

COLLABORATIVE NETWORKS AND THEIR EFFECTS ON COMPETITIVE ADVANTAGE ON YOUTH ENTERPRISES IN KENYA: A SURVEY OF MURANG'A COUNTY

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Abstract: This article discusses the back ground information regarding youth enterprises, global trends on SMES competitiveness as well as regional trends on SMES competitiveness with a key focus on collaborative networks. The research objectives are the effects of collaborative networks, innovation, product diversification and entrepreneurial skills on competitive advantage of youth enterprises; This article narrows to collaborative networks. 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; propose the universal model for the process of transformation of implementing this concept. The instruments for data collection were the questionnaire directly administered by the researcher. A sample of 220 respondents was drawn from five different Sub- counties which makes Murang'a County. The cluster and purposive sampling methods were employed. Data was analyzed using inferential statistics using Statistical package for Social Science. The Cronbach Alpha statistical tool was used to establish reliability with a coefficient of 0.653. The findings indicated that collaborative networks had a positive significant effect on competitive advantage of youth enterprises in Kenya. The study recommends that collaborative networks is a key player in establishing competitive advantage; the government through youth funds must strengthen and structure clear collaborative networks among youth enterprises with similar business activity to raise their competitive advantage.

Keywords: Collaborative networks.

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?

Global Trends on SMES Competitiveness.

SMEs, by number, dominate the world business stage. Although precise, up-to-date data are difficult to obtain, estimates suggest that more than 95% of enterprises across the world are SMEs, accounting for approximately 60% of private sector employment (Ayyagari et al. 2011). Japan has the highest proportion of SMEs among the industrialized countries, accounting for more than 99% of total enterprises (EIU 2010). India, according to its Ministry of Micro, Small and Medium Enterprises, had 13 million SMEs in 2008, equivalent to 80% of all the country's businesses (Ghatak 2010). In South Africa, it is estimated that 91% of the formal business entities are SMEs (Abor and Quartey 2010).

Estimated data for the 27 countries in the European Union (the EU-27) for 2012 also illustrate the importance of SMEs. They account for 99.8% of all enterprises, employ 67% of all workers and contribute 58% of gross value added (GVA) – defined as the value of their outputs less the value of intermediate consumption and an important factor in GDP. The contribution made by SMEs does vary widely between countries and regions. Nevertheless, although they play particularly key roles in high-income countries, SMEs are also important to low-income countries, making significant contributions to both GDP and employment (Dalberg 2011). They are also major contributors to innovation in economies, partly through collaboration with the larger corporate sector. SMEs that become embedded in the supply chains of larger businesses can be spurred on to improve their own human and technological capital (ACCA 2010).

Regional Trends on SMES Competitiveness in Africa

According to UNCTAD (2003), SMEs represents more than 90 percent of formal sector enterprises and 16 percent to 33 percent of the working population in Africa. According to African Development Bank experts, 70 percent to 80 percent of SMEs in Africa are micro or very small enterprises, while only 5 to 15 percent are medium-sized enterprises percent. The contribution of SMEs to the Gross Domestic Product (GDP) is estimated to be less the 10 percent in most African counties, i.e. less than the average for low-income countries (16 percent). On the other hand, the informal sector represents the lion's share in terms of GDP and employment.

In Algeria, the private SME fabric has constantly grown since the 1990s. The number of SMEs grew from about 104,000 in 1992 to almost 293 946 private SMEs in 2007. These SMEs employ 1.06 million people (593,000 in 2004), i.e. an average of 3.64 jobs per SME (compared to 2.6 in 2004). In addition, the cottage industry had 116,347 plants in 2007 (including 115,508 individual artisans). The per sector breakdown of private SMEs demonstrates the predominance of the services sector (46 percent) and building and public works (34 percent), followed by industry (18.5 percent), while agriculture and fishing represent only a small portion (1.2 percent)

Most enterprises in Egypt are very small. According to a census conducted in 1996 on different establishments (CAPMAS Establishment Census of 1996), there were 1,641,791 micro, small and medium enterprises (MSME), i.e. 99.7 percent of the total number of non-agricultural establishments. Micro enterprises (one to four employees) represent the overwhelming majority with a share of 93.7 percent followed by small enterprises (five to nine employees) with 5.7 percent. The great majority of micro, small and medium enterprises (MSME) operate in trade and services (81.6 percent), while industry accounts for only 16.9 percent of total activities.

The International Finance Corporation conducted projections on the number of enterprises in Egypt. Based on the census of businesses conducted in 1999 by the Central Agency for Public Mobilization and Statistics (CAPMAS), the number of enterprises in 2003 was 2,576,937. 93.5 percent of these are micro enterprises (one to four employees), 4.97 percent very small enterprises (five to nine employees), and 1.56 percent small and medium enterprises (10 to 200 employees). The study conducted in 2003-2004 by the Economic Research Forum (ERF), on the basis of representative sampling of Egyptian micro and small-sized enterprises, shows that more than 90 percent of them employ fewer than four employees (42.6 percent have only one), and that the great majority work in commerce (61.8 percent) and the service industry (19.5 percent), with the remainder in industry (17.7 percent). However, this study shows at the same time that recently established micro and small enterprises tend to hire more people than those already established. According to some estimates, micro, small and medium enterprises contribute by 80 percent to value added in the private sector and employ two-thirds of the non agricultural workforce. With regard to the contribution of MSMEs to external trade, the 2001 economic census shows that they account for only 7.5 percent of the country's exports. Egypt's agricultural sector is mostly made up of small holdings

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 was 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 would set out to examine the possible strategic options with competitive advantage youth enterprises can employ for growth and sustainability.

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

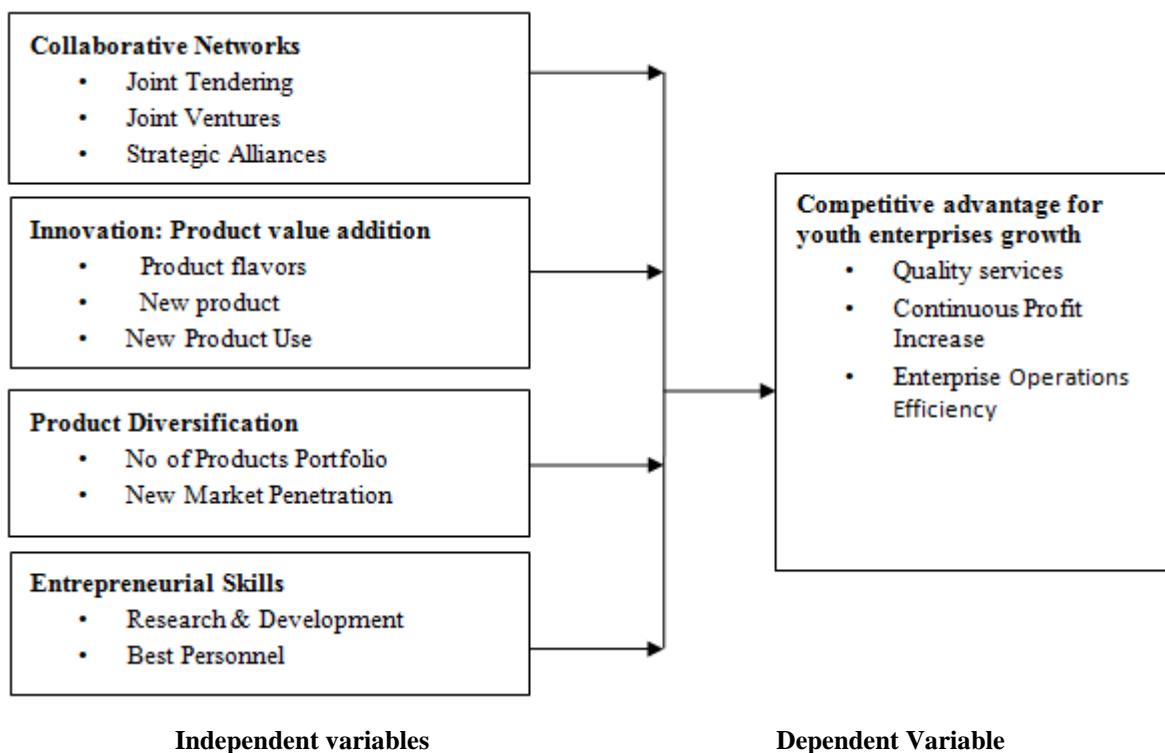


Figure.2.1: Conceptual framework as adopted from Eisenhardt & Martin (2000), Porter's (1990) and Ansoff (1965) model.

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.

In his work Treziovski (2003) by synthesizing the literature reveals some of the most important networking practices that are significantly associated with an effectiveness of strategic SME networks. They are as follows: Product/service is produced by mutual assets of several firms located at key points of the value chain. Network members share information, cooperate with each other, customize their product or service, and demonstrate goodwill and trustworthiness. Network members provide a unique response to the need of its value chain partners, by which is reflecting the firm's distinctive competences. Voluntary behavior that improves the final product or service is expected from network participation rather than simply fulfilling a contractual obligation. Networks learn to operate without exclusionary behaviors and to compete without seeking unfair advantage.

Better and closer relationships with suppliers and customers can contribute strongly to a company's performance across a range of areas such as costs, quality, reliability and timeliness of input delivery. Structures, cultures and procedures that encourage dynamic change, flexibility and knowledge sharing across functional areas have to be included in organizational strategies. Organizations are potentially unable to realize the possible strategic benefits of information technology if they do not have internal systems integration, thus limiting the transfer of data across functions. When comparing SME networks to other types of inter-organizational arrangements like joint ventures, federations, and trade associations it could be said that they very much conceptually differ among each other. Creation of SME networks generally occurs in order to provide a place for joint business activities among multiple network members as well as additional indirect services that the membership includes. Firms remain independent while working together for mutual objectives. Therefore, SME networks pursue organizational objectives through coordinated interactions of many individual firms. Joint ventures typically pursue the objectives of two organizations through creation of a separately managed venture (Human and Provan, 1997).

Types of SME networks

When referring to strategic SME networks literature provides similar concepts of cooperation between small and medium sized enterprises such as clusters, industrial districts, alliance constellations and virtual organizations. Therefore, the distinction between these concepts needs to be addressed so that the meaning of strategic SME networks could be more comprehensive. A cluster is defined as a sectoral and geographical concentration of competing, complementary, or interdependent enterprises and industries that do business with each other and/or have common needs for talent, technology, and infrastructure. The firms included in the cluster may be both competitive and cooperative. They may compete directly with some members of the cluster, purchase inputs from other cluster members, and rely on the services

of other cluster firms in the operation of their business. Cluster members benefit from their collaboration in the sense that it helps them to specialize, to attract a pool of specialized workers, availability of inputs, fast exchange of new and innovative ideas, access to distant markets, etc (Van Winden and Woets, 2003).

Industrial district is a region where the business structure is comprised of small locally owned firms that make investment and production decisions locally. Scale economies are relatively low, preventing the rise of large firms. Within the district, substantial trade is transacted by long-term contracts or commitments between buyers and sellers. An industrial district emerges when a cluster develops more than specialization and divisions of labor between firms; the emergence of collaboration among local economic groups within the districts, enhancing local production and sometimes innovation capability and the emergence of strong sectoral associations (Rabelloti, 1995). Alliance constellation is a set of firms that cooperate with each other in a multilateral relationship and also competes in a particular competitive domain. The firm relationships are looser than if they were merged through some kind of ownership structure, but tighter than if the firm's would have only short-term transactions among each other. Therefore, alliance constellation is a strategic alliance of firms that share common goals, such as promoting products under one brand, expanding market share, gaining industry acceptance for a technical standard, by taking on a variety of forms like joint bidding, R&D consortia, production joint-ventures, co-marketing network, etc (Gomes-Casseres, 2004).

A virtual organization is a network of independent companies, suppliers, customers, competitors, linked by information technology to share skills, costs, and access to one another's markets. Such organizations are usually temporary (but not need to be) formed on the basis of a cooperative agreement with little or no hierarchy or vertical integration. Members sustain their legal autonomy but they approach the market as a unique legal entity with the relationships based on trust, mutual understanding and agreements, joint information systems and data bases. This flexible structure minimizes the impact of the agreement on the participants' individual organizations and facilitates adding new participants with new skills and resources. Usage of information technologies allows the communication, synchronization of all business activities and transfer of needed information between the members, therefore business activities in virtual organizations is not dependent on geographical proximity (Kolakovic, 2006). Therefore, the distinction between different presented concepts of SMEs cooperation and strategic SME network can be easily seen in the sense that clusters and industrial districts are geographically determinate while that does not has to be the case with strategic SME networks. Virtual organizations are mostly short-term relationships among firms while SME network partnerships are long-term oriented. Also, alliance constellations present cooperation between SMEs but could include a large firms also, while strategic networks refer only to interrelations among small and medium sized firms.

Networking effects on the SME behavior (pros and cons)

Much of the literature and research consider that entrepreneurs purposefully engage into networking activities in order to gain a competitive advantage which implies that network participation offers an array of advantages. Jarillo (1993) and Castells (1996) state that network participation allows greater flexibility for seizing business opportunities, faster reactions and partnerships with other firms with complementary strengths and capabilities. Brusco and Righi (1989) and Lorenzoni and Ornati (1988) confirmed the importance of environmental factors for small firm growth through networks. Also, networks play an important role concerning innovations due to a strong international competition and rapid technological development that pushes firms in producing new products, developing new processes and accessing new markets. Therefore, participation in a network enables a firm to concentrate on its core capabilities, and provides access toothed firm's resources (such as specific know-how, technology, financial means, products, assets, markets etc.) which in turn help them to improve their competitive position.

However, Biemens (1992) states that participation in networks also generates some disadvantages such as increased dependency for weaker partners and the associated dominance of the stronger, higher co-ordination costs, increased management time, and the potential loss of secrecy over innovative developments. Human and Provan (2000) research points out that when participating in an SME network and when operating with partly independent members that can be competitors, membership firms face external challenges such as free riding, opportunism, and uncertainty of outcomes. Also, firms are faced with a variety of limitations in their behavior mostly because micro and small firms work together with larger firm, medium sized in this context, whose size determines the behavior inside as well as outside SME networks, thereby creating implications both on the network-level and on firm-level, i.e. firm's performance.

3. RESEARCH METHODOLOGY

The research design constitutes the blue print for the collection, measurement and analysis of data, Kothari, (2003). Explanatory research design was used in this study. 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 is appropriate for this study since it utilizes a questionnaire as a tool of data collection. This is 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. Creswell (2003) observes that explanatory research design is used when data is collected to describe persons, organizational settings or phenomenon. The design also has enough provision for protection of bias and maximized reliability (Kothari, 2008). Explanatory 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 are 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 have 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 offers 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 present 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

Reasons for engaging in collaborative networks

The study found that all the active youth enterprises in Murang'a County engage in collaborative networks in various ways and for various reasons. 58.6% of the respondents felt that they engage in collaborative networks in order to reduce market competition, 26.4% engage in order to expand the business while 15% engage in order to raise collateral for loan.

Reasons for Collaborative Networks

Reasons	Frequency	Percent
Need to expand business	58	26.4
Need to raise collateral for loan	33	15.0
Need to reduce market competition	129	58.6
Total	220	100.0

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 4.12. 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 4.12. 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

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. Pearson product moment correlation coefficient (r) was used to aid in establishing correlation between the study variables of interest. 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.

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	Pearson Correlation	-.104	.371**	1	.070	.333**

(X ₃)	Sig. (2-tailed)	.126	.000		.302	.000
Entrepreneurial Skills	Pearson Correlation	.500**	.595**	.070	1	.358**
(X ₄)	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

Hypothesis: Collaborative networks have no significant effect on competitive advantage of youth enterprises in Kenya.

Collaborative networks and competitive advantage model summary

The coefficient of determination (R squared) of 0.337 shows that 33.7% of competitive advantage can be explained by collaborative networks. The adjusted R-squared of 33.4% indicates that collaborative strategy in exclusion of the constant variable explain competitive advantage of youth enterprises by 33.4%, the remaining percentage can be explained by other factors excluded from the model. R of 0.581 shows that there is positive correlation between collaborative networks and competitive advantage. The standard error of estimate (0.25633) shows the average deviation of the independent variables from the line of best fit. These results are shown in table 4.18.

Collaborative networks and competitive advantage model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.581 ^a	.337	.334	.25633

a. Predictors: (Constant), Collaborative Networks

a) Collaborative networks and competitive advantage

ANOVA

The result of Analysis of Variance (ANOVA) for regression coefficient as shown in Table 4.19 revealed (F=110.969, p value<0.001). Since P value is less than 0.05 it means that there exists a significant relationship between collaborative networks and competitive advantage in Kenya.

Collaborative networks competitive advantage

ANOVA ^b						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	7.291	1	7.291	110.969	.000 ^a
	Residual	14.323	218	.066		
	Total	21.614	219			

a. Predictors: (Constant), Collaborative Networks

b. Dependent Variable: Y

b) Collaborative Networks and Competitive Advantage Regression Weights

The study hypothesized that collaborative network has no significant effect on competitive advantage of youth enterprises in Kenya. The study findings indicated that there was a positive significant relationship between collaborative networks and competitive advantage ($\beta=0.335$ and p value <0.001). Therefore, a unit increase in use of collaborative networks index led to an increase in competitive advantage by 0.335. Since the P-value was less than 0.05 as shown in Table 4.20, the null hypothesis was rejected and the alternative hypothesis accepted. It can then be concluded that collaborative networks influences competitive advantage of youth enterprises in Kenya.

Collaborative Networks and Competitive Advantage Regression Weights

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	3.267	.124		26.432	.000
	Collaborative Networks	.335	.032	.581	10.534	.000

a. Dependent Variable: Y

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