**Indigenous Entrepreneurship and Economic Development: The Moderating Effect of Globalization dynamics in Turkana County, Kenya**

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**Abstract**

Entrepreneurship is vital for enterprise growth and economic development. The main objective of the study is to establish the moderating effect of globalization dynamics on the contribution of indigenous entrepreneurship among micro and small livestock enterprises to economic development in Turkana County. The study is anchored on effectuation and institutional theories. Positivist and phenomenology paradigms were adopted and descriptive cross-sectional research design. A list comprising of 598 livestock enterprises was availed from the County Livestock Marketing Council**,** to get a sample size of 339 MSEs. Descriptive and inferential statistical methods were used to analyze data. From the results, globalization dynamics was found to have a significant moderating effect on the relationship between indigenous entrepreneurship and economic development. In model one the result shows that the association between indigenous entrepreneurship and economic development was moderate and significant (R2=0.771, F=129.39, P<0.05). In model two (R2=.992, F=108.136, P<0.05) was strong and significant and in model three (R2=0.993, F=98.13, P<0.05) was strong and significant at 5% level, suggesting presence of a moderating effect in model three after an interaction term is introduced. The study suggests for the county government of Turkana to refocus on the decentralization policy perhaps integrate with indigenous entrepreneurship so that it can induce economic activity from outside business players. The national and County governments should work to reduce environmental uncertainty, promote indigenous entrepreneurs encouraging their participation in the global economy, attracting private sector development, foreign direct investment, increased exports, spurring economic development through investing in education and health.

**Key Words:** Indigenous entrepreneurship, globalization dynamics, micro and small livestock enterprises, economic development

1. **Introduction**

Entrepreneurial prospect is a consequence of human act of entrepreneurial initiative [1] Picard (2013) and commercialization can occur through the creation of new organizations, corporate venturing or traded to individuals or existing enterprises through licensing. The process includes a transformation of the earlier, drive and launching by human will. Prospective entrepreneurs need to develop an entrepreneurial mentality enabling identification of opportunities, appreciating entrepreneurial ventures as desired and viable. Entrepreneurship involves discovery, changing, familiarizing and conserving what is good from the past [2] (Drucker, 2007). Karl Marx (1818-1883) and Schumpeter (1883-1950) both agree in the disappearance of small businesses and that the future economic system will comprise of big firms only, which will plan the world economy that is globalization [3] (Boutillier, 2013).

The entrepreneur as the single economic actor will disappear in the new order, innovation will be based on big enterprises and bureau and team work will substitute individual act [4] (Schumpeter, 1942). Capitalism will be wrecked by its own practices of free enterprise and competition (globalization) and entrepreneurial place will be replaced by managerial innovativeness as the economic player. After the Second World War, United States of America and Western Europe enjoyed strong economic growth and by the 1970’s their multinational firms dominated the world economy with only a number of small firms surviving agreeing with Schumpeter and Karl Marx. They dominate international markets, steered by multinational companies and employees representing investors not by the entrepreneur [5] (Galbraith, 1986). The entrepreneur is no more a hero, is now socialized and a player in the economy, is pragmatic, whose interest is revenue acquisition not always aimed at personal enrichment, replacing the innovative entrepreneur. A network comprising diverse multinational institutions is the key unit of the economic order replacing the nation, organization, family or the entrepreneur.

However, capitalism and the entrepreneur has not disappeared in the 21st century, their powers in the international community is strengthened Boutillier (2013) against Schumpeter’s and Karl Marx views. The 1990’s noted the economist’s craze towards entrepreneurs. Economists attribute entrepreneurs’ reemergence to; sluggard economic development and enormous job scarcity, reduction in state social expenditure, the denationalization and deregulation of the economy and occurrence of information and communication technologies (ICT’s). Due to globalization of economic forces and markets ICT is offering new investment opportunities and growth of financial flows (Boutillier, 2013). The view of entrepreneurship has taken a new dimension replicating institutional features of the community and therefore understood as a societal phenomenon. Entrepreneurship therefore is about individual and non-monetary welfare not merely enterprise success reflected in profits. Globalization dynamics is depicted as a major procedure of economic progress which ultimately aims at increasing the well-being and pleasure of the global population [6] (Tiryakian, 2007). MSE’s have widely featured as contributing to economic development in developing countries. Internationally there has been an “explosion of interest in small and productive enterprises” [7] (Mead, 1999: 409). The donor community and policy makers have recognized the importance of the sector in developing countries gaining prominence in many development plans and adopted as a development strategy. The contribution of the MSE’s to the national economy is highly regarded as (Mead, 1999) observes that the sector’s health and nature positively reflects the health of the national economy.

According to [8] GoK (2020) Turkana County was the least developed County associated with the harsh climatic conditions experienced in the region. The County “has limited opportunities for education, health, water, investment and trade and institutional support” [9] (International Livestock Research Institute (ILRI), 2008: 2). Livestock is the source of Turkana wealth earning revenue from the sale of livestock or livestock products ([10] McPeak & Barrett 2001; [11] Little, 2000; [12] Barret & Luseno 2004). Globalization dynamics is the interdependence of states as a result of incorporation of commerce, ideas, people and finance resulting to transnational trade. Key elements of globalization dynamics include foreign direct investment flows, liberalization of trade and capital markets, foreign aid, presence of international institutions, specialization via static comparative advantages and technology [13] (Soubbotina, Tatyana & Sheram, 2000). Globalization dynamics in this study is operationalized as specialization via static comparative advantages, foreign direct investments and foreign aid. Naude [14] (2008: 18) posit that “economic development is the process of structural transformation of an economy based on services and manufacturing”. Economic developmentis the economic and social advancement of an area, indicated by the areas increase in people’s quality of life. It includes quantitative and qualitative changes of an economy seen in individual’s output and productivity. The qualitative aspect of economic development includes greater savings and investments in job creating ventures. Economic development was measured by combining measures of education, health and income.

Although research on the contribution of entrepreneurship to economic development has widely been conducted, evidence on whether entrepreneurship contributes to economic development is not clearly established. Livestock plays an important economic and socio-cultural role amongst many Kenyan communities [15] (GoK, 2010). The sector contributed to the GDP, 4.7% (2015), 4.6% (2016), 4.2% (2017), 4.1% (2018) and 4% (2019) (GoK, Economic Survey, 2020). [16] Naude (2013:1) noted that, “evidence on whether entrepreneurship matters for economic development is not straight forward; how entrepreneurship has been promoted and how it contributed to development in countries like China and the East Asian Tigers is still a matter of contention and whether and why private-sector development initiatives may be effective is not well understood”. Foreign Direct Investment (FDI) by Western-based Multinational Corporations in developing countries is argued to be both a contributory cause of conflict and an instrument to promote development and peace [17] **(**Tobias &Boudreaux, 2009**).** Conceptually these areas have been identified to have knowledge gaps thereby making a compelling need to further investigate these relationships. The research objective was to establish the moderating effect of globalization dynamics on the relationship between indigenous entrepreneurship among micro and small livestock enterprises and economic development in Turkana County. The study hypothesis is that, the relationship between indigenous entrepreneurship among micro and small livestock enterprises and economic development is significantly moderated by globalization dynamics.

**2. Literature review**

This research was anchored on institutional and effectuation theories. [18] North (1990: 3) posits that “Institutions are the rules of the game in society or, more formally, are the humanly devised constraints that shape human interaction” ([19] Knowles, 2007; [20] Sachs, 2003; [21] Olsson & Hibbs, 2005). Institutions are regulations, controlling activities while organizations are the players. Behaviour of individuals and organizations are guided by institutions through the rules of the game, monitoring and enforcement (North, 1990). They are interested in identifying how individuals and corporations establish their place and legality through compliance to laws and standards of the institutional environment ([22] Scott, 2007. According to [23] McCormick et al (2001) business activities do not function in vacuity. Firms operate in the confines of rules and regulations (government, international and social cultural laws). Human behavior and organizational operations are dictated by societal standards, cognitive schemas and scripts and communal beliefs. They function within a particular area operating under a variety of institutions. Firms operate under structures created by external institutions and the impact of globalization on individual national economies cannot be under stated (McCormick et al., 2001). Institutions, individually and their interactions sometimes constrain or facilitate the conduct and performance of businesses (McCormick et al., 2001).

Effectuation theory is of the view that entrepreneurial environments are occasionally indeterminate as well as volatile providing little and or no information for entrepreneurs to identify and validate business ideas preceding commercialization [24] (Fisher, 2012). Effectuation is “a logic of entrepreneurial expertise, a dynamic and iterative process of creating new artifacts in the world” in ambiguous environments [25] (Sarasvathy, 2008). “Under conditions of uncertainty entrepreneurs adopt a decision logic that is different to” the endogenous model which explains a more rational way of entrepreneurship (Sarasvathy, 2008). According to effectuation theory markets do not pre-exist and a customer is only known after buying the product or service. Through engaging and interacting with stakeholders, the entrepreneur identifies new potentials leading to novel ideas and possible course of action. They focus on who they can work with than who to compete with. Entrepreneurs in highly uncertain environments accumulate knowledge through enactment of trial and iterative learning techniques, the main elements of effectuation theory [26] (Ries, 2011).

**Globalization Dynamics, Indigenous Entrepreneurship and Economic Development**

Widespread wealth, economic development, environmental sustainability and multiplicity of cultures are moral values that globalization is believed to accomplish [27] (Tiemstra, 2007). Globalization aims at promoting economic development through market expansion, while promoting division of labour and specialization via static cooperative advantage. There is increased mobility of transnational corporations due to reduced barriers to trade, foreign direct investments (FDIs) and cheap means of communication and transportation enhancing economic development. Globalization has widened the operational perspective of entrepreneurship, allowing entrepreneurs in product/service value addition while increasing demand by responding to wider market needs across the globe. Not all is juicy for entrepreneurs who through globalization experience heightened competition worldwide. Indigenous markets face international competition and may get to extinction despite highly differentiated competencies. Host business environments sometimes different from home are major challenges that have confronted entrepreneurs opting global operations. Indigenous enterprise operators do operate in a globalized economy embedded in transnational actor linkages facilitating efficacious cross border business activities. According to [28] Yeung (2002) international entrepreneurs take proactive actions in overcoming inherent problems in international business activities in prevailing socioeconomic, cultural and political environments and enterprise internal circumstances in the home and host nations.

Yeung (2002) defined transnational entrepreneurship “as the exceptional qualities required in the process of creating and sustaining particular business ventures across national boundaries by social actors (transnational entrepreneurs)”. Companies with large asset base, large domestic market and expertise are more able to internationalize. Small firms (identified with indigenous communities) have to cultivate organizational potential for globalization [29] (Organization for Economic Cooperation and Development (OECD), 2008). This requires the entrepreneur to have a broad vision, progressive learning ability, an open-mind to emerging theories and reason, diplomatic expertise and capability to accustom to a variety of cultures. They have to develop organizational capabilities for internationalization including; planning, organizing and developing foreign markets and effectively monitoring them. Creating ‘new combinations’, Schumpeterian tradition of soliciting factors of production and penetrating to international markets involve entrepreneurs taking extraordinary risks and calculations. Born-global firms develop international entrepreneurship during the first years of their establishments, ‘early developers’ [30] (Moen and Per Servais, 2002). Developing born global strategies [31] McDougall and Oviatt (1994) involves building on entrepreneur’s proactivity to conquer market opportunities abroad, using loose-tie linkages which question routine and existing traditions stimulating creativity and innovation.

Transnational entrepreneurship especially developing from indigenous entrepreneurship in establishing and managing transnational operations is worth studying for the purpose of this study. International entrepreneurs and intrapreneurs “build complex and innovative institutional arrangements at the organizational level to overcome problems associated with engaging in international business activities” (Yeung, 2002: 49). Organizational schedules result into significant first-mover advantages by the international entrepreneurs into international businesses. Success in international business venturing however, will highly depend on the participants’ enrollment into transnational actor networks. “The twenty-first century business atmosphere can be characterized in terms of a new competitive landscape that encompasses increasing risk, decreased ability to forecast fluid firm and industry boundaries, new structural forms, and an innovative mindset. No organization is immune to the immense pressure of those forces” [32] (Kuratko & Audretsch, 2009: 1). [33] Barzi (2013: 640) argues that “agility can be a strategic and organizational asset, a sustainable competitive advantage for micro and small enterprises which are more sensitive to environmental fluctuations”. Agility will give the firm capacity to grow in highly uncertain and volatile environments characterized by frequent variation in consumer needs and requirements ([34] Breu, Hemingway, Strathem & Bridger, 2001; [35] Yusuf, Sarhadi & Gunasekaran, 1999). These environments dictate that entrepreneurs identify opportunities through effectuation processes of creating new artifacts in the world” in ambiguous environments.

Firms are required to demonstrate agility attributes to facilitate internationalization including; “the creation of strategic partnerships and networks in order to develop dynamic capabilities and a long-term agility” (Barzi, 2013: 640). Proximity, Barzi (2013) achieved by adopting innovative methods of communication applicable for speedy decision-making reflecting close relationships, culture distance, geographical and hierarchical is necessary. Flexibility through continuing training, versatile human resource, human resource availability, self-participation, strong interpersonal relationships, work teams and good communication demonstrates agility. Differentiation an attribute of agility highlights excellent services, customer loyalty new and unique products. Short production and distribution deadline, speedy client gratification and non-formal choices showing reactivity is a requirement for MSE’s to internationalize.

Study by [36] Desai, Fritz Foley & Hines (2009) posit that most entrepreneurs in emerging nations operate MSE’s with few incentives to participate in the formal sector. Opening these “economies to international economic pressure (globalization) is an effective way to keep domestic firms on their toes and innovating” [37] (Luiz, 2010: 75). The argument of this study is that indigenous entrepreneurship has no choice but to cross boundaries and embrace transnational entrepreneurship to have an impact in this globalized economy. Going global is a component of every business environment for all corporations (micro, small, medium or large), making international entrepreneurship a strategy to adopt for all. They have to identify mechanisms of negotiating a beneficial involvement into international economy, while they preserve and use core indigenous aspects as competitive advantage for economic development.

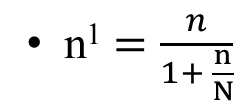
According to Luiz (2010) entrepreneurship results from the growth of institutions which encourage enterprising activities consequently fueling economic development. Entrepreneurship development is stimulated by a conducive institutional environment. Luiz (2010) highlights the destructive consequences of excessive business laws and ineffective property rights policies in emerging nations. Majority of prospective entrepreneurs are sitting on dead capital due to their inability to leverage them because they possess poor securities, titles and agreements making them redundant. “Many developing countries are sitting atop of enormous wealth, both physical and human, which they are not tapping into because of unsuitable” institutional environments (Luiz, 2010: 76). Public policy supporting entrepreneurship as a solution to joblessness is Africa’s major focus, promoting indigenous entrepreneurship as opposed to colonial times where entrepreneurship was foreign dominated. [38] Brouwer, (1999) posit that liberalization (globalization) should integrate specific local models for effective involvement in the international economic order. The Asian Newly Industrialized Countries (NIC’s) introduced their home-grown models with the states as independent actors shaping development efforts and aligning the interest of Transnational Corporations to national interests.

**3.** **Research Methodology**

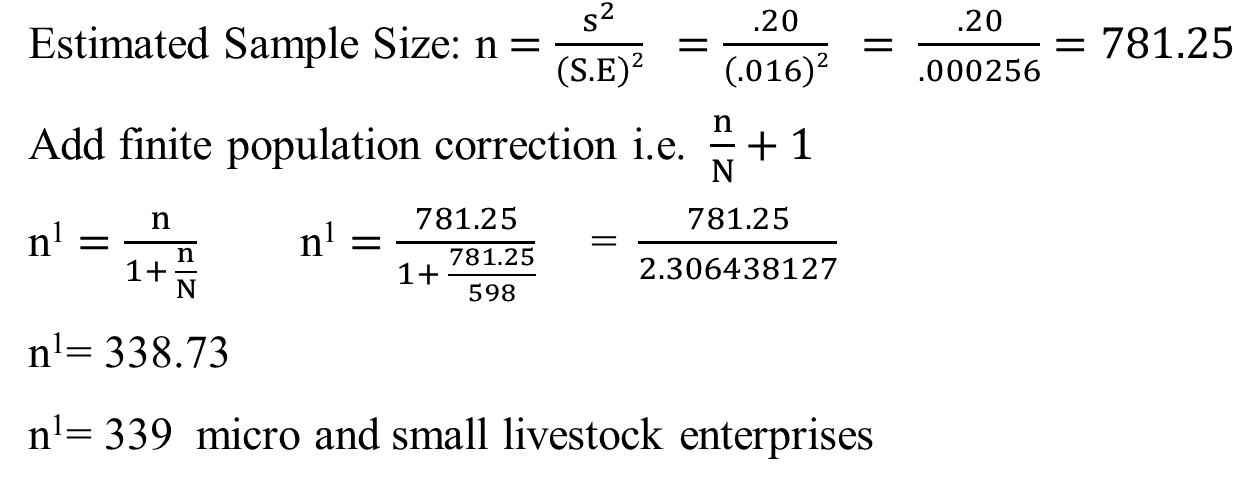
This research adopted positivist and phenomenology philosophy [39] (Swanson & Holton, 2005). The fact that the study was anchored on theory, hypothesizing of the nature of the world followed by active observation of causal relationships of variables and testing of hypotheses using quantitative techniques informed the choice of positivism. [40] Bryman and Bell (2007) however, observed limitation of positivism as lacking the ability to capture perceptions thus adopting phenomenology. Case studies and qualitative data was used for the purpose of understanding the concerned research variables through in-depth interviews. The study adopted a descriptive cross-sectional design which enabled the researcher to establish the relationship between indigenous entrepreneurship among micro and small livestock enterprises and economic development and the moderating effect of globalization dynamics on this relationship in Turkana, Kenya.

The target population of study were all small and micro livestock enterprises, registered with respective Livestock Marketing Associations (LMAs) in Turkana County. A list encompassing 598 livestock enterprises was availed from the County Livestock Marketing Council on December 2018**,** out of which proportionate stratified random sampling was used to get a sample size of 339 MSEs. According to [41] Intermediate Technology Development Group (ITDG), 2005) the four main livestock markets in Turkana County were Kakuma with 56 MSEs, Lodwar had 420 MSEs, Lokichoggio registered 67 MSEs and Lokichar 55 MSEs which formed the study stratus.

To calculate the sample size from a population of 598 MSEs for each stratum, this study used [42] (Frankfort-Nachmias & Nachmias, 1996) formula:



Where N = size of population, n= estimated size of sample and n1= optimal sample size



Primary and secondary data was collected for analysis. Published sources of secondary data were used including economic surveys, County integrated reports and international agencies reports relating to study variables. The respondents in this study were owners or senior managers from the 339 MSEs sampled. Four firms for case studies were purposely selected from the survey method each from Lodwar, Lokichoggio, Kakuma and Lokichar. Each of the variables in the model was tested to establish reliability of the research instrument through computing Cronbach’s alpha coefficient, α.

**Table 1: Reliability Test**

|  |  |  |
| --- | --- | --- |
| **Variable** | **Number of items** | **Cronbach’s alpha** |
| Indigenous Entrepreneurship | 22 | 0.9809 |
| Globalization Dynamics | 20 | 0.9724 |
| Economic Development | 11 | 0.9576 |

**Source: Primary Data**

From Table 1, indigenous entrepreneurship had the highest Cronbach’s Alpha Coefficient of 0.9809, globalization dynamics had 0.9724 while economic development had the least Cronbach’s Alpha Coefficient of 0.9576. These values were above 0.7 and therefore acceptable. Diagnostic tests were used to determine if the data set met the assumed conditions for application of regression analysis where the statistical assumptions included normality, linearity, heteroscedasticity and multicollinearity.

**4. Study Results**

The research aimed to establish the moderating effect of globalization dynamics on the relationship between indigenous entrepreneurship among micro and small livestock enterprises and economic development in Turkana County. 339 questionnaires were availed to the sampled respondents, out of which approximately 265 questionnaires were properly filled and returned representing an overall successful response rate of 78.17% [43] (Babbie, 2015). Each statement was judged using a 5-point Likert type scale indicating to which extent they agreed or disagreed. The respondents indicated the extent of agreement with each of Globalization Dynamics (GD) statements, where (1. Not at all 2. Little extent 3. Moderate extent 4. Great extent 5. Very great extent). Specialization via static comparative advantages, foreign direct investment and foreign aid were the contributing factors of globalization dynamics. Under specialization via static comparative advantage, majority of the respondents agreed to a great extent that they specialized on goods they produced most efficiently and traded for those goods they could not produce (Mean =3.95, SD=0.31, CV=7.99).

It was revealed that natural resources available dictated their mode of specialization which was to a moderate extent supported by majority of the respondents (Mean=3.21 SD=1.18, CV=36.74). Foreign direct investment was investigated and the relevant statements analyzed. The study revealed that to a moderate extent, respondents agreed that businesses obtained credit due to an international organizations programme (Mean=3.39, SD=0.49, CV=14.41). In addition, it was agreed to a very little extent that there was aggressive competition between foreign and domestic companies in the livestock sector (Mean=1.98, SD=1.11, CV=56.14). Finally, foreign aid contributed to globalization dynamics as shown in Table 2. To a moderate extent, respondents agreed that they use donor funds to reduce poverty and conflicts (Mean=3.32, SD=1.12, CV=33.74). On the other hand, the same respondents to a moderate extent agreed that they used donor funds to expand export markets (Mean=3.05, SD=0.22, CV=7.10).

**Table 2: Globalization Dynamics**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Globalization Dynamics** | **Mean** | | | **Standard deviation** | | | | | **CV** | | | **Skewness** | | **Kurtosis** | |
| **Specialization via static comparative advantages** |  | | |  | | | | |  | | |  | |  | |
| Our firm concentrate their labour efforts on a relatively limited variety of goods | 3.3321 | | | 0.6117 | | | | | 18.3574 | | | 0.1640 | | 2.8867 | |
| Natural resources available dictates our mode of specialization | 3.2189 | | | 1.1827 | | | | | 36.7441 | | | -0.2093 | | 2.1356 | |
| We specialize on goods that we can produce most efficiently and then trade for those goods that we cannot produce | 3.9509 | | | 0.3160 | | | | | 7.9981 | | | -1.0931 | | 9.4696 | |
| **Average** | **3.5006** | | | **0.7035** | | | | | **20.0957** | | | **-0.3795** | | **4.8306** | |
| **Foreign Direct Investments** | | |  | | |  |  | | |  | | | |  | |
| The government of Kenya and the county government of Turkana is not protecting its economy from foreign competition (liberalization) | | | 3.3170 | | | 1.0433 | 31.4542 | | | -0.1795 | | | | 2.3559 | |
| Liberalization of markets have attracted private capital flows (FDI)in the livestock sector | | | 2.3057 | | | 0.8924 | 38.7041 | | | -0.0927 | | | | 2.4704 | |
| There is aggressive competition between foreign and domestic companies in the livestock sector | | | 1.9766 | | | 1.1097 | 56.1419 | | | 0.0739 | | | | 2.1345 | |
| Foreign direct investment has benefited our business in new technologies, advanced managerial and marketing techniques and opened to export markets | | | 2.0112 | | | 0.5007 | 27.8441 | | | -0.0680 | | | | 1.0046 | |
| The presence of global players promotes indigenous livestock entrepreneurship | | | 3.0943 | | | 0.3294 | 10.6446 | | | 1.7705 | | | | 7.4811 | |
| The presence of global players reinforces peace | | | 3.2377 | | | 3.2377 | 100.0000 | | | -0.2141 | | | | 2.1972 | |
| Their presence (especially oil mining companies) contribute to renewed conflict | | | 3.0000 | | | 0.0000 | 0.0000 | | | . | | | | . | |
| Our business has high degree of diplomatic skills | | | 3.2528 | | | 0.7073 | 21.7432 | | | 0.0488 | | | | 2.6844 | |
| Our business has ability to adapt to different cultures | | | 3.3660 | | | 1.1862 | 35.2416 | | | -0.2045 | | | | 2.1339 | |
| Our business obtained credit due to an international organizations programme | | | 3.3887 | | | 0.4884 | 14.4119 | | | 0.4567 | | | | 1.2086 | |
| There is close cultural distance (same culture and language) within the firm | | | 3.3396 | | | 1.1069 | 33.1431 | | | -0.2125 | | | | 2.3148 | |
| Our business organization structure is horizontal (employees interact freely) | | | 3.0038 | | | 0.0614 | 2.0451 | | | 16.1865 | | | | 263.0038 | |
| Our human resource is versatile (multi-skilled) | | | 3.2604 | | | 1.2659 | 38.8256 | | | -0.2622 | | | | 2.0163 | |
| There is strong interpersonal (social) relationships within the business | | | 3.0642 | | | 0.2455 | 8.0115 | | | 3.5576 | | | | 13.6568 | |
| Our business offers unique products and services | | | 3.1849 | | | 1.2185 | 38.2570 | | | -0.1429 | | | | 1.9850 | |
| The customers are loyal to our products and services | | | 3.2943 | | | 0.6125 | 18.5925 | | | 0.2277 | | | | 3.0337 | |
| Our business adheres to short production and delivery deadline(s) | | | 2.6868 | | | 1.1823 | 44.0027 | | | 0.0870 | | | | 2.0449 | |
| **Average** | | | **2.9873** | | | **0.8934** | **30.5331** | | | **-1.3145** | | | | **19.4829** | |
| **Foreign aid** | |  | | |  | | |  | | |  | |  | |
| Our business benefits from donor funds in the form of emergency relief, technical assistance and peace keeping efforts. | | 3.2755 | | | 0.4881 | | | 14.9010 | | | 0.5055 | | 2.3969 | |
| We use donor funds to reduce poverty and conflicts | | 3.3245 | | | 1.1216 | | | 33.7362 | | | -0.2270 | | 2.2605 | |
| We use donor funds to expand export markets | | 3.0491 | | | 0.2164 | | | 7.0971 | | | 4.1757 | | 18.4362 | |
| Our business works with international agencies and NGO’s such as the United Nations, IMF and the World Bank. | | 3.3019 | | | 1.2368 | | | 37.4581 | | | -0.2508 | | 2.0992 | |
| **Average** | | **3.2377** | | | **0.7657** | | | **23.6498** | | | **1.0508** | | **6.2982** | |

**Source: Primary Data**

The moderating effect of globalization dynamics on the relationship between indigenous entrepreneurship and economic development was computed via three steps using [44] Baron and Kenny (1986) model.The objective was to establish the moderating effect of globalization dynamics on the relationship between indigenous entrepreneurship among micro and small livestock enterprises and economic development. This objective was achieved by testing the following hypothesis:

*H1: Globalization dynamics has no moderating influence on the relationship between indigenous entrepreneurship among micro and small livestock enterprises and economic development in Turkana County.*

Table 3: Moderation effect of Globalization Dynamics on the relationship between Indigenous Entrepreneurship and Economic Development

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Model Summary** | | | | | | | | | | | | | |
| Model | | R | | R Square | | Adjusted R Square | | | Std. Error of the Estimate | | | | |
| 1 | | .884b | | .771 | | .715 | | | .0687 | | | | |
| 2 | | .997c | | .992 | | .913 | | | .0468 | | | | |
| 3 | | .998d | | .993 | | .915 | | | .1083 | | | | |
| **ANOVAa** | | | | | | | | | | | | | |
| Model | | | | | | Sum of Squares | df | Mean Square | | F | | | Sig. |
| 1 | | | Regression | | | 423.12 | 1 | 423.12 | | 129.39 | | | .000b |
| Residual | | | 862.02 | 264 | 3.27 | |  | | |  |
| Total | | | 1285.14 | 265 |  | |  | | |  |
| 2 | | | Regression | | | 576.258 | 2 | 288.129 | | 108.136 | | | .000c |
| Residual | | | 701.111 | 263 | 2.666 | |  | | |  |
| Total | | | 1277.369 | 265 |  | |  | | |  |
| 3 | | | Regression | | | 786.972 | 3 | 262.324 | | 98.13 | | | .000d |
| Residual | | | 700.326 | 262 | 2.673 | |  | | |  |
| Total | | | 1487.298 | 265 |  | |  | | |  |
| 1. Dependent Variable: Economic Development 2. Predictors: (Constant), Indigenous entrepreneurship 3. Predictors: (Constant), Indigenous entrepreneurship, Globalization dynamics 4. Predictors: (Constant), Indigenous entrepreneurship, Globalization dynamics, Indigenous entrepreneurship\_Globalization dynamics interaction | | | | | | | | | | | | | |
| **Coefficientsa** | | | | | | | | | | | | | |
| Model | | | | | Unstandardized Coefficients | | | | Standardized Coefficients | | t | Sig. | |
| B | | Std. Error | | Beta | |
| 1 | (Constant) | | | | 1.863 | | .214 | |  | | 8.702 | .000 | |
| Indigenous entrepreneurship | | | | .562 | | .052 | | .742 | | 10.733 | .000 | |
| 2 | (Constant) | | | | 1.125 | | .261 | |  | | 4.31 | .000 | |
| Indigenous entrepreneurship | | | | -.265 | | .408 | | -.044 | | -.65 | .518 | |
| Globalization dynamics | | | | .945 | | .021 | | .934 | | 45.00 | .000 | |
| 3 | (Constant) | | | | 1.599 | | .720 | |  | | 2.221 | .002 | |
| Indigenous entrepreneurship | | | | -.097 | | .050 | | -.072 | | -1.940 | .057 | |
| Globalization dynamics | | | | -.952 | | .472 | | -.101 | | -2.017 | .027 | |
| Indigenous entrepreneurship\_ Globalization dynamics interaction | | | | .075 | | .037 | | 2.220 | | 2.030 | .018 | |
| 1. Dependent Variable: Economic Development | | | | | | | | | | | | | |

**Source: Primary data**

The result in Table 3 on the moderating effect of globalization dynamics on the relationship between indigenous entrepreneurship and economic development was computed via three steps. In model one the result shows that the association between indigenous entrepreneurship and economic development was moderate and significant (R=.884a, R2=0.771, F=129.39, P-value<0.05). In model two (R= .997a, R2=.992, F=108.136, P-value<0.05) it was strong and significant and in model three (R= .998a, R2=0.993, F=98.13, P-value<0.05) it was strong and significant at 5% level, suggesting presence of a moderating effect in model three after an interaction term is introduced. From the findings, the respective effects of indigenous entrepreneurship and globalization dynamics in the third model after introduction of an interaction term maintained to be statistically significant thus confirming a presence of moderation effect of globalization dynamics.

In addition to reporting the overall significance in the third model, the value of the interaction term (IE\*GD) had a positive and significant influence (β=.075, t=2.222, p<.05). The fact that the coefficient of the interaction term is statistically different from zero, then we follow [45] Mackinnon, Fairchild & Fritz (2007) and conclude that there is significant moderation effect between the variables. From the results, it is evident that the change in variance of economic development accounted for (Δ*R*2) was equal to .002 (.915 - .913) after the inclusion of the interaction term (model 3). Most importantly, the interaction term was statistically significant (p<0.05) indicating that globalization dynamics had significant moderation effect on the relationship between indigenous entrepreneurship and economic development. This finding thus rejected the hypothesis that there is no significant moderating effect of globalization dynamics on the association between indigenous entrepreneurship and economic development among micro and small livestock enterprises in Turkana County, Kenya.

**5. Discussion of Results**

The purpose of this study was to establish the moderating effect of globalization dynamics on the relationship between indigenous entrepreneurship among micro and small livestock enterprises and economic development in Turkana County. The study established significant correlations among the study variables. The selected globalization dynamics factors mentioned by Yeung (2002), among them specialization via static comparative advantages, foreign direct investment and foreign aid, positively related to economic development**.** This demonstrated that the micro and small livestock enterprises should consider and adapt to the changes in the globalization dynamics when making key strategic investment decisions as this can influence economic development. The study shows that there was a significant relationship between globalization dynamics and economic development. The results suggested that the globalization dynamics factors play a crucial role in influencing the relationship between indigenous entrepreneurship and economic development. By considering globalization dynamics, micro and small livestock enterprises can keep abreast with the changing demands in the economy, and develop new products and services that will meet the needs and wants of foreign markets. The results demonstrated that globalization dynamics factors affect the strength and direction of indigenous entrepreneurship and economic development relationship. Results on quantitative analysis observed that economic development was positively correlated with indigenous entrepreneurship among micro and small livestock enterprises and globalization dynamics. This view is shared by [46] De Martino (2000) and Tiemstra, (2007) who established that globalization should result in the reduction of poverty without compromising the wellbeing of ordinary people such that benefits of growth should not accrue only to the affluent. Growth resulting from globalization must benefit all.

Similarly, results on qualitative analysis (case studies) agree on the same, in that under globalization dynamics it was clear that the case studies aforementioned operated under high influence of the international environment most especially the activities of the international community in enhancing trade and peace. Their activities therefore affected the operation of these businesses. PEACE III funded by USAID spearheads regional conflict transformation programme in partnership with Mercy Corps. PEACE III contributes to stability in the horn of Africa region by enhancing linkages among various organizations involved in managing conflict locally, nationally and within the region. PEACE III aims at promoting an integrated multi-level approach to peace building, addressing conflict along Kenya/Somalia, Kenya/Ethiopia, Kenya/South Sudan and Kenya/Uganda borders. Mieebo livestock traders acknowledged the presence and operations of these organizations but revealed that they were not well grounded due to the short duration the coordinating body has been in operation. They are coordinated by the County government after establishment in 2013, ensuing enactment of Kenya’s constitution 2010 and the general election of March, 2013. According to Yeung (2002) transnational entrepreneurs proactively solve intrinsic challenges in international business activities defined by enterprise networks, socioeconomic and political conditions and prevailing organizational and cultural practices in the host and home nations.

**6. Conclusion**

The relationship established based on the hypothesis revealed that globalization dynamics was statistically significant in moderating the relationship between indigenous entrepreneurship and economic development. The null hypothesis that globalization dynamics had no significant moderating effect on the relationship between indigenous entrepreneurship and economic development in Turkana County was thus rejected. Globalization comes to play given the fact that it’s a process that widens and deepens the interactions between national states (governments) and the rest of the world. This makes global administrative, transport, information distribution and communication structures more flexible and cheaper**.** The key indicators which included specialization via static comparative advantages, foreign direct investment (FDI), and foreign aid contributed to the moderating effect. From the literature, it was evident that globalization has more aspects of interdependence of states as a result of integration of trade, finance, people and ideas resulting in international trade and foreign direct investment flows which in turn influences several relationships.

The study observed that indigenous entrepreneurship is vital in determining economic development, but not statistically vital in influencing the same in presence of globalization dynamics. The study concluded that specialization via static comparative advantages, FDI and foreign aid factors under globalization dynamics significantly contribute to the relationship between indigenous entrepreneurship and economic development. Globalization dynamics moderated the existing relationship between indigenous entrepreneurship and economic development in Turkana County. Social embeddedness, cultural embeddedness and innovation in entrepreneurship in presence of globalization dynamics is a difficult undertaking. The entrepreneurial environments in Turkana County in the presence of globalization dynamics are occasionally “unpredictable and ambiguous” lacking “enough information” for local entrepreneurs to readily recognize and evaluate opportunities prior to exploitation supporting effectuation theory.

Based on sustainable development, globalization dynamics may need coordination by foreign direct investors, communities and aid agencies. FDI under endogenous growth theory may spur economic and political liberalization creating conditions for the emergence of democracy and reduced risks of violent conflicts. This is contrary to some critics of globalization who argue that Multinational Corporations operation contribute to violent conflict. Similar to previous research findings, this study confirmed that micro and small livestock enterprises in Turkana County contribute to the local economy which can also be replicated in other Counties in Kenya.

**7. Recommendations**

The findings of this study have several policy implications on several organs both at national and county levels of government as well as in the public and private sector. These include; business associations, financial institutions, NGOs, development agencies, and Turkana County government. The study revealed that specialization via static comparative advantages, FDI and foreign aid under the globalization dynamics collectively were highly rated however had an inverse moderating effect on the prior relationship between indigenous entrepreneurship and economic development. The study recommends that Turkana County government should focus on the decentralization agenda, integrate with indigenous entrepreneurship to attract outside business operators to promote economic development. The national and County government of Turkana should work to lower business environmental uncertainty, focus on raising indigenous entrepreneurs aimed at participating in the international market. This will in turn increase exports, job creation, private sector initiatives, attract foreign direct investment and consequently spurring growth through massive investments in education and health.

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