

**NETWORKING AND COLLABORATION COMPETENCIES AND BUSINESS
PERFORMANCE OF BAKERY AND CONFECTIONERY MSMEs IN KISUMU
COUNTY, KENYA**

^{1*} **Ruth Adhoch Odhiambo**

^{2**} **Rita Nthiga**

^{3***} **Beatrice Imbaya**

^{1, 2, 3} School of Tourism, Hospitality and Events Management, Moi University, Kenya

Corresponding author email: radhoch@yahoo.com

Abstract: Networking and collaboration competencies are increasingly recognised as essential drivers of Micro, Small, and Medium Enterprise (MSME) performance, particularly in resource-constrained developing economy contexts where inter-firm relationships provide access to critical market information, shared resources, and strategic partnerships. However, empirical evidence specifically examining how networking and collaboration competencies influence bakery and confectionery MSME performance in Kenya remains limited. This study investigated the effect of networking and collaboration competencies on business performance among MSME bakers in Kisumu County, Kenya. Grounded in the EntreComp Framework (European Commission, 2016) and the Balanced Scorecard (BSC) Model (Kaplan & Norton, 1992), the study adopted a positivist paradigm with descriptive and explanatory research designs. A census of all 268 registered bakery and confectionery MSME bakers was conducted and data collected via structured questionnaires. Data were analysed using descriptive statistics, Exploratory Factor Analysis (EFA), Pearson correlation, and multiple regression analysis including hierarchical moderation analysis. Results indicated that, in the full hierarchical model (Model 6), networking and collaboration competencies had a positive and statistically significant effect on MSME performance ($\beta = 0.226$, $p < 0.001$). The external environment exerted a significant negative moderating effect on this relationship ($\beta = -0.013$, $p < 0.001$), suggesting that adverse external conditions dampen the performance benefits derived from networking activities. These findings provide empirical evidence for the value of relational competencies in the bakery sector and carry practical implications for policy, enterprise development programmes, and MSME owners seeking to leverage collaborative strategies for sustained business growth.

Keywords: collaboration competencies, MSME performance, Balanced Scorecard, EntreComp, bakery enterprises, Kisumu County

1. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are the engine of economic growth in sub-Saharan Africa, contributing substantially to employment creation, poverty reduction, and GDP growth. In Kenya, MSMEs account for approximately 30% of annual employment and 3% of GDP (Central Bank of Kenya [CBK], 2023), with the bakery and confectionery subsector playing a particularly dynamic role in local food systems, hospitality supply chains, and culinary tourism. Despite this significance, the sector is characterised by high failure rates: over 75% of MSMEs cease operations within their first three years (Ministry of Industrialization, Trade, and Enterprise Development, 2020).

Among the entrepreneurial competencies identified as critical for MSME sustainability, networking and collaboration have attracted growing scholarly attention. Stone (2018) defines networking as the ability to build and maintain business relations, professional networks, and collaborative efforts to enhance business performance and opportunities. Inter-firm networks provide MSMEs with access to market information, shared resources, reduced transaction costs, and expanded market reach capabilities particularly valuable for small enterprises operating with limited financial and human capital (Nahapiet & Ghoshal, 1998; Singh, 2022).

Within the EntreComp Framework (European Commission, 2016), networking and collaboration are positioned under the 'Resources' domain, reflecting the centrality of social and relational capital in mobilising the resources required for entrepreneurial success. Empirical research across sub-Saharan Africa has confirmed positive associations between networking competencies and MSME performance (Ahimbisibwe et al., 2023; Sendawula et al., 2023; Ali, Korir, & Bonuke, 2023). However, most existing studies have not adequately examined the moderating role of the external environment on this relationship, nor have they focused on the specific context of bakery and confectionery MSMEs in Western Kenya.

This paper addresses this gap by examining the influence of networking and collaboration competencies on bakery and confectionery MSME performance in Kisumu County, Kenya, and whether this relationship is moderated by external environmental factors. The specific objective is: to establish the effects of networking and collaboration competencies on MSME business performance among bakers and confectioneries in Kisumu County, Kenya.

2. LITERATURE REVIEW

2.1 Networking and Collaboration Competencies

Networking and collaboration competencies encompass the ability to build and leverage relationships both within and outside the enterprise to promote teamwork, share knowledge, and create growth opportunities (Stone, 2018). Within the EntreComp Framework, these competencies are embedded in the 'Resources' domain and encompass the abilities of mobilising others, working collaboratively, and building productive partnerships. In bakery MSME contexts, networking competencies are expressed through participation in cooperatives, bakery clusters, supplier relationships, business associations, and digital platforms such as social media (Kafigi, 2020).

Networking contributes to MSME performance through several mechanisms. First, networks provide access to market information, including customer preference trends, competitor intelligence, and emerging product opportunities, enabling MSMEs to make more informed strategic decisions (Audretsch & Belitski, 2020). Second, collaborative arrangements enable resource pooling — joint procurement of flour, sugar, and other raw materials reduces input costs through collective bargaining power, a particularly important benefit for micro-enterprises facing thin profit margins (Singh, 2022). Third, business networks facilitate reputational spillovers, where strong relationships with established suppliers, distributors, and peers enhance the credibility and visibility of small bakery enterprises (Kafigi, 2020).

Recent empirical studies reinforce the value of networking for MSME performance. Ahimbisibwe et al. (2023) found that entrepreneurial networking directly enhances MSME performance in Uganda, with approximately 54.7% of performance gains attributable to innovation triggered by networking exposure to new ideas and practices. Li and Shafait (2025), in a study of Pakistani SMEs, demonstrated that firms embedded deeply within networks are better able to access and creatively combine scarce resources — a process termed 'resource bricolage' — yielding superior performance outcomes. Mai, Nguyen, and Phuong (2025) found that inter-organisational collaborations have a particularly strong effect on firm performance in dynamic markets, as formal partnerships improve market responsiveness and co-creation of new products and services.

In the bakery sector specifically, Kafigi's (2020) study of Tanzanian MSME bakers highlighted that lack of business networks was a critical barrier to growth and sustainability. The study recommended establishing viable networks among bakery MSMEs to enhance collective action, knowledge sharing, and market access. Muhammad, Arlina, and Beby (2019) demonstrated in Indonesia that entrepreneurial networking significantly contributes to business goal attainment by expanding professional relationships to include clients, suppliers, and industry peers.

2.2 Challenges to Networking Among Bakery MSMEs

Despite its established benefits, networking remains challenging for many MSME bakeries. Kraus et al. (2021) identify resource scarcity as the primary barrier, networking is time-consuming and costly, and MSMEs with limited staff and financial capacity may struggle to commit adequately. Additionally, MSMEs often face difficulty determining appropriate collaborative partners and extracting value from complex external relationships (Kraus, McDowell, Ribeiro-Soriano, & Rodriguez, 2021).

Brand visibility and recognition pose further challenges. Unlike large enterprises with established brand equity, MSMEs typically suffer from low brand recognition, making it harder to attract potential partners or command premium pricing (Kafigi, 2020). Digital networking through social media platforms offers opportunities to enhance visibility and customer engagement, but managing digital presence requires skills, time, and resources that many MSME bakers lack (Tsimonis & Dimitriadis, 2014). Mudjahidin et al. (2023) found that the intensity required to maintain effective digital networking including consistent, professional content creation constitutes a significant burden for small business operators managing multiple operational responsibilities.

2.3 External Environmental Moderation

The external environment comprising political, economic, regulatory, and socio-cultural factors may moderate the relationship between networking competencies and MSME performance. Zacca, Dayan, and Ahrens (2015) reported that external instability can dilute the performance benefits of networking among small businesses, as policy uncertainty and macroeconomic volatility undermine the trust and contractual foundations on which collaborative relationships depend. Opondo (2022) similarly found that macroeconomic instability reduces the efficacy of social networks in driving SME growth in Kenya, while policy inconsistency erodes inter-firm collaborative arrangements in manufacturing (Munyasya, 2023).

Conversely, supportive external environments, characterised by stable government policy, accessible credit, reliable infrastructure, and enabling regulatory frameworks, amplify the performance benefits of networking by providing the institutional foundations for productive inter-firm relationships (Aiken & West, 1991). This contingency perspective is theoretically grounded in the Balanced Scorecard model's recognition that the translation of internal competencies into performance outcomes is shaped by the broader organisational and environmental context.

2.4 Theoretical Framework

This study is anchored on two complementary frameworks. The EntreComp Framework (European Commission, 2016) conceptualises networking and collaboration under the 'Resources' domain, emphasising competencies of mobilising others, working with others, and building partnerships as fundamental entrepreneurial capabilities. This framework provides a structured basis for assessing the depth and breadth of networking competencies among MSME bakers.

The Balanced Scorecard (Kaplan & Norton, 1992; 1996) provides a multi-dimensional performance measurement approach. Its four perspectives — customer, internal business processes, learning and growth, and financial — align with networking's expected outcomes: enhanced customer relationships (customer perspective), improved supply chain efficiency (internal processes), knowledge acquisition through external partnerships (learning and growth), and revenue growth through expanded market access (financial). The BSC thus enables holistic assessment of how networking competencies translate into performance across multiple dimensions.

This study further draws on Social Capital Theory (Nahapiet & Ghoshal, 1998), which conceptualises networks as repositories of social capital that provide firms access to information, resources, and opportunities. Contingency Theory (Donaldson, 2001) provides the basis for examining how external environmental conditions moderate the effectiveness of these relational capabilities.

3. METHODOLOGY

3.1 Research Design and Philosophy

The study adopted a positivist research paradigm, employing both descriptive and explanatory research designs to systematically characterise networking and collaboration practices and examine their causal relationship with MSME business performance (Creswell & Creswell, 2018). Quantitative methods were

employed throughout, including structured questionnaire administration, statistical assumption testing, and multiple regression analysis.

3.2 Study Area and Population

The study was conducted in Kisumu County, Kenya, the third-largest city and a key economic hub of Western Kenya with a rapidly expanding MSME bakery sector. The target population comprised all 268 owners and managers of bakery and confectionery MSMEs operating in Kisumu County, identified through the Kisumu Bakers WhatsApp group (an affiliate of the national Bakers Club), supplemented by 2022 records from the Ministry of Trade, Tourism, Industry and Marketing. MSMEs were defined in accordance with the Kenya Micro and Small Enterprises Act (2012) as enterprises with fewer than ten employees and annual turnover not exceeding KSh 500,000.

3.3 Sampling and Data Collection

A complete census of all 268 MSME bakers was conducted to eliminate sampling bias and ensure comprehensive coverage (Creswell & Creswell, 2018; Kothari, 2004). Data were collected using structured questionnaires administered via researcher-administered surveys and online Google Forms. The instrument utilised a five-point Likert scale (1 = Strongly Disagree; 5 = Strongly Agree) across four sections measuring: demographic characteristics, MSME performance (Balanced Scorecard dimensions), networking and collaboration practices, and external environmental factors. A pre-test was conducted with MSME bakers in Eldoret City to verify clarity and reliability.

3.4 Measures

Networking and collaboration were measured using five items adapted from the EntreComp Framework (2016) and Stone (2018): (1) actively building relationships with other entrepreneurs and businesses; (2) participating in business forums, industry events, and trade shows; (3) collaborating with suppliers and distributors; (4) engaging in strategic partnerships to expand market reach; and (5) using social media platforms for business networking. MSME performance was measured using 17 Balanced Scorecard items across customer (4 items), internal processes (4 items), learning and growth (5 items), and financial (4 items) perspectives. External factors were measured through five items covering political, socio-cultural, economic, policy, and credit access dimensions. Although five external environment items were administered, one item was removed following reliability analysis, yielding a final four-item scale ($\alpha = 0.8754$).

3.5 Validity and Reliability

Content validity was established through supervisory expert review. Reliability was assessed using Cronbach's Alpha. Networking and collaboration achieved $\alpha = 0.8673$ (5 items), MSME performance yielded $\alpha = 0.9367$ (17 items), and external factors achieved $\alpha = 0.8754$ (4 items), all comfortably exceeding the recommended threshold of 0.70 (Table 1).

Table 1: Reliability Analysis of Study Constructs

Variable	No. of Items	Avg. Inter-Item Cov.	Cronbach's α
MSMEs Performance	17	0.3656	0.9367
Networking and Collaboration	5	0.5170	0.8673
Innovative Practices	4	0.3944	0.8591
Managerial Competencies	4	0.5449	0.8805
External Factors	4	0.6080	0.8754

Source: Research Data (2025)

3.6 Data Analysis

Data were analysed using SPSS Version 28. Descriptive statistics described variable distributions and networking practice adoption levels. Exploratory Factor Analysis (EFA) with Principal Component Analysis (PCA) assessed construct validity and identified key networking indicators. Pearson correlation coefficients quantified bivariate relationships. Assumptions of linear regression normality (Shapiro-Wilk: $W = 5.737$, $p = 0.826$), heteroscedasticity (Breusch-Pagan: $\chi^2(1) = 2.08$, $p = 0.149$), linearity (partial regression plots), and multicollinearity ($VIF < 2.66$, mean $VIF = 2.05$) were verified. Multiple regression and hierarchical moderation analysis (six-model sequential approach following Baron & Kenny, 1986; Hayes, 2013) tested the hypotheses:

H₀₂: Networking and collaboration competencies do not significantly affect business performance among MSME bakers in Kisumu County, Kenya.

H_{04b}: The external environment does not significantly moderate the relationship between networking and collaboration and MSME business performance.

4. RESULTS

4.1 Demographic Profile

All 268 distributed questionnaires were returned and duly completed, achieving a 100% response rate. The majority of respondents were female (63%), reflecting women's increasing participation in Kenyan MSME bakery enterprises. Most were aged between 18 and 35 years (61.8%), confirming the sector's youthfulness. Over 70% (70.5%) operated micro enterprises employing 1–9 workers, and 52.4% had been in business for 1–5 years. Home-based enterprises were the dominant business location (47.5%), consistent with cost-minimisation strategies common among micro-enterprises. Most respondents (62.5%) reported annual incomes below KSh 500,000, confirming micro-enterprise scale.

4.2 Descriptive Statistics for Networking and Collaboration

Descriptive analysis revealed generally strong adoption of networking practices (Table 2). Building relationships with other entrepreneurs recorded the highest mean (Mean = 4.44, SD = 0.80), followed by integrate new technologies (Mean = 4.35, SD = 0.84) and introducing new products (Mean = 4.35, SD = 0.83). Participation in formal business forums and trade shows recorded the lowest mean (Mean = 4.11, SD = 1.03) with the greatest variability, suggesting unequal access to formal networking opportunities. Over 60% of respondents strongly agreed that they actively build entrepreneurial relationships, while 47.4% strongly agreed on participation in formal networking events.

Table 2: Descriptive Statistics for Selected Entrepreneurial Practice Items (Networking and Innovation Indicators)

Statement	SA%	A%	Mean	SD
I actively build relationships with other entrepreneurs	60.9%	24.8%	4.44	0.80
I integrate new technologies into production and marketing	53.2%	33.0%	4.35	0.84
I introduce new products or services to meet customer needs	54.1%	30.2%	4.35	0.83
I participate in business forums, industry events, and trade shows	47.4%	26.3%	4.11	1.03

Source: Research Data (2025). SA% = Strongly Agree; A% = Agree.

4.3 Factor Analysis

Exploratory Factor Analysis confirmed construct validity for networking and collaboration. The KMO value was 0.707 (above the 0.60 threshold), and Bartlett's Test of Sphericity was statistically significant ($\chi^2 = 38.705$, $df = 5$, $p = 0.000$), confirming data suitability. Four of five items achieved factor loadings above the 0.50 threshold, with relationship building (0.7611) and strategic partnerships (0.6895) emerging as the strongest networking indicators (Table 3). Social media networking yielded a lower loading (0.3661), suggesting that digital networking may represent a distinct or emerging competency dimension among these MSME bakers.

Table 3: Factor Loadings on Networking and Collaboration

Statement	Factor Loading	Uniqueness	KMO
I actively build relationships with other entrepreneurs	0.7611	0.4196	0.6920
I engage in strategic partnerships to expand market reach	0.6895	0.4692	0.6802

I participate in business forums, industry events, trade shows	0.6518	0.5745	0.7923
I collaborate with suppliers and distributors for efficiency	0.6430	0.5851	0.7463
My business uses social media for networking	0.3661	0.7433	0.5668

Source: Data Analysis (2025). $KMO = 0.707$; $\chi^2(5) = 38.705$, $p = 0.000$.

4.4 Correlation Analysis

Pearson correlation analysis revealed a strong positive and significant association between networking and collaboration and MSME performance ($r = 0.6370$, $p < 0.05$), indicating that MSMEs with stronger inter-organisational linkages and collaborative practices consistently achieve better performance outcomes (Table 4). Networking and collaboration were also strongly correlated with innovative practices ($r = 0.6395$, $p < 0.05$) and managerial competencies ($r = 0.7045$, $p < 0.05$), suggesting complementarity among the three internal strategic capabilities. External factors were negatively correlated with networking ($r = -0.2684$, $p < 0.05$), indicating that adverse external environments may constrain collaborative engagement.

Table 4: Pearson Correlation Coefficients

Variable	(1)	(2)	(3)	(4)	(5)
(1) MSME Performance	1.000				
(2) Innovation & Creativity	0.6527*	1.000			
(3) Networking & Collaboration	0.6370*	0.6395*	1.000		
(4) Managerial Competencies	0.6222*	0.7215*	0.7045*	1.000	
(5) External Factors	-0.3574*	-0.2883*	-0.2684*	-0.3006*	1.000

Note: * $p < 0.05$ (two-tailed). $N = 268$.

4.5 Regression Analysis

Multiple regression analysis (Table 5) confirmed a positive and statistically significant effect of networking and collaboration on MSME performance ($\beta = 0.2378$, $p < 0.001$) in the base regression model. In Model 2 of the hierarchical analysis, the networking coefficient was $\beta = 0.209$ ($p < 0.001$), and in Model 6 (the full model), $\beta = 0.226$ ($p < 0.001$). This indicates that a one-unit increase in networking and

collaboration competencies is associated with approximately a 0.226-unit improvement in MSME business performance, holding other factors constant. The overall model ($R^2 = 0.5502$) explained 55.02% of variance in business performance, confirming strong explanatory power. The null hypothesis H_{02} is therefore rejected.

Table 5: Regression Results — Determinants of MSME Performance

Variables	Coeff. (β)	Std. Err.	t-value	p-value	95% CI
Innovation & Creativity	0.3006	0.0588	5.11	0.000	[0.185, 0.416]
Networking & Collaboration	0.2378	0.0497	4.78	0.000	[0.140, 0.336]
Managerial Competencies	0.1104	0.0546	2.02	0.044	[0.003, 0.218]
External Factors	-0.0946	0.0292	-3.24	0.001	[-0.152, -0.037]
Constant	1.7428	0.2143	8.13	0.000	[1.321, 2.165]
$R^2 = 0.5359$; Adj. $R^2 = 0.5288$; $F(4,263) = 75.92$; $p = 0.000$; $N = 268$					

Source: Data Analysis (2025).

4.6 Moderation Analysis: External Factors

Hierarchical regression analysis examined whether the external environment moderates the networking-performance relationship (Table 6). In Model 5, the interaction term (Networking $\times$ External Factors) yielded a significant negative coefficient ($\beta = -0.011$, $p < 0.05$), indicating that as external environmental challenges intensify, the positive effect of networking on performance is weakened. The R^2 for Model 5 was 0.5508, with a marginal incremental change ($\Delta R^2 = 0.0001$). In Model 6, the interaction coefficient (Networking $\times$ External Factors) was $\beta = -0.013$ ($p < 0.001$), confirming a significant negative moderation effect. Therefore, H_{04b} is rejected: the external environment significantly moderates the networking-performance relationship.

Table 6: Hierarchical Regression — Moderation Analysis

Variables	Model 1 (β)	Model 2 (β)	Model 3 (β)	Model 5 (β)	Model 6 (β)
Firm Size	0.170**	0.111**	0.102*	0.101	0.100
Place of Business	0.095**	0.043	0.046	0.046	0.047
Innovation & Creativity	—	0.335***	0.316***	0.385***	0.483***
Networking & Collaboration	—	0.209***	0.201***	0.178	0.226***
Managerial Competencies	—	0.133**	0.116**	0.115**	-0.024**

External Factors (EF)	—	—	- 0.094***	- 0.005***	0.017***
Networking × EF	—	—	—	- 0.011***	- 0.013***
R ²	0.0529	0.5322	0.5502	0.5508	0.5530
ΔR ²	—	+0.4793	+0.018	+0.0001	+0.0022
F-statistic	7.41***	59.60***	53.20***	39.70***	35.47***

Note: *** $p < 0.001$; ** $p < 0.05$; * $p < 0.10$. $N = 268$. Standard errors in parentheses in original analysis.

4.7 Summary of Hypothesis Testing

Table 7: Summary of Hypothesis Testing Results

H.	Statement	β	p-value	Decision
H ₀₂	Networking & collaboration competencies do not significantly affect MSME performance	0.226	< 0.001	Reject H ₀₂
H _{04b}	External environment does not significantly moderate the networking-performance relationship	-0.013	< 0.001	Reject H _{04b}

Source: Data Analysis (2025).

5. DISCUSSION

The finding that networking and collaboration competencies exert a positive and significant effect on MSME performance ($\beta = 0.226$, $p < 0.001$) confirms a well-established pattern in the SME literature and extends it to the specific context of Kenyan bakery enterprises. This result aligns with Sendawula et al.'s (2023) finding that entrepreneurial networking significantly improves MSME performance in Uganda through enhanced market access and innovation diffusion, and with Ali, Korir, and Bonuke's (2023) demonstration that networking capabilities jointly influence SME performance in Kenya. The result is consistent with Social Capital Theory, which conceptualises networks as resources that provide access to information, opportunities, and assistance unavailable to isolated firms (Nahapiet & Ghoshal, 1998).

The strong positive correlation between networking and innovative practices ($r = 0.6395$) supports Ahimbisibwe et al.'s (2023) finding that networking acts as a catalyst for innovation — exposing MSME bakers to new ideas, technologies, and business practices that subsequently improve operational performance. For Kisumu bakeries, collaborative participation in WhatsApp groups, Bakers Club networks, and informal cooperatives appears to serve as a critical conduit for knowledge exchange and market intelligence. This observation resonates with the EntreComp Framework's positioning of

networking under the 'Resources' domain, emphasising collaborative engagement as a fundamental capability for mobilising the knowledge and material resources required for entrepreneurial success.

The descriptive findings provide texture to this result. Relationship building with other entrepreneurs (Mean = 4.44) emerged as the most widely practised networking activity, while participation in formal business forums (Mean = 4.11, SD = 1.03) showed the greatest variability — suggesting that while interpersonal networking is widespread, access to formal industry networks and trade associations is unequal, potentially disadvantaging home-based micro-enterprises without the time or resources to participate in organised industry events.

The negative and significant moderating effect of external factors ($\beta = -0.013$, $p < 0.001$) provides important nuance. While networking generally enhances performance, its positive impact weakens in adverse external environments characterised by political instability, regulatory uncertainty, limited credit access, and economic volatility. This finding aligns with Opondo (2022), who found that macroeconomic instability reduces the efficacy of social networks for Kenyan SMEs, and with Zacca, Dayan, and Ahrens (2015), who reported that external instability erodes the trust foundations of collaborative relationships.

The interaction pattern where networking benefits are most pronounced under favourable external conditions is consistent with Contingency Theory (Donaldson, 2001), which posits that the effectiveness of internal capabilities depends on their fit with contextual conditions. In Kisumu's bakery sector, political disruptions, anecdotal evidence from business journalism suggests that the 2024 Gen Z protests disrupted Kisumu's bakery sector (Mwangi, 2024), a pattern consistent with broader evidence on the effect of political instability on MSME performance in Kenya (Opondo, 2022), supply chain disruptions, and regulatory burden appear to constrain the performance-enhancing potential of networking relationships, particularly for micro-enterprises with limited capacity to absorb environmental shocks.

Nevertheless, the primary effect of networking remains positive and robust across all models, confirming that cultivating relational competencies is a worthwhile strategic investment for MSME bakers even in challenging environments. The relatively modest but significant β coefficient (0.226) suggests that networking's performance contribution, while real, is complementary to rather than a replacement for strong innovative and managerial competencies, whose effect sizes are larger. This underscores the EntreComp Framework's vision of entrepreneurial competencies as an interconnected system rather than isolated attributes. The substantially larger effect of innovative competencies ($\beta = 0.483$) compared to networking ($\beta = 0.226$) in the full model suggests that for Kisumu bakery MSMEs, innovation is the primary competency driver of performance, with networking serving an amplifying rather than a foundational role. This hierarchy of competency effects has practical implications for enterprise training prioritisation.

6. CONCLUSIONS AND RECOMMENDATIONS

This study demonstrated that networking and collaboration competencies significantly and positively influence business performance among bakery and confectionery MSMEs in Kisumu County, Kenya ($\beta = 0.226$, $p < 0.001$). The relationship-building dimension emerged as the strongest networking indicator, followed by strategic partnerships and participation in business forums. The external environment exerts a significant negative moderating effect, weakening the networking-performance relationship under

adverse conditions ($\beta = -0.013$, $p < 0.001$), underscoring the importance of enabling external environments for realising the full performance benefits of collaborative competencies.

These findings confirm that networking and collaboration competencies constitute valuable strategic assets for bakery MSMEs, contributing to performance across all four Balanced Scorecard dimensions: customer relationships, supply chain efficiency, knowledge acquisition, and revenue growth. Based on these conclusions, the following recommendations are proposed:

For MSME Bakers:

- MSME bakers should actively build and maintain structured business networks by forming or joining bakery cooperatives, clusters, and professional associations that enable resource pooling, joint procurement, knowledge exchange, and collaborative marketing strategies.
- MSME bakers should invest in digital literacy and social media management skills to leverage online platforms (WhatsApp, Facebook, Instagram) more effectively for business networking, customer engagement, and market intelligence gathering.

For County Government and Enterprise Agencies:

- The County Government of Kisumu and national enterprise development agencies should invest in creating and supporting formal bakery networking platforms including organised industry events, trade fairs, and innovation forums to reduce access inequality between home-based micro-enterprises and more established operators.

For National Policy:

- Policy interventions should prioritise environmental stability including consistent regulatory frameworks, accessible credit facilities, and reliable infrastructure to create the enabling conditions under which networking competencies can translate most effectively into business performance gains.

For Future Research:

- Future research should examine longitudinal effects of networking on MSME performance, explore the role of digital networking platforms in the bakery sector, and investigate gender-differentiated networking patterns among Kenyan MSME bakers.

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