

Strategic Options for Creating Competitive Advantage for Youth Enterprises in Kenya: A Survey of Youth Enterprises in Murang'a County

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Abstract: The Youth Enterprises have to survive in the global economic environment through defining the areas in which they can achieve the superior results and on them base their complete business. This article discusses the back ground information regarding youth enterprises in relation to vision 2030 and the global trends on SMES competitiveness as well as regional trends on SMES competitiveness. The research objectives are the effects of collaborative networks, innovation, product diversification and entrepreneurial skills on competitive advantage of youth enterprises. Conceptual framework focuses on both independent and dependent variables, independent variables namely; collaborative networks, innovation, product diversification and entrepreneurial skills; dependent variable namely competitive advantage. The purpose of this article is: to unite and to expand the existing cognitions about the concept of collaborative networks, innovativeness, product diversification, and entrepreneurial skills; propose the universal model for the process of transformation of implementing these concept and to point on the guidelines which should follow these concepts.

Keywords: Collaborative networks, Competitive advantage, Product diversification and Entrepreneurial Skills.

1. INTRODUCTION

Background of the Study:

Youth enterprises present an important factor regarding economic development. They play a critical role in economic growth, reducing unemployment, and promoting flexibility and innovation in an economy due to their ability to quickly adapt to ever changing market conditions because of their lean structure and the active involvement of their human resources. Nevertheless, even though they are very dynamic they are also highly exposed to threats caused by insufficient investment capability and resources. Due to limited resources, both financial and non-financial nature, youth enterprises lack appropriate organizational characteristics, such as the lack of functional expertise, concentration of risks, shortage of information for identifying market opportunities, and diseconomies of scale (Wincent, 2005).

Therefore, in order to overcome these obstacles youth enterprises are forced to rely on cooperation with others, in the sense of building strategic networks. Strategic network refers to the group of firms that combine efforts to achieve competitive advantages that would be very difficult to achieve individually. Through such a process they can partly resolve previously mentioned problems by gaining competence, building resources, sharing risks, undertaking quick market movements, and making joint investments (Dickson and Hadjimanolis, 1998). Therefore, youth enterprises can profit a lot by participating in this form of collaborations.

The fundamental question for policymakers is how to restore the competitiveness of youth enterprises. (Teece, 2007; Teece et al 1997), argues that the answer resides in the dynamic capability-generating capacity of youth enterprises-level of innovativeness on superior enterprise performance and sustainable competitive advantages. Furthermore, several researchers (Buhalis & Cooper, 1998; Getz & Carlsen, 2000; Getz & Petersen, 2005; Hjalager, 2002; Jacob & Groizard, 2003; Morrison et al, 1999; Shaw & Williams, 1998) argue that many youth enterprises lack the necessary capabilities and resources to pursue growth opportunities through innovation even when they wish to do so. It appears that the critical role of innovativeness, as a dynamic capability, in achieving economic recovery is not completely understood since resource limitation is not a problem that only youth enterprises face, but all companies have limited (or even scarce) resources (Barney, 1996; Peteraf, 1993). Consequently, conflict exists between theory and reality; resulting in a failure to forge a tangible link between innovativeness, dynamic capabilities, firm performance, and competitiveness. In Africa and developing countries, significant proportion of youth enterprises may be inoperable or abandoned completely. Several factors have undermined long term competitiveness of income generating youth enterprises such as, the lack of follow-up support, lack of technical skills to carry out preventive maintenance or the absence of refresher training courses. (Rigby, Howlett & Woodhouse, 2000).

According to Youth Challenge International Kenya, an international NGO concerned with youth, majority of the Kenya's population is the youth aged 15 to 35 years and currently number about 60% of the population (YCIK, 2005). This means that the youth is a significant group which cannot be ignored in community development agenda. Empowering youth through initiating and supporting income generating youth enterprises to successful completion and sustainability globally is still a neglected concern in general, or an unfulfilled aspiration at best (World Bank, 2005).

According to Kenya's blue print and strategy for development known as Vision 2030 that aims towards making Kenya a newly-industrializing middle-income country capable of providing a high quality of life for all its citizens by the year 2030; Kenya's competitive advantage lies in agro-industrial exports. For superior performance of the manufacturing sector, one strategy includes strengthening SMEs to become the key industries of tomorrow. This, according to Kenya's Vision 2030, can be accomplished by improving their (SME) productivity and innovation. Vision 2030 therefore recommends a need to boost science, technology and innovation in the sector by increasing investment in research and development. Vision 2030 sees one key strategy to the development of SMEs as being the development of SME Parks in Kenya. The vision 2030 aims at globally competitive and prosperous youth. The goal for 2012 is to increase all-round youth groups. Specific strategies will involve: increasing the participation of youth in all economic, social and political decision-making processes (vision, 2030); improving access of all youth groups; and, minimizing vulnerabilities through prohibition of retrogressive practices and by up scaling training needs. The Flagship projects for 2012 are to: establish a consolidated social protection fund; to rehabilitate or build at least one youth empowerment centre in each constituency; and Sustain and increase the youth enterprise fund from Kshs. 1 to Kshs. 2 billion.

Consequently the Jubilee Government has focused on youth empowerment. Currently, 70% of unemployed people in Kenya are the youth. Youth aged between 18 and 35 are 30.3% of the total population. The education system in Kenya is not geared towards market demand. Consequently, 92% of unemployed youth have some form of formal education but do not possess any relevant skills. The Jubilee manifesto promised to allocate 2.5% of national revenue annually towards establishing a Youth Enterprise Capital to enable youth access interest free business financing either individually or in groups without the requirement of traditional collateral (Jubilee Manifesto 2013). Enhance youth specific affirmative action on Government procurement to 25% so as to mainstream the participation of youth-run enterprises in economic development. Develop and promote a policy on internship (on the job training) for all college students requiring practical training-with built in incentives for industry actors. Establish innovation centers to support the emerging generation of highly creative Kenyans. In addition the government has launched Uwezo fund to finance SMES for the youth and have made it a policy to provide 30% of government procurements to youth. The question is, are the youth enterprises having the strategic capabilities to utilize the honey moon offer by the government?

Statement of the problem:

Individual SMEs experience difficulties in achieving economies of scale in the purchase of such inputs as equipment, raw materials, finance and consulting services and are often unable to take advantage of market opportunities that require large production quantities, homogenous standards and regular supply. Small size is also a constraint on internalization of functions such as training, market intelligence, logistics and technology innovation, while preventing the achievement of a

specialized and effective internal division of labour (UNIDO 2001). On a closer observation, however, it is clear that many of these obstacles are the result of SME's isolation rather than their size. Therefore, closer cooperation among SMEs as well as between SMEs and the institutions in their surrounding environment holds the key to overcoming them. Networking offers an important route for individual SMEs to address their problems as well as to improve their competitive position.

A number of barriers may constrain entrepreneurship and the creation and rapid growth of innovative SMEs, and hence impede the ability of economies to achieve full employment and economic growth. They include inappropriate framework conditions for entrepreneurship, barriers to SME access to international markets and knowledge flows, weak intellectual asset management by SMEs and lack of entrepreneurial human capital (OECD, 2009, 2010d). Innovative SMEs and entrepreneurs also commonly suffer from lack of access to financial services, particularly to seed and development capital, which has been exacerbated by the financial and economic crisis.

According to the Kenya National Bureau of Statistics (GOK, 2007), three out of five businesses fail within their first three years of operation. One of the most significant causes of failure is the negative perception towards SMEs (Bowen, Morara, & Muriithi, 2009) Amyx, 2005). Potential clients perceive the small business as lacking the ability to provide quality services and hence not trustworthy. Many of the problems faced by small businesses are inevitably centered on the owner/manager. There are two key factors that impact on the way most of these SMEs are managed. First, decision making is concentrated on one or two owner managers (Greenbank, 2000). Second, owner/managers often work at both the management and operational levels and therefore acquire information about the market and the performance of their business through personal experience rather than relying on feedback mechanisms from other sources (Mbogo, 2011).

The overall research problem addressed in this study is that, although there has been a lot of funding from the Kenya government through the Youth Enterprise Development Fund and other sources, there is a substantive dispersion between the implemented youth enterprises and the sustainable or active ones. This study will set out to examine the possible strategic options with competitive advantage youth enterprises can employ for growth and sustainability.

Objectives of the Study:

General Objective:

The main objective of this study is to assess strategic options and their effects on competitive advantage in youth enterprises in Kenya.

Specific Objectives:

1. To identify the effects of collaborative networks in creating competitive advantage to youth enterprises in Kenya.
2. To establish effects of product innovation through value addition in creating competitive advantage to youth enterprises in Kenya.
3. To evaluate the effects of product diversification in creating competitive advantage to youth enterprises in Kenya.
4. To find out how strategic capabilities creates competitive advantage to youth enterprises in Kenya.

Research Hypotheses:

1. Ho₁: Collaborative networks do not create competitive advantage to youth enterprises in Murang'a County.
2. Ho₂: Innovation through products value addition does not create competitive advantage to youth enterprises in Murang'a County.
3. Ho₃: Product diversification does not create competitive advantage to youth enterprises in Murang'a County.
4. Ho₄: Strategic capabilities do not create competitive advantage to youth enterprises in Murang'a County.

2. LITERATURE REVIEW

Literature review focuses on the relevant theoretical and empirical literatures. It comprises of the conceptual framework, theories and models of competitive advantage and research gap.

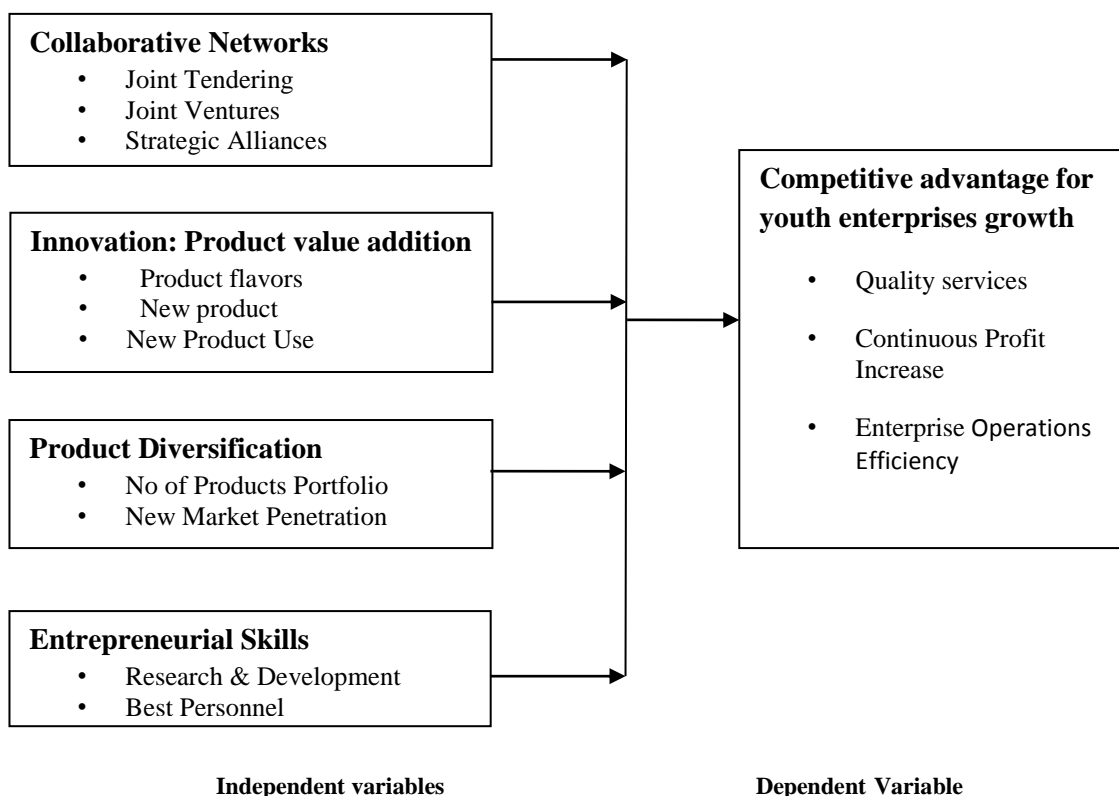
Conceptual Framework:

Figure.2.5: Conceptual framework as adopted from Eisenhardt & Martin (2000), Porter's (1990) and Ansoff (1965) model.

Collaborative networks and Competitive Advantage:

Literature defines strategic networks of small and medium sized enterprises in many ways. Jarillo (1988) defines the term strategic networks as an arrangement between distinct but related organizations that through their mutual cooperation gain or sustain competitive advantage with regard to their competitors outside the network. These inter firm network organizations are characterized by a special kind of relationship, a certain degree of reflexivity and logic of exchange that operates differently from that of markets and hierarchies. Human and Provan (1997) suggested that strategic SME networks could be defined as intentionally formed groups of small and medium sized companies in which the firms are geographically proximate, operate within the same industry, potentially sharing inputs and outputs, and undertake direct interactions with each other for specific business outcomes. The fact that the firms are close to each other means that they can combine core competence and resources to accomplish organizational objectives that would otherwise be difficult or impossible. The purpose of strategic SME networks is to create a forum for direct and joint business activity among membership firms as well as indirect services such as lobbying. Strategic SME networks enable members to contribute inputs and also benefit outputs from one another. Firms in these networks share competence and resources so that each firm can reach goals through participation. Therefore, cooperation and relations are fundamental for value creation, i.e. competitiveness (Human and Provan, 1997). Strategic SME networks have two important functions. For customers, the strategic SME network represents a large company that provide complex products, and for membership firms on the other hand, network presents a place where learning and resource exchange can be used for development, innovation, and strategic renewal (Mezegar, Kovacs and Paganelli, 2000). Therefore, one function of the network can be seen as an interaction among the network and outside environment and the other one as a close interaction between membership firms.

Innovation and SMES Competitiveness:

In recent years, academics have started to view innovation not at a micro/product-level but as a macro/firm-level perspective (Siguaw et al., 2006). The main premise underlying this new trend is that the defining factor of long-term survival through innovation appears to be based not on specific, discrete innovations, but rather on an overarching,

organization-wide innovation capability structure, termed “innovativeness” (Trott, 1998). The logic underpinning this reasoning is that a youth enterprises long-term survival may rely more on overall enterprise-level innovativeness that produces strategic capabilities which in turn enhances the development of innovations, and less on the actual innovations themselves (Trott, 1998). For Menguc & Auh (2006), it is this idiosyncratic aspect that encapsulates the difference between innovation and innovativeness. Innovation is typically defined as an outcome-oriented measure, such as “new product success” (Ayers et al., 1997); while innovativeness is recognized as a contextual variable representing the firm-level orientation or inclination towards innovation (Menguc & Auch, 2006; Hurley & Hult, 1998). The Moderating Role of Firm-Level Innovativeness in Achieving Superior Competitive Advantage Capabilities is distinctive, unique, and intangible dimensions of an organization. For Menguc & Auh (2006), innovativeness is a distinctive firm-level competency since it is rare, valuable, and hard-to-copy; which cannot be easily accomplished overnight. Innovativeness is an embedded aspect of the firm’s social structure (and culture) of the firm (Lado & Wilson, 1994). Eisenhardt and Martin (2000) argue that a firm who possesses the ability to be nimble, change quickly, and to be alert to changes in the environment (attributes of innovativeness), and thus apply its strategic capabilities sooner and more strategically than competitors, will be better able to adapt more quickly and easily to changing market conditions, and thus create a superior competitive advantage. Indeed, a more innovative, or innovation capable, organization is one that has the ability to build and deploy distinctive resources faster than others (Winter, 2003). In essence, an innovative firm is a proactive firm that constantly explores new market opportunities instead of exploiting existing ones (Menguc & Auch, 2006). Innovativeness, characterized by a high degree of organizational flexibility and the active and effective implementation of new organizational strategies and practices, enhances productivity and enables firms to match their asset base to the requirements of a changing business environment.

Product Diversification and Competitive Advantage of SMEs:

Many of the current organizations in the world are moving toward expanding and improving their business environment. One of the reasons may be meeting customers’ multiple needs. By meeting costumers’ multiple needs, managers attempt to make them more loyal to their organizations. For this reason and other technical ones such as raw material procurement and the final product’s distribution system inside organizations, many organizations have decided the diversification strategy. Diversification strategies can influence the competitive balance in an industry. In diversity analysis, there are two key elements including risk and output. One way to reduce risks is to diversify investments. Investment companies reduce risks by investing in different assets and forming a portfolio. According to Hall (1995), diversity is a kind of strategy which is often used for expanding the company’s market or increasing sales and profits According to Nayyar (1992), enterprises have diversity if they work simultaneously in more than one business. So, the diversity strategy can be defined as “the extent of participating in different businesses and the main model of relationships among different business of the companies.

SMEs can diversify through various way namely; new investments in similar products, secondly, investments which lead to the vertical integration of complementary activities. This integration may forward or backward. Third, investments which lead to the globalization through increasing the participation in foreign markets and similar products and lastly investments which lead to the formation of intangible assets like marketing knowledge, patented technology, product differentiation, and management capability. It is believed that diversity is a tool to expand an enterprise borders toward addressing the coordination problems in some markets and strategies which connect enterprises in terms of consumers and suppliers. Another function of diversity, especially the unrelated diversity is to achieve a proper tool to manage risks. This issue emerges in the financial incentive to create diversity (Hall 1995)

Entrepreneurial Skills and Competitive Advantage:

Entrepreneurship involves identifying and exploiting entrepreneurial opportunities. However, to create the most value entrepreneurial firms also need to act strategically. This calls for an integration of entrepreneurial and strategic thinking as opined Helsinki, et al, (2009). Many SMEs, particularly in the developing countries face monumental challenges. Despite the lofty objectives of policies and practitioners, the results from SME programmes and policies are often disappointing and the potential contributions that vigorous small-scale industry could make to development programs are not realised (Lebell, Schultz, and Weston, 1974). Small firms are deemed to be “organic” to the extent that their strategy, structure, and culture are embodied by their owner-managers. The primary goals and characteristics of entrepreneurs are thus crucial in determining the firm’s level of innovation and orientation toward product novelty and technological sophistication (Miller, 1993). In this regard, studies have shown that the previously acquired knowledge and experience of small

business owners condition their managerial behaviour (Thong, 1999). In addition, a key component in the small firm's learning experience is the owner-manager's individual learning (Riemenschneider and Mykytyn, 2000). Domain-specific knowledge that comes with experience in a specific business sector as well as the general knowledge obtained from a higher education would thus influence the entrepreneur's awareness of the various organizational development practices to be assimilated and integrated by the organization. Entrepreneurial skills are very important to a SME. The skills help to bring growth which is also associated with new challenges and development opportunities which affect the employees (Hamel and Prahalad, 2002; Wiklund et al, 2003; Ghoshal et al, 2000). The environment in which the organization operates poses challenges depending of the industry life cycle and industry structure; but market growth does not necessarily lead to growth of small organisations (Morris, 2001).

3. RESEARCH METHODOLOGY

Research design adopted descriptive research design. The research design constitutes the blue print for the collection, measurement and analysis of data, Kothari, (2003). A descriptive research design was used in this study. Descriptive survey is a method of collecting information by interviewing or administering a questionnaire to a sample of individuals Orodho (2003). Research design can be used when collecting information about people's attitudes, opinions habits or any other social issues Orodho and Kombo, (2002). The choice of this design was appropriate for this study since it utilizes a questionnaire as a tool of data collection. This was supported by (Gall et al 2003) who assert that this type of design enables one to obtain information with sufficient precision so that hypothesis can be tested properly. It is also a framework that guides the collection and analysis of data. Creswell (2003) observed that a descriptive research design is used when data is collected to describe persons, organizational settings or phenomenon. The design also had enough provision for protection of bias and maximized reliability (Kothari, 2008). Descriptive design uses a pre-planned design for analysis (Mugenda and Mugenda, 2003).

Target population for this study consisted of 350 Youth groups dealing with income generating enterprises in Murang'a County. The enterprises were placed into six categories namely; Motor Bike Operators, Car Wash Shops, Bee keeping, Youth Commercial Public Toilets, Milk vending and Green Grocery. The study targeted active youth enterprises. According to Kombo & Tromp (2006), an effective population should have ideas on the topic investigated. The target populations had adequate information to address the study objectives of the research. According to Creswell (2002) data collection is the means by which information is obtained from the selected subject of an investigation. The tool of data collection for this study was questionnaires addressed to enterprise chairpersons. The questionnaire was used for data collection because it offered considerable advantages in its administration.

Quantitative data was analyzed by employing descriptive statistics and inferential analysis using statistical package for social science (SPSS). This technique gave simple summaries about the sample data and presented quantitative descriptions in a manageable form, Gupta (2004). Together with simple graphics analysis, descriptive statistics forms the basis of virtually every quantitative analysis to data, Kothari (2004). Correlation analysis was used to establish the relationship between the independent and dependent variables. The purpose of doing correlation was to allow the study to make a prediction on how a variable deviates from the normal. The hypothesis testing was done at 5% level of significance and SPSS package was used for this purpose

4. RESEARCH FINDINGS AND DISCUSSION

Effects of Collaborative Networks on Competitive Advantage of Youth Enterprises in Kenya:

Using a five-point likert scale, the study sought to know respondents' level of agreement on various statements relating to collaborative networks in relation to competitive advantage of youth enterprises. Descriptive statistics such as frequency, percentage, mean and standard deviation were jointly used to summarize the responses as presented in table below. The study findings showed that 67.3% of the youth enterprise leaders agreed that collaborative networks have enabled them to market their products with other youth groups while 32.3% strongly agreed.

When asked to state how collaborative networks enabled fighting of substitute goods, 59.1% of youth enterprise leaders agreed, 29.1% strongly agreed while 10% disagreed that collaborative networks had enabled them fight substitute goods. Regarding reducing operational cost by collaborating with others, 40.4% disagreed and 26.6% were neutral, 13.8% agreed and 17% strongly agreed.

On bargaining for fair prices from suppliers, 53.6% of the enterprise leaders agreed that collaborative net works enables them bargain for fair prices from suppliers, 31.4% strongly agreed while 12.7% disagreed. On easy access to sources of finances, 86.3% of the youth enterprise leaders agreed, 2.3% strongly agreed 11% disagreed that collaborative networks have enabled them easy access to sources of finances.

The best rated item was the issue that collaborative networks have enabled the youth enterprises to market their products together with (mean = 4.3, SD = 0.516) while the worst rated item was the issue that collaborative networks have reduced the youth enterprises operational cost with (mean = 3.03, SD = 1.148).

From the findings of the study, it is further noted that responses to the statements used to measure collaborative networks range between mean of 3.03 – 4.30 as reflected in table below. Similarly, the standard deviation of study items ranged between 0.633 – 1.148. This shows that majority of respondents were in agreement with the statements that were used to measure collaborative networks. This was due to the fact that the respondents had adequate knowledge on crucial information relating to their enterprises as chairpersons.

Collaborative Networks and effects on competitive advantage

Collaborative Networks	Mean	Std. Deviation	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree	Percent
We market our products together with other youth groups	4.30	.516	.5	0	0	67.3	32.3	100.0
We fights substitute goods by working with other groups	4.09	.834	.5	10.0	1.4	59.1	29.1	100.0
We manages to bargain for fair prices from suppliers through teaming with other groups	4.01	.940	.5	12.7	1.8	53.6	31.4	100.0
We have reduced operational cost by teaming with other groups	3.03	1.148	2.3	40.4	26.6	13.8	17.0	100.0
we have accessed sources of finances easily by teaming with other groups	3.82	.633	0	11.0	.5	86.3	2.3	100.0

N = 217, Cronbach's Alpha = .653

Effects of Innovation on Competitive Advantage of Youth Enterprises in Kenya:

The study sought out the effect of innovation on competitive advantage of youth enterprises in Kenya. The Table below shows that 44.1% of the youth enterprise leaders agreed and 55% strongly agreed that innovation have enabled their enterprises increase the number of products they market. On discovering new uses for their products, 57.7% of youth enterprise leaders agreed and 29.5% strongly agreed while 12.7% were neutral that it influences competitive advantage of youth enterprises. Regarding making products with different flavors, 27.7% agreed and 60.5% strongly agreed that it influences competitive advantage of youth enterprises; this is because customers have different taste and preferences.

The results further showed that 27.7% of the youth enterprise leaders agreed and 71.8% strongly agreed that innovation enables convenient and attractive packaging which eventually influences competitive advantage of youth enterprises respectively. Regarding creating products which suits customers needs, 54.1% of youth enterprise leaders agreed and 45.9% strongly agreed innovation influences competitive advantage of youth enterprises. Regarding innovation has enabled youth enterprises convincing brands of products 50.9% agreed 48.6% strongly agreed.

Looking at the mean of the item used to measure effect of innovation on competitive advantage, it is important to note that the best rated item was the item that innovation have increased the number of products youth enterprises market with (mean = 4.53, SD = 0.56) while the least rated item was the issue that innovation have enabled youth enterprises to discover new uses of their products with (mean = 4.17, SD = 0.629) as indicated in table below. This meant that majority of respondents were in agreement with the statements.

Innovation and effects on Competitive Advantage

	Mean	Std. Deviation	Strongly Disagree	Neutral	Agree	Strongly Agree	Percent
Innovation have increased the number of products we market	4.53	.560	.5	.5	44.1	55.0	100.0
Innovation have enabled us to discover new uses of our products	4.17	.629	0	12.7	57.7	29.5	100.0
Innovation have enabled us make different forms of the same products	4.49	.699	0	11.8	27.7	60.5	100.0
Innovation have enabled us make convenient and attractive packaging	4.70	.514	.5	0	27.7	71.8	100.0
Innovation have enabled us create products which suits customer needs	4.46	.499	0	0	54.1	45.9	100.0
Innovation have enabled us implement convincing product branding to customers	4.48	.510	0	.5	50.9	48.6	100.0

N = 220, Cronbach's Alpha = 0.628

Effects of Product Diversification on Competitive Advantage of Youth Enterprises in Kenya:

The third objective of the study sought to find out the effect of product diversification in creating competitive advantage to youth enterprises in Kenya. Study respondents were asked to indicate on a five – point Likert scale their level of agreement on several statements describing the product diversification in relation to competitive advantage of youth enterprises. The findings revealed that 84.5% of the youth enterprise leaders strongly agreed and 15% agreed that product diversification have enabled their enterprises increase the market niche of their products while only 5% were neutral. Regarding product diversification enabling youth enterprises to venture into new markets, 66.8% of respondents agreed and 33.2% strongly agreed.

On product diversification enabling grading of products, 43.6% of youth enterprise leaders agreed and 55.9% strongly agreed that it influences competitive advantage of youth enterprises while only 5% were neutral. Regarding product diversification having increased youth enterprises market competitiveness, 50.5% of respondents agreed and 49.1% strongly agreed. Finally, regarding product diversification having strengthened youth enterprises capacity building in research and development, 41.8% of respondents agreed, 13.2% strongly agreed and 33.6% were neutral.

The best rated item was the issue that product diversification have increased the market niche of youth enterprises with (mean = 4.84, SD = 0.379) while the least rated item was the issue that product diversification have strengthened capacity building of youth enterprises research and development department (mean = 3.57, SD = 0.86).

Product diversification and effects on Competitive Advantage

Aspects	Mean	Std. Deviation	Disagree	Neutral	Agree	Strongly Agree	Percent
Having different types of products increases my group market niche	4.84	.379	0	.5	15.0	84.5	100.0
Having different types of products have enabled us to venture into new market	4.33	.472	0	0	66.8	33.2	100.0
Product diversification have enabled us to grade our products	4.55	.507	0	.5	43.6	55.9	100.0
Product diversification have increased our market competitiveness	4.49	.510	0	.5	50.5	49.1	100.0
Product diversification have strengthened capacity building of our research and development department	3.57	.860	11.4	33.6	41.8	13.2	100.0

N = 220

Effects of Entrepreneurial Skills on Competitive Advantage:

The study sought to find out how entrepreneurial skills create competitive advantage to youth enterprises in Kenya. The findings of the study revealed that 60% of the youth enterprise leaders strongly agreed and 40% agreed that regular training of all workers have given their enterprises best human capital which greatly influences competitive advantage of the enterprises. On rewarding and motivating staffs for successfully implemented new ideas, 28.6% of youth enterprise leaders agreed and 70.9% strongly agreed that it influences competitive advantage of youth enterprises. On the ability of the enterprise to support mobile marketing and mobile promotional activity, 88.2% of youth enterprises agreed and 11.8% strongly agreed. Regarding ability of youth enterprises to make continuous growing customer base, 48.2% agreed and 50.9% strongly agreed that it influences competitive advantage of youth enterprises. Regarding ability of youth enterprises to respond positively to market changes, 59.1% of respondents agreed and 39.1% strongly agreed. Lastly on the item that youth enterprises participate in social corporate responsibilities, 38.5 % strongly disagreed and 52.8% disagreed. The best rated entrepreneurial skills that youth enterprises possess is rewarding staff to motivate them for successfully implementing new ideas with (mean = 4.7, SD = 0.467) while the least rated item was enterprises participates in social corporate responsibilities with (mean = 1.73, SD = 0.72).

Entrepreneurial skills and effects on Competitive Advantage

Aspects	Mean	Std. Deviation	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Percent
Regularly training staffs to give our enterprise best human capital	4.61	.490	0	0	0	40.0	60.0	100.0
Rewarding staff to motivate them for successfully implementing new ideas	4.70	.468	0	0	.5	28.6	70.9	100.0
My group uses mobile marketing and mobile promotional activities	4.11	.314	0	0	0	88.2	11.8	100.0
My group have made continuous growing customer base	4.50	.537	0	.5	.5	48.2	50.9	100.0
My group responds positively to market changes	4.34	.625	.9	.9	0	59.1	39.1	100.0
My group participates in social corporate responsibilities	1.73	.720	38.5	52.8	6.4	1.4	.9	100.0

N= 218

Competitive Advantage of Youth Enterprises:

Several parameters were used to measure competitive advantage in this study. The researcher sought to find out the relationship between strategic options and competitive advantage. To achieve this, the respondents were requested to indicate on a five – point likert scale their level of agreement on several statements describing the relationship. Result of the study showed that using strategic options (collaborative networks, innovation, product diversification and entrepreneurial skills) have enabled youth enterprises to continuously make profit with 70.9 % of respondents strongly agreeing and 28.2% of respondents agreeing. 60.9% of respondents agreed and 38.6% strongly agreed that employing strategic options have enabled their youth enterprises to timely service their loans. The researcher also sought to know whether youth enterprises have benefited from government tenders, 46.% of respondents disagreed, 12.3% strongly disagreed and 35.5% remained neutral over the matter. The respondents argued that they are not aware of existence of this tenders neither is there a clear procedure for them to benefit from these tenders yet it is government policy to give at least thirty percent of its tenders to youth and women. 56.8% of respondents strongly agreed and 43.2% agreed that employing strategic options have enabled them to continuously expand their market share. Strategic options have enabled youth enterprises to gain confidence from suppliers and creditors with 62.8% of respondents strongly agreeing and 35.3% agreeing. Like in government tenders the respondents felt weak in participating in corporate social responsibility, 31.8%

of respondents strongly disagreed, 41.4% disagreed and 23.2% remained neutral that they participates in corporate social responsibility. This may be attributed to lean nature of youth enterprises. The respondents also felt that employing strategic options have enabled youth enterprises to greatly reduce customer complaints and reduced products expire with 51.4% of respondents agreeing and 47.2% strongly agreeing that they have enjoyed reduced customer complaints and reduced products expire.

Parameters for Competitive Advantage

Aspects	Mean	Std. Deviation	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Percent
My group have continuous made profit annually	4.69	.531	.5	0	.5	28.2	70.9	100.0
My group have timely serviced the loan acquired	4.38	.513	0	.5	0	60.9	38.6	100.0
My group have successfully bid for government tenders	2.34	.774	12.3	46.4	35.5	5.5	.5	100.0
My group have continuously increased customer loyalty	4.26	.501	0	.9	0	70.9	28.2	100.0
My group have continuously expanded market share	4.57	.496	0	0	0	43.2	56.8	100.0
My group enjoys suppliers and creditors confidence	4.58	.627	.9	.5	.5	35.3	62.8	100.0
My group have continuously participates in corporate social responsibility	2.01	.892	31.8	41.4	23.2	1.8	1.8	100.0
My group have enjoys reduced customer complaints and reduced products expire	4.45	.526	0	0	1.4	51.4	47.2	100.0

Bi-variate Linear Relationship between Study Variables:

Before running regression analysis, the researcher run the correlation matrix in order to check whether there was association between variables and also checked whether there was association between variables and also checked whether there was multicollinearity within the variables. pearson product moment correlation coefficient (r) was used to aid in establishing correlation between the study variables of interest. Correlation coefficient shows the magnitude and direction of the relationship between the study variables.

The correlation coefficient varies over a range of +1 through 0 to -1. When r is positive, the regression line has a positive slope and when r is negative, the regression line has a negative slope. Table below shows bivariate linear relationship between study variables.

The findings of the correlation analysis indicated that there is a positive correlation between collaborative networks and competitive advantage ($r = 0.581$, $P < 0.001$). Therefore, an increase in use of collaborative networks led to an increase in youth enterprises competitive advantage. Regarding innovation, the correlation coefficient was also positive ($r = 0.640$, $P < 0.001$). This means that an increase in use of innovative processes led to an increase in youth enterprises competitive advantage. Result of the study showed that there is significant positive correlation between product diversification and competitive advantage of youth enterprises ($r = 0.333$, $P < 0.001$) implying that an increase in use of product diversification led to an increase in youth enterprises competitive advantage. Further the study results showed that there is significant positive correlation between entrepreneurial skills and competitive advantage of youth enterprises ($r = 0.358$, $P < 0.001$) implying that an increase in use of product diversification led to an increase in youth enterprises competitive advantage. This means that the variables could be selected for statistical analysis like regression analysis. It is important to note that collaborative networks and innovation improved competitive advantage but not to the extent of product diversification and entrepreneurial skills.

Bi-variate linear relationship between study variables

VARIABLES		COLLABORATIVE NETWORKS	INNOVATION	PRODUCT DIVERSIFICATION	ENTREPRENEURIAL SKILLS	Y
Collaborative Networks (X ₁)	Pearson Correlation	1	.470**	-.104	.500**	.581**
	Sig. (2-tailed)		.000	.126	.000	.000
Innovation (X ₂)	Pearson Correlation	.470**	1	.371**	.595**	.640**
	Sig. (2-tailed)	.000		.000	.000	.000
Product Diversification (X ₃)	Pearson Correlation	-.104	.371**	1	.070	.333**
	Sig. (2-tailed)	.126	.000		.302	.000
Entrepreneurial Skills (X ₄)	Pearson Correlation	.500**	.595**	.070	1	.358**
	Sig. (2-tailed)	.000	.000	.302		.000
Y	Pearson Correlation	.581**	.640**	.333**	.358**	1
	Sig. (2-tailed)	.000	.000	.000	.000	

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

*.correlation is significant at the 0.05 level (2-tailed)

N = 220

Effect of Independent Variables on Dependent Variable:

The initial effort to examine the relationships proposed by the research model involved conducting multiple regression analysis. Multiple regression analysis is used to analyze the relationship between a single dependent variable and several predictor variables (Hair et al, 2006). The researcher used linear regression analysis to test the four null hypotheses. Linear regression is an approach to modeling the relationship between a scale of variable Y or more variables denoted as X. The F-test was used further to determine the validity of the model while R squared was used as a measure of the model goodness of fit. The regression coefficient summary was then used to explain the nature of the relationship between the dependent and independent variables

Optimal Model:

Multiple regression analysis was used to determine whether independent variables, Collaborative net works (X₁), Innovation (X₂), Product Diversification (X₃) and Entrepreneurial Skills (X₄) simultaneously affect the dependent variable (Y) which is Competitive Advantage of youth enterprises in Kenya. From Table below, the coefficient of determination (R-squared) of 0.573 shows that 57.3% of competitive advantage of youth enterprises can be explained by collaborative networks, innovation, product diversification and entrepreneurial skills.

The adjusted R of 0.565 indicates that collaborative networks, innovation, product diversification and entrepreneurial skills in exclusion of the constant variable explained the change in competitive advantage by 56.5%, the remaining percentage can be explained by other factors not included in the model. An R of 0.757 shows that there is a positive correlation between collaborative networks, innovation, product diversification and entrepreneurial skills and competitive advantage enterprises in Kenya. These results are shown in Table below.

Optimal Model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.757 ^a	.573	.565	.20731

a. Predictors: (Constant), Entrepreneurial Skills, Product Diversification, Collaborative Networks, Innovation

The analysis of variance (ANOVA) as shown in table below tests the significance of the model at 5% level of significance.

The value of $P = 0.000$ means that the null hypothesis is rejected and the alternative hypothesis is taken to hold as p value is less than 0.05. This implies that collaborative networks (X_1), innovation (X_2), product diversification (X_3) and entrepreneurial skills (X_4) are significant predictors at explaining the competitive advantage and that the model is significantly fit at 5% level of significance

Optimal Model ANOVA^b

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	12.374	4	3.094	71.983	.000 ^a
	Residual	9.240	215	.043		
	Total	21.614	219			

a. Predictors: (Constant), Entrepreneurial Skills, Product Diversification, Collaborative Networks, Innovation

b. Dependent Variable: Y

Further analysis as shown in Table below indicates the beta coefficient X_1 ($\beta = 0.281$, P-value<0.001), X_2 ($\beta = 0.378$, P-value<0.001), X_3 ($\beta = 0.338$, P-value<0.001), and X_4 ($\beta = -0.231$, p-value = 0.014). These results imply a positive significance relationship between product diversification, collaborative networks and innovation and competitive advantage. Since the p-values are less than 0.05 the null hypothesis are rejected and the alternative hypothesis accepted. Entrepreneurial skills implies a negative insignificant relationship to competitive advantage. Since the p-value is more than 0.05, the null hypothesis was accepted and alternative hypothesis rejected. Therefore, it can be concluded that product diversification, collaborative networks and innovation have significant effect on competitive advantage of youth enterprises in Kenya while entrepreneurial skills have insignificant effect on competitive advantage.

Based on standardized Beta coefficient. We can depict that in the joint model X_1 ($B_1 = 0.486$) has the greatest influence, followed by X_2 ($B_2 = 0.408$), X_3 ($B_3 = 0.242$) and X_4 ($B_4 = -0.145$). The combined model is $Y = 1.166 + 0.281X_1 + 0.378X_2 + 0.338X_3 - 0.231X_4$.

Optimal Model Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.166	.374		3.120	.002
	Collaborative Networks	.281	.032	.486	8.736	.000
	Innovation	.378	.060	.408	6.288	.000
	Product Diversification	.338	.072	.242	4.714	.000
	Entrepreneurial Skills	-.213	.086	-.145	-2.468	.014

a. Dependent Variable: Y

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