

# European Journal of Business and Strategic Management (EJBSM)

**The Role of Networking in the Relationship between Entrepreneurial Training and Performance of Small and Medium Enterprises among Manufacturing Firms; Kenyan Context**

Wachuka Wachira, Bitange Ndemo, Jackson Maalu and James Njihia



Strategy

### The Role of Networking in the Relationship between Entrepreneurial Training and Performance of Small and Medium Enterprises among Manufacturing Firms; Kenyan Context



<sup>1\*</sup>Wachuka Wachira

<sup>1</sup>PhD Candidate, Department of Business Administration, Faculty of Business and Management Sciences, University of Nairobi, Nairobi – Kenya



<sup>2</sup>Bitange Ndemo

<sup>2</sup>Prof, Department of Business Administration, Faculty of Business and Management Sciences, University of Nairobi, Nairobi – Kenya



<sup>3</sup>Jackson Maalu

<sup>3</sup>Prof., Department of Business Administration, Faculty of Business and Management Sciences, University of Nairobi, Nairobi – Kenya



<sup>4</sup>James Njihia

<sup>4</sup>Prof., Department of Management Sciences, Faculty of Business and Management Sciences, University of Nairobi, Nairobi - Kenya

#### Article History

Received 19<sup>th</sup> September 2024

Received in Revised Form 23<sup>rd</sup> October 2024

Accepted 30<sup>th</sup> November 2024



How to cite in APA format:

Wachira, W., Ndemo, B., Maalu, J., & Njihia, J. (2024). The Role of Networking in the Relationship between Entrepreneurial Training and Performance of Small and Medium Enterprises among Manufacturing Firms; Kenyan Context. *European Journal of Business and Strategic Management*, 9(4), 46–59. <https://doi.org/10.47604/ejbsm.3101>

#### Abstract

**Purpose:** Small and medium enterprises (SMEs) are the backbone of many economies worldwide through the creation of employment opportunities and wealth for entrepreneurs. The objective of this study was to determine the role of networking in the relationship between entrepreneurial training and performance of SMEs in the manufacturing sector in Nairobi County, Kenya.

**Methodology:** The variables considered in this paper are entrepreneurial training conceptualized as an independent variable and anchored on human capital theory, networking as the intervening variable, anchored on social networking theory and SMEs performance as the dependent variable. The study used a descriptive research design and a positivist worldview. With the aid of key informants from these businesses, a semi-structured questionnaire was administered to 504 SMEs in Nairobi County's manufacturing sector. The data was analyzed using descriptive and inferential statistics, notably Pearson's Product Moment Correlation and regression analysis for hypotheses and other statistical tests.

**Findings:** The study discovered that networking positively and statistically intervenes the relationship between entrepreneurial training and firm performance ( $R^2=.805$ ,  $p=0.00$ ).

**Unique Contribution to Theory, Practice and Policy:** The study makes the suggestion that, as manufacturing SMEs increasingly raise their profile in national economic planning, it is necessary to ensure that their long-term production and market expansion potential is given the most consideration possible. Such an approach demands a thorough strategic plan for the industry's future, in part due to the justifications provided earlier in the study.

**Keywords:** *Entrepreneurial Training, Networking, Firm Performance, Manufacturing, SMEs*

**JEL Codes of Classification:** *L26, D85, L25, O14, M13*

©2024 by the Authors. This Article is an open access article distributed under the terms and conditions of the Creative Commons Attribution (CC BY) license (<http://creativecommons.org/licenses/by/4.0>)

## INTRODUCTION

Entrepreneurship is an instrument for economic growth, social mobility and job creation in all the economies of the world (Das & Goswami, 2019). It is a critical component of society well-being, a powerful economic growth engine that encourages the critical innovation needed not only to seize new opportunities, boost productivity, and create jobs, but also to address some of society's most pressing issues, as they are outlined in the Kenya Vision 2030 (Muteshi & Kariuki, 2020) and the United Nations Sustainable Development Goals (SDGs) (Mehta, Saxena, & Purohit, 2020). The importance of entrepreneurial training as one of the key ingredients for SMEs growth has been recognized worldwide (Aladejebi, 2020). Several studies have pointed that training contributes positively in the growth and performance of enterprises. Entrepreneurial training further explores creativity in the domain of skills and knowledge of entrepreneurs as well as, providing insights into building opportunities that translates to business growth (Aluko & Adeyeye, 2020).

According to Aarakit and Kimbugwe (2015), networking is an association where business owners link with other organizations they believe to be useful for their companies in order to access the resources they need to expand such companies. When used effectively, networking can raise a company's market share and financial performance by identifying new business prospects, ensuring skills transfer, and gaining respect in the industry. According to Stam, Arzlanian, and Elfring (2014), an entrepreneur's network of resources has a significant impact on how well that firm performs. When used effectively, networking can help SMEs find critical partners and grow their market share by giving them access to resources that would have been impossible for them to find on their own (Armanios, Eesley & Eisenhardt, 2012). Furthermore, through entrepreneurial training, firms are able to understand the importance of networks and best possible networking platforms to engage in order to improve on their performance (Das & Goswami, 2019).

The context of the study is the small and medium manufacturing enterprises in Nairobi County, Kenya which is motivated on various grounds. First, majority of entrepreneurs in Kenya suffer from obsolete technology that are inefficient in operation leading to high costs, low knowledge on market trends and low levels of networking arising from low information capabilities (Karami & Tang, 2019). This informs the low prevalence of new business ventures, stunted graduation rates and eventually the high rate of failures of enterprises under small and medium category (Kingori & Theuri, 2016). Secondly small and medium enterprises (SMEs) performance is the primary concern in practice and entrepreneurship research since such businesses are the backbone of many economies and if their performance is compromised, then the whole economy is at risk (Muteshi & Kariuki, 2020). More so SMEs in manufacturing are key determinants of economic development, creating employment opportunities, enabling market linkages across various industries, supporting innovation, alleviating poverty eradication and making contributions to the economy in both developed and developing countries (Nair, Chellasamy & Singh, 2019).

Further even though some manufacturers are classified as essential goods the demand for their products in terms of volume has dramatically reduced (Rehman, Razaq, Farooq, Zohaib & Nazri, 2020). Clearly, the manufacturing SMEs sector was hit hard during the first phase of COVID 19 period, primarily for two reasons: First, many manufacturing jobs were on-site and cannot be carried out remotely. This led to reduced workforce either through layoffs, unpaid leave or paid leave due to the social distancing measures that have been put in place; reduced the number of shifts due to the fall in demand; or increased the shift periods to adhere to the

curfew hours and second, slowed economic activity reduced demand for industrial products in Kenya and globally (Muteshi & Kariuki, 2020). Although working remotely was being encouraged, this was not possible for most of SMEs in manufacturing industry which increased the risk of spreading the virus as remote working was only possible for the back office, management level and executive staff of the business, this privilege cannot could not be extended to the production, warehousing and logistics teams as their presence onsite was crucial in managing the manufacturing, storage and movement of goods (Mara, 2018).

Performance of small and medium-sized businesses (SMEs) is the main focus of entrepreneurship study and practice. This is due to the fact that these companies serve as the foundation of numerous economies, and if their performance is compromised, the entire economy is put at risk (Dahmen et al., 2014; Sidik, 2012). Performance can be attained in part by the use of elements that are thought to have an impact on business performance, such as networking and entrepreneurship training.

The functions and nature of entrepreneurship are one of the key variables in any company's success since they are responsible for creating the success factors and decision-making that allow the company to achieve its goals (Essel, Adams & Amankwah, 2019). Entrepreneurship training and firm performance has been a cornerstone of entrepreneurship research (Ndikubwimana, 2016). Schwarz, Meyer, Wiechert, Augst and Liebscher (2020) argue that entrepreneurial training leads to firm performance through enhanced knowledge and skills of handling important aspects of entrepreneurship in a firm. Other studies (Mustafa & Yaakub, 2018; Sangi, Shuguang & Sangi, 2018) have provided varying conclusions on how other factors such as networking influence SMEs performance. For instance, debate that the networks in which firms operates determine the choice of entrepreneurial training methods and subsequently influence firm performance is unresolved (Yu, Shang, Wang & Ma, 2019).

The contextual focus of this study was chosen as manufacturing firms in SMEs sector in Nairobi County, Kenya. Through job creation, poverty alleviation, and acting as trade intermediates, SMEs in Kenya do considerably contribute to the economic growth of the nation (GOK, 2020). According to Ombaka, Kariuki, and Kyalo (2020), about three out of every five SMEs in Kenya fail during the first few months of operation. This high failure rate is mostly related to a shortage of competent labor and intense market competitiveness (Nganu, 2018). The Kenyan government and non-governmental organizations (NGOs) have launched entrepreneurship training programs to equip SME with technical and business skills in order to address these issues. According to Maina, Marwa, and Waiguchu (2016), the goal of these entrepreneurship training programs is to help SMEs develop special human resource competencies that will provide them a competitive advantage.

Nairobi County has 3400 manufacturing SMEs, specifically divided into five sizable sub-parts, according to the KIRDI (2020): Additionally, Nairobi County, accounts for more than 50% of the nation's GDP (KNBS, 2020). The county had Kenya's largest percentage of manufacturing SMEs, which were responsible for 24.5% of all jobs in the unorganized sector (KNBS, 2020). In spite of this, studies on SMEs in manufacturing enterprises have received noticeably less attention, which means that the majority of them operate without the benefit of homegrown solutions for improved competitiveness and performance. As a result, their share of GDP has remained stagnant with only modest increases in the last three decades, contributing an average of 10% from 1964 to 1973 and rising marginally to 13.6% from 1990 to 2007, and averaging below 10% in recent years (Rehman, Razaq, Farooq, Zohaib & Nazr, 2020). Firms cannot keep the competitive edge and customers by sheer luck, but by continuous improvement through

trainings, networking, acquiring new technologies on the market and also keeping financial muscles for smooth operations.

Entrepreneurial training and firm performance have been important research topics in the entrepreneurship field (Ndikubwimana, 2016). As specified by Schwarz, Meyer, Wiechert, Augst, and Liebscher (2020), the impact of entrepreneurial training on overall firm performance lies in the acquisition of knowledge and skills that would enable the person to navigate some of the fundamental economic activities within a firm. Conversely, other studies (Mustafa & Yaakub, 2018; Sangi, Shuguang & Sangi, 2018) highlight the influence of additional factors, such as networking and technology adoption, on the performance of SMEs. For example, the extent to which the networks a firm engages in shape its entrepreneurial training strategies and ultimately affect performance remains a topic of debate (Yu, Shang, Wang & Ma, 2019). Similarly, there is mixed evidence on the nature of the relationship between technology adoption and performance. As organisations adopt new technologies, upgrading or training the employees to fit the new technologies becomes crucial (Boothby, Dufour & Tang, 2018). Also, there is the call for firms to develop and improve the networks in the push to boost performance, thus raising another question about the effect of these networks on business (Das & Goswami, 2019). This study will benefit the scholars, policy makers and practitioners in the small and medium enterprises in the manufacturing sector. Therefore, the study seeks to answer the question; how does networking influence the relationship between entrepreneurial training and SMEs performance in manufacturing sector in Nairobi County, Kenya?

## **THEORETICAL AND LITERATURE REVIEW**

Two theories, namely the Human Capital Theory (Garibaldi, 2006) and the Social Networking Theory (Borgatti & Halgin, 2011), served as the foundation for this study. According to the Human Capital Theory, education boosts an entrepreneur's productivity, profitability, and value to their company. It also describes how an entrepreneur's skills and knowledge base influence that productivity. Social networking theory is based on the idea that individuals can use system resources to their advantage through interpersonal interactions. There are studies demonstrating the link between networking and business performance. In a study on the relationship between entrepreneurial orientation and SME international performance conducted by Karami and Tang (2019), they found that networking abilities and training significantly mediate the relationship between EO and performance in a sample of 164 internationalizing SMEs in New Zealand.

On the basis of a primary data set of 120 small and medium-sized businesses in Indonesia, Gunawan, Jacob, and Duysters (2016) conducted another study on the effects of network ties and entrepreneurial orientation on the performance of SMEs in developing nations. They found that these effects had a positive impact on the innovative performance of the SMEs. The study discovered that network links greatly influence how knowledge is gained to improve inventive performance and regulate the association between innovativeness performance and both of these factors. Using a cross-sectional survey and a pragmatic research paradigm, Ombaka, Kariuki, and Kyalo (2020) investigated the mediating impact of social media on the relationship between entrepreneurial networking and performance of youth-owned agro-processing SMEs in Kenya. The target population for this study was SMEs that were owned by young people. The study revealed that entrepreneurship networking has a significant effect on the performance. Using a cross-sectional survey design and pre-existing empirical data,

Maina et al. (2016) conducted a study in Kenya with the primary goal of examining the impact of network interactions on the performance of Kenyan Small and Medium Enterprises. The findings demonstrate that there is a substantial positive correlation between network platforms and company performance, suggesting that networking may mediate the link between entrepreneurship training and performance.

Aarakit and Kimbugwe (2015) claim that it is a task that entrepreneurially minded SME owners engage in to develop and maintain personal connections with certain people in their environment. As formal collaborations are created through the process of networking, pathways are created that allow for the quick and easy acquisition, testing, and confirmation of information about other people and groups for the benefit of an organization. The value of networks and networking for small and medium-sized firms (SMEs) has been highlighted by a number of authors, with networking enhancing their commercial performance. According to Lin & Lin (2016), an entrepreneur's network's resources have a significant impact on how well that firm performs. An organization can improve its financial performance and market share through identifying new business prospects, guaranteeing skill transfer, and getting favorable industry appraisals. The exchange of knowledge and the reduction of uncertainty in company operations are two benefits of networking (Sungur, 2015) by giving SMEs access to resources that they might not otherwise have on their own. As a result, in both developed and emerging nations, networking and SME performance are increasingly important in today's economy.

In a sample of 164 internationalizing SMEs in New Zealand, Karami and Tang (2019) examined the connection between entrepreneurial orientation and SME international performance utilizing networking capability and training as mediating variables. In a sample of 164 internationalizing SMEs in New Zealand, they found that networking skills and training significantly influence the association between EO and performance. Another study on the impact of network ties and entrepreneurial orientation on the innovative performance of SMEs in developing nations, conducted by Gunawan, Jacob, and Duysters (2016) using a primary data set of 120 small and medium-sized businesses in Indonesia, found encouraging outcomes. The researchers found that network ties significantly affect how knowledge is acquired to enhance performance as well as regulating the relationship between innovativeness and performance.

Based on a cross-sectional survey and a pragmatic research paradigm, Ombaka, Kariuki, and Kyalo (2020) looked at the moderating impact of social media on the relationship between entrepreneurial networking and performance of young people-owned agro-processing SMEs in Kenya. The results show that entrepreneurial networking significantly affects the performance of young people's owned agro-processing SMEs. Maina et al. (2016) conducted a study in Kenya with the primary objective of examining the influence of network connections on the performance of Kenyan Small and Medium Enterprises using a cross-sectional survey approach and existing empirical evidence. The research shows a significant relationship between network platforms and business performance.

The study relied on human capital theory and social network theory. The human capital theory deals with skills and knowledge that owners of business entities bring into the organizations. It usually presumes that a founder's human capital improves the probability of business survival (Bruederl et al., 1992). Schultz supports the idea that providing numerous training sessions to future business owners helps them become knowledgeable and skilled at the same time. It emphasizes how skill development and acquisitions make man more productive to help the entrepreneur accomplish goals efficiently. Social network theory highlights the advantages that

come with being an integral component of a social network for business owners. It describes how the socializing of the entrepreneur impacts performance (Karami & Tang, 2019). An entrepreneur's ability to interact with people from various businesses and backgrounds is facilitated through socialization (Nyang Arika, 2016). Social Network Theory illustrates the linkage between Entrepreneurial Training (ET), Networking (NT), and Firm Performance (FP), emphasizing how networking opportunities facilitate access to resources and market expansion. The independent variable in this study is entrepreneurial training, and the dependent variable is SMEs performance. The role of the intervening variable in the relationship between independent and dependent variables was investigated further in this study. This entire relationship is shown in the conceptual framework in Figure 1.

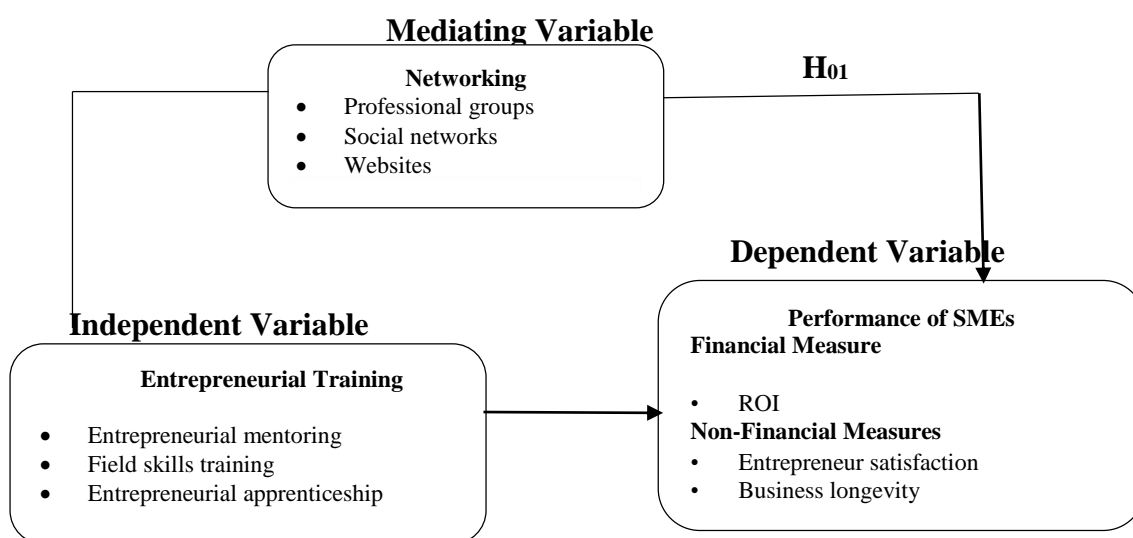


Figure 1: Conceptual Framework

From the above conceptual model, the following null hypothesis was formulated and tested:

**H<sub>01</sub>:** Networking do not significantly mediate the relationship between entrepreneurial training and performance of SMEs in manufacturing sector in Nairobi County, Kenya.

## METHODOLOGY

This study adopts positivism research philosophy. Descriptive cross-sectional survey design was adopted on the fact that the research aims at testing relationships among study variables by collecting a large amount of data from the sampled respondents. The study population comprised of all manufacturing SMEs in Nairobi County. Thus, the study used a sample size of 360 respondents. To pick the 360 to participate in the study, the study adopted purposive sampling by identify those firms that had gone training by Kenya Industrial Estate (KIE) for the last 5 years. The study adopted cross sectional survey method where data was collected at a point in time using questionnaire. The questionnaire was administered by use of the drop and pick later method. The owners or manager or equivalent were the key respondent.

In this study, data were analyzed using descriptive and inferential statistics. Two stages of analysis were employed: first, computation of regressing scores on the predictor variables and secondly to evaluate the mediation, there are two main methods: the causal steps strategy propounded by Baron and Kenny (1986), which assesses the significance of the regression weights

of the individual paths in the mediation models and the product of coefficients approach, which evaluates the significance of the indirect effect To accomplish mediation using a causal steps strategy, Baron and Kenny (1986) identified four essential conditions that should be met. First, there should be a significant relationship between the independent variable (entrepreneurial training) and the outcome variable (SMEs performance). Secondly, there should be a significant relationship between the independent variable (entrepreneurial training) and the mediator (knowledge sharing). Thirdly, the mediating variable (knowledge sharing) may be significantly related to the outcome variable (SMEs performance) while controlling for the independent variable (entrepreneurial training). Fourthly, the independent variable (entrepreneurial training) should be insignificantly related to the outcome variable (SMEs performance) while controlling for the mediator (networking).

## FINDINGS AND DISCUSSIONS

The overall score was determined by reducing the findings of each sub-variable into composite scores of replies due to the networking variable's multidimensionality. A overview of networking as it was seen in the current investigation is shown in Table 1.

**Table 1: Summary Descriptive Statistics for Networking**

No.	Networking (Composite scores)	N	Mean Score	Std. Deviation	Cv (%)
i)	Professional groups	439	3.26	0.99	31
ii)	Social networks	439	3.39	1.01	30
<b>Overall</b>		<b>439</b>	<b>3.33</b>	<b>1.01</b>	<b>31</b>

According to the results in Table 1 above, the average score was 3.33, with a 1.01 standard deviation and a 31% coefficient of variance. This demonstrates that manufacturing SMEs view networking as a positive performance-enhancing factor. Additionally, it is noted that all of the networking sub-variables have coefficients of variation that are equal to or lower than 37%, showing that each of the two networking indicators independently makes a positive contribution to performance. The study examined the impact of networking as an intervening variable on the relationship between entrepreneurial training and SMEs performance through the establishment of the following hypothesis.

*H<sub>01</sub>: There is no significant intervening effect of networking on the relationship between entrepreneurial training and performance of SMEs in manufacturing sector in Nairobi County, Kenya.*

According to (MacKinnon, 2007; Sobel, 1990 and Schultheis, 2016), the structural model and mediation process of this study were evaluated using the path coefficients based on the paths shown in Figure 5.1 (a) below. The study used path analysis to test mediation effect. This is a four step analysis. In the first step, FP was regressed on ET, in Step 2, NT was regressed on ET, In step 3, FP was regressed on ET and in Step 4, FP was regressed on ET and NT, treating NT as the mediating variable. This is summarised in Figure 1(a)



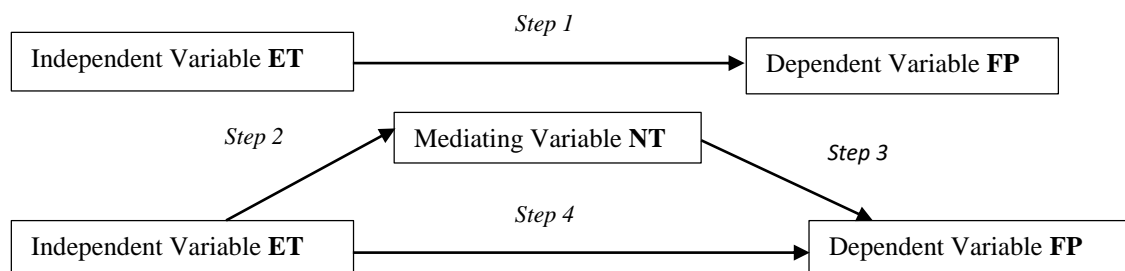


Figure 1 (a): Mediation Process of Networking on the Relationship between Entrepreneurial Training and Firm Performance

In Step one, the significance and nature of the relationship between the dependent variable (Firm Performance) and independent variable (Entrepreneurial Training) was assessed. The results of regression analysis are presented in Table 2 (a), 2 (b) and 2 (c).

**Table 2 (a): Model Goodness of Fit on the Effect of Entrepreneurial Training on Firm Performance**

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.857 <sup>a</sup>	.734	.726	.40180	.734	90.927	1	437	.000

a. Predictors: (Constant), Entrepreneurial Training

The findings of the linear regression analysis, which are summarized in Table 2 (a)'s model, showed an R<sup>2</sup> value of .734 and a standard error of the estimate of 0.4018. Through the analysis of variance, the overall importance of the observed R<sup>2</sup> value in the model summary is shown in Table 5.3 (b).

**Table 2 (b): Model Overall Significance on the Effect of Entrepreneurial Training and Firm Performance**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14.679	1	14.679	90.927	.000 <sup>b</sup>
	Residual	5.328	33	.161		
	<b>Total</b>	<b>20.007</b>	<b>34</b>			

a. Dependent Variable: Firm performance

b. Predictors: (Constant), Entrepreneurial Training

The regression analysis of variance results are shown in Table 2(b), which were helpful in determining the statistical significance of the R<sup>2</sup> value in the model summary. The significance of the ANOVA results (F=90.927, P 0.05) indicates that the population R<sup>2</sup> is significantly higher than zero. In the event that there were many predictor variables in the regression, statistical significance would indicate that at least one of the regression coefficients did not equal zero.

**Table 2 (c): Regression Coefficients on the Effect of Entrepreneurial Training and Firm Performance**

Model	Coefficients <sup>a</sup>						Collinearity Statistics	
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Tolerance	VIF	
	B	Std. Error	Beta					
(Constant)	.192	.367		.524	.604			
1 Entrepreneurial Training	1.074	.113	.857	9.536	.000	1.000	1.000	

a. Dependent Variable: Firm performance

The independent variable's coefficients, which were utilized in the model to gauge the strength of the association with the dependent variable, are shown in Table 2. The findings show that the model constant is .192, with a t-value of .524 and a p-value greater than 0.05. When the independent variable is zero, the value of firm performance is represented by the constant value of .192. Based on a beta coefficient of 1.074,  $t = 9.536$ , and  $p < 0.05$ , entrepreneurial training had a significant beneficial impact on business performance. The results presented in tables 2 (a), 2 (b) and 2 (c) generally show that Entrepreneurial Training significantly influence firm performance.

In Step two, the relationship between Entrepreneurial Training and a mediating variable, networking was tested. The results are presented in Table 2 (d), 2 (e) and 2 (f).

**Table 2 (d): Model Goodness of Fit on the Effect of Entrepreneurial Training on Networking**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F	df1	df2	Sig. F Change
1	.835 <sup>a</sup>	.697	.688	.35385	.697	76.077	1	437	.000

a. Predictors: (Constant), entrepreneurial training

The model summary findings of the regression analysis composite value of networking and entrepreneurial training are shown in Table 2 d). The findings show an R<sup>2</sup> value of 0.697, which indicates that entrepreneurial training accounts for 69.7% of all variation in networking. Variables that are not taken into account in the model but whose addition would improve the model's prediction ability account for 30.3% of the total variation.

**Table 2 (e): Model Overall Significance on the Effect of Entrepreneurial Training on Networking**

Model	ANOVA <sup>a</sup>				
	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	9.526	1	9.526	76.077	.000 <sup>b</sup>
Residual	4.132	437	.125		
<b>Total</b>	<b>13.658</b>	<b>438</b>			

a. Dependent Variable: Networking

b. Predictors: (Constant), Entrepreneurial Training

The model of overall significance in table 2 (e) results produced an F-significance value of 76.077 and  $p < 0.05$ . This is an indication of the significance of the predictive power of the model.

**Table 2 (f): Regression Coefficients on the Effect of Entrepreneurial Training on Networking**

Model	Coefficients <sup>a</sup>				t	Sig.	Collinearity Statistics	
	Unstandardized Coefficients		Standardized Coefficients	VIF			Tolerance	
	B	Std. Error	Beta					
(Constant)	.378	.323		1.169	.251			
1 Entrepreneurial Training	.865	.099	.835	8.722	.000	1.000	1.000	

a. Dependent Variable: Networking

Table 2 (f) shows results of coefficients of the variables. The model provided a constant of .378 with t-value of 1.169 and  $p > 0.05$ . The coefficient for the independent variable revealed a value of .865 with a t-value of 8.722 and  $p < 0.05$ .

the findings presented in tables 5.3(d), (e), and (f). demonstrate that entrepreneurial training has a substantial impact on networking with an R<sup>2</sup> of 0.697 and a p-value of 0.05. F-value = 76.077 and  $p < 0.05$  also indicate that the entire model is significant. The results demonstrate a substantial ( $t = 8.722$ ) and favorable ( $= .865$ ) association between these two dimensions, further demonstrating the impact of entrepreneurial training on networking. Step three's study of path findings is made possible by the importance of the results from steps one and two.

Step three of the path analysis of coefficients tested the effect of the combined mediating variable (NT) on the dependent variable FP. The results are presented in tables 2 (g), 2 (h) and 2(i)

**Table 2 (g): Model Goodness of Fit on the Relationship between Networking and Firm Performance**

Model	Model Summary								
	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Change	F Change	df1	df2	Sig. F Change
	1	.645 <sup>a</sup>	.416	.399	.59480	.416	23.551	1	437

a. Predictors: (Constant), Networking

Table 2(g) presents the model summary of the regression analysis. The regression produced R-Squared of 0.416 showing that 41.6 % of the total variation in firm performance is accounted for by networking.

**Table 2 (h): Model Overall Significance on the Relationship between Networking and Firm Performance**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.332	1	8.332	23.551	.000 <sup>b</sup>
	Residual	11.675	437	.354		
	Total	20.007	438			

a. Dependent Variable: Firm performance

b. Predictors: (Constant), Networking

The ANOVA of regression results in Table 2 (h) provided an F-significance value of 23.551 and p-value of 0.000 [F = 23.551, P < 0.05]. The regression model is a good fit with low probability of its predictive value being false.

**Table 2 (i): Regression Coefficients on the Relationship between Networking and Firm Performance**

Coefficients <sup>a</sup>							
Model		Unstandardized Coefficients		t	Sig.	Collinearity Statistics	
		B	Std. Error			Beta	Tolerance
1	(Constant)	.788	.516	1.525	.137		
	Networking	.781	.161	4.853	.000	1.000	1.000

a. Dependent Variable: Firm performance

The coefficients of the independent variable used in the regression analysis are also displayed in the regression model. With a t-value of 1.525 and a p-value of 0.05, the model produces a constant value of .788. Additionally, based on the Unstandardized Coefficient value, the composite variable for networking has a positive and statistically significant influence on business performance. .781. p0.05 and t-statistic = 4.853.

The final step (Step four) involved the evaluation of the influence of the mediating variable (networking) on the relationship between Entrepreneurial Training and firm performance as per Sobel – Score tests as shown in Table 2 (j)

**Table 2 (j): Calculation for the Sobel Test of Significance on the Mediation effect of Networking**

	Input:		Test statistic:	Std. Error:	p-value:
<i>a</i>	.247	Sobel test:	5.153	0.022	0.000
<i>b</i>	.470	Aroian test:	5.132	0.022	.0002
<i>s<sub>a</sub></i>	.039	Goodman test:	5.175	0.022	.0002
<i>s<sub>b</sub></i>	.053				

The results of the Sobel test revealed that the addition of the mediating variable, networking, had an impact on the relationship between the independent variable, entrepreneurial training, and the dependent variable, business performance. The association between entrepreneurial training and company success was mediated to the extent that the relationship's p-value fell below the alpha value of 0.05 and the mediation effect is therefore significant at confidence 1.96 @ 95%). As a result, networking was identified as a mediator, and the null hypothesis was rejected.

## CONCLUSION AND RECOMMENDATIONS

Due to its scope, the study had some operational, methodological, and technical limitations. The general design and results of the research, however, were not adversely impacted by these shortcomings. First of all, it should be highlighted that this research was conducted from the standpoint of the manufacturing sector for SMEs. This restricts the findings' potential to be generalized to account for the circumstances of different industries. Additionally, the study used a descriptive cross-sectional survey, which has several significant drawbacks. Cross-sectional survey research design flaws that might have crept into this study include the inability to draw conclusions about cause and effect relationships which might produce contradictory results when studied over a range of time periods

The selection of the Likert scale as a measurement scale led to a third restriction on the scope of this investigation. Despite the fact that the Likert Scale approach is frequently employed in management and social science research, it only offers 5–7 possibilities, and it is unlikely that the distance between each option can be equal (Hasson & Arnetz 2005). Therefore, it is unable to reflect the respondents' actual attitudes. Furthermore, it is not questionable that people's responses may be influenced by earlier inquiries or may heavily emphasize one side of the debate (agree/disagree). Even though an extreme option would be the most correct, respondents tend to avoid selecting the "extremes" on the scale due to the negative connotations associated with "extremists" (Sedgwick, 2014). This was not the case with this study, though, as the majority of the mean scores fell between 3.00 and 4.5, indicating that the respondents did not have a tendency to choose the options of extremists.

The self-administered survey data collecting tool for the primary data of the firms was delivered to respondents by email and the drop-and-pick-up later method. The issue with not asking respondents questions face-to-face is that different people may understand study questions differently (Debois, 2016). The meaning of several items that appeared evident to the researcher may not have been clear to the respondents. The results might have been distorted due to this misunderstanding. The results can therefore be considered as having some degree of bias if the questionnaire's content wasn't adequately explained to ensure that everyone understood it, though the researcher believes this had little impact on the overall findings. The researcher points out that the limitations mentioned above did not, however, affect the study's and its conclusions' overall quality. This was established in the study by performing diagnostic tests on the gathered data to verify that the regression's presumptions—normality, linearity, multi-collinearity, homoscedasticity, and correlation analysis—were met.

Only SMEs in the manufacturing sector were the subject of the study. The findings of this study should be confirmed by similar studies in other industries. It is advised that comparable study be carried out using construction as the unit of analysis and using other manufacturing industry components as the basis. Such a study would broaden the generalizability of the study's findings while also increasing empirical knowledge in the field. In the past, there have been conflicting

findings about the moderating impact of technology adoption on the relationship between entrepreneurial training and business performance. Thus, in order to contribute meaningful theoretical and empirical insights into the designated study variable to the body of current knowledge, future scholars will need to conduct further research in this field. Last but not least, the research questionnaires were mostly distributed to the target respondents by email and the drop-and-pick-up technique. The likelihood of misinterpreting the information contained in the questionnaire and survey response syndrome increased as a result. Future studies should use focus group discussion approach since they are thought to enable more thorough data gathering from respondents and thorough comprehension of the survey material by giving the researcher the latitude to probe and get more insights.

## REFERENCES

- Aarakit, S. M., & Kimbugwe, F. K. (2015). The Relationship between Social networks and Firm Performance in Kampala, Uganda. *International Journal of Science and Economics*, 1(01), 69-82.
- Baron, R. M., & Kenny, D. A. (1986). The moderator–mediator variable distinction in social psychological research: Conceptual, strategic, and statistical considerations. *Journal of Personality and Social Psychology*, 51(6), 1173-1182.
- Creswell, J. W. (2014). *A concise introduction to mixed methods research*. SAGE publications.
- Davis, F. D. (1989). Perceived usefulness, perceived ease of use, and user acceptance of information technology. *MIS Quarterly*, 13(3), 319–339.
- Garibaldi, P. (2006). *Personnel economics in imperfect labour markets*. OUP Oxford.
- Ghasemi, A., & Zahediasl, S. (2012). Normality tests for statistical analysis: A guide for non-statisticians. *International Journal of Endocrinology and Metabolism*, 10(2), 486–489. <https://doi.org/10.5812/ijem.3505>
- Government of Kenya. (GOK). (2012). *Sessional paper No. 9 of 2012 on the national industrialization policy framework for Kenya 2012–2030*. Government of Kenya Press.
- Huka, G. S., Mbugua, Z. K., & Njehia, B. (2015). Effects of business training needs analysis on competencies of trainees: The Kenyan experience.
- Israel, D. (2009). *Data analysis in business research: A step-by-step nonparametric approach*. Sage Publications.
- Mara, L. C. (2018). Innovation in the government-run continuing vocational education and training programme for the unemployed in Catalonia (Spain): Challenges and opportunities. *Intangible Capital*, 14(3), 370–386.
- Razali, N. M., & Wah, Y. B. (2011). Power comparisons of shapiro-wilk, kolmogorov-smirnov, lilliefors and anderson-darling tests. *Journal of statistical modeling and analytics*, 2(1), 21-33.
- Starr, J. A., & MacMillan, I. C. (1990). Resource cooptation via social contracting: Resource acquisition strategies for new ventures. *Strategic Management Journal*, 11, 79–92.
- Taherdoost, H. (2018). Validity and reliability of the research instrument: How to test the validation of a questionnaire/survey in a research. *SSRN Electronic Journal*, 5(3), 28–36. <https://doi.org/10.2139/ssrn.3205040>
- Van Peteghem, M., Joshi, A., Mithas, S., Bullen, L., & De Haes, S. (2019). Board IT competence and firm performance. In *Fortieth International Conference on Information Systems, December 15-18, 2019, Munich, Germany*.
- Zikmund, W. G., Babin, B. J., Carr, J. C., & Griffin, M. (2013). *Business research methods*. South-Western.