The Role of Resource Allocation on Promotion of Intrapreneurship in the Small and Medium Manufacturing Enterprises in Kenya

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Abstract: Kenya’s manufacturing sector has over the years continued to contribute significantly to the economy’s gross domestic product. Statistics however show that the sector does not perform to its capacity and continues to experience a lag as compared with most of other countries in the world. The manufacturing sector is dominated by the small and medium manufacturing enterprises which by their nature are disadvantaged as is the case with most of other sectors within the SME sector. This is in spite of the important contribution to the country’s economy by the SME sector in general. Studies have shown that firms that practice intrapreneurship whether large or small improve in profitability and growth, as well as maintain the entrepreneurial spirit. Intrapreneurship requires resource allocation by management in the areas that promote it. Resource allocation is a factor in entrepreneurial management which as opposed to administrative management is necessary in advancing the entrepreneurial orientation of a firm. The objective of the study was to find out the role of resource allocation on promotion of intrapreneurship in small and medium manufacturing enterprises in Kenya. The Kenya Association of Manufacturers provided the sampling frame based on the list of the firms registered with it in the year 2015. Descriptive research and correlational designs were used for the study. Correlation analysis, scatter plot and multiple linear regression analysis were used to establish the relationship between the independent and dependent variable.

Key Words: Intrapreneurship, Small and Medium Manufacturing Enterprises, Resource Allocation, Entrepreneurial Management,

1.1 Introduction

The manufacturing sector is of great importance both to the local and the global economy. The United States of America’s 12% GDP is accounted for by its manufacturing sector, while it employs about 9% of the countries workforce (NAM, 2015). Globally as a result of the financial crisis of the year 2009, the sector continues to struggle and experiences a lag in its growth (UNIDO, 2015). However, as posited by Levinson (2015), it is important to note that even though the USA’s manufacturing output growth has over the last decade outperformed that of most European countries and Japan, it has continued to lag behind that of China, Korea and other Asian counties. Also, the USA’s share of global manufacturing activity declined from 30% in 2002 to 17.4% in 2012, while it was displaced by China as the largest manufacturing economy in the year 2010. According to Klynveld Peat Marwick Goerdeler (KPMG) International (2015), China’s growth in its GDP slowed down as from the year 2013 to 2014 to stand at 7.4% partly due to challenging environment within the manufacturing sector. The contribution to GDP is 13.9% lower than that of the service sector which stands at 73% (Tarboda, 2015).

In Kenya, the manufacturing sector constitutes 70% of the industrial sector’s contribution to Gross Domestic Product (GDP), and is recognized by the Kenya Vision 2030 as a key driver for realizing a sustained annual GDP growth of 10%. In spite of these, the sector has over the years continued to perform poorly and continues to lag behind the overall economic growth by 1.9% (KAM, 2015). As literature reveals, the bulk of manufacturing in these economies is dominated by the SME sector. China’s manufacturing sector is dominated by SMMEs as pointed out by Ni (2015). The SMMEs make goods of low technology leading to low profit margins, thus needing innovativeness and improvement. The bulk of manufacturing in USA is dominated by SMMEs which need to be productive, continue to be innovative and engage in product improvement (Kifle, 2016), while SMEs
constitute 90% all firms in the Sub-Saharan Africa (Fjoose, Grunfeld & Green, 2010).

1.2 Small and Medium Scale Enterprises (SMEs)

There is no uniformity in defining SMEs (Beyene, 2002). According to IFAC (2010), the European Union defines SMEs as those made up of enterprises employing fewer than 250 persons. The Micro and Small Enterprises Act (2012) of Kenya defines micro enterprises as those with one to nine people and an annual turnover that does not exceed five hundred thousand shillings. Small enterprises under this Act are those with ten to fifty employees with an annual turnover of between five hundred and five million shillings (ROK, 2012). This Act is however silent on the medium enterprises. The Act goes further to define a micro enterprise in the manufacturing sector as that where the investment in plant and machinery or the registered capital of the enterprise does not exceed ten million shillings. A medium enterprise in the manufacturing sector is that with an investment in plant and machinery as well as the registered capital of the enterprise that is between ten million and fifty million shillings.

 Though SMEs are variously defined in the world, they are recognized as the key drivers of economic growth. They are considered to constitute over 90% of the enterprises in most economies especially developing ones, as well as being the main generator of 60% of employment in most developing economies (Joshi, n.d; ILO, 2007; Fjoose, Grünfeld, & Green, 2010). In Kenya as per Economic Survey 2015, the sector created 693 jobs in Kenya (ROK, 2015). As well as stimulating entrepreneurial activity and skills, they provide flexibility and quick adaptation to the changes experienced in market demand and supply conditions. SMEs also help in the diversification of economic activities, contribute to trade, both local and international is significant, and create social cohesion (Elasrag, 2013).

According to Kuratko (2003), the United States had achieved its highest economic performance in the last ten years as a result of the fostering and promotion of entrepreneurial activity. The newly industrialized countries like South Korea, Malaysia and Taiwan have experienced development and economic growth because they accorded entrepreneurship the right conditions to flourish (Nafukho, Machuma and Muyia, 2010). SMEs are also viewed to be a crucial component of an economy’s industrial vibrancy (Elasrag, 2013). This is further emphasized by Mitchell 2011 by noting that the countries and regions that are highly reliant on existing and mature industries would ultimately experience economic decline, bringing about chronic net job loss. To counter this small enterprise startups help to keep the economy afloat. As a result economies that highly thrive, and are fast growing have more than high small enterprise startup rates, as well as large SME sectors (Beck, Demirguc-Kunt, & Levine, 2005).

1.3 The SMME Sector in Kenya

Kenya’s small and medium manufacturing sector is of great importance to the economy. It helps reduce the high levels of unemployment due to the high labour involvement that characterizes its production. The sector does also no require high investment in terms of capital which makes it easier to set up and operate, unlike in the case of large manufacturing enterprises (Tarus & Nganga, 2013). SMEs are the majority in Kenya’s manufacturing sector given the fact that the SME sector forms over 90% of all firms in most of the economies especially developing ones (Joshi, n.d; ILO, 2007; Fjoose, Grünfeld, & Green, 2010). The manufacturing sector is part of the Kenya’s industrial sector which contributes about 14% to country’s GDP (KAM, 2012). Overall, manufacturing sector contributes about 9.4% which is approximately 70% of the GDP contributed by the industrial sector in general (KIPPPRA, 2013). The manufacturing sector ‘over all goal is to contribute 10% per annum to the country’s GDP.

The manufacturing has a high untapped potential to contribute more to both the GDP and employment (KIPPPRA, 2013), but in spite of the sector’s importance to Kenya’s economy, it has over the years continued to experience a lag. As well, even though the formal employment in this sector increased by 2.9% in the year 2014, the real output in the same year was 3.4% as compared to 5.6% in 2013, thus a decrease (ROK, 2015). As a result of the recognition of the role played by this sector and to counter the lag, Kenya’s Vision 2030 proposes several strategies to raise the sector’s contribution of manufactured goods to the Central and East African regional market, targeted at 15%.

1.4 Intrapreneurship

Most firm’s find it hard to maintain and keep up the initial entrepreneurial spirit that was of help in the start-up stage (Ramachandran, Devarajan & Ray, n.d.). For these firms to survive and remain relevant, continual innovation and being entrepreneurial is required. One way to do this is
by embracing intrapreneurship. Senaji and Kamau (2013) point out that firms need to intensify intrapreneurship in order to realize improved performance outcomes. An organization’s high performance level can be linked to a high level of intrapreneurial intensity (Mokaya, 2013). The SME sector as pointed out by Ragui and Wainaina (2013) needs to practice intrapreneurship. This is because even though the SMEs contribute to the growth of a country’s economy, they are faced by a myriad of challenges. The Sessional Paper No.2 of 2005 identifies a number of challenges which need to be addressed for these enterprises to operate profitably (ROK, 2005). This situation is not made any better by globalization and liberalized trade that have not only brought new opportunities but also increased the challenges for these enterprises to compete at a global level (OECD, 2004). Only a small section of SMEs has the ability to identify and exploit the global opportunities as well as the challenges and especially those in developing countries. Intrapreneurship requires management’s commitment of resources for it to be supported. Appropriate resources should be provided to intrapreneurs for support and development of intrapreneurial ideas (Morris, Kuratko & Covin, 2010).

1.5 Statement of the Problem

Kenya’s manufacturing sector continues to struggle despite its importance to the economy, and as such has not realized its full potential as statistics show. The sector experienced a drop of 2.1% in growth in year 2013 when compared with year 2014 (ROK, 2015). Its growth lags behind that of Kenya’s overall economic growth by 1.9% (KAM, 2015). This sector is largely constituted by about 70% SMMEs as pointed out by KIPPRA (2013). The SMEs sector in general is faced with a myriad of challenges which as Gathogo (2013) points include inadequate innovative capacity, inability to quickly take up new technology, challenges in accessing capital and inadequate management. Intrapreneurship has been known to increase a firms performance and should be intensified in the firms (Senaji & Kamau, 2013 ; Mokaya, 2013 ; Mokua and Ngugi 2013). Furthermore, it is the way to go for the SMEs (Ragui & Wainaina, 2013). According to Sejde, Veenker and During (2013), studies should be undertaken to find out how management affects intrapreneurship in SMEs. One role of management is to allocate appropriate resources for stimulation of intrapreneurship within firms (Morris, Kuratko & Covin, 2010). Intrapreneurship requires allocation of resources for it to thrive (Morris, Kuratko & Covin, 2010). This study was therefore focused on resource allocation to areas that promote intrapreneurship in SMMEs.

1.6 Objective of the Study

The objective of the study was to establish the role of resource allocation on promotion of intrapreneurship in SMMEs in Kenya.

1.7 Research Hypothesis

In light of the above objective, the following hypothesis was formulated

H0: Resource allocation does not have a role on promotion of intrapreneurship in SMMEs in Kenya

2.0 Theoretical Review

The construct resource allocation was linked to the resource based theory which helped in underpinning the study.

2.1 Resource-Based Theory

Jay Barney in 1991 came up with the resource based view of the firm, and is considered by many scholars as the father of the modern resource based theory of the firm (Wüstenhagen, 2008). The basic condition of resource-based theory is heterogeneity. Even if firms are competitors in the same industry, they may possess different types of resources and capabilities, thus a firm’s ability to sustain superior resources is the key to competitive advantage. These resources include all assets, organizational processes, organizational skills, management skills, information and knowledge. The resources enable a firm to engage in the appropriate strategies for improvement of effectiveness and efficiency (Wüstenhagen, 2008). However, the attributes that make resources sustain competitive advantage for a firm are rareness, worthiness (valuable), imperfectly mobile and non-substitutable. When a firm’s resources and capabilities are immobile and not imitable, it becomes difficult and costly for its competitors to develop and acquire them, thus the firm’s competitive advantage is sustained (Barney, 1991; Perrigot & Pénard, 2013). When entrepreneurs possess a rare insight into a resource’s value and others do not, those with the insight act upon the un-exploited opportunities. This gives them a competitive advantage (Reddy & Rao, 2014).

Difference in the performance of the firms even when they compete in the same industry, can be both as a result of the differences in their resources, as well as the decision of the managers on the acquisition and deployment of these resources.
resources. For a firm to engage in sustainability, these interactions create new resources. Resources that are able to be reconfigured in new ways. This way, the firm is in a better position to exploit new opportunities. An employee of a firm can be made entrepreneurial through provision of adequate resources and support. This is especially for the employees who detect an opportunity that is exploitable (Fayolle, 2007). However employees with entrepreneurial tendencies exhibit a higher level of human capital. This human capital could be in the form of skills which can be gained through training (Dizgha, Gilninia, Alipour&Asgari, 2011). Knowledge, capabilities and risk taking by entrepreneurial employees within a firm support intrapreneurship (Liu & Wang, 2012). Knowledge, capabilities and risk taking by entrepreneurial employees within a firm support intrapreneurship (Liu & Wang, 2012). Kuhn, Sassmannshausen, and Zollin (2010) are of the opinion that, one way to differentiate between entrepreneurial management and administrative management within an enterprise is how each utilizes the resources controlled. The argument is that entrepreneurial management is opportunity driven and is geared towards the pursuit and exploitation of opportunities irrespective of resources controlled. Administrative management on the other hand tends to use resources in the best or most efficient way possible on given purposes or achievement of organizational goals, by objective setting and coordinating people (Morris, Kuratko&Covin, 2010; Boone& Kurtz, 2012).

3.1 Methodology

The study was conducted using both correlational and descriptive research survey design. According to Elahi and Dehdashti (2011), descriptive research is appropriate when the objective is to determine the degree of the relatedness of the variables. It is proper to use this type of research design if the research objectives; portray social or physical phenomena characteristics, determine the degree of the association of variables, and make predictions in regard to the occurrence of social or physical phenomena. Descriptive research design can either be quantitative or qualitative, and can often utilize elements within the same study (The Association for Educational Communications and Technology (AECT), 2001)*. This research design compares, contrasts, classifies, analyzes and interprets the events and the entities constituting their field of inquiry (Cohen, Manion& Morrison, 2005).

Correlational research design uses empirical evidence to describe the relationship among variables. It is used to establish if there is a relationship between two variables, as well as the direction and the magnitude of the relationship (Cohen, Manion& Morrison, 2005). Pilot study was carried to test the validity and the reliability of the research instrument. Data was collected using a
questionnaire designed in a clear and easy to understand both open and close ended questions.

3.2 Sampling Technique and Sample Size

The study was focussed on SMMEs in Kenya. The year 2015 list of the 752 manufacturing firms registered with the Kenya Association of Manufacturers formed the sampling frame. However, the 752 firms on the list comprised of both the SME and the large scale firms. This necessitated a preliminary study to identify the SMMEs from a sample of 254 firms derived using Krejcie and Morgan (1970) table. Using random sampling, 145 firms responded and out of these 133 were found to be SMMEs. The final data for the study was collected from 114 SMMEs who successfully participated.

3.3 Data Analysis and Presentation

This study involved both qualitative and quantitative data. As Kothari (2004) points out, it was necessary that after the questionnaires were received back, to edit the raw data for any errors or omissions and correction made where possible. This was done to ensure data’s accuracy and consistency with other gathered facts. Coding and classification was done for efficient analysis of the data. Both descriptive and inferential statistics were used in the analysis. Descriptive statistics describe and summarize the data in a meaningful way using tables and bar charts. Linear regression analysis was used to determine the relationship and the significance of the independent variable to the dependent variable. Hypotheses were tested at 5% confidence level. Predictions or inferences based on the results of the analysis were made and the results generalized on the population of study given that the test sample was part of the population.

4.0 Findings

4.1 Descriptive Statistics

The role of resource allocation on promotion of intrapreneurship in SMMEs in Kenya, was studied under four constructs namely resource allocation to research and development, production equipment, training and marketing. The results of the study found out that on a yearly basis, most of SMMEs set aside some profit percentage for research and development for development of new products thus being innovative. The results were that only 2.7% did not set aside each year any profit percentage to for research and development, 28.9% set aside between 1%-3% of profits, 34.8% set aside 4%-6%, 22.3% set aside 7%-9% while 10.7% of the firms set aside 10.7%. Majority of the firms were therefore found to value the importance of research and development in promotion of intrapreneurship. This outcome is supported by a manufacturing performance survey in Germany that concluded that innovation is highly correlated to research and development. Firms that engaged in intensive research and development produced innovative products which were more competitive in the global market thus experiencing above average growth in employment (Kinkel, Wengel & Lay, 2005). It can therefore be said that there management within SMMEs in Kenya promotes intrapreneurship through allocation of resources to research and development to come up with new products.

On the issue of resource allocation to acquiring new production equipment the results showed that a majority of the firms provided the resources, as 48(41%) of production equipment were 5 years and below, 45(38.5%) between 6-10 years, 19(16.2%) between 11-15 years, 4(3.4%) were between 16-20 years, and only 1(0.9%) was above 20 years. This study conforms to the one undertaken by Yang (2014) who pointed out that manufacturing firms consider production equipment as one of the assets that are major in the production process. For this reason, there is tendency for the firms to continually improve the equipment so as to remain competitive and attain their production goals as they seek customer satisfaction thereby increase profits. Other reasons for production equipment upgrade or replacement are to lower the overall cost of production, improve quality, performance delivery, develop products of high quality that have shorter lead times. Singh and Mahmood (2015) in their study on Malaysian manufacturing firms established that SMEs that kept up to date process equipment lowered their operation costs by quick and efficient production. SMMEs in Kenya therefore can be said to value the role played by modern production equipment in making the firms entrepreneurial thus their tendency to upgrade them. However, the study also established that majority of the firms at 94.02% felt that the production equipment that they had was not sufficient for the production process. This implies that even though resources were allocated for acquiring new production equipment, the resources were not enough to acquire the sufficient equipment. Management within SMMEs should therefore scout for enough resources to enable allocation of adequate resources for new and improved production equipment.

On the question of whether management allocated resources for training of employees in recognition
that training enhanced the employees knowledge and skills thus promoting intrapreneurship, majority of the responses showed that this was done. The results were that 1(0.9%) very rarely trained their employees, 32(27.3%) rarely trained their employees, 69(59%) often trained their employees while 15(12.8%) very often trained their employees. None failed to take their employees for training. This led to the conclusion that management in SMMEs allocated resources for training, therefore promoting intrapreneurship. This outcome supports the view of Aguinis and Kraiger (2009) that employees who were trained and their skills developed were more innovative and productive than those who were not trained, thus the more reason why firms engage skilled employees and continue to upgrade them.

The study sought to find out whether management within SMME firms allocated a budget for marketing. The marketing function is an important factor in firms as those with a strong entrepreneurial orientation usually have a strong marketing orientation. Marketing through its unique position recognizes the threats and opportunities from the external environment which the firm can translate into changes like the firm’s product, markets and competencies. It contributes to a firm’s intrapreneurship through playing roles like being an initiator, supporter, sponsor, reactor and judge to the entrepreneurial initiatives of the firm (Schindehutte & Kuratko, 2014). The findings were that majority of the firms at 52.1% had a budget compared to those which did not have a budget for marketing at 47.9%. This shows that the SMMEs valued marketing in promotion of intrapreneurship. However all the firms indicated that the market still demanded more that they were able to produce meaning there was much to be done on producing adequate products for the market. According to Tirreni (2005), firms allocate huge resources to marketing initiatives so that they can stay competitive, which forces management in these firms to allocate a limited marketing budget to gain customer equity.

4.2 Regression Analysis

Linear regression analysis was done to test the relationship between the independent variable resource allocation and the dependent variable intrapreneurship. A scatter plot was fitted to bring out this relationship and the results as shown by figure 4.1 turned a positive linear relationship implying that resource allocation positively contributes to intrapreneurship in SMMEs. This led to the conclusion that resource allocation influences intrapreneurship in SMMEs. The results conform to the study by Zhao (2013) which concluded that resources both financial and no-financial should be allocated for intrapreneurship to thrive in an organization. This study further differs with the study undertaken by Nafiel, Nimran, Musadeq & Suyadi (2014) which concluded that availing resources does not have a significant effect on intrapreneurship.

![Figure 4.1: Scatter Plot on Effect of Resource Allocation on Intrapreneurship](image-url)

**Table 4.1 Linear Regression Model Summary for Resource Allocation and Intrapreneurship**

<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>.370*</td>
<td>.137</td>
<td>.1299</td>
<td>.349</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>ANOVA&lt;sup&gt;2&lt;/sup&gt;</th>
<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>2.157</td>
<td>1</td>
<td>2.157</td>
<td>17.740</td>
<td>.000&lt;sup&gt;a&lt;/sup&gt;</td>
<td></td>
</tr>
<tr>
<td>Residual</td>
<td>13.619</td>
<td>112</td>
<td>.122</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>15.776</td>
<td>113</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Coefficients&lt;sup&gt;2&lt;/sup&gt;</th>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
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<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>1.986</td>
<td>.208</td>
<td>9.565</td>
<td>.000</td>
<td></td>
</tr>
</tbody>
</table>
### Resource Allocation

- **a) Predictors(c) Resource Allocation**

- **b) Dependent variable – Intrapreneurship**

The model on regression analysis in table 4.1 shows a positive linear relationship between resource allocation and intrapreneurship at $R=0.37$, thus their association was very significant. Also with $R^2=0.137$, the statistical explanation implies that 13.7% of change in intrapreneurship in SMMEs can be explained by a unit change in resource allocation. However the model did not explain 82.3% of variation in intrapreneurship, meaning that there are other factors associated with intrapreneurship which were not fitted in the model. Management within SMMEs would be better placed to scout for these factors so that intrapreneurship could be promoted.

From ANOVA, the results of the F test ($F (1,113)=17.74$, $p=0.000<0.005$) were also significant with a $p$ value $=0.000$ which is less than the standard $p$ value of 0.05 thus reinforcing the significance of the model. These results led to the comfortable conclusion that the contribution of resource allocation to intrapreneurship in SMMEs in Kenya is significant. It was therefore concluded that management in SMMEs need to allocate resources to areas that enhance intrapreneurship.

Further tests on the beta coefficients revealed that the coefficient for resource allocation ($\beta$) was equally significant with ($\beta = 0.313$, $t=4.212$, $p=0.000<0.005$) indicating that resource allocation significantly has a positive increase in intrapreneurship. Under the objective and hypothesis stated below, the study sought to establish the magnitude and the direction of the effect of resource allocation on intrapreneurship by fitting a model $Y=\beta_0 + \beta_1X_1+\varepsilon$ was found to be significantly fit.

#### Objective:

To determine if resource allocation has a role on promotion of intrapreneurship in SMMEs in Kenya.

$H_0$: There is no significant relationship between resource allocation and intrapreneurship in SMMEs in Kenya.

From the results, since $p$-value $=0.000<0.05$, the null hypothesis was therefore rejected and conclusion made that there is a statistically significant relationship between resource allocation and intrapreneurship. The alternative hypothesis that resource allocation has a role on promotion of intrapreneurship in SMMEs in Kenya was accepted. The model therefore holds as fitted, thus $Y=\beta_0 + \beta_1X_1+\varepsilon$ was found to be significantly fit.

#### 5.0 Summary of the Findings

The focus of the study was to find out the role of resource allocation on promotion of intrapreneurship in SMMEs in Kenya. This was done with an aim of finding whether management in these firms allocated resources to research and development of new products, acquiring new production equipment and training of employees. SMMEs though important in contributing to the GDP in the economy, are still faced by the constraints that affect the SME sector in general. Intrapreneurship contributes to a firm’s performance thus can help SMEs overcome most of the constraints they face. Management in a firm should appropriately allocate resources to areas that promote intrapreneurship.

Descriptive statistics on each of the four constructs under resource allocation revealed that management within SMMEs allocated resources to research and development, training for employees, acquiring new production equipment and marketing activities, so as to promote intrapreneurship. However, it was also established that resources allocated to acquiring of new production machines was not adequate therefore needing management to scout for adequate resources for allocation to this area. Yang (2014) concurs that improvement of production equipment maintains a firm’s competitive position which is especially the case with manufacturing firms.

The results of the linear regression analysis returned a scatter plot showing a positive linear relationship between the independent and dependent variables meaning that resource allocation contributed to intrapreneurship. With $R^2=0.137$ implying resource allocation in SMMEs caused a variation of 13.7% in intrapreneurship. On testing the null hypothesis that resource allocation does not have a significant role in promotion of intrapreneurship in SMMEs in Kenya, the results of the $p$ value $=0.000$ which is less than $p$ value $=0.5$ were found to be significant which led to rejection of the hypothesis. The statistical implication therefore was resource allocation has a significant role on promotion of intrapreneurship in SMMEs.
in Kenya. It was concluded that if management allocates resources to areas like resource and development, acquiring new production equipment, raining of employees and marketing activities among others, intrapreneurship would be promoted in SMMEs.

These results are therefore in support of the study by Zhao (2013) which concluded that firms need to allocate resources whether financial or non-financial for intrapreneurship to be enhanced. Morris, Kuratko & Covin (2010) as well point out that management should allocate resources to intrapreneurs to come up with new ideas. Yang (2014) as well concluded that resources should be allocated for new equipment which helps maintain the firm’s competitive position.

5.1 Conclusion

Based on the research findings, it was concluded that management should allocate resources for intrapreneurship to thrive in the SMMEs in Kenya. This was because statistically resource allocation was found to significantly influence intrapreneurship in the SMMEs. More resources should especially be allocated to acquiring of new production equipment which majority of the firms indicated that the machines they had were not sufficient for production, a scenario that is not in line with Yang (2014).

5.2 Recommendation

Based on the results of the study as per the objective and hypothesis, recommendations are made to the management of the SMMEs to allocate resources to the areas of research and development, production equipment, training of employees and marketing activities for promotion of intrapreneurship. New production equipment is essential in enhancing innovativeness of the firms especially in production of new and improved products that are competitive in the global market. It was also established that allocation of resources for acquiring new production equipment was not adequate. Since one of the constraints faced by the SMES is lack of enough capital, the government of Kenya should come up with policies that can make capital accessible and affordable. This way, more resources will be at the disposal of management to allocate to areas that can enhance intrapreneurship for improved performance. Performance includes profitability which adds to the resources that management can allocate and utilize.

5.3 Areas Recommended for Further Research

This study confined itself to promotion of intrapreneurship in SMMEs in Kenya through resource allocation by management to areas that promote intrapreneurship. Other factors exist that promote intrapreneurship and more studies could be directed to these. Studies can also be undertaken to establish the areas that management in other sectors within the SME sector can allocate resources to.

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