RELATIONSHIP BETWEEN CORPORATE ENTREPRENEURSHIP DIMENSIONS AND PERFORMANCE OF MANUFACTURING FIRMS IN KENYA: A CASE OF KEROCHE BREWERIES LIMITED

BY

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UNITED STATES INTERNATIONAL UNIVERSITY - AFRICA

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PERFORMANCE OF MANUFACTURING FIRMS IN
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Business in Partial Fulfillment of the Requirement for the
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SPRING 2019
STUDENT’S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University in Nairobi for academic credit.

Signed: ____________________  Date: ____________________

Joe Maina (ID 625859)

This project has been presented for examination with my approval as the appointed supervisor.

Signed: ____________________  Date: ____________________

Dr. Joseph Ngugi Kamau

Signed: ____________________  Date: ____________________

Dean, Chandaria School of Business
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ABSTRACT

The purpose of this study was to determine the relationship between corporate entrepreneurship dimensions and performance of manufacturing firms in Kenya: a case of Keroche Breweries Limited. The study aimed to answer the following research questions; what was the impact of risk taking on the firm’s performance? What was the impact of pro-activeness on the firm’s performance? and What was the impact of competitive aggressiveness on the firm’s performance?

The study employed the survey research design because the nature of research was ex post facto, with no influence on the sample. The population of the study comprised of 300 Keroche Breweries staff members and the sample size was 171 employees. Data was collected by use of questionnaire and 120 Keroche Breweries staff members participated in the study giving a response rate of 70% which was adequate for the analysis. Collected data was cleaned, transformed and analyzed in SPSS version 20. Both descriptive and inferential statistics was used.

The risk taking was the first independent variable. The descriptive statistics found out none of the items measured under risk taking was ranked as ‘strongly agree’ with mean value of 4 or ‘agreed’ with mean value of 3. Most items were ranked as ‘Neutral’ with mean value of 3 and few items as ‘Disagreed’ with mean value of 2. On the regression analysis, risk taking explained 67.3% of organization performance given the coefficient of determination ($R^2 = .673$). While the remaining 32.7% of organization performance was attributed to other factors other than risk taking. The coefficient showed risk taking affected organization performance ($\beta = .802, t = 5.496, p<.05$). The beta weight was positive and significant $p<.05$. This means, one unit of increase in risk raking increases the unit of organization performance .802.

Pro-activeness was the second independent variable on objective two. The descriptive indicated there was no item ranked as ‘Strongly Agreed’ with mean of 5 or ‘agreed’ with mean value of 4. Most items were ranked as ‘neutral’ with mean value of 3 and ‘disagreed’ with mean value of 2. The regression output shows pro-activeness explained 73.0% of organization performance given the coefficient of determination ($R^2 = .730$). While the remaining 27.0% of organization performance was attributed to other factors other than pro-activeness. The coefficient showed that pro-activeness affected organization performance ($\beta = .786, t = 5.137, p<.05$). The beta weight was positive and
significant $p<.05$. This means, one unit of increase in pro-activeness increased the unit of organization performance by .786.

The last dependent variable was the competitive aggressiveness. The descriptive indicated there was no item ranked as ‘Strongly Agreed’ with mean of 5, or ‘agreed’ with mean value of 4. The regression showed competitive aggressiveness explained 67.5% of organization performance given the coefficient of determination ($R^2$) = .675. While the remaining 32.5% of OP was attributed to other factors other than competitive aggressiveness. The coefficient showed that competitive aggressiveness affected organization performance ($\beta = .841, t = 1.587, p<.05$). The beta weight was positive and significant $p<.05$. This means, one unit of increase in competitive aggressiveness increases the unit of organization performance by .841.

The research concludes that risk taking, pro-activeness and competitive aggressiveness has a significant effect on organization performance at Keroche Breweries Limited. Based on this, the researcher recommended the beer manufacturers as well as Keroche breweries to improve on risk taking, pro-activeness and competitive aggressiveness of entrepreneurial intention in order to improve on their performance. Besides the industry player, the government should support the beer manufacturing on risk taking, proactiveness and competitive aggressiveness which are important factors that influence their performance.
ACKNOWLEDGEMENT

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DEDICATION

This thesis is dedicated to my family for their love and endless support to ensure that I acquire quality education.
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

Corporate entrepreneurship is a term used to refer to entrepreneurial activities that exist within a firm, such as venturing, innovation, and strategic renewal. The idea of corporate entrepreneurship was introduced by Peterson and Berger (1971) as a leadership style adopted by large firms to cope with the increasing levels of market turbulence then. By the early 1980s, corporate entrepreneurship became a separate research topic. In addition, a book on intrapreneurship was published (Christensen, 2004). Several theories have also emerged and proved on entrepreneurship which informs this study.

Resource dependency theory entails study on how an organization’s external resources affects its behavior. The theory has implications concerning the firm’s organizational structure, recruitment of staff and board members, organizational links with the outside world, contract structure of the firm, production strategies just but to mention a few aspects of organizational strategy (Yilmaz, 2014). Resource Based View (RBV) theory views an organization as an amalgamation of human and physical resources bound together in an organized way. Resources are mainly classified as physical assets and intellectual assets. Physical assets are tangible such as plant and equipment whereas intellectual assets are intangible for instance, employee skills. In general, RBV promulgates that resources do provide economic value and are normally scarce, nonsubstitutable, difficult to copy and are not readily accessible for a firm to enjoy some competitive advantage over its competitors. Besides, resources dictate firm performance (Mweru & Muya, 2015). Corporate entrepreneurship viewed in relation to the RBV theory, is a valuable firm resource, which can provide the firm a competitive advantage over its competitors in the marketplace. Hence, corporate entrepreneurial activities play a crucial role in improving a firm’s financial performance. On the other hand, the MarketBased View (MBV) theory argues that industry and external factors are the key determinants of firm performance (Kamboj, Goyal, & Rahman, 2015).

Contingency theory stipulates that the link between two variables say X and Y depend on the third variable say Z. This means that for optimum performance to be achieved, there must be congruence between the key organizational and environmental variables.
Besides, these variables must be properly aligned for the firms’ objectives to be realized. Therefore, in order to clarify the correlation between corporate entrepreneurship and firm performance, two variables must be introduced in the proposed framework. The two variables in this scenario are the external environment and the firm’s organizational culture. While the external environment is supposed to moderate the effect of corporate entrepreneurship on firm performance, organizational culture is intended to mediate corporate entrepreneurship performance relationship. Thus, the relationship between corporate entrepreneurship and firm performance is dependent on external environmental factors and supportive organizational culture. It is important to note that many previous studies have used external environment as a moderator of corporate entrepreneurship performance relationship as opposed to use of organizational culture (Wadongo & AbdelKader, 2014).

On organization performance, the Balanced Scorecard (BSC) is a performance management tool that makes it possible for a firm to transform its goals and strategy into actual performance measures. The balanced scorecard incorporates finance measures with the major performance indicators around a business entity’s growth and development, innovation, customer perception, and learning. The BSC largely contributes to the retention of the traditional financial measures adopted by any business entity. These financial measures play a crucial role in giving a clear picture of the firms’ history of past events for instance the age of the firm and consumer relationships deemed not vital for the success of the organization (Binden, Mziu, & Suhaimi, 2014).

The Balanced Scorecard is heavily dependent on the concept of strategy as promulgated by Kaplan and Norton (2008) who argued that it is important to put into place competitive strategies as means through which business entities may be able to relate with the forces of competition in the same industry within which a firm operates. Such a scorecard is what becomes the objective and strategy of the business enterprise which is further translated into the firm objectives. Hence, the tool can help a business entity to put into perspective the four different sections: the consumer, finance, internal business process and education point of view.

Further, the Balanced Scorecard (BSC) is a strategic performance management tool used by many business entities in the international business arena. According to Kaplan and Norton (1992), the creators of the BSC, this tool is capable of balancing both the financial
and non-financial measures that a business enterprise uses. It is separated into four perspectives namely: internal business perspective, customer perspective, financial perspective, innovation and learning perspective. The tool may be used in both large and small business enterprises if the workforce is working towards achieving the same strategic goals. Numerous surveys have revealed that the BSC enjoys popularity among various organizations.

Even though the BSC has been adopted by a considerable number of large business organizations, some theorists and practitioners have criticized the tool (Kaplan & Norton, 2001). Despite the criticism, the BSC has continued to produce tangible benefits for the many large firms that have chosen to implement it. Theorists predict similar benefits for small firms and business entities who will decide to adopt and implement the tool. Despite this prediction, there is very little experimental evidence regarding the levels of BSC implementation by small firms (Giannopoulos, Holt, Khansalar, & Cleanthous, 2013).

The study focuses on manufacturing industry. The manufacturing industry deals with the processing of raw materials into finished goods. In this study a large industry named Keroche industries has been picked. According to Were (2016), a large industry is a firm with a workforce of more than fifty employees. Weather affects the manufacturing industry’s performance a great deal. Favorable weather conditions guarantee reliable power supply that is necessary for power generation because electricity is a key element in the manufacturing industry. The Kenyan manufacturing sector grew by 4.4% in 2010 compared to 2.0% growth in 2009. This growth is attributed to the reliable power supplies due to the favorable weather conditions experienced during the period under review. Government policies have also had an impact on the performance of manufacturing firms in the country. In the year 2010 the Kenyan government removed duty on capital equipment and some raw materials thereby boosting manufacturing firms’ performance (Chege, Ngui, & Kimuyu, 2013).

Globally, different firms have used different terminologies to refer to entrepreneurship. Such terms include corporate venturing, corporate entrepreneurship, intrapreneurship, strategic entrepreneurship and internal corporate entrepreneurship. However, going by the number of journals that have been published so far relating to entrepreneurship in broader perspective, the term corporate entrepreneurship seems to have attracted the most
attention from scholars. Corporate entrepreneurship has the potential of renewing organizations through innovation-based initiatives. This is the main reason why the topic is of interest to researchers in attempting to address how the concept may be perpetuated within established firms (Arthi & Mohan, 2007).

Corporate Entrepreneurship may also be defined as a positioning of entrepreneurial activities in an organization as an important wealth creation and economic development dimension. Researchers have shown interest in the topic since early 1980s due to its influence on firm financial performance. Over the past few decades, researchers have done many studies on the relationship between governance and ownership systems. Their studies reveal that these two variables have a significant effect on corporate entrepreneurship (Albu & Mateescu, 2015). According to Elvin and Hamid (2016) studies on the association between governance and firm ownership the world over has proved that the business environment keeps on evolving, unpredictable, competitive and ever dynamic.

Trade liberalization, technological advancements and globalization has contributed immensely to the growth of corporate entrepreneurship. These occurrences have made the world a global village where enterprises are now competing beyond their geographical and national boundaries. Competition between organizations today has become so stiff and widely expanded posing a great challenge for managers in offices. Considering the above-mentioned scenarios, it therefore imperative that business enterprises adopt entrepreneurial behaviors that will guarantee them not only business survival but also record better financial performance (Nnadi, 2014).

According to Otache and Mahmood (2015), entrepreneurial and innovative activities provide business organizations with a refreshing feel regardless of their nature and size. These firms appreciate the fact that in order to improve their financial performance, there is need for them to adopt effective corporate entrepreneurship skills and make their companies and workforce more entrepreneurial. Entrepreneurship as a concept, has always been considered as a phenomenon that is given attention at the individual level where the formation and innovation of a firm distinguishes entrepreneurship from the management of a firm’s current activities. Entrepreneurship may be defined as the process of creating new business ventures and bringing together all the necessary resources to meet set goals. The concept also entails seeking profitable ventures, taking risks or simply being innovative enough while utilizing a firm’s resources to create value.
The turbulence of the modern business environment may be attributed to economic, technological, legal and regulatory environment. In addition, the labour and resource markets. New business conditions demand constant and fundamental transformations in the way in which these firms’ function. This will enable the firm to adopt new ways of doing things hence enjoy competitive advantage over its competitors. Flexibility, creativity, abilities of adaptation, aggressiveness, innovativeness and speed are characteristics of entrepreneurial activity. These characteristics must be applied at the individual, organizational and societal level, in response to the ever-increasing levels of uncertainty and complexity in the firms’ business environment. Beginning with the organizational level, entrepreneurial behaviour is needed in both non-profit and profit making organizations. In the context of big firms, entrepreneurial activity is usually described in terms of corporate entrepreneurship (Pettus, Kor, & Mahoney, 2007).

Pettus et al., (2007) further argued that in the narrow sense, corporate entrepreneurship represents both formal and informal activities aimed at creating new business ventures within an existing firm, creating new business enterprises in conjunction with the existing firms, or transforming an existing firm(s) through strategic renewal. Development and application of various entrepreneurial activities in organizations reflect strengthening of those firms’ vitality because when employees in a firm are empowered, they can bear entrepreneurial activity. Entrepreneurial organizational culture is the presupposition for entrepreneurial activity of a firm’s workforce.

In Switzerland, a study was conducted to establish the extent to which Swiss firms engage in corporate entrepreneurship. A case study was undertaken focusing the watch-making industry. Using stratified sampling technique, 18 corporate-level managers were interviewed for a 5-months period to evaluate their perception of their organization’s entrepreneurial orientation in terms of risk-taking, proactiveness, autonomy, competitive aggressiveness, and innovativeness. The study findings were mixed. On one hand, the managers reflected corporate values that inhibited risk-taking, proactiveness and competitive aggressiveness because of the conservative nature of the Swiss culture. On the other hand, these managers espoused values that supported autonomy and innovative corporate culture thus reflecting a resurgence of innovativeness corporate culture in an otherwise mature industry (Tajeddini & Mueller, 2012).
In Kenya, the manufacturing sector is mainly agro-based that is characterized by relatively low if any value addition, employment, and capacity utilization. Export volumes are generally very low due to weak linkages between the manufacturing sector and the other sectors of the country’s economy. It is worth noting that, 95% of Kenya’s manufactured goods are basic products such as beverages, food, building materials and basic materials. However, a meagre 5% of the country’s manufactured goods are advanced products such as pharmaceuticals (Were, 2016).

1.2 Statement of the Problem

Shamsuddin, Othman, Shahadan and Zakaria (2012) investigated the link between corporate entrepreneurship (intrapreneurship) dimensions and financial performance of intrapreneurship firms of Jcorp Group, an established Malaysian state-owned corporation. The study findings showed that innovation and self-renewal had a negative relationship with the firm’s financial performance. On the other hand, Linyiru, Karanja and Gichira, (2016) in their study on the financial performance of state corporations in Kenya established that corporate entrepreneurship dimensions namely innovativeness, organizational factors and risk-taking were positively correlated with the financial performance of commercial state corporations in Kenya. Using a sample of one hundred and eighty six manufacturing firms in Kenya, Lwamba, Bwisa and Sakwa (2014) also established that innovativeness, risk taking and competitive aggressiveness dimensions of corporate entrepreneurship had a positive relationship with firm performance. However, proactiveness and autonomy did not affect firms’ performance. This contention disagrees with a study by Ijeoma and Onuoha (2018) on the relationship between corporate entrepreneurship and financial performance of banks in Rivers State in Nigeria which revealed that pro-activeness had a significant positive relationship with firm performance.

The inconsistencies in the findings of similar previous studies pose a knowledge gap which this study intends to address. In addition, the researcher is not only unaware of any study particularly targeting Keroche industries that has been done in the past but also cognizant of the fact that corporate entrepreneurship is applicable to all firms regardless of size (Mokaya, 2012).

1.3 Purpose of the Study

The purpose of this study was to determine the relationship between corporate entrepreneurship dimensions and performance of manufacturing firms in Kenya: A case of Keroche Breweries Limited.
1.4 Research Questions
The study aimed to answer the following research questions;

1.4.1 What was the impact of risk taking on the firm’s performance?

1.4.2 What was the impact of pro-activeness on the firm’s performance?

1.4.3 What was the impact of competitive aggressiveness on the firm’s performance?

1.5 Significance of the Study
The study sort to uncover how Keroche Breweries Limited had practiced corporate entrepreneurship and draw profitable benefits and sustenance of the same. The findings are useful to the following stakeholders:

1.5.1 Industry Players
As one of the leading beer manufacturers in Kenya and the second most profitable company in the Kenyan beer market, the study on Keroche’s practice is a point of learning for other industry players who may want to improve their performance. Given that the organizations work in the same environment, the players may be able to establish areas of improvement and uncover opportunity areas they had not deemed as such.

1.5.2 Management and Shareholders
The findings of this study informs the management and the owners of Keroche Breweries Limited to gain knowledge of the benefits that the company has gained and area of improvement in its practice of corporate entrepreneurship. The recommendations from this study if adopted and implemented by top management of Keroche Breweries Limited can enhance the performance of the firm.

1.5.3 Academicians and Researchers
The research contributes to the body of knowledge to academicians and researchers who would want to further their studies in understanding the competitive advantage arising from Corporate Entrepreneurship. The research findings act as source of reference on Corporate Entrepreneurship and performance and also suggest areas for further studies on Corporate Entrepreneurship.

1.6 Scope of the Study
The study did not cover all the manufacturing firms in Kenya in their varied nature. It only focused on Keroche breweries Limited. The study limited itself to finding out the
impact of corporate entrepreneurship dimensions and performance of manufacturing firms in Kenya. Further, the study was limited to employees located at the Head offices in Naivasha, Nakuru County. Lastly, the study limited the variables of study to risk taking, pro-activeness, and competitive aggressiveness as the dimensions of Corporate Entrepreneurship. The research was conducted from February 2018 to December 2018.

1.7 Definition of Terms

1.7.1 Autonomy
Autonomy is defined as the degree to which an individual is given substantial freedom, independence, and discretion in carrying out a task, such as scheduling work and determining procedures to follow (Calinas-Correia, 2000).

1.7.2 Competitive Advantage
This refers to the differential or asymmetry in an organization factor or characteristic that enables an organization to serve its customers better than other firms and thereby create improved customer value and attain better performance (Sigalas, Pekka & Georgopoulos, 2013).

1.7.3 Competitive Aggressiveness
Competitive aggressiveness is the intensity of a firm’s efforts to outperform industry rivals and taking them head on at every opportunity (Linyiru & Ketyenya, 2017).

1.7.4 Corporate Entrepreneurship
This refers to the entrepreneurship that exists in a firm which includes the emerging behaviour or behavioral intention of a firm associated with departing from the norm (Van & Rensburg, 2015).

1.7.5 Pro-activeness
Pro-activeness is the forward-looking, opportunity-seeking view which involves introduction of new services and products before the firm’s competitors and also to act in anticipating future demand to shape the business environment or create change (ElAnnan, 2013).

1.7.6 Risk Taking
This refers to the way in which an innovation is rooted in the firm, community and society and is also associated with the people’s willingness to commit important resources to opportunities that are assumed may succeed (Kuratko & Morris, 2018).
1.7.7 **Strategy**

Strategy is the set of blueprints and plans that are developed by top management in an organization to attain the organization’s objectives, vision and mission and are consistent with the strategic plans of the organization (Mainardes, Ferreira & Raposo, 2014).

1.8 **Chapter Summary**

The chapter presented the topic of study and elaborated the background of the problem. The chapter examined the problem and stated the three research questions guiding the study and informed the review of the literature. Moreover, the scope of the study has also been defined and explained. Lastly, the operational definition of terms has been given. The proceeding chapter presented; a literature review on chapter 2, the research methodology on chapter 3, the research findings on chapter 4 and lastly, chapter 5 which covered a summary of the findings as well as the discussion, conclusions and recommendations based on the research findings.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter analyzed and elaborated past reviews relevant to the research study. The literature was presented in terms of the four research questions from a global, regional and local impact of Corporate Entrepreneurship dimensions on performance. On each section, the presentation was based on each research questions; the definition of the concepts, and the empirical literature based on the relation between variables of study.

2.2 Effect of Risk Taking on Firm Performance

Business enterprises will always operate under competitive environments, thus compelling them to be engrossed in entrepreneurial initiatives that involve continuous change. Any firm that opts to be risk averse, inflexible and sluggish will be rendered uncompetitive. Only those firms that will embrace change, innovativeness and advocate for risk taking will survive. Firms survival will be dictated by its ability to embrace change and evaluate investment risks when making their investment and strategic decisions. Risk-taking refers to a firm’s ability to seize a business opportunity even when the investor is not sure of succeeding in each venture. Risk-taking is a complex and difficult to measure because it is influenced by both internal and external factors (Wambugu, Gichira, Wanjau, & Mung’atu, 2015). Kitigin (2017) defined risk-taking as the extent with which managers are prepared to make risky investment decisions whose consequences may be costly to the firm.

Risk taking entails investing in existing business opportunities in each market by committing firm’s resources in anticipation of making higher returns without necessarily being sure of the outcome. This is exhibited when a firm takes part in riskier projects and ignoring those ventures whose outcomes may have been tested. It may take the form of introducing a new product in the market by employing new and untested technologies whose outcome may be a competitive advantage for the company. Risk-taking should not be mistaken with betting because it is planned and designed by managers who are aware of the possible risk implications (Mwai, Ntale, & Ngui, 2018).
Generally, risk may be defined as the probability of inconsistency or deviation from the projected outcome. The difference between risk and uncertainty is that while the former entails probability of a loss, the latter refers to exogenous disturbance. Risk can either be objective or perceptual. Objective risk is inherent and intrinsic in some circumstances for instance some risks are inherent in the commercial sector and not found in the energy sector. Perceptual risk is subjective to a person’s evaluation of a situation. Risk can also be categorized in terms of personal or organizational level. On average, groups are more tolerant to risk than the average of individuals that make up that group (Kot & Dragon, 2015).

Entrepreneurship has been associated with the concept of risk-taking. The earlier definition of entrepreneurship focused on entrepreneur’s willingness to participate in calculated business risks. However, it is difficult to quantify this definition because not only does risk-taking involve monetary risk but also typically it entails psychological and social risks. Recent research revealed that entrepreneurs reap high returns when they invest in high risk projects compared to those entrepreneurs who invest in less risky or no risk at all projects. These studies defined risk-taking propensity as the tendency to avoid or take risks which is usually an individual characteristic. Top management in an organization are responsible for the attainment of positive correlation between an individual’s risk-making decision and risk-taking propensity (Antoncic et al., 2016).

According to Olaniran, Namusonge and Muturi (2016), there are three types of risks namely: market, monetary and psychological risks. Market risk is associated with market crash, while monetary risk arises as a result of decline in a currency’s purchasing power. Psychological risk on the other hand is associated with debtors’ inability to settle their repayment obligations, thus impairing a firm’s liquidity position which has a negative effect on its financial performance. Risk-taking also implies taking bold steps to venture into new market segments. It may also mean an investor’s willingness to pump in huge colossal sums of money into project whose chances of failure are very high.

Firms that adopt corporate entrepreneurship are habitual risk takers. They engage in behaviors such as borrowing large loans or commit a lot of their resources to risky projects hoping to make higher returns. These firms recognize that managers are faced with three types of risks in the market place: business risk-taking which entails venturing into totally new markets, financial risk-taking which involves heavy borrowing by the firm and personal risk-taking which entails risks taken by firm executives by virtue of their position in pursuit of a firm’s strategic goals. Thus, in pursuit of a firm’s strategic
renewal, innovation and venturing efforts towards meeting organizational goals, firms may follow a risky path by taking actions and making commitments surrounded by uncertainty. Besides, substantial resources may be committed without necessarily being sure of the consequences of their actions will be. The bottom-line is that risk-taking dimension is one of the key elements of corporate entrepreneurship which enhances firm profitability (Allah & Nakhaie, 2011). It can, however, be argued that this is not necessarily the case with developing or emerging markets with inefficient capital markets that are responsible for the reduction of transactions costs (Chinie & Clodnitchi, 2015).

A firm’s internal environment influences its capacity to recognize existing opportunities in the market or threats and hence influence the company’s risk-taking decisions. This approach takes a resource-based view of the organization. Resource dependency theory entails study on how an organization’s external resources affects its behavior. The theory has implications concerning the firm’s organizational structure, recruitment of staff and board members, organizational links with the outside world, contract structure of the firm, production strategies just but to mention a few aspects of organizational strategy (Yilmaz, 2014). Resource Based View (RBV) theory views an organization as an amalgamation of human and physical resources bound together in an organized way. Resources are mainly classified as physical assets and intellectual assets. Physical assets are tangible such as plant and equipment whereas intellectual assets are intangible for instance, employee skills. In general, RBV promulgates that resources do provide economic value and are normally scarce, non-substitutable, difficult to copy and are not readily accessible for a firm to enjoy some competitive advantage over its competitors.

Besides, resources dictate firm performance (Mweru & Muya, 2015). Corporate entrepreneurship viewed in relation to the RBV theory, is a valuable firm resource, which can provide the firm a competitive advantage over its competitors in the marketplace. Hence, corporate entrepreneurial activities play a crucial role in improving a firm’s financial performance. On the other hand, the Market-Based View (MBV) theory on the other hand argues that industry and external factors are the key determinants of firm performance (Kamboj et al., 2015).

A firm’s external resources also presents it with an opportunity to diversify or internalize its risks. External networks play a crucial role in the procurement of alternative resources including knowledge, skills, channels, information, technology, and financial resources. Through social networks, an organization can get qualified and competent personnel to
deal with specific risks that pose a challenge to the firm. Thus, both internal and external networks form the basis of a firm’s risk-taking capabilities (Tsai & Luan, 2016).

An organization may have slack resources. These are excess resources that mitigate the firm against environmental changes such as changes due to innovation. Slack resources refer to those resources, which are not necessarily committed to any appropriate expenditure but can be used in a discretionary manner. It also refers to those resources that may have been dedicated to pursuing certain specific goals but somewhere along the way, they have been diverted into pursuing other goals. For a resource to be classified as slack, it should be noticeable by management and deployable any time management deems necessary. These resources ought to be discretionary so that they can be employed in various situations. Besides, a variety of action tools are available for management to be able to face any possible future challenges. Less discretionary resources can only be used as defense in few instances. Business organizations which have high absorptive capacity levels can outline the risk-seeking process better than those with low absorptive capacity levels.

In the United States of America, a study on the interrelationship between risk taking and financial performance of banks during the 2008 financial crisis, established that there was insignificant relationship between risk taking levels and firm performance. However, the performance of banks with lower risks was better than the performance of those with higher risks. The study further revealed that risk taking was one of the factors that contributed to the financial crisis. The economic crisis of 2008 challenged various current theories on effective corporate governance. Boards of most financial firms were not able to prevail upon their firm managers from making risky financial decisions and protect their firms against the financial catastrophe that came to pass. Many interdependent forces including corporate governance were responsible for the said crisis (Tarraf & Majeske, 2013). In the United Kingdom, a study that was motivated by the general belief that risk taking is a complex matter was carried out. The study explored the relationship between venturing on firm performance. The study concluded that risk-taking firms recorded superior growth performance than the average risk-taking or risk-avoiding firms (Wang, & Poutziouris, 2010).

Using China as an emerging market, a study was conducted to investigate the interrelationship between risk-taking and its economic consequences for the period 2008-2015. A sample of listed firms was used. First, the study established that the number of advisory directors in boards is directly proportional to the level of risk-taking. Second,
advisory directors’ interaction with risk-taking improves of firm performance. These effects are however not significant in state-owned enterprises due to political interference but stronger in non-state-owned enterprises.

In Nigeria, study was carried out to assess the relationship between risk-taking and financial performance of listed firms. A sample of 60 firms out of a target population of 176 was used. The study findings revealed that risk-taking had a negative relationship with firm performance measured in terms of return on assets and return on equity. The study attempted to critique several studies carried out in the past in Nigeria which concluded that most corporate managers in the country lacked aggressiveness, innovation and pro-activeness, and were averse to risk-taking. These dimensions of corporate entrepreneurship are critical in the growth of small micro enterprises in Nigeria by 2007. The methods of statistical analyses employed by the study included mean, standard deviation and regression models as preferred by the Hausman specification test results (Olaniran, Namusonge, & Muturi, 2016). This study was inconsistent with Wambugu, Gichira, Wanjau and Mung’atu (2015), Kitigin, (2017) and Mwai (2018) studies conducted in the small and medium agro processing enterprises and family owned enterprises in Kenya respectively which established a positive relationship between risk-taking and the firms’ financial performance.

2.3 Effect of Pro-activeness on Firm Performance

In the entrepreneurial process, pro-activeness has been identified as one of the key components. Proactiveness may be described as the initiative to anticipate and pursue opportunities. In other literature, it is viewed as the effort put forth to lead rather than trail other participants in the competitive business arena. Others define it as the inclination towards distinguishing ideas from opportunities through analysis, research, and forecast of potential market tendencies. According to Bateman and Crant (1999), pro-activeness refers to the act of shaping the competitive business environment by introducing new administrative techniques, new products, or new technology. Pro-activeness enables the firm to become the initiator and the first mover of an idea and hence be able to enjoy the benefits related with being the pioneer in a competitive business environment. The firm can take advantage of market asymmetries and capitalize on the existing opportunities geared toward meeting customers’ future needs, hence making higher profits.

Studies have been done to differentiate pro-activeness from competitive aggressiveness. While pro-activeness has been defined as referring to how a business organization reacts
to the available market opportunities by taking advantage of those opportunities early enough in order to dictate future trends, competitive aggressiveness has been identified to mean the correlation between firms and competitors and how those firms respond to market trends and demand (Rahman, Civelek, & Kozubikova, 2016).

Firm executives should therefore instigate and instill a philosophy of swift development and implementation of innovations, which will increase the likelihood of improved performance by the firm whilst remaining competitive to the firms serving the same niche. Remarkably, a firm’s proactive outlook that allows quick, prompt and early action provides a perfect strategy in guaranteeing high revenues and additionally strengthening the firm’s presence and brand. Leadership can act as a good representation and stimuli of pro-activeness. An alternative key component of pro-activeness in organizations is leadership. The leader is considered as the change agent who will initiate behavioral change in the firm that triggers immediate action to take advantage of the prevailing industry conditions (Danisman, Tosuntas, & Karadag, 2015).

The boards of directors are very critical in setting the firms vision, mission, goals, strategy, and resource acquisition. In discharging this duty, the board is responsible for sourcing, selecting and hiring top management who will guide the firm to implementing and achieving the set strategy and is critical to how the firm operates in that it shapes values, culture, norms, and priorities and processes (Flanigan, Bishop, Brachle, & Winn, 2017). Flanigan et al., (2017) therefore advocates for a management team whose leadership style will stimulate commitment and allow for alignment of the employees and organizational strategy, thereby motivating them to go past their expected performance level.

The pro-activeness of firms with strong entrepreneurial organization implies that executives will need to take up leadership role of shaping the firms’ culture. Tawaha, (2016) defined pro-activeness as an aggressive behavior that focuses on the future by anticipating and thwarting problems, collaborating effectively with both the internal and external environments and maintaining implementation of the new processes or new products. Entrepreneurship is considered as a process or a sequence that includes an opportunity cycle of events and behaviors These events or behaviors are anticipated to be proactive in what relates to both market reply and market changes.

Proactivity is important because it presents a positive relation to firm performance. Corporations with human-oriented culture greatly put emphasis on service and thoughtfulness of others and stay to the traditional values, have negative relationship to
the pro-activeness that reflect the distinctiveness of the organization which uses whatever way to reach organization’s goals and have strategy to actively discern future opportunity, lead the market and without delay respond to external environment. A company that takes long to respond to a change in the business environment is vulnerable to a shortfall of profits. Sometimes it can result in decline in market share due to a competitor already in the process of employing the strategy which was being designed by the company. It also possible for a firm to have to shut down or cut back some of its business lines due to the inability to foresee changes in market environment or a breakthrough in technology leading to the obsolescence of the current technological capabilities. A firm following rigorous measures with regard to having a robust research capability, a strategic planning structure in place, proper business intelligence tools to assist in making important decisions and employing specialists to predict changes in customer patterns and the environment has a competitive edge over their rivals. A proactive firm that will have competitive advantage over others is the one that foresees these changes and has the action plans prepared to face them (Rahman et al., 2016).

Pro-active behavior thus benefits from being the earliest to seize opportunities which is called first mover’s advantage, the first to present value products and services to customers, put up the firm’s reputation, and draw and retain customers to keep on buying products and services presented by them. These companies are ready and have information from a variety of sources, to counteract any changes in the business environment. A reactive firm on the other hand responds after the event or changes have taken place and have no time to anticipate and prepare for such changes. Nevertheless, no firm can rely on being either totally reactive or proactive in its strategy orientation (Kozubíková, Sopková, Krajcik, & Tyll, 2017).

Preferably, a firm must use both strategies to act in response effectively with minimum response rate possible. A reactive company uses questionnaires and market surveys to determine customer insight and satisfaction levels. Based on the received feedback and analyzing customers’ trends, the firm works on improving their products and services focusing more on the important areas highlighted by the customers. This feedback is often analyzed using sophisticated tools after which strategies and process improvements are designed based upon the observations. This is a very effective reactive strategy used to advance customer satisfaction. It involves understanding and fulfilling customer’s expressed needs (Kozubíková, Sopková, Krajcik, et al., 2017).
Although this is very imperative, and firms must use this strategy to increase insight and feedback on their services and products, some firms tend to rely too much on this strategy and hence innovation is abandoned. Most firms that have employed reactive strategy are always behind in high speed innovation and fulfilling the hidden needs of customers. This is where firms pursuing a proactive strategic orientation have a competitive advantage over their competitors. Proactivity is about opportunity seeking and exploitation of those opportunities. It is about anticipating and preventing problems, making things come about and seizing opportunities. It entails self-initiated efforts to bring change to oneself and in the work environment in order to achieve a better future. This definition of proactivity is applicable to both individuals as well as firms. Firms use methodologies like anticipating market trends, brainstorming, and analyzing customer demand patterns using sophisticated planning techniques like predictive analytics and encouraging innovation organization wide (Rahman et al., 2016).

These firms are constantly discovering new ways of delighting customers by satisfying their hidden needs and hence creating a differentiating competitive advantage, which in turn improve the firm’s brand image and profitability. A firm solely relying on customer feedback and responses is carries the risk of losing both market share and profitability from a competitor who provides value added latent features at competitive prices. The firm following reactive orientation is taking a risk of exclusively relying on customer expectations and affirmed needs, which are always changing. Proactive firms pro-actively discover gaps in the market and act in response to fill them with a chain of innovations.

Wales, Gupta and Mousa (2011) maintain this argument by stating that pro-activeness is a firm’s reaction to tackle unattended market opportunity. This approach is required to deal with the unarticulated needs of the customers and to gain competitive advantage. Proactive behavior may profit SMEs in emerging economies distinguished by new promising opportunities and is important in strategic entrepreneurship. Pro-activeness has two facets; speed of innovation and acting on opportunities. However, every coin has two sides and so has both proactive and reactive orientations. There is another risk of customer acceptance of these latent features. Many times it may happen that a customer is not willing to pay the premium for these features or does not see it as a significant benefit or a differentiating factor. In this case the company may lose out on profits due to additional costs of rolling out the value additions and loss of customers.

In Turkey, a study was carried out to assess the correlation between proactiveness strategy and firm performance. This study targeted manufacturing firms. The study
revealed that proactiveness strategy had a strong positive relationship with firms’ financial performance more than the other dimensions of corporate entrepreneurship. Besides, the strategy improved firms’ internal business processes, customer performance, learning and growth performance. The study concluded that business organizations should formulate appropriate strategies to be able to improve their financial performance (Karabulut, 2015).

In Malaysia, a study was conducted on manufacturing and service sector small micro enterprise technology-based firms. The main objective of the study was to establish the interrelationship between entrepreneurial orientation and business performance. From the correlation analysis, the study revealed medium to small correlation between variables. This study revealed that innovativeness, proactiveness, risk-taking and competitive aggressiveness had positive relationship with firm performance while there was no correlation between autonomy and firm performance (Shafinaz, Rasli, Azura, & Mohd, 2014). Bakar and Zainol (2015) examined the relationship between proactiveness and firm performance of the Nigerian small micro enterprises. The study showed a significant positive relationship between the variables. Duru, Ehidiamhen and Chijioke (2018) study on small and medium enterprises in Abuja exhibited similar findings.

2.4 Effect of Competitive Aggressiveness on Firm Performance

Competitive aggressiveness may be defined as the firm’s intensity to do better than industry rivals and confrontationally taking them at every opportunity. It involves a confrontational attitude that demands a persuasive response to competitors’ actions. Businesses that decide to gain market share from competitive markets mostly adopt competitive aggressive tactics by making use of marketing strategies like price competition, increasing promotional offers, competing for distribution channels or imitating the rivals’ actions or products (Lechner & Gudmundsson, 2014).

According to Ebrahim, Ahmad and Muhamad, (2014), responsiveness necessitates either preempting the opponent’s strategy through a competitive move or responding to the rival’s competitive actions. The factors influencing competitive aggressiveness include mutual forbearance and multimarket contact. Firms competing in several or the same markets as their competitors will rival out with less intensity due to the greater possibility of reprisal by the competitors. Overall enterprises which decide to be market leaders must adopt competitively aggressive that is characterized by a strong offensive bearing, which is usually directed at outperforming competitors by setting ambitious market share goals
and taking bold steps to achieve them. Motivation, awareness and capability are the three
drivers of competitive behavior which are manifested as firm processes that make some
firms more competitively aggressive than others.

Awareness involves scrutiny of a firm’s competitors and synchronized tracking and
dissemination of its rivals’ competitive actions, of this information. Different firms are at
different levels of their confirmed awareness. Some of this disparity is due to the analysis
and monitoring functions intrinsic in rival awareness which are costly in terms of
physical and cognitive capital of the firm. The firms that have a higher level of awareness
choose to invest in these processes and become the most competitively-aggressive firms.
Motivation is the other key determinant of competitive aggressiveness (Hsieh & Chen,
2017).

Two distinguishing distinctiveness of an exceedingly competitively-aggressive firm on
motivation are, first, outperforming a competitor is very important for an aggressive firm.
Other firms might decide to use other comparisons such as past internal goals or
performance or and be contented with meeting such targets. Serious competitively
aggressive firms search for information on the performance levels of their competitors
and then measure themselves up against their rival’s performance. The other attribute of
competitively aggressive companies with regard to motivation is that they choose to view
the challenging of the rivals’ performance and actions as suitable and essential steps in
advancing their own performance and they will attribute any underperformance to the
actions of a rival (Oliveira, 2015).

The other factor is the business enterprise’s ability to initiate and counteract competitive
attacks without which high levels of motivation and awareness become insignificant.
Capability includes the physical resources of a firm such as retained earnings generated
by strong past performance. Effective capability also means that a competitively
aggressive firm will recognize on hand resources and prioritize them to show aggression
when less competitively aggressive firms will view the same resource as little. The more
aggressive companies are superior at creating actions with the resources at hand rather
than waiting for best possible resources to become available (Stambaugh, Yu, &
Dubinsky, 2011).

For competitive aggressiveness, the spotlight is to attack the rival’s position. Being
competitively aggressive relates to firms looking to weakening their rival’s position while
alert and persuasive defense of their current market position. This is done by carefully
and constantly monitoring and examining their rivals, are creative in their deployment of
firm resources to initiate attacks, and are motivated to advance their performance by being offensive to those firms. The most wanted end outcome of the competitive attacks is sustained performance and competitive advantage that is better than that of their rivals (Steenkamp, Nijs, Hanssens, & Dekimpe, 2005). Kozubíková, Sopková, Krajčík, and Tyll, (2017) stated that competitive aggressiveness approach is different from innovation approach. In innovation, the attack of a competitor’s position is not the aim but rather the consequence of innovation, and that most fundamental and radical innovations make the existing competition immaterial and its outcome is also superior performance.

Firms using the strategy of competitive aggressiveness to improve performance are said to be operating in red oceans while those using the innovation approach are said to be operating in the blue oceans. The competitive aggressiveness strategy carries high risks to the business. Porter (2008) affirmed that some of the strategies used in competitive aggressiveness are price discounting which is one of the easiest ways to employ and most regularly used competitive actions, but it is over and over again harmful to the firms and industry’s profitability in the short term. Price competition directs the customers to use price as the sole criterion when choosing among competitor’s products. The best strategies are the ones that also attempt to create a non-price based switching cost options to the customer.

Pricing aggressiveness is likely to accomplish little for the firm in the long term. Direct attack of a rival’s position is the utmost threat to profitability since it is targeting the same customers with same products and this is the fundamental nature of a competitively aggressive approach. A firm must have a strategy when using aggressive competitive actions to earn higher profitability. Developing such a strategy will require an understanding of the mechanisms connecting the strategy with greater firm’s performance, the enabling actions, and the preferred strategic results with their related costs. This is because aggressive competitive actions have possible negative implications to a firm’s performance (Porter, 2008).

Mergers and acquisitions are the commonly used competitively aggressive strategies which have mixed outcomes of either increased market share and profitability or poor profitability to acquiring firms from a financial point of view. They are preferred because of the synergy they bring; merged firms can achieve better returns due to economies of scale brought by such mergers and acquisitions. Some of the benefits associated with this strategy include cost reduction, economies of scope due to merged distribution networks and customer channels, increase in power over buyers and suppliers. To understand
competitively aggressive strategy-link with superior returns, Uhlenbruck, HughesMorgan, Hitt, Ferrier, and Brymer, (2017) concluded that in a competitively aggressive association between an attacker and a rival, the attacker’s aim is to capture market share from the rival or decrease the rival’s profitability returns.

A firm with a competitively aggressive strategy will put up superior returns relative to its rivals by growing its relative market share and enlarge its relative profit margin. The connection between increased market share and increased returns presupposes that a firm can take a rival’s market share while still retaining a satisfactory profit margin. Increased market share also creates economies of scale leading to costs declining and profit margins remaining at the same level or even increase. Although these gains are theoretically attractive, they can be difficult to attain in practice (Oliveira, 2015).

Caution should be taken because any attempt to gain greater market share triggers strong counterattacks. This may lead to reduction in projected firm profitability. Gaining relative market share is an effective though a potentially false path to improved performance. Another path to improved relative firm’s performance would be to boost the firm’s profit margins relative to its competitors by either increasing its pricing power or reducing its costs. Firms can attempt to improve their pricing power or reduce costs without necessarily openly seeking to undercut their competitors. Competitively aggressive companies on the other hand may also attempt to decrease their rivals pricing power and increase the costs of their rivals so as to swing relative profit margins (Porter, 2008).

Competitive actions are the ways firms use to alter market share and affect relative profitability margins. Competitive actions can be focused on resource attack. One firm’s increase is nearly certainly another firm’s loss. The more competitively aggressive firms often resort to resource-based competitive actions. There are three attack strategy categories: deny, defect, and debase. A deny attack involves a firm trying to confine a potential resource to either increase its rival’s costs to access or prevent a rival’s access to the resource. This strategy is the most secret because it may be done with little visibility and for seemingly other motivations. Uhlenbruck et al., (2017) revealed that several latest and thriving ventures chose to quietly acquire other potential firms for motivations differing from usual mergers and acquisitions logic. As outlined in the five forces model by Porter (2008), denying these resources was an effort to erect an entry barrier which would raise a rival’s cost structure and help the venture maintain a relative profit margin advantage.
Other examples of denial strategy are patent infringement lawsuits, securing exclusive rights to a valuable resource. The defect attack happens when the firm looks to take a resource from a rival and then utilizes the pilfered resource. Examples of this approach are poaching alliance partners; steal valuable personnel from other firms. When a firm poaches a lending manager from another competitor firm, it expects a large portion of that lending manager’s customer portfolio will follow. The debase approach attempts to damage the value of the resource and hence varies from a defect strategy in that it does not attempt to take the resource away from the competitor. By debasing the resource base of a competitor, the attacker potentially reduces that company’s future profitability, since it necessitates further spending in order to upgrade the resource, to move to a new resource, or maintain to operate with the cheapened, cost-inefficient resource and possibly lose market share (Stambaugh et al., 2011).

Entrepreneur motivation should match the level of business risk they are facing in their organizations. However, some entrepreneurs perceive business profit as a subsidiary motive and can proceed to start a business with non-financial motives. In 2015 in the Czech Republic, a study was commissioned to determine the link between entrepreneurial motives and selected dimensions of entrepreneurial orientation namely: competitive aggressiveness, innovativeness and proactiveness. Small micro enterprise firms were used as the case study. Data collected from 1141 targeted firms in 14 regions of the Czech Republic was used. Two groups of respondents were used. The first group featured 330 respondents consisting of entrepreneurs who considered money as the key motivating factor for starting a business. The second group consisted of 251 respondents whose motivation to start business was their life mission. The study findings revealed that there was statistically significant difference among the three dimensions between the two sets of entrepreneurs. The study however concluded that regardless of the entrepreneurial motive, majority of the entrepreneurs surveyed considered innovativeness and proactiveness to be important for their firms. Besides, most of them did not realize any aggressiveness against their competitors (Kozubíková, Sopková, Krajčík, et al., 2017).

According to Oliveira (2015), the propensity to know and be able to implement aggressive behavior actions has a positive relationship with firm’s financial performance. Companies which emphasize on good leadership in their endeavors stand a high chance of reporting better performance starting from an aggressive point of view. Other studies which exhibited positive relationship between competitive aggressiveness and firm performance include: Shafinaz et al., (2014) and Linyiru and Ketyenya, (2017).
2.5 Chapter Summary

This chapter covered the literature review of the study. The chapter was presented in line with the research questions. The literature shows that there is mixed evidence on the impact of corporate entrepreneurship dimensions on performance. The next chapter of the study covered the research design and research methodology used in this study.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter illustrated the research approaches, methodology and design methods that was selected for the study. It covered the population of the study, sample and sampling procedures used. This included methods used for data collection, research instruments, as well as data analysis and data presentation methods used in the study. Furthermore, procedures used for testing the research instrument included the reliability and validity. For each of the selected items, a discussion of the rationale was outlined to explain the reason behind those actions and making specific design choices.

3.2 Research Design

A research design is a plan for collecting and utilizing data to obtain the preferred information with satisfactory precision and that hypothesis or research questions can be tested accurately. It is the configuration of research by way of data collection methods, evidence gathered, from where and how data is collected, analyzed and interpreted to answer the research questions. A research design must be done through efficient allocation of researchers limited resources. The research design seeks to specify the relationship between the study’s independent and dependent variables in a predetermined limited time and it stipulates the procedures used to answer the research questions (Rahi, 2017).

In conducting assessment of the relationship between entrepreneurial orientation and manufacturing firm’s performance, this study used descriptive research design. According to Rahi, (2017), descriptive research design is a systematic research method for collecting data from a representative sample of population using open-ended or closed-ended questions, observations and interviews as instruments. The study used the survey research design as the nature of research with no influence on the sample. This was helpful in gathering information about the influencing factors and in determining whether there was relationship between risk taking, pro-activeness, competitive aggressiveness and the performance of the targeted manufacturing firm in the study.
3.3 Population and Sampling Design

3.3.1 Population

This refers to the full set of cases from which a sample is derived. It is the total summation of elements about which we desire to make inferences (Asiamah, Mensah, & Oteng-Abayie, 2017). The population in this study comprised of 300 Keroche Breweries staff members comprised of 10 senior managers, 90 middle level sales staff and 200 staff working as factory staff both at head office and branches.

3.3.2 Sampling Design

A sample is a proportion of the targeted study population. Sampling design therefore refers to the procedure the researcher uses to select items from the targeted population that will constitute the sample of the study (Lameck, 2013). A list of all staff of Keroche Industries was obtained from the Human Resource department. From the obtained list, the sample was selected using cluster sampling technique to ensure that respondents represented all the employees at different clusters. Random sampling was used to obtain a manageable sample size from each cluster.

3.3.2.1 Sampling Frame

A sampling frame refers to the list of all cases from which a sample can be obtained. It is a list of target population from which the sample is selected. It consists of a finite population for descriptive survey designs. The term may also refer to a list that contains the names of all elements in the universe (Barron et al., 2015). In this study, the sampling frame was the list of all staff members at Keroche Breweries Ltd; 10 senior managers, 90 middle level sales staff and 200 staff working as factory staff both at head office and branches.

3.3.2.2 Sampling Technique

The sampling technique selected for this study was stratified random sampling technique which involved the inclusion of elements from mutually exclusive sub populations. It involved generating data for comparison and analysis across the various strata in the sampling frame (Asiamah, Mensah, & Oteng-Abayie, 2017). Stratified random sampling was also defined as the subdivision of the population into mutually exclusive sub populations that was significant and relevant on each category based on attributes that are distinct to the population of the study. Stratified random sampling was also defined as the
segregation of a population into mutually exclusive categories called strata, which have matching characteristics that differentiate them from other segments within the same population (Etikan & Bala, 2017).

The stratification of this study was done by categorizing senior managers who have a better view of the risk taking appetite of the firm, customer facing sales staff and relationship managers, who have a better view of pro-activeness and market and product innovation based on customer’s feedback and operational staff in the factory to provide a view of risk taking. This sampling technique was selected because it provided adequate data for analyzing various sub populations, increasing the samples statistical efficiency and representation and helped in the application of different research methods and procedures used on different strata.

3.3.2.3 Sample Size

According to Creswell (2014), the sample size is a subset of the population or the number of items to be selected from the population to constitute a sample. The sample size of a study is of major concern to the researcher as it aims to remove bias in the selection of the sample (Kumar, 2011). A small sample size may not serve to achieve the study objectives and a large one may incur huge cost and waste resources (Zikmund et al., 2013). While choosing the sample size, scientific methods need to be used. Saunders et al. (2016) argue that when the sample size is large, then there is a lower likelihood of error in generalizing the population. In this study, Yamane (1974) formula was used because the population is finite and is known. In addition, the formula is scientific, and can be applied to a large population. Yamane (1974) formula is specified as below:

\[ n = \frac{N}{1 + Ne^2} \]

Where:
- \( n \) denotes the sample size
- \( N \) is the target population
- \( \varepsilon \) is the precision error.

There are three conventional precision errors namely; 0.01, 0.05 and 0.1. The study used a precision error of 0.05 since it is well accepted in social sciences studies. The precision error, or level of significance of 0.05, is the same as 95% degree of confidence for statistical tests (Cooper & Schindler, 2014).
Using the Yamane (1974) formula and given that the target population was 300 staff members, the calculation for each stratum is as shown in equation below:

\[ n = \frac{P}{1 + \frac{P(0.05^2)}{1}} \]

Where \( P \) is the Population

Table 3.1 shows how the sample size was calculated using stratified sampling technique. This implies that a sample size of 216 staff of Keroche Breweries Limited was used for this study.

**Table 3.1: Distribution of the Sample Size**

<table>
<thead>
<tr>
<th>Stratum</th>
<th>P=Population</th>
<th>Calculation</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>1  Senior Level Managers</td>
<td>10</td>
<td>( \frac{10}{1 + 10(0.05^2)} )</td>
<td>10</td>
</tr>
<tr>
<td>2  Middle Level Sales Staff</td>
<td>90</td>
<td>( \frac{90}{1 + 90(0.05^2)} )</td>
<td>73</td>
</tr>
<tr>
<td>3  Factory Staff</td>
<td>200</td>
<td>( \frac{200}{1 + 200(0.05^2)} )</td>
<td>133</td>
</tr>
<tr>
<td>Total</td>
<td>300</td>
<td></td>
<td>216</td>
</tr>
</tbody>
</table>

**3.4 Data Collection Methods**

Data is presented to respondents to a study in a research environment to help authenticate the relationship between the research variables in a study (Cooper *et al.*, 2000). Data collection is the process of gathering together relevant data to direct the process of answering the study’s research questions (Paradis, O’Brien, Nimmon, Bandiera, & Martimianakis, 2016). Primary data collection method was used for this study using questionnaire.

For an effective data collection, the questionnaire was designed with four sections, first section was the background information and the other five sections covered each of the three research questions based on the three entrepreneurial orientation dimensions namely pro-activeness, risk taking and competitive aggressiveness. Closed ended questions was used and a five point Likert scale style ranging from strongly agree and strongly disagree was applied. The Likert scale was designed with the intention to arouse respondent’s interest in the study and closed ended questions was used to stimulate the respondent’s confidence levels in the study.

The structured questionnaire was self-administered to Keroche breweries staff through email and drop-and-pick hard copies method. In a bid to increase the response rate, personal visits and phone calls was used for follow up. Further, the respondents were given a week to participate in the study.
3.5 Research Procedures

The questionnaire was pre-tested with 10 respondents who were briefed on the objective of pre-testing which included checking the possible mistakes, ability of the questionnaire to lead the respondents in providing the required feedback, ease of understanding and the time taken to complete the questionnaire. Findings from the pre-testing was used in revising the questionnaire to improve on its quality and efficiency. During the actual data collection, the refined questionnaire was administered to the target sample using email and drop-and-pick methods depending on the respondent’s preferences. Quality control was put in place to ensure full response, data accuracy and assured the respondents of confidentiality and anonymity.

3.6 Data Analysis Methods

After the collected data, the questionnaires were screened and numbered. This was followed by the coding to assign each variable in the questionnaire. A numerical representation and the response from every respondent was coded using a defined coding system. Data entry was done using the Statistical Package for Social Sciences (SPSS) - statistical software that quantitatively analyzes the data using both descriptive and inferential statistics. Descriptive data analysis techniques which describe the nature of the respondents was used to test frequencies and percentages of the variables under consideration. Inferential statistics was used to draw inferences about a population from the selected sample. The final analysis report was presented using tables, bar graphs and pie charts for ease of understanding and clarity.

3.7 Chapter Summary

This chapter presented the research methodology used in the study. The chapter also discussed the research design, population, sample size used in the study, data collection method, procedures and data analysis method adopted by the research. The next chapter covers the findings and analysis of the study. In addition, it displayed the results of the study in form of tables and charts where necessary.
CHAPTER FOUR

4.0. RESULTS AND FINDINGS

4.1 Introduction

This chapter presents the research finding output based on the data collected. Data was collected using questionnaires from the employees of Keroche Breweries Limited. The presentation of results and findings is divided into four sections: response rate, the demographics, the descriptive results and lastly the inferential results as follows.

4.2 Response Rate

Table 4.1 indicates the response rate of the respondents. The population of study was the 300 Keroche Breweries Limited employees. Using the Yamene (1967) formulae, the total sample size was 171 employees out of which 120 participated in the study giving response rate of 70% which was adequate for the analysis.

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responded</td>
<td>120</td>
<td>70</td>
</tr>
<tr>
<td>Not Responded</td>
<td>51</td>
<td>30</td>
</tr>
<tr>
<td>Total</td>
<td>171</td>
<td>100</td>
</tr>
</tbody>
</table>

4.3 Demographic Characteristics

The demographics covered in the study were: gender, department, duration in the organization, position in the organization, and the education level. The response were as follow:

4.3.1 Gender

Respondents were asked to indicate their gender. Figure 4.1 shows the male respondents were 57.1% while the female respondents were 42.9%. This shows the male respondents were more than the female respondents.
4.3.2 Department in the Organization

When asked to indicate the department in the organization where they work, more than half of the respondents, 58.6% indicated they worked at operations department, 22.4% indicated they worked at administration department while the remaining 19.0% indicated they worked at sales department. Figure 4.2 indicates this.

4.3.3 Duration in the Organization

Respondents were asked to indicate the duration that they had worked at Keroche Breweries Limited. As indicated on figure 4.3, 50.9% had worked for 1-4 years, 28.4% for 5-9 years, 16.4% for 10-19 years and only 4.3% had worked for more than 20 years.
This shows half of the workers were at their entry level and they decreased with duration worked at the organization.

Figure 4.3 Duration Worked in the Organization

4.3.4 Position in the Organization

On the working position in the organization, 47.0% were middle level managers, 32.5% were on contract, 16.2% were senior managers and only 4.3% were graduate trainee as indicated on figure 4.4.
4.3.5 Education Level

The last question on the demographic information was the level of education. As indicated on figure 4.5, Diploma had the highest percentage at 54.5% followed by the degree holder at 24.1% and other levels at lower than 10%. They included; high school level at 8%, masters level at 8% and doctorate level at 5.4%.

![Figure 4. 5 Education Level](image)

4.4. Descriptive Statistics of Variables

This section covers the descriptive statistics of both the independent and the dependent variables. The independent variables were; Risk Taking (RT), Pro-activeness (PA), and Competitive Advantage (CA) while the dependent variables were derived from each of the independent variable.

4.4.1 Risk Taking (RT)

The RT was the first independent variable measured on the five likert scale; Where 1 = Strongly disagreed, 2 = Disagreed, 3 = Neutral, 4 = Agreed, 5 = Strongly Agreed, the mean and standard deviation of the response were as indicated on table 4.2. The result indicated none of the items measured under RT was ranked as ‘strongly agree’ with mean value of 4 or ‘agreed’ with mean value of 3. Most items were ranked as ‘Neutral’ with mean value of 3 and few items as ‘Disagreed’ with mean value of 2.

The items ranked as ‘neutral’ with mean value of 3 were: ‘We are eager to exploit new products, processes, opportunities and methods’ (M=2.6957, SD=1.21521), ‘The top managers of our firm favor a strong emphasis on R&D, technological leadership, and
innovations rather than on the marketing of tried and true products or Services’ (M=2.6083, SD=1.20430), ‘Changes in product and service in my firm have been majorly drastic in nature in the past three years and not merely minor changes or improvements’ (M=2.6917, SD=1.20779) and ‘We engage risky investments (e.g. new employees, facilities, debt, and stock options) to stimulate future growth’ (M=2.5294, SD=1.17764).

Items ranked as ‘disagreed’ with mean value of 2 were: ‘We encourage people in our company to take risks with new ideas’ (M=2.4957, SD=1.32368), ‘We value new strategies/plans even if we are not certain that they will always work’ (M=2.336, SD=1.15184) and ‘To make effective changes to our offering, we are willing to accept at least a moderate level of risk of significant losses’ (M=2.4118, SD=1.24473).

<table>
<thead>
<tr>
<th>Table 4.2 Risk Taking (RT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
</tr>
<tr>
<td>RT 1 we encourage people in our company to take risks with new ideas</td>
</tr>
<tr>
<td>RT 2 We value new strategies/plans even if we are not certain that they will always work</td>
</tr>
<tr>
<td>RT 3 To make effective changes to our offering, we are willing to accept at least a moderate level of risk of significant losses</td>
</tr>
<tr>
<td>RT 4 We engage risky investments (e.g. new employees, facilities, debt, and stock options) to stimulate future growth.</td>
</tr>
<tr>
<td>RT 6 We are eager to exploit new products, processes, opportunities and methods</td>
</tr>
<tr>
<td>RT 8 The top managers of our firm favor a strong emphasis on R&amp;D, technological leadership, and innovations rather than on the marketing of tried and true products or Services</td>
</tr>
<tr>
<td>RT 9 Changes in product and service in my firm have been majorly drastic in nature in the past three years and not merely minor changes or improvements</td>
</tr>
</tbody>
</table>

**4.4.2 Pro-Activeness (PA)**

Pro-activeness was the second independent variable on objective two. It was measured on the five likert scale; Where 1 = Strongly disagreed, 2 = Disagreed, 3 = Neutral, 4 = Agreed, 5 = Strongly Agreed, and the mean of the response were as indicated on table 4.3. There was no item ranked as ‘Strongly Agreed’ with mean of 5 or ‘agreed’ with mean
value of 4. Most items were ranked as ‘neutral’ with mean value of 3 and ‘disagreed’ with mean value of 2.

Items ranked as ‘neutral’ with mean value of 3 were; ‘We integrate solutions to unarticulated customer needs in our services and products’ (M=2.6356, SD=1.23112), ‘We continuously try to discover additional needs of our customers of which they are unaware’ (M=2.5714, SD=1.16860), ‘We try to anticipate future needs of both existing and future clients’ (M=2.5913, SD=1.18392), ‘We try to anticipate new trends in the industry before our competitors’ (M=2.6864, SD=1.26558) and ‘We are always ready to have competitive clashes, and not preferring a ‘live-and-let-live’ posture with our competitors’ (M=2.8403, SD=1.21420).

The only items ranked as ‘disagreed’ with mean value of 2 were: ‘We are ever searching for new business opportunities’ (M=2.4615, SD=1.31659) and ‘Our marketing efforts try to lead customers, rather than respond to them’ (M=2.4237, SD=1.22932).

Table 4.3 Pro-Activeness (PA)

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>Mean</th>
<th>Median</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>PA 1</td>
<td>We are ever searching for new business opportunities</td>
<td>2.4615</td>
<td>2.0000</td>
<td>1.31659</td>
</tr>
<tr>
<td>PA 2</td>
<td>Our marketing efforts try to lead customers, rather than respond to them</td>
<td>2.4237</td>
<td>2.0000</td>
<td>1.22932</td>
</tr>
<tr>
<td>PA 4</td>
<td>We integrate solutions to unarticulated customer needs in our services and products</td>
<td>2.6356</td>
<td>2.0000</td>
<td>1.23112</td>
</tr>
<tr>
<td>PA 5</td>
<td>We continuously try to discover additional needs of our customers of which they are unaware</td>
<td>2.5714</td>
<td>2.0000</td>
<td>1.16860</td>
</tr>
<tr>
<td>PA 7</td>
<td>We try to anticipate future needs of both existing and future clients</td>
<td>2.5913</td>
<td>2.0000</td>
<td>1.18392</td>
</tr>
<tr>
<td>PA 9</td>
<td>We try to anticipate new trends in the industry before our competitors</td>
<td>2.6864</td>
<td>2.0000</td>
<td>1.26558</td>
</tr>
<tr>
<td>PA 10</td>
<td>We are always ready to have competitive clashes, and not preferring a ‘live-and-let-live’ posture with our competitors.</td>
<td>2.8403</td>
<td>3.0000</td>
<td>1.21420</td>
</tr>
</tbody>
</table>

4.4.3 Competitive Aggressiveness (CA)

The last dependent variable was the competitive aggressiveness (CA) measured on the five likert scale; Where 1 = Strongly disagreed, 2 = Disagreed, 3 = Neutral, 4 = Agreed, 5 = Strongly Agreed, the mean of the response are as indicated on table 4.4. There was no item ranked as ‘Strongly Agreed’ with mean of 5, or ‘agreed’ with mean value of 4. All
the items were ranked as ‘neutral’ with mean value of 3 as follow: ‘We are viewed as operating in red oceans and our strategy carries high risks to the business’ (M=3.2689, SD=1.14016), ‘This firm shuns confrontation with the competitors and lets them take actions’ (M=2.9741, SD=1.09910), ‘Our firm competes strongly in the manufacturing industry’ (M=2.8435, SD=1.15918), ‘Some of the tactics we use include price competition, promotions or imitating the rivals’ actions or products’ (M=2.9412, SD=1.18102), ‘Some of the factors influencing our actions include mutual patience and multimarket contact’ (M=2.9748, SD=1.13841), ‘My firm typically adopts a very competitive ‘undo-the-competitors’ stance’ (M=2.5882, SD=1.30457) and ‘My firm is intensely competitive and aggressive’ (M=2.6723, SD=1.16524).

Table 4.4 Competitive Aggressiveness (CA)

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Median</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>CA 1</td>
<td>My firm typically adopts a very competitive ‘undo-the-competitors’ stance</td>
<td>2.5882</td>
<td>2.0000</td>
</tr>
<tr>
<td>CA 4</td>
<td>This firm shuns confrontation with the competitors and lets them take actions</td>
<td>2.9741</td>
<td></td>
</tr>
<tr>
<td>CA 6</td>
<td>Our firm competes strongly in the manufacturing industry</td>
<td>2.8435</td>
<td>3.0000</td>
</tr>
<tr>
<td>CA 7</td>
<td>Some of the tactics we use include price competition, promotions or imitating the rivals’ actions or products</td>
<td>2.9412</td>
<td>3.0000</td>
</tr>
<tr>
<td>CA 8</td>
<td>Some of the factors influencing our actions include mutual patience and multimarket contact.</td>
<td>2.9748</td>
<td>3.0000</td>
</tr>
<tr>
<td>CA 10</td>
<td>We are viewed as operating in red oceans and our strategy carries high risks to the business</td>
<td>3.2689</td>
<td>3.0000</td>
</tr>
</tbody>
</table>
4.4.4 Organization Performance (OP)

The dependent variable in the study was OP. This was also measured on the five likert scale; Where 1 = Strongly disagreed, 2 = Disagreed, 3 = Neutral, 4 = Agreed, 5 = Strongly Agreed, the mean of the response are as indicated on table 4.5. There was no item ranked as ‘Strongly Agreed’ with mean of 5 or ‘agreed’ with mean of 4. All the items on the dependent variables were ranked as ‘neutral’ with mean of 3. They were; ‘We search for information on the performance levels of our competitors and then measure ourselves up against our rival’s performance’ (M=3.0168, SD=1.20016), ‘Failure of new ideas e.g. products to succeed is accepted’ (M=2.6273, SD=1.15623), ‘We commit a large part of our resources to projects, products and processes where the outcome might be groundbreaking, however, the probability of success is low’ (M=2.6833, SD=1.20212), ‘My firm has marketed at least two new lines of product(s) or service(s) in the past three years’ (M=2.8083, SD=1.16168), ‘We endeavor to find new markets and businesses to target’ (M=2.4741, SD=1.26808), ‘Our firm has a strong tendency to ‘follow leader’ in introducing new products; (M=2.5847, SD=1.27652), ‘We align our research, product and process development efforts according to these needs’ (M=2.8571, SD=2.21431), ‘Our firm has a strong affinity to ‘follow leader’ in launching of new products’ (M=2.8707, SD=1.28895) and ‘Generally, our firm takes aggressive and bold approach when competing’ (M=2.9381, SD=1.21216).

<table>
<thead>
<tr>
<th>Table 4.5 Organization Performance (OP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>RT 5 Failure of new ideas e.g. products to succeed is accepted</td>
</tr>
<tr>
<td>Mean</td>
</tr>
</tbody>
</table>
We commit a large part of our resources to projects, products and processes where the outcome might be groundbreaking, however, the probability of success is low.

My firm has marketed at least two new lines of product(s) or service(s) in the past three years.

We endeavor to find new markets and businesses to target.

Our firm has a strong tendency to ‘follow leader’ in introducing new products.

We align our research, product and process development efforts according to these needs.

Our firm has a strong affinity to ‘follow leader’ in launching of new products.

Generally, our firm takes aggressive and bold approach when competing.

We search for information on the performance levels of our competitors and then measure ourselves up against our rival’s performance.

4.5 Inferential Analysis

The inferential statistics tests conducted were factor analysis, tests of reliability, correlation coefficients and statistical assumption tests; normality test, multi-collinearity tests and Homoscedasticity tests.

4.5.1 Factor Analysis

Under factor analysis, the exploratory factor analysis (EFA) was performed on the independent variables. The variables measuring the dependent variables were excluded from the EFA; with the inclusion of dependent variable, there was no factor extracted to present the dependent variable.

4.5.1.1. Exploratory Factor Analysis

The first output on the EFA was the KMO and Bartlett’s test which shows the strength of the sampling adequacy after the factor extraction. As indicated on table 4.6, the KaiserMeyer of sampling adequacy was 0.938 and Bartlett’s test of Sphericity was significant at $X^2 (78, N=120) = 1001.139, p<.05)$. This shows the sample was adequate for extraction of component since Kaiser-Meyer-Olkin Measure was greater than 0.6 and the Bartlett’s test was significant ($p<.05$).

Table 4. 6 KMO and Bartlett’s Test

<table>
<thead>
<tr>
<th></th>
<th>Kaiser-Meyer-Olkin Measure of Sampling Adequacy</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.938</td>
</tr>
</tbody>
</table>

37
Approx. Chi-Square Bartlett’s Test of Sphericity

<table>
<thead>
<tr>
<th>Test of Sphericity</th>
<th>Df</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>78</td>
<td>.000</td>
</tr>
</tbody>
</table>

4.5.1.2 Total Variance Explained

The second table on EFA shows the total variance explained by the factor. Table 4.7 shows three factors were extracted. However, only one had eigenvalue of more than 1. The three accounted for 76.23% of the total variance in the study.

Table 4.7 Total Variance Explained

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial Eigenvalues</th>
<th>Extraction Sums of Squared Loadings</th>
<th>Sums of Squared Loadingsa</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of Variance</td>
<td>Cumulative Total</td>
</tr>
<tr>
<td>1</td>
<td>8.320</td>
<td>63.996</td>
<td>63.996</td>
</tr>
<tr>
<td>2</td>
<td>.916</td>
<td>7.047</td>
<td>71.044</td>
</tr>
<tr>
<td>3</td>
<td>.679</td>
<td>5.219</td>
<td>76.263</td>
</tr>
<tr>
<td>4</td>
<td>.536</td>
<td>4.122</td>
<td>80.385</td>
</tr>
<tr>
<td>5</td>
<td>.450</td>
<td>3.459</td>
<td>83.845</td>
</tr>
<tr>
<td>6</td>
<td>.422</td>
<td>3.245</td>
<td>87.090</td>
</tr>
<tr>
<td>7</td>
<td>.352</td>
<td>2.711</td>
<td>89.800</td>
</tr>
<tr>
<td>8</td>
<td>.289</td>
<td>2.221</td>
<td>92.022</td>
</tr>
<tr>
<td>9</td>
<td>.268</td>
<td>2.061</td>
<td>94.083</td>
</tr>
<tr>
<td>10</td>
<td>.238</td>
<td>1.828</td>
<td>95.911</td>
</tr>
<tr>
<td>11</td>
<td>.209</td>
<td>1.610</td>
<td>97.520</td>
</tr>
<tr>
<td>12</td>
<td>.172</td>
<td>1.326</td>
<td>98.847</td>
</tr>
<tr>
<td>13</td>
<td>.150</td>
<td>1.153</td>
<td>100.000</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.
a. When components are correlated, sums of squared loadings cannot be added to obtain a total variance.

4.5.1.3 Pattern Matrix

From the total variance extracted, the variable extracted based on the factors were are indicted on the pattern matrix table 4.8. All the variables and components measured under the factor loading were greater than .60 indicating good strength on the loading. The extracted factors were RT, PA and CA. All the variable extracted were stronger and were picked as variable representing ‘Entrepreneurial orientation’ since the value were greater than .60 as indicated on table 4.8.
Table 4.8 Pattern Matrix

<table>
<thead>
<tr>
<th>Component</th>
<th>CA</th>
<th>RT</th>
<th>PA</th>
</tr>
</thead>
<tbody>
<tr>
<td>RT2</td>
<td></td>
<td>.866</td>
<td></td>
</tr>
<tr>
<td>RT3</td>
<td></td>
<td>.730</td>
<td></td>
</tr>
<tr>
<td>RT4</td>
<td></td>
<td>.811</td>
<td></td>
</tr>
<tr>
<td>RT6</td>
<td></td>
<td>.719</td>
<td></td>
</tr>
<tr>
<td>PA4</td>
<td></td>
<td></td>
<td>.843</td>
</tr>
<tr>
<td>PA7</td>
<td></td>
<td></td>
<td>.711</td>
</tr>
<tr>
<td>PA9</td>
<td></td>
<td></td>
<td>.851</td>
</tr>
<tr>
<td>PA10</td>
<td></td>
<td></td>
<td>.685</td>
</tr>
<tr>
<td>CA2</td>
<td>.763</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CA4</td>
<td>.588</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CA6</td>
<td>.697</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CA8</td>
<td>.830</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CA10</td>
<td>.867</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.
Rotation Method: Promax with Kaiser Normalization.

a. Rotation converged in 7 iterations.

4.5.2 Construct Reliability

Construct reliability was assessed by the measure of Cronbach’s alpha and test of the composite reliability measure. In this study, all the Cronbach alpha value were .746 which was greater than .7 thresholds. While the values for composite reliability were also greater than .7. This means the variables in the study demonstrated construct reliability as indicated in table 4.9

Table 4.9 Construct Reliability

<table>
<thead>
<tr>
<th>Items</th>
<th>Cronbach's Alpha</th>
<th>Composite reliability</th>
<th>N of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>RT</td>
<td>.870</td>
<td>.864</td>
<td>4</td>
</tr>
<tr>
<td>PA</td>
<td>.909</td>
<td>.857</td>
<td>4</td>
</tr>
<tr>
<td>CA</td>
<td>.898</td>
<td>.868</td>
<td>6</td>
</tr>
<tr>
<td>OP</td>
<td>.927</td>
<td>.939</td>
<td>9</td>
</tr>
</tbody>
</table>
4.5.3 Convergent Validity

To evaluate convergent validity, the average variance extracted (AVE) were used. As indicated on table 4.10, all the values for AVE were above the 0.5 threshold indicating that the latent constructs account for at least fifty percent of the variance in the items. This shows scale as the unit of measure revealed satisfactory measurement of validity.

**Table 4.10 Item- Total Statistics**

<table>
<thead>
<tr>
<th>Items</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>RT</td>
<td>.614</td>
</tr>
<tr>
<td>PA</td>
<td>.603</td>
</tr>
<tr>
<td>CA</td>
<td>.571</td>
</tr>
<tr>
<td>OP</td>
<td>.633</td>
</tr>
</tbody>
</table>

4.5.4 Correlation Coefficient

Correlation analysis was conducted to test the significant association between organization performance and entrepreneurial orientation variables. As shown in table 4.11, all the independent variables were statistically correlated with the dependent variable ‘RT’ \( r = .820, p < .05 \); ‘PA’ \( r = .854, p < .05 \); and ‘CA’ \( r = .822, p < .05 \).

**Table 4.11 Inter-Item Correlation Matrix**

<table>
<thead>
<tr>
<th></th>
<th>RT</th>
<th>PA</th>
<th>CA</th>
<th>OP</th>
</tr>
</thead>
<tbody>
<tr>
<td>RT</td>
<td>Pearson Correlation</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>120</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PA</td>
<td>Pearson Correlation</td>
<td>.748**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>119</td>
<td>119</td>
<td></td>
</tr>
<tr>
<td>CA</td>
<td>Pearson Correlation</td>
<td>.718**</td>
<td>.784**</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>118</td>
<td>119</td>
<td>119</td>
</tr>
</tbody>
</table>
4.5.5 Assumption for Regression Model

The following statistical tests were conducted to determine the nature of data. The results informed the regression statistical model selected to test the research hypothesis.

4.5.5.1 Normality Test

The skewness and kurtosis statistics used to test the normality; the normality test is positive within the range of -2.0 and +2.0. As indicated on table 4.12, all the values were less than -2.0 and +2.0. This shows the variables were normally distributed.

<table>
<thead>
<tr>
<th>Table 4. 12 Normality Test</th>
</tr>
</thead>
<tbody>
<tr>
<td>RT</td>
</tr>
<tr>
<td>Valid</td>
</tr>
<tr>
<td>N</td>
</tr>
<tr>
<td>Skewness</td>
</tr>
<tr>
<td>Std. Error of Skewness</td>
</tr>
<tr>
<td>Kurtosis</td>
</tr>
<tr>
<td>Std. Error of Kurtosis</td>
</tr>
</tbody>
</table>

4.5.5.2 Multicollinearity Test

Multicollinearity test was performed to determine if the values of independent variables and dependent variables had higher similarity that will affect their regression analysis.

Using the Variance Inflation Factor (VIF) statistical tests, the Multicollinearity test was performed; the VIF value 1 to 10 shows the variable are not multi-collerated. As shown on table 4.13, all the VIF values were above 1 and less than 10 hence the factors were not multi-collerated.
Table 4.13 VIF Test

<table>
<thead>
<tr>
<th>Model</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>RT</td>
<td>.401</td>
</tr>
<tr>
<td>1 PA</td>
<td>.319</td>
</tr>
<tr>
<td></td>
<td>.344</td>
</tr>
</tbody>
</table>

a. Dependent Variable: OP

4.5.4.3 Homoscedasticity Test

Homoscedasticity test was carried to determine if independent variables had had similar variance with dependent variables distribution value. As indicated on Table 4.14, all the results of the Levene Statistic, was not significant (p > .05) indicating the data was not homogeneous.

Table 4.14 Homoscedasticity Test

<table>
<thead>
<tr>
<th></th>
<th>Levene Statistic</th>
<th>df1</th>
<th>df2</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>RT</td>
<td>1.636</td>
<td>21</td>
<td>80</td>
<td>.061</td>
</tr>
<tr>
<td>PA</td>
<td>1.701</td>
<td>21</td>
<td>80</td>
<td>.048</td>
</tr>
<tr>
<td>CA</td>
<td>1.541</td>
<td>21</td>
<td>80</td>
<td>.087</td>
</tr>
</tbody>
</table>

4.6 Regression Model

Having passed the regression assumptions tests; multicolleniarity, normality and homoscedasticity tests, regression model was adopted to the test the study specific objectives. The correlation test was also positive and significant between the dependent and the independent variables. Regression analysis determine the relationship, magnitude of the influence and projection of the influence of independent variable to the dependent variables. The regression weight results were used to test the following research questions:

a. What was the effect of risk taking on the firm’s performance?
b. What was the effect of pro-activeness on the firm’s performance?
c. What was the effect of competitive aggressiveness on the firm’s performance?
4.6.1. Effect of Risk Taking on the Firm’s Performance

The model summary results presented in table 4.15, shows RT explains 67.3% of OP given the coefficient of determination ($R^2 = .673$). While the remaining 32.7% of OP are attributed to other factors other than RT.

**Table 4.15 Model Summary on Risk Taking and Organization Performance**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of R Square</th>
<th>Change Statistics</th>
<th>F</th>
<th>df1</th>
<th>df2</th>
<th>the Change</th>
<th>Sig. F Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.820</td>
<td>.673</td>
<td>.670</td>
<td>.56889</td>
<td>.673</td>
<td>1</td>
<td>118</td>
<td></td>
<td>242.887</td>
<td>.000</td>
</tr>
</tbody>
</table>

The regression result had the ANOVA table. This showed whether the regression model was fit to determine the predictor than using the mean comparison model. From the ANOVA table 4.16, the regression model was suitable for predicting the outcome variable other than the mean outcome: $F(1, 118) = 242.887, p<.05$. This concludes, the regression model used was suitable to predict the outcome variable.

**Table 4.16 ANOVA Table on Risk Taking and Organization Performance**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>78.608</td>
<td>1</td>
<td>78.608</td>
<td>242.887</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>38.190</td>
<td>118</td>
<td>.324</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>116.798</td>
<td>119</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The regression coefficient results presented in table 4.17. The analysis showed that RT affected OP ($\beta = .802, t = 5.496, p<.05$). The beta weight was positive and significant $p<.05$. This means, one unit of increase in RT increases the unit of OP by .802.
Table 4.  
17 Coefficient Table on Risk Taking and Organization Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>.761</td>
<td>.138</td>
<td>5.496</td>
<td>.000</td>
</tr>
<tr>
<td>1</td>
<td>RT</td>
<td>.802</td>
<td>.051</td>
<td>15.585</td>
</tr>
</tbody>
</table>

a. Dependent Variable: OP

4.6.2 Effects of Pro-activeness on the Firm’s Performance.

The model summary results presented in table 4.18, shows PA explains 73.0% of OP given the coefficient of determination ($R^2$) = .730. While the remaining 27.0% of OP are attributed to other factors other than PA.

Table 4. 18 Model Summary on Pro-activeness and Organization Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Adjusted</th>
<th>Std. Error of R Square</th>
<th>Change Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Square</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>R Square</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>.854&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.730</td>
<td>.727</td>
<td>.51754</td>
</tr>
</tbody>
</table>

The ANOVA table showed whether the regression model was fit to determine the predictor than using the mean comparison model. From the ANOVA table 4.19, the regression model was suitable for predicting the outcome variable other than the mean outcome: $F(1, 117) = 315.830, p < .05)$. This concludes, the regression model used was suitable to predict the outcome variable.

Table 4. 19 ANOVA Table on Pro-activeness and Organization Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>84.594</td>
<td>1</td>
<td>84.594</td>
<td>315.830</td>
<td>.000&lt;sup&gt;b&lt;/sup&gt;</td>
</tr>
<tr>
<td>1 Residual</td>
<td>31.338</td>
<td>117</td>
<td>.268</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>115.932</td>
<td>118</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: OP

b. Predictors: (Constant), PA
Table 4.
The regression coefficient results presented in table 4.20. The analysis showed that PA affected OP ($\beta = .786, t = 5.137, p<.05$). The beta weight was positive and significant $p<.05$. This means, one unit of increase in PA increases the unit of OP by .786.

20 Coefficient Table on Pro-activeness and Organization Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>.657</td>
<td>.128</td>
<td>.128</td>
<td>5.137</td>
</tr>
<tr>
<td>1</td>
<td>.786</td>
<td>.044</td>
<td>17.772</td>
<td>.000</td>
</tr>
<tr>
<td>PA</td>
<td>.854</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: OP

4.6.3 Effect of Competitive Aggressiveness on the Firm’s Performance.
The model summary results presented in table 4.21, shows CA explains 67.5% of OP given the coefficient of determination ($R^2 = .675$). While the remaining 32.5% of OP are attributed to other factors other than CA.

Table 4. 21 Model Summary on Competitive Aggressiveness and Organization Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of R Square</th>
<th>Change Statistics</th>
<th>Sig. F</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.822a</td>
<td>.675</td>
<td>.672</td>
<td>.5584</td>
<td>.675 243.109</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), CA

The ANOVA table showed whether the regression model was fit to determine the predictor than using the mean comparison model. From the ANOVA table 4.22, the regression model was suitable for predicting the outcome variable other than the mean outcome: $F(1, 117) = 243.109, p<.05$. This concludes, the regression model used was suitable to predict the outcome variable.
Table 4.

22 ANOVA Table on Competitive Aggressiveness and Organization Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>75.923</td>
<td>1</td>
<td>75.923</td>
<td>243.109</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>36.539</td>
<td>117</td>
<td>36.539</td>
<td>.312</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>112.462</td>
<td>118</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: OP
b. Predictors: (Constant), CA

The regression coefficient results presented in table 4.23. The analysis showed that CA affected OP ($\beta = .841$, $t = 1.587$, $p < .05$). The beta weight was positive and significant $p < .05$. This means, one unit of increase in CA increases the unit of OP by .841.

Table 4. 23 Coefficient Table on Competitive Aggressiveness and Organization Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>.265</td>
<td>.167</td>
<td>1.587</td>
<td>.115</td>
</tr>
<tr>
<td>1</td>
<td>.841</td>
<td>.054</td>
<td>15.592</td>
<td>.000</td>
</tr>
<tr>
<td>CA</td>
<td></td>
<td></td>
<td>.822</td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: OP

4.7 Chapter Summary

This chapter presented the demographic information of the respondents followed by the descriptive statistics of the study objectives using mean and standard deviation. Different statistical assumption tests were conducted and regression model was used to answer the research objectives. The research found out all the factors of the entrepreneurial orientation affects the organization performance; risk taking, pro-activeness, and competitive advantage. The next chapter covers the summary, discussion, conclusions and recommendation of the study findings.
Table 4.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS.

5.1 Introduction

This chapter presents the summary of the study, followed by the discussion of the research findings based on the literature review. The conclusion presented is based on the findings and discussion of each objective. The last item is the recommendations on the area of improvement and area of further research.

5.2 Summary

The purpose of this study was to determine the relationship between corporate entrepreneurship dimensions and performance of manufacturing firms in Kenya: a case of Keroche Breweries Limited. The study aimed to answer the following research questions; What was the impact of risk taking on the firm’s performance? What was the impact of pro-activeness on the firm’s performance? and What was the impact of competitive aggressiveness on the firm’s performance?

The study employed the survey research design type as the nature of research was ex-post facto, with no influence on the sample. The population in this study comprised of 300 Keroche Breweries staff members and made up of 10 senior managers, 90 middle level sales staff and 200 factory staff both at head office and branches. Using the Yamene (1967) formulae, the total sample size was 171 employees out of which 120 participated in the study giving response rate of 70% which was adequate for the analysis. A structured questionnaire was used to collect data. In this study, the research questionnaire was self-administered.

The RT was the first independent variable. The descriptive statistics indicated none of the items measured under RT was ranked as ‘strongly agree’ with mean value of 4 or ‘agreed’ with mean value of 3. Most items were ranked as ‘Neutral’ with mean value of 3 and few items as ‘Disagreed’ with mean value of 2. The items ranked as ‘neutral’ with mean value of 3 were: ‘We are eager to exploit new products, processes, opportunities and methods’ (M=2.6957, SD=1.21521), ‘The top managers of our firm favor a strong emphasis on R&D, technological leadership, and innovations rather than on the marketing of tried and true products or Services’ (M=2.6083, SD=1.20430), ‘Changes in
product and service in my firm have been majorly drastic in nature in the past three years and not merely minor changes or improvements’ (M=2.6917, SD=1.20779) and ‘We engage risky investments (e.g. new employees, facilities, debt, and stock options) to stimulate future growth’ (M=2.5294, SD=1.17764). Items ranked as ‘disagreed’ with mean value of 2 were: ‘We encourage people in our company to take risks with new ideas’ (M=2.4957, SD=1.32368), ‘We value new strategies/plans even if we are not certain that they will always work’ (M=2.336, SD=1.15184) and ‘To make effective changes to our offering, we are willing to accept at least a moderate level of risk of significant losses’ (M=2.4118, SD=1.24473). On the regression analysis, RT explains 67.3% of OP given the coefficient of determination ($R^2$) = .673. While the remaining 32.7% of OP was attributed to other factors other than RT. The coefficient showed RT affected OP ($\beta = .802, t = 5.496, p<.05$). The beta weight was positive and significant $p<.05$. This means, one unit of increase in RT increases the unit of OP by .802.

Pro-activeness was the second independent variable on objective two. The descriptive indicated there was no item ranked as ‘Strongly Agreed’ with mean of 5 or ‘agreed’ with mean value of 4. Most items were ranked as ‘neutral’ with mean value of 3 and ‘disagreed’ with mean value of 2. Items ranked as ‘neutral’ with mean value of 3 were; ‘We integrate solutions to unarticulated customer needs in our services and products’ (M=2.6356, SD=1.23112), ‘We continuously try to discover additional needs of our customers of which they are unaware’ (M=2.5714, SD=1.16860), ‘We try to anticipate future needs of both existing and future clients’ (M=2.5913, SD=1.18392), ‘We try to anticipate new trends in the industry before our competitors’ (M=2.6864, SD=1.26558) and ‘We are always ready to have competitive clashes, and not preferring a ‘live-and-letlive’ posture with our competitors’ (M=2.8403, SD=1.21420). The only items ranked as ‘disagreed’ with mean value of 2 were: ‘We are ever searching for new business opportunities’ (M=2.4615, SD=1.31659) and ‘Our marketing efforts try to lead customers, rather than respond to them’ (M=2.4237, SD=1.22932). The regression output shows PA explains 73.0% of OP given the coefficient of determination ($R^2$) = .730. While the remaining 27.0% of OP was attributed to other factors other than PA. the coefficient showed that PA affected OP ($\beta = .786, t = 5.137, p<.05$). The beta weight was positive and significant $p<.05$. This means, one unit of increase in PA increases the unit of OP by .786.
The last dependent variable was the competitive aggressiveness (CA). The descriptive indicated there was no item ranked as ‘Strongly Agreed’ with mean of 5, or ‘agreed’ with mean value of 4. All the items were ranked as ‘neutral’ with mean value of 3 as follows: ‘We are viewed as operating in red oceans and our strategy carries high risks to the business’ (M=3.2689, SD=1.14016), ‘This firm shuns confrontation with the competitors and lets them take actions’ (M=2.9741, SD=1.09910), ‘Our firm competes strongly in the manufacturing industry’ (M=2.8435, SD=1.15918), ‘Some of the tactics we use include price competition, promotions or imitating the rivals’ actions or products’ (M=2.9412, SD=1.18102), ‘Some of the factors influencing our actions include mutual patience and multimarket contact’ (M=2.9748, SD=1.13841), ‘My firm typically adopts a very competitive ‘undo-the-competitors’ stance’ (M=2.5882, SD=1.30457) and ‘My firm is intensely competitive and aggressive’ (M=2.6723, SD=1.16524). The regression showed CA explains 67.5% of OP given the coefficient of determination (R\(^2\)) = .675. While the remaining 32.5% of OP was attributed to other factors other than CA. The coefficient showed that CA affected OP (\(\beta = .841, t = 1.587, p<.05\)). The beta weight was positive and significant \(p<.05\). This means, one unit of increase in CA increases the unit of OP by .841.

5.3. Discussion

5.3.1. Effect of Risk Taking on the Firm’s Performance

The model summary shows RT explains 67.3% of OP given the coefficient of determination (R\(^2\)) = .673. While the remaining 32.7% of OP are attributed to other factors other than RT. The regression coefficient results showed that RT affected OP (\(\beta = .802, t = 5.496, p<.05\)). The beta weight was positive and significant \(p<.05\). This means, one unit of increase in RT increases the unit of OP by .802. RT is an important factor that influences organization performance.

According to Kitigin (2017), risk taking in investment can cost the firms but firms cannot succeed without taking risks. Risk-taking is a complex and difficult to measure because it is influenced by both internal and external factors (Wambugu, Gichira, Wanjau, & Mung’atu, 2015). Recent researches revealed that entrepreneurs reap high returns when they invest in high risk projects compared to those entrepreneurs who invest in less risky or no risk at all projects. These studies defined risk-taking propensity as the tendency to avoid or take risks which is usually an individual characteristic. Top management in an
organization are responsible for the attainment of positive correlation between an individual’s risk-making decision and risk-taking propensity (Antoncic et al., 2016).

Risk taking entails investing in existing business opportunities in each market by committing firm’s resources in anticipation of making higher returns without necessarily being sure of the outcome. Research shows firms that adopt corporate entrepreneurship are habitual risk takers; borrowing large loans, committing their resources to risky projects hoping to make higher returns. However, such substantial resources may be committed without necessarily being sure of the expected output. The bottom-line is that risk-taking dimension is one of the key elements of corporate entrepreneurship which enhances firm profitability (Allah & Nakhaie, 2011).

According to the Resource Based View (RBV) theory, organizations must invest in both physical assets and intellectual assets in order to function. RBV promulgates that resources do provide economic value and are normally scarce, non-substitutable, difficult to copy and are not readily accessible for a firm to enjoy hence their usage or investment into an organization without clear projected output is risky factor. However, such resources dictate firm performance (Mweru & Muya, 2015). Though the corporate entrepreneurial activities determine the usage of resources plays a crucial role in improving a firm’s financial performance, the Market-Based View (MBV) theory argues that the level at which the risk on resources influence performance are based on industry and external factors (Kamboj et al., 2015).

Studies in the United States of America, on the interrelationship between risk taking and financial performance of banks during the 2008 financial crisis, established that there was insignificant relationship between risk taking levels and firm performance. However, the performance of banks with lower risks was better than the performance of those with higher risks (Tarraf & Majeske, 2013). Another research in the United Kingdom was conducted based on the general belief that risk taking is a complex matter. The study explored the relationship between venturing on firm performance. The study concluded that risk-taking firms recorded superior growth performance than the average risk-taking or risk-avoiding firms (Wang, & Poutziouris, 2010).

In Nigeria, study was carried out to assess the relationship between risk-taking and financial performance of listed firms. A sample of 60 firms out of a target population of 176 was used. The study findings revealed that risk-taking had a negative relationship
with firm performance; most corporate managers in the country lacked aggressiveness, innovation and pro-activeness, and were averse to risk-taking (Olaniran, Namusonge, & Muturi, 2016). This study was inconsistent with Wambugu, Gichira, Wanjau and Mung’atu (2015), Kitigin, (2017) and Mwai (2018) studies conducted in the small and medium agro processing enterprises and family owned enterprises in Kenya respectively which established a positive relationship between risk-taking and the firms’ financial performance.

5.3.2. Effect of Pro-activeness on the Firm’s Performance

The regression output shows PA explains 73.0% of OP given the coefficient of determination ($R^2 = .730$. While the remaining 27.0% of OP are attributed to other factors other than PA. the coefficient showed that PA affected OP ($\beta = .786$, $t = 5.137$, $p<.05$). The beta weight was positive and significant $p<.05$. This means, one unit of increase in PA increases the unit of OP by .786.

In the entrepreneurial process, pro-activeness has been identified as one of the key components the determines performance. According to Bateman and Crant (1999), proactiveness refers to the act of shaping the competitive business environment by introducing new administrative techniques, new products, or new technology. Tawaha, (2016) looks at pro-activeness as aggressive behavior that focuses on the future by anticipating and thwarting problems, collaborating effectively with both the internal and external environments and maintaining implementation of the new processes or new products. Such have positive relation to firm performance.

Corporations with human-oriented culture greatly put emphasis on service and thoughtfulness of others. A company that takes long to respond to a change in the business environment is vulnerable to a shortfall of profits. A firm following rigorous measures with regard to having a robust research capability, a strategic planning structure in place, proper business intelligence tools to assist in making important decisions and employing specialists to predict changes in customer patterns and the environment has a competitive edge over their rivals. A proactive firm that will have competitive advantage over others is the one that foresees these changes and has the action plans prepared to face them (Rahman et al., 2016). Pro-active behavior thus benefits from being the earliest to seize opportunities which is called first mover’s advantage, the first to present value products and services to customers, put up the firm’s reputation, and draw and retain customers to keep on buying products and services presented by them. These companies
are ready and have information from a variety of sources, to counteract any changes in the business environment thus firm can rely on being either totally reactive or proactive in its strategy orientation (Kozubíková, Sopková, Krajcik, & Tyll, 2017). These firms are constantly discovering new ways of delighting customers by satisfying their hidden needs and hence creating a differentiating competitive advantage, which in turn improve the firm’s brand image and profitability. A firm solely relying on customer feedback and responses is carries the risk of losing both market share and profitability from a competitor who provides value added latent features at competitive prices. Proactive firms pro-actively discover gaps in the market and act in response to fill them with a chain of innovations which improves performance. Wales, Gupta and Mousa (2011) maintain this argument by stating that pro-activeness is a firm’s reaction to tackle unattended market opportunity. This shows pro-activeness has two facets; speed of innovation and acting on opportunities and both must be factored in to attain organization performance. However, every coin has two sides and so has both proactive and reactive orientations.

In Turkey, a study was carried out to assess the correlation between pro-activeness strategy and firm performance. This study targeted manufacturing firms. The study revealed that pro-activeness strategy had a strong positive relationship with firms’ financial performance more than the other dimensions of corporate entrepreneurship. Besides, the strategy improved firms’ internal business processes, customer performance, learning and growth performance. The study concluded that business organizations should formulate appropriate strategies to be able to improve their financial performance (Karabulut, 2015).

Another study in Malaysia was conducted on manufacturing and service sector small micro enterprise technology-based firms with the objective to establish the interrelationship between entrepreneurial orientation and business performance. The study revealed that innovativeness, pro-activeness, risk-taking and competitive aggressiveness had positive relationship with firm performance while there was no correlation between autonomy and firm performance (Shafinaz, Rasli, Azura, & Mohd, 2014). Bakar and Zainol (2015) examined the relationship between pro-activeness and firm performance of the Nigerian small micro enterprises. The study showed a significant positive relationship between the variables. Duru, Ehidiamhen and Chijioke (2018) study on small and medium enterprises in Abuja exhibited similar findings.
Effect of Competitive Aggressiveness on the Firm’s Performance

The regression showed CA explains 67.5% of OP given the coefficient of determination ($R^2 = .675$). While the remaining 32.5% of OP are attributed to other factors other than CA. The coefficient showed that CA affected OP ($\beta = .841$, $t = 1.587$, $p<.05$). The beta weight was positive and significant $p<.05$. This means, one unit of increase in CA increases the unit of OP by .841.

Competitive aggressiveness is based on the intention to attack the rival’s position and improve the organizations performance. Being competitively aggressive relates to firms looking to weakening their rival’s position while alert and persuasive defense of their current market position. This is done by carefully and constantly monitoring and examining their rivals, are creative in their deployment of firm resources to initiate attacks, and are motivated to advance their performance by being offensive to those firms. The most wanted end outcome of the competitive attacks is sustained performance and competitive advantage that is better than that of their rivals (Steenkamp, Nijs, Hanssens, & Dekimpe, 2005).

The competitive aggressiveness strategy carries high risks to the business. According to Porter (2008), such includes but are not limited to price discounting which is one of the easiest ways to employ and most regularly used competitive actions, but it is over and over again harmful to the firms and industry’s profitability in the short term. Pricing aggressiveness is likely to accomplish little for the firm in the long term. Direct attack of a rival’s position is the utmost threat to profitability since it is targeting the same customers with same products and this is the fundamental nature of a competitively aggressive approach. A firm must have a strategy when using aggressive competitive actions to earn higher profitability. Such mechanism have possible negative implications to a firm’s performance (Porter, 2008).

A firm with a competitively aggressive strategy will put up superior returns relative to its rivals by growing its relative market share and enlarge its relative profit margin. The connection between increased market share and increased returns presupposes that a firm can take a rival’s market share while still retaining a satisfactory profit margin. Although these gains are theoretically attractive, they can be difficult to attain in practice (Oliveira, 2015). Gaining relative market share is an effective though a potentially false path to improved performance.
Entrepreneur motivation should match the level of business risk they are facing in their organizations. However, some entrepreneurs perceive business profit as a subsidiary motive and can proceed to start a business with non-financial motives. In 2015 in the Czech Republic, a study was commissioned to determine the link between entrepreneurial motives and selected dimensions of entrepreneurial orientation namely: competitive aggressiveness, innovativeness and pro-activeness. Small micro enterprise firms were used as the case study. The study findings revealed that there was statistically significant difference among the three dimensions between the two sets of entrepreneurs. The study however concluded that regardless of the entrepreneurial motive, majority of the entrepreneurs surveyed considered innovativeness and pro-activeness to be important for their firms. Besides, most of them did not realize any aggressiveness against their competitors (Kozubíková, Sopková, Krajčík, et al., 2017).

According to Oliveira (2015), the propensity to know and be able to implement aggressive behavior actions has a positive relationship with firm’s financial performance. Companies which emphasize on good leadership in their endeavors stand a high chance of reporting better performance starting from an aggressive point of view. Other studies which exhibited positive relationship between competitive aggressiveness and firm performance include: Shafinaz et al., (2014) and Linyiru and Ketyenya, (2017).

5.4. Conclusions

5.4.1. Effect of Risk Taking on the Firm’s Performance
The findings indicated RT was positively and statistically significant factor that influenced organizational performance by 67.3%. Further, a unit increment in RT increases the unit of OP by .802. The study concludes, RT is an important and strong factor that affects OP of Keroche Breweries limited.

5.4.2. Effect of Pro-activeness on the Firm’s Performance
The findings indicated PA was positively and statistically significant factor that influenced organizational performance by 73%. Further, a unit increment in PA increases the unit of OP by .786. The study concludes, PA is an important and strong factor that affects OP of Keroche Breweries limited.
5.4.3. Effect of Competitive Aggressiveness on the Firm’s Performance
The findings indicated CA was positively and statistically significant factor that influenced organizational performance by 67.5%. Further, a unit increment in CA increases the unit of OP by .841. The study concludes, CA is an important and strong factor that affects OP of Keroche Breweries limited.

5.5 Recommendations

5.5.1. Suggestions for Improvement

5.5.1.1 Effect of Risk Taking on the Firm’s Performance
The research concludes that RT has a significant effect on OP at Keroche Breweries limited. Based on this, the researcher recommends the beer manufacturers as industrial players to improve on risk taking aspects of entrepreneurial intention in order to improve on their performance. On Keroche, the main area that requires improvement on RT includes but not limited to; encourage people to take risks with new ideas, valuing the strategic plan of the organization, and willing to accept at least a moderate level of risk of significant losses. Besides the industry player, the government should support the beer manufacturing on risk mitigation which is an important factor that influence their performance.

5.5.1.2 Effect of Pro-activeness on the Firm’s Performance
The research concludes that PA has a significant effect on OP at Keroche Breweries limited. Based on this, the researcher recommends the beer manufacturers to learn from Keroche Breweries and improve on the aspect of pro-activeness in order to improve their performance. On Keroche, the researcher recommends the management and board to improve on; searching for new business opportunities, have strong marketing efforts that leads customers rather than respond to them.

5.5.1.3 Effect of Competitive Aggressiveness on the Firm’s Performance
The research concludes that CA has a significant effect on OP at Keroche Breweries Limited. Though the measures used on competitive aggressiveness are different, the researcher recommends, the beer manufacturers use Keroche Breweries as case study and improve on the aspect of competitive aggressiveness in order to improve their performance. On Keroche, the researcher recommends the management and board to improve on; strong competition and aggressiveness in the manufacturing industry based on price of products, promotions, and imitating the rivals’ actions. Further, the
government and policy makers should introduce policies that caps for unhealthy competition to ensure even playground for all the beer manufacturers.

5.5.2. Suggestions for Further Research
This research covered case study of Keroche Breweries limited. Future research should be conducted to cover other beer manufacturing firms while using financial performance as key determining factor of organization performance; either return on assets and return on equity. Further, comparative study on two or more beer manufacturers should be conducted to determine the relationship between corporate entrepreneurship dimensions. While this study covered beer manufacturing industry, similar study can be done at different industry.
REFERENCES


APPENDICIES

Appendix 1: Questionnaire

Joe Ngatia Maina
United States International University – Africa,
P. O. Box 14634, 00800, Nairobi. Kenya.
March 21, 2018

Dear Respondent,

RE: Graduate Research Questionnaire.
I am a graduate student at United States International University – Africa (USIU-A), undertaking a research to examine the relationship between corporate entrepreneurship dimension and performance of manufacturing firms in Kenya, a case of Keroche Breweries limited. This is in partial fulfillment of the degree program requirement of the Master of Business Administration (Global Social and Sustainable Enterprises) at USIUA.

You have been randomly selected to participate in this study. It is estimated that it will take between ten to twenty minutes to complete the questionnaire. Please respond as objectively and candid as possible. Your participation will be highly appreciated and is essential for the accomplishment of this study.

I guarantee that the information provided will be handled with utmost confidentiality and will be used only for academic purposes where confidentiality is strictly emphasized. Kindly spare some time to complete the questionnaire attached.

Thank you.

Yours faithfully, Joe Maina
**Questionnaire**

I would like to find out your assessment of the extent to which Keroche Breweries limited is entrepreneurial using entrepreneurial orientation. All responses will be kept strictly confidential. Please answer all questions.

**PART ONE: BACKGROUND INFORMATION**

1. Gender: (please tick) Male ☐ Female ☐
2. Which is your Department?
   - Administration ☐
   - Sale ☐
   - Operations ☐
3. Number of years of service to the organization
   - 0-4 ☐
   - 5-9 ☐
   - 10-19 ☐
   - 20+years ☐
4. What is your position in the organization?
   - Senior Manager ☐ Middle Level ☐
   - Graduate Trainee ☐ Contract ☐
5. Your highest educational background
   - High School Diploma ☐
   - Degree ☐
   - Masters ☐
   - Doctorate ☐
   - Other (specify) _______________________

**PART ONE: ENTREPRENEURIAL ORIENTATION A. Risk Taking**

Kindly indicate the extent to which the following aspects of risk-taking apply to your firm. Please (y) tick appropriately on a scale of 1-5 where: 1- Strongly Disagree, 2- Disagree, 3- Neutral, 4- Agree, 5- Strongly Agree.

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<tbody>
<tr>
<td>RT 1</td>
<td>we encourage people in our company to take risks with new ideas</td>
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<td>RT 2</td>
<td>We value new strategies/plans even if we are not certain that they will always work</td>
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</table>
To make effective changes to our offering, we are willing to accept at least a moderate level of risk of significant losses.

We engage risky investments (e.g. new employees, facilities, debt, and stock options) to stimulate future growth.

Failure of new ideas e.g. products to succeed is accepted.

We are eager to exploit new products, processes, opportunities and methods.

We commit a large part of our resources to projects, products and processes where the outcome might be groundbreaking, however, the probability of success is low.

The top managers of our firm favor a strong emphasis on R&D, technological leadership, and innovations rather than on the marketing of tried and true products or Services.

Changes in product and service in my firm have been majorly drastic in nature in the past three years and not merely minor changes or improvements.

My firm has marketed at least two new lines of product(s) or service(s) in the past three years.

### B. Pro-Activeness

Please tick the extent to which you agree with the following statements on the effect of proactiveness on your firm’s performance. Please (y) tick appropriately on a scale of 1-5 where: 1- Strongly Disagree, 2- Disagree, 3- Neutral, 4- Agree, 5- Strongly Agree.

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<tbody>
<tr>
<td>PA 1</td>
<td>We are ever searching for new business opportunities</td>
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<td>PA 2</td>
<td>Our marketing efforts try to lead customers, rather than respond to them</td>
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<td>PA 3</td>
<td>We endeavor to find new markets and businesses to target</td>
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<tr>
<td>PA 4</td>
<td>We integrate solutions to unarticulated customer needs in our services and products</td>
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<tr>
<td>PA 5</td>
<td>We continuously try to discover additional needs of our customers of which they are unaware</td>
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<td>PA 6</td>
<td>Our firm has a strong tendency to ‘follow leader’ in introducing new products</td>
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<td>PA 7</td>
<td>We try to anticipate future needs of both existing and future clients</td>
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<td>PA 8</td>
<td>We align our research, product and process development efforts according to these needs</td>
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<td>PA 9</td>
<td>We try to anticipate new trends in the industry before our competitors</td>
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<td>PA 10</td>
<td>We are always ready to have competitive clashes, and not preferring a ‘live-and-let-live’ posture with our competitors.</td>
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| C. Competitive Aggressiveness |

Please tick the extent to which you agree with the following statements on the effect of competitive aggressiveness on your firm’s performance. Please (y) tick appropriately on a scale of 1-5 where: 1- Strongly Disagree, 2- Disagree, 3- Neutral, 4- Agree, 5- Strongly Agree.

<table>
<thead>
<tr>
<th>CA 1</th>
<th>My firm typically adopts a very competitive ‘undo-the-competitors’ stance</th>
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<tbody>
<tr>
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<tr>
<td>CA 2</td>
<td>My firm is intensely competitive and aggressive</td>
</tr>
<tr>
<td>CA 3</td>
<td>Our firm has a strong affinity to ‘follow leader’ in launching of new products</td>
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<td>CA 4</td>
<td>This firm shuns confrontation with the competitors and lets them take actions</td>
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<td>CA 5</td>
<td>Generally, our firm takes aggressive and bold approach when competing</td>
</tr>
<tr>
<td>CA 6</td>
<td>Our firm competes strongly in the manufacturing industry</td>
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<tr>
<td>CA 7</td>
<td>Some of the tactics we use include price competition, promotions or imitating the rivals’ actions or products</td>
</tr>
<tr>
<td>CA 8</td>
<td>Some of the factors influencing our actions include mutual patience and multimarket contact.</td>
</tr>
<tr>
<td>CA 9</td>
<td>We search for information on the performance levels of our competitors and then measure ourselves up against our rival’s performance.</td>
</tr>
<tr>
<td>CA 10</td>
<td>We are viewed as operating in red oceans and our strategy carries high risks to the business</td>
</tr>
</tbody>
</table>

THANK YOU