Influence of Business Networking Services on Performance of Start-Up Firms Sponsored by University Incubators in Kenya

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Abstract
Business Networking Services refers to access to professional business services networks of professional contacts. It involves for example connections with business angel networks and venture capital firms commonly out of reach for new young firms. Start-up firms’ failure rate is estimated at 75 % in developing and least developed countries within the first three years of operation. Business incubation assists start-up firms grow with the efficient use of business resources to become sustainable and competitive companies. The outcomes of the graduate companies are jobs creation, technology transfer, commercialization of new technologies and create wealth for economies. University business incubators (UBIs) provide a unique opportunity for start-up firms to benefit from the talent and resources located in the university, particularly in development of products that require higher level of technology and sophistication. The objective of the study was to find out how business networking services influence performance of start-up firms sponsored by university incubators in Kenya. The study adopted a descriptive survey research design with qualitative and quantitative data collected from a random sample of university sponsored graduate incubates. The study collected primary data from a sample size of 189 from a population of 372. A semi-structured interviewer administered questionnaire with open spaces for comments was used. Data was analyzed using descriptive and inferential statistics. Regression analysis was used to test the relationship between the dependent and independent variable. The study found out that business networking services had a positive significant relationship on the performance of startup firms sponsored by university incubators in Kenya. The study recommends that more universities adopt business incubation strategy which has been proven as an essential requirement in helping develop local economies through promotion of knowledge transfer, generating jobs and ability to commercialize university research.

Keywords: Business incubation, Business networking, Firm performance.

1 INTRODUCTION
1.1 Background to the Study
National Business Incubation Association (NBIA, 2014) defines business incubation as a business support process that accelerates the successful development of start-ups and fledgling companies. Al Mubaraki and Busler (2012) argue that strategic business incubation services are usually developed or orchestrated by business incubator management and offered both in the business incubator and through its networks. Strategic business incubation helps incubates translate their ideas into workable and sustainable businesses by providing them with expertise, networks and tools that they need to make their ventures successful (NBIA, 2014). In the long-term business incubator graduates have the potential to create jobs, revitalize neighbourhoods, commercialize new technologies, strengthen local and national economies and build wealth (Al Mubaraki & Busler, 2011; 2014).

Business incubation in Africa especially in the Sub-Saharan Africa is in its infancy compared to regions with a longer history of incubation. Kenya is rated at 6%, Nigeria at 13% and South Africa highest at 27%. According to the study done by the Economic Commission for Africa in selected 17 countries of North and Southern Africa, a total of 18 incubators and 40 business incubators (BIs) have been created (Ruhiu, 2014). Government of Kenya’s policy intervention plan is to utilize science, technology and research findings to foster innovativeness in an objective to transform Kenya into a knowledge-led economy (KIPPRA, 2014; GoK, 2010; GoK, 2017). In Kenya’s Vision 2030 (GoK, 2013), the government projects to have set up 70 incubators by 2030 and 20 by 2020 under Research Innovation and Technology sector in an effort to transform the country into a knowledge-led community.

Studies from different sectors reveal that more than 50% of new firms exit the market within the first five years of existence, however, incubated firms outperform their peers in terms of employment and sales growth to an approximated survival rate of 80% (Amezcua, 2011; Claudia, 2013). For instance, business incubators in the infoDev’s network reported that 75% of graduated enterprises are still in operation three years after graduation whereby Brazil posts an 80% survival rate. The challenges cited include lack of information awareness and resources to access business opportunities, business exposure, networking, business support and advisory services, awareness and use of emerging technologies, challenges resulting from liberalization, globalization, cultural and regional factors that affect business start-up specifically in the Africa (AFDB, 2014).

The universities are at central position in economic growth of a country by playing an active role in research and development, innovation, incubators and technology parks, and commercialization (Jamil et al, 2015). University Business Incubators (UBIs) have a successful history in provision of location, human and financial capital, innovation and commercialization (Chandra & Chao, 2011). UBIs provide a unique opportunity for start-
up firms to benefit from the talent and resources located in the university, particularly in development of products
that require higher level of technology and sophistication (Hanaoku et al., 2013). Salem (2014) argues that UBIs
are considered as the most powerful in that the results of innovation studies have increasingly emphasized the link
between innovation, underlying research and business performance effort aimed at commercializing the results of
research and development (R&D).

1.2 Statement of the Problem
Start-up firms’ failure rate is estimated at 75 % in developing and least developed countries within the first three
years of operation (AFDB, 2014; Ogutu & Kehonge, 2016; Ruhui, 2014). Africa accounts for only 30% survival
rate, compared to 77% in Australia, 71.3% in the UK and 69% in the US and in Kenya less than 40% (Ogutu &
Kehonge, 2016; Rajeev et al., 2012). The main cited challenges are lack of an enabling environment that would
result in a thriving ecosystem for small businesses to start, develop and mature (Rajeev et al., 2012). Many potential
start-ups have poor business planning skills, suggesting that even if they obtained funding, they would also face
management and marketing challenges (AFDB, 2014).

The success of business incubators (BIs) is measured against certain key factors and highly dependent on
stakeholder(s) expectations. These include among others: the clarity of mission and objectives, monitoring of the
performance of business incubation, the sector specificity, incubate selection process, exit processes, proximity to
a major university, the level and quality of management support, the extent of access to potential internal/external
networks, and the competency of the incubator manager to configure hard and soft elements of the business
incubation environment (Lewis et al., 2011; UKBI, 2012). Kenya is considered a promising place to do business,
with growing markets and good opportunities whereby private sector contributes 97% of gross domestic product
(GDP). Greater integration of informal businesses into the formal sector would enhance their credit access, which
would reinforce the positive output which continues to expand more rapidly comprising about 80% of youth
(AFDB, 2014; KIPPRRA, 2014). Job creation potential of businesses is related to their growth orientation where
the Sub-Saharan Africa has the highest percentage of start-ups with low growth expectations at 85.5% and the
lowest percentage with high growth expectations at 3.9% (Kew et al, 2013).

Business incubation is an effective method to foster new business ideas turning them into successfully
commercialized and competitive innovative products globally (Al Mubaraki et al., 2013, Ogutu & Kehonge, 2016).
BIs play a key role in providing support to emerging start-ups predominantly in the initial stages of their start-ups’
lifecycles (Al Mubaraki et al., 2013). Ruhui (2014) findings report of disconnect between business incubation in
Kenya and government’s policy framework whereas Riunge (2014) reports resources inadequacy in BIs in Kenya.
Kinoti and Mieme (2011) report that incubates in Kenya posed frustrations in the shortfall of their expectations
while in the incubating process. It is against this background that the study sought to establish the effect of strategic
business incubation on performance of start-ups firms sponsored by university incubators in Kenya.

1.3 Research Objective
To find out how business networking services influence performance of start-up firms sponsored by university
incubators in Kenya. The study operationalized the objective using access to experts, business angels’ networks
and shared common network services offered by university business incubators.

1.4 Research Hypothesis
Ho: Business networking services has an insignificant relationship on the performance of startup firms sponsored
by university incubators.

H1: Business networking services has a significant relationship on the performance of startup firms sponsored by
university incubators.

2 LITERATURE REVIEW
Zikmund (2010) highlights various reasons why it is important to carry out literature review. These include
pointing out what has been done and what is lacking, ability to develop variables relevant to the topic of interest,
synthesizing and gaining a new perspective, identifying relationships between ideas and practices, establishing the
context of the topic and the problem, rationalizing the significance of the problem, enhancing and acquiring the
subject vocabulary, understanding the structure of the subject, relating ideas and theory to applications.

2.1 Theoretical Review
A theory is a coherent set of general propositions used as principles of explanation of the apparent relationships of
certain observed phenomena (Zikmund, 2010). The scholar further posits that theories are analytical tools for
understanding, explaining, and making predictions about a given subject matter or phenomena that occur in the
world.

Network theory which this study relates to, describes business networks as organizational form between
market and hierarchy providing a comprehensive description mode of the design areas of a network and considers the business unit or networked enterprise as the primary unit for reference (Sungur, 2015; Bergh & Norman, 2008; Kajikawa et al, 2010). A network consists of interconnected dyadic relationships where the nodes may be roles, individuals or organizations (Johannisson 2002 as cited by sungur 2015). According to Bollingtoft, and Ulhøi (2005) as cited by sungur (2015), incubates can utilize both internal and external networks. Internal networks are particularly useful to social capital building in as much as they enable multiple companies to share all kinds of resources. Sungur (2015) further argues how an incubator’s external network composed of potential customers, suppliers, specialist service providers who include lawyers, accountants, tax specialists; financial institutions for example banks, venture capitalists, public and private research organizations and political institutions is of benefit to start-up firms.

2.2 Empirical Review

Kajikawa et al (2010) defines business networks as relationships between two or more firms that interact with each other. According to Bollingtoft, and Ulhøi (2005 as cited by Gerlach & Brem, 2015), incubates can utilize both internal and external networks. Internal networks are particularly useful to social capital building in as much as they enable multiple companies to share all kinds of resources. Bergh et al (2011) further posits that an incubator’s external network is composed of potential customers and suppliers, specialist service providers who include lawyers, accountants, tax specialists; financial institutions for example banks, venture capitalists; public and private research organizations and political institutions.

A study by Oni and Daniya (2012) suggests that networks are used to access resources and capabilities lying beyond a firm’s boundary, with the network becoming critical as the sources of competitive capabilities can be embedded externally in firms’ network resources: their network of bridging ties and linkages to regional institutions. This is affirmed in a study by Salem, (2014) who argues that membership of networks and the role and relative location of the focal firm in the network are also important. This has led to the relational view where network routines, network processes, capabilities, and knowledge sharing in the network play increasingly important roles. Bergh et al (2011) further concludes that full benefit from networks may require specialized training in understanding the cognitive, emotional, and social learning dimensions building on cognitive elements of entrepreneurship whereby cognition acts as an enabler for effective resource combination.

Bergh et al (2011) continue and posits that incubates participation in networks may enhance learning, yet many incubates perceive risks in interactions with other entrepreneurs, risks that incubators are able to reduce. Greater network interactions will lead to formation of improved incubate social capital, creating substantial value and improving incubate performance. According to Adkins (2011), resource networks allow incubators to integrate resource gathering activities over their networks with the intention of becoming a single point of access for incubates where knowledge and resources can be located. Chandra and Chao (2011) further observe networks comprise general business networks in local communities such as specialized consulting or advisory services that provide direct support required by incubates seeking to construct a solid operational platform.

In a study by Lee et al, (2011), the authors argue that providing value through a resource network requires two key processes namely: the gathering and aggregating of resources that is resource-seeking behaviour and the promotion of a strategic network that is knowledge-seeking behaviour. Value-creation depends on strong interactions through the network. New organizational forms are emerging that assist incubators to succeed in the development and provision of new. In a study by Lee and Osteryoung (2004) as cited by Claudia (2013), an incubator can assemble and integrate knowledge and resources from networks and combine these with coaching for incubates. Training can improve incubate entrepreneurial orientation and should focus on dimensions that are weakest in that country to maximize the opportunities for success in venture creation. According to a study by Gerlach and Brem (2015), culture specific challenges can guide formulation of specific curricula items supported by external resources; tailored training may be particularly necessary in regions, such as China, where Confucianism is a dominant part of the culture. Chandra and (Chao 2011) argue that the ability of the incubator to develop strong networks while aggregating and gathering resources, allowing reassembly for NSD (new support for development), is an important Operating and Networking capability for incubators.

Greene (2012), argues that appropriate infrastructure allows the incubator to develop new methods of supporting incubates and provides opportunities to expand the incubator’s network. Wang et al (2010) argues that to attain acceleration in growth of their client firms, incubators offer targeted service packages which comes close to turn-key infrastructure support with the objective of giving incubates competitive advantages. Mazzucato (2013) argues that funding is a particularly important concern during growth for entrepreneurial clients so the knowledge of, and ability to access information on how to secure funding becomes a critical resource to an incubator. A study by Salem (2014) concludes that assistance to gain government grants/loans was perceived as being the most important counseling-related incubation service and also the service incubates perceived as being significant but poorly delivered by the incubator.
2.3 Start-up Firms Performance
Firm performance is a relevant construct in strategic management research and frequently used as a dependent variable (Ebrahim & Faudziah, 2014). Performance at the firm level is measured in many different ways. Such ways include accounting measures of profitability, the Lerner index, sales per input, and total factor productivity. Kaplan and Norton, (1996) as cited by Ceptureanu (2015) define performance as a set of financial and nonfinancial indicators which offer information on the degree of achievement of objectives and results.

In theory, the concept of performance forms the core of strategic management and empirically, most strategy studies make use of the construct of business performance in their attempt to examine various strategy content and process issues. In management, the significance of performance is clear through the many prescriptions provided for performance enhancement (Ebrahim & Faudziah, 2014). In a study findings by Claudia (2013), business incubators in the infoDev’s network reported that 75% of incubated start-up firms were still in operation three years after graduation while in Brazil, the survival rate of incubates is about 80%, compared to 50% of all start-up companies that do not survive the first year. Vanderstraeten et al. (2012) proposed a measure of a firm growth using measures such as sales growth, cash flow growth, assets growth and growth in the number of employees as the most relevant.

2.4 Research Gap
The findings of the literature reviewed confirm that access to networks to startup firms stimulates external collaborations and constitutes an important source of resources to client firms who undergo business incubation process. The studies do not further measure how networking services influence startup firms performance initiated by graduate incubates quantitatively. This study intends to fill this gap by establishing how incubation business networking services influence start-up firms performance of graduate incubates sponsored by university incubators in a Kenyan perspective.

3 METHODOLOGY
3.1 Research Design
A research design is a master plan that specifies methods and procedures for collecting and analyzing the needed information (Kothari, 2009). This study adopted a descriptive survey research design which yielded both qualitative and quantitative data in order to interpret the relationship of business incubation to the startup firms’ performance among university sponsored incubators. Descriptive surveys can be used when collecting information about people’s attitude, opinions, habits or any of the variety of education or social issues (Kombo & Tromp 2009). The aim of a survey was to explore and describe a phenomenon and is more efficient and economical (Kothari, 2009). Quantitative approach was used to quantify the hypothesized relationship between the dependent and independent variables. Qualitative approach was adopted to provide in-depth understanding of the situation about business incubation and startup firms’ performance.

3.2 Population
According to Kothari (2009), population is the aggregate of all that conforms to a given specification. The study population included all graduate incubates hosted by the university sponsored business incubators in Kenya between years 2011 and 2017 which totals to 372. Target population is the entire list of items on which the researcher wishes to generalize the study findings (Kothari, 2004; Mugenda & Mugenda, 2003). The study used simple random sampling of all start-ups firms managed by graduate incubates from the three university sponsored incubators. The institutions include: Manu Chandaria Business Innovation and Incubation Center (BIIC) at Kenyatta University, IbizAfrica at Strathmore University and C4D (Computing 4 Development) Innovation lab at the University of Nairobi.

3.3 Sample and Sampling Technique
A sample is a subgroup carefully selected so as to be a representative of the whole population with the relevant characteristics (Ngugi, 2012). The sample of the study was selected using purposive sampling method which is a non-probability technique used to pick items with the required characteristics (Kothari, 2009). Sample size determination formula recommended by Kothari (2009) was used to select 189 startups for intensive study.

3.4 Data Collection
Primary data was obtained from graduate incubates as key informants assumed to have received various services and support that constitute the objectives of the study. This was obtained by use of a semi-structured interviewer administered 5- scale Likert questionnaire. Secondary data sources included books, documented research, journal articles, and electronically stored information. Data collection exercise using questionnaires was administered to the graduate incubates with the help of research assistants. This was after training the research assistants, pre-testing the instruments, and obtaining necessary research permits form various institutions. The researcher closely
supervised the assistants and held feedback meetings to collect completed data and ensure that the data collection process was implemented well.

3.5 Pilot Testing
According to Saunders et al (2009), pilot testing refines the questionnaire making it easy for the respondents when answering the questions. Ambiguity and sensitivity of the items and other issues related to data collection are noted and the tools and procedures revised and refined before the main study (Mugenda, 2012). Pre-testing enables a researcher to correct and improve the research instruments thus performance of data collection. According to Baker (1994 as cited by Ruhiu, 2014), a sample of 5% to 10% of the sample size is a reasonable number of participants to consider enrolling in a pilot. In this study, 10 percent of 189 incubates participated in the pilot study which was 20 graduate incubates’ start-ups who were not included in the main study.

3.6 Validity
Validity is the accuracy, truthfulness and meaningfulness of the data and all inferences made from the data (Mugenda, 2012). Validity exists if the instruments measure what they are supposed to measure. Content validity was tested and achieved through expert input, and also through adoption of questionnaires used in prior studies including Ruhiu (2014), and Riunge (2014). Construct validity is a measure of the degree to which an instrument results conform to predicted correlations and other theoretical propositions (Kothari, 2009). This was ensured by anchoring the study to theoretical expectations.

3.7 Reliability of the Research Instrument
Data is said to be reliable for a decision when data collection method and the instruments used to collect the data produce similar results when applied repeatedly over time (Mugenda, 2012). To enhance reliability of research instrument, a pilot test on 10 percent of the population frame who qualifies but excluded from the final study was carried out to pre-test the research questionnaire.

4 FINDINGS AND DISCUSSION
4.1 Response Rate
The number of questionnaires that were administered was 189. Out of these 150 were properly filled, returned and found suitable for analysis. This represented an overall response rate of 79.37%. According to Cooper and Schindler (2011), return rate of above 50% is acceptable to analyze and publish, whereas 60% is good, 70% is very good while above 80% is excellent. A response rate of 50% is adequate for analysis and reporting (Mugenda & Mugenda, 2008).

4.2 Results of the Pilot Test
From the findings of the study the value of the Cronbach alpha was above 0.7 and thus was accepted. This represented high level of reliability and on this basis it was supposed that scales used in this study is reliable to capture the internal consistency of the items being measured.

<table>
<thead>
<tr>
<th>Reliability Variables</th>
<th>Reliability Cronbach's Alpha</th>
<th>No. of Items</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Networking Services</td>
<td>.776</td>
<td>7</td>
<td>Accepted</td>
</tr>
<tr>
<td>Startup Firms Performance</td>
<td>.801</td>
<td>8</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

4.3 Preliminary Analysis
4.3.1 Age of the Startup Firms
Majority of the respondents (65.6%) who are graduate incubates running various start-up firms were between 1 and 2 years old, 31.1% were between 2 and 3 years old while 3.3% were 1 year old and below. The study agrees with the findings of Kinoti and Mieme (2015), Athena and Chris (2014) and Haven and Candace (2016).

4.3.2 Nature of the Startup Firm
Respondents were requested to describe briefly the nature of their start-up firms. The descriptions were analyzed into three categories namely manufacturing, ICT and Non ICT based. According to the results, a majority (83%) were in the ICT based services category, a significant (14%) were in the non-ICT based services while manufacturing had least presentation (3%). The study agrees with the findings of Haven and Candace (2016) whereby ICT based start-up firms dominated the report. Kenya’s ICT sector has been growing tremendously over the recent years which could be a major influence of the findings of this study (GoK, 2017).

4.4 Descriptive Analysis
Descriptive statistics was used to establish the variation on the responses based on the statements on Business
Networking services. Data was analyzed which included measures of central tendency, measures of dispersion and measures of association. Analysis was explained using mean and standard deviation to indicate the average score and variability of the scores of the sample. The statements used for this purpose were ranked on a five-point Likert scale where 1= strongly disagree  2= disagree  3= not sure  4= agree 5= strongly agree.

4.4.1 Business networking services

The variable consisted of seven indicators as illustrated in table 2 below. The responses were by an average of 150 respondents. The respondents were slightly sure that their incubators offered access to business experts in various fields to increase professional business contacts (mean=3.933) and had a normal variation on their responses (S.D =0.81650). Based on the statement on networking role modeling, the respondents were also sure to some extent that it had increased their provision for financial support (mean=3.9664) with a normal variation of their responses (S.D =0.59277). The respondents agreed that the incubator access to business clubs had influenced their business sustainability (mean=4.3087; S.D =0.70614). Respondents further agreed that business fairs or competitions offered by incubator were helpful (mean=4.5067; S.D = 0.66299). Based on common shared services, the respondents agreed that sharing of common services provided by the incubator had helped them greatly in cutting down operation costs (mean=4.7133; S.D = 0.53516). The study agrees that the incubator ability to link them with specialized professional contacts was adequate (mean=4.2667; S.D=0.65196). Based on market information, the respondents agreed that the market information provided by the incubator was helpful (mean=4.1133; S.D =0.51209). Generally, the respondents agreed to the statements on business networking services (mean=4.2583; S.D = 0.63965).

The study findings agree with the findings of Salem (2014) and Gerlach and Brem, (2015), who conclude that both internal and external networks are useful to social capital building and critical as the sources of firms’ competitive capabilities. Al Mubaraki and Busler (2015) findings also support this study whereby they found out that incubators offered a platform for strong networking between client, graduated companies and also with international companies that produced successful companies.

Table 2: Business Networking Services

<table>
<thead>
<tr>
<th>Service</th>
<th>N</th>
<th>Min.</th>
<th>Max.</th>
<th>Mean</th>
<th>S.D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access to business experts</td>
<td>150</td>
<td>1.00</td>
<td>5.00</td>
<td>3.9333</td>
<td>0.81650</td>
</tr>
<tr>
<td>Link to business moguls</td>
<td>149</td>
<td>2.00</td>
<td>5.00</td>
<td>3.9664</td>
<td>0.59277</td>
</tr>
<tr>
<td>Access to business clubs</td>
<td>149</td>
<td>2.00</td>
<td>5.00</td>
<td>4.3087</td>
<td>0.70614</td>
</tr>
<tr>
<td>Access to business fairs</td>
<td>150</td>
<td>2.00</td>
<td>5.00</td>
<td>4.5067</td>
<td>0.66299</td>
</tr>
<tr>
<td>Shared common services</td>
<td>150</td>
<td>2.00</td>
<td>5.00</td>
<td>4.7133</td>
<td>0.53516</td>
</tr>
<tr>
<td>Link with specialized professionals</td>
<td>150</td>
<td>2.00</td>
<td>5.00</td>
<td>4.2667</td>
<td>0.65196</td>
</tr>
<tr>
<td>Provision of market information</td>
<td>150</td>
<td>2.00</td>
<td>5.00</td>
<td>4.1133</td>
<td>0.51209</td>
</tr>
<tr>
<td>Aggregate score</td>
<td></td>
<td></td>
<td></td>
<td>4.2583</td>
<td>0.63965</td>
</tr>
</tbody>
</table>

4.4.2 Start-up Firms Performance

The study used several parameters to measure performance averaged over a period of three years. Based on the means, the study findings indicate a high level of profitability (4.23), high number of new products (3.97), increase in total sales (3.97), increase in the number of employees (3.54) and a low level of additional outlets (2.7). Generally, majority of the startup firms sponsored by university incubators in Kenya have had a positive performance. The findings agree with several past studies that incubated startup firms have higher survival development and growth rates (Al Mubaraki & Busler, 2013; OECD &EU, 2013; Claudia,2013).

4.5 Inferential Analysis

Based on the model summary table 3, the $r^2$ ($r$ squared) value indicates that 85.7% of the variation in performance of start-ups can be explained by business networking services. The other 14.3% of the variance is as a result of factors not included in the study. From the ANOVA table, the model used for the study was fit at $p=0.000$. From the coefficients table, $\beta=0.81$ which implies that, every one unit increase in business networking services offered by UBIs would lead to an increase in performance of start-up firms by 0.81 units.
Table 3: Networking Services and Performance of Start-up Firms Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.926*</td>
<td>.857</td>
<td>.856</td>
<td>.296</td>
</tr>
</tbody>
</table>

Anova

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>78.317</td>
<td>1</td>
<td>78.317</td>
<td>895.277</td>
<td>.000*</td>
</tr>
<tr>
<td>Residual</td>
<td>13.034</td>
<td>149</td>
<td>.087</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>91.351</td>
<td>150</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>.319</td>
<td>.109</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Business networking</td>
<td>.810</td>
<td>.027</td>
<td>.926</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Performance of start-ups

The established regression equation was: Y = 0.319 + 0.81 X₁+e. Where Y = performance of start-ups, X₁= business networking services. The findings agree with the study of Salem (2014) who found out that network routine, process, capabilities and knowledge sharing play important roles in the development and growth of startup firms. Al Mubaraki et al. (2014) findings also reports on how networking activities support development and growth of startup firms at embryonic stage.

The research hypothesis sought to find out the significance of the relationship between networking services and performance of startup firms sponsored by university incubators in Kenya. The study found out that the relationship was significant since p<0.05 at 5% level of significance hence H₀ was rejected and the alternative hypothesis was accepted.

5 SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

The study found out that business networking services had a positive significant relationship on the performance of startup firms. The average mean of 4.258 indicates that the networking services offered by university business incubators highly influenced the performance of startup firms. Shared common services which are a major characteristic of business incubators had the highest mean of 4.7.

5.2 Conclusion

The study concludes that business networking services offered by university business incubators had a statistically significant relationship on the performance of startup firms. In this regard, university business incubators whose main goal is to produce sustainable startup firms should maximize their efforts in provision of excellent business networking services improving on access to business experts in various fields which had the lowest mean score.

5.3 Recommendations

The study recommends that more universities adopt business incubation strategy which has been proven a high requirement in helping develop local economies, promote knowledge transfer, generate jobs and commercialize new technologies. In this regard, institutions of higher learning in Kenya will a major player in the government’s policy intervention plan to utilize science, technology and research in an objective to transform the country into a knowledge-led economy by the year 2030.

5.4 Areas for Further Research

It is also recommended to carry out research on why majority of the chartered universities in Kenya have not yet adopted business incubation strategy. This is on the premise that as institutions of higher learning, they are knowledge banks and should be on the front line in facilitating the transfer of technology and innovation hence promoting government-university-industry interaction. It is also highly recommended to carry out research on performance of these startup firms upon exit from the business incubation centres.

References


