

Conceptualizing the Influence of Network Competence on Entrepreneurship Growth in Small and Medium Enterprises

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Abstract

Purpose – This paper proposes a conceptual model about the influence of network competence on entrepreneurship growth in manufacturing sector of small and medium sized enterprises (SMEs).

Design/methodology/approach – This study is based on an extensive review of past research on network competence and entrepreneurship growth using human capital theory and resource-based theory. To conduct the literature review, we used keywords such as network competence, task performance, and entrepreneurship growth in the SMEs.

Findings – From the literature reviewed, four predictors of SMEs growth have been identified. They are availability of resources, network orientation in managing human resources, integration of communication system and openness to corporate culture, which are based on human resource development (HRD) perspective. The framework offers a number of propositions, which explain the proposed model of entrepreneurship growth in SMEs as predicted by the network competence factors.

Practical implications – Further research is suggested to test and validate the framework to provide empirical evidence. Upon model validation, the paper could offer practical interventions for HRD practitioners to assist SME managers towards developing and managing network competence to ensure entrepreneurship growth of SMEs.

Originality/value – The paper adopted four factors of network competence to predict entrepreneurship growth in the SMEs. It uses human capital theory and resource-based theory to explain the influence of the four predictors. The research contributes to literature on the significance of network competence in promoting growth in SMEs

Keywords: Network competence, task performance, entrepreneurship growth, small and medium-sized enterprise (SME)

Introduction

This study focusses on the role of network competence on entrepreneurship growth in small and medium sized enterprises (SMEs). The thematic issue is how network competence, which is considered from the perspective of human resource development (HRD), influences entrepreneurship growth in the SMEs. Network competence is conceptualized as the degree of network management, task performance, and network management qualification possessed by individuals handling the enterprises (Ritter, 1999). Entrepreneurship growth generally refers to the rate at which a new firm positively contributes to job creation, increase in employment rate, productivity, and sustenance of knowledge base for competitive advantage (Rahman & Fatima, 2011). Hence, this study adopts this meaning of entrepreneurship growth but without the dimension of productivity as the interest of this study focuses only on the dimensions of human resources.

Studies show that organization does not exist in isolation. For instance, researchers including Ritter (1999) and Peña (2002) assert that organizations are now seeking interdependence of each other to succeed as business owners do not have all required knowledge and skills to grow. It is also thought that organizations can no longer develop nor create enough knowledge base alone in the areas of technological fields and specialist skills. For that reason, networking becomes inevitable (Jagongo & Kinyua, 2013; Peña, 2002; Ritter, 1999). This understanding suggests that network competence supports utilization of management and development skill of employees for interaction with customers, end-users, suppliers, competitors and research institutions. Therefore, this paper addresses a vital question: How do network competence factors influence entrepreneurship growth in the manufacturing sector of SMEs?

Previous studies show that there is an extensive interest by researchers, industry players and policy makers on engagement of SME managers to growth-oriented training program (Bager, Jensen, Nielsen, & Larsen, 2015). Other researchers have focused on knowledge networks as part of integrated knowledge management approach, (Peña, 2002). Researchers, however, have not addressed the role of network competence on SMEs growth from the perspective of HRD. Few studies have attempted to address it, however they are in isolation and not related to SME growth. For example, there was a study on networking and managers' career success by Rasdi, Garavan, & Ismail (2013) but it was not in the context of entrepreneurship growth. Similarly, Thornton, Henneberg, & Naudé (2014) studied on organizational networking but they did not address network competence nor entrepreneurship growth in SMEs. There is also a study on networks for regional innovation systems but focused on extra regional and offshore industrial network between China and Taiwan contexts (Chen, 2015). Taken together, previous researchers seemed to focus on network-related areas in organizations in general terms but not specifically on growth in SMEs. Hence, little is known about the connection between network competence of managers and entrepreneurship growth. Specifically, it is not much known on the role of network competence of managers on entrepreneurship growth in the SMEs. Network competence is crucial because it has to do with managers for them to have the right skill and knowledge (qualification) in performing the role of relationship building among interdependent firms. This gap in knowledge if not attended to may lead to a serious setback for the growth of SMEs. Therefore, the objective of this article is to find out how network competence factors, such as availability of resources, network orientation in managing human resources, integration of communication structure and openness of corporate culture could influence entrepreneurship growth in SMEs. The results of this conceptual analysis could serve as a guide for other research to know on what aspect of network competence

contributes to entrepreneurship growth in SMEs. This analysis could enhance literature on the link between network competence and entrepreneurship growth particularly in developing countries owing to the significant role of SMEs in the countries' development.

Literature Review

The concepts of network and competence are pervasive in literature. Network is any interconnectivity involving group or system. For instance, organizations make use of network opportunities to maintain their strategy for advancement (Watson, 2007). On the other hand competence refers to knowledge, skills and abilities that qualify an individual to perform in a particular context (Chell, 2013). Thus network competence can be defined as the level of skills and knowledge required by a person to perform a relationship building task of interdependent firms. In addition, Thornton et al. (2014) define networking as "the conscious problem-driven attempts of one or more business actors to change or develop some aspects of substance of interaction in which they and others are involved" (p.436). Ritter (1999) further clarifies networking as the efforts of business partners to alter the arrangement and content of their relationship with concerned partners. There is also a conception that networking is linked to business relationship portfolio, and the chosen partners deal with their enterprises when confronted with big challenges in network (Ford & Mouzas, 2010). This study, however, specifically focuses on network competence of managers in the SMEs and not organizational network in general.

From the literature two dimensions exist to reflect competence measurement. These are qualification and task differentiated measurements (Ritter, 1999). Qualification dimension is associated with personal features that enable an individual to do impressive work. This means it functions as enabling skill for an individual to develop, use and maintain relationships (Ritter, 1999); while task differentiated dimension is linked to different streams of activities needed to achieve a goal. This implies that the task dimension is used to carry out tasks needed by a person or group of persons to demonstrate their qualification (Ritter, 1999). In the context of this review, it is imperative for HRD to evaluate network competence at individual level in order to establish qualification and ability for managers to perform networking task (Mitrega, Forkmann, Ramos & Henneberg, 2012; Walter, Auer & Ritter, 2006). This analysis on network competence of managers is crucial to entrepreneurship development. Furthermore. Organizations nowadays are technological-driven, as such this situation demands lots of education, experience and training for knowledge and skill development appropriate with the trend in technology usage. Ability of managers to integrate network competence in the technological-driven environment is very necessary in the performance of SMEs (Bager et al., 2015; Leitch, 2006; Olaniyan & Okemakinde, 2008; Peña, 2002).

Entrepreneurship Growth

An enterprise is created by an entrepreneur, but the procedure for creation is referred to as entrepreneurship (Ogundele, Waide & Akingbade, 2012). Ogundele et al. (2012) are of the opinion that entrepreneurship is a procedure of deeds of an entrepreneur, whose interest is to seek for a new thing, and to exploit it into meaningful opportunities through the acceptance of risks and uncertainty that go with it. Moreover, Edoho (2015) sees entrepreneurship as the identification of opportunities in a given location and ability to gather necessary resources in the light of those opportunities. In this regard, entrepreneurship guarantees innovation of goods and services to end-users by being creative, and produces gain as returns for the dared risk. Entrepreneurship is all

about the creation of new thing bearing the risk and reward. It calls for an individual's skill to learn in order to establish and develop a business along the winning strategy with persistence, passion and vigor in execution in other to achieve success amid the risk. The cited conceptions above show that the authors agree to the need for skill acquisition on the side of the entrepreneur as the prerequisite to be creative in the procedure of entrepreneurship development (Ogundele et al., 2012). Building from this understanding, entrepreneurship growth can be described as the rate at which a firm grows and it positively contributes to job creation, increase in employment rate and sustenance of knowledge base for competitive advantage (Rahman & Fatima, 2011). Therefore, this paper refers to entrepreneurship growth based on this conceptualization as job creation, increase in employment rate and sustenance of knowledge base for competitive advantage of the SMEs.

Network Competence and Entrepreneurship Growth: A Perspective of HRD

Researchers have noticed that enterprises can no longer exist in isolation based on incapacitation arising from knowledge, skill and expertise coupled with the advances in technology (Jagongo & Kinyua, 2013; Peña, 2002). This observation suggests that network competence is inevitable for such firms of SMEs for them to grow (Marimuthu, Arokiasamy & Ismail, 2009; Thornton et al. 2014; Chen, 2015). This means that organizations are knowledge-based and they need human experts to succeed. HRD is conceptualized as any process or activity that either initially or over the longer term, has the potential to develop adults' work-based knowledge, expertise, productivity, and satisfaction, whether for personal or group/team gain, or for the benefit of an organization, community, nation, or ultimately the whole humanity (McLean & McLean, 2001, p. 1067). Here, the baseline is suggested for the need to understand network competence as an element of HRD leading to entrepreneurship growth. It is argued that HRD is critical for network competence as it relates closely to human resources, which the latter is an important asset to any SME other than physical, monetary and technological resources.

Elsewhere, Mclagan (1989) defined HRD as the integrated use of training and development (TD), organizational development (OD) and career development (CD) to improve individual, group and organizational effectiveness. The idea of integration here can be used to suggest that HRD is a combination of all developmental practices needed to achieve a top level individual and organizational effectiveness. This implies that HRD is purposeful and instrumental to the achievement of goals. In this case, organizations are entities created by human beings for a purpose. For effective and efficient operation of these entities, there must be a corresponding integration of specialized experts. This understanding helps to affirm, what is suggested by Swanson & Holton (2010) that organizations faith is critically dependent on HRD concerns. Building from the above argument, network competence conceived as an element of HRD, is linked with specialist qualification (Ritter, 1999). This suggests that SMEs, using network competence as a collaborative tool, have to develop managers to possess specialist skills and qualifications such as technical skills, to understand the partner firms, in terms of what they require and their condition for the collaboration. Skills such as economic and marketing skills are needed to establish the mutual areas of economic benefit and interest, in terms of prices and conditions with regard to collaborative responsibilities. Moreover skills for legal matters are developed in order to protect the interest of the partner firms in areas of collaboration in line with legal contract of agreement. In addition, network competence is associated with the information concerning other firms that have potentials for relationship building. For example, the information about their

human and other resources, which are necessary to study, understand and then develop. These are bases for inter-enterprise networks in order to succeed in their respective areas for collaboration (Peña, 2002; Ritter, 1999). Consistent with the above, it can be observed that network competence is linked to domain, where specialization and qualifications matter, which then leads to entrepreneurial success (Ritter, 1999).

Functions of network competence: Network competence functions serve as a directory through which interdependent firms develop and maintain strategies for growth (Watson, 2007). This has to do with the modalities that spell terms, conditions and plans to sustain the collaboration of the partners for a specified period of time by considering vision and mission of the enterprises in the inter-relationship. Chell (2013) reiterates network competence is the interconnectivity between firms that is knowledge, skill and capability driven for relationship building. This implies among which enterprises in collaborations must have resource persons with the right specialization and qualification to perform the role of network.

Another function of network competence is its integration to networking. This offers to an entrepreneur some hidden opportunities, which can be explored within the context of the existing collaboration. This suggests that network competence exposes and enables firms in collaboration to explore areas of gray concerns that would be of mutual benefit to the integrated firms, which would have not been possible without the integration of network competence (Thornton et al., 2014). Furthermore, network competence contributes significantly to innovations as a result of technology usage. This innovation guarantees competitive edge in the enterprise and among enterprises in collaboration especially those enterprises that choose to develop their managers to engage in meaningful and creative networking. Evidence shows that firms that are innovative driven are expected to have links with technological competence for competitive advantage (Bager et al., 2015; Peña, 2002; Rahman & Fatima, 2011; Ritter, 1999).

From the above observation we have reasons to say that development and maximization of human potentials to generate human capital experts for organizational growth are accomplished through HRD process. This means, HRD integrates training and development, organizational development and career development to improve performance and builds a healthy inter-and intra-unit connectivity and creates the best match of people and work. This understanding is consistent with the network competence factors (the four proposed predictors) needed to achieve entrepreneurship growth in the manufacturing SMEs.

Based on this argument the network competence factors of availability of resources, network orientation in managing human resources, integration of communication structure, and openness of corporate culture (Ritter, 1999) shall be used to propose what leads to entrepreneurship growth in the manufacturing SMEs. The following section describes each of these factors and its relevance to entrepreneurship growth from the perspective of HRD.

Availability of Resources: Studies show that non-availability of resources such as management skills has resulted in entrepreneurial business failure (Leitch, 2006; McCormick & Pedersen, 1996). Other researchers such as Bager et al. (2015) and Chell (2013) stated that investment on learning is necessary to acquire the necessary competence of knowledge, skills and capabilities. This calls for improvement on managers' network competence to perform the task of relationship building in the SMEs. However, this article refers to availability of resource limited to accessibility of factors of production such as finance, information and communication technology (ICT), structures and facilities, and the resources must be rightly managed to ensure productivity-led

growth within the SMEs. The capacity to integrate all these resources can pave the way for more business opportunities, and enhance the enterprise performance (Thornton et al., 2014). Thus, competence about ‘what, how, when, and why’ of resources certainly leads to entrepreneurship growth (Chell, 2013; Ritter, 1999).

Network Orientation in Managing Human Resources: The knowledge and usage of network competence as an instrument for collaboration, relationship building, knowledge generation and circulation in businesses like the entrepreneurial firm is imperative in maintaining firms’ vitality and growth (Chen, 2015; Doloreux & Parto, 2005; Oinas & Malecki, 2002; Uyarra, 2010). Networking, allows the HRD practitioners for the opportunity to identify, attract and mobilize the right crop of human resource talents that fit and are valuable to achieve objectives of organizations and stakeholders (Chen, 2015). Network competence direction in managing human resources supported the idea of selecting, developing and accessing qualified managers to perform the task of networking (Ritter, 1999). Organizations are now using the benefits in network orientations in managing their human resources to be innovative and professional while carrying out the role of relationship building with other firms. Thus it can be observed that network direction in managing human resources is vital to entrepreneurship growth in the manufacturing SMEs.

Integration of Communication Structure: The entrenchment of communication structure in the entrepreneurial SMEs indicates the existence of information exchange among different departments within the SMEs. These imply that the linkage and use of information communications at the various departments in the SMEs is vital to company’s performance. Enterprises with good communication structure can carry out the role of network competence. The reason is that there is a good flow of information within various departments in the enterprise or SMEs system. Integration of communication structure in SMEs that practice network competence ensures task performance in the collaboration among partner enterprises (Ritter, 1999). Moreover it is believed that the exact information accessed by a manager gives the manager direction and focus (Rahman & Fatima, 2011; Walter, Auer, & Ritter, 2006). For that reasons, effort must be made by the HRD department to train and develop managers in making use of ICT in the performance of networking task in SMEs (Hashim, 2007; Bager et al., 2015).

Openness of Corporate Culture: Corporate culture as defined by Schein (1992 cited in Ritter, 1999) is the pattern of basic assumption that a given group has invented, discovered or developed in learning to cope with its problems. This has to do with external adaptation and internal integration that has worked well to be considered valid and used by the group. Therefore, it must be thought to new members as the correct way to perceive, think and feel in relation to those problems. Openness to corporate culture is associated with emphases on flexibility, spontaneity and adhocracy culture, in contrast to control, regulation and stability. From the perspective of HRD, for instance, managers must allow new entrants in the business organization to attend induction course, the purpose of which is to expose them to existing knowledge of corporate culture in order to appraise the enterprise network competence. This uniqueness is germane to the success of SMEs and can improve managers’ network competence. That experience makes corporate culture of training and development vital for entrepreneurship growth (Bager et al., 2015; Chell, 2013; Leitch, 2006). However, a few proactively small and medium-sized firms recognize the essence of constantly upgrading their workforce skill through training and development, in order to ensure high performance in their productivity as well as maintenance of competitive edge (Smallbone, Supri, & Baldock, 2000). In this respect, entrepreneurs and managers must be developed to practice open culture in their respective SMEs.

Theorizing Entrepreneurship Growth in SME

The theories used to conceptualize the link between network competence and entrepreneurship growth are human capital theory and resource-based theory. The purpose is to support the relationships of the predictor variables of availability of resources, network orientation in managing human resource, communication structure, and openness to corporate culture with entrepreneurship growth.

Human capital is the total stock of knowledge of an individual acquired through educational training, and experience from other domain, used to improve the quality of performance (Dimov & Shepherd, 2005). Criteria that uniquely underlie the concept of human capital theory is education and experience (Baker, Barker, Thorne, & Dutnell, 2013). Creative knowledge and employee skill set is the component outcome of investment in human capital (Barney, 1991; Pennings, Lee, & Witteloostuijn, 1998). Several studies have confirmed that human capital is the key factor that explains enterprise knowledge as a key resource base unique to the firm's performance and growth (Brüderl, Preisendörfer, & Ziegler, 1992; Pennings, Lee, & Witteloostuijn, 1998). Moreover Rahman & Fatima (2011) believe that higher human capital influences entrepreneurship growth through improved invention and utilization of innovative ideas resulting in more new business creations. There is also understanding elsewhere, that entrepreneurs' human capital acquired through education and experience as the strongest driver of entrepreneurship growth (Marimuthu et al., 2009; Millan, Congregado, Roman, Van Praag, & Van Stel, 2014). This means that acquisition of higher educational background, which is human capital development for up-skilling is vital, and leads to innovative and creative ideas in the use of modern technology, models and technique to do business that would drive entrepreneurship (Mitra, Abubakar, & Sagagi, 2011; Purcareia, Benavides, Andreea, & Benavides, 2013; Ratinho, Harms, & Walsh, 2015). Moreover, Duh's (2014) study of family business succession plan shows that experiences acquired through mentoring, coaching, on-the-job training and development from other domains pave the way for creative knowledge in terms of skills and capabilities, this idea and improvement in knowledge acquisition can encourage and supports entrepreneurship growth in SMEs. Nevertheless, the characteristic of entrepreneurship is about the ability to identify opportunities and threats in a risky and uncertain business environment, which is guided by the notion to make profit or loss, in which it is hooked on the perception of control over the situation by the entrepreneurs possessing the relevant knowledge (Edoho, 2015 & Ndedi, 2013).

Resource-based theory is built on the notion that the combination of tangible and intangible resource of an organization is the basis for productive performance in the organization (Barney & Clark, 2007; Miles, 2012; Wernerfelt, 1984). A resource, however can be seen as any asset that could add value or strength to the success and growth of organization. In this study, resource-based theory explains the predictor variables such as availability of resources, network orientation in managing human resource, communication structure, and openness to corporate culture. On the idea that the holistic integration can translate to firm success. This means that resource-based theory views the above predictors of entrepreneurship growth as tangible and intangible assets of an organization, which when rightly combined, can stimulate productivity and performance in SMEs (Miles, 2012). Based on the above notion, it can be justified that resource-based theory, did not only view the performance differences of firms based on their resources but also focuses on the fact that organizations compete against each other based on strength of their resource-based capabilities and management. This uniqueness was further explained by Porter (1981) who asserts that the resource-based capabilities of firm is the strength embedded in the firm, used to better

compete and accomplish firms' vision and mission strategies. Based on the above argument therefore, the unique blend of network competence factors can help organizations practice network initiatives to develop matching capabilities that can support and encourage entrepreneurship growth in manufacturing SMEs (Ritter, 1999; Torkkeli, Kuivalainen, Saarenketo & Puumalainen, 2016).

Method

This paper is based on extensive reviews of past studies on network competence, networking and entrepreneurship growth from the perspective of HRD, covering international literature available through online data bases. The process of retrieving the literature began in September, 2015 to September, 2016. The selection of articles was based on keywords as suggested by Cronin, Smith, Gleim, Ramirez & Martinez (2011) that relevant literature using keyword search will lead to a successful, systematic review. In the process, keywords such as entrepreneurship, enrollment of SME managers to growth-oriented training programs, organizational networking, knowledge creation and human capital for development were used. Other keywords include networking and manager's careers, and the impact of HRD on entrepreneurship. Several electronic databases such as Google Scholar, Emerald Insight and Elsevier Science Direct were used to search for supporting materials and resources relevant to the study.

Predictors of Entrepreneurship Growth

From the reviewed literature, four antecedents of entrepreneurship growth based on the network competence factors are selected. Therefore, there is a need to extend the discussion on the relationship of each predictor to entrepreneurship growth based on past empirical evidences.

Availability of Resources

Availability of resources is linked with the development of human resource as a capital. This means that an individual manager is expected to have network competence, in terms of knowledge and skill necessary for managing interaction with external business partners. It also includes capacity to handle financial and physical resources for example, money, transport that comes with other necessary expenses and physical resources such as information, communication, and technology as well as machine, office equipment and structural facilities (Ritter, 1999). Network usage provides value to partners in collaboration by giving them right to use social resources as entrenched within the networks. For instance, network can provide a link through which interdependent SMEs can benefit from resources of one another, which is needed from external partner enterprises. This form of relationship building encourages and facilitates the achievement of economy of scale, which is large scale production with consequent price reduction. These suggest that network competence usage can lower the risk of SMEs failure and increase the chances of growth (Walter et al., 2006; Watson, 2007). It then implies that the integration of network competence in the SMEs through efficient utilization of the available resources such as human, physical and financial resources lead to achievement of entrepreneurship growth in the SMEs. Furthermore, the knowledge and skill applied to secure access to resources that is not within the realm of enterprise means that practice of network competence can lower cost efficient in terms of resource management and task performance in the SMEs (Ritter, 1999 & Watson, 2007). Hence, it implied that the alignment of these resources such as human experts, finance and physical resources can improve performance in the SMEs. We therefore propose that:

P1 - There is a positive relationship between availability of resources and entrepreneurship growth in the SMEs.

Network Orientation in Managing Human Resources

According to Swanson & Holton (2010), network orientation in managing human resources is one of the factors that linked to the three critical application areas of HRD, namely selection, development and assessment. Based on the need to access a qualified network competent manager, the selection criteria shall be linked to on the job announcement describing the quality and skill needed to perform network task. Development on the other hand is linked to enhancing the managers skill in order to handle relationship building task towards ensuring a healthy inter- and intra-network that assist group members initiate and manage change (Mclagan, 1989). Employees can be developed to possess the right qualification through HRD activities such as technical training, seminars and workshops. Furthermore training on conflict management must be carried out to further strengthen the network competence of the manager to handle dispute-related matters (Ritter, 1999). Hence, network competence has bridged both knowledge and marketing gaps across geographical boundaries. Captains of industries now explore the usage of network competence as a prerequisite for institutionalizing innovations and technological learning in their organizations. These show that network competence is a strong strategic approach that promotes value in productivity (Chen, 2015). Thus network orientation in managing human resources is vital to accessing and developing qualified individuals, needed to perform the task of network management efficiently. This edge is vital for growth in the SMEs (Bager et al., 2015; Walter et al., 2006). We therefore propose:

P2 - There is a positive relationship between network orientation in managing human resources and entrepreneurship growth in the SMEs.

Communication Structure

A good information exchange system patterns the structure of the entrepreneurial firm for relationship building and collaboration. Network competence is associated with the use of a good quality communication structure to initiate interaction and relationship with interdependent allied SMEs. A Malaysian study has shown that departments within the entrepreneurial organization do experience improvement in their performance with the use of efficient communication structure (Hashim, 2007). Entrepreneurs with network competence edge make use of ICT to build good quality relationships amid implicit opportunity. The knowledge and use of ICT has helped to facilitate innovations and creative ideas among the integrating SMEs. This means that there is cross fertilization of ideas that leads to creativity in the enterprise as a result of interactions among partners. Moreover the uncertainties and risk arising from the creation of new entrepreneurial businesses and the cost of running the enterprise has been reduced through the use of ICT (Ratinho et al., 2015). Nonetheless, entrepreneurs must integrate communication possibilities in the SMEs in order to get managers linked up to direction, which is likely to develop strategies that can enhance and improve collaboration. A good quality integration of the communication configuration makes information available to both the manager and individuals who perform task of relationship building. Thus HRD department must develop managers to be innovative in the use of ICT. This will enable the manager to be creative while handling collaborative issues in SMEs (Ritter, 1999). In addition, HRD department must also advice managers in handling networking

issues to accept network competence task execution as a function in the organizational career development. This intervention creates self-awareness leading to the notion of person-job-fit, hence aligning the right crop of persons in the organization, which is instrumental to entrepreneurship growth (McLagan, 1989). We therefore propose:

P3 - There is a positive relationship between communication structure and entrepreneurship growth in the SMEs.

Openness of Corporate Culture

Openness to corporate culture is associated with the guiding practical principles of which organizations are known for. This practice may have contributed significantly to sustaining their competitive advantage, for example the culture of training and re-training for the employees (Bager et al., 2015; Rahman & Fatima, 2011). Openness to corporate culture is in tune with flexibility in matters that can make an organization achieves a meaningful progress in their vision, mission and short term objectives. Openness to corporate culture is unique to entrepreneurship growth, owing to reason that openness stresses on spontaneity, flexibility and personality traits as distinctive features of adhocracy culture. In contrast, control, regulation, and stability are associated with hierarchical culture (Ritter, 1999). Openness is seen as emphasizing competition and product differentiation instead of bureaucratic system of corporate culture is known for (Deshpandé, Farley, & Webster, 1993). Entrepreneurs and managers must be developed to practice open culture in their respective SMEs because open culture encourages entrepreneurial spirit, which can motivate the employees to be committed in handling their tasks. Employees, in open culture firms have a sense of belonging that motivate them to make decision that is friendly to the growth of their SMEs (Ritter, 1999). In this case, HRD managers must develop the needful, the purpose of which is to expose them to the knowledge of open culture. This is unique to improve a manager's networking skill in SMEs, meaning that training and development can be seen as a practice of open culture unique to entrepreneurship growth (Bager et al., 2015; Chell, 2013; Leitch, 2006). Thus, SMEs with adhocracy culture would be more innovative driven, with qualified persons matched to perform the task of network. We therefore propose:

P4 - There is a positive relationship between openness of corporate culture and entrepreneurship growth in the SMEs.

Based on the above discussion, we developed a conceptual framework as depicted in Figure 1.

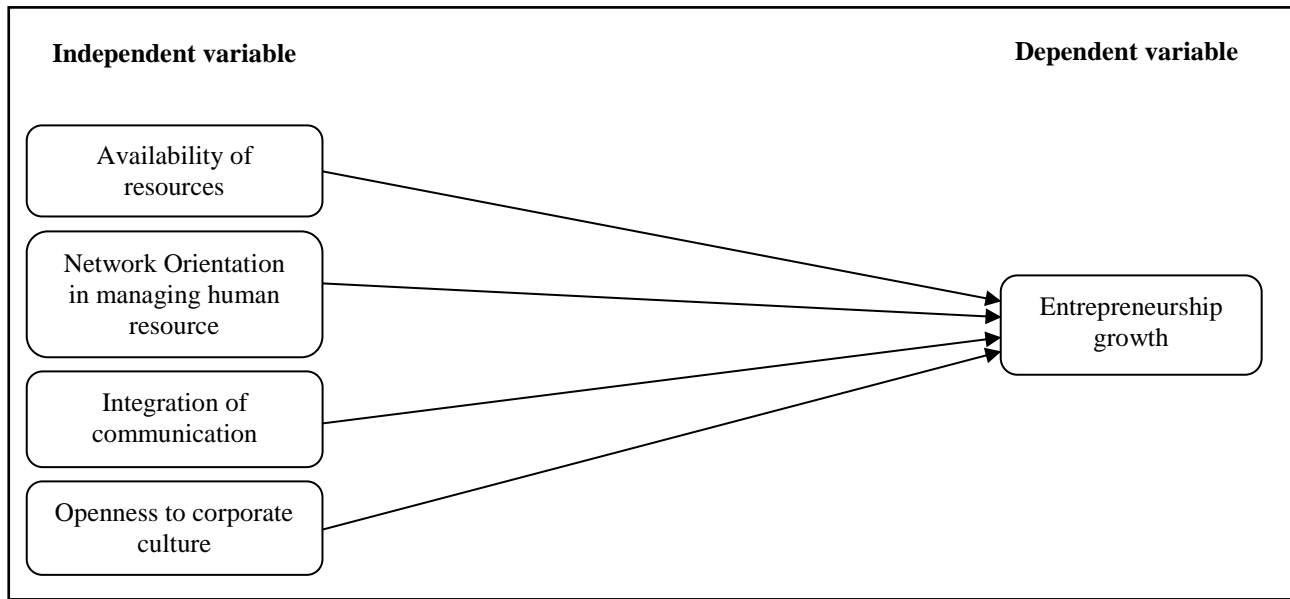


Figure 1: A framework showing the predictors of entrepreneurship growth based on network competence factors

Conclusion and HRD Implications

This article addresses the potential influence of network competence factors on entrepreneurship growth. It explains predictors that can stimulate firm growth. These influencing factors must be revealed and used as one of the considerations in the SME planning of its growth strategy from the perspective of network competence and HRD.

This framework suggests that the growth strategy for SMEs can be facilitated by HRD as supported by the human capital theory and resource-based theory. This is possible through a well-developed resource-based attainable through educational training initiatives such as on-the-job training coaching, mentoring and experience from other non-formal learning. This can be viewed, as the bases for improved skill and knowledge capability, which can essentially lead to improved work setting and eventually supporting entrepreneurship growth (Dimov & Shepherd, 2005; Duh, 2014; Olaniyan & Okemakinde, 2008; Swanson & Holton, 2010). Building on the understanding of the above theories, it is therefore believed that the blend of both tangible and intangible resources in its formal and informal ways through organized networking should be capitalized on by managers towards competitiveness and firm success (Miles, 2012). Thus organizational learning to improve individuals capability as viewed from the human capital theory and perspective of HRD is crucial in SMEs (Dimov & Shepherd, 2005; Swanson & Holton, 2010). In addition, through alignment and mobilization of network competence factors of availability of resources, network orientation in managing human resources, integration of communication structure and corporate openness in their strategic forms as advocated by the resource-based theory, should lead towards firm success and growth in SMEs (Bager et al., 2015; Edoho, 2015; Miles, 2012; Ritter, 1999).

The predictor variables in the framework are assumed to be studied on individual bases leading to entrepreneurship growth. Thus, it is proposed that SME firms that are supported by the use of availability of resources, network orientation in managing human resources, integration of communication structure and corporate openness can embark on the desired growth track.

This paper provides a theoretical support for network competence factors as predictors of entrepreneurship growth. Future research is recommended to empirically test and validate the propositions on the links between network competence factors and entrepreneurship growth. Consequently, empirical evidence that could be obtained based on this model may contribute to the emerging literature on the role of network competence leading to entrepreneurship development in manufacturing SMEs from the perspective of HRD. Upon model validation, this knowledge could offer practical interventions for HRD managers to assist SMEs towards developing and managing networking competence to ensure entrepreneurship growth of the SMEs in the manufacturing sector. In addition, future research is suggested to use this framework with other intervening variables such as leadership skill and knowledge creativity that could further substantiate what predicts entrepreneurship growth in the manufacturing SMEs with specific contexts in developed or developing countries.

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