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The mediating effect of private networks between entrepreneurial drivers and enterprise transition

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Abstract
The purpose of this study was to find the effect of Private Networks between Entrepreneurial Drivers and Enterprise Transition**.** Target population was 1085 and sample size was 284. Survey research design was employed. Data was analyzed by SEM to measure: Effects and strength of the relationship, Modeling, Likelihood approval, Nested and Hypotheses testing. The p < = 0.05 was considered statistically significant. Findings indicate: an average of KMO = 0.80. Results indicated that, after the mediator (private networks) variable enters the model it shows that β -.228 increased to -.253 and the results is significant since the p = 0.000 which is less than 0.05. Thus, the entrepreneurial drivers have significant effect on private networks and private networks have significant effect on enterprise transition. Partial mediation is recognized since the direct effect of entrepreneurial drivers on enterprise transition is still significant after the private network enters the model.

Keywords: Private networks, entrepreneurial drivers, enterprise transition

1. Introduction
Private networks are typically vertical, follow rigid chain of command, and relies on leaders that manage the interaction Uzzi, & Spiro (2005) [15]. Moreover, the network members usually have closer relationships that are sometimes tied by contracts and rules and strongly characterized by 'give and take' relation. The disadvantages, however, that it can be costly, since investing in private networks need significant amount of time and money. Moreover, the competitors in the industry can use the shared knowledge from the network in a competitive way by focusing on their own interest which is a common fear in private networks. That is why private networks can be bounded by rules and contracts that structure the network, while also trying to control and coordinate the information and network structure. These rules and contract create the more formal form of network. Communication ties are such as who talks to whom, or who gives information or advice to whom. Formal ties are such as who reports to whom. Affective ties are such as who likes whom, or who trusts whom. Material or work flow ties are such as who gives money or other resources to whom. Proximity ties are who is spatially or electronically close to whom and Cognitive ties are such as who knows whom. Networks are typically multiplex, that is, actors share more than one type of tie (Katz *et al*., 2004) [16]. Network authors have distinguished between strong ties (such as family and friends) and weak ties (such as acquaintances), (Granovetter, 1973, 1982) [17]. This distinction can involve a multitude of facets, including affect, mutual obligations, reciprocity, and intensity. Strong ties are particularly valuable when an individual seeks social-emotional support and often entail a high level of trust. Weak ties are more valuable when individuals are seeking diverse or unique information from someone outside their regular frequent contacts. This information could include new job or market opportunities. The dimensions of the entrepreneurial drivers in this study therefore are; communication ties, material or work flows ties and affective ties.

2. Research Methodology
2.1 Research Paradigm
Quantitative research predominantly assumes a positivist world view, Henn, Weinstein & Foard, (2006) [19], which are called paradigms and tied to research techniques firmly, Hughes, (1990). Moreover, Guba and Lincoln (1994) [5] suggest that paradigms are superior to method of inquiry in research. Quantitative research paradigm emphasizes the importance of generalizability and reliability, Henn *et al*. (2006) [19]. The aim is to apply relationship obtained among variables to the general that is the population. That is why the selection of a population is essential, Karasar (1999) [20]. The positivist paradigm of exploring social reality is based on the philosophical ideas of the French Philosopher August Comte. According to him, observation and reason are the best means of understanding human behavior; true knowledge is based on experience of senses and can be obtained by observation and experiment. At the ontological level, positivists assume that the reality is objectively given and is measurable using properties which are independent of the author and his or her instruments; in other words, knowledge is objective and quantifiable. Positivistic thinkers adopt scientific methods and systematize the knowledge generation process with the help of quantification to enhance precision in the description of parameters and the relationship among them. Positivism is concerned with uncovering truth and presenting it by empirical means (Henning, Van Rensburg and Smit, 2004) [17].

2.2 Target Population
This study was conducted in the hardware and electrical enterprises in Nakuru town, Nakuru County, Kenya. Therefore, the population were owner-managed hardware and electrical entrepreneurs located in Nakuru town. According to the registered list in the department ofindustry, commerce, enterprise and cooperative development in Nakuru County, there are 1085 small and medium-scale hardware and electrical enterprises (Ministry of industry,

commerce, enterprise and cooperative development Nakuru county, 2016). The population spreads in two geographical areas in Nakuru town including Nakuru East and Nakuru West. The target population in this study was 1085 registered and licensed Hardware and electrical enterprises. This study was interested in carrying out research in Nakuru Town in Nakuru County, Kenya.

Table 1: Target Population

Nakuru Town	Target Population
Nakuru East	881
Nakuru West	204
Total	1085

***Source*:** Nakuru County registry of trade and industry, (2015)

2.3 Sample

This study is based on a sample selected from the population of hardware's and electrical enterprises in Nakuru town, Nakuru County, Kenya. The sample of this study was limited only to the owner-managed hardware's and electrical enterprises because the research model tested in this study has incorporated five cognitive factors. It is considered that the hardware's and electrical enterprises is an extension of the entrepreneur and therefore his/her cognitive dispositions are critical for the success (Lumpkin & Dess, 1996) [19].

Sampling involves any procedure that draws conclusions based on measurement of a portion of the population, Zikmund *et al. (*2010) [20]. In other words, a sample is a subset from a larger population selected from all the units of that population because the results of a good sample should have the same characteristics as the population as a whole.

2.4 Sampling Frame

The sampling frame for the study is hardware's and electrical enterprises registered in Nakuru County, Kenya. They are from two selected areas namely Nakuru East and Nakuru West. As per the registered lists from the Hardware and electrical enterprises in Nakuru county Table 3 for the year 2016, there were 1085 total number of entities.

2.5 Sample size

The minimum sample size required for the study was 284 respondents as per the guidelines provided by Krejcie and Morgan (1970) [20]. Bartlett, Kotrilik, and Higgins (2001) also justify the same sample size for a total population of 1100 and for categorical data assuming 0.5 significant level.

3. Data Analysis

3.1 Direct Effect from drivers to private networks

Table 2: Summary of estimates before mediator (private networks) Enters the model.

			Estimate	S.E.	C.R.	P	Label
Private	<---	Drivers	.199	.061	3.268	.001	Sign

3.2 Results of Hypothesis H_{4b}

Hypothesis H_{4b} was tested, results obtained in figure 4.14 and Table 4 indicated that the output before the mediation enters the model is β =. 072 and the results is not significant since the p = 0.253 which is greater than 0.05, therefore the effects was not statistically significant. These path coefficients are reported in Figure 4.14 and Table 4. As expected, private networks had a positive influence on enterprise transition (β =. 072, t = 1.144, ρ = 0.253). Because there was no statistical significant relationship between the entrepreneurial drivers and private networks, therefore the null hypothesis H_{4b} is accepted.

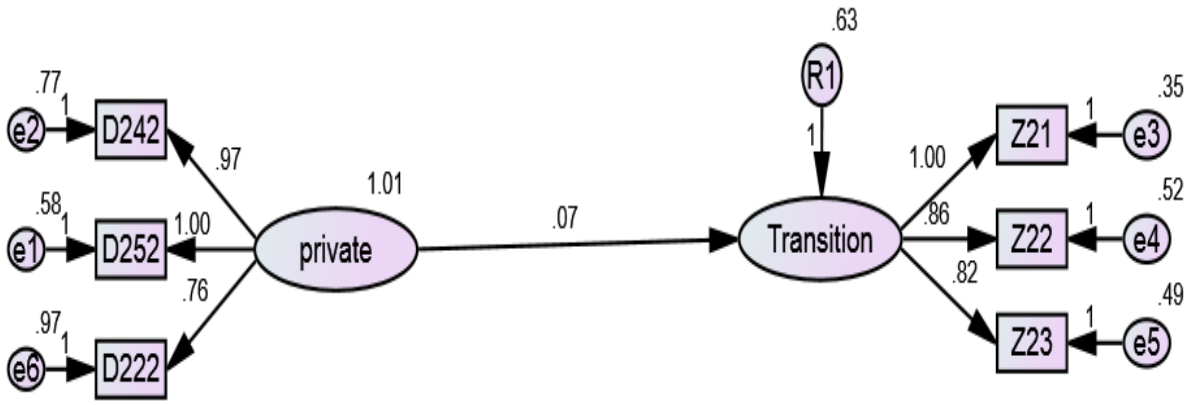

Fig 1: Direct Effect from private networks to transition

Table 3: Summary of estimates before mediator (private networks) variable enters the model.

			Estimate	S.E.	C.R.	P	Label
Transition	<---	private	.072	.063	1.144	.253	Not sign

3.3 Results of Hypothesis H_{4c}.

The hypothesis (H_{4c}) that, private networks as a mediator does not influence entrepreneurial drivers and enterprise transition was subjected to a test by a technique of AMOS. Results indicated that, after the mediator (private networks) variable enters the model it shows that β -.228 increased to -.253 and the results is significant since the p = 0.000 which is less than 0.05. Thus, the entrepreneurial drivers have significant effect on private networks and private networks have significant effect on enterprise transition. Partial mediation is recognized since the direct effect of entrepreneurial drivers on enterprise transition is still significant after the private networks enters the model even though beta estimates is increased. The conclusion therefore is that entrepreneurial drivers have significant direct effect on enterprise transition and also significant indirect effect on enterprise transition on mediating variable private networks, therefore the null hypothesis H_{4c} is rejected.

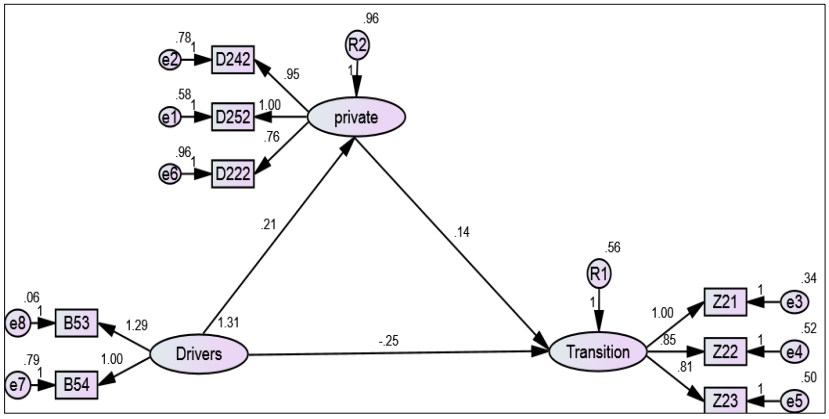

Fig 2: Indirect effect from drivers through private networks to transition

Table 4: Summary of estimates after mediator (private networks) variable enters the model

			Estimate	S.E.	C.R.	P	Label
Private	<---	Drivers	.209	.063	3.308	***	Sign
Transition	<---	private	.139	.064	2.167	.030	Sign
Transition	<---	Drivers	-.253	.052	-4.852	***	Sign

3.4 Results of special process procedure

This study employed a technique of Special Process Procedure by regression analysis to test the mediating effect of private networks between entrepreneurial drivers and enterprise transition. Results yielded were posted on (appendix C Figure 1C.1) presented the measures for the indirect effect the independent variable, entrepreneurial drivers to dependent variable enterprise transition through the mediation variable, private networks. Finding indicate that the effect size was 0.0138 with a 95% confidence interval. That is to say the effect was not significant greater than zero at p =. 0464. Based on bootstrapping, the indirect procedure also provides a 95% CI for the value of the indirect effect *dg*. The lower limit of the CI for private networks is 0.0041; the upper limit is 0.0369. Because this CI does not include zero, the null hypothesis *dg* = 0 is also rejected as well.

4. Conclusion and Recommendation

The outcome of private networks as a mediator does influence entrepreneurial drivers and enterprise transition was subjected to a test by a technique of AMOS. Results indicated that, after the mediator (private networks) variable enters the model it shows that β -.228 increased to -.253 and the results is significant since the p = 0.000 which is less than 0.05. Thus, the entrepreneurial drivers have significant effect on private networks and private networks have significant effect on enterprise transition. Partial mediation is recognized since the direct effect of entrepreneurial drivers on enterprise transition is still significant after the private networks enters the model. The entrepreneurs of hardware and electrical enterprises in Nakuru County, Kenya should be motivated through training programs to be aware that entrepreneurial networking have the potential to grow and transit their enterprises to the next level category.

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