Optimization of Opportunities Accruing from Government Policy as a Predictor of Growth of Metal Fabrication Microenterprises: The Moderating Role of Owner Level of Education

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Abstract: This study sought to analyse opportunities for growth of metal fabrication microenterprises (MEs) accruing from government policy. Reports by The Kenya National Bureau of Statistics indicate that despite the metal fabrication sector making 12% of the small manufacturers in Kenya and contributing 10% to GDP the sector face growth challenges leading to over 70% failure within the first three years. The specific objectives of the study were, to examine the effect of opportunities accruing from Government Policy on the growth of metal fabrication MEs, and to investigate the relationship between owner level of education and the optimization of opportunities accruing from Government Policy on the growth of metal fabrication MEs. This study is anchored in Senge's theory of learning organization which states that organizations can recognize and take advantage of opportunities in their business environment for competitiveness and growth. Guided by positivistic approach together with a longitudinal survey, a mixed design involving quantitative and qualitative designs was used to obtain information from 255 Metal fabrication MEs in Kisii County. A self-administered questionnaire and interview were used to collect data from 115 respondents who were the metal fabrication MEs owners/ managers and chairman of the Jua Kali Sacco respectively. Data was analyzed using SPSS and descriptive and inferential statistics. Moderated regression analysis was used to establish the moderating effect of owner level of education on the relationship between optimization of opportunities accruing from government policy and the growth of the MEs. The findings showed that that the coefficient for Opportunities in Government Policy is 0.579 indicating that a unit increase in the Opportunities in Government Policy results to 57.9% growth of Jua Kali metal fabrication microenterprises. The study findings also showed that owner level of education significantly moderates the relationship between opportunities in Governmental Policy and growth of Jua Kali metal fabrication microenterprises as shown by the change of the beta from 39.4% to 40.0%.

Keywords: (Business Opportunity, Growth, Predictor Moderating Variable, Metal fabrication and Microenterprise).

1. INTRODUCTION

Growth is second most significant goal of an enterprise, the most significant being survival. Failure to focus on growth is the reason why microenterprises decline and eventually go extinct. Focus on growth involves many factors, significant among them being optimization of opportunities for growth. Optimization of opportunities enables firms to most efficiently take advantage of available conditions or possibilities for growth. The opportunities when leveraged turn into predictor of growth. Few studies have been done (Saulo, 2016; Bouzzal and Adaba, 2015; Ismail and Karlsson, 2013; Obi, 2011; Hermsen, 2010; Afande, 2005) regarding opportunities for growth of microenterprises. Studies which have been done (Saulo, 2016; Hermsen, 2010) on opportunities for growth of metal fabrication microenterprises in Kenya have concentrated in the city of Nairobi.

Despite the pivotal role of microenterprises in development, their growth has been suspect, given that majority of them fail to graduate into formal businesses. Microenterprises start, live and die small with only one out three living to see the third year. Microenterprises grow horizontally as opposed to vertical growth denying innovation and differentiation. Growth, an

important variable in a microenterprise life cycle is measured in sales, profits and equity, and number of workers (Kahando and Kyalo, 2014). However, given the challenges in the business environment, growth of microenterprises is not linear. Microenterprises can adapt and grow or fail. One of the single most causes of this scenario is the lack of capacity by microenterprises to leverage opportunities leading to failure and closing down within short time (Valsamakis and Sprague, 2001).

Haynes (2017) study on strategies for successful MEs in USA shows that 70% of MEs failed after 2 years compared to 50% of SMEs which survived beyond the first 5 years. Studies indicate above average graduation of microenterprises to small, medium and large enterprises in Europe, Americas and Asia. They are UK (60%), Asia (50%) and Latin America (60%) (Gudda, 2003). Abdhulla, Moten and Azam's (2016) examination of performance of Malaysian MEs indicated growth being accelerated by opportunities in finance and marketing. In Sub-Saharan Africa the performance of microenterprises is below average as reflected in Nigeria at 43%, Rwanda 10.75% and Botswana 20.7% (Gudda, 2003). The scenario is replicated in Kenya, Swaziland, Malawi and Zimbabwe where only 1% of the MEs graduated from category of 1 to 4 workers to that of more than 10 workers (Mead, 1994). In developing economies like Kenya the mortality rate of MEs is also high with most of them never surviving to see the second year (Bowen, Morara and Mureithi, 2009). A survey by the Kenya National Bureau of Statistics (2017) indicates that approximately 400,000 micro, small and medium enterprises do not celebrate their second birthday. Few MEs reach their fifth birthday. This has led to concerns of sustainability of this critical sector. The Micro, Small and Medium Enterprises (MSMEs) survey of 2016 revealed an increasing failure rate of MSMEs with a total of 2.2 million businesses closing within three years (Kenya National Bureau of Statistics (KNBS), 2016).

State authorities (governments) are important stakeholders in the growth of microenterprises. Governments influence activities of MEs through regulations and policies. Government regulations do impact on licensing, financing, markets, technology and innovations, all significant factors in MEs growth. The mode of regulation and formation of enterprises is a determinant of organizational growth. Cases from German (Almus and Nerlinger, 1999) and Sweden (Davidsson et al., 2002) showed limited liability firms growing faster than unlimited liability firms. The growth of limited liability firms is attributed to their will to venture into risk which ultimately avails opportunities. Insolvency among limited liability is limited when compared to full liability firms.

This study seeks to analyze optimization of opportunities accruing from government policies for the growth of metal fabrication MEs in Kisii County. The literature identifies optimization of opportunities accruing from government policy as an appropriate strategic orientation for growth of MEs. According to Lumpkin and Dess (2001) opportunity optimization in strategic management fosters opportunity seeking and advantage as well as seeking trends geared toward continuous exploration and exploitation of opportunities while sustaining competitive advantage.

2. BODY OF ARTICLE

2.1 STATEMENT OF THE PROBLEM

The growth of microenterprises is significant toward achieving Vision 2030 goal of making Kenya an industrialised economy by 2030 (GoK, 2007). Enterprise is a product of optimization of opportunities (Barney, 1986, 1991; and (Penrose, 1959). Opportunities are external factors for growth that are to be discovered and developed. Enterprise growth are changes that can be either absolute or relative in terms of sales, assets, employment, productivity, profits, and profit margins (Yeboah, 2015). This study's objective was to analyse the role of the optimization of opportunities accruing from government policy on the growth of metal fabrication MEs in Kisii County. The study further sought to investigate the moderating role of owner level of education on the relationship between optimization of opportunities accruing from government policy and the growth of metal fabrication MEs. It is estimated that the failure rate among Micro, Small and Medium Enterprises (MSMEs) is between 70% and 80% (Brink, Cant and Lighthelm, 2003). The life of MEs falls between 3 and 10 years (GoK, 2016), with at least three among five MEs (60%) dying in the first few months of operation. A survey by Kenya Bureau of Statistics (October 2016) indicates that in the last five years up to 400,000 MSMEs never celebrated their second anniversary with 2.2 million enterprises closing within five years and 46% dying in the first year of operation (GoK, 2016). The high failure rate of MEs is attributed to poor strategies of growth, among them limited optimization of business opportunities by the entrepreneurs. The ability of the MEs to optimize business opportunities is begged on the level of education which determines the knowledge and skills required for leveraging of business opportunities for growth. The microenterprises experience numerical growth (horizontally), that is being replicated in numbers as opposed to vertical growth which favours innovation, diversity and departmentalization. Effective Optimization of business opportunities will shift MEs from mainly horizontal to vertical growth (McCormick and Pedersen 1996; and K- Rep 1999). It is vertical

growth which will propel Metal fabrication enterprises growth of sales, assets, profits and increased employment. Kisii County being a highly populated (1,266,860 persons) region with high poverty rate of 51% (eight points higher than national, 43%) and high unemployment rate of (61%; Kisii County Strategic Plan, 2013-2018) will immensely benefit from accelerated growth of metal fabrication microenterprises. This study sought to analyse the optimization of opportunities accruing from government policy on the growth of metal fabrication of MEs in Kisii County.

2.2 THE GENERAL OBJECTIVE OF THE STUDY

The purpose of this study was to analyze the influence of opportunities accruing from government policy on the growth of metal fabrication microenterprises (MEs) in Kisii County.

2.2.1 THE SPECIFIC OBJECTIVES OF THE STUDY

i) To assess the effect of optimization of opportunities accruing from government policy on the growth of metal fabrication microenterprises

ii) To explore the moderating effect of owner level of education on the relationship between optimization of opportunities accruing from government policy and growth of metal fabrication microenterprises

2.3 JUSTIFICATION OF THE STUDY

The sheer size of the informal sector and its contribution to the Kenyan economy makes the growth of MEs a worth topic to investigate. Microenterprise growth is significant because it is the only way the most disadvantaged or bottom of the pyramid populations can generate employment and income. Kiveu and Ofafa (2014) shows that continued poor economy, unemployment and poverty has necessitated search for strategies for growth and revival of Kenya's economy Microenterprises have been the focus given the fact that small businesses form the context within which entrepreneurial culture takes root. Nevertheless, limited access to capital, markets, technology and tough government regulations are threats to microenterprise growth and competitiveness in Kenya. Only through sensing and exploiting opportunities can MEs gain first mover advantage for growth (Fatima, Iqbal, Rehman and Ali, 2011).

This study will benefit the government policy, micro-enterprises, researchers, change agents and development partners. This is significant given that Kenya government's policy framework for microenterprises has failed to achieve sustainable growth for the sector. The results of the study is expected to inform the direction of further research into interventionist programmes for microenterprise growth and motivate stakeholders renewed support for the sector. For owners and managers of microenterprises, the study will unveil new opportunities for growth.

2.4 SIGNIFICANCE OF THE STUDY

The rationale for pursuing this study was to analyse opportunities accruing from government policy for the growth of Metal fabrication MEs. The concept of growth management is of strategic significance in the growth of MEs. This study was carried in Kisii County. Specifically, the findings of this study, it is hoped, will be beneficial to various key stakeholders that are the owners/managers of MEs, the government, and academicians and researchers.

2.4.1 Owners/ Managers of Microenterprises

The owners of the MEs will gain a better understanding of the relationship between optimization of opportunities accruing from government policy and growth of the MEs. On the basis of the findings of the study the owners of the MEs will seek to optimally leverage the opportunities for growth of MEs. The findings of the study will help mitigate the high failure rates of the MEs and spur their growth.

2.4.2 The Government

The MEs sector is vital to the growth of Kisii County and the country. It is a source of revenue to the government through taxation and it also offers employment opportunities to the citizens. On the basis of the findings of this study, the government will make informed decisions when formulating policies to create a conducive environment for growth of MEs.

2.4.3 Academicians and Researchers

The symbiotic relationship between optimization of opportunities and growth of metal fabrication MEs will have been an explored concept. The academic world should definitely consider the enormous potential of this strategic intersection. The study will make a significant contribution to the growing body of research on optimization of business opportunities for growth of MEs. The findings may also be used as a source of reference for other researchers.

2.5 SCOPE OF THE STUDY

This study is focused on the optimization of opportunities driven by government policies on the growth of Jua Kali metal fabrication sector in Kisii County, Kenya. This study's respondents are owners of 255 Jua Kali metal fabrication (wielding, key cutting, motor vehicle panel beating and general repairs) enterprises in Kisii County. The study focuses on microenterprises in the three townships of Kisii County: Kisii, Suneka and Ogembo towns. The study features optimization of opportunities driven by Government policies as an independent variable and growth of metal fabrication MEs as a dependent variable. The level of education is the moderating variable. The study employed an explanatory study design while using questionnaire, interview and observational guide for data collection.

2.6 LIMITATION OF THE STUDY

The information from the respondents, though not difficult to access was limited in detail due to many respondents' inability to quickly grasp the essence of study, hence staggered answering of questionnaires. The attempt by the respondents limit revelation of information due to suspicion and urge to keep their operations secret was dealt with assurance of keeping the information confidential. The respondents' busy working schedule denied them ample time to fill the questionnaires in time. A lot of time was spent in probing the respondents for details.

2.7 LITERATURE REVIEW

This Chapter deals with the review of Literature related to the topic of study touching on theoretical and conceptual framework of the study, and factors influencing market access and penetration.as well as the research gap.

As pertains to growth of small businesses there are multiple theories of growth (Garnsey, 1998) arising from multiple influences on small business growth. There is also no single model to explain phenomenon of growth (Penrose, 1959). Among the theories of small business growth are Gibrat's (1931) 'law of proportionate effect', Penrose's (1959) 'resource based theory', Javonic's (1982) learning theory, Churchill and Lewis's (1983) enterprise life cycle model, Davidson's (1991) theory of growth, Storey's (1994) model of growth and Davidsson and Wiklund's (1999) theory of growth and Senge's (2014, 2006, 1990) learning organization model. This study is grounded in theories drawn from strategic management literature. They include the Enterprise Life Cycle Model (Churchill and Lewis, 1993) and Senge's (2014, 2006, 1990) learning organization model.

2.7.1 Enterprise Life Cycle Model

The life cycle model of Churchill and Lewis (1993) shows growth of an enterprise through stages of birth, growth and decline (Lester and Parnell, 1996). Sometimes organizations re-awaken (renew), and sometimes they disappear (die). This results into a five stage growth curve namely existence, survival, success, renewal and death. Each stage of development is considered in terms of the following key managerial variables: managerial style, business structure, formality of systems, business objectives and level of involvement of the owner. Each stage of development features unique factors that are critical to the firm survival and success. This is illustrated in figure two below
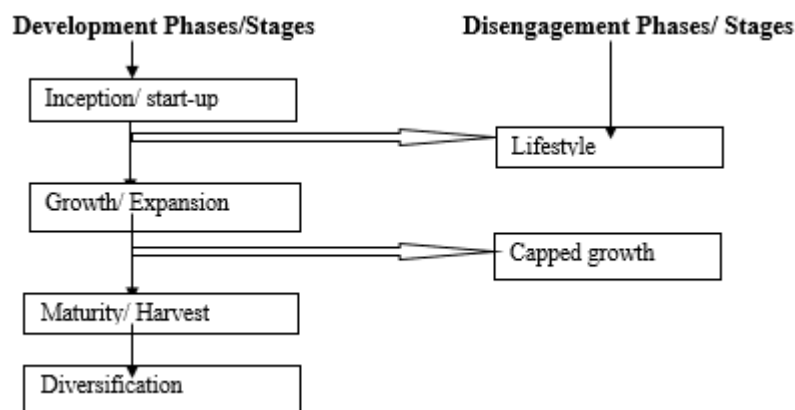

Figure 2.1 Enterprise Life-cycle Model

Source: Bordt *et al.,* 2004

2.7.2 Learning Organization Model

Senge's (1990) learning organization model illustrates how enterprises can thrive better than competitors. Enterprise survival can be predicated on a learning organization model which favours creativity and innovation through collective learning. The learning organization model postulates that business organizations can sustain growth and competitiveness by scanning the business environment, identifying and exploiting business opportunities. Given that owner-managers are usually blind of their abilities at inception of business it is through experience they learn toward growth and survival (Javanovic, 1982). Firms which are efficient in learning and leveraging opportunities in the business environment grow while inefficient firms decline and disappear.

There are five dimensions of learning organization toward successful management and development of an organization. They are originating a shared vision through employee interaction; Systems thinking embracing entire system instead of focusing on individual issues; mental models for identifying company values; team learning which helps to accomplish functional team dynamics; and Personal mastery through clear vision of a goal, combined with accurate perception of reality.

2.7.3 Government of Kenya Policy on Jua Kali Microenterprise Sector

Micro and Small Enterprises (MSEs) account for 18% of the Gross Domestic Product (GDP) and large proportion of Kenya's employment. MSEs do also contribute to county governments' revenue and services sector. The government of Kenya's policy on Jua Kali is manifested in industrial development through the courting of the Jua Kali sector into the economy. The government strategy for Jua Kali sector has focused on capacity building through technical training and access to working capital through micro-financing. The Public Procurement and Disposal (Amendment) Regulations of 2013 has provided procurement opportunities for Jua Kali sector in the public sector through exclusive preference for local contractors. However the major hiccup is the limited capacity and low quality work exhibited by Jua Kali sector.

The Government of Kenya went a notch higher to spur the growth of micro and small enterprises through enactment of Kenya's Micro and Small Enterprises (MSEs) bill in 2012. The law through the creation of Micro and Small Enterprises Authority (MSEA) aims to regulate and promote the growth of micro and Small Enterprises (MSEs) and create Micro and Small Enterprises (MSE) Development Fund.

The government has also encouraged inter-industrial linkages and has offered opportunities in public procurement (30% of public procurement for youths and women) through Access to Government Procurement Opportunities (AGPO). The government owned Kenya Bureau of Standards (KBS) helps sustain high quality products for competitiveness in the global market. The Government of Kenya's policy on vocational education and training is a response to the ever changing technologies and markets presenting opportunities in innovation and improved skills. Simiyu *et al.*, (2011) study on micro-financing of youth MEs in Kisii County established the significant impact of training on growth of MSEs with 28.1% and 83.3 % improvement in performance and profits respectively.

Despite the government effort in sustaining improved financial, marketing and technological environment the informal sector is far from having good share in the domestic and export market. Kenya's Medium Small and Micro Enterprises (MSME) Policy Index of 2019 showed that current policies are unfavorable for business growth. The report indicated that the overall MSME policy index stood at 3.0 out of 5, which is below 4.0 the one regarded ideal for growth. The score for small business representation in the government's development agenda stood at mean index of 2.5, a situation attributed to unfavorable procurement policies. The report also revealed that MSMEs find it difficult to export their products and services with a score of 2.46. This happens despite the operationalization of Access to Government Procurement Opportunities (AGPO) programme which stipulated that 30 percent of public tenders should go to youth, women and the disabled. Favourable was the process of business registration with an index of 3.5. The businesses cited unfavourable terms of import trade which spiked costs. There is need to involve the informal sector in policy decisions such as procurement as well as come up with sector-specific strategies to address access to quality and affordable raw materials (Business Daily, December 11, 2019 downloaded from www.google.com February 21, 2020).

The various reports have revealed that government initiatives for MEs growth have not shown tangible results to prove optimization of opportunities by the enterprises. The MEs are in need of more incentives to seize the opportunities.

2.7.4 Opportunities in Government Policy as a Predictor of Growth of Metal Fabrication Microenterprises

State authorities (governments) are important stakeholders in the growth of microenterprises. Governments influence activities of MEs through regulations and policies. Government regulations do impact on licensing, financing, markets technology and innovations, significant factors in MEs growth. Cases from German (Almus and Nerlinger, 1999) and Sweden (Davidsson et al., 2002) showed limited liability firms growing faster than unlimited liability firms. The growth of limited liability firms is attributed to their will to venture into risk which ultimately avails opportunities. The finding s also reported insolvency among limited liability as compared to full liability firms.

Bastien (2009) study of government policy for MSEs in Bhutan shows state effort in policy formulation and implementation. In terms of policy level intervention Bhutan's Economic Development Policy (EDP) of 2012 boosted growth of private sector through diversification of the economy (GNHC 2013a) and access to affordable finance.

Hajjaji (2012) examination of growth of small firms in Libya showed the adverse effect of poor governmental policy on growth. Findings showed 20 out 28 firms (72%) considered inefficient government regulation a significant constraint on growth while 22 out of 28 firms (79%) considered taxation system hostile. This has made smaller firms evade most of the taxes. Among the respondents, 21 out of 28 (75%) felt bureaucracy, corruption and lack of financial and administrative capacities serious constraint on growth.

Dumbu (2014) survey of management of Micro and Small Enterprises (MSEs) in Zimbabwe showed state impacting growth of business through creation of conducive business environment and indigenization policy aimed at empowering the natives. However nepotism and fragile political environment has denied small firms opportunities for growth. There is call for government incentives such as subsidized production bail out the ailing microenterprise sector.

Bouazza1 et al., (2015) analysis of factors for growth of SMEs in Algeria quoted ineffective government regulation as major hindrance of opportunity exploitation by the firms. There is prolonged government regulation and procedures in registration and licensing which spike costs. The findings urge the government to develop comprehensive policies for improved business climate.

Mwadumba's (2007) study of management structures for SMEs in Malawi hailed government contribution to growth of MEs through stabilized exchange rates, price deregulation, privatization of ailing state corporations and cutting red tape. The elimination of state bureucracy has led to increased participation of informal sector in the economy and access to modern technology, affordable capital and materials. However, the effort is endangered by liberal import policy which has opened flood gates for cheap imports. The study implores the government of Malawi to improve business environment by reigning on the large fiscal slippages, unsustainable domestic debt, low domestic investment, high energy costs, poor infrastructure and corruption.

The Appui's Au Development Autonome (ADA) 2016 report on growing small business in Africa: showed Kenya scoring better in ease of doing business (ranked 80th out of 190) than most developing countries. Kenyan's average score can be attributed to regulatory reforms, fewer requirements to open business and promotion of local products through the Buy Kenya, Build Kenya policy. Kenya also ranks fairly well in attracting investors (29th) as pertains to issues of inadequate capital, limited market access, poor infrastructure, inadequate knowledge and skills, corruption and unfavorable regulatory environment which hinder development and growth.

According to Afande (2015) legal framework reforms will simplify the procedures for the creation, financing and capacity building for MEs and provide information on the available opportunities in seed money, leasing, venture capital, and investment funding and government grants. The challenge is for government to avail information through a central data bank. There is hope for conducive environment given the opening of Huduma Centers (one-shop center for all government services) and digitization of the government platforms.

According to African Review of Business and Technology (May, 2017) report, the government of Kenya has evolved strategies to fast rack registration and growth of businesses. It has addressed obstacles to growth by enforcing legislation on local content for public projects-establishing 'Buy Kenya, Build Kenya' policies in public procurement, research and development support and increased funding through funds such as the Uwezo and Youth Funds. The government's effort in alleviating the financing gaps has resulted in collaboration with partners to create the Financial Sector Deepening (FSD)

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ISSN 2394-7322

International Journal of Novel Research in Marketing Management and Economics
Vol. 11, Issue 1, pp: (57-70), Month: January - April 2024, Available at: www.noveltyjournals.com

programme whose goal was to expand access to financial services among low income households and smaller enterprises. In the same note the World Bank (2017) lauds Kenya for making progress in making it easier to start a business. Starting a business in Kenya involves seven procedures, takes 22 days and costs 21.1 percent income per capita.

2.7.5 Research Gap

The empirical literature shows that studies in both developed and developing countries focus mostly on small and medium enterprises. Few if any of the studies have focused on opportunities for growth of microenterprises. Furthermore, most if not all of the few studies on microenterprises have focused on generalized study of factors for growth of microenterprises. Studies on growth of microenterprises have given scanty if any attention to opportunities accruing from government policy for the growth of metal fabrication MEs. Given the influence of government policy on growth enterprises this study seeks to analyse opportunities accruing from government policy for growth of metal fabrication MEs in Kisii County.

2.7.6 Conceptual Framework

Independent Variables   **Dependent Variable**
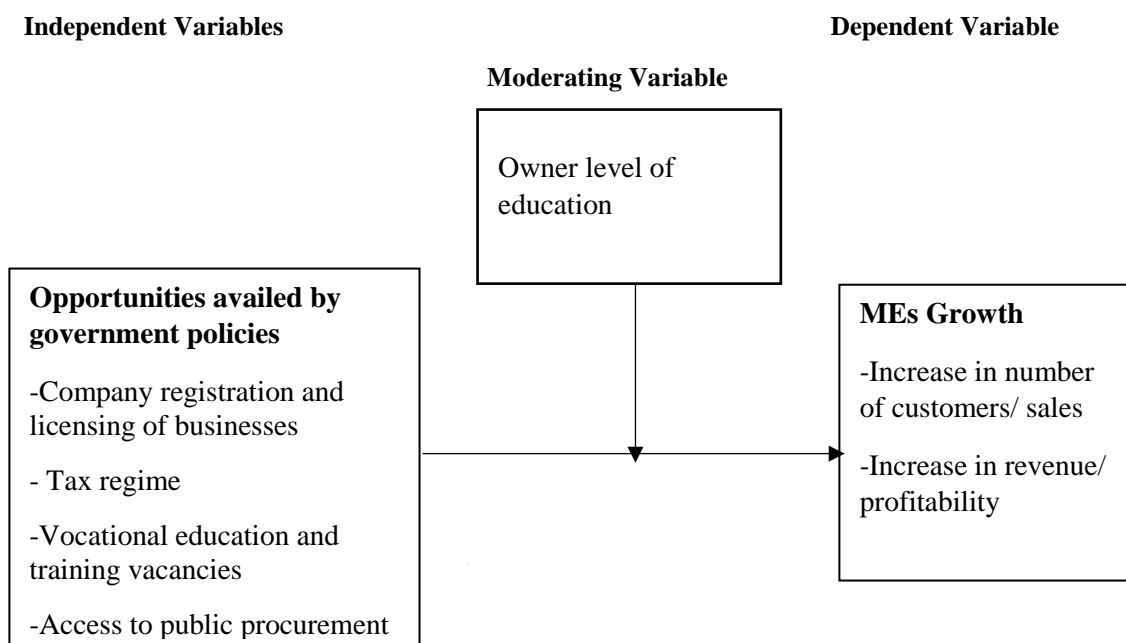
Moderating Variable

Fig 2.2 Conceptual Framework

Kothari (2014) views a conceptual framework as a hypothesized model for identifying the model under study and the relationship between dependent and independent variables. Its purpose is to categorize and describe concepts relevant to the study and map relationships among them. As shown in figure the independent variable are opportunities accruing from government policy (predictor). The dependent variable is growth of metal fabrication microenterprises and the moderating variable is owner level of education.

2.8 RESEARCH METHODOLOGY

A positivistic approach to data collection, analysis and interpretation applied in the study as opposed to the humanistic approach where human judgment or bias is at play was adopted. The research exhibits characteristics of positivist approach as propagated by Tribe and Summer (2004), the goal being search of truth in regard to optimization of opportunities accruing from government policy as predictor of growth of metal fabrication microenterprise in Kisii County. This research adopted a longitudinal survey and explanatory designs. A mixed strategy of quantitative and qualitative research approaches was adopted with the aim of determining the relationship between the optimization of business opportunities and growth of metal fabrication microenterprises in Kisii County. The research was carried in Kisii County targeting the townships of Kisii, Ogembo and Suneka in Kenya. The target population for this study was 255 metal fabricators (wielding, motor vehicle panel beating, auto and industrial spare parts, key cutting and blacksmith) microenterprises. The Target population and sample for the study is shown in Tables 2.1 and 2.2 respectively.

ISSN 2394-7322

International Journal of Novel Research in Marketing Management and Economics
Vol. 11, Issue 1, pp: (57-70), Month: January - April 2024, Available at: www.noveltyjournals.com

Table 2.1: Target Population

Category	Population (N)			
	Kisii	Ogembo	Suneka	**TOTAL**
Welding	113	20	18	151
Motor vehicle panel beating	31	3	4	38
Auto and industrial spare parts	13	1	2	16
Key cutting and padlocks	10	3	3	16
Blacksmith	28	3	3	34
TOTAL	195	30	30	255

Source: Researcher (2023)

Table 2.2: Sampling Frame

Category	Population (N)			Sample Size (n)		
	Kisii	Ogembo	Suneka	Kisii	Ogembo	Suneka
Wielding	113	20	18	68	12	11
Motor vehicle panel beating	31	3	4	19	2	2
Auto and industrial spare parts	13	1	2	8	1	1
Key cutting and padlocks	10	3	3	6	2	2
Blacksmith	28	3	3	17	2	2
Total	195	30	30	118	19	16

Source: Researcher (2023)

Primary data was collected from respondents using self-administered questionnaire and interview. The responses to the questionnaire and interview schedule were itemized, and the data from the questionnaire and interview schedule were coded, all in accordance with the objectives. The statistical methods of descriptive statistics and inferential statistics were utilized in order to analyze the quantitative data. Tables were used to provide descriptive data, including frequency distributions, mean values, and standard deviations. Qualitative data was collected using the open ended questions and analysed using content analysis.

Inferential statistics technique was used to test various hypotheses. Pearson Product's Moment correlation and simple regression analysis was used to test hypotheses for the variables. A p value less than 0.05 implied a rejection of the hypotheses. A p value greater than 0.05 implied acceptance of the hypotheses.

The Product Moment Correlation Coefficient helped ascertain the relationship between optimization of opportunities accruing from government policy and MEs growth. The correlation coefficient might have values that range from minus one to plus one. A value of 0 indicates that there is no relationship between the two variables, a value of +1 indicates that there is a perfect correlation between the two variables in a linear sense that is positive, and a value of -1 indicates that there is a perfect correlation between the two variables in a linear sense that is negative (Kothari, 2012).

In order to determine the relationship between opportunities government policy and growth of MEs, a regression model was used to express MEs growth as a function of opportunities in government regulatory framework (Y= f (opportunities in government policy). The regression function is as follows:

$Y = \beta_0 + \beta_1 X_1 + \varepsilon$ --- Regression Model)

Where:

Y= Dependent variable (Growth of MEs)

β_0 = Constant

β_1 = Coefficient of independent variable

X_1 = Opportunities in government policy

ε *is* the standard error term.

ISSN 2394-7322

International Journal of Novel Research in Marketing Management and Economics
Vol. 11, Issue 1, pp: (57-70), Month: January - April 2024, Available at: www.noveltyjournals.com

The moderation effects of level of education was tested using equation below where the relationship between the independent variable X1*Z and dependent variable, growth of MEs was tested following steps by (Baron & Kenny, 1986).

$Y = \beta o + \beta_5 X_1 *z + e$---- (Moderated Regression)

Where:

Y= Dependent variable (Growth of MEs)

β_0 = Constant

β_1 = Coefficient of regression

X_1 = - Opportunities in government policy

Z = Level of education

β0 being a constant (Y- intercept) is the value of dependent valuable when the independent variable is zero

β_1 is the regression constant or the rate of change induced by X1*Z on Y.

ε is the standard error term.

Tests of normality were used to determine if the data is modelled and normally distributed (Cooper & Schindler, 2012). The Shapiro-Wilk (value less than 0.05 means that the data is normally distributed), and the kolmogorov-Smirnov test (a value of less than 0.05 means that the data is not normally distributed) was used. The variables are roughly normally distributed for the findings to be generalized beyond the sample

3. RESEARCH FINDING AND DISCUSSION

3.1 Data Analysis/Findings

The researcher prepared and issued out 255 questionnaires to the respondents and the response is presented in table 2.3

Table 2.3: Response Rate

Category	Sample	Response	% response of selected sample
Welding	89	73	82
Motor vehicle panel beating	24	14	58
Auto and industrial spare parts	9	4	44
Key cutting and padlocks	10	8	80
Blacksmith	23	16	70
Total responses	**155**	**115**	**100**

Source: Researcher (2023)

Table 2.3 shows that out of the sampled categories, the respondents from the welding category formed the greatest percentage (73%), followed by that of blacksmiths (16%), the Motor vehicle panel beating (14%) and the Key cutting and padlocks (8%). The smallest percentage was that of the Auto and industrial spare parts (4%).

3.2 Owner Level of Education

To understand the level of comprehension of the respondents on the variables under study, there was need to know their level of education. Table 2.4 shows results for the analysis.

Table 2.4 Respondents' Level of Education

Owner Level of Education	Frequency	Percent
Primary Education	51	44
Secondary Education	57	50
University Education	7	6
Did not go to School	0	0
Total	115	100

Source: Researcher (2023)

ISSN 2394-7322

International Journal of Novel Research in Marketing Management and Economics
Vol. 11, Issue 1, pp: (57-70), Month: January - April 2024, Available at: www.noveltyjournals.com

Table 2.4 shows that most of the respondents have a secondary education (50%), followed by those with primary education (44%) and those with university (6%).

3.3 Descriptive Analysis of Opportunities in Government Policy

The independent variable of the study was opportunities in government policy. The descriptive analysis for the variable is shown in Table 2.5

On measures of opportunities in government policy, the respondents were asked if they take advantage of related requirements for registration of business to diversify operations and open more outlets to which it was showed that 27% of the respondents strongly disagreed, 57% disagreed, 3% were neutral, 10% agreed while 3% strongly agreed. On whether they take advantage of favourable taxation to increase profits and savings, 28% of the respondents indicated that they strongly disagre58% disagreed, 7% was neutral, 6% agreed while 1% strongly agreed. On whether they take advantage of favourable tendering with government to procure contracts, 20% of the respondents indicated that they strongly disagreed, 35% disagreed, 1% was neutral, 25% agreed while 9% strongly agreed. When asked if they take advantage of supportive education and training to improve management skills and innovation 33% of the respondents indicated that they strongly disagreed, 53% disagreed, 3% was neutral, 9% agreed while 2% strongly agreed. When asked if they take advantage of supportive trade policies to increase sales, 35% of the respondents indicated that they strongly disagreed, 56% disagreed, 2% was neutral, 7% agreed while 0% strongly agreed. When asked if they take advantage of favourable infrastructure to penetrate market, 3% of the respondents strongly disagreed, 23% disagreed, 3% was neutral, 49% agreed while 22% strongly agreed.

Table 2.5 Opportunities in Government Policy

Opportunities in Government Regulation	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
I take advantage of related requirements for registration of business to diversify operations and open more outlets	27	57	3	10	3
I take advantage of favourable taxation to increase profits and savings	28	58	7	6	1
I take advantage of favourable tendering with government to procure contracts	20	35	1	35	9
I take advantage of supportive education and training to improve management skills and innovation	33	53	3	9	2
I take advantage of supportive trade policies to increase sales	35	56	2	7	0
I take advantage of favourable infrastructure to penetrate market	3	23	3	49	22
Certification by TVETA has enhanced my image and bargaining power	17	50	0	10	23

Source: Researcher (2023)

3.4 Descriptive Statistics of Opportunities in Government Regulation

In support of the findings in table 2.6 the mean and standard deviation was computed to show how the respondents strongly agreed, agreed, or were neutral according to the scale of 1-5 which is shown by the means and the dispersion of respondents as shown by the standard deviation. As shown in Table 4.4 below there was above average optimization of opportunities in government procurement, infrastructure, and certification by TVETA.

ISSN 2394-7322

International Journal of Novel Research in Marketing Management and Economics
Vol. 11, Issue 1, pp: (57-70), Month: January - April 2024, Available at: www.noveltyjournals.com

Table 2.6 Descriptive Statistics of Opportunities in Government Regulation

Opportunities in Government Regulation	Mean	Std. Deviation
I take advantage of related requirements for registration of business to diversify operations and open more outlets	2..12	1.11
I take advantage of favourable taxation to increase profits and savings	1.94	.822
I take advantage of favourable tendering with government to procure contracts	2.78	1.35
I take advantage of supportive education and training to improve management skills and innovation	1.94	.947
I take advantage of supportive trade policies to increase sales	1.81	.784
I take advantage of favourable infrastructure to penetrate market	3.64	1.14
Certification by TVETA has enhanced my image and bargaining power	2.72	1.46

Source: Researcher (2023)

3.5 Effect of Opportunities in Governmental Policy on Growth of Jua Kali Metal Fabrication Microenterprises

The objective of the study was to assess the effect of opportunities in governmental policy on the growth of Jua Kali metal fabrication microenterprises.The research hypothesis formulated from the specific research objective was.

H_01: *Opportunities accruing from government policy have no significant effect on the growth of Jua Kali metal fabrication microenterprises*

The above hypothesis was also tested using simple linear regression methodologies whose results are presented in Table 2.7

Table 2.7: Model Summary for Opportunities in Governmental Policy

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.725[a]	.526	.504	3.379

a. Predictors: (Constant), Opportunities in Government Policy

b. Dependent Variable: Growth

Source: Researcher (2023)

The model summary Table 2.7 indicates that the correlation (r) between opportunities in governmental policy and growth of Jua Kali metal fabrication microenterprises is high ($r = 0.725$). The coefficient of determination value ($R^2 = 0.526$) shows that for the regression model linking opportunities in government policy and the growth of Jua Kali metal fabrication microenterprises explains 52.6% variation in the growth of the Jua Kali metal fabrication microenterprises while the remaining variation of 47.4% is explained by the error term.

An analysis of variance (ANOVA) was conducted to test the goodness of fit of the model evaluating the effect of opportunities in governmental policy on the growth of Jua Kali metal fabrication microenterprises. The result is shown in Table 2.8 below.

Table 2.8: Analysis of Variance (ANOVA) for Opportunities in Governmental Policy

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	30145.441	1	30145.441	554.161	.000[b]
1	Residual	6147.01	113	54.398		
	Total	36292.451	114			

a. Dependent Variable: Growth

b. Predictors: (Constant), Opportunities in Government Policy

Source: Researcher (2022)

A simple regression was conducted to establish the magnitude of growth that is caused by Opportunities in Government Policy. The result is shown in Table 2.9

Table 2.9: Regression Coefficients for Opportunities in Government Policy

Model		Unstandardized Coefficients		Standardized Coefficients	t-stat	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.057	.279		3789.	.000
	Opportunities in Govt. Policy	.579	.214	.503	2.706	.000

a. Dependent Variable: Growth

Source: Researcher (2023)

The regression coefficient Table 2.9 above shows that the coefficient for Opportunities in Government Policy is 0.579 indicating that a unit increase in the Opportunities in Governmental Regulatory Policies results to a 57.9% growth of Jua Kali metal fabrication microenterprises. The t-statistic for the regression coefficient for opportunities in Government Policy is significant at 5% level of significance (T= 2.706, $p<0.05$). This implies that the study's hypothesis for the objective is accepted. It is therefore concluded that Opportunities in Government Policy have a significant effect on the growth of Jua Kali metal fabrication microenterprises. The model that was fitted based on this result is as follows:

*Growth =1.057+0.579 * Opportunities in Government Policy*

4. CONCLUSION

4.1 SUMMARY AND CONCLUSION

The objective of the study was to assess the effect of opportunities in Government Policy on the growth of Jua Kali metal fabrication microenterprises in Kisii County.The coefficient for Opportunities in Government Policy was found to be 0.579 indicating that a unit increase in the Opportunities in Government Policy results to a 57.9% growth of Jua Kali metal fabrication microenterprises in Kisii County. The t-statistic for the regression coefficient for opportunities in Government Policy was significant at 5% level of significance (T= 2.706, $p<0.05$) implying that the study's hypothesis for the objective is accepted.

Regression results showed that opportunities accruing from Government Policy alone predicts 39.4% of growth in the metal fabrication microenterprises in Kisii County. However, with the introduction of owner level of education as a moderator, this growth improved to a significant 40.0%.

4.2 RECOMMENDATIONS

The study recommended that the government provides enough information on the available opportunities such as finance through affirmative funds (UWEZSO, YEDF and Women Fund), procurement opportunities, subsidized rates at the export processing zones and marketing through trade fairs. Microenterprises are urged to capitalize on government platforms like Huduma Centre and Ajira Digital for information and access to potential opportunities.

Since the results showed that the level of education is significant in the optimization of business opportunities for growth of the MEs it is recommended that the entrepreneurs'' knowledge and skills be bolstered through vocational training and continuous improvement and certification. The government policy toward vocational training for MEs entrepreneurs should be tailored to meet demands of emerging technologies and the ever evolving taste of the market.

Overall the study recommends that the metal fabrication MEs focus their effort for growth on horizontal integration through acquisitions and penetration of supply and distribution channels. This will shift the MEs from survival to growth mode and graduate into formal enterprises.

4.3 Suggestions for Further Research

This study was conducted under several limitations and assumptions. Based on these limitations and assumptions, the following suggestions for further study are proposed. This study focused on only Kisii County. A study should be conducted to incorporate several counties to locate the strategic gap (opportunities) and integrate long term strategies into growth of MEs to enable them shift mindset from survival mode to growth mode for graduation into small and medium enterprises.

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