

**EFFECT OF NETWORKING COMPETENCY ON THE SURVIVAL OF SMALL AND MEDIUM ENTERPRISES IN KENYA**

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## ABSTRACT

Small and Medium Enterprises (SMEs) are the key drivers of economic growth in almost all economics of the world. Efforts directed towards enhancing their survival and eventual growth has been a concern to researchers, policy makers and governments. This is out of the realization that there is a high mortality rate of SMEs within the first three years of operation. The collapse ration of SMEs is alarming for developing countries as well as developed countries and Kenya is no exception. Many SMEs encounter problems that limit their survival. The threat to survival is real and requires a concerted effort from both policy makers and the entrepreneurs themselves. This study, therefore, seeks to investigate the effect of networking competency on the survival of SMEs in Kenya. The study is about the prospects of survival of SMEs in Kenya should they opt to use appropriate networking competency. The study was guided by the research objective as finding out what role is played by networking competency on the survival of SMEs in Kenya. The study reviewed past activities and this was explained by the literature review. The literature

review evaluated the relationship between networking competency on the one hand and survival of SMEs on the other hand. The study adopted a descriptive research design. The target population was 268,100 registered SMEs who are operating under single business permit (SBP) in Nairobi City County where a stratified random sampling was applied to identify 400 SMEs. Data analysis was by way of descriptive statistics (frequencies and percentages), tables and graphical presentations, and a linear regression model where survival was regressed against networking competency to make statistical reference. The findings revealed that networking competency has a positive and significant effect on the survival of SMEs in Kenya

thereby increasing their chances of survival. The study, therefore, recommends that SMEs through the management should embrace networking competency as a way of gaining competitive advantage and widening their customer base.

**Key Words:** *networking competency, survival, small and medium enterprises*

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