



**Entrepreneurial Orientation and Access to New  
Markets by Small-Scale Earthenware Manufacturers  
in Kenya**

by

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## **Abstract**

*This was an explanatory study that adopted a survey approach to examine the role of prior knowledge and entrepreneurial orientation on access to new markets by a sample of MSEs, from small-scale earthenware manufacturers in Western Kenya. The study was conducted in three districts: Kakamega, Bungoma and Kisumu. A sampling list of small-scale earthenware manufacturers was constructed from lists provided by district cultural officers in the three study sites. From this sampling frame, stratified random sampling procedures were used to select the sample. A sample of 384 small-scale earthenware manufacturers from western Kenya responded to this survey. A pre-tested questionnaire was used to collect data. This questionnaire was administered through interviews by the researcher with the help of two trained research assistants. The questionnaire was made up of three sets of questions namely; personal characteristics, prior knowledge and entrepreneurial orientation. Survey data was presented and summarized using frequencies, percentages, means, charts and standard deviation. Differences between respondents who had accessed new markets and those who had not accessed new markets were conducted using t- tests and chi square. Correlation analyses and a logit model were used to establish the critical factors that enhance entry into new markets. To obviate the need of longitudinal data, three Focus Group Discussions (FGDs) were conducted. The researcher moderated the FGDs using a pre-tested topical guide. These qualitative data were content analyzed. Results showed that four percent of the study respondents had accessed new markets in the last twelve months. This suggests that the problem of accessing new market outlets is very acute among the sampled respondents. Bivariate data analysis indicated that two firm characteristics namely registration of business and higher levels of production were statistically associated with accessing new markets. The legal status of a business was not statistically associated with access to new markets. Moreover, this analysis shows that age, gender and marital status influence the entry into new markets. The data indicates that younger, married males are more likely to access new markets. Education, membership into business associations and attending trainings are also significantly associated with access to new markets. However, entrepreneurial, industry and previous employment experience were not statistically associated with entry into new markets. Entrepreneurial orientation was found to be statistically associated with the entry of small-scale earthenware manufacturers into new markets. However, the dimensions of entrepreneurial orientation had mixed impacts on entry into new markets by small-scale earthenware manufacturers. Innovation and risk-taking propensity were associated with new market entry. In contrast, proactiveness and competitive aggressiveness were not associated with entry into new markets. Autonomy had a weak association with new market entry. The results of the Logit model indicated that only training and innovation influence the entry of small-scale earthenware manufacturers into new markets. Education, membership into business associations, entrepreneurial experience, risk-taking, competitive aggressiveness, autonomy and proactiveness were not associated with the entry of small-scale earthenware manufacturers into new markets. The FGDs established that the process of new market entry is complex and is made up of two phases. Initiation, the first phase, can be started by either the entrepreneur or the customer. After initiation, both the entrepreneur and the customer play distinct roles in the negotiation phase.*

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## **1 Introduction:**

### **1.1 Background to the Study**

Access to new markets remains a major challenge to the performance of MSEs in Kenya (Republic of Kenya (RoK), 2005; Mbugua, 2000; International Centre for Economic Growth (ICEG) *et al.*, 1999). Most MSEs in Kenya largely rely on the local markets (Kinyanjui, 2005). This has the advantage that MSEs know the needs, opportunities and standards required by local markets. However, heavy reliance on local markets is a key constraint to earnings since customers are poor and generally buy a limited range of products. Thus concentration of MSEs in low income markets is likely to impede the growth of MSEs. In contrast, entry into new markets offers expanded opportunities for disposing off surplus products (Romano and Ratnatunga, 1995). It is also an important way that entrepreneurs use to gain access to critical resources since it encourages the adoption of technology and best business practices which underlie improved performance (Morris, Sexton & Lewis, 1995). Therefore, policy options that can enhance the entry of MSEs into new markets are necessary. A number of policy initiatives have been developed in Kenya which attempt to address the issue of limited access to new markets by MSEs.

### **1.2 The MSE Policy Context in Kenya**

MSEs are broadly defined as income-generating activities that employ less than fifty people (RoK, 2005). The colonial government largely discouraged the running of small enterprises by indigenous Kenyans (Ronge *et al.*, 2002). This did not change in the early years of Kenya's independence (King, 1996). The International Labour Organisation (ILO) report of 1972 (ILO, 1972) became a landmark for Kenya's MSEs as they attracted some attention. This recognition however, never went beyond short descriptions in official government publications (Ronge *et al.*, 2002). A turnaround in government apathy towards MSEs is indicated in Sessional Paper Number 1 of 1986 on *Economical Management for Renewed Growth* (RoK, 1986). In the document, the government underscores the importance of the MSE sector in terms of its potential to bring about balanced rural-urban development and employment creation. Further, this document recognizes the many problems inherent in the MSE sector. For example, the problem of deficient demand for informal sector goods is identified. To address this problem, this document proposes that the RoK would among others avail information on market opportunities,

raise firm productivity and incomes, and change the investment structure in order to encourage use of labour-intensive techniques predominantly used by small-scale firms.

The positive attitude towards the MSE sector was once again portrayed in the *Strategy Paper for the Development of the Jua Kali Enterprises in Kenya* (RoK, 1989). Moreover, the small enterprise development project which involved several partners from both the public and private sectors (King, 1993) was initiated. This project drew up three sets of strategies for the MSE sector namely: policies for providing an enabling environment, non-financial promotional policies and credit policies (King, 1996). These three strategies are incorporated in Sessional Paper Number 2 of 1992 on small enterprises and *Jua Kali* development in Kenya (RoK, 1992). In addition, gender-related policies are included. The issues of dissemination of information on domestic and export markets and the adjustment of public procurement policies in favour of MSEs are presented under an enabling environment. Similarly, several market-enhancing policies are proposed.

The government undertook to conduct market surveys to identify new opportunities for product development and diversification in the MSE sector. It also proposed to identify new potential markets in the rural areas for MSEs and to establish a subcontracting exchange through the Ministry of Trade to promote inter-industry linkages. MSEs were also to be assisted to penetrate export markets through training programmes designed to improve product designs and packaging, skills on production management, technology and material procurement, costing and pricing.

This policy paper identifies access to new market outlets and marketing information as among the most severe constraints to MSE development in the country. It further identifies low aggregate demand, saturated market due to dumping and over production, lack of information, high transaction cost, unfair competition and weak MSEs capacities as the major factors explaining the limited access to markets by MSEs in the country. Validation of these determinants among the small-scale earthenware manufacturers is necessary. Conducting studies on access to new markets by small-scale earthenware manufacturers might also identify other factors that are not mentioned in this sessional paper. In addition, need exists to determine the relative importance of these factors. Identifying the importance of the above is crucial for policy

prioritization, given that different factors might be associated with particular policy measures. This study, therefore, attempted to provide a concrete input in the design of MSE policy in Kenya.

### **1.3 Statement of the Problem**

An emerging stream of research indicates that entrepreneurial orientation, an important measure of the way a firm is organized, is a critical factor in enhancing entry into new markets (Ibeh, 2004). Entrepreneurial orientation has been largely based on the work of Miller (1983) who suggests that a firm's degree of entrepreneurship could be seen as the extent to which it innovates, takes risk and acts proactively.

Innovation reflects the tendency towards novelty, experimentation, and creative processes which help firms depart from established practices, technologies and even markets. Proactiveness refers to a posture of anticipating and acting on future wants and needs, thereby creating first-mover advantages *vis-à-vis* competitors. With such forward-looking perspectives, firms capitalize on emerging opportunities. Risk-taking reflects a firm's willingness to break away from the true-and-ried and venture into the unknown.

Another stream of literature suggests that prior knowledge derived from education, personal background, experience and networks is an important determinant of entry into new markets. A lot of empirical attention has been devoted towards establishing the direct link between individual strands or configurations of the dimensions of prior knowledge and entry into new markets (Omiti *et al.*, 2004; Ibeh 2004; Halloway and Ehui, 2002; Lapar *et al.*, 2002). Barney (1991) argues that the way a firm is organized, when combined with firm resources, can enhance the positive relationship between resources and entry into new markets. However, there has been little consideration in literature on the inter-relationship between prior knowledge and the way a firm is organized. Existing literature suggests that this inter-relationship is important in enhancing the entry of small businesses in new markets (Ibeh, 2004). Without knowledge on this inter-relationship, our understanding of how MSEs access new markets is incomplete. Consequently, it will continue to be very difficult to design effective market access policies and strategies for MSEs in Kenya. This study attempted to address this gap by examining the contingent relationship between entrepreneurial orientation and prior knowledge in explaining

entry into new markets using a sample of a sample of small-scale earthenware manufacturers in Kenya.

#### **1.4 Objectives of the Study**

The objective of this study was to examine the effects of entrepreneurial orientation on access to new markets by a sample of small-scale earthenware manufacturers in Kenya.

##### **Specific Objectives**

1. To examine the extent of access to new markets by small-scale earthenware manufacturers in Kenya.
2. To determine the levels of entrepreneurial orientation in small-scale earthenware manufacturers in Kenya.
3. To identify the role of prior knowledge on access to new markets in small-scale earthenware manufacturers in Kenya.
4. To establish the relationship between entrepreneurial orientation and access to new markets by small-scale earthenware manufacturers in Kenya.

The practical significance of this study lies in its provision of insights about the competencies and capabilities that entrepreneurs can develop if they wish to access new markets. The study will also help entrepreneurs to have a better understanding of their market access behaviour.

The policy relevance of this study includes its provision of data that can be used to devise policies and strategies to enhance access to new markets by MSEs. Moreover, the study assists policy-makers to understand the impact that prior knowledge and entrepreneurial orientation have on access to new markets. Both factors are hitherto not well-captured in the MSE market access policies and strategies in Kenya.

This research was conducted in three districts of Western Kenya namely Kakamega, Bungoma and Kisumu. These three districts are re-knowned for their art and craft industries (Langenkamp, 2000). Preliminary estimates suggest that 60% of the earthenware manufacturers in Kenya are found in Western Kenya. Moreover, the Kakamega District Poverty Reduction Strategy Paper (RoK, 2001) cites enhancing access to markets for indigenous knowledge based products as a major strategy towards alleviating poverty in the district.

## 2 Literature review

### 2.1 The Nature of Small Scale Earthenware Manufacturers

Earthenware manufacturing is amongst the most ancient of the traditional crafts and it takes an important place in Kenya's cultural heritage. Estimates suggest that there are 10,922 small-scale earthenware enterprises in Kenya, which employ some 28, 785 people (ICEG *et al.*, 1999). Ninety-eight percent of these enterprises are located in the rural areas whereas the remaining 2% are found in urban areas. Small-scale earthenware manufacturers make up 0.8% of the estimated 1.3 million MSEs in Kenya.

Earthenware is one of the numerous branches under *Ceramics*. Defining the term *ceramics* is not easy. The word *ceramics* has its roots in the Greek word “*keramos*”, which means potters clay. Originally, *ceramics* was defined as the art of making pottery. Today, *ceramics* is a general term reserved for the science of manufacturing articles prepared from pliable, earthy materials that are made rigid by exposure to heat. Clay is the unique material that makes ceramics possible. Clay derive from the disintegration of granite and other feldspathic rocks that, as they decompose, deposit alumina and silica particles (Nelson 1984; Flight 1989). Clay is the only natural material, which can be directly shaped by hand or machine in its raw state. When plastic, clay can keep almost any shape into which it is formed and also retain the shape when the water content has evaporated.

Ceramics includes the manufacture of industrial and technical items, porcelain, stoneware, terracotta, tiles, bricks and earthenware. Earthenware is porous pottery usually fired at low temperatures ranging from 983°C to 1148°C. For the technical side of pottery, Nelson (1984) and Flight (1989) give detailed accounts of the manufacturing process. This includes preparation of clay, moulding, firing and finishing. Glazing of earthenware makes it waterproof and adds to its beauty.

The second purpose of earthenware products is decorative. This includes the making of beads and ornaments, palatial fixtures and fittings, wall decos, games (such as chess), sculptural items and figurines. Earthenware manufacturing has been a seasonal activity mainly done by women (Otenyo, 1984; Wagner, 1956).

The manufacture of earthenware products in Kenya faces several challenges. Among them is the threat of extinction of the industry. This threat arises from two forces namely: the change of buyer behaviour away from the traditional ware (Ngari, 2004) and competition from cheaper alternative imports such as plastics and aluminium containers (ICEG *et al.*, 1999). More critical however, is the observation that pottery-makers are artisans of low status, producing ware in direct response to community needs. Nelson, (1984) observes that generally potters have conservative working habits or outlook. Thus, it can be interpreted that small-scale earthenware manufacturers have weak entrepreneurial inclinations. In contrast, Ngari (2004) notes that traditionally the Mbeere potters in Kenya produced ware for trade rather than for domestic use. This latter observation appreciates some extent of entrepreneurship among small-scale earthenware manufacturers. Nonetheless, lack of adaptation among earthenware manufacturers to cultural dynamics suggests a compromised entrepreneurial inclination among them. This is a major challenge to the industry.

The small-scale earthenware manufacturers in Kenya have several opportunities. These range from emerging markets (Export Promotion Council, n.d.) to the re-awakening of the interest of the indigenous wares and practices. The “cultural nights” attest to this. Likewise technological developments in Ceramics such as the potters wheel, the Jigger and Jolly, offer opportunities of making superior clay products cost effectively. Moreover, the Kenya Government through the Export Promotion Council is showing a keener interest in the exporting of indigenous earthenware.

## **2.2 Theoretical Framework**

This study adopted an opportunity based approach to examine access to new markets by small-scale earthenware manufacturers. This section reviews the definition of the term entrepreneurship.

Entrepreneurship has been a common topic in the economic literature. In economic writings entrepreneurs are usually defined as the ‘change agents’ of progressive economies. Specific functions that are ascribed to entrepreneurs by economists include industrial manager, bearing risk, providing capital, allocating resources, arbitrage and innovation among others (Murphy *et*

*al.*, 2006). Economic based definitions of the term entrepreneurship have been criticized for being highly undersocialised (Gaglio, 1997).

Another stream of knowledge with roots in psychology and sociology has attempted to define the term entrepreneurship by looking at the individual who goes against the odds and translates a vision into a successful business enterprise. Personal qualities and characteristics of individuals such as demographics (age, gender, family background and education), personality traits (need for achievement, locus of control, risk-taking, tolerance for ambiguity and values) and skills (leadership, creativity and decision-making) are often examined in this approach (Bird, 1989). Lack of theoretical focus, controversies, limited explanatory and predictive abilities in this approach have largely made it untenable as an explanation for entrepreneurship (Murphy *et al.*, 2006).

Entrepreneurship literature identifies four ways in which opportunities arise in the economy. Kirzner (1997) argues that it is entrepreneurial alertness that leads to opportunities. In contrast, Schumpeter (1934) posits that opportunities are a product of human creativity. Both writers acknowledge the centrality of human agency in the opportunity detection process but differ in the importance they ascribe to individuals. Alsos *et al.*, (2005) suggest that opportunities just happen to occur in the economy. Finally, Caplan, (1999) adds that it is searching that leads to identification of opportunities. Both Alsos *et al.*, (2005) and Caplan (1999) posit that opportunities are objective and can be found in the environment. These four models of opportunity detection have been proposed with new products in mind; however, it is not clear whether they apply in the case of recognition of new market outlets. This study attempted to examine whether the four opportunity detection models are applicable in the process of accessing new markets by MSEs.

### **2.2.1 The Resource Based View and Access to New Markets**

The resource-based view has also been proposed to explain entrepreneurship (Alvarez & Busenitz, 2001). The resource-based theories argue that firms with valuable, rare and inimitable resources have the potential of achieving superior performance (Barney, 1996; Barney *et al.*, 2001). Resources are inputs into a firm's production process. Barney (1991) defines firm resources to include all assets, capabilities, organisational processes, firm attributes, information

and knowledge controlled by a firm that enable the firm to conceive of and implement strategies that can improve its efficiency and effectiveness. This broad view of resources accommodates such related terms as capabilities and competencies, which are largely seen as more dynamic, knowledge/process-based aspects of resources (Ibeh, 2004).

### **2.2.2 Entrepreneurial Orientation and Access to New Markets**

Entrepreneurial orientation is a term that addresses the mindset of firms engaged in the pursuit of new ventures. It has been used to describe a fairly consistent set of related activities or processes. Such processes incorporate a wide variety of activities such as planning, analysis, decision-making and many aspects of a firm's culture, value-system and mission (Hart, 1991). Hence, entrepreneurial orientation may be viewed as firm-level strategy-making process that firms use to enact their organizational purpose, sustain their vision and create competitive advantages (Wiklund *et al.*, 2004). Thus, it can be argued that entrepreneurial orientation is an important measure of the way a firm is organized.

Due to the variations in the dimensions of entrepreneurial orientation, there are different measures for the entrepreneurial orientation concept. Wiklund *et al.*, (2004) suggest that these are basically variants of the instrument used by Miller (1983). The nine-item modification by Covin and Slevin (1986) has been the most predominant. In this scale, entrepreneurial orientation is conceptualized as a unidimensional construct consisting of risk-taking, innovation and proactiveness. The internal consistency of the scale and its predictive validity has been demonstrated (Kemelgor, 2002) and this scale was adopted in this study.

## **2.3 Previous Studies on Access to New Markets**

The analyses of the factors that explain access to new markets have attracted a number of studies over the years. This first section offers a synopsis of previous studies on entry into new markets by small enterprises. The next section offers a critical review of previous studies on new market entry by small enterprises. The last section summarizes and identifies gaps in existing studies on entry into new markets by small enterprises.

### **2.3.1 Synopsis of Previous Studies on Access to New Markets by Small Enterprises**

A number of studies have investigated the issue of access to new markets by MSEs. Omiti *et al.*, (2004) investigated factors that influence households' decision to engage in commercial

vegetable production using a sample of 110 smallholder farmers in Kakamega District in Kenya. A survey research design was adopted to address this objective. In this study, a binomial logistic regression model was estimated. The dependent variable was defined as a households' production of vegetables for the market. Successful production for the market was labeled 1, otherwise 0. The results of the estimation exercise indicated that size of land under vegetable, keeping of farm records, participation of the farmers in membership associations, farmer training, adoption of irrigation techniques and access to credit were significantly associated with the production of vegetables for the market. Following these findings this study suggested that investment in simple irrigation technologies, formation of farmer associations, improvement of transport and storage facilities, enhancing credit access to small holders and development of appropriate market infrastructure such as shed and stalls are important policy options that can enhance production of vegetables for the market. While this study enhances our understanding of the policy constraints that hinder market access by small holder vegetable markets, it has two limitations that set the stage for future studies. The first relates to its lack of a sound theoretical focus while the second concern is on its methodology. The study makes an attempt to test a conceptual framework that can guide it. However, this conceptual framework is not clearly discussed such that its usefulness in the selection of key variables is limited. Probably, this limitation underlies the observation in the logit estimation results that the constant is statistically insignificant. A statistically insignificant constant means that the model adds nothing to a model with a constant of zero (Hosmer & Lemeshow, 2004). Furthermore, the study fails to test for multicollinearity among the independent variables and thus one cannot rule out biased estimates and inflated standard errors.

### **2.3.2 Critical Review of Previous Studies on New Market Entry**

This section begins by offering a detailed review of measures of access to new markets that are used in previous studies. A discussion of the factors that influence entry into new markets is presented in the next. The last part of this section critically examines the methods employed by previous studies to examine factors that influence the entry of small enterprises into new markets.

### **2.3.2.1 Measures of Access to New Markets**

Generally, the existing studies focus on two measures of access to new markets. A majority of these studies consider access to new markets to be a binary variable with access to new markets being assigned a value of one and zero otherwise (Omiti *et al.*, 2004). Others such as Lapar *et al.*, (2002) use sales revenue as a measure of exploiting a new market. Of concern is that both approaches negate access to new markets into an activity. Hence, the processes involved in accessing new markets are not captured. Mainstream entrepreneurship literature (Schumpeter, 1934; Kirzner 1997) suggests that any new entry involves the detection and later exploitation of opportunities. This is a premise that calls for further examination.

### **2.3.2.2 Individual Factors and Access to New Markets**

Literature highlights three sets of variables that have the potential to influence access to new markets. These include environmental factors, firm factors and individual factors. A majority of such studies (Omiti *et al.*, 2004; Lapar *et al.*, 2002; Halloway & Ehui, 2002) describe access into new market via the interaction between the person and the environment. Because of varying theoretical bases describing the individual versus the environmental factors, such studies take various forms and allow many types of individual, firm and environmental factors to interact. Consequently, there is a considerable plurality within this stream of research regarding which factors or interactions hold greater explanatory sway. Such plurality is detrimental to sound policy and practical guidance.

Other studies have investigated specific factors. Among these, the entrepreneurs' role seems to be of a particular importance in access to new markets by MSEs. For instance, Johanson, (2006) has examined the role of networks in the access of new markets by small firms. Similarly, Ibeh (2004) has examined the role of managerial characteristics and entrepreneurial orientation on the decision to access export markets by Nigerian small manufacturing firms. Conjectures and refutations around individuals reveal that it is simplistic to employ mostly person-centric based models in examining entrepreneurship phenomena (Murphy *et al.*, 2006; Eckhardt & Shane, 2003). Therefore, need exists for a fuller integration of multiple kinds of factors. Focusing may be on resource distribution (such as on information and relationships) and its role on market access appears to be a promising avenue.

Specifically, the existing studies tend to focus on readily available variables with important but difficult to quantify variables being neglected. In this vein, studies should rigorously test the role of other important variables such as entrepreneurial orientation on access to new markets. Studies on access to new markets should also demonstrate definitional rigour. This will not only facilitate useful comparison between studies but will be a first step towards developing a clear and unifying theoretical and methodological direction on this popular topic.

Studies employing quantitative approaches employ a wide range of methods with sophisticated analytical techniques. For example, Omiti *et al.*, (2004) used a binomial logit model to examine the factors that explain access to new markets for traditional vegetable farmers in Kenya. Likewise, Lapar *et al.*, (2002) used probit-tobit models that utilize Gibbs-sampling and data augmentation to derive policy options that promote market participation of small-holder livestock producers in the Philippines. Similar techniques are used by Halloway and Ehui (2002) to examine identical issues in Ethiopia. On his part, Ibeh (2004) employs discriminant analysis to examine how managerial factors and entrepreneurial orientation influence access to external markets using a sample of small Nigerian manufacturing firms. The use of such a wide variety of techniques may be explained by the observation that most of these studies are either meant to test hypotheses or validate models. They also show the potential of using sophisticated statistical tools to investigate the issue of access to new markets.

A limited number of studies have also examined access to new markets using qualitative approaches. Case studies such as in Johanson (2006) appear to be the research design of choice in such studies. Methods such as Focus Group Discussions are yet to be utilized in previous studies on access to new markets.

Elsewhere, studies on access to new markets tend to be cross-sectional in nature. Again, the dominant research design is the survey (Omiti *et al.*, 2004). A number of longitudinal studies and especially panel studies exist, for example Halloway and Ehui (2002). Typically, these studies have tended to focus on the micro-unit of analysis, where the views of the leader are the only ones captured. This implies that such studies lack the rich perspective that can be offered by studying multi-parties.

## 2.4 Summary and Gaps in Existing Literature

This review of literature has adopted an entrepreneurship perspective to identify the processes and critical factors involved in the entry of small businesses into new markets. A review of the nature of entrepreneurship indicated that entry into new markets is essentially an entrepreneurial process (Schumpeter, 1934; Lumpkin & Dess, 1996; Ibeh, 2004). Despite these theoretical insights, existing empirical studies have treated entry into new markets as an activity. Consequently, the processes involved in access to new markets are yet to be clearly documented and understood. This study attempted to address this gap in knowledge by examining the processes involved in the entry of small enterprises into new markets.

Figure 1.1 is a schematic representation of the central issues in the existing literature on entry into new markets by small enterprises.

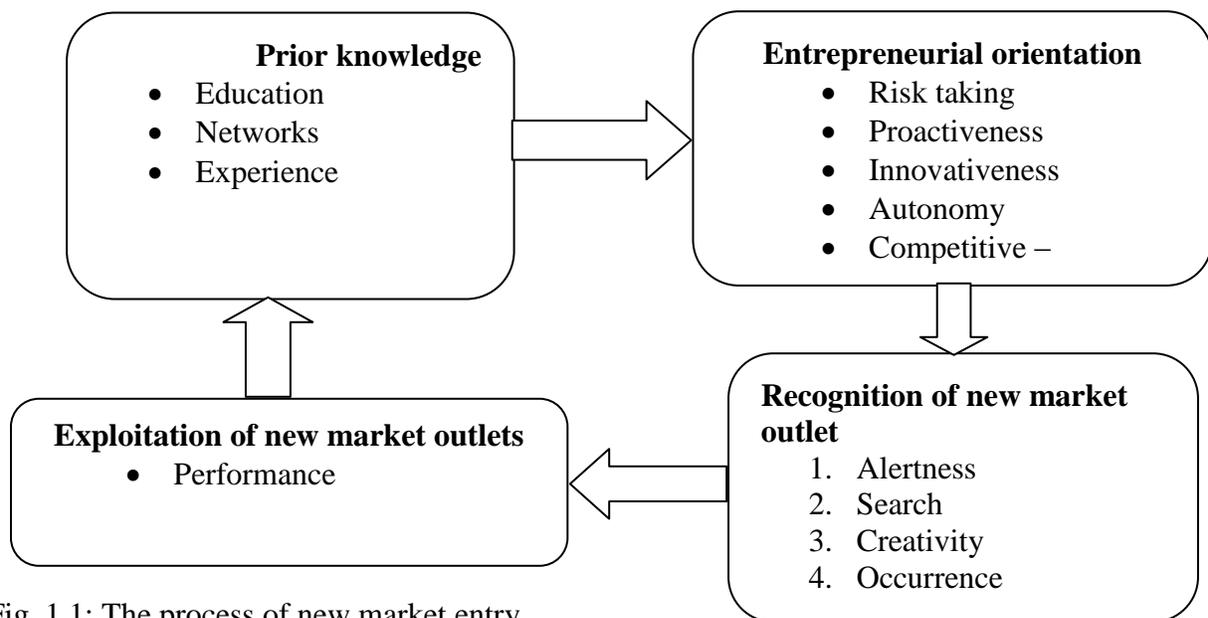


Fig. 1.1: The process of new market entry

Source: Researcher

Briefly, in this figure, prior knowledge is presented as an indirect determinant of the identification of new market outlets by MSEs. That is, these competencies explain the recognition of new market outlets through the influence of the entrepreneurial orientation.

### **3 Research methodology**

#### **3.1 Research Design**

This was an explanatory study that adopted a survey approach to examine the effects of entrepreneurial orientation on access to new markets by small-scale earthenware manufacturers in Kenya. This design is appropriate in testing the relationship between the different components and variables of entrepreneurial phenomena such as access to new markets (Saunders *et al.*, 2003). It is also useful in deriving policy prescriptions (Halloway *et al.*, 2002).

#### **3.2 Study Population and Sampling Procedure**

The population of this study included all small-scale earthenware manufacturers in the country. The national micro and small enterprise baseline survey estimate that there are 10,922 small-scale earthenware manufacturers in Kenya (ICEG *et al.*, 1999). The target population for this study included all the earthenware manufacturers in the western region of Kenya.

A sampling list of earthenware manufacturers in the study area was constructed from lists provided by the district cultural officers in the three study sites and respective county councils in Kakamega, Bungoma and Kisumu. From this sampling frame, the proportionate stratified random sampling procedure was used to select the study sample. Stratification was based on the three study sites. Following Saunders *et al.*, (2003), the minimum sample size for this study was calculated as:

$$n = pq (z^2) / d^2 = (.5) (.5) (1.96)^2 / (0.05)^2 = 384 \text{ small-scale earthenware manufacturers.}$$

Where n is the desired sample size,

p is the proportion of earthenware manufactures who access new markets,

$$q = 1 - p,$$

$z^2$  is the standard normal deviate and

d is the error of margin allowed (0.05 in this study).

#### **3.3 Definition and Measurement of Variables**

Several variables were used in this study. The dependent variable for this study was access to new markets. This was measured as a dichotomous variable with successful access to new market outlets in the last twelve months labelled one, otherwise zero. Measuring access to new markets in this manner is consistent to the approach taken by Omiti *et al.*, (2004).

Three sets of independent variables were measured in this study. These were entrepreneurial orientation, prior knowledge and human capital factors. The Covin and Slevin (1986) scale as modified by Lumpkin and Dess (1996) was used to measure the level of entrepreneurial orientation. This is a five-point (1= strongly disagree to 5 = strongly agree) and fourteen-item scale. It measures innovativeness, proactiveness, risk-taking propensity, autonomy and competitive aggressiveness.

Human capital was measured using three variables namely age, gender and family background. Measures for these variables were adopted from Ibeh (2004). Age was measured using the number of years since birth. Gender of the earthenware manufacturer was taken as a dichotomous variable with males labelled one and females two. Family background was measured using two items namely, the type of family of the earthenware manufacturer and employment status of parents. For the family background, a nuclear family was labelled one, extended family two and other types of family three. The employment status of parents was taken as a dichotomous variable with key parent being a potter labelled one, otherwise zero.

### **3.4 Data Collection**

A questionnaire was used to collect data. This research tool consisted of closed-ended questions based on items identified in the literature as the main components of access to new markets. Specifically, these questions focused on entrepreneurs' personal profile, the business profile and the extent and processes involved in accessing new market outlets. The Covin and Slevin (1986) as modified by Lumpkin and Dess (1996) entrepreneurial orientation scale was used to supplement the entrepreneurial profile.

For the FGDs, a topical guide was used. It included items capturing the processes, challenges and critical factors involved in accessing new market outlets. These questions were in an open-ended format. Probing questions were also utilized in this research tool (Appendix 1).

The research tools were tested for reliability and validity in two ways. First, the variables in this study were obtained from previous studies and tested for relevance. Second, experts in entrepreneurship were also used in the selection of variables. Responses from both the research tools of this study were cross-checked to examine any possible bias.

To examine relationships among variables, cross tabulation, correlation coefficients and a logit model were utilized. The logistic regression model is similar to the linear regression model but is suited to models where the dependent variable is dichotomous. Logistic regression coefficients are used to estimate odds ratios for each of the independent variables in the model (Mukras, 1993). One advantage of logit model is that it does not rely on rigid data distributional assumptions in the same sense that discriminant analysis does. The Logit model is also useful for situations in which researchers want to predict the presence or absence of a characteristic or outcome based on values of a set of predictor variables. Therefore, the logit model is thought to be appropriate with entrepreneurship data (Murphy *et al.*, 2006).

In the logit model used in this study, the dependent variable was a dichotomous variable with successful access to new market outlets in the last twelve months labelled one, otherwise zero. The independent variables were entrepreneurial orientation, prior knowledge and personal characteristics. This model took the following form:

$$\begin{aligned} \text{Prob (access to new markets)} \\ = 1 / (1 + e^{-Z}), \end{aligned} \quad (1)$$

where  $Z = f(X_i, C)$ , that is the linear combination of independent variables ( $X_i$ ) and a constant ( $C$ ).  $X_i$  represent age, level of education, number of seminars attended, membership into a business association, previous formal employment history, number of businesses previously started by the respondent and entrepreneurial orientation.

Following Mukras (1993), this model can be written as:

$$\text{Ln } [P_{(i)}] = \text{Ln } [1 / (1 + e^{-z_{(i)}})] \quad (2)$$

Where  $P_{(i)}$  is the probability that the  $i^{\text{th}}$  enterprise will access a new market and  $z_{(i)}$  is a function of explanatory variables expressed as:

$$z_{(i)} = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \dots + \beta_n x_n + \mu_i \quad (3)$$

where  $\beta_0$  is the intercept and  $\beta_i$  are slope parameters in the model. The slope shows the odds ratio in favour of a firm accessing a new market as the independent variables change. To allow interpretation of the coefficients, the logit model can be re-written in terms of the odds and log of odds (Hosmer & Lemeshow, 2004).

Thus given

$$P_{(i)} / (1 - P_{(i)}) = e^{z_{(i)}}$$

and taking logarithms on both sides we obtain:

$$\text{Ln} [P_{(i)} / (1 - P_{(i)})] = \text{Ln} [e^{\beta_0 + \sum \beta_i x_i}] = z_{(i)} \quad (4)$$

If the disturbance term is taken into account, the logit model becomes:

$$z_{(i)} = \beta_0 + \sum \beta_i x_i + \mu_i \quad (5)$$

The confidence level for this study was taken as 95%. The analyses of survey data were conducted using the Statistical Package for the Social Sciences (SPSS) version 13.0.

Data from the FGDs were initially edited and pre-coded to enable analysis. These data were then subjected to content analysis. The recorded conversation was transcribed into a written form and compared with the moderator notes. The written texts were then classified into meaningful categories of data based on the purpose of this study. The units of the data were then manually attached to appropriate categories. This involved indexing categories by recording where they occur in the moderator notes and transcripts. A search for key themes, patterns and relationships in the re-arranged data followed. Here, the categories were either subdivided or integrated as a way of refining and focusing the analysis. Finally, propositions and conclusions were made based on the apparent patterns or relationship within the data.

## **4 Result and discussion**

### **4.1 Quantitative Data Analysis**

This section begins with an analysis of the characteristics of the study sample. The extent of access to new markets by the study sample is presented thereafter. The effects of firm characteristics, prior knowledge, personal characteristics, entrepreneurial orientation and access to new markets are presented in the subsequent sub-sections. The results of the logit estimation are presented in the last part of this section.

#### **4.1.1 Characteristics of the Study Sample**

A total of 384 small-scale earthenware manufacturers in Western Kenya were sampled for this study. The gender distribution of the study respondents indicated that more females than males

participated. Two hundred and ninety five (76%) of the respondents were female while eighty nine (24%) of the respondents were male.

Two hundred and thirty three (60%) of the respondents operated as sole proprietors, one hundred and forty three (38%) as a group and the remaining eight (3%) operated as registered companies. Table 1.1 shows the distribution of gender and legal status of the sampled respondents. A majority of the sampled men 69 (78%) were sole proprietors. Businesses registered as “Group ownership” were more popular among the women 126 (43%) than the males 17 (19%). There were significant differences between gender and legal status of small-scale earthenware manufacturing enterprises ( $\chi^2 = 20.97, p < 0.05$ ) when chi-square test was applied.

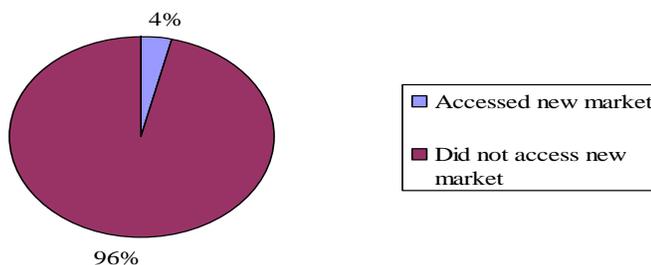
**Table 4. 1: Legal Status of the Businesses by Gender**

<i>Gender</i>	<i>Legal Status</i>			<i>Total</i>
	Sole Proprietorship	Group	Corporate	
Male	69 (78 %)	17 (19 %)	3 (3 %)	89
Female	164 (56 %)	126 (43 %)	5 (1 %)	295
Total	233 (60 %)	143 (38 %)	8 (2 %)	384

#### 4.1.2 Access to New Markets

Only fifteen (4%) of the study respondents had accessed new markets in the last twelve months (Figure 1.2). The most common new market outlets for the respondents were exports (2%) followed by sub-contracts (1%), selling in new locations and government procurement (1%) in that order.

**Figure 1.2: Respondents’ Access to New Markets**



Respondents who said that they had accessed new markets in the last twelve months indicated that they had used different methods for identifying the new market outlets. A majority of them 8 (53.3%) said that the opportunity to access new markets had just occurred (Table 4.2). Three of them (20%) claimed that they were alert to new markets. Two (13%) of the respondents said that they created a new product and started marketing it. Similarly, 2 (13%) of the respondents said that they searched for new markets.

### **Business Registration**

Table 1.2 shows the relationship between the registration of a business and access to new markets. Six (11%) of registered enterprises had accessed new markets. Eleven (3%) of the respondents who had not registered their businesses had accessed new markets. There were statistically significant differences between access to new markets and registration of a business ( $\chi^2 = 6.63, p < 0.05$ ).

**Table 1.2: Business Registration and Access into New Markets**

Registration of business	Access to new markets		
	No	Yes	Total
Yes	51	6 (11%)	57
No	313	11 (3%)	324
Total	364	17 (4.4%)	381

### **Level of Education**

Most of the respondents 281 (73%) had primary school level of education. Forty four (14%) of the women and 21 (25%) of the men had gone beyond primary school. Gender differences in educational attainment were statistically significant ( $\chi^2 = 11.51, p = 0.009$ ).

One (8%) of college graduates and six (11%) of those with secondary school education indicated that they had accessed new markets (Table 1.3). Only nine (9%) of those with primary school education had accessed new markets while 2 (3.7%) of the respondents with no formal education had accessed new markets. There were statistically significant differences in education attainment and access to new markets ( $\chi^2 = 13.01, p = 0.011$ ).

**Table 1.3: Education and Access to New Markets**

Level of Education	Females	Males	Total	Access to new markets
College	5	7	12	1 (8 %)
Secondary	39	14	53	6 (11 %)
Primary	218	63	281	9 (3 %)
None	29	8	37	2 (5 %)
Total	291	92	383	18 (4 %)

**Training**

Two hundred and seventeen (56%) of the respondents had not received any form of training. One hundred and thirty four (35%) of the respondents were trained in pottery and 15 (4%) had business-related training. Four per cent of the potters had attended more than one training course. Fifteen (10%) of those who had training in pottery indicated that they had accessed new markets (Table 1.4). Training was statistically associated with accessing new markets ( $\chi^2 = 29.01$ ,  $\rho = 0.000$ ).

**Table 1.4: Types of Training and Access to New Markets**

Type	Frequency	Percentage	Access to new market
Pottery	134	35	15
Business	15	4	1
None	217	56	2
No response	18	5	0
Total	384		12

**Entrepreneurial Experience**

Ninety per cent of the respondent indicated that they had no previous entrepreneurial experience. There were no statistically significant differences in entrepreneurial experience and access to new markets (Fishers Exact Test = 0.69,  $\rho = 1.000$ ).

**4.1.3 Entrepreneurial Orientation and Access to New Markets**

Table 1.5 shows the differences in mean scores of entrepreneurial orientation for small-scale earthenware manufacturers who had accessed new markets and those who had not. Respondents

who had accessed new markets had a mean of 16.87 on the entrepreneurial orientation while those who had not accessed new markets had a mean of 13.59 on this scale. There were statistically significant differences in the entrepreneurial orientation and access to new markets ( $t = 2.372$ ,  $\rho = 0.018$ ).

**Table 1.5: Mean Scores for Entrepreneurial Orientation**

	<b>Accessed New Markets</b>	<b>Did Not Access New Markets</b>	<b>t-test</b>	<b><math>\rho</math> value</b>
Risk taking	4.60	3.20	-3.37	0.01
Innovation	6.87	4.96	3.16	0.002
Proactiveness	5.44	5.40	0.59	0.953
Competitive Aggressiveness	5.37	5.80	- 0.78	0.437
Autonomy	4.91	5.93	- 1.84	0.066
Three dimensional Entrepreneurial orientation	16.87	13.59	2.37	0.018
Five dimensional Entrepreneurial orientation	28.60	23.92	2.20	0.028

Respondents who had accessed new markets had a mean of 28.60 on the entrepreneurial orientation while those who had not accessed new markets had a mean of 23.92 on this scale. There were statistically significant differences in entrepreneurial orientation and access to new markets ( $t = 2.204$ ,  $\rho = 0.028$ ).

Respondents who accessed new markets had a mean of 3.20 on risk-taking while those who had not accessed new markets had a mean of 4.60. There were statistically significant differences in risk-taking and access to new markets ( $t = -3.374$ ,  $\rho = 0.01$ ).

Respondents who indicated that they had accessed new markets on the innovativeness had a mean of 6.87 while those who had not accessed new markets had a mean of 4.96. There were statistically significant differences in innovation and access to new markets ( $t = 3.164$ ,  $\rho = 0.002$ ).

#### 4.1.4 Estimation Results Using the Logit Model

A logit regression model was used to predict access into new markets. The analysis used a dependent variable access into new markets which was dichotomous coded 0=no, 1=yes. The independent variables were education (1=None, 2=Above primary, 3=Primary), entrepreneurial experience, trainings attended, innovation, risk-taking, proactiveness, aggressive competitiveness and autonomy.

**Table 1.6: Parameter Estimates of the Logit Model**

	B	S.E.	Wald	df	Exp (B)	95% C.I for Exp (B)	
						Lower	Upper
Education (None)			4.117	2			
Education (Above primary)	-.406	1.417	.082	1	.666	.041	10.717
Education (Primary)	.966	1.435	.484	1	2.629	.158	43.776
Entrepreneurial experience	-15.254	4809.814	.000	1	.000	.000	.
Innovation	.294**	.139	4.496	1	1.342	1.021	1.762
Competitiveness	.014	.208	.005	1	1.014	.674	1.525
Autonomy	.022	.138	.026	1	1.023	.780	1.340
Proactiveness	-.147	.212	.483	1	.863	.569	1.308
Risk taking	.109	.177	.380	1	1.116	.788	1.579
Attending Training	2.527**	1.124	5.057	1	12.514	1.383	113.203
Membership into business association	-2.008	1.236	2.637	1	.134	.012	1.515
Constant	-4.385**	2.220	3.901	1	.012		

#### Key

\*\* Significant at the 0.05 level

B - Beta, the coefficient for the constant (also called the "intercept")

S.E. - Standard Errors associated with the coefficients

df - degrees of freedom

Sig. - Significance Level

Exp(B) - Exponential B, the exponentiation of the B coefficient, which is an odds ratio.

C.I. Confidence interval

Constant - The expected value of the log-odds of accessing new markets when all of the predictor variables equal zero.

Table 1.6 provides the estimated coefficients (B), the standard errors (S.E.), the Wald Chi-Square statistic, df, odds ratio (Exp (B)) and the 95% confidence interval for the Exp (B) of the logit model. According to the table, only innovation, attending training and the constant term are statistically significant at the 0.05 level.

The table shows the estimated coefficients (B) of the logit model under column heading B. B are the values for the logistic regression equation for predicting the dependent variable from the independent variable. They are in log-odds units. The prediction equation is  $\log(p/1-p) = b_0 + b_1*x_1 + b_2*x_2 + b_3*x_3 + b_4*x_4$  where p is the probability of accessing the market. The "Exp (B)" column is the label for the odds ratio indicating the estimated change in odds for a unit increase in the corresponding independent variable. These estimates tell the amount of increase (or decrease, if the sign of the coefficient is negative) in the predicted log odds of accessing the market = 1 that would be predicted by a 1 unit increase (or decrease) in the predictor, holding all other predictors constant. Odds ratios less than 1 correspond to decreases and odds ratios more than 1.0 correspond to increases in odds on the logit scale. Odds ratios close to 1.0 indicate that unit changes in that independent variable do not affect the dependent variable. For the independent variables, which are not significant, the coefficients are not significantly different from 0.

The logit regression results show that innovation has a positive and statistically significant influence on the decision of small-scale earthenware manufacturing firms to access new markets. A B-value of .294 means in theory that an increase in innovation by one unit is associated with an increased chance ratio of  $e^{.294} = 1.342$  of accessing new markets. Many researchers prefer to exponentiate the coefficients and interpret them as odds-ratios. To exponentiate the coefficient we raise its odd ratios to the 10th power, e.g.  $1.342^{10} = 13.42$ . Accordingly, for every one unit increase in innovation, the odds of accessing new markets (versus non-access) increased by a factor of 13.42.

The logit estimation results suggest that attending trainings is also positively and statistically associated with accessing new markets. The estimated marginal effect for this parameter is 2.5274 which gives a chance ratio of  $e^{2.5274} = 12.514$ . The exponential of the coefficient (Exp (B)), which are odds ratios, are easier to interpret than the coefficient (which is in log-odds

units). We take the odds ratio and raise it to the 10th power i.e.  $12.514^{10} = 125.14$ . The results indicate that for every one increase in attending training, the odds in favour of the entry of small-scale earthenware manufacturers' into new markets increased by a factor of 125.14. This shows a very strong influence of attending training courses and access to new markets.

## **4.2 Qualitative Data Analysis**

### **4.2.1 The Nature of Small-Scale Earthenware Manufacturers**

Three descriptions of small-scale earthenware manufacturers emerged from the FGDs. In the first, the participants described small-scale earthenware manufacturers as ordinary people. This means that they have needs and aspirations like any other set of human beings. In the second, the participants described small-scale earthenware manufacturers as experts in pottery. In other words, small-scale earthenware manufacturers have skills and knowledge in making objects from clay. Finally, the participants suggested that small-scale earthenware manufacturers are businessmen. This implies that small-scale earthenware manufacturers commercialize their products. It also emerged that small-scale earthenware manufacturers have both specialist knowledge of making pots and general knowledge of identifying and exploiting opportunities. In a nutshell, small-scale earthenware manufacturers are entrepreneurs. It is important to observe that small-scale earthenware manufacturers combine both specialist knowledge (making pots) and generalized knowledge (commercializing ideas).

Small-scale earthenware manufacturing appears to be conducted alongside other activities. All the participants said that they practise small-scale farming. Some potters also brew local liquor. This confirms that pottery making is done alongside other income generating activities. There are two possible explanations for this observation. One is that the potters are cushioning themselves against risks since small-scale earthenware manufacturing is very competitive and is usually practised in the dry season. In fact, participants in the FGDs noted that pottery-making is a very competitive activity. A participant observed that the competition is caused by copying from each other. The other explanation is that doing the other activities alongside pottery making is dictated by either cultural attachment or practice. It is debatable whether conducting other activities is for the good of small-scale earthenware manufacturing.

Generally, small-scale earthenware manufacturers sell their products to their immediate community members and local traders. The participants noted that most of the pots are sold to neighbours. Inter-ethnic trade in pots is also evident. For instance potters in Illesi make and send pots to Bungoma to sell. Illesi is a location in Kakamega where pottery is the main income-generating activity. The dominant sub-tribe in this area is the Idaho, while Bungoma District is inhabited mainly by the Bukusu. Pots are also sold in both urban and export markets. A potter from Illesi disclosed that he has exported pots to Europe. This implies that the major outlets for small-scale earthenware manufacturers range from immediate neighbours, other communities, far away towns to exports. Selling to other communities, far away towns and exports were identified by the participants in the FGDs as new market outlets for small-scale earthenware manufacturers.

The participants noted that marketing enhanced entry into new markets. The participants suggested that the use of the mass media was necessary for entry into new markets. However, they noted that radio advertisements are expensive. The participants also added that trade fairs, exhibitions and trade shows helped to attract new customers. They observed that having good distribution channels was also critical in entering new markets. A participant noted that having business sheds and sellers in far off markets is important for new market entry. Another argued that being customer-focused was central to entry into new markets. Therefore, having marketing skills is a critical success factor.

#### **4.2.2 Challenges Faced in Accessing New Markets**

The participants identified several challenges that they faced in their attempts to enter new markets. These included lack of specialization, copying of designs by others, attitude towards pottery, inability to design, lack of access to key inputs such as firewood, clay and social challenges.

Lack of specialization was identified as a major hindrance to accessing new markets. The participants observed that the making of all types of earthenware products in an enterprise ,makes a potter to loose finesse in the art of pottery .They also agreed that spreading self thinly by engaging in other activities such as farming is detrimental to new market entry.

The participants agreed that the motive for making pots was also a factor in the failure to enter a new market. A participant noted that some potters made pots in order to survive. Potters that make pots as a way to eke out a living cannot access a new market. Pottery needs to be treated as a business.

The participants observed that accessing key inputs for pottery was a challenge that hinders entry into new markets. Obtaining transport, firewood, clay, grass and money were considered to be challenges. A participant noted that radio advertisements are expensive but necessary for identifying new customers.

The participants noted that design challenges hindered the entry into new markets. The making of identical shapes of pots does not attract new customers. Moreover the possibility of breakage of pots is a key challenge to selling in far-off markets.

Social challenges were also identified as key constraints in the entry into new markets. A participant noted that men go to drink *changaa* and *busaa* (traditional alcoholic beverages) and do not help in selling pots. A female participant said that the husband cannot allow her to go into far away markets. However, some participants objected and said that their spouses allowed them to go to other towns to sell pots.

### **4.3 Discussion**

Fifteen percent of the respondents in this study indicated that their businesses were registered. This result is in agreement with that reported by ICEG *et al.*, (1999) that 11.7% of MSEs in Kenya are registered. This indicates that MSEs in Kenya shy away from formalizing their enterprises. Operating without proper registration is a well-known characteristic of MSEs and is usually a source of problems to them especially with the local authorities.

The registration of small-scale earthenware manufacturers was found to be associated with access of new markets. Comparative studies for this result are not readily available. This finding may be explained by appreciating that once an enterprise is registered, it is no longer a target of harassment from local authorities. This gives the entrepreneur peace, time and courage to pursue other worthwhile activities like searching for new customers. Moreover, registration allows the

orderly and safe conduct of business. Thus, it is also possible that registration allows more visibility to a business and this may translate into confidence by new customers.

The distribution of the legal status of the sampled small-scale earthenware manufacturers showed that sixty percent of the respondents operated as sole proprietors, thirty-eight per cent as a group and the remaining two percent operated as registered companies. This distribution is different from that reported in LangenKamp (2000) that most small-scale earthenware manufacturers in Western Kenya operate in groups. Differences in these results most likely occur from the sampling procedures used in both studies. LangenKamp (2000) focused more on women potters through purposive sampling procedures. In this study, simple random procedures were used. Consequently, the distribution of the legal status obtained in this study may be a truer reflection of the state of affairs of small-scale earthenware manufacturers in the study site.

Males sampled in this study were sole proprietors while groups were popular with women. Comparative studies on this result are not readily available. The observation that men owned their businesses as sole proprietors is most likely a product of the individualistic nature of men coupled with the observation that the entry of men in small-scale earthenware manufacturing is a recent phenomenon (LangenKamp, 2000). The observation that women tend to own their enterprises as a group may be explained in two ways. One is that the Ministry of Culture and National Heritage has been quite busy in working with women who are organized in groups and thus most women tend to register with this ministry. Second is the nature of the woman herself. It has been observed that women, particularly in the rural areas lack avenues for socializing. Running enterprises as a group opens opportunities for socializing and that most are willing to be recruited in groups.

This study has established that 96% of the study respondents had not accessed new markets. This result is higher than that reported in other studies in Kenya such as ICEG *et al.*, (1999) which demonstrated that 34.1% of MSEs cited access to new markets as a major challenge and Kinyanjui (2005) who reported that only 32% of MSEs in central Kenya have ventured into other markets. Differences in these studies occur probably due to differences in the definition and measurement of the concept of access into new markets. It may also be due to the study sample used. Previous studies have used MSEs from different sectors whereas this study has focused on

one sector, earthenware manufacturers. If the latter case holds, then access to new markets is a more acute problem among small-scale earthenware manufacturers than is reported. This may also suggest that the problem of access to new markets differs by geographical regions or even by sectors.

The legal status of the sampled small-scale earthenware manufacturers was not associated with entry into new markets. This result was unexpected. Comparative studies for this result are not available. However, it might be expected that registering a business as either a partnership or limited company opens windows of opportunities to tap resources such as finances and advice from professionals. Such resources can help a registered business to enter into new markets.

An interesting result of this study is that small-scale earthenware manufacturers who make more pots are more likely to access new markets. This result is in agreement with the result reported in Hallaway and Ehui (2002) that improved production is central to accessing new markets. A simple explanation is that with improved production, small-scale earthenware manufacturers have surplus pots to make for new customers. However, such an explanation is too simplistic since it negates the role of the entrepreneur into only furnishing an already existing demand. Opportunity recognition involves more complex processes (Gaglio, 1997). For instance, entrepreneurs are known to create new products and then educate customers about the new products (Chandler *et al.*, 2003). A more plausible explanation is that small-scale earthenware manufacturers recognize more opportunities in a variety of ways which prompt them to produce more. In short, the improved production is part of the complex process of entrepreneurship. This observation was also elaborated further by observations from the FGDs that improved production is attained through a merry-go-round production method. This method shows that the production of pots is flexible and calls for joint efforts sometimes even with competitors. This joint method of production collaborates evidence from Ghana that small-scale metalwork manufacturers share machinery and tools (Osei *et al.*, 1992). The unique evidence presented in this study is that small-scale earthenware manufacturers even share labour.

It has also been demonstrated in this study that relatively more men than women access new markets. The topic of gender differences in accessing new markets has not attracted empirical attention; however extant literature is inconclusive on gender differences in entrepreneurship.

Some reports, for instance, argue that men are predisposed to entrepreneurship (Westhead, 1999). Others argue to the contrary that women are also predisposed to entrepreneurship. Another stream of research suggests that the variable gender is not necessarily a key distinguishing mark of entrepreneurship (Bird, 1989). If it is true that there are gender differences in accessing new markets among the study respondents, then, the differences may be explained by the different roles and privileges men and women play in the study community.

An interesting result of this study is that younger earthenware manufacturers are more likely to access new markets. This finding is consistent with previous reports (Ibeh *et al.*, 2004; Lapar, *et al.*, 2002; Halloway *et al.*, 2002) which show that younger people are predisposed towards accessing new markets. The explanation for this finding is that younger people are not conservative and have the energy and impetus to venture into new markets.

An interesting finding in this study is that small-scale earthenware manufacturers who are married are more likely to access new markets than those who are not married. This result is consistent with some extant literature in entrepreneurship that suggests that enterprising youth are most likely to be married (Chigunta, 2002). However, this result is in contrast to some other literature that casts doubts on the link between marriage and entrepreneurship (Bird, 1989). The result can be explained in several ways. The married have greater responsibilities which motivate them to search for more avenues to meet these responsibilities. Such avenues may include searching for new market outlets for those who are in business. It is also possible that by the time one marries, the small-scale earthenware manufacturer has accumulated enough resources and experience that are prerequisites to new market entry. It can also be speculated that by marrying, a small-scale earthenware manufacturer broadens his network density which is also a necessary condition for new market entry.

An unexpected result of this study is that the size of family members between 16 and 65 years is not associated with entry into new markets. This finding is in contrast to Lapar, Halloway and Ehui (2002) who found that having more able bodied family members was associated with entry into new markets. The reason is that such family members can be used to ferry goods particularly those who are delicate into newer markets. They are a source of cheap labour that can be used to improve production levels. Therefore, explaining the lack of association between the size of able

bodied family members and entry into new markets is not very clear. However, one can speculate that such family members may not be involved with small-scale earthenware manufacturing. A possible reason is that small-scale earthenware manufacturing is losing its appeal among the members of the studied communities.

A statistically significant difference in education attained and access to new markets was obtained in this study. The higher the level of education attained, the more likely that one accesses new markets. This finding is consistent with that reported in Lapar, *et al.*, (2002) but differs with Omiti *et al.*, (2004) who did not find any significant relationship between education and access to new markets in Western Kenya. Differences in the findings of these studies are probably due to the samples used. This study used small-scale earthenware manufacturers, Lapar, *et al.*, (2002) used smallholder dairy farmers whereas Omiti *et al.*, (2004) used small-scale traditional vegetable farmers. Overall, it can be claimed that the influences of education on access into new markets are sector specific.

This study established that one third of the small-scale earthenware manufacturers had received training.

This study found that there are statistically significant differences in risk-taking and access to new markets. Empirical evidence on the relationship between risk-taking and access to new markets is not readily available. Thus small-scale earthenware manufacturers that take bold steps to venture into the unknown are likely to access new markets.

A key finding in this study is that there are statistically significant differences in innovation and access to new markets. Previous studies linking innovativeness and access to new markets are not available. This finding suggests that small-scale earthenware manufacturers who engage in creativity and experimentation through the introduction of new products are likely to access new markets.

It was established in this study that there are no statistically significant differences in competitive aggressiveness and access to new markets. Studies linking competitive aggressiveness and access to new markets are not available. The finding suggests that small-scale earthenware manufacturers that concentrate on efforts to outperform their competitors may not access new markets.

Statistically significant differences in autonomy and access to new markets by the study respondents are only at the 10% significance level. This finding suggests that the independent actions taken by small-scale earthenware manufacturers are associated with accessing new markets.

This study established that there were statistically significant differences in entrepreneurial orientation (three dimension) and access to new markets. Thus small-scale earthenware manufacturers who take risks, are innovative, and adopt a proactive posture are likely to access new markets.

A Logit model was used to examine the relationship between prior knowledge, entrepreneurial orientation and access to new markets. This model revealed that only two variables namely training and innovation are significant at the 0.05 level. These findings are similar to other studies that show that training enhances entry into new markets (Omiti *et al.*, 2004; Lapar, *et al.*, 2002 and Halloway *et al.*, 2002). The estimation results showed a very strong influence of attending training courses and access to new markets. This influence is so strong, especially in comparison to the other independent variables that one could argue that attending trainings is in fact deterministic in the entry of small-scale earthenware manufacturers' into new markets. Training improves one's attitude, skills, knowledge and abilities, factors that are critical in entry into new markets. Training also enhances the ability to identify market opportunities and broadens one's network density. The net effect of training is the ability to access new markets. Therefore, some cumulative evidence is emerging on the role of training on access into new markets.

The Logit model also showed that innovation enhances entry into new markets. This result is in agreement with the findings reported by Ibeh (2004) that innovation influences access to export markets. This finding is also consistent with the position taken by Drucker (1986) and Schumpeter (1934) that there is a strong link between innovation and entrepreneurship. Innovativeness, a measure of one's cognitive abilities influences entry into newer markets in a unique way. By definition, new markets are unfamiliar and thus require creative abilities to exploit. It is, therefore, the small scale earthenware manufacturers who engage in creativity and experimentation through the introduction of new products that are likely to access new markets.

Overall, these findings suggest that the debate on access to new markets should benefit from the inclusion of the notion of entrepreneurial orientation. However, not all the dimensions of entrepreneurial orientation matter in accessing new markets. The results of the Logit model suggest that enhancing innovation (creativity and experimentation) through training may increase the likelihood of accessing new markets by small-scale earthenware manufacturers.

Conventional wisdom generally holds that MSEs have little inclination or capacity to access new markets. While several factors that may affect the likelihood of MSEs to access new markets have been identified in literature, their decision-making process is not well-understood. Consequently, this study presented an entrepreneurship-based model of entry into new markets where entrepreneurs' prior knowledge shapes their entrepreneurial orientation, which in turn influences the way they recognize and exploit new market outlets. This model was tested using a survey of small-scale earthenware manufacturers in Western Kenya. This sample was chosen because it is largely neglected in previous studies, yet it plays a key role in Kenya's cultural heritage.

The results of the Logit model indicated that some variables that had significance when examined singly lose importance when examined together with others in influencing entry into new markets. These include membership into business association, education, risk-taking and autonomy. Probably their effects are taken care of by both training and innovation.

Four critical success factors were identified namely, expertise in pottery and business, innovativeness, networks and marketing. Business skills and an understanding of customers is a critical success factor in the entry into new markets. Likewise, flexibility and creativity are other success factors. Friends, relatives and good reputation also emerged as another critical success factor. Advertisements in the mass media and trade fairs were also identified as critical in new market entry. The identification of business skills and creativity in the FGDs is in agreement with the results of the Logit model, where training and innovation emerged as factors that enhance entry into new markets. It appears that training is meant to enhance business skills.

The FGDs participants identified the processes involved in new market entry. Advances made by new customers emerged as an important element of new market entry. The other element included the search and negotiation activities of the entrepreneur. Thus, the process of new

market entry is a complex activity that may be initiated by either the customer or the entrepreneur. It also involves the preparation of catalogues and samples to be shown to prospective customers. Once the prospective customer approves the samples, negotiations on modes of payment follow. This indicates that the new market entry process involves different but collaborative roles of both the entrepreneur and customer. Hence, any attempts to model the process of entry into new markets should include the different roles for both the customer and the entrepreneur.

## **5 Conclusions and recommendations**

Eight conclusions can be made from this study:

1. New market entry is a critical problem for small-scale earthenware manufacturers as only four percent of the sampled respondents had accessed new markets.
2. The process of new market entry is complex and it is made up of two elements, the entrepreneur and the customer who interact by way of negotiations for the benefit of both. Thus, any attempts to model the new market entry process should include the different roles for both the customer and the entrepreneur.
3. The process of new market entry can be described using concepts in entrepreneurship such as the entrepreneur, entrepreneurial orientation, prior knowledge and innovation.
4. Individually, entrepreneurial orientation influences new market entry. However, not all the components of entrepreneurial orientation influence new market entry. Risk-taking, innovation and autonomy had significant association with new market entry. Proactiveness and competitive aggressiveness were not associated with new market entry.
5. Individually, prior knowledge influences new market entry. Specifically, education, training and membership into business associations influence new market entry. Contrary to expectations, industry, entrepreneurial and previous employment experience do not influence new market entry.
6. Background personal factors such as gender, age, and marital status influence the entry into new markets. The results show that younger, married males are more likely to access new markets.

7. Bivariate data analysis indicated that two firm characteristics namely, registration of business and higher levels of production are statistically associated with accessing new markets. The legal status of business was not associated with new market entry.
8. In a multivariate formulation, the critical factors involved in new market entry are training and innovation.

Recommendations for practice, policy, and academic purposes are offered in light of the findings of this study. To the small-scale earthenware manufacturers, the following two recommendations are offered:

1. Small-scale earthenware manufacturers who are keen on accessing new markets can enhance their innovativeness.
2. Small-scale earthenware manufacturers who are interested in accessing new markets should understand the process of entry into new markets.

To policy makers the following six recommendations are offered:

1. This study established that only four percent of the sampled small scale earthenware manufacturers had accessed new markets.
2. Since customer initiatives are a key element of new market entry, policy strategies that focus on increasing aggregate demand for earthenware products are required. Mass media campaigns and trade exhibitions can be useful avenues of increasing aggregate demand for earthenware products.
3. Gender specific education programmes need to be developed to enhance the ability of women to register their business concerns.
4. This study offers support for some of the factors that hinder accessing new markets such as low aggregate demand.
5. This study established that only four percent of the sampled small-scale earthenware manufacturers have accessed new markets.

From the standpoint of academic scholarship, at least four particular lessons stand out from the study and are the basis for the recommendations suggested here.

1. Scholars are advised to continue examining the entry into new markets from the entrepreneurship perspective. Future areas of focus need to sharpen the theoretical understanding of factors that hinder gender equity in access to markets.
2. Future research should consider the role of the customer in the process of new market entry.
3. There is need for a similar research to be replicated in other sectors on entrepreneurial orientation as an important determinant of entry into new markets.

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