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The Kenyan Environment's Influence on the Emergence and Development of Corporate Entrepreneurship Among SMEs

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Introduction

Scholars have long acknowledged the significance of entrepreneurial activity due to its influence on the emergence and survival of organizations and as a driving force in economic and societal development (Bosma and Levie 2010). The entrepreneurial activity, either via the creation of new ventures or through corporate entrepreneurship (Sharma and Chrisman 1999), is particularly significant in emerging economies. Globally, emerging economies are becoming major economic forces (Bruton et al. 2008). Particularly interesting has been the rapid rise of Africa's economies (Marzo and Patterson 2010), which has sparked scholarly interest into

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how entrepreneurial activity in Africa can contribute to its development (Devine and Kiggundu 2016).

Through the creation of new jobs and building of competitive and innovative capacity, Africa's small- to medium-sized enterprises (SMEs) and their entrepreneurial activities are critical components of the region's transformation (Bosma and Levie 2010; Bruton et al. 2008). Yet, many African SMEs continue to find themselves operating in hostile environments characterized by political and macroeconomic instability, weak infrastructure and limited access to resources (Bruton et al. 2008; Ngobo and Fouda 2012). Such hostile environments require African SMEs to re-evaluate their traditional ways of doing business by developing entrepreneurial strategies (Hughes and Mustafa 2016; Yiu and Lau 2008). CE provides a viable strategy for SMEs to reconfigure their resources and to identify and exploit opportunities (Ireland et al. 2009) and remain competitive in Africa's hostile environment (Tajudin et al. 2014; Yiu and Lau 2008).

The benefits of CE have been well established and empirically tested via various models that consider a range of internal, external and strategic factors (Antoncic and Hisrich 2001; Covin and Slevin 1991; Guth and Ginsberg 1990; Ireland et al. 2009). Recently, there has been a call to action by scholars to better understand how country- and regional-level external environmental conditions influence CE (Gómez-Haro et al. 2011; Hughes and Mustafa 2016; Lim et al. 2010; Turro et al. 2016). The external environment's influence on CE is largely a perceptual phenomenon (Boyd et al. 1993). Thus, why managers chose to engage in CE will be dependent on their perceptions of the context and the existence of specific environmental factors. However, much remains to be understood regarding how managers perceive conditions in Africa's external environment and how it influences their decisions regarding CE (de Villiers-Scheepers 2012).

Current studies examining the influence of the external environment on CE among African firms remain limited, with most focusing on a narrow set of factors based on Western-based models and assumptions (see de Villiers-Scheepers 2012; Hughes and Mustafa 2016). Such approaches may be problematic as they may not fully account for the uniqueness of the African context. Therefore, further empirical work is needed to uncover external environmental factors specific to the African context and how they influence the decisions to engage in and support CE

(Hornsby et al. 2013). In light of these gaps in our knowledge, this study seeks to address the following two research questions:

RQ1: Which external environmental factors encourage African SMEs to pursue corporate entrepreneurship?
RQ2: Which external environmental factors influence the development of corporate entrepreneurship among African SMEs?

In addressing the above research questions, a qualitative investigation of five SMEs from Kenya's service industry was utilized. As a rapidly developing African economy, Kenya is home to many SMEs (Jackson et al. 2008), which have played instrumental roles in its development (Matanda 2012). Despite facing resource constraints, intense local and international competition and cultural attitudes and institutional voids that do not favour firm-level entrepreneurship (Hughes and Mustafa 2016), Kenyan SMEs continue to remain highly entrepreneurial in nature (Jackson et al. 2008; Buil 2017). Hence, Kenya provides an interesting context in addressing the research questions posed. The findings from this study make a valuable and timely contribution to the African entrepreneurship literature (Devine and Kiggundu 2016)

Relevant Literature

Corporate Entrepreneurship and Its External Determinants

As a strategy, CE enables firms to refine their business concept, address customers' expectations and enhance their competitiveness (Zahra 1991; Zahra and Pearce 1994). CE is defined as the "process wherein an individual or a group of individuals, in association with an existing organization, create a new organization or instigate renewal or innovation within that organization" (Sharma and Chrisman 1999: 26). Broadly, CE refers to the total process wherein established organizations act in an innovative, risk-taking and proactive manner (Zahra 1991; Dess et al. 1999). As a process, CE is not seen as a single event, but rather as part of the organization's culture and as a specific strategy (Ireland et al. 2009). The extent of

CE within organizations varies in intensity, as it is largely dependent on changes in the organization's culture and the explorative or exploitative nature of firm activities (Sharma and Chrisman 1999).

Corporate entrepreneurial activities in firms can come about either through strategic renewal (Altman and Zacharakis 2003) or through corporate venturing (CV) (Guth and Ginsberg 1990). CV describes the various methods for creating, adding to or investing in new businesses (Kuratko and Audretsch 2013) that allow organizations to build their innovative capability, expand the scope of their operations and knowledge and generate financial returns (Kuratko et al. 2015). CV activities may be either internal or external in nature (Narayanan et al. 2009). Strategic renewal on the other hand refers to organizational change efforts that lead to new strategy reformulation, reorganization, organizational learning and the addition of new combinations of resources resulting in competitive advantage (Zahra 1993).

The existing literature has developed several models highlighting the main internal, environmental and strategic factors that encourage CE (Alkapan et al. 2010; Antoncic and Hisrich 2001; Covin and Selvin 1991; Guth and Ginsberg 1990; Ireland et al. 2009). Specifically, manager's perceptions of the external environment, and the perceived entrepreneurial opportunities within it, can act as important stimuli for CE (Antoncic and Hisrich 2001; Zahra 1991). The external environment consists of macroenvironmental factors such as environmental dynamism, hostility, heterogeneity and the extent of competitive rivalry in an industry (Gómez-Haro et al. 2011; Turró et al. 2014; Zahra 1991). Research has shown the external environment to influence how firms formulate entrepreneurial strategies, such as self-renewal or corporate venturing strategies (Antoncic and Hisrich 2001). Similarly, studies have also shown a relationship between the extent of legal requirements and regulatory changes (Caperlleras et al. 2008; Urbano and Turró 2013; Zahra 1991) and government support to significantly influence the types of CE activities (Gómez-Haro et al. 2011).

Additionally economic and regulatory factors, scholars have also identified factors such as regional variations (Turro et al. 2016), cultural norms and values (Hughes and Mustafa 2016; Turró et al. 2014; Urbano and Turró 2013), existence of appropriate entrepreneurial role models (Urbano and Turró 2013) and the levels of human capital and knowledge (Gómez-Haro et al. 2011) within a society and firm influencing CE.

CE can be particularly advantageous to firms in the highly turbulent and volatile markets of emerging economies wherein strategic flexibility and innovativeness is needed to maintain competitive advantages and respond to environmental pressures (Cai et al. 2014; Kantur 2016). The environmental factors that influence CE are not universal in nature and are expected to differ between emerging economies and market-based economies (Antoncic and Hisrich 2001; de Villiers-Scheepers 2012; Hughes and Mustafa 2016; Yiu and Lau 2008). Therefore, the context in which CE activities are placed needs to be considered (Hornsby et al. 2013; Zahra and Wright 2011). In this particular study, we consider the African context.

Institutions, Africa and Corporate Entrepreneurship

Differences in the external environmental factors can be explained by Institutional Theory (North 1990; Urbano and Alvarez 2014). Institutions exert different types of pressure to which organizations respond, causing organizations to establish fields of action that define the activities of firms and the conditions under which firms obtain legitimacy (Scott 1995). Broadly, institutions refer to the cognitive, normative and regulative structures that provide stability and meaning to behaviour (Scott 1995). Whether formal (regulations, normative, contracts, etc.) or informal (codes of conduct, attitudes, values, etc.) in nature, institutions shape decision-making process concerning how CE is perceived and ultimately enacted (Gomez-Haro et al. 2011; Kantur 2016). Hence, Western-based assumptions as to how the external environment may influence CE among African firms may not be appropriate given their environmental uncertainty, lack of institutional structures and managerial interpretations of such environmental uncertainties (de Villiers-Scheepers 2012; Hughes and Mustafa 2016).

The African external environment has often been characterized as one with significant institutional voids, environmental dynamism and uncertainty (Devine and Kiggundu 2016; George 2015; Hoskisson et al. 2000; Zoogah et al. 2015). Such characteristics present African firms with significant organizational and developmental challenges (Ofori-Dankwa and Julian 2013). A limited number of studies to date have examined the effects of the African external environment on CE activity. For instance, despite environmental dynamism and uncertainty found throughout African economies, the region's growing economies and markets are said to present firms with significant entrepreneurial opportunities (Anderson 2011; Bosma and Levie 2010; Bruton et al. 2008). Adomako et al. (2016) found perceptions of Ghana's economic environment by SME owners to positively attenuate the effect of their entrepreneurial orientation on their firm's performance. Similarly, de Villiers-Scheepers (2012) and Madichie et al. (2013) suggested that African entrepreneurial firms still perceived attractive opportunities and increased market demand, despite an increasingly challenging operating environment.

Africa's external environment can also present several challenges to the development of CE among African firms. In difficult, dynamic environments such as Africa, firm entrepreneurial activity requires higher access to financial capital as well as formalized procedures and legal procedures and protection (Frank et al. 2010; Mambula 2004). Yet, institutional weakness in regulatory and capital markets throughout Africa may limit the availability of credit and private equity investment necessary to finance CV activities (Khayesi et al. 2014; Fisman 2001). Consequently, African firms may face a proportionately greater risk of innovation failure compared to firms in developed economies and are likely to receive fewer rewards for being entrepreneurial (Sorescu and Spanjol 2008; Urban 2012). Additionally, difficulties in acquiring financing can constrain African managers' attitudes towards innovation and their willingness to invest in CE-related activities such as new product/service development or strategic renewal (Anderlini et al. 2013; Freel 2005; Hughes and Mustafa 2016; Obeng et al. 2014).

Recently, empirical evidence has also emerged with regard to the effects of African culture, history, values and education on firm-level entrepreneurial activity (Zoogah et al. 2015; Spencer and Gómez 2004). Specifically, the ability to develop an entrepreneurially minded workforce necessary for CE can be limited in Africa by the quality of human resources available and by the cultural attitudes of employees. For instance, cultural attitudes towards work and relationships among African employees (Jackson et al. 2008) can encourage conformity and compliance with management's instructions, thus reducing individual risk-taking and creative behaviours necessary for CE to prosper. Additionally, a lack of entrepreneurial training among African employees may have implications for African firms to hire and develop an organizational culture necessary for CE (Hughes and Mustafa 2016).

In sum, previous findings suggest that CE activity among African firms is contingent on the African institutional environment (Buli 2017; George 2015). Therefore, more empirical evidence is needed to understand the unique external environmental factors that influence CE among African firms. The Kenyan services industry provides an ideal context to explore the external environmental determinants of CE.

Kenya and Services Sector SMEs

Kenya, with its diversified economy, has emerged as East Africa's largest economy and a prominent player in the East Africa Community (EAC) since 2014 (Lock and Lawton-Smith 2016). Kenya's rapid economic development has been attributed to the government's Vision 2030, which includes various efforts to increase both domestic and international competition, reduce the cost of doing business and encourage private sector innovation (Oyelaran-Oyeyinka and Sampath 2006).

As an important source of wealth and job creation, Kenya's many SMEs have been at the forefront of its economic transformation and achieving its Vision 2030 (Matanda 2012). Particularly prominent have been SMEs in the Kenyan services sector. The services sector accounts for approximately 63% of Kenya's gross domestic product (GDP) and has historically led much of Kenya's economic growth (Library of Congress 2007). As part of the nation's economic re-adjustment strategy, the sector has undergone significant social, political, economic and structural changes over the past 15 years (Nyanjom and Ong'olo 2012). This has resulted in an opening up of the services sector to increased foreign competition, especially in the form of MNCs from the US and China (Balistreri et al. 2009). Thus, SMEs in this sector are finding themselves in a position of having to make significant adjustments to their business processes and strategies to remain competitive in the face of both domestic and international competition (Hughes and Mustafa 2016; Jackson et al. 2008).

Despite the potential growth and development opportunities afforded by the structural changes in the services sector and Kenya in general, many SMEs continue to operate in a hostile and dynamic environment characterized by limited access to financial and managerial/human capital and increasing competition (Aulakh and Kotabe 2008; Neshamba 2006). However, recent empirical evidence suggests that many Kenyan SMEs continue to remain highly dynamic, innovative and successful in such an environment (Hughes and Mustafa 2016; Jackson et al. 2008). Therefore, an understanding of the environmental factors that condition CE in Kenyan SMEs is highly warranted.

Method

Given the paucity of research on CE in Africa, an exploratory case study approach was adopted. Recommended for studying complex and underexplored phenomena (Eisenhardt 1989; Yin 1984), the case study design permits an in-depth investigation of specific phenomena within its real-life context. Case studies are being increasingly used to examine firm-level entrepreneurial activities (Sebora et al. 2010; Zahra and Wright 2011) and has recently been used to examine the antecedents of CE in emerging economies (Kantur and Iseri-Say 2013; Hughes and Mustafa 2016). Therefore, the method is well suited to understanding the external environment's effect on CE in the context of African SMEs.

In this particular study, a multiple case study approach was adopted as it is generally considered as more robust than single case studies because it provides for the observation and analysis of a phenomenon in several settings (Eisenhardt 1989; Eisenhardt and Graebner 2007; Yin 1984). A criterion-based purposive sampling strategy was used to select five firms for empirical analysis. The following criteria were used in the identification and selection of the five firms: *(1) firms were from the Kenyan services sector; (2) firms were of small or medium size in that they employed between 51 and 500 employees (OECD, 2004); and (3) firms had either initiated or implemented at least two or more CE initiatives (regarding product, service, process innovation or strategic renewal) within the past five years*. Using information from the Kenya Institute of Management's Company of the Year Awards database, 20 CEOs/Owners of firms who met the above criteria were contacted regarding their willingness to participate in the study. After initial discussion with the CEOs/Owners, eight agreed to further participate in the study. The final selection of cases was carried out by considering the variety of industries and markets the firms operated in and the possibility of accessing the necessary sources of information. Table 4.1 provides a summary of the key characteristics of the case study firms and variety of different markets and sectors of service industry they served.

Primary data was collected using a series of semi-structured interviews with the firms' founder/CEOs and key managers over a four-month period. All interviews were conducted in English, were recorded and followed an interview protocol. Interview questions focused around what environmental factors' respondents considered as important in influencing CE in their firms. This primary data was complemented via secondary sources such as web pages, company reports, financial records, meeting minutes, brochures and observations. This enabled a deeper understanding of each case firm's history and their products as well as understanding the circumstances behind certain CE activities. The following procedure was used in analysing the data. Firstly, all interviews were coded by the author and a research assistant independently, with any inconsistencies resolved by consensus. Secondly, once the key points were coded, they were entered manually into an open-coded database. Finally, an inventory of open codes was developed around the key topics that emerged through the interviews and categories suggested by the literature on CE and Institutional Theory. Also, the CE literature and Institutional Theory were utilized as they offered a terminology and conceptual references that helped to develop labels for the identified emerging factors from the data.

Findings

Drawing on case and interview evidence, along with the literature on CE and Institutional Theory, four external environmental factors specific to Kenya, which were perceived to influence the emergence and development of CE among SMEs, were identified. Table 4.2 provides a summary of the key findings.

Table 4.1 Key characteristics of case firms

Case	A	B	C	D	E
Year of inception	2004	1988	1995	2005	2003
Number of CE-related initiatives implanted since inception	4	7	3	3	4
Nature of services	Tourism/travel services	Retail sales (online)	Health and safety equipment and distribution provider	Information technology solutions	Bio-technology
Interviewees	Founder, Managing Director, Operations and Planning Manager, Sales and Marketing Manager	Founder, Sales Director, Online Projects Manager, Marketing and Operations Manager, Employee	CEO, Engineering Director, R&D Manager, Training Coordinator	Managing Director, Chief Information Officer, New Projects Manager, Software Engineer	Founder, Sales Director, Lead Scientist, Marketing and Sales Director
Total number of employees	165	80	66	58	55
Annual turnover (USD)	11.43 m	3.1 m	0.83 m	2.1 m	1.1 m

Business history and CE activities	Initially started as a small regional airline. Rapid expansion over the past six years, with a number of innovative business practices developed internally. First regional airline to use internet bookings and payment system. More recent innovative activities have been based around developing high-quality products, specialized tours	Started as a small real estate firm in the late 1980s. Company has grown rapidly since then and branched out into a number of allied areas, such as property management and online retailing. Recently new innovative practices have emerged which has enabled the company to develop its own online portal and introduce financing options for customers, making them the premier online trading company in Kenya	The company was mainly founded from the efforts of its owner, who previously was working for large oil MNC in Kenya. The main activity was based around providing health and safety equipment to oil and gas companies. More recently as a result of CE activities, company has designed their own products and expanded to develop and deliver their own Occupational Health & Safety (OH&S) programmes for corporate and Oil & Gas clients. The company has also moved into sales and distribution of such products	Business originally founded to provide IT solutions to existing companies. Since 2007 the firm has engaged in a number of new projects based on developing and commercializing new software specifically for the East African market. Original business line also expanded, designed to offer permanent assistance for clients. Latest CE project involves rebranding and changing to organizational structure which resulted in winning lucrative government contract	Started as a small company selling important Bio-technology products to medical industry. Within three years, firm went through a change in structure and strategy and started focusing on developing custom solutions for the Kenyan medical industry. In 2012, the firm created a new division focusing on the development and application of Bio-tech solutions for food manufacturing industry. Recent CE activity includes designing and developing Bio-tech equipment for new markets in Kenya and abroad

Table 4.2 Summary of key findings

	Case A	Case B	Case C	Case D	Case E
Founder and senior management team background	Founder had prior experience working in tourism and related industry; most of senior management come from start-ups or tourism industry	Founder has Master's degree from abroad; well-educated senior management with strong sales backgrounds and experience working in start-ups	Company started as a joint partnership between several people; senior management team is well educated and has a long history of engineering experience with Oil & Gas MNCs	Company started jointly between several members of the senior management team. Senior management team highly educated both locally and from aboard. Mix of experience working in large MNCs, international companies and small new ventures	Founder has degree in Sciences and prior working experience in Bio-tech industry. Senior management team is largely drawn from friends and includes individuals with extensive work experience and knowledge of private sector

Reasons for starting enterprise	Desire to own business and improve social situation	Wished to setup own business to provide support of extended family	Improve own economic and social situation of workers in Oil & Gas industry	Founding group has strong cultural traditions of self-employment; improve individual economic situations	Founder dissatisfied with prior working situation; wished to set up own business
Kenyan entrepreneurial attitudes and values	Founder described as having a persistent and risk-taking attitude. Senior management are seen as innovative and proactive because of their prior work experiences	Founder has a strong Christian work ethic; some members of the senior management are described as being passionate with a strong entrepreneurial and creative attitude	Senior management are largely seen as being proactive and willing to take risks in business; strong work ethic and cultural values and attitudes towards community are expressed	Management team has strong cultural values towards community and strong work ethics along with drive and persistence	Founder seen as being a risk-taker and having a highly persistent attitude

(*continued*)

Table 4.2 (continued)

	Case A	Case B	Case C	Case D	Case E
Perceptions of market and environmental dynamism	Management feel that the Kenyan environment is filled with uncertainty and rapid changes. Increasing rivalries from local and international competitors along with a growing affluent middle class encouraged firm to design and develop customized online travel portal and offer bespoke adventure tours. Firm revised traditional business model by moving to network-based model	Management see Kenya as a rapidly expanding economic environment, but filled with uncertainty. Growing middle class and desire by small business for affordable insurance prompted the firm to explore new ways of offering insurance and financial services products	Management feel that Kenya is experiencing significant growth, but while experiencing great uncertainty. Government's desire to create an Oil & Gas hub led to significant reforms in the sector. Firm saw this as an opportunity to invest in the development of new products for the industry	Management see Kenyan environment as developing for the better. Internally re-organized structure and process to create a new government services division. Firm moved away from developing apps for mass consumption to design and implement database solutions to cater for the rapid expansion of Kenyan government ministries	Management view Kenya as a difficult operating environment; Increased foreign competitors in Kenya along with growth and development of local food manufacturing encouraged the firm to develop and implement several innovations to existing process in order to increase customer engagement and reduce costs

Firm and individual networks and social capital	Firm's director of operations and managing director used their own clan-based relationships to build a network of highly reliable and flexible tour providers. Founder utilized tribal networks with government to secure grant funding	Founder relied on Church group network to raise some capital and acquire the latest server technologies for the development of their own online sales trading portal. Firm utilized its strong working relationship with leading financial company in Kenya to house a developmental team in their HQ. This allowed the firm to gain the specific and in-depth knowledge about the industry which was instrumental in the development of new products for that market	CEO and engineering director used personal and ethnic networks with local bank managers to secure short-term loans. Loans were used to finance R&D and marketing efforts to build brand reputation in new market. Firm drew on existing relationships and alliances with international suppliers to source and acquire 3-D printing and the latest fire safety technologies. Acquisition was useful for the firm as it helped transform the operations of the firm by supporting them to develop their own bespoke products	Firm used personal networks of senior management to identify and recruit personnel from MNC to staff the development and management of their newly created government services division. Firm used existing dealings with both local and foreign MNCs to co-develop database technologies. Firm considered that such technologies were still in their infancy in Kenya and thus difficult to acquire	Firm's sales director and lead scientist used their own relationships with past employers to recruit scientists with specific skills currently difficult to obtain in Kenya. Firm's existing relationships with suppliers proved instrumental in helping to source and secure the latest lab testing technologies through international markets

(*continued*)

Table 4.2 (continued)

	Case A	Case B	Case C	Case D	Case E
Perceptions of government regulations and support	Management feel that government changes have reduced the cost of doing business and increased efficiency. Firm was successful in securing several seed funds from government entities to begin internal transformation projects designed to increase the rate of innovation regarding new product/services development for the industry	Management express confidence in the long-term stability and economic objectives of the Kenyan government and its efforts to deregulate. Firm has utilized several government support services, specifically related to increasing the productivity of the work. Confident of the government's support, the firm has invested both human and financial capital in the development of two new entrepreneurial initiatives to bring new innovations to the financial services market	Firm was successful in patenting two of its key ideas developed by the R&D division. Firm's R&D division is largely sustained by several government funding initiatives designed to spur innovation and tax incentives. Management feel optimistic about the government's efforts to upskill their workforce. Management have used several government back initiatives to upskill their workforce	Management feel there is greater transparency in the process of dealing with government and non-government institutions in Kenya. Management see increase in legal protection as a good sign as it enabled the firms to invest more in the development of costly databases and CRM solutions. Firm has acquired funding for two seed initiatives to help defer the cost of R&D in the development of apps for government departments	Increased legal protection over IP and copyright laws encouraged the firm to continue to commit resources for the exploration of new Bio-technology solutions for the food manufacturing industry. Firm was able to support the purchase of new technologies from government back grant. Firm has used tax incentives to upgrade the technical and scientific skills of several of its staff. The newly acquired staff skills helped in the design and improvement of existing products in the market

External Environmental Factors Affecting the Emergence of CE

Kenyan Entrepreneurial Attitudes and Values

The existence of specific entrepreneurial attitudes and values among the case firm owners and senior management emerged as a significant factor in explaining why firms decided to pursue CE. Interview evidence highlighted the importance of perseverance, proactiveness, acceptance of risk, creativity and innovativeness, a strong work ethic and a desire to improve their own personal and social situation as particularly important entrepreneurial attitudes and values with respect to CE. According to respondents, such attitudes and values were also considered as important parts of Kenya's social fabric and necessary to succeed and survive in Kenya. For instance, Firm A's founder was described as somebody who had a willingness to take considerable risk in starting a small airline company. Thus, Firm A's decision to seize a larger portion of the market share by developing an online travel portal was attributed to his perseverance. As the sales and marketing manager commented "Despite the few failed attempts at growing the business in a new market, he [Founder] continued to push the firm in that direct …. It's essential to have this, otherwise growth in the market may be impossible". Similar attitudes were observed among the remainder of the case firms.

Firm B's online sales director came from a family with a strong entrepreneurial heritage. Since a young age, entrepreneurial values, such as being creative and innovative to overcome some of the many day-to-day business challenges, have been drummed into him. The sales director drew on these values when asked by the founder to think of ways of expanding the business. Consequently, the sales director's solution of tying up with local banks to create an online financial service trading platform became an instrumental means through which the firm expanded into a new niche market by creating new product offerings. Similarly, at Firm C, the CEO's individual proactiveness and concern for Kenyan Oil & Gas employees' health and well-being encouraged the firm to explore new ways to address such issues in the market. As a result, Firm

C decided to change its business scope away from being an importer to a custom developer of Fire and Safety equipment. As Firm C's CEO explained "I'm always thinking of new ways of serving my community better, trying to make things better around here. They won't just get better on their own, so you have to take the initiative, think outside the box and do things better".

In sum, the abovementioned findings support previous findings that have suggested that national cultures can influence individual cognitive frameworks and hence CE activities, by affecting how individuals perceive specific issues and how they view their firm's competitive landscape (Turró et al. 2014; Hughes and Mustafa 2016; Mousa and Wales 2012).

Perceptions of Market and Environmental Dynamism

Evidence from our cases suggests that respondents' perceptions regarding the level of dynamisms found in the Kenyan environment and the opportunities contained with it, contributed to accelerating their innovativeness. Generally, most respondents agreed that Kenya, and even Africa, was a challenging environment to operate in. As Firm E's CEO explains "there's a lot of issues and threats operating in this market [Kenya] … one has to successfully and constantly navigate them if there is any chance of survival or growth". Respondents, though, were also highly cognizant of the rapid changes that had been taking place over the past 15 years in Kenyan services industry and how they influenced the entrepreneurial behaviour of their firms. Specifically, increase in competition from both abroad and local, emergence of a new affluent middle class and the increased use, importation of technological advancements from abroad along with government supported deregulation, while rapid and unpredictable in nature, were viewed as opening new entrepreneurial opportunities for case firms. As Firm B's marketing and operations manager explained "yes, we face a lot of uncertainty in the market, and this has been there for a while now. But with this uncertainty, we also see a lot of new and exciting opportunities in new markets".

Case evidence further revealed that such changes encouraged managers to adopt entrepreneurial strategies, such as moving into new market by developing new products (Firms A, B, C and D), revising existing business models and practices (Firms A, D and E) and introducing new innovations into existing markets (Firms A, B and C) to take advantage of the emergent opportunities in the Kenyan environment. For example, starting out as a small start-up company, Firm D had traditionally focussed on developing applications for Kenyan small businesses. However, with the growth in the size of the Kenyan economy and a subsequent expansion in government services, Firm D decided to exploit this new opportunity by developing innovative IT management solutions for several Kenyan ministries. On the other hand, declining sales and increasing competition from overseas encouraged Firm E to seek new strategies and ways to reduce costs and increase customer engagement. As the sales director commented, "rivalry in the market had intensified to the point that we were not competitive any longer. It was then that we decided to change internal process here, focus on de-layering, driving costs down and developing stronger relationships with our key clients". Thus, Firm E's management believed that such business transformations were necessary to remain competitive in the face of much cheaper competition from abroad.

In sum, the findings suggest that the uncertain but opportunity-rich environment of Kenya can be important stimuli for firms to engage in CE. Such findings also support previous findings that increased dynamism in the external environment can lead to increased entrepreneurial postures (Antoncic and Hisrich 2001; de Villiers-Scheepers 2012; Mambula 2004; Zahra 1991).

External Environmental Factors Affecting the Development of CE

Firms and Individual Networks and Social Capital

Prior studies have recognized the role of networks and social capital supporting CE (Turner and Pennington 2015; Urbano and Turró 2013). Despite Kenya's impressive economic growth and structural changes, numerous respondents still indicated difficulties in acquiring key resources such as financial, human capital, knowledge and technology to develop and sustain CE activities. As Firm D's R&D manager stated, "R&D projects are difficult to get off the ground. You not only need cash to get them started, but you also need to have a steady supply of it. This is the challenge in Kenya, getting regular and reliable access to such cash". Moreover, case evidence highlighted the significance of firm social capital and individual ethnic/tribal and professional networks in the development of CE activities.

Regarding individual ethnic/tribal and professional networks, the case evidence showed that both firm founders and senior managers used such networks to acquire financial resources (A, B, C), human capital (A and D) and access key technologies (B and C) to support CE activities. For instance, to support their decision of moving into the government services industry by developing new products, Firm D created a specific operating division. However, the firm initially faced great difficulty in recruiting staff with the necessary IT skills and expertise to run and develop this division from the Kenyan labour market. To overcome this issue, Firm D's chief information officer (CIO) used his personal relationship with an MNC manager to recruit talented software engineers for their new division. Similarly, Firm A's CEO leveraged on his tribal ties within the tourism ministry to bypass the bureaucratic waiting period and stringent requirements necessary in acquiring a tourism operator's licence. This licence, and the governmental approval and funding that came with it, helped to reduce the risk associated with designing and developing an online portal for the industry, thus further encouraging exploration with new ideas in the area. As Firm A's managing director commented:

> *Once we could secure permissions and approvals from the Ministry, we had the confidence to further explore new ideas and ways to improve our process to serve clients better.*

Equally influential was the use of firm social capital. However, case evidence suggests that firm social capital was particularly important in the acquisition of high value and difficult resources or knowledge that could not be obtained easily in Kenya. For instance, over the years, Firm B had forged a long-term and special relationship with a leading Kenya financial services provider to gain in-depth knowledge regarding the financial industry. Such a relationship helped to significantly reduce the necessary investments in funding market research and helped to develop a new range of online financial services products. Similarly, several respondents also indicated the importance of acquiring the latest technologies from aboard to spur innovative activities in their firms. As the founder of Firm E stated, "the latest technologies are key to our business success. In Kenya, the level of technological development is not highly sophisticated, this creates a problem for us to source our requirements locally. Hence we use our existing supplier networks to find them from overseas". Therefore, case evidence demonstrated the beneficial nature of each of the case firms' social capital in overcoming such limitations and acquiring advanced technologies via international markets (C, D and E) and partnerships with MNCs (B and D). Acquisition of such technologies helped the firms redesign and improve existing product/service offering (B, C and E) or develop new products/services for new markets (C and D).

Broadly, the findings above reconfirm the importance of firm and individual social capital and networks in the development and exploitation of CE activities in African SMEs, through the acquisition of specific resources to overcome the institutional constraints and inefficiencies found in Kenya (George 2015; Khaysi et al. 2014).

Perceptions of Government Regulations and Support

Both case and interview evidence revealed that perceptions concerning government regulations and support contributed to accelerating and increasing the development of CE activities among the case firms. As part of its Vision 2030, the Kenyan government has engaged in a series of transformations to reform the economy. These included a deregulation of the economy and reduction in bureaucratic processes aimed at reducing the cost of doing business and encouraging private sector innovation (Oyelaran-Oyeyinka and Sampath 2006). Generally, such initiatives were positively interpreted by respondents as it made it easier for the case firms to apply for loans (Firms A, B, C and D), operating permits (Firms A, B and E) as well as offering them with increased legal protection over innovative activities (Firms C and E). The case evidence demonstrated that such deregulation supported the development of new products/services for new markets (B, C, D and E) and encouraged significant improvements to existing products/services (A, C and D). For instance, in supporting their move into the food manufacturing industry, Firm E created a small team, charged with experimenting new product development. Consequently, the team's success in rolling out several new innovative products was made easier because of the ease at which they could register new ideas and the increased protection of intellectual property. As the chief scientist at Firm E commented:

> *Compared to 10 years ago, it has become much easier to deal with the Kenyan ministries…. The time from idea to market is much much easier.*

Respondents also perceived favourably the Kenyan government's efforts to support innovation in the private sector. Several years of economic growth and political stability allowed the Kenyan government to put into place various financial and non-financial support packages to help SMEs increase their global and regional competitiveness. Particularly important for developing CE among the case firms were support packages such as R&D grants (Firms C and E), seed funding (Firms A and D) and tax incentives for training and development (Firm B, C and E). Case evidence suggests that such government support efforts encouraged managers to take the risks necessary to develop and put into place long-term entrepreneurial plans (B, C and D) and increased their confidence in Kenya's government (A, B and C) and their willingness to take risks and commit resources for entrepreneurial activities (B, C, D and E). For instance, Firm C used the government funding to establish their R&D centre, while Firms A, D and E used tax incentives to develop the entrepreneurial competencies of their employees through creativity and innovativeness training programmes. Broadly, the above findings support in part the conclusions of previous research regarding the impact of government support initiatives (Madichie et al. 2013; Mambula 2004; Neshamba 2006; Turró et al. 2014).

Conclusions

Given the significance of corporate entrepreneurship to organizational and economic development (Antoncic and Hisrich 2001; Hoskisson et al. 2000), examining what factors contribute to enhancing its emergence and fostering its developments remains highly warranted. This may especially be the case in the context of emerging economies such as Africa where there is very little theoretical and empirical knowledge concerning the phenomena of CE (Madichie et al. 2013; Mambula 2004; Ratten 2014). Drawing on Institutional Theory to account for the influence of context, this study sought to uncover the external environmental factors that condition CE among Kenyan SMEs. Broadly, the findings from the study reaffirm the importance of the external environment in fostering CE (Antoncic and Hisrich 2001; Covin and Slevin 1991; Gómez-Haro et al. 2011). Figure 4.1 provides a conceptualization of the key findings. Specifically, Kenyan entrepreneurial attitudes and values along with increasing market and environmental dynamism were found to constitute important elements in the emergence of CE activities among SMEs. Additionally, individual and firm-level networks and social capital, as well as deregulation and government support initiatives, were identified as important factors in facilitating CE among SMEs.

Several theoretical and managerial implications emerge from the study's findings. Theoretically, the study broadens our understanding regarding the environmental determinants of CE among African firms, a topic which has received a dearth of empirical examination by the literature (Devine and Kiggundu 2016; Hughes and Mustafa 2016). The prior literature has largely focused on a narrow set of external environmental factors adopted from Western-based models (de Villiers-Scheepers 2012; Madichie et al. 2013; Obeng et al. 2014). The applicability of these factors to the African context may be questionable given the inherent environmental uncertainties, lack of institutional structures, resource availabilities and cultural attitudes found in Africa. Thus, by adopting an exploratory approach, this study uncovered a set of new external environmental determinants, specific to the Kenyan context, which influences CE. Moreover, the study's findings also provide a complementary per-

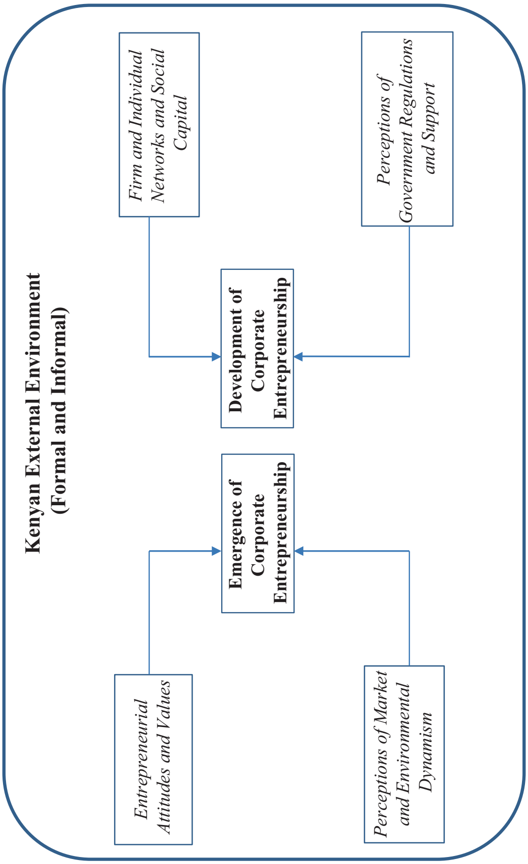

Fig. 4.1 Conceptual model of key findings

spective to existing notions in the literature that the African environment largely discourages CE (Devine and Kiggundu 2016). Instead, the study's findings demonstrate and reaffirm the notion that corporate entrepreneurial activity may emerge and even flourish in the difficult operating environments of Africa (Devine and Kiggundu 2016; Hughes and Mustafa 2016; Madichie et al. 2013; Obeng et al. 2014). By doing so, the study helps to advance the literature on African entrepreneurship away from simply focusing on factors that lead to success and failure of African enterprises to that of high growth and development (Benzing and Chu 2009; Obeng et al. 2014). Additionally, the findings highlight the importance of considering the role of African contextual and cultural factors in how they influence CE (Ratten 2014).

Regarding managerial and policy implications, the study's findings show that despite significant challenges faced by Africa's SMEs, they can succeed with the right support. From a policy perspective, African governments could do well to lower transaction costs, reduce political and economic instabilities and focus on developing capacity (Fosu 2013). Such measures could be an important step in encouraging SMEs to take the risk of engaging in CE. Additionally, CE is often directly associated with the personal qualities of managers and employees (Castrogiovanni et al. 2011). Hence, policies that emphasize entrepreneurship education at both secondary and tertiary levels which encourage creativity and innovativeness may be needed (van Vuuren and Botha 2010).

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