

Influence of Entrepreneurial Networking on Performance of Small and Medium Enterprises in Manufacturing Sector Post-Covid-19 in Kenya

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Abstract: Manufacturing sector is a major player in the development of various economies in developed and developing countries. The study sought to determine the influence of entrepreneurial networking on performance of small and medium enterprises in manufacturing sector post-Covid-19 in Kenya. The study used a cross-sectional research design where both quantitative and qualitative data were collected and analyzed, and conclusions were drawn. The target population was 716 organizations in manufacturing sector. The sample size of 250 organizations of manufacturing organizations was selected using stratified and simple random sampling techniques. The tool used to collect data was semi-structured questionnaires. The data was analyzed using the Statistical Package for Social Sciences (SPSS) version 26. Both descriptive and inferential statistics were computed, summarized, and presented using tables and figures. The study revealed that there exists a relationship between entrepreneurial networking and performance of small and medium enterprises in manufacturing sector post-Covid-19 in Kenya. The analysis of the regression model and correlation showed that there was a statistically positive and significant correlation between entrepreneurial networking and performance of SMEs in manufacturing sector post-Covid-19 in Kenya. The Descriptive Statistics analysis on entrepreneurial networking showed that it was well embraced in the manufacturing sector in Kenya. The study therefore concludes that entrepreneurial networking influences performance of small and medium enterprises in manufacturing sector post-Covid-19 in Kenya.

Keywords: Entrepreneurial Networking, Performance, SMEs, Manufacturing sector.

1. INTRODUCTION

The manufacturing sector has been considered as being a major player in the achievement of economic growth and development in any economy. Due to a weak manufacturing base, many countries have struggled with economic and social problems ranging from dwindling growth rates and low human development indices (Dogara, 2018). Several industry aspects and firm characteristics are known to be the determinants that affect performance of a firm in manufacturing industry. The firm's performance can increase its generated revenue and determinants affecting performance in a firm should be given equal priority and productivity to ensure continuous revenue generation and sustainability of the firm (Hee et al., 2019).

The government of Kenya's broad target for enhancing manufacturing was to increase the manufacturing share of gross domestic product from 8.4% to 15% to create more jobs. Still, the target remains a mirage owing to the poor performance of the manufacturing sector over the years, for instance, manufacturing sector performance declined to 3.5% in 2019 compared to 4.4% in 2018 (Mate et al., 2022).

The key benefit of manufacturing sector is that it absorbs many workers and places them into productive and decent-paying jobs and the manufacturing sector has opened avenues for new ventures by creating strong value chains to support main production. Small and medium enterprises are a crucial part of manufacturing in Kenya, due to their role in creating employment and bringing about innovation in the sector (KMA report, 2021). The manufacturing sector contributes to the sustained growth and development of economies and is often the differentiator between developed and developing countries. In Kenya manufacturing sector contribution has been declining, which implies possible deindustrialization (Kanini et al., 2022). Internal R&D collaboration and knowledge sharing have been identified to significantly affect performance in organizations (Yuena & Nga, 2020).

An understanding of the link between networking and entrepreneurial performance is very important, and the structural, resource, and relational facets of franchisee peer networking affect performance of organizations. They benefit and harm low, medium, and high-performing franchisees differently (Brand et al., 2018). Ndururi (2020) identified networks as a parameter for retaining and attracting new customers that leads to the growth of enterprises. Knowledge networking has been recognized as one of the key determinants of performance in manufacturing (Barrios et al., 2022). Customers are important attributes to the growth of enterprises (Ndururi et al., 2019).

Strategic business networking is formed for a variety of reasons, which include increasing market, better resource utilization, synergy and competitive advantage, improved organizational learning, flexibility development, and financial risk sharing in industries, and usually have an impact on improving performance in organizations (Njui, 2013). Business networking is a key determinant of enterprise performance due to its noticeable significance (Omwenga et al., 2013).

The design of the manufacturing network is an important factor in a firm in its competitive position (Feldmann et al., 2007). Social networks facilitate knowledge sharing in diverse ways in manufacturing firms (Al Saifi et al., 2016). Network size, network density, and tie strength, have been identified as key determinants of the function of social networks and affect the growth of entrepreneurial enterprises. The network size and tie strength have been shown to have a positive and significant impact on the growth of entrepreneurial enterprises (Peng et al., 2022). Local business associations are important mechanisms for stimulating inter-firm cooperation leading to economic growth and development of organizations (Newbery et al., 2016). The effect of Network relationships on the performance of small and medium enterprises (SMEs) in manufacturing shows that different types of network relationships have different levels of effect on performance (Lin & Lin, 2016).

1.1 Problem Statement

There has been a low contribution of SMEs in the manufacturing sector to the Kenyan GDP (KNBS, 2020). Kenya's manufacturing industry experienced sluggish growth, with a decrease from 7.3% to 2.7% in 2022 against the target of 15%, a value that was envisaged by the 'Big Four Agenda' (KNBS, 2022). The 'Big Four Agenda' had a target of increasing employment in the sector from 293,000 to a minimum of 500,000 employees (Kenya Manufacturers Association (KMA) report 2022). According to the KAM Manufacturing Manifesto (2022-2027), manufacturing sector is known worldwide to contribute to the generation of sustainable, well remunerating decent jobs, improving foreign exchange, and driving the country's overall wealth and well-being. Murunga and Mugambi (2019), recognize the role of manufacturing sector in the creation of employment and wealth as well as its vital contribution to the economy's GDP. Makumi (2022) observed that even though small and medium enterprises (SMEs) make a positive contribution to the Kenyan economy, their failure rates were extremely high.

According to KAM Manufacturing Manifesto 2022-2027, Kenya's performance on manufacturing exports as a share of all merchandise exports averaged 30%. The performance declined between 2019 and 2020 from 31% to 28% which was far below other developing countries. The global manufacturing output has been on a decline since 2019 partly because of trade uncertainty caused by trade tensions between the US and China. The Covid-19 pandemic aggravated the drop in manufacturing output in the subsequent quarters of the year 2020 (KPMG, 2021). The global manufacturing output contracted by 6.0% in the first quarter of 2021, and a further 11.1% in the second quarter. A similar trend was witnessed in the third and fourth quarters of 2020 (KPMG, 2021). Shurie and Olando (2020) observed that despite the significant positive impact of SMEs in the manufacturing sector on economic growth and employment generation. Small and medium enterprises in Kenya, were continuously collapsing. The authors further noted that this high rate of collapse threatened their contribution to the country's gross domestic product (GDP).

1.2 Hypothesis Testing

H₀₁: Entrepreneurial networking does not influence performance of small and medium enterprises in manufacturing sector post-Covid-19 in Kenya.

H₀₂: Regulatory framework has no significant moderating influence on the relationship between entrepreneurial networking and performance of SMEs in manufacturing sector post-Covid-19 in Kenya

2. LITERATURE REVIEW

2.1 Social Networking Theory

The study was anchored on Social Network Theory. Social networking and networking are defined as a process by which individuals develop a relationship with other individuals, based on mutual interests, friendship, interdisciplinary, information, and other beneficial reasons. In the formation of networking relationships with other individuals, the exchange of information and knowledge provides networking opportunities (Cote, 2019). Social networking is recognized as one of the major supplies in human life progression. This social form significantly influences the alteration of needs as well as support (Pandey & Yu, 2021).

Social network theory focuses on the role of social relationships in transmitting information, channelling personal or media influence, and enabling attitudinal or behavioural change (Liu et al., 2017). The influence of informal networks is considered a factor dampening or even preventing the effectiveness of formal institutions but they can also reduce transaction costs, and enable efficient economic coordination (Restel & Horak, 2017). Social networks in organizations are recognized as tools to connect employees, these connections are how information is dispersed, and knowledge shared when these networks are understood and effectively used, it can result in more comprehensive problem-solving, valuable collaboration, and the maximization of subject matter expertise within the organization (Paros et al., 2020).

Social networks as structures are composed of relational patterns of interactions among a set of actors. These actors may be communities, organizations, nations, populations, cultures, or any other collective body connected through expressed ties that allow information and resources to flow within and through the network (Foster & Charles, 2017). Employee social network strategies play a key role in firm strategies and organizational performance (Thiel, 2021). The effects of social networks on the relationship between internationalization and firm performance have been recognized and business ties are conducive to an organization's information acquisition and knowledge sharing and play the role of information processing (Cao et al., 2022).

The social network has been identified as a factor that changes the way business happens, especially when it comes to communication and marketing (Ioanid et al., 2018). Social media use is on the rise and companies find it useful for communicating with their customers or business associates. An analysis of the benefits and the use of social networks in Czech companies concerning certain specifics of the company showed that many companies surveyed use social networks, and regarded social network as an important part of businesses (Marešová et al., 2020). Social networking has been recognized as a factor that influences firms' financial and non-financial performance and firms were getting involved in it because of the strong ties it helped family businesses to create and maintain with their stakeholders and the growing market size it offers. The networking was effective in improving business performance (Agbim, 2019).

Economists over a long period suggest that social networks play a key role within a given economy and friendship and professional ties matter for economic growth because people tend to develop new ideas by interacting and learning from others who are close to them. Social networks facilitate the diffusion of ideas across individuals and firms, and because of this, they play an important role in productivity growth. The social connections make it easier for knowledge to travel further and faster. The social networks had shown that the flow of information and knowledge through people was not only a function of "connectedness" as measured by the number of links people had but also a function of the specific structures of the networks (for example, the extent to which social ties are tightly clustered) (Ortiz-Ospina, 2019).

On the effects of caste-based social networks on individual and group productivity, when workers were complements in the production function. The results suggested that even in the absence of explicit group-based financial incentives, social networks could be leveraged to improve both worker and group productivity (Afridi et al., 2020). Social networking has become an indispensable part of the larger society, with many businesses using it as a tool to enhance a better relational experience with their employees and customers. A careful look at the various types of existing social networking sites

suggests that businesses can choose to adopt either an enterprise social networking site, a consumer social networking site, or both, depending on the level of integration desired for matching organizational goals with marketing efforts, organizational learning, and public relations strategy (Awolusi, 2012).

2.2 Empirical Review

2.3 Entrepreneurial Networking and Performance

Organizations can no longer be isolated entities in the current dynamic competitive environment but tend to establish alliances and networks with external parties and organizations develop collaborative modes with Cultural and Creative Industries (CCIs) to acquire and combine Heterogeneous Sources of Knowledge (HSK) within their organizational environment (Santoro et al., 2018).

A study on the role of social networking on the performance of manufacturing firms showed a positive impact between social networking and firm performance (Nu'man et al., 2020). A study to examine the role and the level of influence of strategic networking on the performance of manufacturing SMEs, using unidimensional analysis revealed that strategic networking had a positive relationship with business performance (Milovanović et al., 2019). Analysis on whether membership in formal networks in the form of business associations and industry/trade had an impact on the growth of SME's business showed a positive impact of SME networking and the respondents mostly agreed that networking was of great benefit to their business operations (Aladejeb, 2020). A study conducted by Omwenga et al. (2013) on business networking and the Performance of Women-Led enterprises revealed that networking was a key determinant of the performance of SMEs.

An investigation on the relationship between entrepreneurial business networks and the performance of small firms revealed that the entrepreneurial business network had a significant positive relationship with dynamic capabilities, which influenced a positive relationship to the performance of firms. This also affirmed that highly entrepreneurial firms showed a tendency to create a business network for achieving sustainable performance. The results also revealed that firms taking business networks and dynamic capabilities effectively achieved the desired performance (Abbas et al., 2019). A study on the link between knowledge transfer and performance of informal economy concerning the SMEs that were involved in international business relationships involving a survey of 370 owners-managers and managers was conducted. The focus of the research was on Nigeria's informal electronic market. The research using AMOS 22 showed that knowledge transfers dimensions, such as R&D and social networking, had varying levels of impact on the performance of informal sector SMEs. The knowledge transfers from training showed an inverse and insignificant relationship with performance (Ibidunni et al., 2020).

A study on the relationship between networking capability and performance was conducted on companies in the Iranian automotive industry where data were collected using a web-based cross-sectional survey, and considered the content validity of the measurement tool, and also conducted a pre-test to assess the reliability of the measurement tool. The data were gathered by the Iranian Vehicle Manufacturers Association (IVMA) and Iranian Auto Parts Manufacturers Association (IAPMA) samples. The power analysis method and G*Power software were used to determine the sample size. It also used SmartPLS 3 and IBM SPSS 25 software for analysis of the conceptual model and hypotheses. The results of the study revealed that the relationships between networking capability, inter-organizational knowledge mechanisms, and inter-organizational learning resulting in a self-reinforcing loop, had a marked impact on firm performance (Mokhtarzadeh et al., 2020).

A study examining the effect of the quality of entrepreneurial networks on export marketing performance also tested the influence of the quality of entrepreneurial networks on the speed of entry into foreign markets. They also examined the influence of responsiveness to the global business environment on the speed of entry of overseas markets, at the same time examining the influence of responsiveness to the global business environment on the performance of SME export marketing. The study considered a sample of 205 owners and managers of furniture and handicraft SMEs in Indonesia. The data were processed and analysed by Structural Equation Modelling using AMOS 21 software. The results showed that the quality of the entrepreneurial network and responsiveness to the global business environment significantly and positively affect the speed of the company in entering the overseas market and improving the marketing performance of exporting SMEs (Damarwulan & Farida, 2018).

Kiprotich et al. (2022) conducted a study to establish the effect of information sharing on the performance of manufacturing companies. The study was anchored on stakeholder theory and systems theory. The study used explanatory research design

taking a sample size of 264 procurement managers from Kenyan manufacturing enterprises, with 766 procurement managers as the target population. Respondents were chosen using stratified, simple random, and purposive sampling methods. The primary data was collected using questionnaires. Data analysis was done using descriptive statistics (means, standard deviations) and inferential analysis (linear regression analysis) with the aid of the SPSS program. The regression model showed that ($R^2 = 0.276$), indicating that the information sharing predicted 27.6% of the firm performance. The information sharing ($\beta = 0.417$, $P = 0.000$) had a positive and significant effect on performance of manufacturing firms. The study concluded that information sharing had a significant effect on performance of manufacturing companies in Kenya. The report recommended that industry participants in the manufacturing sector should collaborate closely to improve the quality of the information that they share with other providers.

2.4 Conceptual Framework

A conceptual framework is a written or visual representation of an expected relationship between independent variables and dependent variables. Variables are simply the characteristics or properties that are under study. A conceptual framework illustrates what is expected to be investigated through research. It defines the relevant variables for the study and maps out how they relate to each other (Swaen, 2021), the illustration in Figure 1 in this study shows the performance of SMEs in manufacturing as the dependent variable and entrepreneurial networking as the independent variable.

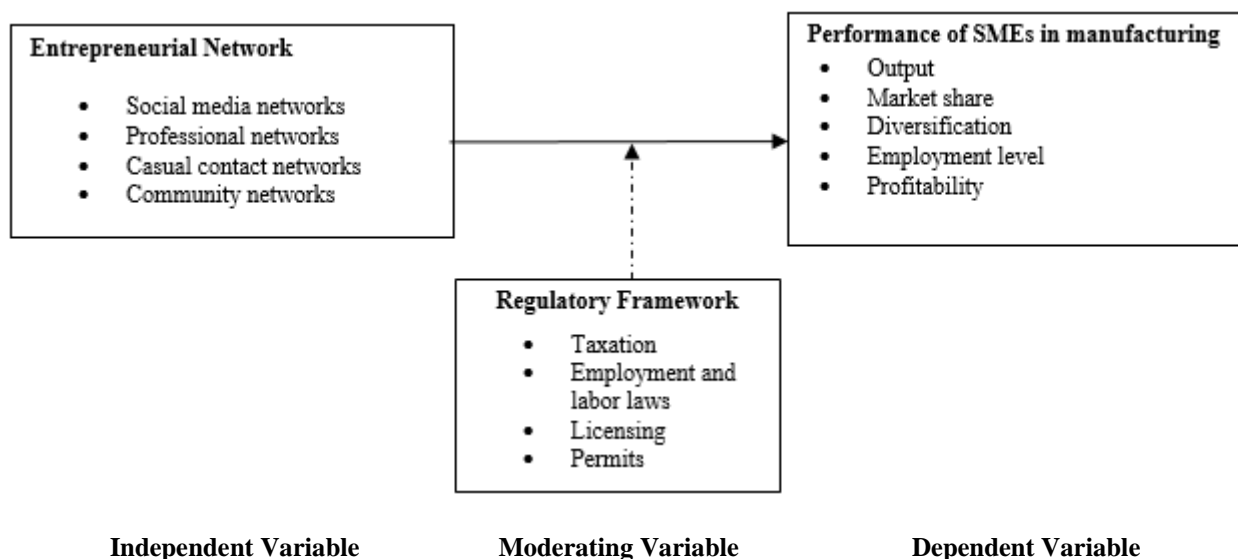


Figure 1: Conceptual Framework

3. METHODOLOGY

The study used a cross-sectional research design and the target population was 716 SMEs in manufacturing sector, as given by the KMA (2022) report. The target population comprised 13 subsectors and each subsector was considered in the sample. The study targeted employees in the SMEs in the manufacturing sector to participate in the study. In sample size determination, the study adopted the formula by Dillman et al. (2014), and 250 manufacturing organizations constituted the sample size. The 250 organizations were distributed among the 13 subsectors based on their proportion in the population. From each subsector, sample size was selected by use of simple random sampling technique. A total of 750 respondents were selected from the 13 subsectors. The study used semi-structured questionnaires to collect primary data and both closed and open-ended questions were included in the tool. The researcher employed SPSS version 26 software to analyse the data. Both descriptive and inferential analyses were performed. The descriptive statistics included means, mode, standard deviations, and frequencies. Inferential statistics included regression and correlation analysis. Pearson's product-moment correlation was used to determine the relationship between the independent and dependent variable. Linear regression analysis was used to explain the extent independent variable (Entrepreneurial networking) explained variations in the dependent variable (Performance of SMEs in Manufacturing Sector post-Covid-19 in Kenya). The study analysed the coefficient of determination (R^2) and calculated the Analysis of Variance (ANOVA) of the dependent and independent variable.

The study used the regression model indicated below:

$$Y = \beta_0 + \beta_2 X_2 + e$$

Where:

Y= Performance of small and medium enterprises (SMEs) in manufacturing sector post-Covid-19 in Kenya.

X₂=Entrepreneurial Networking

β₀=Constant

β₂=Coefficient of the variable

e=Error term

4. RESULTS AND DISCUSSIONS

4.1 Descriptive Analysis

4.2 Entrepreneurial Networking

This section presents the responses from the respondents based on statements used for entrepreneurial networking and their influence on performance of small and medium enterprises in manufacturing sector post-Covid-19 in Kenya

TABLE 1: Descriptive Results for Entrepreneurial Networking

The study sought to examine the influence of entrepreneurial networking on the performance of small and medium enterprises in manufacturing sector. To examine this objective, the researcher measured the extent of agreements on the statements below.

Statement	Percentage (%)					Mean	Median	Mode	Standard Deviation
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree				
a) The organization formulates policies relating to networking.	0.3	3.2	21.1	50.9	24.4	3.96	4.0	4	0.78
b) Engaging in social media networks has improved employee performance in the organization.	1.1	4.4	15.2	55.2	24.1	3.96	4.0	4	0.81
c) The organization has a social network where all employees subscribe and discuss concerns of the organization openly.	7.1	29.0	16.4	34.2	13.2	3.17	4.0	4	1.18
d) Being a member of a professional body network has improved performance in the organization.	2.5	6.3	16.9	56.0	18.3	3.81	4.0	4	0.89
e) By being a member of this professional network, employees have tapped new ideas beneficial to the organization.	2.4	4.6	8.2	50.5	34.4	4.09	4.0	4	0.90
f) Being a member of a professional network has gained employees more confidence and employees have become more productive in the organization.	10.1	17.5	22.6	26.5	23.3	3.35	4.0	4	1.28
g) Networking activities are well organized in the organization.	0.2	1.7	13.2	48.3	36.6	4.19	4.0	4	0.73

h) People are willing to share information and resources with the enterprise.	0.6	4.3	17.7	44.8	32.6	4.04	4.0	4	0.85
i) Close interactions within the network facilitate business operations.	0.2	4.7	17.1	40.0	38.0	4.11	4.0	4	0.86
j) The organization actively participates in community networks.	6.5	8.4	13.4	36.9	34.9	3.85	4.0	4	1.17
k) Participating in community networks has improved employee skills which are beneficial to the organization.	4.3	9.5	17.4	39.6	29.3	3.80	4.0	4	1.09
l) By participating in community networks, the image of the organization has been perceived positively.	3.8	9.3	17.7	37.2	32.0	3.84	4.0	4	1.08
Average level of Entrepreneurial Networking.	3.2	8.6	16.4	43.3	28.4	3.85	4.0	4	0.97

Strongly Disagree (1)-Disagree (2) -Neutral (3) - Agree (4)-Strongly Agree (5)

To get information about the entrepreneurial networking variable, several statements were asked of the respondents, based on a Likert scale of one (1) to five (5), with "1" being strongly disagree, "2" being disagree, "3" being neutral, "4" being agree and "5" being strongly agree.

The study objective question items summarized in Table 1 above had an overall mean of 3.85, median= 4.0, and mode =4 at 0.97 standard deviations. The results in Table 1 further show that the average level of entrepreneurial networking for the rating of agree and strongly agree had a combined value of 71.7%. The ratings disagree and strongly disagree had a combined value of 11.8%.

On the statement "The organization formulates policies relating to networking" 24.4% strongly agreed and 50.9% agreed with a mean of 3.96 and a standard deviation of 0.78. On the statement "Engaging in social media networks has improved employee performance in the organization" 24.1% strongly agreed and 55.2% agreed with a mean of 3.96 and a standard deviation of 0.81. Regarding the statement "The organization has a social network where all employees subscribe and discuss concerns of the organization openly," 34.2% of the respondents agreed and 13.2% strongly agreed with a mean of 3.17 and a standard deviation of 1.18.

On the statement "Being a member of a professional body network has improved performance in the organization," 56.0% agreed and 18.3% strongly agreed with a mean of 3.81 and a standard deviation of 0.89. On the statement "By being a member of this professional network, employees have tapped new ideas beneficial to the organization," 50.5% of respondents agreed and 34.4% strongly agreed with a mean of 4.09 and a standard deviation of 0.90. On the statement "Being a member of a professional network has gained employees more confidence and employees have become more productive in the organization," 23.3% strongly agreed and 26.5% of the respondents agreed, with a mean of 3.35 and a standard deviation of 1.28.

Regarding the statement "Networking activities are well organized in the organization," 48.3% of the respondents agreed and 36.6% strongly agreed, with a mean of 4.19 and a standard deviation of 0.73. On the statement "People are willing to share information and resources with the enterprise," 44.8 % of respondents agreed and 32.6 % strongly agreed with a mean of 4.04 and a standard deviation of 0.85. Regarding the statement "Close interactions within the network facilitate business operations," 40.0% agreed, while 38.0% strongly agreed with a mean of 4.11 and a standard deviation of 0.86.

On the statement "The organization actively participates in community networks," 36.9% of the respondents agreed and 34.9% strongly agreed with a mean of 3.85 and a standard deviation of 1.17. On the statement "Participating in community networks has improved employee skills which are beneficial to the organization," 39.6% of the respondents agreed and 29.3% strongly agreed with a mean of 3.80 and a standard deviation of 1.09. Regarding the statement "By participating in community networks, the image of the organization has been perceived positively," 37.2% agreed with the statement and 32.0% strongly agreed with a mean of 3.84 and a standard deviation of 1.08. These statistical parameters indicate that the majority of the respondents were in agreement that entrepreneurial networking contributed positively to performance of SMEs in manufacturing sector post-Covid-19 in Kenya.

4.3 Regression Analysis

Regression analysis was used to test for the linear relationship between entrepreneurial networking and performance of SMEs in manufacturing sector post-Covid-19 in Kenya. The data was subjected to the computation of the correlation coefficient.

TABLE 2: Bi-variate linear relationship between Entrepreneurial Networking and performance of SMEs in manufacturing sector

		Entrepreneurial Networking	Performance
Entrepreneurial Networking	Pearson Correlation	1	.373**
	Sig. (2-tailed)		0.000
	N	634	634

** Correlation is significant at the 0.01 level (2-tailed).

The results of the correlation of the variables in Table 2 above show that entrepreneurial networking had a positive correlation with performance of SMEs in manufacturing ($r = 0.373$, $p\text{-value} = 0.000$). This implies that an increase in entrepreneurial networking led to an increase in performance of SMEs in manufacturing sector post-Covid-19 in Kenya and vice versa. The two variables (Entrepreneurial networking and performance of SMEs in manufacturing sector) tend to change in the same direction.

4.4 Influence of Entrepreneurial Networking on performance of SMEs in manufacturing sector

In examining the relationship in the research model, linear regression analysis was used. The linear regression analysis between entrepreneurial networking and performance of SMEs in manufacturing sector.

H_{01} : Entrepreneurial networking does not influence performance of small and medium enterprises in manufacturing sector post-Covid-19 in Kenya.

R² (Coefficient of determination) of Entrepreneurial Networking and performance of small and medium enterprises (SMEs) in manufacturing sector post-Covid-19 in Kenya.

TABLE 3: Summary of R² (Coefficient of determination)

R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Sig. F Change
.373 ^a	.139	.138	.49495	.139	.000

a. Predictors: (Constant), Entrepreneurial Networking

Table 3 shows R^2 of 0.139 (i.e. 13.9%) with the standard error of estimate being 0.49495. This implied that entrepreneurial networking explained 13.9% of performance of SMEs in manufacturing sector post-Covid-19 holding other factors constant. The remaining percentage of performance of small and medium enterprises can be explained by other factors not included in the model.

TABLE 4: Summary of ANOVA

Analysis of value (ANOVA) of entrepreneurial networking and performance of small and medium enterprises (SMEs) in manufacturing sector post-Covid-19 in Kenya.

	Sum of Squares	df	Mean Square	F	Sig.
Regression	25.082	1	25.082	102.384	.000 ^b
Residual	154.826	632	.245		
Total	179.908	633			

a. Dependent Variable: Performance of SMEs in Manufacturing

b. Predictors: (Constant), Entrepreneurial Networking

Table 4 above, shows that F-Calculated (1,632) = 102.384 which was greater than F-Critical (1,632) = 3.94 at a 5% level of significance and p-value=0.000. Based on this, the null hypothesis was rejected, and therefore entrepreneurial networking had a significant influence on performance of small and medium enterprises (SMEs) in manufacturing sector post-Covid-19 in Kenya.

4.5 Hypotheses Testing

Hypotheses were tested using simple linear regression analysis as shown in Tables 2, 3, and 4.

H_{01} : Entrepreneurial networking does not influence performance of small and medium enterprises in manufacturing sector post-Covid-19 in Kenya.

The hypothesis was tested using simple linear regression and a decision was made using the p-value. The decision rule (acceptance/rejection) was that if the p-value is less than 0.05, we reject the H_{01} but if more than 0.05, the H_{01} is not rejected. The results in Tables 2, 3 and 4 for entrepreneurial networking and performance of SMEs in manufacturing sector post-Covid-19 in Kenya, show that entrepreneurial networking had a positive and significant relationship with performance of SMEs in manufacturing sector post-Covid-19 in Kenya. In Table 4, F-Calculated (1,632) = 102.384 which was greater than F-Critical (1,632) = 3.84 at 5% level, and p-Value=0.000 ($p < 0.05$). Therefore, the null hypothesis was rejected, with the conclusion being entrepreneurial networking had a significant influence on the performance of small and medium enterprises (SMEs) in manufacturing sector post-Covid-19 in Kenya.

4.6 Model coefficients

Model coefficients of entrepreneurial networking and performance of small and medium enterprises (SMEs) in manufacturing sector post-Covid-19 in Kenya were determined and the results are in Table 5 below.

TABLE 5: Model coefficients

	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	2.450	.158		15.544	.000
Entrepreneurial Networking	.409	.040	.373	10.118	.000

In Table 5 above, when the independent variable (entrepreneurial networking) is held constant, performance will remain at 2.450. At the same time, an increase in entrepreneurial networking by one unit would lead to an increase in performance by 0.409 units with a p-value of 0.000 ($p < 0.05$). The positive beta coefficient implied that entrepreneurial networking had a direct and positive influence on the dependent variable (performance of small and medium enterprises in manufacturing sector post-Covid-19 in Kenya).

The model $Y = \beta_0 + \beta_2 X_2 + e$ can therefore be estimated as:

$$Y = 2.450 + 0.409X_2$$

Where:

Y = Performance of small and medium enterprises (SMEs) in manufacturing sector post-Covid-19 in Kenya.

X_2 = Entrepreneurial Networking.

4.7 Discussion of the findings on the relationship between Entrepreneurial Networking and performance of SMEs in manufacturing

The results in Table 1 for descriptive analysis show that the statistical parameters indicate that the majority of the respondents were in agreement that entrepreneurial networking contributed positively to the performance of SMEs in manufacturing sector post-Covid-19 in Kenya. The R-value (Correlation coefficient, $r = 0.373$) in Table 3 indicated that there was a weak positive correlation between entrepreneurial networking and performance of SMEs in manufacturing sector post-Covid-19 in Kenya. The p-value < 0.05 signified that entrepreneurial networking was statistically significant at a 5% level of significance, indicating that entrepreneurial networking has a positive effect on performance of SMEs in

manufacturing sector post-Covid-19 in Kenya. The study rejected the null hypothesis H_{01} : Entrepreneurial networking does not influence performance of small and medium enterprises in manufacturing sector post-Covid-19 in Kenya.

The results are coherent with studies by (Damarrwulan & Farida, 2018; Nu'man et al., 2020; Milovanovic et al., 2019; Aladejebi, 2020; Barrios et al., 2022; Mokhtarzadeh et al., 2020; Kiprotich et al., 2022; Peng et al., 2022; AO et al., 2018; Woods et al., 2018) who observed that networking contributed positively to the performance in manufacturing sector. Usaini and Jibrin (2022) revealed that networking showed a modest effect on the efficiency of employees' productivity in manufacturing organizations. Thomas and Fuller-Love (2005) observed that networking in small and medium enterprises in manufacturing was identified as a cost-effective way compared to other strategies in improving their performance.

Gedion et al. (2016) examined the relationship between networking on performance of small and medium enterprises and the results revealed that networking intensity, strength networking proactive networking and networking diversity had a positive and significant effect on the performance of SMEs. The results in Table 3 and Table 4 showed a positive and significant relationship between networking and the performance of SMEs in manufacturing and were consistent with studies by (Haug, 2022; Kadie, 2021; Maina et al., 2016) which showed a positive and significant relationship between networking and the performance of manufacturing SMEs.

4.8 Test of Moderating Variable

To test whether regulatory framework had moderating effect on the relationship between entrepreneurial networking and performance of SMEs in manufacturing sector post-Covid-19 in Kenya, regression analysis was conducted as shown in Table 6 below. The study tested hypothesis, H_{02} : Regulatory framework has no significant moderating influence on relationship between entrepreneurial networking and performance of SMEs in manufacturing sector post-Covid-19 in Kenya

The study was based on the following three models;

$$\text{Model 1 : } Y = \beta_0 + \beta_2 X_2 + e$$

$$\text{Model 2 : } Y = \beta_0 + \beta_2 X_2 + \beta_T T + e$$

$$\text{Model 3 : } Y = \beta_0 + \beta_2 X_2 + \beta_T T + \beta_{2T} X_2 T + e$$

Where:

Y = Performance of SMEs in manufacturing sector post-Covid-19 in Kenya.

T = Regulatory framework

X_2 = Entrepreneurial networking

$\beta_{2T} X_2$ = Interaction term

e = Error term

Model 3 above introduced the interaction term between entrepreneurial networking and regulatory framework (Entrepreneurial networking_regulatory framework ($\beta_{2T} X_2$)).

TABLE 6: Summary of Regression Model

Model	R	R Square	Adjusted Square	RStd. Error of the Estimate	Change Statistics				
					Change	F Change	df1	df2	Sig. F Change
1	.373 ^a	.139	.138	.49495	.139	102.384	1	632	.000
2	.385 ^b	.148	.145	.49285	.148	54.824	2	631	.000
3	.395 ^c	.156	.152	.49087	.156	38.882	3	630	.000

a. Predictors: (Constant), Entrepreneurial Networking

b. Predictors: (Constant), Regulatory Framework, Entrepreneurial Networking

c. Predictors: (Constant), Entrep Networking_RegFramework, EntrepreneurialNetworking, RegulFramework,

Analysis results in Table 6 above indicated that entrepreneurial networking had a significant positive correlation with performance of SMEs manufacturing sector post-Covid-19 in Kenya ($r = 0.373$, $p < 0.0001$). Entrepreneurial networking on its own had a coefficient of determination value of 0.139 meaning that on its own entrepreneurial networking explained only 13.9 % of the variation in performance of SMEs in manufacturing sector post- covid-19 in Kenya. When the moderator was included, the coefficient of determination value rose to 15.6 %. Jointly, entrepreneurial networking and regulatory framework explained 15.6 % of the variation in performance of SMEs in manufacturing sector post-Covid-19 in Kenya. This implied that regulatory framework had a significant moderating effect on the relationship between entrepreneurial networking and performance of SMEs in manufacturing sector post-Covid-19 Kenya.

Based on this finding, the study hypothesis: **H₀₂**: Regulatory framework had no significant moderating influence on relationship between entrepreneurial networking and performance of SMEs in manufacturing sector post-Covid-19 in Kenya was rejected. The study considered the corresponding alternative hypothesis.

H₀₃: Regulatory framework had significant moderating influence on the relationship between entrepreneurial networking and performance of SMEs in manufacturing sector post-covid-19 in Kenya.

TABLE 7: Regression coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	2.450	.158		15.544	.000
	EntrepreneurialNetworking	.409	.040	.373	10.118	.000
2	(Constant)	2.749	.196		13.988	.000
	EntrepreneurialNetworking	.421	.041	.384	10.389	.000
	Regulatory framework	-.089	.035	-.094	-2.528	.012
3	(Constant)	.290	1.014		.286	.775
	EntrepreneurialNetworking	1.050	.258	.959	4.075	.000
	RegulatoryFramework	.594	.279	.622	2.131	.033
	EntreNetworking_RegFramework	.175	.071	.973	2.472	.014

a. Dependent Variable: Performance in SMEs Manufacturing Sector Post-Covid-19 in Kenya.

The regression analysis results in Table 7 above revealed that regulatory framework had a statistically significant and positive moderating effect on the relationship between entrepreneurial networking and performance of SMEs in manufacturing sector post-Covid-19 in Kenya ($p < 0.05$). The interaction effect between entrepreneurial networking and regulatory framework was also significant at 0.05 level of significance ($p = 0.014$). In this regard, the analysis revealed that regulatory framework had a significant moderation on the relationship between entrepreneurial networking and performance of SMEs in manufacturing sector post-Covid-19 in Kenya.

The equations of the models were as follows:

$$\text{Model 1 : } Y = 2.450 + 0.409X_2$$

$$\text{Model 2 : } Y = 2.749 + 0.421X_2 - 0.089T$$

$$\text{Model 3: } Y = 0.290 + 1.050X_2 + 0.594T + 0.175X_2T$$

The above analysis revealed that a unit increase in entrepreneurial networking would lead to a 1.050-unit increase in performance of SMEs in manufacturing sector post-Covid-19 in Kenya. These results were expected when there was an interaction term in place between entrepreneurial networking and regulatory framework.

4.9 Discussion on the moderating effect of regulatory framework on the relationship between entrepreneurial networking and performance of SMEs in manufacturing sector post-Covid-19 in Kenya

The results in Table 7 above, model 1, show an entrepreneurial networking beta of 0.409 ($\beta = 0.409$, $t = 10.118$, $p\text{-value} < 0.001$) indicating it was statistically significant. For model 2, when the regulatory framework was introduced and combined with entrepreneurial networking, the beta value increased to 0.421 ($\beta = 0.421$, $t = 10.389$, $p\text{-value} < 0.001$) hence statistically significant. When the interaction term $\beta_{2T}X_2$ in model 3 was introduced, entrepreneurial networking yielded a higher beta

value of 1.050 and a significant effect on the performance of SMEs in manufacturing sector post-Covid-19 in Kenya, ($\beta=1.050$, $t= 4.075$, $p\text{-value}<0.001$), hence statistically significant. From the results, the regulatory framework moderated the relationship between entrepreneurial networking and the performance of SMEs in manufacturing sector post-Covid-19 in Kenya. The result is consistent with, Mishra and Kumar (2023) who asserted that regulations enables markets to function efficiently by providing a supportive environment for increased investment, private sector growth, and market-led economic growth.

5. CONCLUSIONS

The results of the analysis revealed that the regulatory framework had a statistically positive moderating effect on the relationship between entrepreneurial networking and performance of SMEs in manufacturing sector post-Covid-19 in Kenya.

5.1 Recommendations

The study recommends that government should put more emphasis on regulatory measures ensuring they implement the right regulatory measures and observe compliance to achieve the desired results.

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