STATUS AND GROWTH DETERMINANTS OF NON-TIMBER FOREST PRODUCTS FIRMS IN KENYA

L., Wekesa[1], J., Maalu[2], J., Gathungu[2] and G., Wainaina[3]

1Kenya Forestry Research Institute, Coast Eco-region Research Programme, P.O Box 1078 – 80200, Malindi, Kenya, [2]University of Nairobi, School of Business, Department of Business Administration, P.O Box 30197 – 00100, Nairobi, Kenya, [3]University of Nairobi, School of Business, Department of Management Science, P.O Box 30197 – 00100, Nairobi, Kenya

Abstract

The nature and state of non-timber forest products small and medium enterprises and what drives their growth in Kenya is not fully understood. Studies done have not adequately described the firms and demonstrated what influence their growth. Thus, this study performed descriptive and inferential statistical analyses to characterize and establish growth determinants of the firms. The study was conducted as a cross-sectional survey with questionnaire administered to entrepreneurs of 314 firms dealing with non-timber forest products selected using stratified random sampling methods from nine representative counties of Kenya. Factors assessed included characteristics of: the firm (age, products handled, size and legal status); and entrepreneurs/owners (age, gender, education, experience, managerial and social skills). Frequency counts and percent were used in characterizing respondent firms whereas regression analysis was applied to establish growth determinants. It was observed that most firms were relatively new in operation, small in size with less than 10 employees, operated as sole proprietorship ventures and dealt with fruit based products. Most entrepreneurs were well educated young adults but had no requisite managerial and social skills, and industry experience. Nature of products and legal status (firm characteristics), and entrepreneur's age and education (entrepreneur characteristics) influenced firm growth. It was concluded that entrepreneurship in non-timber forest products was in nascent stages of growth run with entrepreneurs without requisite qualifications necessary for creating competitiveness and growth of the industry. There was need, therefore for the firms to enhance their capacities through appropriate staff recruitment and/or training. Additionally, firm registration especially incorporating partnerships and limited companies be encouraged and supported.

Keywords: Characteristics, entrepreneurship, firm, non-timber forest products, small and medium enterprises

*Corresponding author: weknus@yahoo.com

INTRODUCTION

The small and medium enterprises (SMEs) which operate in all sectors make up a significant part of the Kenyan economy (GoK, 2008). These entrepreneurial activities create jobs and enhance economic growth through accelerating innovation and promoting full use of human, financial and other resources. The SMEs have been successfully used by the Western economies for job and wealth creation (Gómez, 2006; Namusonge, 2014). Following suit, Kenya has increasingly put focus on SMEs for ending poverty and building shared prosperity. In 2011 for example, the SMEs employed close to 80% of Kenya's total workforce estimated at seven million persons and contributed 20% to Gross Domestic Product (African Economic Outlook, 2012). The SMEs are in trade (64%), services (15%), manufacturing (13.4%) and others (8%) that include the SMEs in agribusiness sector dealing with products derived from agricultural practices including non-timber forest products (NTFPs). However, little is known about the operationalization of these firms in the country. This study therefore, provided an empirical analysis of data collected to inform on the status and growth of the firms.

The increasing focus on the NTFPs is important in poverty reduction and bio-diversity conservation (FAO, 1995; Neumann and Hirsch, 2000; Marshall *et al.*, 2006). The NTFPs are described as biological resources of plant and animal origin other than wood derived from forests, other wooded lands and trees outside forests and are used as either food, fibres, medicinal, cosmetic, income generation and/or cultural purposes (FAO, 1995; Marshall *et al*., 2006; Ahenkan and Boon, 2011). The NTFPs are

also commonly known as Alternative Forest Products (AFPs), Minor Forest Products (MFPs), Non-Wood Forest Benefits (NWFBs), Non-Wood Goods and Benefits (NWGBs), Non-Wood Goods and Services (NWGSs), Special Forest Products (SFPs), and Secondary Forest Products (Dlamini, 2013). They are more beneficial to forests than logging and make significant contribution to livelihoods (Marshall *et al.,* 2006); generate additional employment and income (Ahenkan and Boon, 2011); and offer opportunities for enterprises (Subedi, 2003). More importantly, the NTFPs support various businesses that help diversify an economy and enhance conservation. The tradable NTFPs targeted by SMEs include fruits, nuts, herbs, flowers, plant dyes, essential oils, woodcrafts, resins, honey, seeds, basketry from reeds, medicinal products and carbon stocks.

The firms utilizing the NTFPs have the potential to achieve dual conservation and development goals by increasing the value of forest resources to local communities thus qualifying them as green businesses. Their contribution is more significant to resource poor people and particularly women and youth by acting as outlets for their products. Although quantification of their contribution is scarce in Kenya, it has been estimated that over two-thirds of Africa's 600 million people rely on these forest products either for subsistence or for cash income (Kaimowitz, 2003; CIFOR, 2005; Sunderlin *et al*., 2005). At global level, they generate US $115.5 to US$117 billion annually (Shanley *et al.*, 2008).

Despite the potential of NTFPs firms, little information exists on them in the country. Few studies have tried to describe and establish what factors influence growth of such firms. Studies conducted on the NTFPs in the country (FAO, 1995; Chikamai and Odera, 2002; Chikamai *et al.*, 2004; Mbuvi and Boon 2008; Chiteva *et al.*, 2016) have concentrated on the ecology, production levels and social capital issues with less focus on entrepreneurship development with NTFPs. Thus, the study was conducted to describe the firms dealing with NTFPs and demonstrate determinants of their growth. As green businesses, NTFPs firm have high potential for income generation and environmental conservation and thus, the study findings would help motivate public and private institutions to invest in them. The findings would also inform policy makers on entrepreneurial dynamics within the NTFPs sub-sector in order to come up with viable policies and development programs.

MATERIALS AND METHODS

A cross-sectional survey covering 314 NTFPs firms were selected using probability sampling methods from nine counties with the highest concentration of NTFP enterprises in Kenya: Garissa (13), Kajiado (13), Kilifi (22), Kitui (25), Kwale (16), Machakos (13), Makueni (16), Mombasa (61) and Nairobi (135). Stratification was applied to establish sampling units; the SMEs in the nine counties were segregated into three mutually exclusive strata/categories based on similarities in sources and use. The three strata were the fruit products, medicinal and bee products; fruit products included edible fruits, seed oils, gums, seeds and nuts; medicinal were those with medicinal and cosmetic values and included herbs, aloe, resins and essential oils; and bee products included honey, wax, royal jelly and propolis. Sample units were established proportionately by multiplying the sample size with a fraction of firms in each stratum as their number to the total population in sampled counties. The firms in each stratum were numbered sequentially and random numbers used to select firms to interview owners/managers. However, in cases where an oversized firm with over 100 employees or a wrongly categorized one was selected, then it was replaced with the next firm on the list.

A questionnaire with open and closed format questions and pretested in Taita Taveta County was administered to entrepreneurs of randomly selected firms in Nairobi, Mombasa, Kilifi, Kwale, Kajiado, Garissa, Kitui, Machakos and Makueni Counties that represented 64% of the target SMEs population. The study achieved a 90% response rate with questionnaires from 283 firm having satisfactory responses. However, following data cleaning process, 88%, that is 277 questionnaires were found usable and adopted for further analysis. The response rate was the highest (100%) in Garissa, Kilifi, Kitui, Kwale and Makueni Counties and least in Nairobi (81%). Respondents in Nairobi were skeptical and not willing to participate in the interviews. The busy schedule and fears that disclosures on performance of business would elicit tax payment penalties could have been some of the reasons for unwillingness to provide information.

The data collected was subjected to descriptive and inferential statistical analyses to profile and establish growth determinants of the firms. Profiling using frequency distribution of the scores covered the entrepreneur and firm characteristics of the respondent

firms. The characteristics of entrepreneur were many and diverse but this study profiled the entrepreneurs based on age, gender, education, managerial skills, industry experience and social skills which depict knowledge, talents, skills, abilities, experience, intelligence, and training advanced under resource based view (RBV) as some of the resources and capabilities necessary for achieving competitive advantage. Frequency tables were used to show patterns of distribution of the firms by these entrepreneur characteristics. On the other hand, firm characteristics describe those traits which play important role on the growth of the firm and included legal status, nature of products dealing with, level of diversity, age of the firm, average annual profit margins achieved and level of adoption of newer technology. The study tested the null hypothesis that there is no significant influence of entrepreneur characteristics and firm characteristics on growth of firms dealing with NTFPs against alternative hypothesis as a two-tailed test at 95% confidence level ($\alpha = 0.05$) that there is significant influence of entrepreneur characteristics and firm characteristics on growth of firms dealing with NTFPs using the following multiple linear regression model:

$$FG = \beta_0 + \beta_1 AE + \beta_2 GE + \beta_3 EE + \beta_4 MS + \beta_5 IE + \beta_6 SS + \beta_7 NP + \beta_8 LS + \beta_9 AF + \varepsilon$$

Where FG is firm growth, AE is age, GE is gender, EE is education, MS is managerial know-how, IE is industry experience, SS is social skills, NP is nature of products, LS is legal status, AF is age of firm and Ɛ is error term. Firm growth was inputted in the model as number of employees in the business organization. The nine entrepreneur and firm characteristics were fitted in the model as individual variables. Respondent firms indicated entrepreneur age as number of years from date of birth. Gender, education, managerial know-how, industry experience, social skills, nature of products, legal status and age of firm were indicated as sex category, highest level of education attained, managerial skills course attendance, years running a business, subscription to social clubs or groups, type of products dealing with, type of business registered and when commenced operations, respectively.

RESULTS AND DISCUSSION

Characteristics of Non-Timber Forest Products Firms

Profiling of the respondent firms was aimed at providing an understanding of their characteristics. Theoretical perspectives and conceptual arguments show that the operation and achievements of strategic objectives by firms is influenced by individual, organizational, and environmental factors including their years in operation, nature of products dealing with, size and legal status. Therefore, descriptive statistics were performed to provide an understanding of characteristics of the NTFPs firms, including: years of operation; nature and number of products handled; size of the firm; and legal status.

Years in operation: Years in operation indicate firm experience and have a positive impact on performance (Kipesha, 2013). Firm value is influenced by years of operation since they reflect experience possessed by the firm. Older well developed firms have better experience and out-perform newer firms. Equally, years in operation are a significant determinant of capital structure of a firm as it enhances creditworthiness (Shehu, 2011). Thus, descriptive statistics were performed to derive frequency counts and % for profiling the firms in relation to their years of operation captured as the age category reflecting period of time in running the business. Table 1 shows the profile of respondent firms by years in operation.

TABLE I - YEARS IN OPERATION OF THE ENTERPRISES

Operation by the Firm (Years)	Frequency	%
0 to 10	163	58.9
11 to 20	77	27.8
Over 20	37	13.4
Total	277	100.00

Majority of firms (58.9%) were in operation for a period of not more than 10 years. The least (13.4%) were the firms that had been in operation for over 20 years. This implied that, on average firms in the NTFPs sub-sector were relatively new in operation with majority being in existence for not more than 10 years; shorter durations result in lower levels of experience, operation capacity and creditworthiness that negatively affect firm growth.

Nature of products handled: The NTFPs are wide and diverse ranging from food products to non-food products including medicinal and essential oils. Nature of the NTFPs has an impact on performance of the business. Studies have demonstrated that firms handling food related products tend to out-perform those dealing with non-food items. Studies (Nils and von der Fehr, 1995; Adegbite *et al.*, 2006) have shown that food processing and distribution

businesses are the majority and contribute significantly to satisfying the basic needs in most African countries. Thus, this study performed descriptive statistics to profile the firms based on nature of products dealt with. Table II shows frequencies of NTFPs handled by the firms.

TABLE II -NATURE OF PRODUCTS HANDLED BY ENTERPRISES

Type of Product	Frequency Counts	%
Fruit products	142	51.3
Medicinal	64	23.1
Bee products	62	22.4
Others	9	3.2
Total	277	100.0

Most of firms handled fruit products (51.3%). The firms (3.2%) also indicated handling other NTFPs including butterflies, basketry and plant dyes. Fruit products form part of the food products and it was not surprising that most of the firms handled such products. Thus, the firms in the NTFPs sub-sector on average dealt with food related products; food related products tend to have higher demand enabling firms to achieve better performance.

Number of products handled: The number of NTFPs handled by the firms was varied. Handling many products hedges a firm against uncertainties in market demand and pricing (Bowen *et al.*, 2009). Highly diversified firms have higher resilience levels and post better performance unlike those that are not. Bowen *et al.* (2009) observed that selling a variety of differentiated products and services helps business perform well. Thus, respondent firms were profiled based on number of products handled using descriptive statistics and results are presented in Table III.

TABLE III - NUMBER OF PRODUCTS HANDLED BY ENTERPRISES

Number of Products	Frequency	%
One	101	36.5
Two	60	21.7
Three	42	15.2
More than three	74	26.7
Total	277	100.10

The firms handling only one product formed 36.5% of the sample size (see Table III). However, the firms handling more than one product formed over 60%. This implied that, on average firms in NTFPs sub-sector were highly diversified; diversification cushions firms against uncertainties in demand for products and pricing.

Size of the firms: Size of a firm was one of the key determinants of firm growth; the firm size has shown to have an impact on performance due to the advantages and disadvantages faced by the firms with a particular level of performance. According to Chandler (1962), large firms can operate at low costs due to scale and scope of economies advantages. In addition, due to their size of operations, large firms have the advantage of getting access to credit finance for investment, possess a larger pool of qualified human capital and have a greater chance for strategic diversification compared to small firms (Yang and Chen, 2009). Large firms also have superior capabilities in product development and marketing making them have better performance (Teece, 1986). Size of enterprise reflects how large it is in employment terms (Islam *et al.*, 2011). McMahon (2001) found that firm size is significantly linked to better performance. According to Ramsay *et al.* (2005), firm size allows for incremental advantages by enabling a firm to raise barriers of entry to potential entrants as well as gain leverage on economies of scale to attain productivity. Thus, descriptive statistics were performed to establish firm size distribution measured by number of employees as per categorization of firms by the Government of Kenya (GoK). Table IV shows size distribution of responds firms.

TABLE IV -CHARACTERISTICS OF THE FIRMS

Size (Employees)	Categorization	Frequency	%
Less than 10	Very small	177	64
10 to 49	Small	81	29
50 to 99	Medium	19	7
Total		277	100

From Table 4, the highest % (64%) of the firms had less than 10 employees. On the other hand, the least % (6.9%) of the firms had 50 to 99 employees. This implied that, on average firms in the NTFPs sub-sector were very small according to the categorization by the GoK depicting firms with less than 10 employees as very small enterprises.

Legal status: Legal status of a firm has an impact on its performance (Stiglitz & Weiss, 1981; La Porta & Vishny, 1997). Stiglitz and Weiss (1981) stated that limited liability businesses have a greater incentive to pursue

risky projects and, therefore, expect higher profits and growth rates than other firms. Harhoff *et al.* (1998) in their study of German firms found that firms with limited liability have above average growth rates. Freedman and Godwin (1994) in their study of small businesses in the United Kingdom found that the prime benefit of corporate status was limited liability.

Based on the foregoing, descriptive statistics were performed to establish legal status of the firms. Legal status was measured as categorical data with respondents selecting appropriate choices to depict their status. Table V shows distribution of the firms based on their status.

TABLE V - LEGAL STATUS OF THE ENTERPRISES

Legal Status	Frequency	%
Sole proprietorship	143	51.6
Partnership	53	19.1
Limited company	45	16.2
Cooperative society/self-help group	36	13.0
Total	**277**	**100.0**

Most of the respondent firms (51.6%) were operated as sole proprietorship ventures (see Table V) The least number of firms (13%) were operated as cooperatives. This demonstrated that, on average firms in the NTFPs sub-sector were operated as sole proprietorships.

Characteristics of non-timber forest products firm entrepreneurs

Although a distinction is sometimes made between the owner and manager based on the motive, status, risk bearing, rewards, innovations and qualifications with owner playing strategic role while the manager playing both strategic and tactical role, the two were considered equally as entrepreneurs of the NTFPs firms. In cases whereby it was not possible to have the owner, then the manager operating the business was listed for characterization. Of the 277 entrepreneurs covered, 68% were owners operating their firms as either chairmen (13%) or directors (55%), 29% were managers and a paltry three % listed others were senior supervisory staff well-versed with the firm and directly involved in decision-making. All these entrepreneurs were characterized using characteristics that depict knowledge, talents, skills, abilities, experience, intelligence, and training in achieving growth: age; gender; education; managerial skills; industry experience; and social skills.

Age of entrepreneurs: Age was conceptualized as one of the entrepreneur characteristics affecting firm growth. Descriptive statistics were performed to profile the firms by age of entrepreneurs. Age was measured as the entrepreneur's number of years from date of birth. Table VI shows the profile of the firms by age of the entrepreneur.

TABLE VI - AGE OF ENTREPRENEURS

Age	Frequency	%
Below 30	36	13.0
30 to 49	175	63.2
50 and above	66	23.8
Total	277	100.0

The majority of the firms (63.2%) had entrepreneurs in the age bracket of 30 to 49 years. The least % of the firms had entrepreneurs in the age bracket of below 30 years (13%). Therefore, the findings show that on average, majority of entrepreneurs owning/operating firms in the NTFPs sub-sector were young adults as per the classification in Erikson (1975) that a young adult is in the age range of 20 to 40 years, whereas a person in middle adulthood stage is in the age range of 40 to 64 years.

Gender of entrepreneurs: Gender was conceptualized as one of the entrepreneur characteristics affecting firm growth. Descriptive statistics were performed to profile the respondent firms by gender of the entrepreneurs (seeTable VII).

TABLE VII -GENDER OF ENTREPRENEURS

Gender	Frequency	%
Male	176	63.5
Female	101	36.5
Total	277	100.0

The majority (63.5%) of the firms were operated by male entrepreneurs. This demonstrated that firms in the NTFP sub-sector were dominated by male entrepreneurs.

Education of entrepreneurs: Level of education was conceptualized as one of the entrepreneur characteristics affecting firm growth. During data collection, respondent firms indicated their highest levels of education from the four choices: primary, secondary, tertiary (college, vocational school or post-secondary career training) and others (no formal education at all). Table 8 presents the

descriptive statistics illustrating the profile of the firms by education of entrepreneurs.

TABLE VIII - EDUCATION OF ENTREPRENEURS

Education	Frequency	%
Primary school	47	17.0
Secondary school	115	41.5
Tertiary level	111	40.1
Others	4	1.4
Total	**277**	**100.0**

Majority of the firms had entrepreneurs with secondary (41.5%) and tertiary (40.1%) levels of education while a minority had no formal education (4%). This implied that, on average firms in the NTFPs sub-sector were owned/ operated by entrepreneurs with formal education.

Managerial skills of entrepreneurs: The managerial skills variable was conceptualized as one of the entrepreneur characteristics affecting firm growth. Respondent firms were profiled by the managerial skills of their entrepreneurs. The firms indicated whether their owners/operators had attended managerial training. Managerial skills unlike experience require specialized training to equip one with necessary theoretical and practical managerial capacity; entrepreneurs with managerial skills were those that had attended managerial courses. Table IX shows profile of the firms by managerial skills of their entrepreneurs.

TABLE IX - MANAGERIAL SKILLS OF ENTREPRENEURS

Managerial skills	Frequency	%
Attended managerial training	122	44.0
Not attended any managerial training	155	56.0
Total	**277**	**100.0**

The majority of the firms (56%) had entrepreneurs who had not attended any training to enhance their managerial know-how. This implied that, on average, firms in the NTFPs sub-sector were owned/operated by entrepreneurs with no requisite managerial skills.

Industry experience of entrepreneurs: Industry experience was conceptualized as one of the entrepreneur characteristics affecting firm growth. The firms were profiled by the industry experience of the entrepreneurs using descriptive statistics. Respondent firms indicated industry experience of their entrepreneurs as the years involved in managerial position or in running the business. Table X shows the frequencies elucidating profile of respondent firms by industry experience possessed by their entrepreneurs.

TABLE X- INDUSTRY EXPERIENCE OF ENTREPRENEURS

Industry Experience	Frequency	%
0 to10 years	202	72.9
11 to 20 years	46	16.6
Over 20 years	29	10.5
Total	**277**	**100.0**

The majority of the respondent SMEs (72.9%) had upto 10 years of experience in running businesses. This implied that, on average, firms in the NTFPs sub-sector were owned/operated by entrepreneurs with relatively lower levels of industry experience.

Social skills of entrepreneurs: This study conceptualized social skills as one of the entrepreneur characteristics affecting firm growth. The firms were profiled by the social skills of the entrepreneurs by indicateing whether their entrepreneurs subscribed to social groups/clubs. Social skills unlike managerial skills demonstrate social capital acquired through interactions in collective action; entrepreneurs with social skills were those that were subscribed to groups/clubs. Table XI shows profile of the firms by entrepreneurs' social skills.

TABLE XI - SOCIAL SKILLS OF ENTREPRENEURS

Social Skills	Frequency	%
Belonging to social groups	113	40.8
Not subscribed to any group	164	59.2
Total	**277**	**100.0**

Majority of the firms (59.2%) had entrepreneurs who had not subscribed to any group. This implied that, on average firms in the NTFPs sub-sector were owned/operated by entrepreneurs without necessary social skills.

Growth determinants of non-timber forest products firms

Multiple linear regression analysis was performed to establish factors affecting growth of firms dealing with

non-timber forest products. The null hypothesis that there is no significant influence of entrepreneur characteristics and firm characteristics on growth of firms dealing with NTFPs against alternative hypothesis as a two-tailed test at 95% confidence level ($\alpha = 0.05$) that there is significant influence of entrepreneur characteristics and firm characteristics on growth of firms dealing with NTFPs. The results of multiple regression analysis are shown in Table XII.

studies of this nature (Odundo, 2012). Focus is also put on F-statistic and significance of t-values to account for the influence.

The F statistic (11.487) for the model was statistically significant at 5% significance level ($p \leq 0.05$) and therefore the overall model was significant. It was therefore, observed that entrepreneur characteristics and firm characteristics had significant influence on growth of NTFPs firms.

TABLE X II - NON-TIMBER FOREST PRODUCTS FIRM GROWTH DETERMINANTS

Model Summary

Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**	
	.546	.298	.272	1.115	
ANOVA					
Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	128.602	9	14.289	11.487	.000
Residual	303.512	244	1.244		
Total	432.114	253			
Coefficients					
Model	B	Std. Error	Beta	t-value	p-value
(Constant)	.890	.402		2.213	.028
Nature of products (NP)	.169	.081	.117	2.088	.038
Legal status (LS)	.490	.067	.408	7.265	.000
Age of firm (AF)	.369	.379	.061	.973	.331
Age of entrepreneur (AE)	-.179	.067	-.163	-2.678	.008
Gender of entrepreneur (GE)	.069	.152	.025	.455	.649
Education of entrepreneur (EE)	1.147	.483	.156	2.375	.018
Entrepreneur's managerial skills (MS)	-.040	.168	-.015	-.239	.811
Entrepreneur's industry experience (IE)	.046	.071	.035	.639	.523
Entrepreneur's social skills (SS)	-.132	.152	-.050	-.863	.389

Analysis (N=277) Note: $p \leq 0.05$

From Table XII, the coefficient of determination (R^2) of the nine independent variables (entrepreneur characteristics and firm characteristics) on the growth of firm as dependent variable was 0.298. The adjusted R^2 value was 0.272 and closer to R^2 value implying that 27.2% of variance in growth of firms in the population was explained by the model. The exclusion of other characteristics especially the entrepreneur characteristics such as self-confidence, perseverance, desire to be boss, will to succeed, autonomy, innovativeness, risk taking, pro-activeness, and competitive aggressiveness in the model could explain why the R^2 and adjusted R^2 values were not closer to 1 as anticipated. Such low R-squared values are not always bad, and are even expected in

The calculated t-values for the estimated coefficients of nature of products (2.088), legal status (7.265), age of entrepreneur (2.678) and entrepreneur's level of education (2.375) were significant at 5% significance level ($p \leq 0.05$). Based on the foregoing results of regression analysis, the model fitted with firm growth (FG) as dependent, and firm characteristics (nature of products and legal status) and entrepreneur characteristics (age of entrepreneur and education of entrepreneur) as independents was specified as:

$$FG = 0.890 + 0.169\ NP + 0.49\ LS - 0.0179\ AE + 1.147\ EE$$

(0.028) (0.038) (0.000)
(0.008) (0.018)

Based on the regression equation above, the intercept was 0.890, implying that firm growth would be 0.89 when all the independent variables were zero. Also, a unit change in nature of products would bring about 0.089 change in firm growth, *Ceteris paribus*. Similarly, a change in legal status, age of entrepreneur and entrepreneur's education by one unit each would result in change in firm growth by 0.49, 0.0179 and 1.147, respectively, *Ceteris paribus*.

Discussion of the findings

The characteristics of the NTFPs firms and entrepreneurs identified in the study were similar with observations made in other sectors. Kibas and K'Aol (2004) in their study aimed at investigating and profiling cases of successful Kenyan entrepreneurs opined that most Kenyan entrepreneurs exhibit typical characteristics of other entrepreneurs elsewhere. Bowen *et al.* (2009) in their study on management of business challenges among SMEs in Nairobi observed that training or education was positively related to business success.

The indication of a significant relationship between firm growth, and firm and entrepreneur characteristics was similar with other studies. Previous studies have proposed a link between characteristics of the entrepreneur and firm growth (Herron & Robinson, 1993; Covin and Slevin, 1997; Islam *et al.*, 2011). Demographic factors such as age and gender, and individual background including education and previous work experience impact on firm growth (Mazzarol *et al.*, 1999; Reynolds *et al.*, 2000; Kristiansen *et al.*, 2003). Islam *et al.* (2011) in a study in Bangladesh observed that entrepreneur's age, education, managerial know-how, industry experience and social skills influence firm growth. Therefore, the findings of this study affirm the observation that firm and entrepreneur characteristics have significant effect on the growth of the firm.

CONCLUSION AND RECOMMENDATIONS

The objective of this study was to establish the status and growth determinants of the NTFPs firms in Kenya. These firms were very small in size, young, dealt with mostly fruit products and run as sole proprietorships. Their entrepreneurs were young male adults, well-educated but with no requisite managerial and social skills, and low levels of industry experience. It was, thus concluded that entrepreneurship in NTFPs is in nascent stages of growth run with entrepreneurs without requisite qualifications necessary for creating competitiveness and growth. Based on the resource based view (RBV), firm with requisite qualities, resources, strategy are competitive and boast better growth. There is need, therefore for firms to enhance their capacities through appropriate staff recruitment to enhance their competitiveness and growth.

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