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Strategic Entrepreneurship Factors and the Financial Sustainability of Micro Enterprises: A Case of Don Bosco Cottage Industries in Kenya

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Abstract

This study aimed to explore how entrepreneurship coupled with strategic management leads to growth and wealth creation and thus enhance firm's financial sustainability; Don Bosco cottage industries in Kenya have been taken as a case study in this work. As such strategic entrepreneurship factors as used in the study is the overall application of knowledge from the two distinct but closely related disciplines. The following research questions were answered in the study: How have the innovative interventions helped in upscaling the financial sustainability of Don Bosco cottage industries in Kenya? How have the risky ventures in their business contributed to the financial sustainability of Don Bosco cottage industries in Kenya? How have the proactive strategies contributed to enhancing the financial sustainability of Don Bosco cottage industries in Kenya? And lastly how has the effective utilization of the acquired resources enhanced the financial sustainability of the Don Bosco cottage industries in Kenya. The theories that informed this study included the economic theory of entrepreneurship, sociological theory of entrepreneurship, psychological theory of entrepreneurship and resource based theory, (RBV). To assess the degree the Don Bosco cottage industries have utilized these factors for financial sustainability, data from five Don Bosco cottage industries in Kenya were collected by the use of a questionnaire. To analyze the data quantitatively in both descriptive and inferential statistics, SPSS was employed to analyze the collected data and presented by using tables, bars and pie charts for the ease of understating of the findings. The descriptive statistics entails percentages and frequencies and percentages, inferential statistics including correlation and regression. Results revealed that center innovation (β=.114, t=2.312 p=0.023), risk taking (β =.154, t=3.298 p=0.001), proactiveness (β =.119, t=2.422p=0.017) and use of resources and capabilities (β=.172, t=3.431, p=0.001) have a positive and significant effect on financial sustainability. The model fitness revealed that the four independent variables satisfactorily explain 61.5% of the variation in financial sustainability. The study recommends that SMEs and particularly Don Bosco cottage industries in Kenya should adopt and implement strategic entrepreneurial factors in their businesses for growth and wealth creation and their financial sustainability.

Keywords: *Strategic Entrepreneurship, Financial Sustainability, Micro Enterprises, Don Bosco Cottage Industries*

1.0 Introduction

Strategic management comprises commitments, decisions and actions to be implemented with aim of acquiring competitive advantage over other business rivals and thus gain more returns in the business (Hitt, Ireland, Camp & Sexton, 2001)). Strategic management aims to decipher the reasons for firm differentials in the creation of wealth among firms (Farjoun, 2002). A company acquires a competitive advantage when its profits are higher than average for its industry and this competitive advantage is termed sustainable when such profit is maintained over a number of years (Jyoti & Chalotra, 2015). In many cases what is cited as the sources of competitive advantage for firms is based on firm resources that are rare and valuable, imperfectly imitable and are not easily substitutable in comparison to those of the competing firms (Ireland *et al*., 2003). Owning such resources is not by itself enough, strategic use of such resources realizes their potential for a sustainable competitive advantage. Strategic management sets a platform for entrepreneurial development (Hitt *et al*., 2001). Entrepreneurial ideas create an opportunity while strategic management harnesses such opportunity by taking advantage of what has been created (Venkataraman & Sarasvathy, 2001).

Entrepreneurship focuses on creativity and discovery of new profitable opportunities. Entrepreneurship is considered as one of the key factors for growth of industries and a great contributor of economic growth, both for developed and developing nations (Tseng, 2012). The identification and exploitation of profitable opportunities, through entrepreneurship is considered fundamental for creating wealth (Shane & Venkataraman, 2000). Indeed, entrepreneurship entails identifying and making use of opportunities that were not previously known and exploited (Hitt *et al*., 2001). Such seizure does not happen automatically or by chance but it is a privilege of firms that have the tacit knowledge or skills and knowledge to sense and seize such opportunities (Ireland, Hitt & Sirmon, 2003)). Such efforts pay off by the firm acquiring a competitive advantage and consequently wealth creation. Wealth creation and ultimately financial sustainability is crucial for any firm and this necessitates combining knowledge from both entrepreneurship and strategic management. And as noted previously such integration is what is termed strategic entrepreneurship.

Strategic entrepreneurship connotes the actions of the firm to be involved simultaneously in creating entrepreneurial opportunities that offer competitive advantage and harnessing them for wealth creation (Ireland *et al*., 2003). The integration of both opportunity entrepreneurship and strategic management are necessary for creating a sustained competitive advantage which ultimately leads to wealth creation (Amit & Zott, 2001, (Ireland *et al*., 2003). Strategic entrepreneurship thus entails combining entrepreneurial knowledge with strategic management skills. Strategic entrepreneurship involves taking entrepreneurial action with a strategic perspective (Hitt *et al*., 2001). A firm that is good at discovering opportunities but not able to create a sustained competitive advantage may not be able to harness wealth adequately; a firm that is established and has developed a sustained competitive advantage but not being involved in opportunity seeking will soon find itself depleting the wealth that it created. The change and uncertainty that results from the turbulent business environment requires a proper blend of entrepreneurship skills and competitive strategy for a firm to generate sustainable wealth.

Firm performance discusses the phenomenon of measuring the activities of the firm as to whether it is doing well or poorly. This measuring can be financial wise, which includes measuring return on equity, sales growth, ROI etc. The measuring of firm performance can also be non-financial and this focuses at employee retention, market power, etc. In many cases both financial and non-financial measures, in combination, give a better picture of how well or how badly a company is doing (Baker & Sinkula, 2009). Financial performance measures the policies and activities of the firm in monetary terms and it measures firm's aggregate financial health across certain period (Jyoti & Chalotra, 2015). In strict sense firm performance informs its financial sustainability. Financial performance is crucial for sustainability of both big firms as well as for the SMEs.

This paper focused on performance of the SMEs as a pillar of their sustainability with emphasis on sustainability of Don Bosco Cottage industries in Kenya. The contribution of SMEs, on world economy cannot be underestimated. SMEs are considered a powerful engines for economic growth and social development (Aminul Islam, Aktaruzzaman Khan, Obaidullah & Syed Alam, 2011).). Many governments around the globe have realized the importance of the SMEs in the sustainable growth of their economy, in job creation for their people, and in poverty reduction (Swierczek & Ha, 2003). However, SMEs operate in a very competitive, turbulent and changing business environment.

There exist many problems that face SMEs and as a result, they underperform, fail to grow and many disappear before they attain their full-fledged growth. After the first three months of the start-up period, the first two years are very crucial in determining the survival of SMEs and many of them face their mortality within this time. Given a high failure rate of SMEs, it is important that researches are undertaken so as to establish factors that enable SMEs survival and sustainability (Kamunge, Njeru, & Tirimba, 2014).

The informal sector has been viewed as vital sector for creating jobs and for economic growth in Kenya. It is also argued that SMEs provide many job opportunities to the people compared to the industrial sector that require particular number of limited employees who are trained in specific field (Kinyua, 2014). The SMEs are very crucial in creating employment opportunities, distributing income, accumulating technological innovation capabilities and distributing resources among them. And indeed according to the economic survey by the government of Kenya in 2009, 79.8% of new jobs generated in this particular year were in the SMEs sector (Mbogo, 2011). Don Bosco cottage industries can adopt strategic entrepreneurship factors with aim of improving performance and eventually their financial sustainability.

A cottage industry normally deals with manufacturing business endeavors and usually takes place in the homestead rather than in a designated industrial area. Cottage industries are labor-intensive and use low technology by enabling forward and backward linkages with manufacturing, agriculture and mainstream economy (Tasneem, 2014). Many cottage industries are located in rural areas and depend on personal savings due to inadequate access to credit facilities or the know-how of legal rights and servicing of the loans granted. Cottage industries are a big source of employment and contribute immensely to the economies of the developing countries.

Don Bosco cottage industries are attached to Don Bosco technical training institutions. The technical trades offered in these institutions are: - Tailoring and dressmaking, electrical and solar technician, fitter turning, welding and metal fabrication, motor vehicle mechanics, carpentry and joinery, masonry and plumbing, and ICT. Each of these departments has a business unit attached to it and these units are what form the cottage industry of each institution. Optimal financial performance of Don Bosco cottage industries is necessary for the sustainability of the Don Bosco technical schools. The highly competitive and vacillating business environment and the dwindling resources from donors and the struggles Don Bosco technical institutes go through to sustain themselves has triggered this research that Don Bosco cottage industries should adopt strategic entrepreneurship, which is both explorative and exploitative, to create wealth for their sustainability so that they can continue the mission of Don Bosco of imparting technical skills to the less privileged youth. As such the study sought to answer these research questions: How have the innovative interventions helped in upscaling the financial sustainability of Don Bosco cottage industries in Kenya? How do the risky ventures contribute to the financial sustainability of Don Bosco cottage industries in Kenya? How have the proactive strategies contributed to enhancing the financial sustainability of Don Bosco cottage industries in Kenya? How does effective utilization of the acquired resources enhance the financial sustainability of the Don Bosco cottage industries in Kenya? Answering these questions will contribute in tackling the underlying financial challenges that face the institutions.

1.2 Statement of the Problem

Since their inception the Don Bosco institutions have been faced by what we can call donor dependency syndrome. The cottage industries engage in business but the revenues are quite minimal. So the prevailing question is whether the cottage industries really know what it takes to do business and generate revenues in the modern business environment.

What dominates the business environment today is the tendency to shorten the products and business model life cycle (Hamel, 2001). Sustainable profit margins are not assured, forcing many small and medium enterprises to seek new avenues for survival. The effort of enterprises aimed at improving their responsiveness to the dynamic global business environment must strengthen their entrepreneurship as their important objective (Kai-Ping Huang *et al.*, 2011). An entrepreneurial enterprise gets involved in product and service innovation while undertaking risky and proactive business moves in the sense that it is always ahead of its business rivals in innovations that drive its competitive advantage (Miller, 1983). The three dimensions of entrepreneurship comprise proactiveness, innovation and risk-taking constitute entrepreneurial strategic orientation (Covin & Slevin, 1991). Since SMEs are deficient of capabilities and marketing power, their success largely depends on having a correct strategy that responds to the hostile environment (Kessy and Temu, 2010). Entrepreneurial orientation coupled with strategic use of resources gives firm factors that improve their financial wellbeing (Wiklund, 1999; Zahra, 1991; Zahra & Covin, 1995).

In the effort of reducing donor dependence that faces the Don Bosco technical training institutions a lot of resources in terms of funds, equipment to aid production, and personnel have been pumped into the Don Bosco cottage industries. However, financial performance of the cottage industries has not really improved so that they can sustain the technical training institutions. This underperformance threatens their fiscal sustainability. Currently there seems to be a dearth between commitment to strategic entrepreneurial orientation and performance of the Don Bosco cottage industries. This needs to be looked at closely to decipher if this could be the underlying problem. The cause for their underperformance, when compared to the cottage industries of their category, taking into consideration the resources owned by the Don Bosco cottage industries, needs to be uncovered. It is therefore important to establish if the Don Bosco cottage industries in Kenya are underperforming because of lack of strategic entrepreneurial factors which are crucial for their sustainability. This study will therefore delve into strategic entrepreneurship factors influence on financial sustainability of micro-enterprises, taking a case of Don Bosco cottage industries in Kenya.

1.3 Objectives of the Study

(i) To examine whether innovative initiatives have any contribution to the financial sustainability of Don Bosco cottage industries in Kenya.
(ii) To find out if risky ventures have any significance to the financial sustainability of Don Bosco cottage industries in Kenya.
(iii) To find out whether firm proactiveness has any relationship with the financial sustainability of Don Bosco cottage industries in Kenya.
(iv) To establish whether the use of resources has any significant relationship with the financial sustainability of Don Bosco cottage industries in Kenya.

1.9.2 Conceptual Framework

The conceptual framework is as depicted in figure 1.

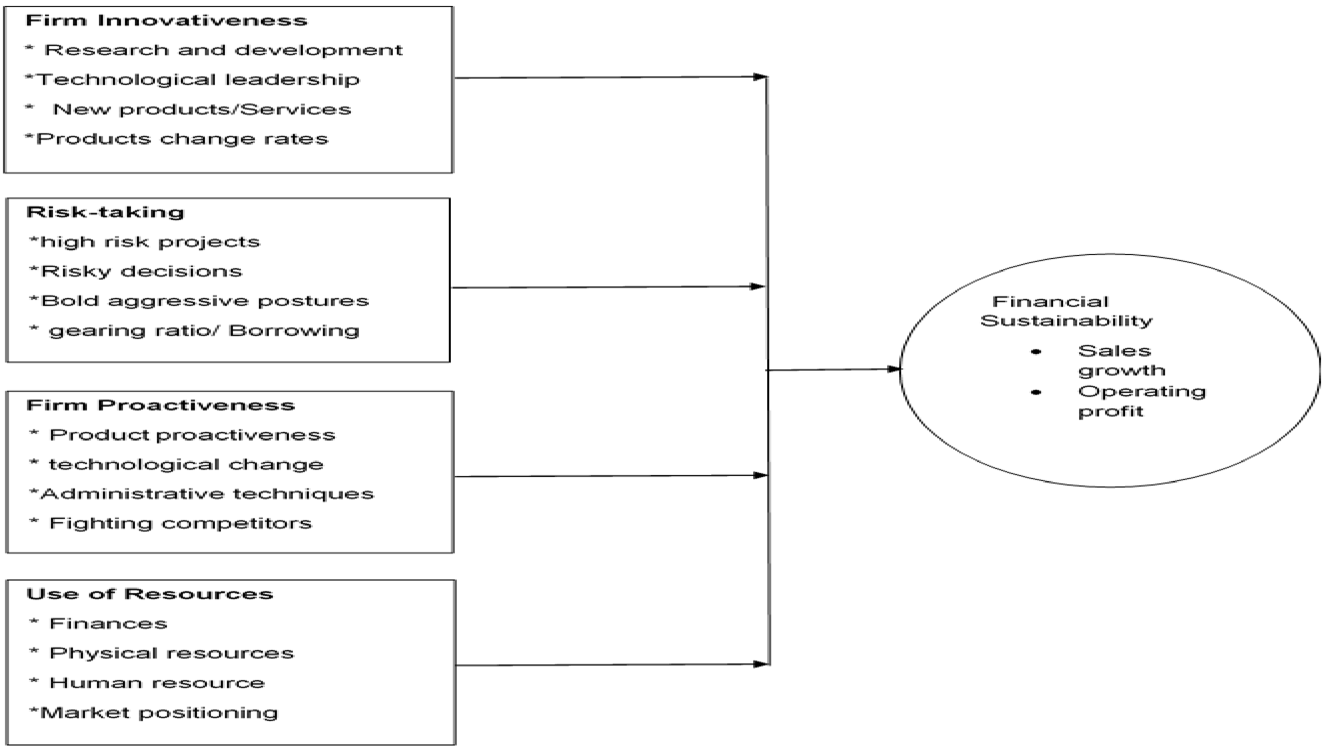

Figure 1: Strategic entrepreneurship factors' and financial sustainability of SMEs

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2.0 Literature Review

2.1 The Entrepreneurship Theories

The paper was guided by Economic Theory of Entrepreneurship, Sociological Theory of Entrepreneurship, Psychological Theory of Entrepreneurship and Resource-Based Theory of Entrepreneurship

2.1.1 Economic Theory of Entrepreneurship

This theory of entrepreneurship focuses on the opportunities that are created by market economic conditions. Richard Cantillon (1755) identified that opportunities for acquiring a product/service at a lower monetary value with desire to sale at a higher price are created during a shift in demand and supply (McFarlane, 2016). The person who takes advantage of these opportunities to make a profit is, therefore, an entrepreneur. For another example, Cantillon thought of a farmer as a risk-taker who gets land from a landowner, capital from a financer and labor from an employee to work on the farm. The farmer is a risk taker because he has to pay all the three and make a profit on top of the costs to be paid.

There are a number of theories that came after Cantillon which are based on economic conditions and these are collectively grouped under the classic, neo-classic and Austrian Market Process schools. They all fall under this category of economic theories. Economic theories have been criticized because they fail to recognize the chance and indetermination of the market forum and fail to see the markets as dynamic and open systems where the unique entrepreneurship activity occurs in a diverse context (Dontigney, 2017).

This theory applicable in this research as it accentuates the importance of good judgment in economic success. Application of judgment to economic decisions is one of the key strengths of entrepreneurs as in most cases this leads to timely innovation and profitable arbitrage. Since the theory stresses on the optimal allocation of resources, and the reduction of risks associated with major projects (Casson, 2010), it is relevant for the independent variables in the study, especially to effective use of resources and proactiveness. It also touches on the dependent variable because the optimal allocation of resources is necessary for the firm's sustainable performance.

2.1.2 Sociological Theory of Entrepreneurship

The sociological entrepreneurship theories focus on how a society creates various opportunities that are tapped by entrepreneurs. The behavior and activities of entrepreneurs are the results of their interaction with the society. Paul Reynold pointed out four social contexts that facilitate the activities of entrepreneurs: social networks, life course, context and population ecology (Simpeh, 2011). In simple terms, the theories emphasize that the social and cultural context of a certain society are the ones that shape the perception, behavior of, and hence the activities of the entrepreneurs.

These theories are not without criticisms; models of these sociological theories supported by past studies entail the enterprise culture inheritance over generations, ethnicity and social dimensions. Among critical views on enterprise culture inheritance over generations is that it assumes behavior to be a social factor; the ethnicity view assumes that a member of the

Kikuyu tribe in Kenya or a Chagga tribe in Tanzania will always be an entrepreneur when they move to another host locality but even those who remain in their native land tend to be entrepreneurial which shows that most probably it depends more on the culture than on ethnicity; for the marginality this is not enough explanation for the over-representation of certain people in entrepreneurial careers and also it has been observed that marginal people tend to be both aggressive and cooperative (Jignesh, 2017).

Since there has been a number of discussions on what really makes some people be entrepreneurs and not others and even successful and unsuccessful entrepreneurs, this theory is important in discussing at least three of the independent variables of the study, namely the proactiveness, innovativeness, and risk-taking. In general, some cultures produce more entrepreneurs than others.

2.1.3 Psychological Theory of Entrepreneurship

Entrepreneurial theories of psychological nature tend to emphasize on the personality traits, motives and incentives of an individual. David McLelland put forth the theory of the need for achievement and Julian Rotter put forth the theory of internal locus of control asserting that people with internal locus of control are better entrepreneurs. These theories tend to emphasize that individuals who have these inherent traits tend to trust in their capabilities to start a task and accomplish it as intended (Virtanen, 1998).

McLelland's theory of the need for achievement has been criticized on the ground that although it may be true to some cases there is limited evidence to support this. His theory also may not have a direct causality and we can associate it to the Western countries where individual success is appreciated but not in cultures like the African culture where the emphasis is on togetherness. Rotter's theory of the locus of control receives criticism on the grounds that it focuses more on the internal traits and leaves out the cultural and other contextual attributes that surround the individual (Jignesh, 2017). In most cases, the psychological theories leave out the external environment, the organization and the team that supports the individual; thus criticisms arise from these areas.

This theory is vital in this study by highlighting that the role of the individual who is key to a new venture or even established firms cannot be ignored. Despite all the criticisms that face this theory it is important to look at the characteristic traits of the individual who spearheads the creativity and innovation in an organization, who takes the risk and who even takes strategic decisions in the firm's proactiveness.

2.1.4 Resource-Based Theory of Entrepreneurship

This theory pays particular attention to how entrepreneurs put together different resources and use them to kick start their entrepreneurial ventures. The availability of capital is of utmost importance but in most cases, entrepreneurs start off a business with very little available capital (Dontigney, 2017). Resources capabilities influence firm's ability to select and execute a particular strategic plan. This theory has increasingly been used by scholars in both strategic management and entrepreneurship to pin-point and consequently explain the difference in performance that exists among firms (Ireland *et al*., 2003). Resources that are valuable, rare, inimitable and idiosyncratic enables a firm to pursue and attain sustainable competitive advantage.

In the entrepreneurship field, only paying solid attention to the performance of either the individuals or of the firm has been criticized by Shane *et al.* (2000). Their argument is that the performance of a firm is the subject matter of the field of strategic management and therefore there is no way it can be treated with a specialty in the field of entrepreneurship. They also argue that as far as resource-based theory deals more with the performance which is in strategic management and entrepreneurship is more on discovery and exploitation of opportunities intended for profit this approach does not fit well within entrepreneurship (Shane & Venkataraman, 2000). Another criticism of this theory is that in many cases entrepreneurs tend to start their ventures with very minimal resources (held internally by the firm) so the resource-based theory cannot fully explain entrepreneurship.

The resource-based view theory is very significant for this study. It is very central and the key to the dependent variable. Resources and how they are bundled in the firm determine the firm performance. So firm performance and what determines it is very critical both in strategic management as well as in the entrepreneurship field. Wealth creation and hence sustainability of any firm is fueled by firm performance which rely very much on the resources held by the firm (Hitt *et al*., 2001).

Generally, entrepreneurship demands that the entrepreneur is uniquely conscious of other profitable entrepreneurial opportunities and the entrepreneur's ability to seek and get the needed resources to drive ahead the entrepreneurial opportunities discovered to attain competitive advantage (Alvarez & Busenitz, 2001). Looking at the resource-based view from the entrepreneurial perspective even the ability to recognize the available opportunities (entrepreneurial cognition) itself becomes a resource. It forms part of the intangible or tacit resources held by the firm.

2.3 Critical Review of Empirical Studies

2.3.1 Firm Innovativeness and Financial Sustainability of the Micro Enterprises

Based on the varied ways of measures of innovation and the discrepancies that crop in Phuangrod *et al*., (2015) did a critical review of the measurements of organizational innovativeness. They found six scales of all the measurements they critiqued to be with more psychometric information to be reliable. However, they found the one by Wang and Ahmed of 2004 to have more psychometric properties than the others and consequently recommended it because it provides an over view of multi-dimensional characterization of product, strategy, behavior, process and market innovativeness (Phuangrod, 2015). Although a measurement of firm innovativeness continues to pass through a transition it therefore must be multidimensional rather than one-dimensional to give a proper view of how innovation influences firm financial sustainability.

A research undertaken by Baker and Sinkula (2009) indicated that firm's innovative success positively influences profitability of the firm. This hypothesis was supported by the empirical studies that generated $t = 2.19$, $p<.028$. Their study was consistent with studies conducted earlier such as the one by Zahra et al. (1995) and Smart et al. (1994). The study theoretically asserted and empirically demonstrated that innovation positively affects firm performance while contributing to overall measure of the firm-level entrepreneurship (Baker & Sinkula, 2009). It follows therefore that they recommend managers of firms to spearhead constant innovation practices and activities in the firm.

2.3.2 Risk-taking and Financial Sustainability of the Micro Enterprises

Wang and Pourtziouris (2010) conducted empirical research on risk-taking among entrepreneurial family businesses. The results suggested that person's industrial experience and age are vital determinants of entrepreneurs' propensity to take on risks associated with business. It ultimately concluded that the intensity of risk-taking behavior is correlated with firm performance (Wang & Poutziouris, 2010). Since younger family members are more prone to risk-taking the study recommended that in family businesses younger members be amalgamated with the senior members in the management of the business; this is because in family business owners and managers are identified.

Using firm data from 2002-2012, Xu Peng (2015) investigated on how risk taking influences firm performance of SMEs and bigger private firms in Japan. Though there was variation in these categories of firms in taking up risky projects the study showed that risk-taking statistically influences corporate earnings and corporate growth. Further, risk taking has positive relationship with corporate earnings particularly during period of credit crisis (Peng, 2015). The study recommended that since risk-taking positively affects firm performance risk-taking should be encouraged in domestically owned companies which the study found were risk-averse. In the case of foreign companies, they were found to be bolder in risk-taking; therefore, the study recommended foreign investments to Japan; this would result into spillover of corporate culture to the domestically owned firms and thus they too would undertake riskier but value-enhancing investments and thus spur restructuring of domestic firms and enhance competition.

In Kenya, Wanjau and Mung'atu (2015) established how entrepreneurial risk-taking influences firm performance of agro-processing SMEs. It was established that risk-taking positively impacts firm performance of agro-processing SMEs. The study recommended that agro-processing SMEs may benefit by trying out innovative business ideas even though they could be risky and this require determined management. Entrepreneurial mindset among the management and employees also need to be developed to catalyze firm growth (Wanjau & Mung'atu, 2015).

2.3.3 Proactiveness and Financial Sustainability of a Micro-enterprise

Proactiveness is the tendency of the firm to be actively involved in seeking new opportunities through right attitude by introducing new products and services that serve customers expectations (Kai- Ping Huang *et al*., 2011) giving the firm competitive advantage over rivals. The first mover in many cases exploits the asymmetries in the marketplace and gets the exuberantly high profits and become the first in establishing brand recognition. Being proactive means anticipating future problems and needs or changes; it also involves seeking new opportunities and taking part in molding the market and shaping the environment (Lumpkin & Dess, 1996).

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The study conducted by Bature *et al*., in Gusau in Nigeria, aimed at assessing the intervening effects of organizational capability on the linkage between proactiveness, innovativeness and firm performance (Bature *et al*., 2018). The findings showed that organizational capability is critical path via which innovativeness and proactiveness indirectly impact performance of SMEs. The study finally recommends that owners/managers, policymakers, and SMEs associations should emphasize on developing organizational capabilities so that they are able to respond to the demands of conducting business in the ever dynamic environment and this involves commitment to innovation and proactiveness.

An empirical study conducted by Wambugu *et al*. (2015) investigated how proactiveness impacts firm performance of agro-processing SMEs in Kenya (Wambugu *et al*., 2015). Results showed that proactiveness significantly influences the performance of agro-processing. The study therefore, recommended that management of the agro-processing SMEs may consider cultivating proactiveness as a technique of stimulating the performance of agro-processing firms.

2.3.4 Use of Resources and Financial Sustainability of a Micro Enterprise

In many cases, a firm starts its venture with inadequate resources. Whether it is a case of a new venture or an established firm, scholarly works have depicted that limited resources and improper use of the available resources among firms constraints their ability in achieving set organizational goals and objectives and in creating sustainable competitive advantage. Firms need to expand their resources, markets, information sharing capability, supply, training and creation of new innovative products and services (Okeyo *et al.*, 2016). Entrepreneurship scholars try to understand the differences in firm performance by examining the particular type of resources of a company especially with respect to the ability to identify entrepreneurial opportunities. Consequently, resources such as social capital, entrepreneurial skills and information are resources examined by the scholars in the field of entrepreneurship (Ireland *et al*., 2003).

Ngala conducted a critical review on the resource-based view and industrial based view by looking at the firm's internal and external conditions and how it impacts entrepreneurial strategic decision making. The study found out that the company cannot look only at its internal resources; it has to tap on the available external opportunities like in the case of airlines; instead of pure competition they at times engage in cooperation with other players (Ngala, 2011) to enhance performance. The study recommends that although it is assumed that firms pursue pure competition and not much cooperation, they are faced with several rapidly changing conditions; managers have to be on the alert and research to know when to rely totally on the internal assets and conditions and when to tap on the external conditions.

The study by Wambugu *et al.*, investigated how proactiveness impacts firm performance of agro-processing SMEs in Kenya and demonstrated the significance of strategic use of resources. The study postulates that the results concur with what Resource-Based Theory postulated on the need for a firm to have resources that are unique and hard for competitors to imitate (Wambugu *et al*., 2015).

In this study resources and capabilities were delved upon by interacting with the management in looking at how the Don Bosco cottage industries have diversified their financial assets; the research also looked at whether there has been adequate physical resources and if they are well utilized for financial sustainability; knowledge and skills acquisition and development and the effective use of the social capital acquired over the years was also of interest for this particular research.

3.0 Research Design And Methodology

The study is a descriptive research survey because data about the independent variables were collected and described as accurately as possible. This particular study is also a cross sectional study since data was collected at one point in time at Don Bosco cottage industries, Kenya. The target population for this particular study was 203 respondents of the management of the five Don Bosco cottage industries in Kenya, the departmental heads and the staff who work in the cottage industries, namely the technical staff where a sample size of 134 respondents was calculated using Krejcie & Morgan, 1970 formula. Sets of questionnaires were employed to collect data on the effects of strategic entrepreneurship factors on financial sustainability of Don Bosco cottage industries in Kenya. The data analysis involved inferential approaches. Inferential statistics was employed to check for correlation between the variables. Regression

model was used to make predictions to see if the findings can be generalized to the population whose sample was being studied. The model is shown below: -

$Yi = \alpha + \beta1 (X1) + \beta2 (X2) + \beta3 (X3) + \beta4 (X4) + \acute{\varepsilon}$. Where,

Yi = Firm Financial sustainability

X_1= Firm Innovativeness

X_2= Risk-taking

X_3= Firm Proactiveness

X_4= Use of resources

$\acute{\varepsilon}$ = representing the error term

β_1, β_2, β_3 and β_4 are the net change in Y

4.0 Presentation and Discussion of the Findings

4.1 Inferential Statistics

The inferential statistics prsented in this section include correlation and regression analysis.

4.1.1 Correlation Analysis

Correlation between innovation, risk taking, proactiveness, use of resources and financial sustainability was performed. Table 1 shows correlation results.

Table 1: Correlation Matrix

		Financial Sustainability	Centre Innovation	Centre Risk taking	Centre Proactiveness	Use of Resources and Capabilities
Financial Sustainability	Pearson Correlation	1.000				
	Sig. (2-tailed)					
Centre Innovation	Pearson Correlation	.661**	1.000			
	Sig. (2-tailed)	0.000				
Centre Risk taking	Pearson Correlation	.601**	.565**	1.000		
	Sig. (2-tailed)	0.000	0.000			
Centre Proactiveness	Pearson Correlation	.655**	.654**	.488**	1.000	
	Sig. (2-tailed)	0.000	0.000	0.000		
Use of Resources and Capabilities	Pearson Correlation	.687**	.645**	.506**	.663**	1.000
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	

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

As shown by Table 1, all the independent variables have a strong positive and significant correlation with financial sustainability; center innovation (r=.661, p=0.000); Risk taking (r=.601, p=0.000); proactiveness (r=.655, p=0.000); use of resources and capabilities (r=.687, p=0.000). Concurring with this study, Wanjau & Mung'atu (2015) recommended in their study that agro-processing SMEs may benefit by trying out innovative business ideas even though they could be risky and this require determined management. Entrepreneurial mindset among the management and employees also need to be developed to catalyze firm growth. An empirical study conducted by Wambugu et al. (2015) investigated how proactiveness impacts firm performance of agro-processing SMEs in Kenya (Wambugu *et al*., 2015). Results showed that proactiveness significantly influences the performance of agro-processing firms. Their study also studied some of the other factors in this study and revealed the similar results.

4.1.2 Regression Analysis

The regression results presented the model summary, analysis of variance and regression of coeffiencents in Table 2, 3 and 4 respectively.

(a) Model Summary

In order to determine how Use of Resources and Capabilities, Centre Risk taking, Centre Proactiveness influence financial sustainability, R computation were carried out. Table 2 depicts the model summary results.

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.784a	0.615	0.601	0.36921

a Predictors: (Constant), Use of Resources and Capabilities, Centre Risk taking, Centre Proactiveness, Centre Innovation

The R squared results in Table 2 showed that center innovation, centre risk taking, centre proactiveness and use of resources and capabilities explain .615 (61.5%) of the variation in the dependent variable (financial sustainability). This shows a strong fit of the predictors since only .385(38.5%) of the variation of financial sustainability is explained by other factors outside the model.

(b) Analysis of Variance (ANOVA)

Analysis of variance was performed in order to determine the model fitness between the selected strategic entrepreneurial factors and financial sustainability of Don Bosco Cottage industries in Kenya. Results are presented in Table 3.

Table 3: Analysis of Variance Results

	Sum of Squares	df	Mean Square	F	Sig.
Regression	24.809	4	6.202	45.499	.000
Residual	15.54	114	0.136		
Total	40.349	118			

As indicated in Table 3, the overall model was statistically significant because the P-value was 0.000<0.05. This implies that the examined factors (center innovation, centre risk taking, centre proactiveness and use of resources and capabilities) jointly affects financial sustainability of Don Bosco cottage industries.

(c) Regression of Coefficients

So as to check the relative importance of each independent variable in predicting the dependent variable, regression coefficient was estimated. The parameter coefficients estimates is indicated in Table 4.

Table 4: Regression of Coefficients Results

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.434	0.133		3.254	0.001
Centre Innovation (X_1)	0.114	0.049	0.2	2.312	0.023
Centre Risk taking (X_2)	0.154	0.047	0.239	3.298	0.001
Centre Proactiveness (X_3)	0.119	0.049	0.208	2.422	0.017
Use of Resources and Capabilities (X_4)	0.172	0.05	0.295	3.431	0.001

$$Y = 0.434 + 0.114X_1 + 0.154\,X_2 + 0.119X_3 + 0.172X_4$$

As indicated by output in Table 4, the coefficient associated with the regression constant is 0.434 with a standard error of 0.133. The coefficient associated with the first independent variable, namely centre innovation is 0.114 with a standard error of 0.049. The coefficient associated with the second independent variable (centre risk taking) is 0.154 with a standard error of 0.047. The coefficient associated with the third variable (centre proactiveness) is 0.119 with a standard error of 0.049. The coefficient associated with the fourth independent variable (use of resources and capabilities) is 0.172 with a standard error of 0.05.

From the results, all the variables were positively and significantly related to financial sustainability. Specifically, center innovation (β=.114, t=2.312 p=0.023); this implies that when center innovation is improved by 1% then financial sustainability improves by 11.4%. The results concur with study conducted by Baker and Sinkula (2009) which revealed that the firm's innovative success is directly and positively relate to the profitability of the firm. The study theoretically asserted and empirically demonstrated that innovation positively impacts firm performance and contributes to aggregate growth of entrepreneurial activities in the firm (Baker & Sinkula, 2009). According to Moige *et al*. (2016) reward-incentives motivate employees to innovate bringing up new products and services that stimulate firm performance. The study therefore recommends managers of cottage industries to spearhead constant innovation practices and activities in the firm.

Centre risk taking (β =.154, t=3.298 p=0.001); this implies that when the level of risk taking increases by 1% then financial sustainability improves by 15.4%. This was in line with Miller (1983) who observed that entrepreneurial enterprises take risk in their business performance in order to incur profitability. The findings are consistent with that of Wanjau and Mung'atu (2015) who established how entrepreneurial risk-taking influences firm performance of agro-processing SMEs and indicated that risk-taking positively impacts firm performance of agro-processing SMEs. Entrepreneurial mindset among the management and employees also need to be developed to catalyze firm growth. It also concurs with Miller who observed that risk taking positively influences firm performance and the relationship is curvilinear, signifying that performance is maximized at moderate risk (Miller, 1983). Boermans and Willebrands, (2012) also observed that risk taking is an important factor influencing firm performance; environment risk is viewed to result improved performance in a non-hostile environment and the vice versa is true. This therefore gives a reason to support the statement that engagement in high risk projects may contribute to financial sustainability of Don Bosco cottage industries in Kenya. This concurs with the finding by Wang and Poutziouris (2010), who suggested that person's industrial experience and age are vital determinants of entrepreneurs' propensity to take on risks associated with business. It ultimately concluded that the intensity of risk-taking behavior is correlated with firm performance. Thus aggressive posture in a business enhances financial performance and gives it competitive edge for financial sustainability. Likewise, the results are in line with a results of a study by Okeyo *et al*. (2016) which indicated that risk-taking behaviors have been treated as a very important predictors of EO when looking at the depth of entrepreneurial activities of any particular firm. Ireland *et al*., (2003) also pointed out that risk and ambiguity are part of organization uncertainty and organizations that manage to deal with uncertainty successfully outperform those that cannot do so.

Proactiveness (β =.119, t=2.422p=0.017); this implies that when the level of proactiveness increases by 1% then financial sustainability improves by 11.9%. The results align with those by Miller (1988) which indicated that the percentage of total sales that has been spent on research and development is the appropriate measure of innovation of the firm. And it agrees that pro-activeness is the tendency of the firm to be actively involved in seeking new opportunities through right attitude by introducing new products and services that serve customers expectations (Huang *et al*., 2011). This concurs with a study by Abeh (2017) that states that in a situation where SMEs continue to battle with lack of finances, lack of skills to manage them, corruption and religious and political issues; there is a need for technological creativity to spur businesses competitiveness. This concurs with a study by (Miller, 1983) that reveals that a firm which engages in innovating and introducing new products to the market is proactive in the sense that it is always ahead of its business rivals in innovations that drive its competitive advantage. In the same line Lumpkin et al. (1996) asserted that innovation of a firm could be measured as a continuum that spans from the willingness to introduce new products and commitment of the firm to be a leader in technological product advancement. A study by Miller (1983) states that pro-activeness of the firm is seen by looking at how the company should be the leader in introducing new innovative products and services to the market. Bature *et al.*, (2018) showed that organizational capability is a critical path via which proactiveness and innovativeness indirectly impact performance of SMEs. Atuahene-Gima and Co. (2001) showed that innovation positively influences firm performance. Therefore, this suggests the need for Don Bosco Cottage industries to be more proactive as a centre in setting trends and becoming a market leader.

Lastly, use of resources and capabilities (β=.172, t=3.431, p=0.001); this implies that when the cottage industry improves the use of resources and capabilities by 1% then financial sustainability improves by 17.2%. The findings were in conjunction with Lockett, Thompson, and Morgenstern, (2009) that firm resources need to be unique and hard to copy by competitors. It is also not evidently clear among scholars how resources shape firms competitiveness as RBV predicts. They concluded that entrepreneurial firms tend to seek valuable resources that are unique allowing firms to create products and services that offer them competitive advantage against the rivals. These resources include physical resources that set them apart from their competitors and that give them an edge in the market. The findings are backed in a study by Lyon, Lumpkin and Dess who found out that resources can widely be taken to include data availability, expertise, time, financing and the like (Lyon, Lumpkin, & Dess, 2000). The importance of human resource in an organization is undeniable. Human resources determine most of the success of a business. If well managed, it can contribute greatly to the overall company attainment of its goal and objectives and the overall company's success. Findings obtained by Ireland *et al.*,(2001) support the statement that resources such as social capital, information and entrepreneurial skills are resources examined by the researchers to be relevant in the field of entrepreneurship (Ireland *et al*., 2003). Social capital being multidimensional can positively or negatively impact firm performance based on how they are nurtured and applied. Negative social capital can impede the success of an organization and slow the growth process but if social capital is used positively it acts as glue holding the society together and a lubricant that facilitates getting things done.

5.0 Conclusion

Based on the correlation results, the study concludes that centre innovation and financial sustainability are positively and significantly correlated. In addition, based on the regression results, a conclusion is made that centre innovation positively and significantly affects financial sustainability. The descriptive statistics revealed that Don Bosco cottage industries have not fully exploited innovation to enhance financial sustainability. Further, the study concludes that center risk taking has a postive and significant effect on financial sustainability. From the descriptive statistics, there is a minimum application of risk in the business activities of Don Bosco cottage industries.

In addition, the study concludes tha centre proactiveness and financial sustainability are positively and significantly correlated. In addition, based on the regression results, the study further concludes that centre proactivessness positively and significantly impacts financial sustainability. The descriptive statistics indicate that Don Bosco cottage industries are not proactive since on average majority of the respondents were not agreeing to the statements on proactiveness.

Lastly, from the descriptive statistics, the study concludes that Don Bosco cottage Industries have enough possession of the physical resources. However, they have not fully utilized the available resources. From the correlation and regression results, the study concludes that the use of resources and capabilities has a positive and significant effect on financial sustainability.

6.0 Recommendations

This study delved into how Don Bosco cottage industries and SMEs in general should employ strategic entrepreneurial factors for creating wealth and ultimately attain financial sustainability. Such studies are rare; in many of the developing countries there has not been many studies that combine entrepreneurial dimensions with strategic use of resources for financial sustainability; even where it has been done it has involved mainly established firms. Therefore, the study recommends that SMEs and particularly cottage industries in Kenya should adopt and implement strategic entrepreneurial factors in their businesses for their growth and wealth creation.

As noted earlier many SME and cottage industries fail to grow and reach maturity due to management and strategic issues; thus it is recommended to entrepreneurs contemplating to start businesses to already develop skills of innovation, risk taking, proactiveness, and strategic use of resources for the growth and sustainability of their businesses. The finding of this study has indicated that entrepreneurial orientation coupled with strategic use of resources leads to high performance; however, the study also found that Don Bosco cottage industries which were chosen for the study have not substantively engaged the proposed factors for their growth and wealth creation; hence the findings are recommended to the directors of the said institutions for creating wealth and for their financial sustainability.

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