore, Baum *et al.,* (2000) claim that early inter-firm relationships are beneficial for the performance of start-ups because these relationships will enable firms to overcome many potential hazards in the early stages of performance. Entrepreneurs can efficiently provide access to diverse information and capabilities by establishing the above-mentioned relationships (Teece, 1986). However, if an entrepreneur lacks social network, technical, and commercial capital, then such a firm may experience problems when attempting to initiate the most interesting and beneficial partnerships, especially if the firm has no previous record (Ahuja, 2000). Similarly, additional research suggests that entrepreneurs with wide social networks

are more successful at identifying excellent business opportunities than are ones with narrower social networks (Ozgen & Baron, 2007).

The foregoing review of literature provide compelling evidence that show either the relationship between social networks and SMEs performance (for instance, Naude *et al.,* 2014; Pesamaa *et al.,* 2015; Tsai, 2001; Baum *et al.,* 2000) or with learning orientation (for example, Tian *et al.,* 2014; Borgatti *et al.,* 2009; Bouzdine, & Bourakova-Lorgnier, 2004; Rogers, 2003; Borgatti & Foster, 2003; Reagans & McEvily, 2003). However, there is a paucity of studies that have investigated the role social networks could play as a moderating variable in the relationship between learning orientation and performance of SMEs. Learning orientation refers to organization-wide activity of creating and using knowledge to enhance competitive advantage. This includes obtaining and sharing information about customer needs, market changes, and competitor actions, as well as development of new technologies to create new products that are superior to those of competitors.

Learning orientation influences what kind of information is gathered and how it is interpreted, evaluated, and shared. Social networks are an increasingly accepted form of alliance in most businesses, and SMEs are not an exceptional entity. It can be said that all companies are part of a network to some extent. Each company tends to develop a relationship with its suppliers, customers and with other businesses in the same industry, or outside their enterprises and this can include competitors. This type of co-operative agreement enables companies or enterprises be it youth or women owned, can achieve their aim by co-operation rather than by competition.

2.6 Control Variables

Businesses of different size and age may exhibit different organizational and environmental characteristics, which in turn may influence performance. The importance of business age and business size and their influence on firm performance have been highlighted in both theoretical discussion and empirical research. At empirical level, past studies have shown positive relationships between business size and firm performance (Wiklund and Shepherd, 2005). Small businesses tend to perform very well but up to a certain size where they become sluggish.

These businesses if they are entrepreneurial tend to perform well and if not, they are more likely to fail than older businesses who are more experienced and better resourced endowed (Urban, 2004). A longitudinal study found that entrepreneurial orientation has positive long-term effects on the growth and financial performance of small firms. Older firms tend to build good network business partners and customers and have good relationship with financial institutions. Older firms have already built a good reputation in the market. Firm age represents the experience of firms in the industry which is the influential factor for firm success (Takalashi, 2009; Global Entrepreneurship Monitor 2010).

Alasadi and Abdelrahim (2007) pointed in their study where business performance was measured in terms of size (number of employees) and sales growth, indicated that when size of firm is used as performance measure, accounting, technology and purchasing were proved significant influential factors. Their study concluded that older firms have poor performance when compared with younger firms. But, Takahashi (2009) pointed that bigger businesses can enjoy economies of scale as they are able to exploit available resources better than smaller business. Achieving

economies of scale means bigger businesses can produce a larger quantity of outputs with low costs because they have the capacity to access critical resources like business finance. This leads to competitive advantage and better performance (Takahashi, 2009). The size of the organization is related to both the resources it has access to as well as the costs associated with the operations of a firm of a particular size. Firm size can be measured by number of employees.

Most scholars argue that small firms should enjoy the greatest performance in environments characterized by local institutions that do not unduly favour large firms at their expense. Small firms lack the tangible or intangible resources necessary to effectively construct or gain access to these informal networks; they rely primarily on the publicly available markets that result in higher-than-average transaction costs (LiPuma, Newbert and Doh, 2011). Empirical evidence suggests that small firms in emerging economies have historically suffered due to lack of managerial and technical skills that constrains their performance and that small firms that receive both monetary and managerial resources are more likely to survive, grow and to compete.

2.7 Conceptual Framework

In the conceptual model presented in figure 2.4 shows the predicted relationship between the study variables. Learning orientation is an independent construct and based on existing literature search, conducted and empirical studies, the following variables: commitment to learning, shared vision, open-mindedness and intra-organizational knowledge sharing adopted from the works (Galer & Van der Heijden, 1992; Sinkula *et al.,* 1997; Hult; Ferrell, 1997; Calantone *et al.,* 2002; Martinez, 2005; Nybakk, 2012). Learning orientation in management practices as hypothesized in organizations can explain the differentials in performance. SMEs performance will be

the dependent variable in the study, which will be measured using profit margins, sales growth, increase in the number of employees, and improved image and reputation (Richard *et al.*, 2009; Venkatraman and Ramanujan, 1986). The relationships between commitment to learning, shared vision, organizational knowledge sharing, and open mindedness with SMEs performance are all expected to be positive and significant.

Social network expected to act as a moderating factor that enhances the effect of learning orientation on performance. In other words, social networks is expected to influence the strength of the relationship between LO and organizational performance (Kaplan, Öğüt, Mehmet, & Kaplan, 2014). The study hypothesized that a highly networked firm will have a greater LO and thus, enhanced performance while a less networked firm will experience a depressed LO and a reduced performance. Because the study investigated SMEs of different sizes, years of operation, and engaging in different sectors, it was germane to control for these covariates as they could introduce variance during analysis of relationships (Hanafi, 2012; Hult *et al.*, 2004; Kaplan *et al.,* 2014.

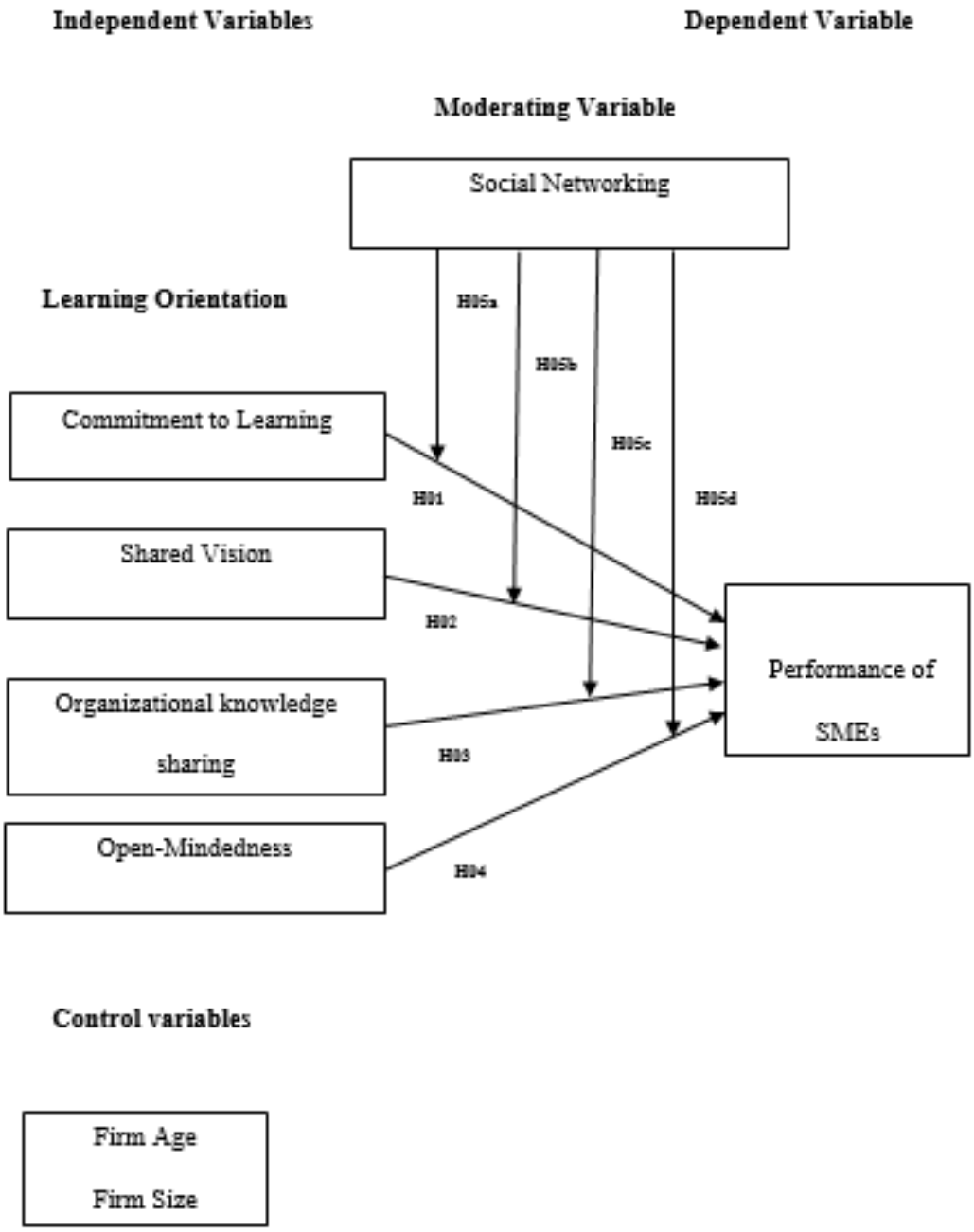


Figure 2.3: Conceptual Framework

Source: Author, 2022

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

In this chapter, research methodology is described specifically, it discusses, research paradigm, research design, study area, target population and sampling techniques. Data collection methods, data analysis, reliability analysis, validity and ethical considerations are also discussed in this chapter.

3.2 Research Philosophy

As noted by Creswell (1998), paradigms are set of assumption and beliefs that guides research and therefore it is important to select an appropriate research paradigm. A research paradigm as asserted by other researchers (Denzin and Lincoln 2005; Mertens, 2007) has impact on the stages of research from deciding on research problem to data analysis and interpretation.

There are many different types of research paradigms in social science which differs in terms of assumptions philosophically and therefore, it is prudent to understand assumptions for each paradigm before deciding on the suitable paradigm for the present study. Denzin and Lincoln (2005), Creswell (1998) identified the basic philosophical assumptions to include: ontology which refers to the nature of reality and what can be known about it; epistemology which refers to the nature of the relationship between the knower and what can be known, and methodology which is the technique used to obtain knowledge. Basing on these assumptions, Creswell (1998), suggest that either of these three major paradigms namely positivism, constructivism or pragmatism could be employed.

In this research study, positivism research paradigm was adopted. Positivism research paradigm is sometimes known as scientific method as explained by Comte and Durkheim (Creswell, 1998). According to this paradigm, universal laws and truths drive one's reality. Consequently, quantitative and experimental methods was used to assess and authenticate given postulations. This study first formulated hypotheses (after surveying the literature) and collected data, after which the hypotheses were tested. Depending on the outcome of statistical tests, the hypotheses were either accepted or rejected. Hence, the research paradigm used is a scientific method or positivism that collected quantitative data on the effect of social networks on the relationship between learning orientation and performance of SMEs in Baringo and Elgeyo-Marakwet counties.

3.3 Research Design

According to (Akoka, Comyn-Wattiau & Laoufi, 2017) research is a blue print that deals with in terms of which questions to investigate, the relevant data, what type of data to collect and how the data is analyzed. Further, the best design for a research study solely depends on the research questions and the orientation of the researcher (Verinden, 2010; Peck, 2006).

This research utilized an explanatory research design. An explanatory research design is said to be an organized empirical inquiry in which the researcher does not have direct control over independent variables as they cannot be manipulated but rather seeks explanations for occurrences of some phenomena (Vanderstoep & Johnston, 2009). This design was important in explaining how social networks could moderate the relationship between LO and SMEs performance. This research design is deemed

appropriate as it allows the research study to be completed within the confines of limited time and resources.

3.4 Study Area

This study was carried out in Baringo and Elgeyo-Marakwet counties. Baringo is partially an arid and semiarid county located in the former Rift valley province with a size of 11,015 km^2 (KNBS, 2019). It is located approximately 100km north of Nakuru Town and lies between latitudes 00 degrees 13" South and 1 degree 40" north and Longitudes 35 degrees 36" and 36" degrees 30" east. It borders Turkana County to the North, Samburu and Laikipia counties to the East, Kericho to the South, Elgeiyo Marakwet and West Pokot to the west. The county has a population of 555,561 people, (2009 census), who carry out dairy farming and grow maize, groundnuts, cotton and coffee in the highlands or rear goats, sheep, cattle, camels and bees in the rangelands (GoK, 2010). The mean annual maximum temperature in the county ranges between 25^0 and 30^0 Celsius in the southern part and 30^0 to 35^0 Celsius in the northern part while the mean annual minimum temperature varies from 16^0 to 18^0 Celsius but can drop to 10^0 Celsius in the Tugen Hills (Trillo, Brown & Trillo, 2010).

Located in the larger former Rift Valley province, Elgeyo Marakwet County covers a total area of 3,029. 8 KM^2 according to KNBS reports 2010. It borders Baringo County to the East, South and Southeast. It also borders Uasin Gishu County to the West and Southwest, TransNzoia County to Nortn West and West Pokot County to the North (See Appendix IVA and B). Elgeyo Marakwet County is divided into four Sub Counties: Keiyo South, Keiyo North, Marakwet East and Marakwet West. Further, the Sub Counties are sub divided into 15 administrative divisions, 69

locations and 203 sub locations. The county has a population of 360,765 people according to KNBS report, 2016.

On average, the highest areas have an altitude of between 2500 and 2600 meters above the sea level while the lowest areas have an average altitude of between 800-1000 meters above the sea level (Keiyo District Development Plan, 2002). It lies between $35^{0}25'$ and $35^{0}45'$ East longitudes and between $0^{0}10'$ and $0^{0}52'$ North latitude (Trillo *et al.*, 2010).

The region has 2492 small and medium enterprises (Elgeyo Marakwet and Baringo County Governments, 2017). The area was selected because few studies had been conducted there and is a marginal area, and hence was pertinent to understand how learning orientation and social networks affect SME performance (Oduyo, 2014; Njoroge & Gatungu, 2013). The region also has a high number of SMEs and the business enterprises that provided the population of interest in the study. The counties are also typical of other counties in the country with large rural populations (GoK, 2010) and hence could provide useful insights on the factors of interest for SMEs performance.

3.5 Target Population

The study targeted all the 2492 SMEs registered and licensed in Baringo and Elgeyo-Marakwet counties. This number was arrived at as per the records obtained from trade department from the two counties (Elgeyo Marakwet and Baringo County Governments, 2017). The target population comprised owners of the 2492 SMEs, in order to get insights on how challenging it was to set up and run the business. In cases where the owners would not be available, the study sought to obtain the pertinent information from the managers of the businesses.

Small business enterprises were 1891 while medium enterprises were 601. The population of SMEs in Elgeyo Marakwet was 1320 while Baringo had 1172 enterprises (Table 3.1 and 3.2).

Table 3.1: Distribution of SMEs in Elgeyo Marakwet County

	Service sector category	Population small	Population medium	Total
1	Traders: Retailers & wholesalers	346	140	486
2	Transport facility	40	7	47
3	General supplies	150	30	180
4	Stationary service providers	15	10	25
5	Petrol filling stations	100	20	120
6	Storage facilities	10	5	15
7	Electrical service agencies	200	11	211
8	Accommodation and catering services/outside catering	70	20	90
9	Private health, educational & entertainment services	30	14	44
10	Engineering and construction	30	2	32
11	Agricultural product services	50	20	70
	Total	**1016**	**304**	**1320**

Source: Elgeyo-Marakwet County Department of Trade 2017 (EMC County Governments, 2017)

Table 3.2: Distribution of SMEs in Baringo County

	Service sector category	Population small	Population medium	Total
1	Traders, retailers/wholesalers	355	77	442
2	Transport facility	30	10	40
3	General supplies	180	25	205
4	Stationary service providers	100	40	140
5	Petrol filling stations	50	30	80
6	Storage facilities	10	5	15
7	Electrical service agencies	30	20	50
8	Accommodation and catering services/outside catering	30	20	50
9	Private health, educational &entertainment services	20	15	35
10	Engineering and construction services	20	15	35
11	Agricultural product services	50	30	80
Total		**875**	**297**	**1172**

Source: Baringo County Department of Trade 2017 (Baringo County Government, 2017)

3.6 Sample Size and Sampling Procedure

This section presents sample size and sampling procedure and unit of observation of SMEs.

3.6.1 Sample Size

In determining sample size, Noordzij *et al.,* (2010) proposed that there is need to consider the level of precision or sampling error, the level of confidence or risk, and the degree of variability in the attributes to be measured whether homogenous or heterogeneous. According to Wegner (2015) and VanderStoep and Johnston (2009), the size of the sample in research determines statistical accuracy of the findings and larger samples results in a more precise statistical finding.

Collection of data from all the owners/managers of SMEs was not feasible due to constraints imposed by limited time and resources. Thus, a representative sample was chosen from the target population and used in the study. According to Kombo and Tromp (2010) and Booth, Colomb and Williams (2008) an effective sample should possess diversity, representativeness, reliability, accessibility and knowledge. In the sampling of SMEs, and in order to get a 95 percent confidence level and sampling error of 5 percent, the sample size was determined by using the following formula (Noordzij *et al.*, 2010; Kothari, 2004; Kalof, Dan, & Dietz, 2008):

$$SS = \frac{Z^2(p)*(1-p)}{c^2} \quad \text{……..……...……...…} \quad (3.1)$$

In this case SS represents sample size, $Z^2 = 1.96$ for a 95 percent confidence interval (area under a standard normal curve or a student t distribution with infinity degrees of freedom, which contains 95 percent of the observations). c = sampling error, in this study was $\pm$ 5 percent *p* is the proportion of the attributes of interest present in the population, such as businesses exhibiting a learning orientation. Since this proportion could not be obtained from previous studies; the study used a proportion of 0.5, which assumes maximum variability in the population. Thus, the estimated sample size likely to be more conservative, that is, the sample size will likely to be inflated.

Thus,

$$SS = \frac{(1.96^2)(0.5)(0.5)}{(0.05^2)} = 385 \quad \text{……..…} \quad (3.2)$$

However, since the target population was about 2492, the formula in equation 3.4 was applied correction for small population was used. This is because a given

sample size provides proportionately more information for a small population than a large sample according to Gigerenzer, (1993):

$$n = \frac{SS}{1 + \frac{(SS-1)}{N}} \quad \text{……..…….……} \quad (3.3)$$

In this case, *n* is the corrected sample size and *N* is the size of population

$$n = \frac{385}{1 + \frac{(385-1)}{2492}} = 332\,\text{SMEs} \quad \text{……..……...….} \quad (3.4)$$

Thus, the study collected data from 332 SMEs.

3.6.2 Sampling Procedure

(VanderStoep &Johnston, 2009; Feurstein, 1986) defines sampling procedure as the procedure as the selection of proportion of population for the purposes of description, estimates analysis of its properties and its characteristics. It is an important as it provides where or from whom this information is obtained before commencing data collection and thus avoid biasness (Mulwa, 2002).

This study employed systematic sampling to select 332 SMEs from Baringo and Elgeyo-Marakwet counties. Systematic sampling is a type of probability sampling method in which a sample is chosen from a larger population according to a random starting point but with a fixed, periodic interval (Tabachnick & Fidell, 2013). Systematic sampling has been found to be more precise, efficient, less time wasting and easier to conduct relative to simple random sampling (Tabachnick & Fidell, 2013). The study divided the population of SMEs in two strata: Small businesses (population of 1891) and medium enterprises (population of 601). The number of

SMEs in Elgeyo Marakwet (1320) and Baringo (1172) were roughly equal, and hence there was no need to stratify the counties.

The sample contributed by each group was weighted according to the target population of the stratum to ensure the proportionate representation of all SMEs from the two strata. For example, the population size of small enterprises is 1320 against a total of 2492 SMEs in the study area. Thus, the number of small enterprises to be sampled 252 (1891/2492 * 332). Similarly, the study sampled 80 (601/2492 * 332) medium sized enterprises in the study area.

A sampling frame is a full list of all the population members a researcher wants to sample from (Tabachnick & Fidell, 2013). Sampling frame of SMEs was obtained from the Department of Trade from each county and used to select businesses for the study using systematic sampling. Each of the business was then assigned a specific number. A sampling fraction for the businesses was calculated by dividing the population size in the study with the study's sample size. Thus, sampling fraction for SMEs was: 2492/332 = 7.50. Therefore, this study sampled every seventh SME in the sampling frame until the total sample size was attained. It implies that this study sampled one SME in every seven enterprises. To choose the first SME, the study used a random number table to produce a random number between one and seven. For instance, if the random number is five, it implies that this was the starting point, meaning the study selected the number 5^{th} SME, followed by the 12^{th}, the 19^{th}, and so forth. Systematic sampling was done in two stages: first, sampling small businesses and then followed by larger enterprises.

3.6.3 Unit of Observation of SMEs

The purpose of this research was to find out the influence of social networks on the relationship between learning orientation and the performance of SMEs. It was therefore important to obtain intimate information about how these variables affect the performance of the businesses. Thus, the study intended to obtain information from the owners of the SMEs. In cases where the owners would not be available, the study sought to obtain the pertinent information from the managers of the businesses. Consequently, the unit of analysis was owners or managers of SMEs in Baringo and Elgeiyo-Marakwet counties.

3.7 Data Collection Procedures and Data Collection Instruments

In this study, questionnaires were used to collect data. The questionnaire comprised closed ended questions. Closed ended questions were preferred since they can easily be coded and analysed. Questionnaires were used because they enable a researcher to reach many respondents and gather large information from many subjects thus making the study findings more dependable and reliable as acknowledged by researchers (Vanderstoep and Johnston, 2009; Kothari, 2004). Questionnaires also have advantages to both the researcher and respondents because it is easy to fill and analyse especially the close-ended questions (Vanderstoep and Johnston, 2009). They also enable the researcher to collect data within a shorter time since most of the information are easily described in writing (Kothari, 2004).

Questionnaires were administered with the help of research assistants, who were trained appropriately in order to minimize errors and bias during data collection. The questionnaire has four parts (Appendix III). Part A consists of general information dealing with mostly demographical data. Part B consists of items commitment to

learning, comprising of four components: commitment to learning, shared vision, organisational knowledge sharing, and open-mindedness. Part C has shared vision with four items, part D has organization knowledge sharing: part D deals with open mindedness also having four items. Social networking items while section E consists of items measuring the performance of SMEs.

3.8 Measurements of Variables

Appendix II shows the list of all the scales used in the study in the questionnaire; the variables that were measured were the dependent variable, performance of SMEs. The independent variable was learning orientation (commitment to learning, shared vision, organizational knowledge sharing and open mindedness) moderated by social network.

3.8.1 Learning Orientation

Learning orientation was measured as a second-order construct through first-order indicators based on the work of Calantone *et al.,* (2002) and several other studies (Mavondo *et al.,* 2005; Jimenez-Jimenes & Cegarra-Navarro, 2017; Akgun, *et al.*, (2007); Sinkula *et al.*, (1997). The four first order indicators were commitment to learning, shared vision, open-mindedness, and intra- entrepreneurial knowledge sharing, as in other studies (Mavondo *et al.,* 2005; Jimenez-Jimenes & Cegarra-Navarro, 2017; Akgun, *et al.,* (2007). The five-point Likert scale was used to measure each part, ranging from 1 (strongly disagree), 2 (disagree), 3 (neutral), 4 (agree) to 5 (strongly agree).

Commitment to learning was measured using 4 items adapted from the scale of Jimenez-Jimenes & Cegarra-Navarro, 2017) and Sinkula (1994). Open-mindedness was also measured through 4 items using the scale of Akgun, *et al.,* (2007) while

shared vision was measured with the help of 4 items adapted from the scale of Sinkula *et al.*, (1997). Organisational knowledge sharing was measured by 5 items adapted from Sinkula *et al.*, (1997). All these items are displayed in Appendix III.

3.8.2 Social Networking

Social networking was measured using a seven-item scale, the targeted respondents was requested to indicate the frequency with which they initiate, develop, interact and maintain links with other enterprises. A five-point Likert scale ranging from 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5 = Strongly Agree will be used to obtain the responses.

The study collected data about SMEs contacts to build a graphical network. Network data was collected using sociometric or egocentric techniques (Peharda, & Divjak, 2010; Wassermann and Faust, 1994). In the former, each respondent is provided with a fixed contact roster, and are then asked to describe their relationship with individuals on the roster. Although it provides information on all interactions inside a network it can introduce errors as individuals may be forced to give information about relations, they might not be familiar with (Peharda, & Divjak, 2010). In egocentric techniques, an individual is asked to state several contacts and the relationship they have with each of the person. This way, a roster of contacts is produced (Burt, 2000). This study adopted the egocentric method, as the SMEs in the study area may not have a list of prior relationships amongst owners/managers of the firms.

Each of the respondent was asked to answer the following question regarding the name-generator; “Please, identify the five people/businesses that you have the most important professional contact within your organization (in decreasing order of

frequency).”A respondent could appoint up to five contacts for the name generator and in terms of contact frequency, the respondents were asked to indicate the intensity of connection in terms of communication. For the name generator, a respondent could nominate up to five contacts. The respondents will be asked to indicate the intensity of their connection in terms of communication frequency and the type of contact they have with them e.g. financier, adviser, customer, family, personal or friend (Appendix III).

3.8.3 Performance of SMEs

The study’s dependent variable is performance of SMEs.The measures of performance is a subjective approach adapted from Kumbrai and Webb (2010) and Richard *et al.*, (2009). Using five items adopted from Nybakk (2012), SMEs performance was measured using profitability, net income, sales turnover, High Increase on returns on investments, improved overall competitiveness for the past three years (2015-2018).

3.8.4 Control Variables

Control variables conceptualized by the study as age, and firm size were measured using demographic information contained in part four of the questionnaire.

3.9 Validity and Reliability of Research Instrument

In this section, information on validity and reliability of research is presented.

3.9.1 Validity of Research Instrument

According to Booth *et al*., (2008), the extent to which an instrument measures what is ought to measure is known as validity. It is therefore, the extent to which a research instrument contains the right and accurate questions to be asked. Vanderstoep and

Johnston (2009) asserted that, based on research findings, validity is the consistency and meaningfulness of inferences.

In this research, face and content validity was tested. Face validity implies the misunderstanding and misinterpretation of questions in the research instrument (Vanderstoep & Johnston, 2009). Validity was done during pilot stage during pre-testing. On the other hand, content validity refers to the capacity of the research instrument to adequately cover what is to be covered. To ensure that the research instrument covered what as intended to cover, experts were involved to provide guidance. Pre-testing of open – ended questions also helped to establish content validity. Supervisors assessed the questionnaire in order to make sure the information in the instrument is valid. Most of the test items in the questionnaire have already been tested and validated as shown in Section 3.8 above. Piloting involved giving a limited number of questionnaires to SMEs in the neighboring town of Eldoret.

3.9.2 Reliability of the Research Instrument

Reliability of an instrument, according to Greener (2008), is the measure of the degree to which, after repeated trials, a research instrument yields consistent results or information. Reliability of research items in a research instrument was calculated by Cronbach's' Alpha during pilot stage. It measures the internal consistency, which measures the how the items are closely related when they are taken as a group. (Hair *et al.*, 2010).

Scholars have noted that good reliability should produce at least a coefficient value of 0.70 according to Hair *et al.*, (2010). However, coefficients up to 0.62 are acceptable in social research studies (Vanderstoep & Johnston, 2009). In this process, the assumption is that items which correlate highly with total scores are the best for a

general-purpose test (Hair *et al.*, 2010). Cronbach's Alpha above the threshold of 0.7, the items in the research instrument are taken as reliable (Taber, 2018). However, if Cronbach's Alpha values are less than 0.7, the items in the questionnaire are revised. Pilot study helps the researcher, to revise research instrument to make sure that the items adequately cover the objectives of the study (Dikko, 2016).

3.10 Data Preparation

Several steps were undertaken to ensure the veracity of the data that was used in the final analysis. These include checking and editing of the collected data sheets, coding, transcribing, and cleaning of the data, and finally, consideration of the data in meeting the assumptions of statistical tests. The collected data sheets were checked for completeness, missing pages, and non-following of instructions. The data was coded by assigning numeric codes to answers, which allowed them to be subjected to statistical techniques. The codes were selected after reading through the data sheets and noting the general trend of answering. Although ordinal, this allows these variables to be considered to have metric properties (Norusis, 2010), which permits more useful statistical tests such as t-tests to be conducted.

The data was transcribed into a computer spreadsheet and then exported into a statistical programme statistical package for social sciences (SPSS). To ensure the accuracy of transcribed data, this data was compared with randomly selected data sheets. The data was cleaned by identifying and correcting for the missing values and outliers. Apart from the absent information, missing values in data set are undesirable as they prevent the execution of certain statistical procedures, such as tests for normality (Tabachnick & Fidell, 2013). Outliers or extreme values distort many statistics, such as the mean and all the attendant statistics based on the mean, for

example, the regression analysis (Vanderstoep and Johnston, 2009; Field, 2005). Outliers were identified by the Validate Data procedure while missing values were ascertained by the Missing Value Analysis procedure, both present in SPSS. For the outliers, the questionnaires with the offending values were traced and the correct values on the data sheet were then transcribed again into the SPSS. Since different statistical tests require different assumptions, the data was explored to determine whether the specific assumptions were tenable, before each test was conducted. Where the assumptions were not met, alternative and less stringent tests were conducted.

3.11 Data Analysis

Several analytical tools, described in the following section, were employed in the study.

3.11.1 Descriptive Statistics

Descriptive statistics were used to describe, summarize and organize data. Frequency distribution, measures of central tendency and dispersion such as mean and median, skewness and kurtosis were used. Frequency distributions, ordered arrangement of all variables, showing the number of occurrences in each category (Norusis, 2010), were used to summarize data. Bar graphs and tables were used to display the analyzed data. Measures of central tendency such as mean, mode and median were used to give average or typical data values.

When the data was measured on an interval scale, the mean (the arithmetic average of values in a set) and the mode (the value that occurs with the highest frequency) was used as measures of the average. Median (the middle number in an array of values ordered in an ascending manner) was used to describe the central tendency when the

data was nominal. Measure of dispersion (the difference between the highest the highest and the lowest points) and standard deviation were given as the difference between observed values and the mean.

Since normal distribution is a key assumption behind most statistical techniques, skewness, and kurtosis, were calculated to determine how far the data depart from normality. The level of asymmetry in the data (how concentrated data points are at the high or low end of the measurement scale) is indicated by skewness (Norusis, 2010). A negative value indicates skew to the left; a positive, skew to the right. Kurtosis describes how concentrated data are around the mean (that is, it assesses how peaked or flat is the data distribution). A negative value indicates platy kurtosis (fewer items at the mean and at tails but more in intermediate regions) while a positive value indicates leptokurtosis (more items near the mean and at the tails but fewer in the intermediate regions) (Norusis, 2010). A significant departure from normality was indicated if the skew or kurtosis value was outside the benchmark $\pm$ 2.0 (Norusis, 2010).

3.11.2 Correlation Analysis

Pearson correlation *r* was used to test correlation to establish the degree of the relationship between the dependent and independent variables. This is applicable when data is on interval or ratio scale. Correlation coefficient takes any value between -1.00 and +1.00. A value of +1.00 shows a perfect and strong positive correlation while -1.00 shows a strong and negative correlation. On the other hand, absolute correlation coefficient of $r < 0.35$ are reflect low or poor correlations, while 0.36 to 0.67 shows moderate correlations and strong or high correlations ranges between 0.68 to 1.0 with very high correlations of r coefficients > 0.90 (Field, 2005).

When data was on nominal or ordinal scale (which will not allow the computation of sensible mean and its attendant statistics, such as the Pearson's Correlation Coefficient), the non-parametric technique of Multiple Correspondence Analysis (MCA) or Chi (χ^2) cross tabulation were used for correlation analysis. The method of MCA was then used because the data was either nominal or ordinal and the method does not require stringent assumptions about the data, such as, randomness of the data, as in classical statistical techniques (Yazici *et al*., 2010). It also presents the correlations in an aesthetically appealing graphical form. The method transforms observed data in a nonlinear way in order to obtain transformed objects, which are as much homogeneous as possible (Gifi, 1990).

MCA analyse variables, which are in a single set. The fit of the model was measured by the amount of variance (also, referred to as inertia) the model could explain in the original values (lowest: 0 percent and highest: 100 percent). The Eigen value indicates the level of relationship shown by each dimension. In addition, MCA also computes a Cronbach's Alpha for measuring the reliability of the model (Minimum: 0 and Maximum: 1), with an Alpha value of 0.5 or above deemed to be reliable (Field, 2005). The degree of correlation in the technique is measured by the closeness of the variables on the graph; the closer the variables the higher the correlation (Yazici *et al*., 2010).

3.11.3 Factor Analysis

Constructs in the study, for instance, the dimensions of learning orientation and social networks, were conceptualised as unobserved and latent, each being measured by several observed (manifest or indicator) variables. It was therefore germane to conduct a factor analysis (FA) to reduce the large set of measured variables into a few

composite variables that could retain as much information from the original variables as possible and confirm whether they represent the underlying constructs. Principal Components Analysis (PCA), a statistical method used to find a small set of unobserved variables (called components) which can account for as much variance as possible among a larger set of observed variables, was used to execute this data reduction (Mann, 1995).

In the study, four steps were followed in conducting FA: assessing the factorability of data; deriving factors and assessing overall fit; interpreting factors and factor labelling; and computing factor scores that was used in subsequent statistical analysis (Heir *et al.,* 2006). The factorability of the data (determining whether the data is suitable for factor analysis) was determined using several criteria. To ensure no multicollinearity among the factors, the determinant was inspected to ensure that it is not zero. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was checked to see whether it is above 0.5 while the Bartlett's test of sphericity was checked to see whether it is significant (at $p < 0.05$), which would indicate that the correlation matrix of the original variables is not an identity matrix, thus suggesting that a factor model is appropriate. The diagonals of the anti-image correlation matrix were inspected to see whether they are all above 0.5, which show some underlying (latent) structure among the observed variables. Finally, correlations among variables were checked to see whether they correlate at least 0.3 with at least one other item (which indicated some latent construct) and that none of the correlations is above 0.9 (which showed no singularity in the data).

PCA was used to extract the components or factors from the data. The method allowed for the extraction of as many components so long as each has an Eigenvalue

(the amount of variance each component explained) greater than one. To improve interpretability of the factors, rotation was conducted. Both an oblique method, Promax (which forces components to be correlated) and an orthogonal procedure, Varimax (one that forces the components to be uncorrelated) rotations was used and the one that give the best component structure was adopted. The resultant component structures of the factors were left as they make a lot of theoretical sense and explain a lot of the variance in the observed variables (a threshold of 50 percent) or simplified by dropping variables that appeared unspecified due to either having a standardized loading larger than 1 or in having high cross-loading (Mann, 1995).

Cronbach's alpha was estimated for every component (factor) derived from factor analysis to test whether the observed variables appear to measure the same underlying construct. A composite Cronbach alpha was calculated for all the extracted components to judge their reliability. There are three options for computing factor scores and index construction namely surrogate variable, summated scale and regression methods (Kline, 2005; Heir *et al*., 2006). The study adopted summated scale which is advantageous in that it is a straightforward process, whereby items with high loadings (0.70 or greater) were summed up and averaged. Measurement errors were also reduced, and it increases representation of multiple facets of a concept.

3.11.4 Testing of Research Hypotheses

The study consists of eight null hypotheses. Hypotheses 1 – 4, comprise of direct effects: relationships between commitment to learning, shared vision, organizational knowledge sharing and open mindedness and performance of SMEs in each case. These are direct effects because they study hypothesises that they affect SME performance in a straight-forward manner, without any intervening variables (Baron

& Kenny, 1986; Tabachnick & Fidell, 2013). Hypotheses 5a – 5d make up indirect effects: Social networking moderating effect on the relationships between commitment to learning, shared vision, organizational knowledge sharing and open mindedness and performance of SMEs in each case.

Multiple regression model was applied to test both indirect and direct effect in the study. In hierarchical regression analysis, variables are entered one at a time and each step the correlation of *Y*, the criterion variable with current set of predictors was calculated. The first steps fit control variables into regression model and estimates. Independent variables follow and lastly, the moderator variables are fitted into the model. The calculated of each R^2 of each step shows incremental change with additional predictor variables. This incremental change is associated with the additional predictor variable. (Cole & Maxwell, 2003) opines that through a series of sequence of *F* tests to control variable inclusion, each of the steps of the iterative process draws closer to determining the true value of contribution of each of the predictor variables. The total variance of Y that is accounted by knowing the value of *X* is measured by coefficient of determination (R^2).

3.11.4.1 Model Specification

Model 1 **:** $Y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon_i$ ……..…(3.5)

Including control variables, Model 1 would be.

Model 2: $Y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 C_1 + \beta_6 C_2 + \varepsilon_i$ ……..(3.6)

Where: Y is SMEs' performance; X_1 is commitment to learning; X_2 is shared vision; X_3 is organizational knowledge sharing; X_4 is open mindedness; β_0 is a

constant; $\beta_1 - \beta_6$ are coefficients of regression; C is control variable and ε is the error term and $i = 1, 2, \cdots, n$ is the sample size.

A regression was first conducted with control variables to establish the effect of control variables on SME performance. This was followed by regression with main effects to establish the direct relationship between learning orientation and SME performance.

3.11.4.2 Test of Moderation

Social networking indirect effects to moderate the relationship between learning and SME performance was conducted using moderated regression analysis as outlined by Baron and Kenny (1986). Moderating effect was modeled as an interaction effect between social networks (Z) and learning orientation (X) (Baron & Kenny, 1986; Cole & Maxwell, 2003; Cohen, Cohen, West & Aiken, 2003).

This was done by creating a new variable that is the product of the variable that is being moderated (X) and the variable that is moderating (Z). This interaction term (XZ) was then entered into the regression equation after the linear main effects on the outcome (Y) of the moderating (Z) and moderated variables (X) are estimated, as outlined in Models 3 – 6 below. If the effect of XZ is significant, then the effect of X on Y is dependent upon the levels of Z (Baron & Kenny, 1986; Cole & Maxwell, 2003). If it is not, then Z was not a moderator variable, but just an independent variable (Baron & Kenny, 1986; Cole & Maxwell, 2003). To eliminate the problem of multicollinearity resulting from the interaction terms, the independent variables were centered before computing the interaction terms (Cole & Maxwell, 2003).

Hypothesis H05a-H05d was tested using the following models.

Model 3: $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_1 Z + \varepsilon$ …….…….(3.7)

Model 4: $Y = \beta_0 + \beta_3 X_2 + \beta_4 X_2 Z + \varepsilon$ ……...……...… (3.8)

Model 5: $Y = \beta_0 + \beta_5 X_3 + \beta_6 X_3 Z + \varepsilon$ …….……...…… (3.9)

Model 6: $Y = \beta_0 + \beta_7 X_4 + \beta_8 X_4 Z + \varepsilon$ …….……...…… (3.10)

According to Baron & Kenny (1986), β_2, β_4, β_6 and β_8 measures the moderating effect of social networking on the relationship between learning orientation and SME performance

3.11.5 Social Network Structure

The study used information generated from the contacts that SMEs have to depict their relationships on a graph. The study used a R software, to carry out social network analysis and calculate two metrics: "structural holes" and "centrality" dimensions of the network structure for any given SME. Structural holes are measured as the number of distant ties in the ego-centered network of each respondent for instance, the extent to which a person's contacts are redundant (Swaminathan & Moorman, 2009).

An actor/node is central when he/she resides in between the direct path of many actors. This study computed centrality, which measures how often a node appears on shortest paths between nodes in the network (Mort, & Weerawardena, 2006; Swaminathan & Moorman, 2009). A greater centrality implied that most nodes (SMEs) in the network did not act as transit hubs for collaboration with other nodes

(SMEs). These two measures indicated the degree of networking and relatedness of SMEs in Elgeyo-Marakwet and Baringo counties.

3.12 Ethical Considerations

The researcher made sure that participation was completely voluntary. In order to encourage a high response rate, this was made per potential participant. The research letter was sent a few days preceding the survey not only to verify address of the letter, but also to inform possible participants of the importance and justification for the study. The second contact was the actual research cover letter explaining the study objectives in more depth. This study did not include sensitive questions that can cause embarrassment or uncomfortable feelings.

The respondent's identity was protected. This was accomplished by exercising anonymity and confidentiality. To avoid confusion, the cover letter clearly identified the survey as being confidential regarding responses and the reporting of results. Participant identification was kept confidential. All prospective respondents were informed of the purpose of the study and the group organization that sponsored it. Both the methods and the results of the study were reported to professional colleagues in the business community. In this research, respondents were informed about the nature and the purpose of the study. All the respondents' information and identity were kept confidential, and the information gathered was used only for the purposes of this study. Lastly, the researcher sought a research permit from National Commission for Science, Technology and Innovation (NACOSTI).

CHAPTER FOUR

RESULTS, INTERPRETATION AND DISCUSSION

4.1 Introduction

In this chapter, results for learning orientation, Social Networking, and Performance of SMEs in Baringo and Elgeyo Marakwet Counties. Data was collected through questionnaires. This chapter has been divided into two sections: descriptive statistics and inferential statistics section. Descriptive statistics entailed the description of gender, age, education level, business characteristics and entrepreneurial experience of the respondents while inferential statistics explains the causal relationship between the effects of learning orientation, commitment to learning, shared vision, organizational knowledge sharing, open-mindedness, and social networking on the performance of SMEs.

4.2 Response Rate

Response rate is vital in research, having the right response rate gives valid, dependable and reliable results. This is realized after checking all the questionnaires from the field for completeness and consistency of the information, the questionnaires with inconsistent and inaccurate information were dropped from the analysis. Therefore, a high response rate is important in a study. According to Fincham (2008), a response rate more than 70 percent is large enough to perform the analysis. Response rate was calculated by dividing the total number of valid or usable questionnaires returned by research assistants by the total number of administered questionnaires (Mitchell, 1989). A total of 332 questionnaires were distributed to owners/managers of SMEs to participate in the study of which 331 were correctly

filled. This constitutes 99.69 percent response rate. The respondents were drawn from two counties Elgeyo Marakwet (172 respondents) and Baringo (159 respondents).

Table 4. 1: Response Rate

Response	Number of Questionnaires	Percentage
Administered questionnaires	332	100.00
Returned questionnaires	331	99.69
Incorrectly filled questionnaires	1	0.31

Source: Survey Data, 2022

4.3 Data Preparation and Cleaning

Data used in this study was screened to detect and check for errors as a key ingredient for data cleaning and preparation and involved examining missing values and outliers. When outliers are detected, they are deleted (Aguinis, 2004, Fichman *et al*., 2005, Jose, 2013). Jaccard & Turrisi (2003) and Jose (2013) articulate that an outlier can change the output and reduces the accuracy of your results as well as the statistical significance, it was also posited by Tabachnick and Fidell (2013), missing values were less than 5 percent was replaced with mean. However, all these points can have an extremely negative effect on the regression equation.

4.4 Reliability of Data

Reliability is a technique used in statistical research used to measure of stability or internal consistency of an instrument in measuring certain concepts (Jackson, 2015). Mohajan (2017) and Joppe (2000) clarified reliability as the extent to which results are consistent over time and shows a true picture of the total population.

In order to test reliability, the coefficient **α** used to check internal consistency of the items in the measurement scales and whether they are statistically acceptable. The

results shown in Table 4.2 revealed that all the coefficients were within the accepted thresholds of 0.7 as postulated by Hair *et al*., (1995). The average reliability was 0.81.

Table 4.2: Results of Cronbach Alpha Coefficients of Study Constructs

Construct	No. of Items	Cronbach α
Commitment to learning	4	0.84
Shared Vision	4	0.69
Organisational Knowledge Sharing	5	0.94
Open Mindedness	4	0.76
Social Networking	7	0.77
Performance of SMEs	5	0.85
Average		**0.81**

Source: Survey Data, 2022

4.5 Demographic Characteristics of the Respondents

Respondents' demographic characteristics accessed includes the gender, age, highest academic qualification, business ownership and the entrepreneurial experience. The respondents were asked to indicate their gender in the questionnaire. Results indicated that of the 331 respondents, a majority (56.5 percent) were female while (43.5 percent) were male. This is shown in Table 4.3. It implies that women are more likely to engage on small and medium businesses more than men in the two counties of Elgeyo-Marakwet and Baringo. According to United Nations Population Fund (2013), achieving Millennium Development Goals on gender equality, has highlighted that woman can play key role in the entrepreneurial phenomenon. According to Allen *et al.,* (2008), there has been significant gender gap due to gender inequality that has existed in terms of development and rate of entrepreneurial activities.

Table 4. 3: Demographic Characteristics

Variable	Category	Frequency	Percentage
Gender	Male	144	43.5
	Female	187	56.5
	Total	**331**	**100**
Age	10-20	6	1.8
	21-30	31	9.4
	31-40	108	32.6
	41-50	124	37.5
	51-60	38	11.5
	61-70	24	7.3
	Total	**331**	**100**
Level of Education	None	35	10.6
	Primary School	46	13.9
	Secondary School	46	13.9
	Diploma	45	13.6
	Undergraduate	87	26.3
	Postgraduate	72	21.8
	Total	**331**	**100**
Cadre	Top Management	165	49.8
	Business Owner	166	50.2
	Total	**331**	**100**
Entrepreneurial experience	Below 1 year	36	10.9
	1-5 Years	127	38.3
	6-10 Years	82	24.8
	11-20 Years	42	12.7
	More than 20 Years	44	13.3
	Total	**331**	**100**

Source: Survey Data, 2022

Kelly *et al.,* (2011) accorded that entrepreneurial gap between men and women has decreased with different economic levels. The economies move to higher level of

development. Entrepreneurial activity rate decreases regardless of gender. This is because in developed economies, both men and women have different options for employment. In general, the likelihood of women engaging in entrepreneurial activities is lower in developed areas in comparison to developed countries.

During the analysis, age was categorized into age groups and results indicated that majority (37.5 percent) of the respondents fell in the 41-50 years age bracket. 32.6 percent were between 31-40 years; 11.5 percent were aged 51-60 years, 9.4 percent were aged 21-30 years, 7.3 percent were aged 61-70 years, while 1.8 percent was aged between 10-20 years.

As it is evident in this study, it supports the argument by Johansson (2000), Arum and Müller (2004) and Parker (2009) that the rationale of the relationship between age and entrepreneurship maybe attributed to the fact that the quantity of the human capital that one possess and that are necessary for starting and conducting the business increases with age. Further, social and business networks that older people have developed can ease the realisation of their entrepreneurial venture.

Entrepreneurship can offer great ability to control content and pace of work preferably working option for older people according to Parker (2009). This theoretical argument supports studies that find probability of self-employment increase with age (Blanchflower, 2004). Self-employment is accessed as a more risky employment option (Parker, 2004), and as an option that often means longer working hours (Blanchflower, 2004), it can be assumed that the self-employment can also be the less desirable option for older people (Johansson, 2000). The willingness to sacrifice the current incomes, i.e. the earnings in the sector of paid employment, for uncertain

realization of returns in the future, i.e. for entrepreneurial profit, also decreases with age (Parker, 2009).

The respondents were asked to indicate their cadre rank in the organization as well as the level of education. Results indicated that (50.2 percent) of the respondents were business owners while (49.8 percent) were in top management furthermore those who were of degree level and above were the majority with a total percentage of 48.1 percent, there were 10.6 percent of respondents without any formal education while primary, secondary and diploma had 13.9 percent, 13.9 percent, and 13.6 percent respectively.

The table also shows all the various percentages across the two cadres in the organizations in various academic levels. Education in an enterprise deal with training of aspiring entrepreneurs for a career in self-employment with an intention of encouraging participants in setting up their own businesses. They are taught practical skills for management and courses are directed towards preparation of business. Some of the education skills in enterprise are management training for entrepreneurs and focuses on expanding developed businesses. Part of these programmes includes business management and growth training, product development and marketing courses. Such training provides skills, knowledge, and attitudes for entrepreneurs to go out and innovate and solve their own, and the firm, problems.

The respondents were required to indicate their entrepreneurial experience they had before starting their own businesses. From the in Table 4.3, majority (n = 127, 38.4 percent) had 1-5 years entrepreneurial experiences. 24.8 percent had 6-10 years entrepreneurial experience. Those with 11-20 years and more than 20 years were 12.7 and 13.3 percent, respectively. Overall, over 70% of the respondents had less than 10

years entrepreneurial experience. Entrepreneurial experience can be viewed as a source of useful knowledge to entrepreneurship, it increases capacities in the use of techniques, examination of business situations, and in the creation of action plans. Entrepreneurial experience identifies and stimulates entrepreneurial skills, develops empathy and support for all issues of entrepreneurship. It further, develops attitudes towards change and promotes new start-ups and other ventures.

4.6 Business Enterprise Characteristics

The study tried to look at the enterprise characteristics which included the length of time the business has been operating, the number of employees it has, the sector in which it operates and finally the size of the business in terms of capital. From the results of the study on the number of employees, it was established that the greatest percentage of the businesses had employees less than 20 which is 38.4 percent of the total sampled 331 respondents.

Table 4. 4: Characteristics of Business Enterprises

Variable	Category	Frequency	Percentage (%)	Cumulative (%)
Age of the Firm	Less than 5 years	46	13.9	13.9
	5-10 years	82	24.8	38.7
	11-15 years	108	32.6	71.3
	16 and above years	95	28.7	100
	Total	**331**	**100**	
Number of Employees	Less than 20	127	38.4	38.4
	21-40	63	19.0	57.4
	41-60	55	16.6	74.0
	61-80	42	12.7	86.7
	81 and above	44	13.3	100
	Total	**331**	**100**	
Sector	Manufacturing	42	12.7	12.7
	Service	85	25.7	38.4
	Trade	114	34.4	72.8
	Agriculture	90	27.4	100
	Total	**331**	**100**	
Size of capital	Less than 1M	66	19.9	19.9
	1M-5M	123	37.2	57.1
	6M-10M	81	24.5	81.6
	Above 10M	61	18.4	100
	Total	**331**	**100**	

Source: Survey Data, 2022

The least number of employees were found to be between group 61-80 (frequency of 42). This indicates that the average enterprises in the two regions are small enterprises and this implies that majority of SME entrepreneurs are operating at the bottom of the economy. They are largely for subsistence and engage in economically uncompetitive activities both in urban and rural areas (Kihonge, 2014). Kenyan SME sector averagely operates on small-scale (fewer than 50 employees) according to report by (World Bank, 2006). Kenyan SMEs have fewer employees or home-based enterprises that operate for a shorter period.

Firm age, a large number (n = 108) reported to have had 11-15 years of operation. Those with less than 5 years of operation were 46, those with 5-10 years were 82 out of possible 331 respondents and finally those with 16 and above years were 95 as

shown in the Table 4.4. Generally, majority of the SMEs have been operational over a period less than 71.3 percent. The study attributes this as a sign of effect of devolution that have brought development to counties of which people have access to good infrastructure and markets.

The study established that most businesses are in the sector of trade and service which stood at 34.4 percent for trade and 25.7 percent for service while the rest were either in manufacturing or agriculture. In terms of size it was established that most enterprises had a capital base of 1M-5M constituting 37.2 percent. Those with capital base of 6-10 million were found to be 24.5 percent. The least had capital above 10 million. Lack of finances is universally key problem to SMEs.

Undeveloped market is where credit facilities are constraints that forces entrepreneurs to rely on self-financing which is not enough to enable SMEs undertake their business activities optimally. Lack of access to long-term credit for small enterprises may force entrepreneurs depend on high-cost short term finance. This implies that the two counties need to promote SMEs by establishing county loans and promoting business investments. The counties further can promote and enhance SMEs performance by training and provision of capacity building, trade shows and exhibitions and developing business incubation centres.

The counties of Elgeyo Marakwet and Baringo need to promote agricultural sector through initiating and supporting existing irrigation schemes especially along the valley. Moreover, the development of industrial parks, establishment of open-air markets and establishment of cottage industries to promote tourism sector in the region and thus promoting small and medium enterprises.

4.7 Factor Analysis

To get a small set of variables that measure similar things then factor analysis is the instrument mostly used. It uses eigenvalues to measure the total variance that accounts for each factor. Kaiser criterion (Kaiser, 1974) suggests that those factors with eigen values equal or greater than one should be retained. In this study, factor 1 was retained for all the variables for instance, eigen value for commitment to learning was 2.23 which is greater than one. Considering factor 1, shared vision had eigen value 2.37, 3.81 for organizational knowledge sharing, 1.76 for open mindedness. Social networking and performance of SMEs had eigenvalues 2.35 and 2.34 respectively for factor 1. Normally, the sum of eigenvalues equals the number of variables. Proportion indicates the relative weight of each factor in the total variance. For example, 2.23/6 = 0.37 implies that the first factor explains 37.23 percent of the total variation in commitment to learning, 2.37/6 = 0.39 indicating that factor 1 explains 39.47 per cent of total variation by constructs in shared vision. Factor 1 was retained for all the variables since the eigenvalues were greater than one, Kaiser (1974).

Table 4.5: Factor Analysis Using Principal Component Analysis

Commitment to Learning				
Factor	**Eigenvalue**	**Difference**	**Proportion**	**Cumulative**
Factor 1	2.23	2.29	1.15	1.15
Factor 2	-0.05	0.01	-0.03	1.12
Factor 3	-0.06	0.11	-0.03	1.09
Factor 4	-0.18	.	-0.09	1.00
Shared Vision				
Factor 1	2.37	2.35	1.07	1.01
Factor 2	0.01	0.07	0.01	1.08
Factor 3	-0.06	0.05	-0.03	1.05
Factor 4	-0.11	.	-0.05	1.00
Organizational Knowledge Sharing				
Factor 1	3.81	3.68	1.02	1.02
Factor 2	0.13	0.17	0.04	1.06
Factor 3	-0.03	0.04	-0.01	1.05
Factor 4	-0.08	0.02	-0.02	1.03
Factor 5	-0.10	.	-0.03	1.00
Open-Mindedness				
Factor 1	1.76	1.75	1.20	1.20
Factor 2	0.01	0.07	0.01	1.21
Factor 3	-0.05	0.20	-0.04	1.17
Factor 4	-0.25	.	-0.17	1.00
Social Networking				
Factor 1	2.35	1.97	1.07	1.07
Factor 2	0.38	0.33	0.17	1.24
Factor 3	0.05	0.10	0.02	1.26
Factor 4	-0.05	0.05	-0.02	1.24
Factor 5	-0.10	0.09	-0.05	1.19
Factor 6	-0.19	0.05	-0.09	1.11
Factor 7	-0.23	.	-0.11	1.00
Performance of SMEs				
Factor 1	2.34	2.22	1.13	1.13
Factor 2	0.13	0.18	0.06	1.19
Factor 3	-0.06	0.08	-0.03	1.16
Factor 4	-0.14	0.06	-0.07	1.10
Factor 5	-0.20	.	-0.10	1.00
			Number of observation. =331	
			Retained Factors = 1	
			Number of Parameters = 6	

Source: Survey Data, 2022

4.7.1 Factor Loading

The dimensions or rather the constructs used to measure learning orientation and social networks were conceptualised as unobserved and latent. The study conducted factor analysis to reduced large sets of variables into few composite variables that could retain much information from the original variables and confirmed whether they represent the underlying constructs. Varimax rotation is used to simplify the expression of a particular sub-space in terms of just a few major items each. Varimax is so called because it maximizes the sum of the variances of the squared loadings The study used KMO to test for sampling adequacy. Before estimating KMO, Principal Components Analysis (PCA) which is a statistical technique used to discovery a small set of unobserved variables (components) which can account for as much variance as possible among a larger set of observed variables (Mann, 1995). PCA extracts the components or factors from the data. The method allows for the extraction of as many components so long as each has an eigen value greater than one. The results were discussed on each of the variables. KMO values for all the constructs used in defining the variables should be above 0.7 according to Kaiser 1974 are acceptable for factor analysis.

Loadings in factor analysis are weights and correlation between each variable and the factor. The higher the loading, the more relevant in defining the factors' dimensionality. A negative value indicates an inverse impact on the factor. From the results in this study all the loadings for factor 1 were positive meaning the variables in this case had a positive impact to factor 1. Since only factor 1 had eigen value more than 1 and as per Kaiser criterion, this factor was retained. Considering factor 1, and according to Kaizer (1974), Hutcheson; Sofroniou (1999) and Hair *et al*.,(2006),

principal component analysis factors with loadings above 0.5 are extracted. Those with less than 0.5 are dropped. Uniqueness is the variance that is unique to the variables and not shared with other variables. Variables with higher loadings have less uniqueness to the rest of the constructs and the lower the loading the higher the construct becoming unique. 4.7.1.1 Factor Loadings on SME Performance

Table 4.6: Factor Loadings on SME Performance

Performance of SMEs	**Loadings**	**Uniqueness**
In the past three years or since its inception relative to other firms my firm has experienced increased in profitability after tax return on assets	0.69	0.52
In the past three years or since its inception relative to other firms my firm has experienced increased net income	0.69	0.50
In the past three years or since its inception relative to other firms my firm has experienced increased sales turn over	0.67	0.53
In the past three years or since its inception relative to other firms my firm has experienced increased high return on investment in business after tax return on assets	0.58	0.62
In the past three years or since its inception relative to other firms my firm has experienced improved overall competitiveness	0.78	0.37

Extraction Method: Principal Component Analysis
a.1 components extracted.
Rotation Method: Varimax with Kaiser Normalization

KMO and Bartlett's Test

Kaiser Meyer Olkin Measure of Sampling Adequacy		.731
Bartlett's Test of Sphericity		
Approximate Chi-square		357.568
	Degrees of freedom	4
	Significance	.000

Source: Survey Data, 2022

Performance of small and medium enterprises was conceptualised and measured using five constructs. Principal Component's analysis extraction method was used. The results in Table 4.6 showed a KMO sampling adequacy of 0.73 which is above the

threshold of 0.7 as per Kaiser (1970). Bartlett's test of sphericity produced a Chi-square test statistic 357.57 and significance of 0.00. This significance confirms that the constructs met the criteria for factor analysis to proceed. Considering component 1 on each construct. The loading on construct, in the past three years or since its inception relative to other firms my firm has experienced an increase in profitability had a loading of 0.69, In the past three years or since its inception relative to other firms my firm has experienced increased net income had loading of .69, increased sale turnover and customer satisfaction 0.67, increased return on investment after tax returns on assets 0.58, improved overall competitiveness 0.78. all the constrcts were retained as it met the criteria of having loadings more than .50.

4.7.1.1 Factor Loadings on Commitment to Learning

Several constructs used to measure commitment to learning were subjected to Kaiser-Meyer-Olkin to test for sampling adequacy. KMO and Bartlett's test showed that KMO value of 0.806 and a Chi-square of 609.08 with 6 degrees of freedom and significance of p-value 0.00 as presented by Table 4.7. The significance of Chi-Square confirms that the constructs were fit for factor analysis. Four constructs were used to measure commitment to learning these constructs were, Managers agreed that their business's ability to learn is the key to our competitive advantage (0.72 loadings considering component 1), The basic value in their businesses includes learning as a key to improvement (0.68), employee learning is an investment, not an expense (0.81), learning orientation is seen as being important for business survival (0.77).

Table 4.7: Factor Loadings on Commitment to Learning

VARIABLES	**Factor 1**	
Commitment to Learning	**Loadings**	**Uniqueness**
Managers agree that our business's ability to learn is key to our competitive advantage.	0.72	0.48
The basic values of this business include learning as a key to improvement	0.68	0.53
The sense around here is that employee learning is an investment, not an expense	0.81	0.35
Learning in my organization is seen as being very important for the survival of the business	0.77	0.40
Extraction Method: Principal Component Analysis		
a.1 components extracted.		
Rotation Method: Varimax with Kaiser Normalization		
KMO and Bartlett's Test		
Kaiser Meyer Olkin Measure of Sampling Adequacy	.805	
Bartlett's Test of Sphericity		
Approximate Chi-square	609.082	
Degrees of freedom	6	
Significance	.000	

Source: Survey Data, 2022

4.7.1.2 Factor Loadings on Shared Vision

Shared vision as a measure of learning orientation, tests the significant effects on performance of SMEs. Table 4.8 presents a Chi-Square of 1165.61 and significance of 0.00. KMO sampling adequacy of 0.81 which is above the 0.7 implies the sampling was adequate and that the study proceeded for factor analysis. There were four constructs used. These were total agreement on organization vision across all level's functions and division (0.80), all the employees in the firm are commitment to the goals of the organization (0.92), all employees view themselves as partners in changing the direction of the business/organization (0.88) and there is a commonality of purpose in my organization (0.32). The construct that was used to measure shared vision and had a factor loaded of 0.32 and having uniqueness of 0.89 was removed from the study, and it implied that the remaining constructs were retained.

Table 4.8: Factor Loadings on Shared Vision

Shared Vision	**Loadings**	**Uniqueness**
There is a total agreement on our organizational vision across all levels, functions and divisions	0.80	0.35
All the employees are committed to the goals of this organization	0.92	0.15
All employees view themselves as partners in changing the direction of the business/organization	0.88	0.23
There is a commonality of purpose in my organization	0.32	0.89
Extraction Method: Principal Component Analysis a.1 components extracted. Rotation Method: Varimax with Kaiser Normalization		
Kaiser Meyer Olkin Measure of Sampling Adequacy	.811	
Bartlett's Test of Sphericity		
Approximate Chi-square	1165.611	
Degrees of freedom	6	
significance	.000	

Source: Survey Data, 2022

4.7.1.3 Factor Loadings on Organizational Knowledge Sharing

Organizational knowledge sharing in this research is measured by five items adopted from Vance (2006). The Kaiser Meyer Olkin measure of sampling adequacy (0.88), Chi-Square approximation of 1644.97 and Bartlett's Test of sphericity (p = 0.00) indicates satisfactory levels for factor analysis is to proceed. The items or constructs each had higher loadings exceeding 0.7. The first items that concerning the top level repeatedly emphasized on the importance of knowledge shared in the enterprise had factor loaded considering the component 1 of 0.87, Employees, managers and shareholders always analyse widely on unsuccessful business ventures and communicate the lessons learned among each other (0.91),

Table 4.9: Factor Loadings on Organizational Knowledge Sharing

Organizational Knowledge Sharing	**Loadings**	**Uniqueness**
The top management repeatedly emphasizes the importance of knowledge sharing in our enterprise	0.87	0.20
Employees, managers and shareholders always analyse widely on unsuccessful business ventures and communicate the lessons learned among each other	0.91	0.14
We have specific mechanism for sharing lessons in activities of the organization from department to department	0.88	0.22
We always emphasize on sharing lessons and experiences within the organization	0.87	0.20
There is a good deal of organizational conversation that keeps alive the lessons learned from history	0.82	0.29
Extraction Method: Principal Component Analysis		
a.1 components extracted.		
Rotation Method: Varimax with Kaiser Normalization		
KMO and Bartlett's Test		
Kaiser Meyer Olkin Measure of Sampling Adequacy		.884
Bartlett's Test of Sphericity Approximate Chi-square		1644.972
	Degrees of freedom	10
	Significance	.000

Source: Survey Data, 2020

We have specific mechanisms for sharing lessons in activities of the organization from department to department (0.88), We always emphasize on sharing lessons and experiences within the organization (0.87) and there is a good deal of organizational conversation that keeps alive the lessons learned from history (0.82) as shown in Table 4.9 above;

4.7.1.4 Factor Loadings on Open-Mindedness

The table 4.10 below presents four that used to measure open-mindedness as an effective learning orientation affected perceived performance concerning of SMEs in the two counties of Elgeyo-Marakwet and Baringo. Four items were proposed to measure open-mindedness. Based on the results of 0.74 KMO measure of sampling

adequacy and a significant Chi-Square test (p-value of 0.00) indicates adequacy for extracting components.

Table 4.10: Factor Loadings on Open-Mindedness

Open-Mindedness	**Loadings**	**Uniqueness**
We are not afraid to reflect critically on the shared assumptions we have made about our customers	0.65	0.57
Personnel in this enterprise realise that they must continually question the very way they perceive the marketplace	0.706	0.51
We rarely collectively question our own bias about the way we interpret customer information	0.66	0.56
We continually judge the quality of our decisions and activities taken over time	0.64	0.59

Extraction Method: Principal Component Analysis
a.1 components extracted.
Rotation Method: Varimax with Kaiser Normalization

KMO and Bartlett's Test

Kaiser Meyer Olkin Measure of Sampling Adequacy		.743
Bartlett's Test of Sphericity		
Approximate Chi-square		618.007
	Degrees of freedom	6
	Significance	.000

Source: Survey Data, 2022

It is from this principal component extraction method that these items had loading that met Kaiser criterion (above 0.7). These were: being not afraid to reflect critically on the shared assumptions we made about our customers (0.65), personnel in the firms would realise they must continually question the way they perceive the marketplace (0.71). The collective questions were not biased about the way they interpret customer information (0.66). they also continued to judge the quality of our decisions and activities taken over time (0.64)

4.7.1.5 Factor Loadings on Social Networking

Table 4.11 presents Factor Loadings on Social Networking.

Table 4. 11: Factor Loadings on Social Networking

Social Networking	Loadings	Uniqueness
We develop and cultivate ties with other SMEs	0.63	0.52
We normally contact other businesses so that we can cooperate with them	0.54	0.55
We normally interact and share challenges and successes with owners and employees of other SMEs	0.63	0.59
We maintain links with other enterprises	0.64	0.57
We usually seek assistance from other enterprises	0.59	0.55
We strengthen ties with other SMEs	0.57	0.62
There is informal interaction between our employees and employees of other SMEs	0.42	0.81

Extraction Method: Principal Component Analysis
a.1 components extracted.
Rotation Method: Varimax with Kaiser Normalization

KMO and Bartlett's Test

Kaiser Meyer Olkin Measure of Sampling Adequacy		.829
Bartlett's Test of Sphericity		
Approximate Chi-square		857.957
	Degrees of freedom	21
	Significance	.000

Source: Survey Data, 2022

The value for KMO sampling adequacy for social networking was found to be 0.83. Bartlett's test for sphericity showed that a Chi-Square of 21 degrees of freedom was significant at probability 0.00. This signifies that the study proceeded for factor analysis. Seven items were used. These were; We develop and cultivate ties with other SMEs (0.63), We normally contact other business so that we can cooperate with them (0.54), We normally interact and share challenges and successes with owners and employees of other SMEs (0.63), We maintain links with other enterprises (0.64),

We usually seek assistance from other enterprises (0.59), we strengthen ties with other SMEs (0.57) and finally the item that there is informal interaction between our employees and employees of other SMEs (0.42) . because of loadings of .42 which is below .50, this construct was discarded and retain the rest.

4.8 Correlation Analysis

In statistics analysis, Correlation analysis is done to determine the direction, strength of association and to determined how variables are related to one another. Correlation coefficient (ranges from -1 and +1. When the value for is +1 then variables have perfect positive association, -1 implies perfect negative association. Values close to zero are said to be weak correlation otherwise strong correlation. The results presented below shows a diagonal correlation matrix of Pearson correlation coefficients. The results in Table 4.12 showed that there was a significant association between performance of SMEs (SMEP) and the Commitment to learning (CL), shared vision (SV), organizational knowledge sharing (OKS), open mindedness (OM) and finally with social networking (SN). This is prior indication that these variables can explain the causal effect on the performance of the SMEs in the two counties.

The significance in correlation reveals that SMEs performance depends on many aspects for example, commitment to learning by employees enhances their skills necessary in promoting performance of the enterprises. Further, when employees view themselves as partners in striving a common goal within the organization results in achieving the objectives of the business of making profits and increasing sale turnover. The emphasis on sharing knowledge for instances sharing experience and lessons within the organization promote togetherness between the employees and in return employees have one focus in promoting the performance of the business.

Table 4.12: Correlation Matrix showing Relationship Between a Pair of Variable.

	SMEP	Firm Age	Firm Size	Commitment to Learning	Shared Vision	Org.Knowledge Sharing	Open Mindedness	Social Networking
SMEP	1.00							
Firm Age	-0.07	1.00						
	(0.22)							
Firm Size	-0.06	-0.15**	1.00					
	(0.31)	(0.01)						
Commitment to Learning	0.23**	-0.01	-0.02	1.00				
	(0.00)	(0.91)	(0.76)					
Shared Vision	0.32**	0.16**	-0.04	0.24**	1.00			
	(0.00)	(0.00)	(0.52)	(0.00)				
Org.Knowledge Sharing	0.32**	-0.05	-0.11**	0.18**	0.21**	1.00		
	(0.00)	(0.34)	(0.05)	(0.00)	(0.00)			
Open Mindedness	0.30**	-0.07	0.08	0.23**	0.20**	0.31**	1.00	
	(0.00)	(0.23)	(0.17)	(0.00)	(0.00)	(0.00)		
Social Networking	0.35**	0.03	-0.00	0.19**	0.22**	0.24**	0.20**	1.00
	(0.00)	(0.61)	(0.99)	(0.00)	(0.00)	(0.00)	(0.00)	

*Note: The values in brackets () are the p-values, ** indicates significance at 0.05 level of significance. SMEP-Perceived Performance of SMEs.*
Source: Survey Data, 2022

4.9 Multiple Regression Assumption Tests

There are several assumptions of multiple linear regression analysis. The diagnostic checks used are multicollinearity which is tested to identify if the predictors are highly correlation between themselves, normality which is tested to check if the residuals of the multiple regressions are normally distributed and finally the homoskedasticity which is tested to identify whether the variance of the error terms are similar across the values of the independent variables.

4.9.1 Multicollinearity

Variable which are correlated to each other are said to have collinearity. This happens when the model including multiple factors are correlated with each other. Multicollinearity simply means independent variables are not independently and identically distributed. They have some association with each other, and this presence of multicollinearity adversely affect your regression results

Table 4.13: Test for Multicollinearity Using Variance Inflation Factor

Variable	Variance Inflation Factor (VIF)	Tolerance Value
Commitment to Learning	1.13	0.89
Shared Vision	1.17	0.86
Organisational Knowledge Sharing	1.20	0.83
Open Mindedness	1.19	0.84
Social Networking	1.12	0.89
Firm Size	1.06	0.94
Firm Age	1.05	0.95
Mean VIF	**1.13**	

Source: Survey, 2022

A variance inflation factor (VIF) detects this assumption. The VIF estimates how much the variance of a regression coefficient is inflated due to multicollinearity in the model. As rule of thumb, a value of 1 indicates that there is no correlation between this independent variable and any others. The estimated VIF values that lie between 1

and 5 suggest moderate correlation and those values greater than 5 signifies that coefficient are poorly estimated and represent critical values levels of multicollinearity. The results showed that for all the variables in the study, the mean VIF is 1.13 meaning there was no correlation between the predictors in the study.

4.9.2 Normality

Shapiro-Wilk test was used to determine whether sampled data was drawn from a distribution observing normal trend. Shapiro-Wilk test suggests that when the p-value is greater than 0.05 the null hypothesis of data is normal is accepted and if less than 0.05 level of significance, the data exhibits non normal distribution trends. From the results depicted in Table 4.14, all the variables followed a normal distribution.

Table 4.14: Normality Test using Shapiro-Wilk Test

Variable	Obs.	Z	Prob > z
SME Performance	331	-0.46	0.68
Commitment to Learning	331	0.75	0.77
Shared Vision	331	1.22	0.89
Organizational Knowledge Sharing	331	0.42	0.66
Open Mindedness	331	0.40	0.65
Social Network	331	1.36	0.91
Firm Size	331	-0.62	0.73
Firm Age	331	-1.32	0.91

Source: Survey Data, 2022

4.9.3 Homoskedasticity

The other multivariate linear regression assumptions is that the variance of residuals is assumed to be similar across the independent variables. From the results in Table 4.15, the value for total probabilities was 0.08 implying that the hypothesis of homogeneous variance of residuals is accepted. Figure 4.1 shows that pattern of a

constant variation of the data points when the residuals are plotted against the fitted (predicted) values. This indicating that there is presence of homoskedasticity.

Table 4.15: Cameron and Trivedi's Decomposition of LM-test for Homoskedasticity

Source	Chi-Square	Df	P
Heteroskedasticity	41.76	35	0.20
Skewness	13.76	7	0.06
Kurtosis	1.21	1	0.27
Total	56.73	43	0.08

Source: Survey Data, 2022

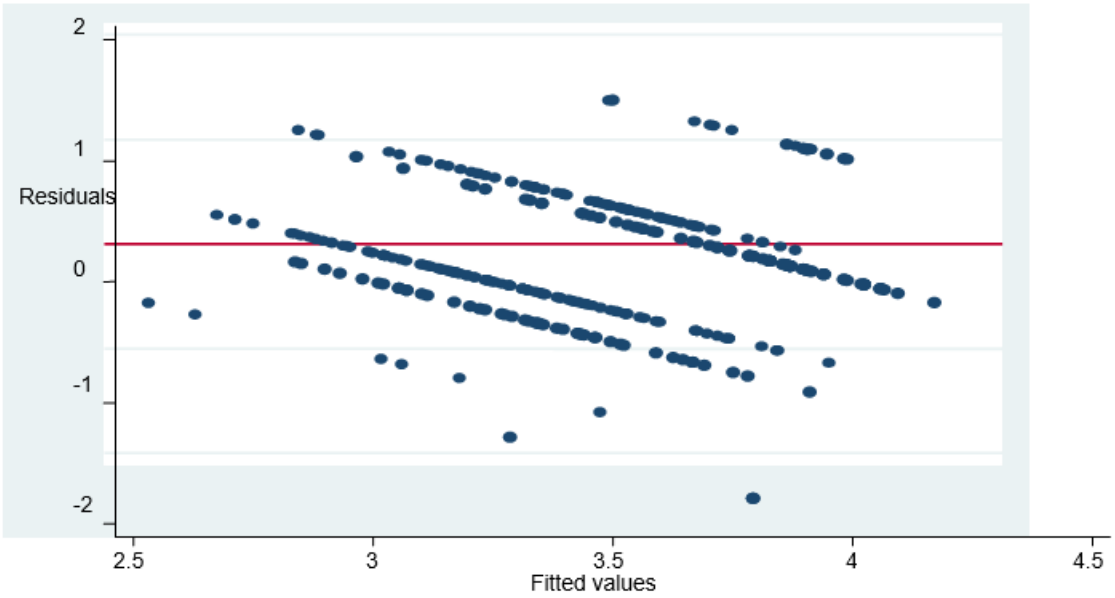


Figure 4.1: Residuals versus Fitted Values

4.10 Model Estimation

Before testing for the hypotheses of the study, firm age and firm size were controlled to check the extend of effect on the performance of SME. Two models were estimated to control for firm size and firm age. The results in Table 4.16 presents regression estimation without controls. It is observed that F-test statistic was 22.73 and significant at probability 0.00 indicating that the model used was fit. The R-squared was 0.22 and adjusted R was 0.21.

Table 4.16: Regression Analysis without Control Variables

Source of Variation	**SS**	**df**	**MS**	**No. of Obs. = 331**
Model	28.86	4	7.22	F(4,324) = 22.73
Residuals	103.49	324	0.32	P > F = 0.00
Total SS	132. 35	330	0.40	R-Squared = 0.22
				Adj-R = 0.21
				Root MSE = 0.56
Performance of SME	**Coef. (β)**	**Std. Err.**	**t**	**P > t**
CL	0.095	0.037	2.57	0.01
SV	0.118	0.029	4.07	0.00
OKS	0.104	0.027	3.93	0.00
OM	0.098	0.031	3.16	0.00
Constant	1.841	0.192	9.60	0.00

Source: Survey Data, 2020

This means that the variables in question explained 21.81 percent of the total variable on the explained variable. All the variables were positively and highly significant factors affecting performance of the small and medium enterprises in the Elgeyo-Marakwet and Baringo Counties.

Table 4.17: Regression Results with Control Variables

Source of Variation	**SS**	**df**	**MS**	**No. of Obs. = 331**
Model	60.57	6	10.09	F (6,324) = 45.56
Residuals	71.78	324	0.22	P > F = 0.00
Total	132.35	330	0.40	R-Squared = 0.46
				Adj-R = 0.45
				Root MSE = 0.47
Performance of SME	**Coef. (β)**	**Std. Err.**	**T**	**P > t**
CL	0.054	0.031	1.75	0.08
SV	0.072	0.025	2.94	0.00
OKS	0.085	0.022	3.79	0.00
OM	0.061	0.026	2.36	0.02
FA	0.191	0.025	7.83	0.00
FS	0.156	0.023	6.67	0.00
Constant	1.150	0.171	6.71	0.00

Source: Survey Data, 2019

The estimated linear equation function from Table 4.17 was expressed as;

Further, including the controls variables, the study found that firm age and firm size were positive and significant factors affecting SME performance in the two regions at coefficients 0.19 and 0.16 respectively. Looking into the value of the F-statistic, it has increased to 45.56. R-square has also improved to 47.07 percent from 21.81 percent. The root means square error improved from 0.56 to 0.47. Root MSE is the standard deviation of the residuals, and it measures how far the data points from the regression line. It tells how concentrated the data is from the line of the best fit. That the smaller the mean squared error means the model if fit in predicting the data and the bigger means that the model fails to account for the features underlying the data.

$$SME = 1.150 + 0.054CL + 0.072SV + 0.085OKS + 0.061OM + 0.191FA + 0.156FS$$

4.11 Moderating effect Social Networking on the Relationship between Learning Orientation and Performance of SMEs in Baringo and Elgeyo-Marakwet

According to Hayes (2013) and Cohen *et al.,* (2003), there was significance interaction between independent variable and the moderating variable. The study used *moderate.lm* and *rockchalk* as packages used in R software to investigate the moderating effect of social networking on the relationship between each of the independent variable and the dependent variable.

4.11.1 Moderation of Social Networking on the Relationship Between Commitment to Learning and Performance of SMEs

The first moderation in this study was moderation effect of social networking on the relationship of commitment to learning and performance of SMEs in Baringo and Elgeyo-Marakwet counties.

The figure 4.2 presents the diagram of the interaction. This figure shows that those SMES that were neutral on social networking (the green dotted line) paid less attention with the commitment to learning. Those SMEs who agreed to on having a social networking tend and were committed to learning had an improved performance (blue dashed line).

Table 4.18: Moderating effect of Social Networking on Relationship Between Commitment to Learning and Performance of SMEs

Variables	Coef. (β)	Std. Error	t	P>|t|
Intercept	3.38	0.48	6.98	0.00 ***
Commitment to Learning (cl)	-0.12	0.11	-1.05	0.29
Social Networking (sn)	-0.15	0.13	-1.18	0.24
Interaction (cl*sn)	0.08	0.03	2.52	0.01 *

*Note: Significance level, * for 10%, ** for 5%, *** for 1%. Residual standard error: 0.55 on 327 df. Multiple R-squared: 0.18, Adjusted R-squared 0.17. F-statistic: 23.58 on 3 and 327 df. P-value: 0.00*

Source: Survey Data, 2020

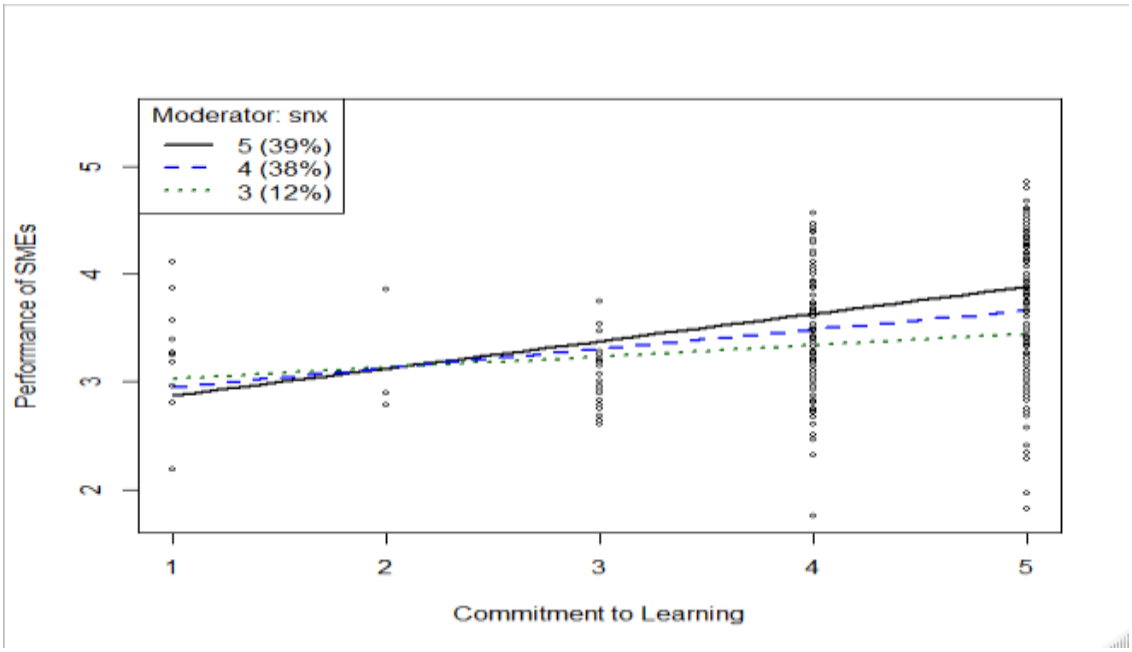


Figure 4.2: Simple Plot of Performance of SMEs versus Moderated Commitment to Learning

Source: Survey Data, 2022

Finally, those strongly agreed on social networking and having a committed learning amongst themselves tends to have positive increase in terms of performance (black line). The difference in the slopes for those SMEs that have a social networking implies that social networking moderates the relationship between commitment to learning and performance of small and medium enterprises of the two counties of Baringo and Elgeyo-Marakwet counties.

4.11.2 Moderation of Social Networking on the Relationship Between Shared Vision and Performance of SMEs

Graphically, it is seen that the difference in the plots (from green, blue and black) shows that interaction of social networking and shared vision causes the performance to increase indicating that networking in a firm or SMEs plays a significant role in the sense it links shared vision from one firm to another. Davenport and Prusak (2000) argued that networking plays key role in knowledge development and innovation during informal meetings. During consultation and servicing on firms, organised informal networks ensures knowledge is necessarily acquired

Table 4.19: Moderating effect of Social Networking on Relationship between Shared Vision and Performance of SMEs.

Variables	Coef. (β)	Std. Error	t	P>|t|
Intercept	3.63	0.38	9.59	0.00 ***
Shared Vision (sv)	-0.19	0.09	-2.07	0.04 *
Social Networking (sn)	-0.20	0.10	-2.02	0.04 *
Interaction (sv* sn)	0.09	0.02	3.95	0.00 ***

*Note: Significance level, * for 10%, ** for 5%, *** for 1%. Residual standard error: 0.54 on 327 df. Multiple R-squared: 0.23, Adjusted R-squared 0.22. F-statistic: 32.69 on 3 and 327 df. P-value: 0.00*

Source: Survey Data, 2020

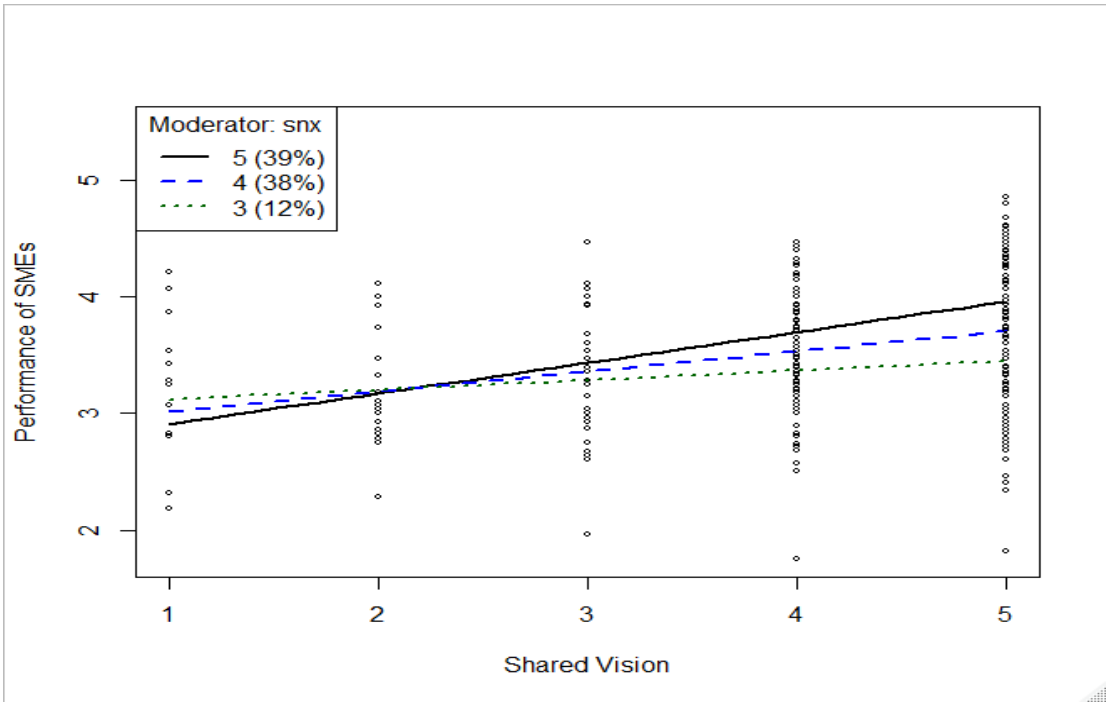


Figure 4.3: Simple Plot of Performance of SMEs versus Moderated Shared Vision

Source: Survey Data, 2020

4.11.3 Moderation of Social Networking on the Relationship Between Organisational Knowledge Sharing and Performance of SMEs.

Further, the study investigated the relationship between organizational knowledge sharing and performance of SMEs through the interaction of social networking between one SME business/firms to another.

The same evidence is observed in figure 4.3. The three lines of the moderating effect were similar (no difference in the distance between them). As per (Pathirage *et al.*, 2007), sharing of knowledge lead to accumulation, dissemination and acquisition of more knowledge and is ultimately crucial in organisation. However, over the last

decades, increase interest of knowledge still considered to be unexplored and not fully understood compared to work on explicit knowledge (Pathirage *et al.*, 2007).

Table 4.20: Moderating effect of Social Networking on Relationship between Organizational Knowledge Sharing and Performance of SMEs.

Variables	Coef. (β)	Std. Error	t	P>|t|
Intercept	2.48	0.32	7.71	0.00 ***
Organizational Knowledge Sharing (oks)	0.11	0.08	1.38	0.17
Social Networking (sn)	0.11	0.08	1.32	0.19
Interaction (oks* sn)	0.01	0.02	0.71	0.48

*Note: Significance level, * for 10%, ** for 5%, *** for 1%. Residual standard error: 0.54 on 327 df. Multiple R-squared: 0.23, Adjusted R-squared 0.22. F-statistic: 32.69 on 3 and 327 df. P-value: 0.00*

Source: Survey Data, 2020

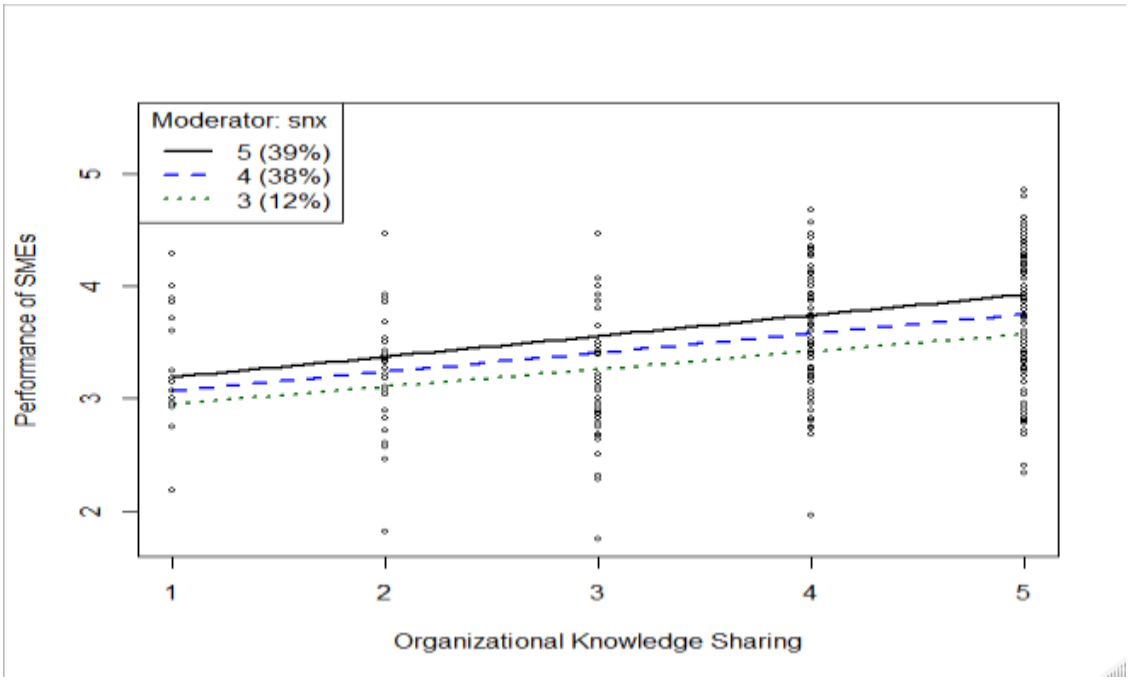


Figure 4.3: Simple Plot of Performance of SMEs versus Moderated Organizational Knowledge Sharing

Source: Survey Data, 2020

4.11.4 Moderation of Social Networking on the Relationship between Open-Mindedness and performance of SMEs.

Table 4.21: Moderating Effects of Social Networking on the Relationship Between Open-Mindedness and Performance of SMEs.

Variables	Coef. (β)	Std. Error	t	P>|t|
Intercept	2.47	0.14	17.93	0.00***
Open-mindedness(om)	0.04	0.04	0.96	0.34
Social Networking (sn)	0.15	0.03	5.83	0.00***
Interaction (om* sn)	0.04	0.01	5.67	0.00***

*Note: Significance level, * for 10%, ** for 5%, *** for 1%. Residual standard error: 0.55 on 327 df. Multiple R-squared: 0.25, Adjusted R-squared 0.25. F-statistic: 36.91 on 3 and 327 df. P-value: 0.00*

Source: Survey Data, 2020

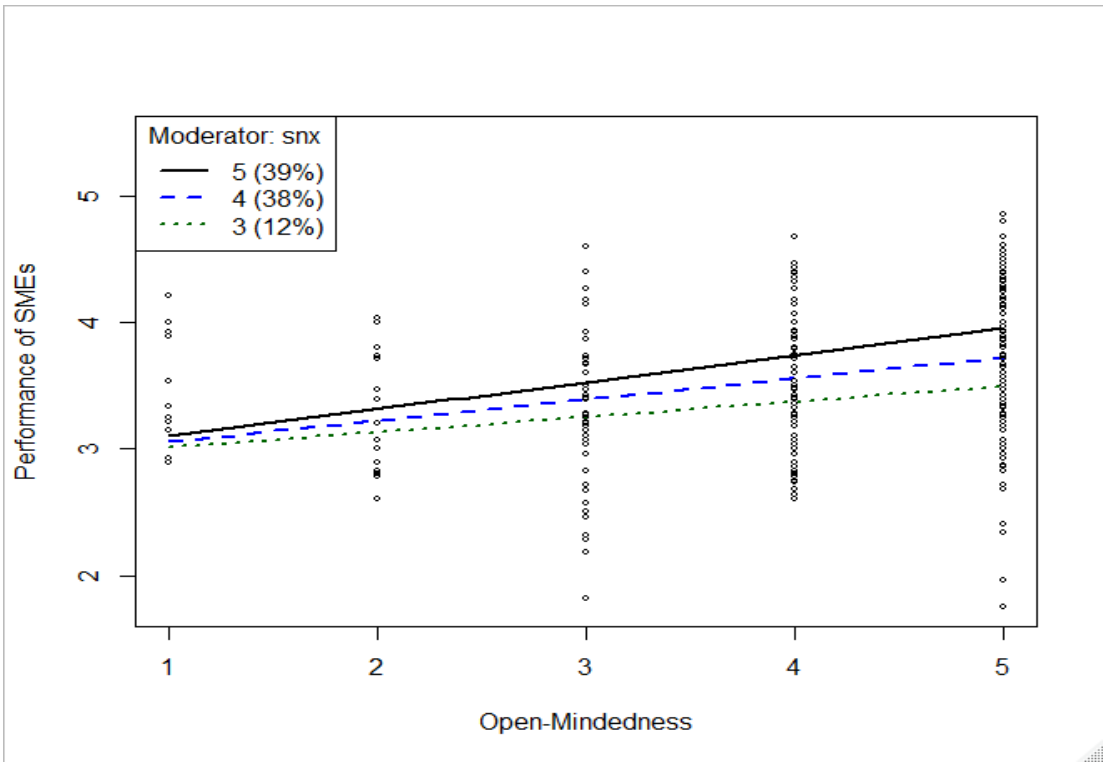


Figure 4.4: Simple Plot of Performance of SMEs versus Moderated Open-Mindedness

Source: Survey Data, 2022

4.12 Test of Hypotheses

The first four hypothesis objective of the study were tested using result in Table 4.17. This is because firm age and firm size were found to be significant factors determining the performance of the small and medium enterprises in Elgeyo-Marakwet and Baringo Counties. It is clear from the Table 4.17 that all the variables were significant at 10 percent while commitment to learning (CL) failed to be significant at 5 percent level of significance.

4.12.1 Testing Hypothesis H_{01}: The first hypothesis stated that there is no statistically significant relationship between commitment to learning and SMEs performance in Baringo and Elgeyo-Marakwet counties of Kenya.

H_{01}: The first hypothesis stated that there is no statistically significant relationship between commitment to learning and SMEs performance in Baringo and Elgeyo-Marakwet counties of Kenya. The results showed a positive insignificant effect of commitment to learning affecting SMEs performance (β= .054, p = .08). This hypothesis failed to be rejected and concluded that the research did not get sufficient evidence that commitment to learning (CL) affects performance of the SMEs in the region under study.

4.12.2 Testing Hypothesis H_{02}: The second hypothesis stated that there is no statistically significant relationship between shared vision and performance of SMEs in Baringo and Elgeyo-Marakwet counties of Kenya

H_{02}: The second hypothesis stated that there is no statistically significant relationship between shared vision and performance of SMEs in Baringo and Elgeyo-Marakwet counties of Kenya. Results showed that this hypothesis was rejected since there was

enough evidence that shared vision positively and statistically significant at coefficient β = 0.07 and probability p-value = 0.00 indicating that when organizations or small-scale enterprises vision is shared across all employees, then the performance in terms of profits, market share, and sales turnover would increase. That is the organizational vision across all levels, functions and divisions are shared, employees are committed to the goals of the organization then the performance of these organizations yield a positive result.

4.12.3 Testing Hypothesis H_{03}: It was hypothesized that there is no significant effect of organizational knowledge sharing on performance of SMEs in Baringo and Elgeyo-Marakwet counties of Kenya

Further, Organizational knowledge sharing was found to be affecting the performance of the SMEs in the Elgeyo-Marakwet and Baringo counties. It was hypothesized that there is no significant effect of organizational knowledge sharing on performance of SMEs in Baringo and Elgeyo-Marakwet counties of Kenya and as per the results presents in Table 4.17 the hypothesis was rejected and concluded that organizational knowledge sharing positively (β = 0.09) and statistically significant (p-value = 0.00) in the region under study.

4.12.4 Testing Hypothesis H_{04}: The fourth hypothesized objective was as follows open-mindedness does not have a significant effect on performance of SMEs in Baringo and Elgeyo-Marakwet counties of Kenya

The fourth hypothesized objective was as follows open-mindedness does not have a significant effect on performance of SMEs in Baringo and Elgeyo-Marakwet counties of Kenya. Since the result on open mindedness was positive (β = 0.06) significant at 5 percent significance level with probability (p-value = 0.02) as shown in Table 4.17 to

affect the performance of SMEs, this hypothesis was rejected and concluded that when organizations top management emphasize on the importance of knowledge sharing, have specific mechanism for sharing lessons in activities of the organization from the department, always emphasize on the sharing lessons and experiences within organizations and finally have a good deal of organizational conversation that keeps alive the lessons learned from history leads to improved performance of small scale and medium enterprises in the two counties of Elgeyo-Marakwet in Kenya.

4.12.5 Testing Hypothesis H_{05A} Social networking does not significantly moderate the relationship between commitment to learning and performance of SMEs in Baringo and Elgeyo-Marakwet counties of Kenya.

The moderation results presented in Table 4.18 indicates that the interaction between commitment to learning and social networking (cl*snx) was positive ($\beta = 0.08$) significantly (p-value = 0.01) at 5 percent level to affect the SMEs performance. Hence, its was concluded that social networking among the SMEs in the two counties leads to an improved performance of SMEs in terms of profit making or increase in net income.

4.12.6 Testing Hypothesis H_{05B} Social networking does not significantly moderate the relationship between shared vision and performance of SMEs in Baringo and Elgeyo-Marakwet counties of Kenya.

From the results in Table 4.19 of indirect relationship social networking positively ($\beta = 0.09$) and significantly (p-value = 0.00) moderated the relationship between shared vision and performance of SMEs. Shared vision has been mostly studied as a charismatic leadership in a variety of samples.

4.12.7 Testing Hypothesis H_{05C} Social networking does not significantly moderate the relationship between organizational knowledge sharing and performance of SMEs in Baringo and Elgeyo-Marakwet counties of Kenya.

From the results presented in Table 4.20 shows insignificant moderating effect (interaction $\beta = 0.01$, p-value = 0.48). Therefore, the hypothesis H_{05C} Social networking does not significantly moderate the relationship between organizational knowledge sharing and performance of SMEs in Baringo and Elgeyo-Marakwet counties of Kenya was not rejected. Implying that the study did not had enough evidence that organizational knowledge sharing interacting with networking would lead to performance of SMEs in Baringo and Elgeyo-Marakwet counties.

4.12.8 Testing Hypothesis H_{05D} Social networking does not significantly moderate the relationship between open mindedness and performance of SMEs in Baringo and Elgeyo-Marakwet counties of Kenya.

The study further determined to investigate the significance of open-mindedness on performance of SMEs through the interaction of social networking. H_{05D} : Social networking does not significantly moderate the relationship between open mindedness and performance of SMEs in Baringo and Elgeyo-Marakwet counties of Kenya. It was found that open-mindedness interacted with social networking significantly enhanced the performance of SMEs in the regions under the study with coefficient $\beta = 0.04$ and significant at p-value = 0.00. Thus, the hypothesis was rejected in favour of alternative hypothesis.

4.13 Discussion of Findings

Though in the first model where controls were omitted, the coefficient of the variable was positive ($\beta = 0.05$) and significant (p-value = 0.08). Implying that managers agree that business ability to learn is key to competitive advantage, basic values of the business and employee learning leads to increase in performance of the SME in terms of profitability and increase in sales turn over. Shared vision by visionary leader has been referred to ability to create and articulate visions providing meaning and purpose to the work of an organisation. Visionary leaders develop their own personal vision then merge it into with their colleagues. Communication of the vision empowers people to act. Uncommunicated vision leads people to unprecedented work making them spent more time trying to figure out what direction to go (Manning and Robbert, 2002).

Entrepreneurs face several challenges in developing vision and ideas that assemble a competent team, develop purpose, finding the right location and good customers overcoming competitions (Kanchana, Divya, & Beegom, 2013). Shahidi and Smagulova (2008) elucidated that risks, fear of failure, lack of confidence in dealing with world and taking rational steps in pursuit of goals are the challenges facing entrepreneur. The successful entrepreneur tends to be a visionary, competent, independent, action oriented, passionate, confidence, virtuous person who uses reasons to focus enthusiasm on reality in efforts to attain the goals.

According to David (2003), Rossouw *et al.,* (2003) shared vision provides strategies within organisation. The state of enterprises in the future is indicated by the vision and its significance is that it guides the philosophy and direction to the organization (Kantabutra and Avery, 2010). Business ideology must me shared and desired by

everyone (Ungerer, et al., 2007). There is a positive significant association between shared vision and performance of the firm, especially in a new economy.

Study by Kantabutra and Avery (2010), found that vision characteristics and content have positive and direct effects on the customers as well as staff satisfaction and performance of the business. Mission and vision statements, environmental scanning and strategic planning have had positive effect on the performance of SMEs (Sandada, 2014). Thus, it has shown that shared vision and performances have positive and significant relationship.

Man, Lau, and Chan (2002), Entrepreneurs that are commitment to their business, work hard, persistently, and diligently with element good elements. Commitment to their entrepreneurial endeavours characterized by the passion required for entrepreneurial success. It is further characterised by a single-minded focus to start a business towards survival and growth often at the expense of other worthy and important goals. Commitment to learning leads to persistence and perseverance in the face of obstacles. Dordevic (2004) argued that employee commitment to learning is important because high level commitment lead to several favourable business outcomes. This reflects the extent to which employee identifies the business goals and committed to it. Commitment to learn is important because it may predict the performance of the enterprise.

The independent variables are commitment to learning, shared vision, organizational knowledge sharing and open mindedness. The moderator is social networking. According to (Chen, 2008), Gulati *et al.,* (2000) Social networks are informal relationships or exchanges where all entrepreneurs' contacts are direct and face to face. This kind of networking includes friends, family and close business associates.

Ireland (2002) reported that networks and alliances are perceived to be significant for a competitive advantage and success. However, firms engaging on alliances and networking get access to useful and complementary resources and a vital information they lack which jointly develop new resource. This would be important for SMEs because they are frequently founded with limited resources, lack of learning orientation, interaction and coordination in their enterprises.

It implies that learning and networking plays an important role in determining the performance. Gomez *et al.,* (2005) elucidated that to achieve support from management, commitment to learning should be enhanced. Management need to encourage employees to be involved in the process of management. It is the responsibility of organisation to create capability to regenerate itself in coping new challenges through commitment to learning (Gomez *et al.,* 2005).

Shared vision can be defined as a common direction among the organization for learning. According to Gomez *et al.,* (2005), shared vision brings people in an organisation together to have a common identity with collective conscience that makes businesses have a system of elements of its own contribution. Involvement of people in establishing and implementing a joint vision leads to their motivation to learn what they are held responsible of (Chermack *et al.,* 2006).

Positive relationship between visionary leadership and performance of the business, attitude, and perception have been reported with positive relation to each other (Kantabutra *et al.,* 2003)

High level of open-mindedness according to Toloie and Maatofi (2011) small firms leads to more innovation and increased entrepreneurial performance. Benefits of

open-mindedness, SMEs are able to critically examine firm's daily operations in challenging previous learning by deleting repetitive methods, beliefs and assumptions that manages supportive innovation in the organization.

A study by Lu (2014) hypothesized a model which interdepartmental goal affects conflict outcome between different departments through open-minded discussion dynamics adopted by employees from other different departments in the same organization. This research proposes social motives moderating the link between interdepartmental goal and open-minded discussion.

Riege (2005) explained that individual, structure and technology are important three elements of sharing knowledge that help organisation in encouraging knowledge in organisation. that would help organization in encouraging knowledge sharing in the organization. Organization should concentrate on utilizing and capitalizing its tacit knowledge sharing. According to Schenken and Teigland (2008), transferring tacit knowledge is not to codify but rather transferring it through an implicit mode. Low strategic resources necessarily rely on individual know (Bagnaia, 2013).

There has been a peculiarity of knowledge sharing and constitute to 98 percent of the European enterprises means they can no longer be ignored. Knowledge sharing within SMEs aims at investigating effects of sharing knowledge on innovation and internationalization, representing SMEs fundamental challenges for survival in the markets (Bagnaia, 2013)

Theory of network approach explains knowledge can be shared through network connections and acts as a driving force in small firms (Chen, 2003). Building networks relationship in short term partnership, inter-organization collaborations,

strategic alliances enable SMEs to faster without following incremental stages as prescribed by Uppsala Model. Firms learning curve has been upgraded through participation in knowledge sharing networks (Dyer & Nobenoka, 2000).

Ipe (2003) noted that knowledge sharing is a basic act of making knowledge available to others within the organizations. It enables managers to keep the individual learning flowing throughout the company and integrate it for practical application. Reciprocal process of knowledge exchange is embedded in organisational knowledge sharing and it helps to examine and explain the willingness of individuals to be engaged in the business process.

Knowledge sharing is fragile and most researchers, report knowledge sharing improves organisational performance and in return promotes competitive advantage (Renzl, 2008; Lesser & Storck, 2001; Argote & Ingram, 2000).

In SMEs, knowledge management model is basically knowledge sharing through open and constant communication by all employees (Gray, 2006). Knowledge infrastructures such as structure, culture and technology as emphasized by Gold et al., (2001) that with knowledge acquisition, conversion protection and application are essential organisational capabilities for higher performance and essential process for knowledge management (Bock and Kim, 2002).

According to Bagnaia (2013) knowledge in many organizations is increasingly being considered as the most important resource. As per the Knowledge-based theory, knowledge which is intangible resource, which is intrinsically, rare, and difficult to imitate. These properties make this resource to be being competitive advantage. If organizations must benefit from the knowledge they possess, they must understand

how to manage it, that is they must put a great emphasis on knowledge creation, sharing and utilization activities. Yielding competitive advantage from sharing knowledge depends on social and dynamic nature. Therefore, Organizational knowledge sharing process leads to individual transformation into configuration that can understand assimilate and applied by others. It is a representation of most crucial phase of knowledge management relevant to SMEs.

4.14 Summary of Models and Hypotheses

The following Table 4.22 and Table 4.23 provides a summary of the estimated models and hypotheses tested respectively.

Table 4.22: Summary of the Models Estimated

Variables	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Constant	1.84*** (0.19)	1.15*** (0.17)	3.38*** (0.48)	3.63*** (0.38)	2.48*** (0.32)	2.47*** (0.14)
Commitment to Learning (CM)	0.10** (0.04)	0.05 (0.03)	-0.12 (0.11)	-	-	-
Shared Vision (SV)	0.12*** (0.03)	0.07*** (0.02)	-	-0.19* (0.09)	-	-
Organizational Knowledge Sharing (OKS)	0.10*** (0.03)	0.08*** (0.02)	-	-	0.11 (0.08)	-
Open-Mindedness (OM)	0.10*** (0.03)	0.06** (0.02)	-	-	-	0.04*** (0.04)
Firm Age (FA)	-	0.19*** (0.02)	-	-	-	-
Firm Size (FS)	-	0.16*** (0.02)	-	-	-	-
Social Networking (SN)	-	-	-0.15 (0.13)	-0.20** (0.10)	0.11 (0.03)	0.15*** (0.03)
Interaction 1(CL*SN)	-	-	0.07** (0.03)	-	-	-
Interaction 2(SV*SN)	-	-	-	0.09*** (0.02)	-	-
Interaction 3(OKS*SN)	-	-	-	-	0.01 (0.02)	-
Interaction 4 (OM*SN)	-	-	-	-	-	0.04*** (0.01)
F-Statistic	22.73	45.56	23.58	32.69	32.67	36.91
P > F	0.00	0.00	0.00	0.00	0.00	0.00
R-Square	0.22	0.46	0.18	0.23	0.23	0.25
R-Square change	0.22	0.23	-0.28	0.05	0.00	0.02
Adjusted R-Square	0.21	0.45	0.17	0.22	0.22	0.25
Root Mean Square	0.56	0.47	0.55	0.54	0.54	0.55

*Note: Significance level, * for 10%, ** for 5%, *** for 1%. Values in () are standard errors*

Source: Researcher, 2022

Table 4.23: Summary of the Hypotheses

Hypothesis	Statement	Method	Test statistic	Decision
H_{01}	There is no statistically significant relationship between commitment to learning and performance of SMEs in Baringo and Elgeyo-Marakwet Counties of Kenya	Multivariate regression technique	$\beta = 0.054, p = 0.08$	Failed to be rejected
H_{02}	There is no statistically significant relationship between shared vision and performance of SMEs in Baringo and Elgeyo-Marakwet Counties of Kenya	Multivariate regression technique	$\beta = 0.072, p = 0.00$	Rejected
H_{03}	There is no statistically significant relationship between organizational knowledge sharing and performance of SMEs in Baringo and Elgeyo-Marakwet Counties of Kenya	Multivariate regression technique	$\beta = 0.085, p = 0.00$	Rejected
H_{04}	There is no statistically significant relationship between open-mindedness and performance of SMEs in Baringo and Elgeyo-Marakwet Counties of Kenya	Multivariate regression technique	$\beta = 0.061, p = 0.02$	Rejected
H_{05A}	Social networking does not significantly moderate the relationship between commitment to learning and performance of SMEs in Baringo and Elgeyo-Marakwet counties of Kenya.	Multivariate regression technique and graphical method	$\beta = 0.07, p = 0.01$	Rejected
H_{05B}	Social networking does not significantly moderate the relationship between shared vision and performance of SMEs in Baringo and Elgeyo-Marakwet counties of Kenya.	Multivariate regression technique and graphical method	$\beta = 0.09, p = 0.00$	Rejected
H_{05C}	Social networking does not significantly moderate the relationship between organizational knowledge sharing and performance of SMEs in Baringo and Elgeyo-Marakwet counties of Kenya.	Multivariate regression technique and graphical method	$\beta = 0.01, p = 0.48$	Failed to be rejected
H_{05D}	Social networking does not significantly moderate the relationship between open mindedness and performance of SMEs in Baringo and Elgeyo-Marakwet counties of Kenya	Multivariate regression technique and graphical method	$\beta = 0.04, p = 0.00$	Rejected

Source: Researcher, 2020

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS AND SUGGESTIONS FOR FUTURE RESEARCH

5.1 Introduction

This section entails the overall summary of findings, the conclusions based on the findings, recommendations, and suggestions for further studies. In this chapter, the study presents the summary of the key empirical results of this research and based on these findings, suggest various policy recommendations that may provide useful implements for improving the performance of Small and Medium Enterprises in the two counties by the government and industry regulators in the Kenyan economy. The researcher equally underscores the possible openings for future research in this area of study. This is followed by the concluding remarks.

5.2 Summary of Findings

The aims of the study were to investigate the effect of learning orientation proxied by commitment to learning, shared vision, organizational knowledge sharing and open-mindedness on the performance of the SMEs. The objectives were; to determine the effect of commitment to learning on performance of SMEs in Baringo and Elgeyo-Marakwet counties of Kenya, to establish the effect of shared vision on performance of SMEs in Baringo and Elgeyo-Marakwet counties of Kenya, to investigate the effect of organisational knowledge sharing on performance of SMEs in Baringo and Elgeyo-Marakwet counties of Kenya and finally to assess the effect of open mindedness on performance of SMEs in Baringo and Elgeyo-Marakwet counties of Kenya.

Further, the study investigated moderating effect of social networking on the relationship between each of the predictor variables and the dependent variable. The

objectives under this are; To explore the moderating effect of social networking on the relationship between commitment to learning and performance, to determine the moderating effect of social networking on the relationship between shared vision and performance, to assess the moderating effect of social networking on the relationship between organisational knowledge sharing and performance and to determine the moderating effect of social networking on relationship between open mindedness and performance of SMEs in Baringo and Elgeyo-Marakwet counties of Kenya. Firm size and firm age were the control variables. Data was collected from a well-structured questionnaire administered to the SMEs. The respondents were drawn from two counties Elgeyo Marakwet (172 respondents) and Baringo (159 respondents). The data was coded into a STATA software, cleaned to remove outliers and then analyzed. There was 99.69 percent response rate. The average reliability was 0.807 Cronbach alpha coefficient and according to Hair *et al*., (1995), all the coefficients were within the accepted thresholds of 0.7.

The results on gender indicated that of the 331 respondents, a majority (56.5 percent) were female while (43.5 percent) were male. The respondents were asked to indicate their age. During the analysis, the age was categorized into age groups (bracket). Majority (37.5 percent) of the respondents fell in the 41-50 years age bracket. 32.6 percent were between 31-40 years; 11.5 percent were aged 51-60 years, 9.4 percent were aged 21-30 years, 7.3 percent were aged 61-70 years, while 1.8 percent were aged between 10-20 years. The cadre rank in the organization as well as the level of education. 50.2 percent of the respondents were business owners while 49.8 percent were in top management furthermore those who were of degree level and above were the majority with a total percentage of 48.1 percent, there were 10.6 percent of respondents without any formal education while primary, secondary and diploma had

13.9 percent, 13.9 percent and 13.6 percent respectively. The table also shows all the various percentages across the two cadres in the organizations in various academic levels.

The respondents were required to indicate their entrepreneurial experience they had before starting their own businesses. Majority (n = 127, 38.4 percent) had 1-5 years entrepreneurial experiences. 24.8 percent had 6-10 years entrepreneurial experience. Those with 11-20 years and more than 20 years were 12.7 and 13.3 percent respectively. Overall, over 70% of the respondents had less than 10years entrepreneurial experience. On the number of employees, it was established that the greatest percentage of the businesses had employees between 21-40 and 41-60 of which the two groups constitute 186 respondents out of possible 331. The least number of employees (n = 28) were found to be 81 and above. In comparison with firm age, a large number (n = 108) reported to have had 11-15 years of operation. Those with less than 5 years of operation were 47, those with 5-10 years were 82 and finally those with 16 and above years were 94.

Analysis from the cross tab it was established that most businesses were either in the sector of service or trade tis stood at 62.5 percent while the rest were either in manufacturing or agriculture. In terms of size, it was established that most enterprises had a capital base of 1 million and above, 44.8 percent were having a capital base of between 1M-5M, 41.9 percent above 10M and 12.5 percent between 6M-10M. Firms with firm size between 1M-5M were in the service industry (13%), followed by those in trade (10%). Trade industry led with 12.1% with firms with capital 6M-10M. Further, there were few firms agricultural sector and having firm size with above 10m capital at 1.5 percent of the total firms under study.

Before factor analysis, it was prudent to check whether the sample used were adequate for factor analysis. This was done using Kaiser-Meyer-Olkin. All the KMO values were greater than 0.7 and according to Kaiser 1974, this was acceptable for factor analysis. Eigenvalues are used to measure the total variance accounted by each factor. Kaiser criterion (Kaiser, 1974) suggests that those factors with eigen values equal or greater than one should be retained. Factor 1 was retained since it was the only factor with eigenvalue greater than one.

Factor loadings are weights and correlation between each variable and the factor. The higher the loading the more relevant in defining the factors' dimensionality. A negative value indicates an inverse impact on the factor. From the results in this study all the loadings for factor 1 were positive meaning the variables in this case had a positive impact to factor 1. Since only factor 1 had eigen value more than 1 and as per Kaiser criterion, this factor was retained.

The first hypothesis failed to be rejected and concluded that the research did not get enough evidence that commitment to learning (CL) affects performance of the SMEs in the region under study. Though, in the first model where controls were omitted, this variable was positive and significant. Implying that managers agree that business ability to learn is key to competitive advantage, basic values of the business and employee learning leads to increase in performance of the SME in terms of profitability and increase in sales turn over.

The second hypothesis was rejected since there was enough evidence that shared vision positively and statistically significant at coefficient 0.0724 and probability 0.003 indicating that when organizations or small-scale enterprises vision is shared across all employees, then the performance in terms of profits, market share, and sales

turnover would increase. That is the organizational vision across all levels, functions and divisions are shared, employees are committed to the goals of the organization then the performance of these organizations yields a positive result. Shared vision by visionary leader has the ability to create and articulate visions that provides a meaningful purpose to the organisation. They develop own personal vision and merge them with those of colleagues. Communicated vision empowers people to act. Visions is not clearly communicated when people do not act and spends more time trying to figure out what direction to go (Manning and Robertson, 2002). Leadership is to communicate in compelling company vision or to picture business direction

Organizational knowledge sharing was found to be affecting the performance of the SMEs in the Elgeyo-Marakwet and Baringo counties. Organizational knowledge sharing, positively (0.0849) and statistically significant (0.000) in the region under study.

Knowledge management model basically based on knowledge sharing and open communication in making explicit tacit knowledge held by all employees (Gray, 2006). Gold *et al.,* (2001) emphasized knowledge structures, culture and technology together with knowledge acquisition, conversion, application and protection are the important organizational capabilities for higher performances (Block and Kim, 2002,)

Lastly, it was hypothesized that open-mindedness does not have a significant effect on performance of SMEs in Baringo and Elgeyo-Marakwet counties of Kenya. Since the result was significant at 5 percent significance level with probability 0.0019 to affect the performance of SMEs, this hypothesis was rejected and concluded that when organizations top management emphasize on the importance of knowledge sharing, have specific mechanism for sharing lessons in activities of the organization from the

department, always emphasize on the sharing lessons and experiences within organizations and finally have a good deal of organizational conversation that keeps alive the lessons learned from history leads to improved performance of small scale and medium enterprises in the two counties of Elgeyo-Marakwet in Kenya.

In this study, one of the aims was to investigate the moderation effect of social networking on the relationship between each of the independent variable and the dependent variable. The independent variables are commitment to learning, shared vision, organizational knowledge sharing and open mindedness. The moderator is social networking.

The first moderation in this study was moderation effect of social networking on the relationship of commitment to learning and performance of SMEs in Baringo and Elgeyo-Marakwet counties. The interaction between commitment to learning and social networking (cl*snx) was positive (0.075) significantly (0.01) at 5 percent level to affect the SMEs performance. Hence, it was concluded that social networking among the SMEs in the two counties leads to an improved performance of SMEs in terms of profit making or increase in net income. It implies that learning and networking plays an important role in determining the performance.

Shared vision can be defined as a common direction for learning in an organization, it brings members together to a common identity with the existence of a collective conscience allowing firms to be a system which makes its own contribution (Gomez *et al.,* 2005). People establish and implements a joint vision leading to motivation to what they are held responsible of (Chermack *et al.,* 2006).

Social networking positively and significantly moderated the relationship between shared vision and performance of SMEs at 0.090 and probability 0.00 respectively. Shared vision has been studied to blend the charismatic leadership widely. Previous study has reported positive findings between visionary leadership and individual performance, attitude and perception with no study reporting negative relation between visionary leadership and individual performance (Kantabutra *et al.*, 2003)

Further, the study investigated the relationship between organizational knowledge sharing and performance of SMEs through the interaction of social networking between one SME business/firms to another. Implying that the study did not have enough evidence that organizational knowledge sharing interacting with networking would lead to performance of SMEs in the Baringo and Elgeyo-Marakwet counties.
The theory of network approach explains that knowledge can be share through and builds relationship on short runs enabling SMEs to internationalize faster as in prescription in Uppsala Model (Dyer & Nobenoka, 2000).

The study further determined to investigate the significance of open-mindedness on performance of SMEs through the interaction of social networking. It was found that open-mindedness interacted with social networking significantly enhanced the performance of SMEs in the regions under the study. SMEs are critically examining organizations daily operations and able to challenge previous learning through deleting repetitive methods, beliefs and assumptions to manage supportive innovations in organization through open-mindedness. Lu (2014) opined a model which interdepartmental goal interdependence affects conflict outcome from one department to another through open-mindedness adoptable by employees and social networking promotes interdepartmental goal and open-mindedness.

5.3 Conclusion

In this research, a framework for studying the effects of commitment to learning, shared vision, organizational knowledge sharing and open mindedness on the performance of SMEs was developed and tested using data collected from Small and Medium sized firms in Baringo and Elgeyo-Marakwet counties. The empirical results provided support for the hypothesis and revealed that learning orientation is critical to performance of the SMEs. The findings showed that learning orientation positively and significantly affects performance of small and medium enterprises in both Baringo and Elgeyo-Marakwet counties.

Small and medium enterprises within the two counties under this study; Baringo and Elgeyo Marakwet County, are a combination of self-employment outlets and fast-changing firms engaged in many types of businesses. A few such small firms are sole proprietorships; one half are female owned and a third of the businesses operate from homes. According to study by Kimuyu and Omiti, (2014), firms owned by female are likely to start smaller and use less start-up capital, be informal, have limited access to loans, grow slowly, and more frequently, operate from homes or less permanent structures thus constraining their performance. Because of the need for the two counties to diversify and shift their economies from an overreliance on agriculture, the successful development of SME sector is crucial because of its ability to create job opportunities, and the need to position Kenya as an exporter of basic food items and industrial commodities in commercial quantities (Mweiga, 2014). The performance of small and medium enterprises in the Baringo and Elgeyo-Marakwet counties is low due to several factors. The understanding of factors that underlie successful tenure of SMEs and their transition into bigger organisations is therefore crucial.

These findings support the previous studies of Catantone *et al.,* (2002) on impact of learning orientation on several US firms. Findings suggested that learning orientation positively influences firm innovation. Further, Ussahawanitchakit (2008) opined that shared vision, open-mindedness and knowledge within organization have positive and significant direct effect on Thai accounting firms' innovative orientation. Managers should create and promote eagerness to learning among employees. This is to make them develop new skills and sharing existing knowledge. According to Terziovski (2010) study, he looked on firm's innovative capabilities and SMEs performance, and relatively posted positive and significant results. The findings of the research are useful in the sense that it helps firms understand crucial link between learning orientation and performance. Performance is a central concern to all enterprises and understanding the relationship between SMEs performance and learning orientation helps to develop better competitive strategies. The findings of the study should assist consultants and support agencies that aid SMEs. The more the understanding on learning orientation, the greater the insight on how SMEs can achieve better strategies on their performance. Results confirms learning in an organization is important to better SMEs performance and is not also limited to well established and large SMEs which enjoy substantial economies of scale.

5.4 Recommendations

Recommendation has been categorized into policy, theoretical and managerial implications.

5.4.1 Policy Recommendation

The study made the following recommendations.

The results of the study, suggests the leaders need to stimulate an appropriate level of learning to foster knowledge sharing within the SMEs organisations. To begin, the study suggests that the leaders in the respective counties need to identify the factors which either weakens or strengthens the learning orientation when improving the SME development. By doing so, the effect of learning orientation can be achieved by creating an open learning environment and promoting social networking which allows the exchange of ideas and opinions.

The finding of the study recommends that shared vision needs to be articulated as it bonds organizational members together through a common desired future. Value-laden visions are associated with greater affective organizational commitment among SMEs. The aspirational nature of such a Shared Vision also directs the energy of the organization in a positive manner. A Shared Vision need to be looked at as it inspires the entire organization to optimism and success

Government should provide necessary infrastructure and proper policies for better economic development from the counties to the national government. The entrepreneurs should have an insight into the job requirement for better SMEs performance.

The study further recommends the entrepreneurs should have good social networking with others for them to improve the standard and the prestige of managerial functions on SMEs.

5.4.2 Theoretical Implication

SME performance has been influenced by learning orientation and is further enhanced by social networking which exists in the relationships among persons and enables SME's to mutually share knowledge. The study builds on resource-based view theory. Resource based view theory (RBV) and social network have cited profitability as the motivation behind learning orientation and indeed studies conducted on networking as a strategy for improving competitive performance that mainly focused on SMEs such as shared vision, knowledge sharing. knowledge management affects SME performance. This means that as SMEs enhance knowledge management through SME engagement and by giving feedback to employees regarding their performance then employees are better placed to perform better. Therefore, the study concludes that it is important for SME to properly utilize available resources. The study contributes to theory by validating that learning and social networking is a strategic resource impacts SME performance. Through the testing of hypothesis, it was confirmed that commitment to learning, knowledge sharing, shared vision and open-mindedness influences SME performance. The findings further concur with resource-based view that employees add value to the organisation through their skills, knowledge and experience.

5.4.3 Managerial Implications

Organisational Knowledge sharing is basically the act of making knowledge available to others within the organization. Knowledge sharing enables SMEs managers or owners to keep the individual learning flowing throughout the company and integrate it for practical application. The value of knowledge and social network are the main elements of knowledge sharing in SMEs. This could be contributed by the structure of SMEs, the close relationship in the organizations and the informal working

environment that normally found in SMEs. The finding is open an alternative opportunity for SMEs to get involve actively in knowledge management and SMEs should capitalize knowledge sharing to start innovation which is the main strength for long survival.

The findings emphasise the importance of learning orientation,social networking and SME performance in Elgeyo-Marakwet Counties. The findings showed that knowledge sharing, shared vision and open-mindedness positively and significantly affects SME performance. The study recommends that the management of SME basing on the strength of these relationships should refocus on knowledge sharing and social networking to improve SME performance. This can be achieved by ensuring that knowledge as an intangible asset should have measures of performance and these measures should be integrated into the management systems and reflected in SME performance.

Further, knowledge sharing, shared vison and open-mindedness had a positive and significant relationship with SME performance. The study therefore recommends that SMEs should improve technical systems such as modern informational hardware and software The SMEs should encourage employees to document knowledge in form of high-level research articles, lecture materials, book reviews, work manuals, reports among others. This knowledge should be stored in repositories where it can be successfully accessed and used with ease by anyone in the organization. This implies that SMEs should have an integrated technical infrastructure including networks, databases, repositories, computers, and software and this means more investment on information technology. Evaluation and follow up of shared knowledge should be done to ensure that the shared knowledge is absorbed by employees in form of

information and knowhow and utilized appropriately. Also, employees should be rewarded for sharing knowledge.

5.5 Suggestions for Future Research

i. The results of this study have shown a remarkable leading factor in assessing the contribution of learning Orientation social networking on SMEs performance; However, this study was confined on Learning Orientation, Social networking on SMEs Performance in the selected counties, Baringo and Elgeyo-Marakwet in Kenya, Hence, limiting the generalization of the findings. However, the study recommends a replica study to explore these findings in a different environment and culture to further validate the authenticity of the findings.

ii. The study recommends further research that could lead to full exploitation of factors that affects SMEs performance especially proper bookkeeping, production of financial statements to unlock the economic puzzle about SMEs contribution within the counties and Kenya as a country.

5.6 Limitations of the Study

In this study, several limitations were encountered. On most notables was lack of enough finances during research. Recruiting, training, and remunerating of research assistants and printing of documents such as copies of questionnaires required resources which was strenuous to the researcher.

REFERENCES

Ahuja, G. (2000). The duality of collaboration: Inducements and opportunities in the formation of interfirm linkages. *Strategic management journal, 21*(3), 317-343.

Akgün, A. E., Keskin, H., Byrne, J. C., & Aren, S. (2007). Emotional and learning capability and their impact on product innovativeness and firm performance. *Technovation*, *27*(9), 501-513.

Al Ahbabi, S. A., Singh, S. K., Balasubramanian, S., & Gaur, S. S. (2019). Employee perception of impact of knowledge management processes on public sector performance. *Journal of Knowledge Management*, *23*(2), 351-373.

Alasadi, R. and Abedelrahim, A. (2007). Critical analysis and modeling of small business performance (case study: Syria), *Journal of Asia Entrepreneurship and sustainability*, 3 (2), pp. 320-355.

Allen, E, Elam, A, Langowitz, N, & Dean, M. (2008).Global Entrepreneurship Monitor, 2007; Report on Women and Entrepreneurship. Babson College: The Center for Women's Leadership at Babson College, Lawrence N. Field, Center for Entrepreneurship, Baruch.

Aloulou, W. J. (2018). Studying the influences of learning orientation and firm size on entrepreneurial orientation-firm performance relationship in Saudi context. *Middle East Journal of Management*, *5*(2), 137-160.

Ambad, S. N. A., & Wahab, K. A. (2013). Entrepreneurial orientation among large firms in Malaysia: Contingent effects of hostile environments. *International Journal of Business and Social Science, 4*(16).

Amit, R., & Schoemaker, P. J. (1993). Strategic assets and organizational rent. *Strategic management journal*, *14*(1), 33-46.

Amo, Gomez and Rialp (2014). Learning orientation and new business achievement in Spain hospitality industry. Research Journal, Volume 11: Pages 121-231.

Andersén, J. (2019). Resource orchestration s and third party logistics providers: resource commitment, innovation and collaboration. *Journal of Business & Industrial Marketing*, *33*(4), 563-573.

Appelbaum, S. H., & Reichart, W. (1998). How to measure an organization's learning ability: the facilitating factors-part II. *Journal of Workplace Learning*, *10*(1), 15-28.

Argote, L. & Ingram, P. (2000). Knowledge transfer: A basis for competitive advantage in firms. *Organizational Behavior and Human Decision Processes, 82* (1), 150-169.

Arum, R., & Müller, W. (2004). The return of self-employment: A cross-national study of self-employment and social inequality.

Atieno, R. (2009). *Linkages, access to finance and the performance of small-scale enterprises in Kenya* (No. 2009.06). Research paper/UNU-WIDER.

Azizi, B. (2017). The study of relationship between learning orientation and organizational performance. RAD, 19 (1), 164-172.

Bagnaia, S. (2013). The role of knowledge sharing in SMEs' innovation and internationalization process: a case study: Monnalisa Spa.

Baker, W. E., & Sinkula, J. M. (1999). Learning orientation, market orientation, and innovation: Integrating and extending models of organizational performance. *Journal of market-focused management*, *4*(4), 295-308.

Baringo County Government (2017). Bulletin – Baringo County Government.

Bayisenge, R., Shengde, H., Harimana, Y., Karega, J. B., Lukileni, M., Nasrullah, M., ... & Nteziyaremye, B. E. (2020). Contribution of small and medium enterprises run by women in generating employment opportunity in Rwanda. *International Journal of Business and Management*, *15*(3), 1833-8119.

Blanchflower, D. (2004). Self-employment: more may not be better. *Forthcoming Swedish Economic Policy Review.*

Bock & Kim (2002). Breaking the myths of rewards. An exploratory study of attitudes about knowledge. *Information Resources Management Journal, 15* (2) 14- 21.

Booth, W. C., Colomb, G. G., & Williams, J. M. (2008). The craft of research. Chicago.

Bouzdine, T., & Bouzdine, T. (2004). The role of social capital within business networks: Analysis of structural and relational arguments.

Briozzo, A., & Cardone-Riportella, C. (2012). *Evaluating the Impact of Public Programs of Aid to SMEs during times of crisis: The Spanish Experience* (No. 12.04).

Brockman, B.K. & Morgan, R. M., (2003). "The Role of Existing Knowledge in New Product Innovativeness and Performance, *Decision Sciences, 34*(2), 385-419.

Bunderson, J. S., & Reagans, R. E. (2011). Power, status, and learning in organizations. *Organization Science*, *22*(5), 1182-1194.

Burt, R. S. (2000). The network structure of social capital. *Research in organizational behavior*, *22*, 345-423.

Calontone, R., Cavusgil, S., & Zhao, Y. (2002). Learning orientation, firm innovation capability, and firm performance. Industrial Marketing Management, 31(6), 515-524. http://dx.doi.org/10.1016/S0019-8501(01)00203-6

Cantù, C., Montagnini, F., & Sebastiani, R. (2010). Organizing a network within the network: The case of MC Elettrici. *IMP Journal, 4/3*, 220-243

Cenamor, J., Parida, V., & Wincent, J. (2019). How entrepreneurial SMEs compete through digital platforms: The roles of digital platform capability, network capability and ambidexterity. *Journal of Business Research*, *100*, 196-206.

Chakravorti, S. (2009). Extending customer relationship management to value chain partners for competitive advantage. *Journal of Relationship Marketing*, *8*(4), 299-312.

Chan, S. W., Omar, S. S., & Ramlan, R. (2016). The Relationship Between Entrepreneurial Orientation and Manufacturing Operations of Malaysian SMEs Rural Entrepreneurs. *Advanced Science Letters*, *22*(5-6), 1635-1639.

Chen, M. Y., & Chen, A. P. (2006). Knowledge management performance evaluation: a decade review from 1995 to 2004. *Journal of Information Science*, *32*(1), 17-38.

Chen, T. (2003). Network Resources for Internationalization: The Case of Taiwan's Electronics Firms. *Journal of Management Studies*, 40(5): 1107-1130.

Chermack, T.J., Lynham, S.A., and Van Der Merwe, L. (2006), Exploring the Relationship Between Scenario Planning and Perceptions of Learning Organization Characteristics, Futures, 38(7), pp. 767-777.

Child, J., Faulkner, D., Tallman, S., & Tallman, S. B. (2005). *Cooperative strategy*. Oxford University Press, USA.

Chiliya, N., Herbst, G., & Roberts-Lombard, M. (2009). The performance of black-owned Grocery shops in townships in South Africa.

Chirico, F., & Salvato, C. (2008). Knowledge integration and dynamic organizational adaptation in family firms. *Family Business Review*, *21*(2), 169-181.

Choi, S. (2014). Learning orientation and market orientation as catalysts for innovation in nonprofit organizations. *Nonprofit and voluntary sector quarterly*, *43*(2), 393-413.

Chowdhury, S. R. (2011). Impact of global crisis on small and medium enterprises. *Global Business Review, 12*(3), 377-399.

Chuke, E. N. (2012). Return on investment: conceptions and empirical evidence from banking stocks, *management journal 19*(8), 69785.

Clayton, B. (2009). When practice and theory conflict: do incentives influence championing behaviors in mergers and acquisitions. *Case Western Reserve University, Cleveland, OH*.

Cohen, J., Cohen, P., West, S. G., and Aiken, L. S. (2003).Applied multiple regression/correlation analysis for the behavioral sciences. L. Erlbaum Associates, Mahwah,N.J., 3rd ed edition.

Cohen, P., West, S. G., & Aiken, L. S. (2014). *Applied multiple regression/correlation analysis for the behavioral sciences*. Psychology Press.

Cole, D. A., & Maxwell, S. E. (2003). Testing mediational models with longitudinal data: questions and tips in the use of structural equation modeling. *Journal of abnormal psychology*, *112*(4), 558.

Combs, J. G., Russell Crook, T., & Shook, C. L. (2005). The dimensionality of organizational performance and its implications for strategic management research. In *Research methodology in strategy and management* (pp. 259-286). Emerald Group Publishing Limited.

Conner, K. R. (1991). A historical comparison of resource-based theory and five schools of thought within industrial organization economics: do we have a new theory of the firm?. *Journal of management*, *17*(1), 121-154.

County Integrated Development plan (2013). County integrated development plan. *County Government of Elgeyo Marakwet*

County, Kenya. *International Journal of Scientific and Research Publications*, *4*(12), 1-25.

Creswell, J. W., & Poth, C. N. (2017). *Qualitative inquiry and research design: Choosing among five approaches*. Sage publications.

Cull, R., Demirgu¨ ç-Kunt, A., & Morduch, J. (2007). performance and outreach: A global analysis of leading microbanks. *The Economic Journal*, *117*(517), F107-F133.

Dada, O., & Fogg, H. (2016). Learning orientation, entrepreneurial orientation, and the role of university engagement in SMEs. *International Small Business Journal*, *34*(1), 86-104.

Davenport, T. H. & L. Prusak (2000). Working Knowledge: How organizations manage what they know. Boston, Harvard Business School Press.

Dawes, J. (1999). The relationship between subjective and objective company performance measures in market orientation research: further empirical evidence. *Marketing bulletin-department of marketing massey university*, *10*, 65-75.

Day, G. S. (1994). Continuous learning about markets. *California management review*, *36*(4), 9-31.

De Geus, A. P. (1988). *Planning as learning* (pp. 70-74). March/April: Harvard Business Review.

De Vos, A. S., Strydom, H., Fouché, C. B., & Delport, C. S. (2005). *Research at grass roots: For the social sciences and human service professions* (p. 471). Pretoria: van Schaik.

Denzin, N., & Lincoln, Y. (2005). *The Sage handbook of qualitative research* (3rd Ed). London: Sage.

Dess, G. G. (1987). Consensus on strategy formulation and organizational performance: Competitors in a fragmented industry. *Strategic management journal*, *8*(3), 259-277.

Dewey, J. (1933). How We Think. A Restatement of the Relation of Reflective Thinking to the Educative Process, Boston etc.(DC Heath and Company) 1933.

Dimovski, V., & Škerlavaj, M. (2011). Social network approach to learning orientation. *Journal of Applied Business Research*, *22*(2). DOI: 10.19030/jabr.v22i2.1440

Dordevic, B. (2004). Employee Commitment in Times of Radical Organization Changes. Economic and Organization.

Dyer, J.H. and Nobenoka, K. (2000). Creating and managing a high performance knowledge sharing network: the Toyota case. *Strategic Management Journal*, 21(3): 345-367.

Ejdys, J., & Gedvilaite, D. (2017). Learning orientation in nursing homes in Poland. *Engineering Management in Production and Services*, *9*(3), 51-62.

Ekber, A. A., Zeki, S. I., Kocoglua, I., Ince, H. & Keskin, H. (2014). Bridging Learning orientation Capability and SMEs performancethrough Customer Relationship Management. *Procedia - Social and Behavioral Sciences,* 150, 531 – 540.

Elasrag, H. (2012). The developmental role of SMEs in the Arab countries. *Available at SSRN 2127954*.

Elwood & James (2003)"The Impact of Strategic Human Resource Management on Firm Performance and HR Professionals' Work Attitude and Work Performance", International Journal of Human Resource Management, 8(3), pp. 263–276

Ensley, M. D., Pearce, C. L., & Hmieleski, K. M. (2006). The moderating effect of environmental dynamism on the relationship between entrepreneur leadership behavior and new venture performance. *Journal of Business Venturing*, *21*(2), 243-263.

Fahy, J. (2000). The resource-based view of the firm: some stumbling-blocks on the road to understanding sustainable competitive advantage. *Journal of European industrial training*, *24*(2/3/4), 94-104.

Farouk, A., & Saleh, M. (2011). An explanatory framework for the growth of small and medium enterprises. In *International Conference of System Dynamics Society* (pp. 1-29).

Farrell, M. A., & Oczkowski, E. (2002). Are market orientation and learning orientation necessary for superior organizational performance?. *Journal of market-focused management*, *5*(3), 197-217.

Farrell, M., & Mavondo, F. T. (2004). The effect of downsizing strategy and reorientation strategy on a learning orientation. *Personnel Review*, *33*(4), 383-402.

Farrington, S. M. (2017). Psychological well-being and performance: An SME perspective. *South African Journal of Business Management*, *48*(4), 47-56.

Fatoki, O. (2014). The entrepreneurial orientation of micro enterprises in the retail sector in South Africa. *Journal of Sociology and Social Anthropology*, *5*(2), 125-129.

Feuerstein, M. T. (1986). *Partners in evaluation: evaluating development and community programmes with participants*. Macmillan Publishers.

Field, A. (2005). *Discovering statistics using SPSS* (2nd ed.). London: Sage

Fincham, J. E. (2008). Response rates and responsiveness for surveys, standards, and the Journal. *American journal of pharmaceutical education*, *72*(2).

Fiol, C. M., & Lyles, M. A. (1985). Learning orientation. *Academy of management review*, *10*(4), 803-813.

Forbes, D. P. (1998). Measuring the unmeasurable: Empirical studies of nonprofit organization effectiveness from 1977 to 1997. *Nonprofit and voluntary sector quarterly*, *27*(2), 183-202.

Forker, L. B., Vickery, S. K., & Droge, C. L. (1996). The contribution of quality to business performance. *International Journal of Operations & Production Management*, *16*(8), 44-62.

Fulmer, R. M., Gibbs, P., & Keys, J. B. (1998). The second generation learning organizations: new tools for sustaining competitive advantage. *Organizational dynamics*, *27*(2), 7-20.

Gagliardi-Main, D., Muller, P., Glossop, E., Caliandro, C., Fritsch, M., Brtkova, G., & Ramlogan, R. (2013). Annual report on European SMEs 2012/2013: a recovery on the horizon?. *SME performance review*.

Galer, G., & Van Der Heijden, K. (1992). The learning organization: How planners create learning orientation. *Marketing Intelligence & Planning*, *10*(6), 5-12.

Galer, G., & Van Der Heijden, K. (1992). The learning organization: How planners create learning orientation. *Marketing Intelligence & Planning*, *10*(6), 5-12.

Garcia-Morales, V. J., Lloréns-Montes, F. J., & Verdu-Jover, A. J. (2007). Influence of personal mastery on organizational performance through learning orientation and innovation in large firms and SMEs. *Technovation*, *27*(9), 547-568.

Gibcus, P., & Kemp, R. G. M. (2003). *Strategy and small firm performance* (pp. 1-75). EIM Business & Policy Research.

Gichuki, J. A. W., Njeru, A., & Tirimba, O. I. (2014). Challenges facing micro and small enterprises in accessing credit facilities in Kangemi Harambee market in Nairobi City

Gifi, A. (1990). *Nonlinear Multivariate Analysis,* John Wiley and Sons.

Gigerenzer, G. (1993). The superego, the ego, and the id in statistical reasoning. In Hillsdale, J. (ed), A handbook for data analysis in the behavioural sciences. *Eribaum*: 311-339.

Glen, A. (2008). *Corporate Management* (4th Ed.). London: Prentice-Hall.

Glick, W. H., Washburn, N. T., & Miller, C. C. (2005, August). The myth of entrepreneurial performance. *Proceedings of the Annual Meeting of American Academy of Management*. Honolulu, Hawaii.

Global Entrepreneurship Monitor (2010). 2010 Report on Higher Expectation Entrepreneurship, from: www.gemconsortium.org (accessed on 1 June 2011).

GOK (2010). Baringo County strategy plan.

GoK (2012). *The Micro and Small Enterprises Act 2012*. Kenya Gazette Supplement No, 219 (Acts No. 55). Nairobi, Government printer, Government of Kenya.

GoK (2012). *Sessional Paper No. 10 of 2012 on Kenya Vision 2030*. Nairobi: Government Printers.

Gold, A. H., Malhotra, A., & Segars, A. H. (2001). Knowledge management: An organizational capabilities perspective. *Journal of management information systems*, *18*(1), 185-214.

Gomez, P., Cespedes-Lorente, J., and Valle-Cabera, R. (2005), Learning orientation Capability: A Proposal of Measurement, Journal of Business Research, 58, pp.715-725.

Government of Kenya (2011). *Youth Enterprise Development Fund Status Report*. Nairobi: Government Printer.

Grant, R. M. (1991). The resource-based theory of competitive advantage: implications for strategy formulation. *California management review*, *33*(3), 114-135.

Grant, R. M. (1996). Toward a knowledge-based theory of the firm. *Strategic management journal*, *17*(S2), 109-122.

Gray, C. (2006). Absorptive capacity, knowledge management and innovation in entrepreneurial small firms. *International Journal of Entrepreneurial Behavior & Research, 12* (6), 345-360.

Gray, J.H. (1997). Small business strategy in Australia, *Academy of Entrepreneurship Journal*, *2* (2), 44-58.

Griffins, L. W. (2006). Strategic planning: concept and cases. *Strategic Management Journal*, *16*(2), 71-83.

Gur, F. A., & Greckhamer, T. (2018). Know thy enemy: A review and agenda for research on competitor identification. *Journal of Management*, 0149206317744250.

Hackworth, J., Steel, S., Cooksey, E., DePalma, M., & Kahn, J. A. (2018). Faculty Members' Self-Awareness, Leadership Confidence, and Leadership Skills Improve after an Evidence-Based Leadership Training Program. *The Journal of pediatrics*, *199*, 4-6.

Hair, J., Black, W., Babin, B., & Anderson, R. (2010). *Multivariate data analysis*, 7th Ed. Upper Saddle, NJ: Prentice Hall.

Hall, R. (1992). The strategic analysis of intangible resources. *Strategic Management Journal*, *13*, 135-144.

Hanafi, N. (2012). *Learning orientation, entrepreneurial orientation, competitive advantage and business performance of women-owned SMEs in Malaysia*, Unpublished DBA dissertation, UUM, Kedah.

Hansen, E., & Nybakk, E. (2018). Response to the global crisis: a follow-up study. *Journal of Innovation and Entrepreneurship*, *7*(1), 7.

Hansen, M.T. (1999). The search-transfer problem: the role of weak ties in sharing knowledge across organization subunits. *Administrative Science Quarterly*, *44*, 82-111.

Harabsheh, R., Ensour, W., & Bogolybov, P. (2017). Learning orientation, market orientation and organizational performance: The mediating effect of absorptive capacity. *Business and Economic Research, 7*(1).

Hayes, A. F. (2013). Introduction to mediation, moderation, and conditional process anal-ysis: A regression-based approach. Guilford Press, New York.

Heir, J. F., Black, W. C., Babin. B. J., Anderson, R. E., & Tatham, R. (2006). *Multivariate Data Analysis* (6th Ed). New Jersey: Prentice Hall.

Henderson, R. & Robertson, M. (1999). Who wants to be an entrepreneur? Young adult attitudes to entrepreneurship as a career. *Education and Training*, *41*(5), 236-245.

Herath, H. M. A., & Mahmood, R. (2013). Mediatory effect of entrepreneurial self-efficacy on the relationship between strategic orientation and SME performance: A research model. *International Academic Research Journal of Business and Management*, *1*(8), 1-18.

Herman, R. D. & Renz, D. O. (1999). Thesis on Non-profit Organizational Effectiveness. *Non-profit and Voluntary Sector Quarterly, 28,* 107–125.

Hernández-Perlines, F., Moreno-García, J., & Yañez-Araque, B. (2016). The mediating role of competitive strategy in international entrepreneurial orientation. *Journal of Business Research*, *69*(11), 5383-5389.

Hofer, A. & Delaney, A. (2010). *Shooting for the Moon: Good Practices in Local Youth Entrepreneurship Support*, OECD Local Economic and Employment.

Horton, J., Millo, Y., & Serafeim, G. (2012). Resources or power? Implications of social networks on compensation and entrepreneurial performance. *Journal of Business Finance & Accounting, 39* (3–4).

Hult, G. T. (1998). Managing the international strategic sourcing process as a market-driven learning orientation system. *Decision Science,* 29(1), 193-216

Hult, G.T.M., Hurley, R.F., & Knight, G.A. (2004). Innovativeness: Its antecedents and impact on business performance. *Industrial Marketing Management,* 33, 429-438.

Hussain, J., Shah, F., and Khan, M. (2016). Does learning orientation orientation matter? Investigating the impact of learning orientation on SMEs performance. *Sarhad Journal of Management Sciences, 2*(2), ISSN 2523-2525 (online).

Idowu, A. (2013). Learning orientation, innovativeness and performance of small and medium enterprises (SMEs) in Nigeria. *European Journal of Business and management, 5*(2), 179-186.

Ipe, M. (2003). Knowledge sharing on organizations: A conceptual framework. *Human Resource Development Review*. *2* (4), 337-358.

Jacard, J. and Jacob, J. (2010). *Theory construction and model-building skills: a practical guide for social scientists.* New York: Guilford.

Jepkemei, C. L. (2018). *Comprehension of Information for Informed Consent among Hemato-Oncology study participants at Ampath, Eldoret, Kenya* (Doctoral dissertation, Moi University).

Jimenez-Jimenez, D. & Cegarra-Navarro, J. G. (2007). The performance effect of learning orientation and market orientation. *Industrial Marketing Management,* 36, 694-708.

Jimenez-Jimenez, D., Martinez-Costa, M. & Sanz-Valle, R. (2014). "Innovation, Learning orientation Orientation and Reverse Knowledge Transfer in Multinational Companies" *The Electronic Journal of Knowledge Management,* 12 (1), 47-55.

Johansson, E. (2000). Self-employment and Liquidity Constraints: Evidence from Finland. *Scandinavian Journal of Economics.* 102 (1): 123-134.

K Mavondo, F. T., Chimhanzi, J., & Stewart, J. (2005). Learning orientation and market orientation: Relationship with innovation, human resource practices and performance. *European journal of marketing*, *39*(11/12), 1235-1263.

Kalane, L. (2015). *Reasons for failure of SMEs in the Free State* (Doctoral dissertation, University of the Free State).

Kalm, M. (2012). The Impact of Networking on SMEs performanceEvidence from Small and Medium-Sized Firmsin Emerging Technology Areas. *Journal of Market - Focused Management*, 4.

Kalof, L., Dan, A., & Dietz, T. (2008). *Essentials of Social Research*. Berkshire, England: Open University Press.

Kanchana, R. S., Divya, J. V., & Beegom, A. A. (2013). Challenges faced by new entrepreneurs. *International journal of current research and academic review*, *1*(3), 71-78.

Kantabutra, S. & Avery, G. C. (2010) "The power of vision: statements that resonate", Journal of Business Strategy, 36 (1)937 –45.

Kantabutra, S., & Avery, G. C. (2003). Enhancing SME performance through vision-based leadership: An empirical study. In *Presentation at the 16 th Annual Conference of Small Enterprise Association of Australia & New Zealand, Victoria, Australia. Retrieved August* (Vol. 8, p. 2008).

Kaplan, M., Öğüt, A., Mehmet, D. & Kaplan, A. (2014). The Relationship between Learning orientation and Performance: A Study of Small-Sized Businesses in Turkey. *Journal of WEI Business and Economics, 3* (2), 17-24.

Kaplan, R. S., & Norton, D. P. (2005). The balanced scorecard: measures that drive performance. *Harvard business review*, *83*(7), 172.

Kaya, W. and Seyrek, Y. (2012). The satisfying principle in capability learning. *Strategic Management Journal 21*: 981–996.

Kelley, DJ, Brush, CG, Greene, PG, & Litovsky, Y. (2011). Global Entrepreneurship Monitor: 2010 Women's Report. Boston: The Centre for Women's Leadership at Babson College and London Business School.

Kemboi, A. & Ochieng, M. O. (2015). Knowledge Sharing as a Catalyst for Enhanced Performance in Micro, Small and Medium Enterprises (MSMEs) In Migori County, Kenya. International *Journal of Small Business and Entrepreneurship Research, 3* (1), 31-37.

Kenya National Bureau of Statistics (2017). *Performance of Business Enterprises in Kenya*. Government Printers, Nairobi.

Keskin, H. (2006). Market orientation, learning orientation, and innovation capabilities in SMEs: An extended model. *European Journal of Innovation Management, 9*(4), 396-417.

Keskin, H., Senturk, C., Sungur, O., & Kiris, H. (2010). The importance of SMEs in developing

Ketokivi, M. A. & Schroeder, R. G. (2004). Perceptual measures of performance: fact or fiction? *Journal of Operations Management, 22*(3), 247-264.

Khlynovskaya, Y., Hudson, G., & Pesamaa, O. (2014). *The role of learning orientation and customer relation on company performance: Empirical evidence from telecom industry in Kazakhstan* (Master's thesis, Blekinge Institute of Technology).

Kihonge, E. (2014). *The Role of Small and Medium Enterprises (SMEs) in Small Towns in Rural-Urban continuum: the case of Sagana and Karatina in Mount Kenya Region, Central Kenya* (Doctoral dissertation, Clermont-Ferrand 2).

Kim, M. J. (2018). A study on the effect of organizational culture recognized by organizational members of public organizations on learning organization and organizational performance. *Industry Promotion Research, 3*(1), 13-31.

Kimuyu, E. and Omiti, L. (2014). Factors affecting performance of small and medium enterprises in Kenya. International *Journal of Small Business and Entrepreneurship Research, Volume 6*: Pages 111-143.

Kinuthia, D. (2017). Decentralization and Participatory Development: A Case Study of Elgeyo Marakwet County, Kenya.

Kinyua, G.M., Muathe, S. & Kilika, J.M. (2015). Effect of Knowledge Conversion and Knowledge Application on Performance of Commercial Banks in Kenya. *International Journal of Education and Research, 3* (10), 431-444.

Kiprotich, S., Kimosop, J., Kemboi, A., & Chepkwony, P.K. (2015). Mediating Effect of Social Networking on the Relationship between Entrepreneurial Orientation and Performance of Small and Medium Enterprise in Baringo and Elgeyo-Marakwet County, Kenya. *European Journal of Small Business and Entrepreneurship Research, 3* (2), 38-52.

Kline, R. B. (2005). *Principles and Practice of Structured Equation Modelling* (2nd Ed). New York: The Guildford Press.

Kohli, A.K. & Jaworski B.J., (1990). 'Market Orientation: The Construct, Research Propositions, and Managerial Implications', *Journal of Marketing*.

Kombo, D. and Tromp, D. (2010). *Proposal and thesis writing: An introduction*. Macmillan Publishers.

Kothari, C. R. (2004). *Research Methodology: Methods and Techniques*. New Delhi: Willey Eastern Ltd.

Kumaraswamy, K., & Chitale, C. (2012). Collaborative knowledge sharing strategy to enhance learning orientation. *Journal of Management Development, 31*(3), 308-322.

Kumbrai, M. and Webb, R. (2010). A ratio analysis of commercial bank performance in South Africa. *African Review of Economics and Finance, 2* (1), 17-26.

Ladzani, T. (2012) Entrepreneurship and business performance: The moderating effect of international environmental hostility. *Journal of Business Venturing*, 15(5), 469−492.

Lemay, D. J., Basnet, R. B., Doleck, T., & Bazelais, P. (2019). Social network analysis of twitter use during the AERA 2017 annual conference. *Education and Information Technologies, 24*(1), 459-470.

Lesser, E.L., & Storck, J. (2001). Communities of Practice and organizational performance. *IBM Systems Journal, 40* (4), 831-841.

Levitt, B. & March, J.G. (1988). Organisational Learning. *Annual Review of Sociology, 14*, 319- 340.

Liao, S. H., Fei, W. C. & Chen, C. C.(2005). *A Study on the Relationships among Knowledge-sharing, Knowledge Absorptive Capacity and Knowledge Innovation Capability.* Taiwan: The 9th Interdisciplinary Management Conference Paper (28 May 2005), 376-395.

LiPuma, J.A., Newbert, S.L. and Doh, J.P. (2011). The effect of institutional quality on firm export performance in emerging economies: a contingency model of firm age and size, *Small Business Economics*, 40, pp. 817-841.

Liu, B. & Fu, Z. (2011). Relationship between Strategic Orientation and Organizational Performance in Born Global: A Critical Review. *International Journal of Business and Management, 6* (3), 109-115.

Long, H. (2013). The relationship among learning orientation, market orientation, entrepreneurial orientation, and SMEs performance of Vietnam marketing communications firms. *Philippine Management Review, 20*, 37-46.

Lopez, V. & Esteves, J. (2013). Acquiring external knowledge to avoid wheel re-invention. *Journal of Knowledge Management,* 17 (1), 87 – 105.

Lord, M. (2014). Group learning capacity: the roles of open mindedness and shared vision. *Frontiers in Psychology, 6*(150), 1-11.

Lu, J. (2014). Open-minded discussion in interdepartmental collaboration: Contribution of goal interdependence and social motives (Master's thesis, Lingnan University, Hong Kong).

Lukas, B. A., & Maignan, I. (1996). Striving for quality: the key role of internal and external customers. *Journal of Market-Focused Management, 1*(2), 175-187.

Lumpkin, G.T., & Dess, G.G., (1996). Clarifying the Entrepreneurial Orientation Construct and linking it to Performance. *Academy of Management Review, 21* (1), 135-172.4), 295-308.

Mahar, S. W., Basheer, S., & Maitlo, A. A. (2017). The Influence of Psychological Capital on Organization Learning in Banking Sector of Pakistan. *Review of Integrative Business and Economics Research, 6*(4), 306.

Man, T., Lau, T., & Chan, K. F. (2002). The Competitiveness of Small and Medium Enterprises: A Conceptualization with Focus on Entrepreneurial Competencies. Journal of Business Venturing.

Mann, P. (1995). *Introductory Statistics.* John Wiley and Sons Inc., Canada.

Manning, T., & Robertson, B. (2002). The dynamic leader–leadership development beyond the visionary leader. *Industrial and commercial training*.

Martinette, L. A., & Obenchain-Leeson, A. (2012). The relationship between learning orientation and business performance and the moderating effect of competitive advantage: A service organization perspective. *Journal of Services Marketing, 5*(1).

Martinette, L., Obenchain-Leeson, A., Gomez, G., & Webb, J. (2014). Relationship between learning orientation and business performance and the moderating effect of competitive advantage: an accounting services firm's perspective. *International Business & Economics Research Journal, 13*(4), 779-792.

Mavondo, F., Chimhanzi, J., & Stewart, J. (2005). Learning orientation and market orientation: relationship with innovation, human resource practices and performance. *Journal of European Marketing, 39*(11/12), 1235-1263.

McLaughlin, H., McLaughlin, G., & Preziosi, R. (2004). The relationship of learning orientation to organizational performance. *International Journal of Economics and Business Research*. DOI: 10.19030/jber.v2i4.2870

Mertens, D. (2007). Transformative paradigm: mixed methods and social justice. *Journal of Mixed Methods Research*, 1(3): 212-225.

Mitchell RC. Washington, DC: Resources for the Future; 1989. Using *surveys to Value Public Goods: The Contingent Valuation Method* .

Mohammad, A. (2010). Entrepreneurial Orientation and Business Performance of Women-Owned Small and Medium Enterprises in Malaysia: Competitive Advantage as a Mediator. *International Journal of Business and Social Science.* 4 (1), 82-90.

Mort, G., & Weerawardena, J. (2006). Networking capability and international entrepreneurship: How networks function in australian born global firms. *International Marketing Review, 23*(5), 549- 572.

Mrisha, G., Ibua, M., & Kingi, W. (2017). Effect of learning organization culture on organizational performance among logistics firms in Mombasa County. Journal of Human Resource Management, 5(2), 32-38

Mudavanhu V., Bindu, S., Muchabaiwa, L., & Lloyd, C. (2011). Determinants of Small and Medium Enterprises Failure in Zimbabwe: A case study of Bindura. *International Journal of Economic Research, 2*(5):82-89.

Muhati, E. (2018). *Factors affecting cyber-security in Kenya–A Case of Small Medium Enterprises* (Doctoral dissertation, Strathmore University).

Mullei, R. and Bokea, U. (2016). Performance of business performance in developing countries. *International Journal of Business and Social Science,* Volume 78: Pages 67-89.

Mulwa, F.W. (2002). *The efficacy of participating strategic planning: Approaches in community based schools (CBOs) process, problems and prospects*. (PhD Research Proposal, University of South Africa).

Mulyasari, W., & Murwaningsari, E. (2019). Intellectual Capital, Competitive Advantage, Performance And Company Value Among Banking Industries In Indonesia. *Advances in Social Sciences Research Journal*, *6*(4).

Mwaura, A. T. W., Gathenya, J. W., & Kihoro, J. M. (2015). Dynamics of Entrepreneurial Orientation on the Performance of Women owned Enterprises in Kenya. *International Journal of Academic Research in Business and Social Sciences*, *5*(9), 14-34.

Mweiga, T. (2014). Challenges facing entrepreneurs in running their business in developing countries. *Journal of Business Venturing*, Volume 16: Pages 31-78.

Nakhaima, F. (2016). *Factors that affect performance of small and medium enterprises in Kenya* (Master's thesis, United States International University – Africa).

Narteh, B. (2013). SME bank selection and patronage behaviour in the Ghanaian banking industry. *Management Research Review, 36*(11), 1061-1080.

Nasution, D. & Mavondo, Y. (2016). The moderating effect of social networking. *Journal of Business Venturing*, 15(5), 469−492.

Naude, P., Zaefarian, G., Tavani, Z., Neghabic, S., & Zaefarianc, R. (2014). The influence of network effects on SME performance. *Industrial Marketing Management, 43* (4). 630 - 641. ISSN 0019-8501.

Ndegwa, J. W., Machuki, V. N., Maalu, J. K., Awino, Z. B & Iraki, X.N. (2015). *Knowledge Sharing, Learning orientation and Performance of Top 100 Medium Enterprises in Kenya.* Paper Presented at 1st DBA-Africa Management Review International Conference, 20th March, 42-65.

Ndemo, S. (2014). Entrepreneurship and business performance: The moderating effect of international environmental hostility. *Journal of Business Venturing*, 15(5), 469−492.

Neely, A., Gregory, M. & Platts, K. (1991). Performance Measurement System Design: A Literature review and Research Agenda. *International Journal of Operations and Production management*, *15*(4): 80-116.

Ngoma, M. (2016). Role of Resources in the Internationalisation of Small and Medium Enterprises (SMEs). *Business Management Review*, *18*(1), 1-23.

Nguthari C. M. & Kwasira, J. (2015). Effect of Knowledge Management Practices on Performance of Law Firms in Baringo and Elgeyo-Marakwet county Town, Kenya. IMPACT: *International Journal of Research in Business Management, 3*(11), 15-28.

Njeru, T. (2013). Strategic market orientation, firm features, external fields and achievement of tour organizations in Kenya. *African Journal in Business Management*, Volume 45: Pages 131-209.

Njoroge, C. W. & Gatungu, J. M. (2013). The effect of entrepreneurial education and training on development of small and medium size enterprises in Githunguri District – Kenya. *International Journal of Education and Research, 1* (8), 1 – 22.

Nobbie, P. D. & Brudney, J. L. (2003). Testing the implementation, board performance, and organizational effectiveness of the policy governance model in non-profit boards of directors. *Non-profit and Voluntary Sector Quarterly, 32*, 571–595.

Nonaka, I. (1994). A dynamic theory of organizational knowledge creation. *Organizational Sciences*, 5, 14-37.

Nonaka, I. (2007). The knowledge creating company. *Harvard Business Review*, 96-104.

Norusis, M. (2010). *PASW statistics 18 Guide to data analysis.* SPSS Inc.

Nybakk, E. (2012). Learning orientation, innovativeness and performance in traditional manufacturing firms, a higher-order structural equation model. *International Journal of Innovation Management, 16*(5), 28-35.

O'Rourke, H. P., & MacKinnon, D. P. (2018). Reasons for testing mediation in the absence of an intervention effect: A research imperative in prevention and intervention research. *Journal of studies on alcohol and drugs*, *79*(2), 171-181.

Ocloo, C.E., Akaba, S. & Worwui-Brown, D.K (2014). Globalization and competitiveness: Challenges of small and medium enterprises (SMEs) in Accra, Ghana. *International Journal of Business and Social Science,* 5(4)

Oduyo, W. (2014). Connection between strategic market orientation and achievement of commercial banks in Kenya.

OECD (2016). The productivity-inclusiveness nexus, Meeting of the OECD Council at Ministerial Level, Paris, 1-2 June 2016.

of firm-specific human capital and firm performance—the role of collaborative human resource management and entrepreneurial orientation. *The International Journal of Human Resource Management*, 1-33.

Ortenblad, A. (2001). On differences between learning orientation and learning organization, *The Learning Organization, 8*(3), 125-33

Pai, F-Y & Chang, H-F. (2013). The Effects of Knowledge Sharing and Absorption on Organizational Innovation Performance – A Dynamic Capabilities Perspective. *Interdisciplinary Journal of Information, Knowledge, and Management, 8,* 83-97.

Parker, S. (2004). *The Economics of Self-Employment and Entrepreneurship*. Cambridge: Cambridge University Press.

Parker, S. C. (2009). The Economics of Entrepreneurship. Cambridge: Cambridge University Press

Partanen, J., Möller, K., Westerlund, M., Rajala, R., & Rajala, A. (2008). Social capital in the growth of science-and-technology-based SMEs. *Industrial Marketing Management, 37*(5), 513-522.

Pathirage, C. P., D. G. Amaratunga, and Haigh, R. (2007). Tacit knowledge and organizational performance. Journal of Knowledge Management 11(1): 115-126.

Peck, R. (2006). Design of experiments. In *Sampling and Experimentation: Planning and conducting a study, An AP Statistics Module*.

Peharda, P., & Divjak, B. (2010). Social network analysis of study environment. *JIOS, 34*(1), 67-80.

Pesamaa, O., Shoham, A., Muhammad, K., & Irfan, M. (2015). The Impact of Social Networking and Learning Orientation on Performance. Journal of Global Marketing, 28(2), 113-131. Peteraf, M. A. (1993). The cornerstones of competitive advantage: A resource-based view. *Strategic Management Journal, 14*, 179-191.

Philipsen, R. L. C., & Kemp, R. G. M. (2003). Capabilities for growth. *An Exploratory Study on Medium-Sized Firms in Dutch ICT Services and Life Sciences*, (200313).

Pinhold, John, (2008). The nature of new firms.

Porter, M.E. (1985). *Competitive Advantages of Nations*. Free Press: New York.

Powell, W., Koput, K., Smith-Doerr, L., & Owen-Smith, J. (2006). Network position and entrepreneurial performance: Organizational returns to collaboration in the biotechnology industry. In Andrews, S., & Knoke, D. eds, *Networks in and around organizations*. Greenwich, CT: JAI Press.

Prajogo, D. I. & Ahmed, P. K. (2006). Relationships between innovation stimulus, innovation capacity, and innovation performance. *R&D Management,* 36(5), 499-515.

Pratten, J.D. (2004). Examining the possible causes of business failure in British public houses. *International Journal of Contemporary Hospital Management, 16*(4): 246-252.

Preece SB, Miles G, Baetz MC. 1999. Explaining the international intensity and global diversity of early stage technology-based firms. *Journal of Business Venturing,* 33-48.

Pretorius, M. (2008). Critical variables of business failure: A review and classification framework. *South African Journal of Economic and Management Sciences: 11*(4): 408-430.

Quinn, J.F. (2012). *The Mediating Role of Vision and Compassion in Physician Leadership* (DM), Case Western Reserve University, Cleveland, OH.

Ravitch, S. and Matthew, R. (2017). *Reason and rigor: how conceptual frameworks guide research* (Second Edition). Los Angeles, CA: SAGE.

Reagans, R., & McEvily, B. (2003). Network structure and knowledge transfer: the effects of cohesion and range. *Administrative Science Quarterly, 48*, 240-267.

Real, J. C., Roldán, J. L., & Leal, A. (2014). From entrepreneurial orientation and learning orientation to business performance: analysing the mediating role of learning orientation and the moderating effects of organizational size. *British Journal of Management, 25*(2), 186-208.

Renzl, B. (2008). Trust in management and knowledge sharing: The Mediating effects of fear and knowledge documentation. *Omega -The International Journal of Management Science,* 36, 206-220.

Rhee, J., Park, T. & Lee, D. H. (2010). Drivers of innovativeness and performance for innovative SMEs in South Korea: mediation of learning orientation. *Technovation,* 30, 65-75.

Richard, P. J., Devinney, T. M., Yip, G. S. & Johnson, G. (2009). Measuring organizational performance: towards methodological best practice. *Journal of Management, 35*(3), 718-804.

Riege, A. (2005). Three-dozen knowledge-sharing barriers managers must consider. Journal of Knowledge Management. 9(3):18-35.

Rogers, E.M. (2003). *Diffusion of Innovations*. New York: Free Press.

Roininen, S., & Ylinenpaa, H. (2009). Schumpeterian versus Kirznerian entrepreneurship: A comparison of academic and non-academic new venturing. *Journal of Small Business and Enterprise Development, 16*(3), 504-520.

Rossouw, D., Le Roux, S.J. & Groenewald, D.(2003) Strategic management: South African perspective including the balanced scorecard. Cape Town: New Africa

Sadiku-Dushi, N., Dana, L. P., & Ramadani, V. (2019). Entrepreneurial marketing dimensions and SMEs performance. *Journal of Business Research*, *100*, 86-99

Sandada, M. (2014) Mission and Vision, Environmental Scanning and Formality Of Strategic Planning As Predictors Of The Performance Of Small And Medium Enterprises (Smes) In The Gauteng Province Of South Africa. ECOFORUM Vol. 3, Issue 2 (5),

Sarker, T. and Palit, R. (2015) Strategic orientation and achievement of small and medium firms in Bangladesh. *European Journal in Change Management, Sannajust, A. (2014). Impact of the World Crisis to SMEs: The determinants of bank loan rejection in Europe and USA (No. 2014-327).8*, 9-121.

Saunders, M., Gray, D., & Goregaokar, H. (2014). SME innovation and learning: the role of networks and crisis events. *Emerald Insight*.

Scaling-Up, S. M. E. (2010). Access to Services in the Developing World. *International Finance Corporation (IFC,) World Bank Group, Octombrie*.

Schencel, A. & Teigland, R. (2008). Improved organizational performance through communities of practice. Journal of Knowledge Management. 12 (1):106-118.

Sebikari, R. (2014). The satisfying principle in capability learning. *Strategic Management Journal* 21: 981–996.

Senge, P. (1997). Creating Learning Communities. *Executive Excellence*, 14, 17-19.

Senge, P. M. (1990). *The fifth discipline: the art and practice of the learning organization*. New York: Doubleday Currency.

Shahidi, M., & Smagulova, A. (2008). The Challenges of Entrepreneurship in Dynamic Society. Central Asia Business.

Shihping Kevin Huang and Yu-Lin Wang / Procedia Social and Behavioral Sciences 24 (2011) 563–570.

Siekei, J., Wagoki, J., & Kalio, A. (2013). An assessment of the role of literacy on performance of small and micro enterprises: Case of Equity Group Foundation training program on SMEs in Njoro District, Kenya. *Business & Applied Sciences*, *1*(7), 250-271.

Siekei, J., Wagoki, J., & Kalio, A. (2013). An assessment of the role of literacy on performance of small and micro enterprises: Case of Equity Group Foundation training program on SMEs in Njoro District, Kenya. *Business & Applied Sciences*, *1*(7), 250-271.

Sinkovics, R. R., Kuivalainen, O., & Roath, A. S. (2018). Value co-creation in an outsourcing arrangement between manufacturer).

Sinkula, J., Baker, W., & Noordewier, T. (1997). A framework for market-based learning orientation: Linking values, knowledge and behavior. *Journal of the Academy of Marketing Science, 25*, 305-318.

Sinkula, J.M. (1994). Market information processing and Organisational Learning. *Journal of Marketing, 58*, 35-45.

Slater S & J Narver (1995). Market Orientation and the Learning Organisation. *Journal of Marketing, 59* (3), 63-74.

Slater, S. F. & Olson, E. M. (2000). Strategy type and performance: the influence of sales force management. *Strategic Management Journal, 21*(8), 813-829.

Soda, G., Tortoriello, M., & Iorio, A. (2018). Harvesting value from brokerage: Individual strategic orientation, structural holes, and performance. *Academy of Management Journal, 61*(3), 896-918.

Soininen, J., Puumalainen, K., Sjogren, H., & Syrja, P. (2012). The impact of global economic crisis on SMEs: Does entrepreneurial orientation matter? *Management Research Review, 35*(10), 927-944.

Sulaiman, M. & Salim, I. (2011). Learning orientation, innovation and performance: a study of Malaysian small and medium sized enterprises. *International Journal of Business and Management, 6* (12)

Swaminathan, V., & Moorman, C. (2009). Marketing alliances, firm networks, and firm value creation. *Journal of Marketing, 73*(5), 52-69.

Tabachnick, B. G., & Fidell, L. S. (*2013*). *Using Multivariate Statistics* (6th ed.). Boston, MA: Pearson.

Takahashi, S.I.Y. (2009). Entrepreneurs as decisive human resources and business. Performance for the Lao SMEs, *Chinese Business Review*, 8 (7), pp. 29-47.

Terziovski, M. (2010). Innovation practice and its performance implications in small and medium enterprises (SMEs) in the manufacturing sector: A resource-based view. *Strategic Management Journal*, 31(8), 892-902.

Tian, S.W., Yu, A.Y., Vogel, D., & Kwok, R.W. (2014). The impact of online social networking on learning: a social integration perspective. *Int. J. Networking and Virtual Organisation.* DOI: 10.1504/IJNVO.2011.039999

Tjosvold, D., Yu, Z., & Hui, C. (2004). Team learning from mistakes: the contribution of cooperative goals and problem-solving. *J. Manage. Stud.* 41, 1223–1245.

Toloie, A. E. & Maatofi, A. (2011). Learning Orientation, Innovation and Performance: Evidence from Small-Sized Business Firms in Iran. European *Journal of Social Sciences, 19* (1), 114-122.

Trillo, R., Brown, M., and Trillo, A. (2010). *The rough guide to Kenya*. Dorling Kindersley Ltd.

Tsai, W. (2001). Knowledge transfer in intra-organizational networks: effects of network position and absorptive capacity on business unit innovation and performance. *The Academy of Management Journal, 44*(5), 996-1004.

Tsai, W., & Ghoshal, S. (1998). Social capital and value creation: the role of intra-firm networks. *Acad. Manage. Rev.* 41, 464–476.

Tuan, N., & Lwin, K. (2013). Exploring the link between learning and entrepreneurial performance: an empirical study of private manufacturing firms in Yangon – Myanmar. *Asian Academy of Management Journal, 18*(2), 55–84.

Ungerer, M., Pretorious, M. & Herholdt, J. (2007). Viable Business Strategies: a systematic, people-centric approach. 2nd ed. Johannesburg: Knowres Publishing.

United Nations Population Fund. (2013). Gender Equality: A Cornerstone of Development. Retrieved in 2013 from www.unfpa.org/gender.

Urban, B. (2004). Understanding the moderating effect of culture and self-efficacy on entrepreneurial intentions,Doctoral thesis submitted at the University of Pretoria in April 2004.

Ussahawanitchakit, P. (2008). Effects of learning orientation culture on service quality and performance of Thai accounting firms. *International Journal of Business Research, 8*(1), 202-211.

Ussahawanitchakit, P. (2008). Impacts of Learning orientation on Innovation Orientation and Firm Efficiency: An Empirical Assessment of Accounting Firms in Thailand. *International Journal of Business Research*, 8(4), 1-12.

VanderStoep, S. & Johnston, D. (2009). *Research methods for everyday life: Blending qualitative and quantitative approaches*. San Francisco, CA: by John Wiley & Sons.

Velasco, F., Batista-Foguet, J. M., & Emmerling, R. J. (2019). Are we making progress? Assessing goal-directed behaviors in leadership development programs. *Frontiers in Psychology, 10*.

Venkatraman, N., & Ramanujam, V. (1987). Measurement of business economic performance: an examination of method convergent. *Journal of Management, 13*(1), 109-122.

Venkatraman, N., & V. Ramanujam (1986). Measurement of business performance in strategy research: a comparison of approaches, *Academy of Management Review, 11*, 801-814.

Verheugen, G. (2005). The new SME definition: user guide and model declaration. *Enterprise and Industry Publications, European Commission*.

VerLinden, J. (2010). A beginner's guide to communication research. Retrieved from www.users.humboldt.edu.

Verona, G., (1999). A Resource-Based View of Product Development. *Academic Management Review, 24* (1), 132-42.

Vijande, L., Pe'rez, J., Gonza'lez, I., & Casielles, V. (2005). Learning orientation and market orientation: Interface and effects on performance. *Industrial Marketing Management, 34*(3), 187-202.

Wall, T. D., Michie, J., Patterson, M., Wood, S. J., Sheeran, M., Clegg, C. H. & West, M. (2004). On the validity of subjective measures of company performance. *Personnel Psychology, 57*(1), 95-118.

Wambugu Z.M (2005) Risks and Investment in the Provision of Entrepreneurship Training. A Case Study of Training Providers in Nairobi. *Unpublished MBA Project of School of Business* University of Nairobi

Wambugu Z.M (2005). Risks and Investment in the Provision of Entrepreneurship Training. A Case Study of Training Providers in Nairobi. *Unpublished MBA Project of School of Business* University of Nairobi

Wang, C. L. (2008). Entrepreneurial Orientation, Learning Orientation, and Entrepreneurial performance. *Entrepreneurship Theory and Practice, 32*(4), 635-657.

Wassermann, S., & Faust, K. (1994). *Social network analysis: methods and application*. Cambridge: Cambridge University Press.

Wernerfelt, B. (1994). The Resource-Based View of the *Firm*: Ten Years After. *Strategic Management Journal, 16*(3), 511-527.

Westerlund, M., & Svahn, S. (2008). A relationship value perspective of social capital in networks of SMEs. *Industrial Marketing Management, 37*(5), 492-501.

Whetsell, T. A., Leiblein, M. J., & Wagner, C. S. (2019). Between Promise and Performance: Science and Technology Policy Implementation through Governance Networks. *arXiv preprint arXiv:1903.07730*.

Wiklund, J. & Shepherd, D. (2003). Knowledge-based resources, entrepreneurial orientation, and the performance of small and medium-sized businesses. *Strategic Management Journal, 24*(13), 1307-1314.

Wiklund, J. and Shepherd, D. (2005). Entrepreneurial orientation and small business performance: A configurational approach, *Journal of Business Venturing*, 20, pp. 71-91.

Yaqoob, A. (2016). India-Pakistan Confrontation: What Has Changed About Indian-Held Kashmir Since 1947?. *Regional Studies, 34*(2), 3-36.

Yazici, A., Ogus, E., Ankarali, H. and Gurbuz, F. (2010). An application of nonlinear canonical correlation analysis on medical data. *Turk J Med Sci*, 40 (1):1-7.

You, C.L.K., Coulthard, M., Petrovic-Lazarevic, S. (2010). Changing corporate culture to improve business performance: Case of the Australian Automobile industry. *6th International Strategic Management Conference*, July 8-10, St. Petersburg, Russia, 797-806.

Zack, M. (1999). Developing a knowledge strategy. California Management Review. 41(3): 125-145.s.

Zehir, C., Yilmaz, E., Velioglu, H. (2008). The impact of information technology practices and learning orientation on entrepreneurial performance. *4th International Strategic Management Conference,* July 19-21, Sarajevo, Bosnia-Herzegovina, 419-43

APPENDICES

Appendix I: Questionnaire

Dear Respondent,

My name is Sally Ngeringwony Toroitich, a PhD student at Moi University. I am conducting a study that seeks to establish the effect of social networking on learning orientation and Performance of small and medium enterprises in North Rift Region. You have been selected as one of the respondents for this study. Kindly assist me in filling in this questionnaire. Your responses will be treated with utmost confidentiality and will be used for purposes of this study only.

Thanking you for your cooperation and invaluable support.

Please, don't write the name of your company anywhere on this paper!

Section A (i) Demographic Questions

Indicate your response to the items below by ticking the boxes.

1. What is your Gender?

   Male (___) Female (___)

2. What is your age bracket?

   Less than 25 years (___) 25 – 30 years (___) 31 – 40 years (___)

   41 – 50 years (___) More than 51 years (___)

3. Highest level of education attained

   High school (___) Form six (___) Diploma (___)

   Undergraduate (___) Postgraduate (___) Others _____

   Others _____

   16 – 20 years (___) More than 20 years (___)

4. In which cadre does your rank fall in this organization?

   Top management (___) Business owner (___)

5. If you are a business owner in Question 4 (above), have you ever owned another business before?

Yes (___) No (___)

6. If yes, how much entrepreneurial experience had you gained before establishing the existing business

Below 1 year (___) 1 – 5 years (___) 6 – 10 years (___)

11 – 20 years (___) More than 20 years (___)

Section A (ii): Enterprise Characteristics

1. How long has this enterprise been in business?

Less than 5 years ( ) 5-10 years ( ) 11-15 years ( ) 16 and above ( )

2. How many employees does this business have?

Less than 1 -10 ( ) 11-50 ( ) 51-60( ) 61-80( ) 81 and above ( )

3. In what sector does this business operate?

Manufacturing ( ) Service ( ) Trade ( ) Agriculture ( )

4. The firm's capital size is:

100000 - 1M ( ) 1M - 5 M ( ) 6M - 10M ( ) Above 10 M – 800m ( )

Section B: Effect of Learning Orientation on the performance of SMEs

9. Using the response scale below, kindly tick ☑ beside the statement that best expresses your opinion on learning orientation in your enterprise (commitment to leaning, Shared vision, organisation knowledge sharing, and open-mindedness)

1 = Strongly Disagree 2= Disagree 3. Neutral 4. Agree 5. Strongly Agre

Commitment to Learning

1	Managers agree that our business's ability to learn is the key to our competitive advantage	1	2	3	4	5
2	The basic values of this business include learning as a key to improvement	1	2	3	4	5
3	The sense around here is that employee learning is an investment, not an expense	1	2	3	4	5
4	Learning in my organisation is seen as being very important for the survival of the business	1	2	3	4	5

Section C: Shared vision

1	There is a total agreement on our organizational vision across all levels, functions and divisions	1	2	3	4	5
2	All the employees are committed to the goals of this organisation	1	2	3	4	5
3	All employees view themselves as partners in changing the direction of the business/organisation	1	2	3	4	5
4	There is a commonality of purpose in my organisation	1	2	3	4	5

Section D: Organizational Knowledge Sharing

1	The top management repeatedly emphasizes the importance of knowledge sharing in our enterprise	1	2	3	4	5
2	Employees, managers and shareholders always analyze widely on unsuccessful business ventures and communicate the lessons learned among each other.	1	2	3	4	5
3	We have specific mechanisms for sharing lessons in activities of the organisation from department to department.	1	2	3	4	5
4	We always emphasize on sharing lessons and experiences within the organisation.	1	2	3	4	5
5	There is a good deal of organisational conversation that keeps alive the lessons learned from history	1	2	3	4	5

Section E: Open-mindedness

1	We are not afraid to reflect critically on the shared assumptions we have made about our customers	1	2	3	4	5
2	Personnel in this enterprise realise that they must continually question the very way they perceive the marketplace.	1	2	3	4	5
3	We rarely collectively question our own bias about the way we interpret customer information	1	2	3	4	5
4	We continually judge the quality of our decisions and activities taken over time	1	2	3	4	5

Section F: Social Networking

10. Using the response scale below, kindly tick ☑ beside the statement that best expresses your opinion on Learning orientation in your enterprise (commitment to leaning, Shared vision, intra-entrepreneurial knowledge sharing, open-mindedness,)

1 = Strongly Disagree 2= Disagree 3. Neutral 4. Agree 5. Strongly Agree

1	We develop and cultivate ties with other SMEs	1	2	3	4	5
2	We normally contact other SMEs so that we can cooperate with them to exchange and share ideas	1	2	3	4	5
3	We normally interact and share challenges and successes with owners and employees of other SMEs	1	2	3	4	5
4	We strategically maintain links with other enterprises	1	2	3	4	5
5	We usually seek assistance from other enterprises	1	2	3	4	5
6	We strengthen ties with other SMEs	1	2	3	4	5
7	There is informal interaction between our employees and employees of other SMEs	1	2	3	4	5

Section F:

From time to time, most people discuss important issues with others. Please, when you think about your organizations – who are the people, you discuss your business issues with that are important to you? "Please, identify the five people that you have the **most important** professional contact with (in decreasing order of frequency)."		
Contacts	**Name or initials of a person/business**	**Nature of relationship e.g. customer, adviser, financier, family, personal, friend**
Most frequent		
Second most		
Third most		
Fourth most		
Fifth most		

Section G: Performance of SMEs

12. In this section the study is interested in your view on how your firm has performed in several areas. Using the Response scale below, kindly Rate your performance for the last few years of operation.

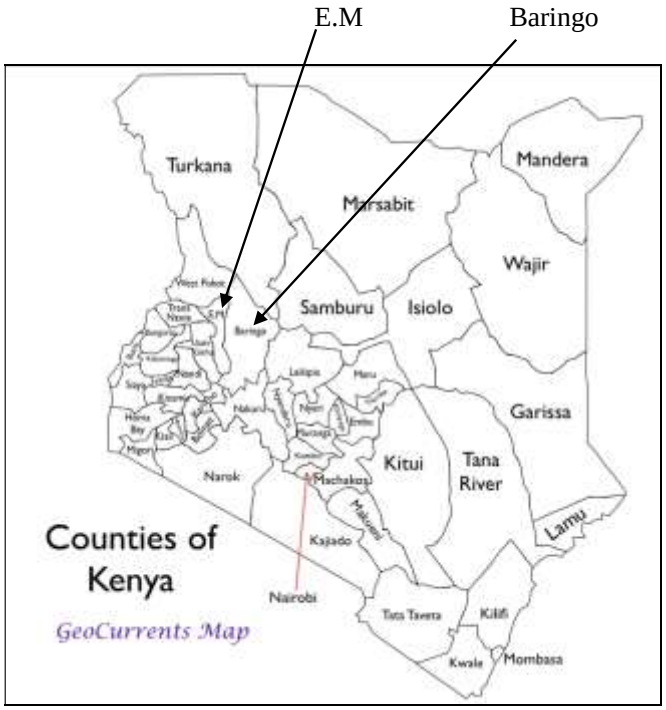
1 = Strongly Disagree 2= Disagree 3. Neutral 4. Agree 5.Strongly Agree

	In the past three years or since its inception relative to other firms my firm has experienced	1	2	3	4	5
a.	Increased profitability level after tax return on assets					
b.	Increased Net income					
c.	Increased sales turn over					
d.	Increase in high return on investment in my business after tax return on assets.					
e.	Improved overall competitiveness (image and reputation)					

THE END

Thank you!

Appendix II: Maps of the Study Areas

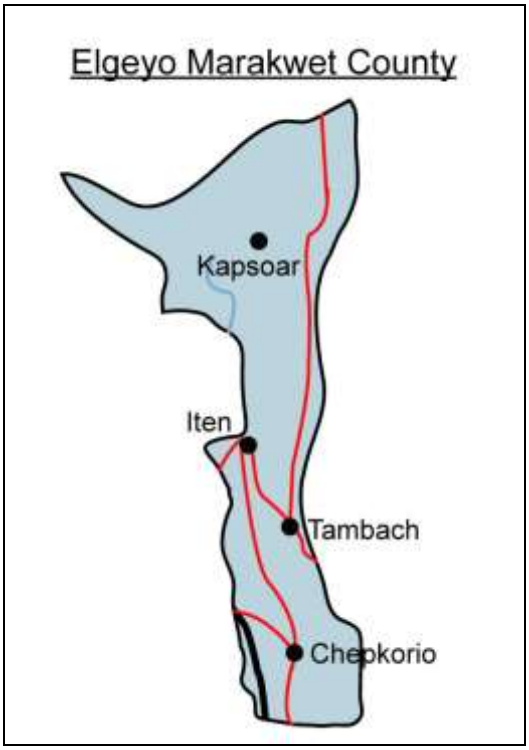


Appendix IIa: Location of Elgeyo Marakwet (E.M) and Baringo Counties

(Adapted from Trillo et al., 2010)

Appendix IIb: Baringo and Elgeyo Marakwet Counties, showing major towns

(Adapted from Trillo *et al*., 2010)



Appendix III: Introductory letter

MOI UNIVERSITY
SCHOOL OF BUSINESS AND ECONOMICS
POSTGRADUATE OFFICE

Tel (053) 43620
Fax No: (053) 43360
Telex No. 35047 MOIVARSITY

P.o Box 3900
Eldoret
Kenya

REF: SBE/DPHIL/BM/007/12

DATE: 24th Sept, 2019

TO WHOM IT MAY CONCERN

Dear Sir/Madam,

RE: SALLY NG'ERING'WONY TOROITICH- SBE/DPHIL/BM/007/12

The above named is a bonafide student of Moi University, School of Business and Economics undertaking a Doctor of Philosophy in **Business management** specializing in **Strategic management**.

She has completed course work, defended proposal and is proceeding to the field to collect data for her research entitled: ***"Learning Orientation, Social Networking, Performance of Small and Medium Enterprises in Selected Counties in Kenya***"

Any assistance accorded to her will be highly appreciated.

Yours faithfully,

SCHOOL OF BUSINESS & ECONOMICS
MOI UNIVERSITY
P.O. Box 3900 ELDORET 30100

Dr. RONALD BONUKE
CHAIRPERSON, SGSC

Cc. COD Management science and Entrepreneurship

Appendix IV: NACOST Research Permit

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR
SCIENCE,TECHNOLOGY & INNOVATION

Ref No: **130204**

Date of Issue: **13/August/2020**

RESEARCH LICENSE

This is to Certify that Ms.. SALLY NGERINGWONY TOROITICH of Moi University, has been licensed to conduct research in Baringo, Elgeyo-Marakwet on the topic: Moderating effect of social networking on the relationship between learning orientation and SMes performance for the period ending : 13/August/2021.

License No: **NACOSTI/P/20/6179**

130204

Applicant Identification Number

Director General
NATIONAL COMMISSION FOR
SCIENCE,TECHNOLOGY &
INNOVATION

Verification QR Code

NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.