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Francis Mutinda, Dr. Joanes Kyongo & Dr. Job Omagwa

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Entrepreneurial Orientation and Growth of Small and Medium Enterprises

[1*]Francis Mutinda, [2]Dr. Joanes Kyongo & [3]Dr. Job Omagwa

[1,2,&3]School of Business & Economics, Daystar University, Kenya

Email of the Corresponding Author: francismutuku222965@daystar.ac.ke

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Abstract

The role of small and medium enterprises (SMEs) in the economy cannot be understated. This sector contributes to the majority of employment, both in the informal and formal sectors. However, these enterprises face several challenges, ranging from inadequate skills to run their operations, inaccessible credit finance, limited credit terms and conditions, and external environmental factors such as pandemics and global economic recessions, which often hinder their growth. This study, therefore, investigated the effect of entrepreneurial orientation on the growth of SMEs. A corresponding hypothesis was formulated and tested. Data was collected from a sample of 384 SMEs spread across eight sub-economic sectors using a 5-point Likert scale structured questionnaire. Analysis was conducted using multiple regression after testing for diagnostic assumptions. The findings of the study showed that entrepreneurial orientation statistically and significantly affected growth of SMEs with a p=0.0001. Coefficient statistics showed a beta value of 0.492, which meant that entrepreneurial orientation increased the growth of SMEs by up to 49% of the realized changes. The study concluded that SMEs should pursue skills and knowledge, which are requirements for effective and better running of business operations, including accounting, marketing, and financial management for growth.

Keywords: *Entrepreneurial Orientation, Growth, Small and medium enterprises*

1.1 Introduction

Entrepreneurial orientation involves a firm's strategic posture characterized by risk-taking, proactiveness, and competitive aggressiveness (Kim, 2022). Entrepreneurial SMEs are typically more willing to take calculated risks and pursue new market opportunities proactively (Fang et al., 2021). They can thus engage in competitive actions that can lead to substantial growth. This orientation creates a dynamic and adaptable organizational culture that can quickly respond to environmental changes and exploit emerging opportunities (Yacob et al., 2021). However, the pursuit of aggressive growth strategies may also expose SMEs to higher risks and potential instability. Therefore, SMES need to consider entrepreneurial orientation so that it does not expose themselves further to risks and possible slowed growth in business (Karami et al., 2020). However, such entrepreneurs must be willing to take risks and overcome uncertainties that might present immediate challenges (Anwar & Shah, 2020). Entrepreneurial orientation is also embedded in the pursuit of opportunities and innovations in the pursuit of growth and profitability (Anees-Ur-Rehman & Johnston, 2018). It is identified by proactiveness, risk-taking, autonomy, and opportunity-seeking (Ademilua et al., 2020). SMEs with a strong entrepreneurial orientation are

proactive in identifying and capitalizing on market opportunities (Abdulrab et al., 2020). They are willing to take calculated risks and exhibit a high degree of flexibility and adaptability in their operations (Le & Khuong, 2024).

Growth of small and medium enterprises, on the other hand, is defined as the transition from one SME category to the other, which is depicted through the increase in the number of employees and annual turnover (MSEA, 2023). The idea behind the establishment of any enterprise is to grow, meeting its short and long-term obligations. However, this growth is hinged on several critical factors. These factors are either internal or external and can substantially affect the growth of any SME at any stage of growth. Akpan et al. (2023) assessed growth strategies for small and medium enterprises, especially in the pandemic era. The study highlighted several streams of sustainability strategies. These included internal resources and situational leadership capabilities, adoption of digital technologies, business model modification, process innovation, product innovation, digitization or digital transformation, exploration of innovative financing options such as crowdfunding and digital financing, and finally exploitation of virtual technologies (Akpan et al., 2023). Small and medium manufacturing enterprises in Machakos are surrounded by a fluid environment where several actors challenge their growth. Critically, these SMEs lack the requisite entrepreneurial skills and capabilities to innovate their enterprises. This often leads to poor exploitation of strategic markets and technologies that could propel their growth (Okello, 2022). Substantially, the majority of these SMEs in the manufacturing sector lack the financial muscle to install current technologies, operate those technologies and innovations, and compete effectively (Mungai & Nderitu, 2023). The study was informed by Human Capital Theory (Becker, 1960) and Resource Based View Theory (1986) which how human capital and valuable, and rare and inimitable resources are utilized by small and medium size enterprises for growth.

1.2 Statement of the problem

The importance of small and medium enterprises (SMEs) in the economy is threatened without a robust strategic orientation (Coad & Karlsson, 2022; Zhang et al., 2023; Bekata & Kero, 2024). For the growth and successful navigation through transitional phases, SMEs heavily rely on entrepreneurial orientation acquired through the government, private sector, non-profit organizations, and other entities to continuously have an impact on the economy (Celuch & Murphy, 2010; Park & Seo, 2018; Maclean et al., 2023). However, a disconcerting trend emerges as 46% of SMEs cease operations within the inaugural year, roughly translating to 3.4086 million closures (Adhiambo, 2019; KBA, 2021). Recent data indicate that 21% of SMEs shuttered due to the COVID-19 pandemic, with even higher closure rates (54.4%) in counties like Narok (Masago et al., 2020; Mwaniki et al., 2022; Enaga & Kathula, 2022; Kanini et al., 2022). Despite several scholars investigating the phenomenon of SME growth elsewhere, these challenges and shortcomings are still pronounced in Kenya as well as in Machakos County (Kiveu et al., 2019; Abdulrab et al., 2020; Gachanja et al., 2020). These gaps, therefore, can be further investigated to highlight their causes and possible solutions for the growth of manufacturing SMEs in Machakos County.

Drawing from the evidence posted by the extant literature reviewed, the identified gaps vary from SMEs' inability to boost their revenue due to risk factors, the improper theorization of profitable business models, and failure to strategically orient their business operations, leading to missed business opportunities in the market. Therefore, this study is interested in answering the question of whether strategic orientation and leadership support effect the growth of SMEs in the

manufacturing sector. The findings are expected to provide crucial insights for fortifying the contributions of SMEs to Kenya's economic growth, improving strategic management theories, and contributing to academic knowledge. The findings of the study can also inform policies and practices on the wellness of SMEs and their critical role in the economy.

Entrepreneurial Orientation

Entrepreneurial SMEs in the manufacturing sector are characterized by their proactive pursuit of opportunities (Bu, 2023). These opportunities may include identifying new market segments and developing innovative products or services. It can also be associated with expanding into untapped geographic regions (Chion et al., 2023). Entrepreneurial SMEs are characterized by their willingness to take calculated risks in pursuit of growth opportunities (Al-Hakimi & Borade, 2020). Since entrepreneurship inherently involves uncertainty and risk, successful enterprises need to exhibit resilience and determination amidst these challenges (Lim & Kim, 2020). Entrepreneurial SMEs are normally more trained on customer-centrism in conducting their businesses (Mandongwe & Jaravaza, 2020). They prioritize understanding and meeting the needs of their customers, building strong relationships, and delivering superior value, which depicts a future stable path (Lim & Kim, 2020).

Entrepreneurial skills are those sets of knowledge required to operate a fully functional enterprise by small and medium enterprises (Andriani et al., 2024). These skills enable SMEs in the manufacturing sector to identify and capitalize on growth opportunities (Asad et al., 2023). Alshammari et al. (2023) assert that entrepreneurial skills are key to taking willing and calculated risks for adaptation to changing circumstances. Skilled entrepreneurs can be comfortable with uncertainty and ambiguity. The skill they possess enables them to navigate challenges and seize opportunities in the dynamic manufacturing environment (Kisubi et al., 2022). Skilled entrepreneurs are also adept at leveraging limited resources, including financial capital, human talent, and strategic partnerships, to enhance their growth (Aftab et al., 2024). The efficiency of resource allocation and the adoption of frugal innovation approaches can minimize costs and improve profitability (Permatasari et al., 2023).

Growth of Small and Medium Size Enterprises

Xie et al. (2024) define the growth of SMEs as the expansion and development of these small and medium enterprises over time. Growth is typically measured by increases in key performance indicators such as revenue, market share, profitability, employment levels, geographic reach, and innovation capacity (Vagni et al., 2022). Lefebvre (2023) argues that SMEs in the manufacturing sector play a significant role in driving economic growth, job creation, and wealth generation. Nanziri and Wamalwa (2021) assert that growth leads to increased production output, higher levels of industrial activity, and greater contribution to gross domestic product (GDP). In the manufacturing sector, growth translates into increased employment opportunities. Castro et al. (2020) assert that the increment is justified by these businesses because the majority serve as major employers within local communities. The expansion of SMEs leads to the creation of new jobs, reduces unemployment rates, and enhances socio-economic development (Karami et al., 2020). It also provides livelihoods to individuals and families within the environment in which SMEs operate.

Bamfo and Kraa (2019) also opine that SMEs that strategize and prioritize growth are better positioned to compete in dynamic and competitive markets. Their growth enables them to achieve

economies of scale, invest in research and development, and diversify product offerings. They can also withstand market fluctuations, which are key attributes of market resilience. Growth-oriented SMEs can have a positive social impact by contributing to social inclusion, skills development, and poverty reduction (Agyei et al., 2023). SMEs have contributed up to 50% of total jobs in most developing economies. They have also been associated with massive and varied skills training programs and community engagement initiatives (Robb & Stephens, 2021). Thus, SMEs can empower individuals, uplift communities, and promote social cohesion.

Small and Medium Manufacturing Enterprises in Machakos County, Kenya

There are several small and medium enterprises spread across all economic sectors found within the common business environment. However, several factors determine the success of manufacturing enterprises. For instance, Murimi et al. (2021) posited that strategic resources that small and medium enterprises can affect their manufacturing performance. Finances, human capital, and physical resources such as warehouses, and motor vehicles among others are necessary for effective manufacturing. While these are important, the process that manufacturing takes is also as important to ensure the growth of small and medium manufacturing enterprises in Machakos County (Kering et al., 2020). On the same note, Safari (2020) noted that for manufacturing SMEs to remain viable, competitive, and, they have to adopt an internationalized approach to manufacturing.

Mkalama et al. (2021) also pointed out there are several factors that determine the innovativeness and success of manufacturing SMEs in Machakos County. These factors include but are not limited to human resources processes. The people employed in the firm (SMEs) are part of the sustainability process, whereby those firms with a stronger human resource philosophy, that values and rewards their input have better chances of achieving growth goals (Kering et al., 2020). Small and medium enterprises in the manufacturing sector in Machakos County are characterized by strategic alliances formed between them for manufacturing efficiency (Muthoka et al., 2021). Where one firm would manufacture parts that are required by the other firm to complete their manufacturing process.

Small and medium enterprises in Machakos County are found engaged in various manufacturing sectors including pharmaceuticals and allied, metals and allied, leather and textile, fertilizer and agro-processing, building and construction, plastic and rubber, and automotive and spares (KEMSA, 2020). Most of these SMEs exploit networks and alliances to sell their products either directly to the market, through merchants, or through other businesses that need their products as parts to complete a product (KESPA, 2022). According to Kenya Investment Authority, there are over 1000 small and medium enterprises operating in Machakos County, engaged in forms of manufacturing. Due to the proximity of Machakos County and Nairobi County, some of the manufacturing small and medium enterprises identify with Nairobi while their boundaries lie within Machakos County. This presents challenges in the accurate enumeration of those manufacturing SMEs in Machakos County. Thus, the reliable data to be used in further analysis of SMEs in the manufacturing subsector is from the government, and of those registered through their business permit system. Currently, there are about 650 small and medium enterprises identified as engaged across all the economic sectors (County Government of Machakos, 2024).

While there are several drivers and barriers to manufacturing by small and medium enterprises globally, Mungai and Nderitu (2023) identified regulatory constraints and financial resource limitations to be the major issues that hinder manufacturing firms in Machakos County. However, environmental costs, community relations, and the need for competitive advantage motivated firms to adopt better manufacturing processes (Mungai & Nderitu, 2023). Kanini et al. (2022) found that

relational and cognitive social capital was instrumental in the better performance of SMEs in Machakos County. Small and medium enterprises that remained innovative in their manufacturing processes showed the capacity to sustainably grow, and transit to a higher level in the identification of SMEs (Okello, 2022).

Small and medium manufacturing enterprises in Machakos are surrounded by a fluid environment where several actors challenge their growth. Critically, these SMEs lack the requisite entrepreneurial skills and capabilities to innovate their enterprises. This often leads to poor exploitation of strategic markets and technologies that could propel their growth (Okello, 2022). Substantially, the majority of these SMEs in the manufacturing sector lack the financial muscle to install current technologies, operate those technologies and innovations, and compete effectively (Mungai & Nderitu, 2023). Those SMEs that can tap into their intellectual and social capital, technological innovation, financial systems, dynamic capabilities, and other related issues could potentially remain, and keep an upward trajectory (Sangwa & Muvunyi, 2021; Kiiru et al., 2023). However, due to the nature and composition of the minds behind small and medium enterprises, a lot needs to be done for these businesses to achieve their full potential and create the desirable impact for the government of Kenya, and beyond. The nature of strategic orientation required by these SMEs could be unclear for both policy and practice. Even if the reverse was true, the modalities for operationalizing these strategic orientations are not yet certain. Through an in-depth inquiry, certainty can be built for the betterment of the business landscape for small and medium enterprises in Kenya.

Entrepreneurial Orientation and Growth of Small and Medium Enterprises

Abdulrab et al. (2020) investigate the effect of entrepreneurial orientation and strategic orientation on the financial and non-financial performance of small and medium enterprises in Saudi Arabia. Specifically, the study focused on entrepreneurial orientation, market orientation, technology orientation, and financial and nonfinancial performance. A quantitative research method was used to investigate the variables. Data was collected from 206 owners or managers of SMEs. Partial Least Squares Structural Equation Modeling (PLS-SEM) was used to analyze data. The results of the study showed that entrepreneurial orientation, market orientation, and technology orientation were positively and significantly related to financial performance. Market orientation and technology orientation are significantly and positively associated with the nonfinancial performance of SMEs. However, entrepreneurial orientation showed an insignificant relationship with the nonfinancial performance of SMEs in KSA. The study depicted both contextual and conceptual gaps with several differences from the proposed study. Contextually, the study is in a country where laws and regulations governing business operations are inclined so much towards religion. Even though the study focused on entrepreneurial orientation, the context was different. Therefore, it was necessary to investigate entrepreneurial orientation in the Kenyan context to validate these findings and further enhance knowledge gain.

Khan et al. (2021) inquired about the impact of entrepreneurial orientation dimensions on the performance of small enterprises and whether entrepreneurial competencies mattered. The study adopted the quantitative approach, where data were gathered from 386 small and medium enterprises through systematic random sampling. Data was analyzed using Statistical Package for Social Sciences (SPSS) and Analysis of Moment Structure (AMOS). The outcome of the analysis indicated that entrepreneurial orientation and enterprise performance were positively and significantly related. The study also found that entrepreneurial competencies moderated the

relations between entrepreneurial orientation and enterprise performance. Among the constructs of entrepreneurial orientation, risk-taking propensity showed the strongest relationship with performance. The gap realized in this study is the emphasis on entrepreneurial orientation. Across SME performance literature, several scholars have focused attention on entrepreneurial orientation. It is, therefore, necessary that this study, among others, increase its focus on local contextual differences that could reveal different outcomes.

Ringo et al. (2022) sought to establish the effect of entrepreneurial orientation on export performance with evidence from manufacturing SMEs in Tanzania. The study specifically focused on innovativeness, pro-activeness, market performance, and the moderation of risk-taking on export performance. The study used a quantitative approach and a cross-sectional survey design. Stratified random sampling was used to select 250 managers of manufacturing-exporting SMEs. The hypotheses were tested using the PROCESS macro test. The findings of the study asserted that innovativeness is a significant factor in export performance. However, SMEs' pro-activeness posited a negative relationship with export performance. Still, risk-taking was found to significantly moderate the relationship between innovativeness and export performance. It also moderated pro-activeness and export performance. The study, even though it broadened the understanding of the Resource-Based View Theory, is not enough to conceptualize innovation and pro-activeness. Therefore, the study sought to determine the effect of entrepreneurial orientation on the growth of small and medium enterprises.

2.0 Research Methodology

This study adopted a positivist philosophy emphasizing objectivity, quantifiable data, and hypothesis testing through a deductive approach (Means & Mowatt, 2023; Coates, 2023). An explanatory design was applied to examine cause-and-effect relationships between entrepreneurial orientation and SME growth (Meyer & Meissel, 2023). The target population comprised registered manufacturing SMEs in eight sectors—pharmaceuticals, metal, leather/textile, food/beverages, construction, plastics/rubber, automotive, and electronics (MSEA, 2023). Eligible SMEs were BRS and KRA registered, employed 5–20 staff, and had operated for at least six years. A total of 641 manufacturing SMEs in Machakos County formed the study population, with owners, managers, or representatives serving as respondents.

Drawing from Bryman's (2021) suggestion, the study adopted a stratified random sampling technique since it was scientific and could be used for the generalization of a population confidently. The sample size for this study was determined by Cochran's (1977) sample size determination formula. This formula assumes a normal distribution with a 95% confidence level, with a Z-score (Z) of 1.96, a population proportion (p) of 0.5 (since it is unknown), and a margin of error (E) at a 0.05 precision level. Substituting the numbers into the formula, the study determines the sample size as captured below.

$$n=(Z^2 \cdot p \cdot (1-p))/E^2$$

Sample Size = $(1.96)2 \times 0.5 \times (1 – 0.5) / 0.052 = 3.8416 (0.5 \times 0.5) / 0.052 =$

0.9604 / 0.0025 = 384.16, rounded off to = 384 manufacturing SMEs in Machakos County, Kenya.

Only SMEs engaged in manufacturing were investigated, and only those were in the eight industries, including pharmaceuticals and allied, metals and allied, leather and textile, food and beverage, building and construction, plastics and rubber, automotive and spares, and electrical and

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electronics. These SMEs must have been operational for the last six years, own a PIN, a business permit, and a license. Any other manufacturing SMEs outside these criteria were excluded from the study.

The analytical model used in this study is a linear model where the predictor variable was regressed against the outcome variable (Peck et al., 2020). A multiple regression model was used to analyze the direct relationship between the predictor variable, entrepreneurial orientation, and two dummy variables on the outcome variable (growth of SMEs). This model was presented thus.

$Y = \beta 0 + \beta 1\ X1 + \beta 2X2 + \beta 3X3 + Ɛ$ ……. (1)

Where

Y = Growth (of SMEs)

X1 = Innovation orientation (independent variable)

X2 = entrepreneurial orientation (independent variable)

X3 = market orientation (independent variable)

β0 = Constant

β1-β3 = regression coefficients

Ɛ = error term

Prior to data analysis, several diagnostic tests were carried out to test for the rigor and robustness of the collected data. Tests for statistical assumptions were usually carried out to empirically determine the quantitative effect of study design shortcomings on the accuracy of estimates. The study conducted these assumptions before the data was analyzed to validate the accuracy and reliability of the findings. These tests included the research instrument's reliability and normality research data using Cronbach's Alpha Coefficient and non-parametric tests for normality, respectively; plus, the tests for multicollinearity using correlation matrix and Variance Inflation Factors (VIFs). Statistical tests revealed a VIF value of 0.893 and a p-value less than the alpha p; these were sufficient for conducting regression analyses.

3.0 Results and Findings

3.1 Questionnaire Response Rate

The targeted total sample was 384 questionnaires, out of which 364 questionnaires were correctly filled and returned, achieving a 94% response return rate. The results were displayed in Table 1.

Table 1: Response Rate

Return Rate	Frequency	Percent
Returned Questionnaires	364	94
Unreturned Questionnaires	20	6
Total	**384**	**100**

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According to Laken's (2022) recommendations, a sample size of greater than 50% of the target was considered adequate since it was able to give adequate data for meeting the threshold for statistical analysis. Therefore, the study proceeded to conduct subsequent analyses.

3.2 Entrepreneurial Orientation

The study sought to determine the extent to which entrepreneurial orientation was adopted by SMEs. Table 2 presents the analysis.

Table 1: Entrepreneurial Orientation

Statements		SD	D	N	A	SA	Mean	Std. Dev.
My business has been trained in entrepreneurial skills	f	15	44	45	257	3	3.52	.870
	%	4	12	12	71	1		
My customers are satisfied with the level of expertise in our business shown by our employees	f	8	32	51	256	17	3.66	.791
	%	2	9	14	70	5		
We are proactively engaged in business sourcing and customer retention strategies	f	9	32	47	257	19	3.67	.806
	%	2	9	13	71	5		
Our business trains employees regularly on various issues to overcome changing business environments	f	7	49	48	242	18	3.59	.853
	%	2	13	13	66	5		
Our business emphasizes customer satisfaction strategies as a core business competency	f	10	31	37	248	38	3.75	.856
	%	3	9	10	68	10		
Composite Mean and Standard Deviation (n=364)							3.64	.835

The majority of the respondents, with a mean score of 3.75 and a standard deviation of 0.856, mentioned that their business emphasized customer satisfaction strategies as a core business competency, while a mean score of 3.67 and a standard deviation of 0.806 mentioned that they were proactively engaged in business sourcing and customer retention strategies. The mean scores of 3.66 and 3.59 with standard deviations of 0.791 and 0.853 mentioned that their customers were satisfied with the level of expertise in their business shown by employees, and that their business trained employees regularly on various issues to overcome changing business environments,

respectively. Only the mean score of 3.52 with a standard deviation of 0.870 mentioned that their business had been trained on entrepreneurial skills. Overall, a composite mean of 3.64 and a standard deviation of 0.835 established that there was a meaningful relationship between entrepreneurial orientation and growth of Small and Medium Manufacturing Enterprises in Machakos County, Kenya.

i. Growth of SMEs

The study sought to determine the growth of small and medium enterprises and their relevance to the enterprise. Some of the few aspects for consideration were: growth in income/turnover and number of employees, business profitability, additional employees, innovation, new skills, and understanding the markets. The results are presented in Table 3.

Table 3: Growth of SMEs

Statements		SD	D	N	A	SA	Mean	Std. Dev.
My business understands the need to grow and transition to the next category of SMEs	f	16	24	35	287	2	3.65	.798
	%	4	7	10	79	1		
My business is growing in both income/turnover and the number of employees	f	10	34	38	264	18	3.68	.819
	%	3	9	10	73	5		
My business has been profitable in the last 5 years, save for a few instances of low income	f	16	30	46	254	18	3.63	.874
	%	4	8	13	70	5		
My business measures its profitability by its ability to pay for its liabilities in time	f	13	36	37	252	26	3.66	.883
	%	4	10	10	69	7		
My business adds new employees every year because we have increased business income	f	13	34	45	252	20	3.64	.863
	%	4	9	12	69	5		
My business has been pursuing innovation, new skills and markets for its growth	f	11	25	40	253	35	3.76	.834
	%	3	7	11	70	10		
Composite Mean and Standard Deviation (n=364)							3.67	.845

The outcomes presented in Table 3 showed that the majority of the respondents with a mean score of 3.76 and a standard deviation of 0.834 mentioned that their business had been pursuing

innovation, new skills and markets for its growth while a mean score of 3.68 and a standard deviation of 0.819 of the respondents mentioned that their business was growing in both income/turnover and number of employees. Likewise, the mean scores of 3.66, 3.65, and 3.64 with standard deviations of 0.883, 0.798, and 0.863 of the respondents respectively mentioned that their business measured its profitability by its ability to pay for its liabilities in time, that their business understood the need to grow and transit to the next category of SMEs and their business added new employees every year because they had increased business income respectively. Overall, a composite mean of 3.67 and a standard deviation of 0.845 established that there was a good understanding of the growth of small and medium enterprises and their relevance to their enterprise.

Hypothesis Testing

Using regression analysis, the study tested the hypothesis that entrepreneurial orientation does not have a statistically significant effect on the growth of small and medium enterprises. Table 4 presents the findings.

Table 4: Coefficients

Coefficients						
Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
1	(Constant)	.494	.100		4.962	.000
	Entrepreneurial Orientation	.492	.055	.480	8.971	.000

a. Dependent Variable: Growth of SME

From Table 4 the regression model is $\mathbf{Y = \beta_0 + \beta_1 X_1}$ hence substituting the value into the equation: $\mathbf{Y = 0.494 + 0.492X_1}$, where

$\beta_1 - \beta_5$ = regression coefficients

X_2 - Entrepreneurial Orientation

$\beta_0 - \beta_1$ are coefficients of the various determinants of performance

As per Table 4, the constant value of 0.494 indicates that when the predictor variables, entrepreneurial orientation and market orientation, are at zero, the baseline predicted growth of SMEs is 0.494. This value is statistically significant ($p= 0.001<p=0.05$), suggesting a meaningful relationship in the model. It also indicated that entrepreneurial orientation has a strong positive effect on SME growth, with a coefficient of 0.492 and a highly significant p-value ($p = 0.0001<p=0.05$), indicating a statistically significant effect on growth of manufacturing SMEs in Machakos County, Kenya. From the regression equation, a constant change of 0.494, a unit change in entrepreneurial orientation caused an increase of 0.492 in growth of SMEs.

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The study sought to test the null hypotheses in line with the specific objective using a multiple regression model. The significance level adopted was 5% with a 95% confidence interval. The results, as shown in Table 4, were from the testing of the null hypothesis stated below.

There is no significant effect of entrepreneurial innovation on growth of Small and Medium Manufacturing Enterprises in Machakos County, Kenya.

Hence, the extracted equation for the hypothesis was **$Y = 0.492X_1$.** The regression results revealed a positive coefficient (β=0.492) for entrepreneurial orientation, with a tested p=0.000<p=0.05, indicating a high level of effect. The study therefore rejected the null hypothesis and confirmed that entrepreneurial orientation has a statistically significant effect on SME growth in Machakos County. This indicates that entrepreneurial orientation increases the effect of SME growth. Firms that embrace taking business risks, innovativeness in business models, and proactive behavior are more likely to experience higher growth levels.

4.0 Discussion of Findings

The objective of the study was to establish the effect of entrepreneurial orientation on growth of Small and Medium Manufacturing Enterprises in Machakos County, Kenya. The results established a link between entrepreneurial orientation and growth of SMEs, which was statistically significant at p=0.000 and β=0.840. These findings are in agreement with Rasiah et al. (2023), who also found that entrepreneurial SMEs can drive revenue growth and expand their market presence, plus also foster innovation and adaptability within manufacturing SMEs. Entrepreneurial orientation also promoted flexibility and agility of SMEs because of their nimbleness and responsiveness to changes in the business environment (Raalskov et al., 2024). Further, Li et al. (2020) also agreed that such orientation was also needed to manage customer demands and competitive pressures, which were synonymous with SMEs. In addition, entrepreneurial skills can enhance strategic vision and planning for future growth, according to McGee & Terry (2022). Skills can also be used to set ambitious yet achievable goals, develop clear road maps, and execute disciplined strategies for the achievement of the set vision (Rasiah et al., 2023). Therefore, attaining growth can be realized when entrepreneurs have the skills necessary to articulate these critical growth parameters (Chion et al., 2023).

5.0 Conclusion

The study established the effect of entrepreneurial orientation on growth of Small and Medium Manufacturing Enterprises in Machakos County, Kenya. The findings revealed that there was a significant relationship between entrepreneurial orientation and growth of SME manufacturing Enterprises in Kenya. Therefore, the conclusion made was that the entrepreneurial orientation was vital for the growth of SMEs because it drove revenue growth and expanded their market presence. By embracing innovation and adaptability, these SMEs can respond effectively to changing market dynamics, customer preferences, and technological advancements. It promoted flexibility and agility of SMEs because of their nimbleness and responsiveness to changes in the business environment, and as such, this was also needed to manage customer demands and competitive pressures, which were synonymous with SMEs.

6.0 Recommendation

The study recommends that SMEs in Machakos County strengthen entrepreneurial orientation through training in risk taking, proactiveness, and customer centric strategies while also enhancing

managerial and financial skills for sustainable operations. Affordable financing tied to performance milestones should be expanded alongside innovation hubs and shared facilities to support product improvement and competitiveness. Collaboration through clusters, supplier linkages, and digital adoption is necessary to widen market access and streamline operations. County governments should use procurement, policy support, and reduced regulatory burdens to stimulate SME growth and resilience. Finally, SMEs should institutionalize customer feedback, adopt risk management practices, and embrace continuous improvement, with future research focusing on sector specific and longitudinal growth patterns.

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