



Entrepreneurial cooperation and performance of online retail enterprises in Kenya: Moderating role of legal framework

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Abstract

Despite the advantages of online trading, online retail enterprises in Kenya face inconsistent performance due to challenges such as limited access to financial services, inadequate collaboration, insufficient communication technology, and gaps in entrepreneurial competence. These challenges hinder the potential of the industry and the country's economic growth. This study assessed the impact of entrepreneurial cooperation on the performance of online retail enterprises in Kenya, grounded on Social Network Theory. The study adopted mixed-methods. Using a descriptive design, it targeted 495 employees from 165 registered online retail enterprises, with a sample size of 351 determined by Yamane's formula. Data was collected through questionnaires and analyzed using a triangulation approach. Multiple regression analysis revealed that entrepreneurial cooperation significantly and positively influence online retail enterprises in Kenya ($R^2 = 0.662$; $p < 0.01$). The results show that 66.2% of the variance in performance among online retail businesses in Kenya can be explained by entrepreneurial cooperation alone. The study recommended for active collaboration within the e-commerce ecosystem, particularly in areas such as marketing and brand advocacy and suggests further research on comparative study to examine the success of businesses that heavily invest in sales linkages.

Keywords: Entrepreneurial cooperation, legal framework, online retail enterprises, performance

Introduction

Background of the Study

The global surge in internet-based trade has sparked heightened interest in understanding this phenomenon (Mwencha, Thuo, and Muathe, 2019) ^[19]. This had highlighted significant relationship between online retailing and organizational performance (Onyemaechi, Achara, and Ogwulumba, 2019) ^[23]. However, the expansion of online retailing has also intensified competition and introduced new industry dynamics, which have negatively impacted the performance of many online retail enterprises, particularly in developing economies such as those in Africa (Nganga & Mbithi, 2020) ^[21]. Many online retail enterprises across Africa face considerable challenges that hinder their performance and growth (Teuteberg, 2020) ^[28]. These challenges threaten the sales growth, business expansion, and profitability improvement of online retail businesses in the region. Similarly, in Kenya, online retail enterprises face numerous challenges that impede their performance (Kiboro, 2018) ^[12].

Entrepreneurial cooperation is pivotal in this context, as it facilitates access to modern technologies, helps in acquiring complementary resources, supports entry into new markets, and aids in the development of new products (Cygler, Sroka, Solesvik, & Debkowska, 2018) ^[4]. Entrepreneurial cooperation is defined as collaborative online relationships of working together in a networked environment such as social networking sites, meetings, emails, or chat sessions (McFarland, 2017). Fostering entrepreneurial co-operation through strategic linkages, technological resource sharing, and collaborative innovation is instrumental in enhancing the performance of online retail enterprises in Kenya (Igwe *et al.*, 2021) ^[10].

By leveraging collective strengths, these enterprises could navigate challenges, capitalize on opportunities, and achieve sustainable growth in the competitive digital marketplace (Igwe *et al.*, 2021) ^[10]. Establishing strong strategic linkages with key stakeholders such as suppliers and financial institutions helps online retailers access vital resources, streamline operations, and expand their market reach, thereby boosting sales and profitability (Pe & Yan, 2019) ^[25].

More so, technological resource sharing allows SMEs to utilize advanced tools like e-commerce platforms and digital marketing systems affordably, enhancing innovation, efficiency, and customer engagement (Zhao & Sun, 2018). Collaborative innovation through partnerships and joint ventures enables online retailers to co-develop competitive products and adapt swiftly to market changes, supporting sustained business expansion. Furthermore, Oláh *et al.* (2019) ^[23] supported these observations by suggesting that strategic partnerships and collaboration are essential for gaining a competitive edge in the market and hence enhance performance.

Statement of the Problem

Despite the considerable advantages of online trading, the performance of online retail enterprises in Kenya has been inconsistent, marked by fluctuating outcomes over time. In the case of Kenya, the country's online shopping participation rate stands at 23%, significantly lower than the global average of 59% (Cytton, 2020) ^[21]. This underperformance is attributed to several barriers, including lack of entrepreneurial cooperation which constrain the performance and economic development of online retail enterprises in Kenya (Nganga & Mbithi, 2020) ^[21].

Research Hypothesis

H01: Entrepreneurial cooperation does not have a statistically significant relationship with performance of online retail enterprises in Kenya

H02: Legal framework does not have a statistically significant moderating effect on the relationship between entrepreneurial cooperation and performance of online retail enterprises in Kenya

Literature Review

Social Network Theory

Social Network Theory, first articulated by Dunn (1983) [8], offers a framework for examining the web of connections within a social structure, emphasizing how relationships influence access to resources and opportunities (Kadushin, 2004). Dunn (1983) [8, 11] underscores the importance of strong, high-quality connections for entrepreneurs, as these networks provide access to essential resources such as knowledge, financing, and technology. Entrepreneurs are embedded within larger social networks that shape their access to opportunities. Building reputation-enhancing ties with resource providers is crucial for entrepreneurial performance and innovation

Social Network Theory has practical relevance in contemporary contexts, particularly for online retail enterprises. These businesses may recognize opportunities but lack the necessary social ties to pursue them effectively (Aldrich & Zimmers, 1986) [1]. Expanding their networks allows access to key stakeholders such as suppliers and customers. Aldrich (1999) [2] emphasizes that new and small firms especially benefit from strong networks during early stages, helping them overcome challenges in sourcing and customer acquisition. Ultimately, Social Network Theory highlights the role of strategic relationship-building in entrepreneurial success. Despite criticisms regarding its conceptual boundaries and empirical impact, the theory remains particularly valuable for modern, network-dependent industries like online retail. By cultivating robust social networks, entrepreneurs can enhance resource access, strengthen market positioning, and support business performance.

Empirical Literature Review

Contemporary research underscores the pivotal role of entrepreneurial cooperation in enhancing performance and fostering innovation within the online retail sector (Cygler, Sroka, Solesvik, & Debkowska, 2018) [4]. This literature highlights that entrepreneurial cooperation in form of; digital collaboration, and strategic partnerships are fundamental to performance in the online retail sector. These collaborative dynamics not only enhance performance but also fuel innovation, customer satisfaction, and sustainable growth in an increasingly interconnected and digital marketplace. In an empirical study, Igwe *et al.* (2021) [10] employed statistical methods including Pearson correlation and multiple regression across three Nigerian states, revealing that digital collaboration; significantly influences online consumer purchasing behavior. This illustrates that digital cooperation directly boosts consumer engagement and drives sales.

Soni (2020) [27] demonstrated that cooperation mediates the relationship between customer satisfaction and word of mouth. This finding reinforces the strategic value of

relationship-building in enhancing business performance through improved customer loyalty and advocacy. In the context of women entrepreneurs, Sihotang *et al.* (2020) [26] highlighted that effective partnership strategies enhance entrepreneurial knowledge and skills, thereby significantly improving business outcomes.

Cultural dimensions also shape collaborative tendencies. Han and Kim (2019) [9] found that collectivist consumers are more likely to engage in online group buying (OGB), suggesting that cultural alignment can amplify cooperative behaviors in digital marketplaces. Pe and Yan (2019) [25] demonstrated how supplier cooperation fosters profit sharing and information exchange, producing mutually beneficial outcomes that bolster operational performance.

From a logistical and technological standpoint, Mănescu *et al.* (2019) observed an increased reliance on electronic communication tools among online entrepreneurs. Complementing this, Mkansi and Nsakanda (2019) [18] emphasized the importance of network efficiency in transportation logistics, while Zhong *et al.* (2019) [18] stressed the need for stronger synergy between online platforms and logistics providers. Oláh *et al.* (2019) [9] supported these findings, asserting that strategic partnerships are essential for achieving competitive advantage in a saturated market. Chen, Liu, and Li (2019) [3] illustrated how supply chain finance (SCF) initiatives, such as those implemented by JD.com, enhance collaborative ties and strengthen market positioning. In contrast, Zhao and Sun (2018) identified a lack of unified development mechanisms in the online retail space, noting that effective collaboration requires technological advancement, policy support, and improved regulatory frameworks

Research Methodology

For this study, a cross-sectional research design was selected due to its suitability for collecting data at a single point in time. This design was chosen for its efficiency in terms of time and cost, which aligns with the practical needs of the study (Nazri, Aroosha, & Omar, 2016) [20]. In this study, the target population consists of all 165 registered online retail enterprises in Kenya, where unit of inquiry was 495 managers of these entities

The study employed a stratified proportionate random sampling technique to ensure a representative selection of respondents from each category (Parsons, 2017) [24]. In determining the sample size of the online enterprises, the study was informed by the formula suggested by Yamane (1967) [29] which is expressed as;

$$n = \frac{N}{1+N(e^2)}$$

Where n is the sample size, N is the target population size and e is the level of precision (specifically $\pm 5\%$ precision at 95% confidence level).

$$\text{Thus } n = \frac{165}{1+165(0.05)^2} = \frac{165}{1+165(0.025)} = \frac{165}{1+4.125} = \frac{165}{5.125} = 116.81 \approx 117$$

So, the number of enterprises that participated in the study was 117. The study engaged 3 staff from each enterprise to arrive at a sample size of 351

In the present study, data collection was facilitated through online questionnaires and phone-based interviews, utilizing a semi-structured format.

The analysis involved applying appropriate statistical methods to examine relationships, test hypotheses, and derive insights from the numerical data. Techniques such as quantitative analysis to yield descriptive statistics and inferential statistics were utilized to ensure a comprehensive analysis of the data. The qualitative analysis process included coding and thematic analysis, where data was organized into categories and patterns were identified. On the other hand, the qualitative data was analyzed using thematic analysis methods. The triangulation approach was used to enhance the credibility and validity of the findings. Regression analysis was performed to comprehend the way the independent variable influenced the performance outcomes of the online retail enterprises, as represented by the following equation:

$$Y = \beta_0 + \beta_1 X_1 + e \quad (1)$$

Where:

Y = Performance of online retail enterprises in Kenya

X₁ = Entrepreneurial cooperation

β₀ is a constant (which is the value of dependent variable; Y, when all the independent variables are 0).

β₁ is the regression coefficients or change induced by Entrepreneurial cooperation,

e = error term.

Hierarchical regression analysis was used to test for moderating effects, with significance assessed through p-values and changes in R² (Baron & Kenny, 1986). The model used to test the moderating effect was;

$$Y = \beta_0 + \beta_1 X + \beta_2 Z + \beta_3 (X \cdot Z) + e \quad (2)$$

Where:

Y = Performance of online retail enterprises in Kenya

X = Entrepreneurial cooperation

Z = Legal Framework

β₀ is a constant (which is the value of dependent variable; Y, when all the Entrepreneurial cooperation e, legal framework are 0).

β₁₋₃ is the regression coefficients or change induced by Entrepreneurial cooperation, legal framework and product of Entrepreneurial cooperation and legal framework

e = error term

Research and Discussions

A structured questionnaire was employed as the primary data collection tool for this study. The survey was distributed to a total of 351 potential respondents, where the study achieved a response rate of 252 out of 351, resulting in a rate of 71.79%. According to Dillman *et al.* (2014) [6], this response rate is classified as excellent, particularly in business and organizational research.

Descriptive Analysis

When assessing the effects of independent variable on the dependent variable, the study used the scale; “Not at all” for 1; “Low” implied by 2 “Moderate” represented by 3 “High” denoted by 4 and “Very High” implied by 5. When the Means and Standard deviation were obtained, then “Not at All” implied a value equal to or greater than 1 and not exceeding 1.8; “Low” represented a value above 1.8 and not exceeding 2.6; “Moderate” meant a value above 2.6 and not greater than 3.4 “Agree” for a value above 3.4 and that was less than 4.2 and, “Strongly Agree” represented value above 4.2 and not greater than 5.0. In the tables, these scales were identified as; NA for ‘Not at All’; L for “Low”; M to mean “Moderate”, H for “High” and VH for “Very High.

Entrepreneurial Cooperation and Performance

The study examined the influence of entrepreneurial cooperation on the performance of online retail enterprises in Kenya. The results obtained on entrepreneurial cooperation are captured in Table 1.

Table 1: Analysis by Entrepreneurial Cooperation and Performance of Online Retail Enterprises in Kenya

Parameter	NA	L	M	H	VH	M	SD
Formation of sales linkages for improving competitive edge (sales cooperation)	0.00%	0.00%	18.25%	54.76%	26.98%	4.09	0.67
Linkages with other online traders for market knowledge sharing	0.00%	1.59%	18.65%	53.97%	25.79%	4.04	0.71
Linkages with other enterprises to gain online experience	0.00%	2.38%	21.43%	45.63%	30.56%	4.04	0.79
Network relationships with other enterprise to acquire information and resources	0.40%	3.17%	21.03%	47.22%	28.17%	4.00	0.81
Cooperation with other enterprises for technological sharing	0.40%	1.19%	23.41%	48.81%	26.19%	3.99	0.76
Outsourcing services from other online trading enterprises	0.40%	1.59%	22.62%	55.56%	19.84%	3.93	0.72
Collaborative relations with suppliers of products/services	1.19%	2.38%	17.06%	57.94%	21.43%	3.96	0.77
Research and development cooperation to shape jointly operated research centres	0.40%	2.78%	19.84%	48.41%	28.57%	4.02	0.80
Entrepreneurial Cooperation and Performance	0.35%	1.89%	20.29%	51.54%	25.94%	4.01	0.75

Source: Field Data (2024)

Key; NA=Not at all; L=Low; M= Moderate, H=High, VH= Very High; M= Mean; SD= Standard Deviation

The analysis revealed that various forms of entrepreneurial cooperation played a significant role in enhancing the performance of online retail enterprises in Kenya. Strategic partnerships for boosting sales were widely recognized as particularly impactful. Knowledge-sharing among online traders, especially for gaining market insights and online business experience, also emerged as vital to enterprise success. Collaborative efforts to access information and resources through networks were found to improve operational efficiency, while technological cooperation was viewed as key to fostering innovation. Outsourcing services from other online businesses was seen as a meaningful

contributor to performance, helping streamline operations. Relationships with suppliers stood out as especially important, being identified as the most influential factor in. highlighted for their role in driving innovation and business growth. Overall, there was strong consensus among respondents that entrepreneurial cooperation was a critical driver of success in the online retail sector.

The qualitative responses highlighted that cooperation among online enterprises had a positive impact on business performance. Respondents described engaging in activities such as mutual advertising, audience sharing through tagging and mentions, and receiving referrals or business

overflow from other enterprises. Some businesses also listed their products on partner platforms, which led to increased sales. Partnerships enabled cost-effective marketing using tools like WhatsApp Business, mobile money services, and digital posters, helping reduce operational expenses and freeing up resources for other investments. These collaborations allowed businesses to offer expanded services without incurring extra development costs. Overall, cooperative efforts contributed to better marketing reach, increased customer engagement, and improved sales. By sharing resources and strategies, online enterprises were able to enhance efficiency and create mutually beneficial outcomes.

The findings concur with previous research that entrepreneurial cooperation is important for; ensuring access to modern technology, obtaining complementary resources, ensuring comfortable entry in new markets, and for the development of new products (Cygler *et al.*, 2018) [4]. Particularly, Sihotang *et al.* (2020) [26] show that an effective partnership strategy helps improve enterprise performance since through partnership strategy formulation, enterprises focus on increasing their knowledge and skills.

The findings confirm those in the research by Zhao and Sun (2018) [12] that the online retail industry is yet to form a unified and clearly coordinated development mechanism, which is extremely restricting collaborative business development. According to Zhao, and Sun (2018), collaborative development is important for, developing information communications technology, strengthening information sharing, increasing policy support, and strengthening market supervision as well as maintaining market order. Furthermore, Omwenga *et al.* (2013) indicate that entrepreneurial cooperation, through networks and networking, is vital for the performance of enterprises since these lead to potential opportunities.

Legal Framework and Performance

The study sought to evaluate the status of the legal framework and its influence on the performance of online retail enterprises in Kenya. The findings, presented in Table 2, provide critical insights into stakeholders' perceptions regarding the role of legal and regulatory instruments in shaping business outcomes in the online retail sector.

Table 2: Analysis by Legal Framework and Performance

	SD	D	N	A	SA	M	SD
The performance of our enterprise has been adversely affected by government policy on online trading	4.76%	23.41%	25.79%	30.16%	14.68%	3.27	1.12
The government has sufficient legislation on online trading	5.95%	32.54%	28.57%	25.00%	7.54%	2.94	1.07
The available legislations on online business are supportive of online trading	8.73%	28.17%	29.37%	19.84%	13.10%	2.98	1.20
There are favourable regulations on online trading to enhance performance	8.33%	22.22%	33.33%	23.41%	10.71%	3.06	1.12
Online trading enterprises have formed bodies to address their legal issues and concerns	5.95%	27.78%	27.38%	25.79%	13.10%	3.12	1.14
Institutional structures provides equal operating opportunity for all online traders	8.73%	27.38%	28.57%	23.02%	12.30%	3.03	1.16
The current tax regime provides a conducive operating environment for online traders	12.70%	30.95%	30.56%	23.41%	2.38%	2.72	1.04
Legal Framework and Performance	7.88%	27.49%	29.08%	24.38%	10.54%	3.02	1.12

The findings from qualitative response revealed that many online retail enterprises in Kenya view the current legal and regulatory framework as insufficiently supportive of their operations. Government policies were commonly seen as hindering business performance, with concerns raised about the adequacy and relevance of existing legislation for online trading. Respondents expressed uncertainty and mixed feelings about whether current laws effectively support online businesses. A large number of participants remained neutral or disagreed with the idea that regulations are favorable or beneficial to performance, indicating inconsistency in how traders experience or interpret legal provisions. There were signs of sectoral self-organization, as some enterprises have begun forming associations to address legal challenges collectively. However, issues of fairness and equal opportunity within institutional structures

Remain unresolved, with respondents divided on whether all traders operate under equal conditions. Taxation emerged as a significant point of dissatisfaction, with many traders viewing the current tax regime as unsupportive and potentially harmful to business growth. Overall, while legal structures do exist, they are broadly perceived as misaligned with the practical needs of online retailers, inconsistently enforced, and lacking in the support necessary to drive sector performance.

Regression Analysis and Hypothesis Testing

The study employed regression analysis to determine whether entrepreneurial cooperation as a significant predictor of the performance of online retail enterprises in Kenya, with the resulting findings presented in Table 4.

Table 4: Regression results on the model summary

R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson	
1	.537	.535	.0429950	2.322	
a Predictors: (Constant), Entrepreneurial Cooperation					
b Dependent Variable: Performance of Online Retail Enterprises					
	Sum of Squares	Df	Mean Square	F	Sig.
Regression	.536	1	.536	290.161	.000 ^b
Residual	.462	250	.002		
Total	.999	251			
a Dependent Variable: Performance of Online Retail Enterprises					

b Predictors: (Constant), Entrepreneurial Cooperation					
	Unstandardized Coefficients	Standardized Coefficients		t	Sig.
	B	Std. Error	Beta		
(Constant)	.000	.003		.147	.883
Entrepreneurial cooperation	.728	.043	.733	17.034	.000

a Dependent Variable: Performance of Online Retail Enterprises

The results indicate a p-value of less than 0.01, which is below the 0.05 threshold for statistical significance. As the p-value is less than the established significance level, the null hypothesis is rejected, and the alternative hypothesis is accepted. This implies that there is a significant relationship between entrepreneurial cooperation and the performance of online retail enterprises in Kenya.

The R-squared value of 0.537 signifies that approximately 53.7% of the variance in the performance of online retail businesses can be explained by entrepreneurial cooperation alone. This strong predictive capability aligns with existing literature that emphasizes the importance of collaboration among entrepreneurs, as cooperative efforts often lead to shared resources, enhanced innovation, and improved performance.

Based on results ($F = 17.034$, $p < 0.01$), $p\text{-value} < 0.05$. Since the p-value was less than 0.05, then entrepreneurial cooperation has a statistically significant influence on performance of online retail enterprises in Kenya. These findings affirm that entrepreneurial cooperation serves as a critical determinant of performance within online retail enterprises.

The regression model was

$$Y = 0.000 + 0.728X_1 + e \quad (3)$$

Thus,

$$\text{Performance of online retail enterprises in Kenya} = 0.000 + 0.782(\text{entrepreneurial cooperation}) \quad (4)$$

The results are well-aligned with a growing body of literature emphasizing the strategic value of entrepreneurial cooperation. For instance, Pe and Yan (2019) [25] highlight that cooperation among suppliers facilitates both profit sharing and information exchange, yielding mutually advantageous outcomes that elevate overall business performance. Similarly, Sihotang *et al.* (2020) [26] underscore the importance of cultivating effective partnerships, which significantly enhance entrepreneurial knowledge and competencies, thereby strengthening enterprise performance. These insights are further reinforced by Oláh *et al.* (2019), who argue that strategic alliances and collaborative frameworks are indispensable for securing a sustainable competitive advantage in the dynamic online retail landscape. Moreover, Zhong, Guo, Wang, and Tang (2019) [14] emphasize the imperative of optimizing cooperative relationships between online platforms and key stakeholders, recognizing this as a cornerstone of performance and market responsiveness.

Test of Moderating Variable

Given that entrepreneurial cooperation emerged as a significant predictor of the performance of online retail enterprises in Kenya, it was appropriate to assess the presence of a moderating relationship. The corresponding results are presented in Table 5.

Table 5: Moderation Regression Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
2	.793 ^b	.629	.626	.0385882		
3	.804 ^c	.646	.642	.0377322		
b. Predictors: (Constant), Entrepreneurial cooperation, Legal framework						
c. Predictors: (Constant), Entrepreneurial cooperation, Legal framework, Entrepreneurial cooperation x legal framework						
Model	Sum of Squares	df	Mean Square	F	Sig.	
2	Regression	.628	2	.314	210.791	.000 ^c
	Residual	.371	249	.001		
	Total	.999	251			
3	Regression	.645	3	.215	151.117	.000 ^d
	Residual	.353	248	.001		
	Total	.999	251			
a. Dependent Variable: Performance of online retail enterprises in Kenya						
c. Predictors: (Constant), Entrepreneurial cooperation, Legal framework						
d. Predictors: (Constant), Entrepreneurial cooperation, Legal framework, Entrepreneurial cooperation x legal framework						
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
2	(Constant)	-.150	.019		-7.751	.000
	Entrepreneurial cooperation	.167	.081	.169	2.062	.040
	Legal framework	.050	.006	.640	7.833	.000
3	(Constant)	-.346	.059		-5.896	.000
	Entrepreneurial cooperation	-.087	.107	-.088	-.811	.418
	Legal framework	.070	.008	.893	8.318	.000
	Entrepreneurial cooperation x legal framework	.034	.010	.182	3.525	.001

a. Dependent Variable: Performance of online retail enterprises in Kenya

Table 4 was used in testing the second hypothesis, where the regression analysis, as presented in Table 5, demonstrates that incorporating the legal framework as a moderating variable enhances the relationship between entrepreneurial cooperation and performance among online retail enterprises in Kenya. Specifically, the inclusion of the legal framework results in a notable increase in the model's explanatory power. The R-squared (R^2) value rises from 0.537 in Table 4 to 0.629 in model 2, representing a 9.2% increase (change in $R^2 = 0.092$). Furthermore, when the interaction term is introduced in Model 3, the R^2 increases slightly to 0.646, indicating an additional 1.17% improvement (R^2 change = 0.011). These results underscore the pivotal role of the legal framework in strengthening the predictive capacity of entrepreneurial cooperation on enterprise performance.

The ANOVA results reinforce the significance of the proposed models. The model incorporating only entrepreneurial cooperation is statistically significant ($p < .01$), validating it as a key predictor of performance. Upon integrating the legal framework ($p < .000$), the model demonstrates even greater explanatory power, confirming that both variables independently and collectively contribute to performance variation. These findings echo prior literature such as Kwilinski *et al.* (2019) [13] which contends that robust legal structures support entrepreneurial ventures by fostering innovation and minimizing uncertainty.

In terms of model coefficients, model 1 reveals that entrepreneurial cooperation is a strong predictor ($\beta = 0.728$, $p < .01$). In Model 2, Legal framework ($\beta = 0.050$, $p < .01$) and entrepreneurial cooperation ($\beta = 0.167$, $p < .01$) contribute significantly to performance of online retail enterprises in Kenya. In Model 3, all predictors; entrepreneurial cooperation ($\beta = -0.087$, $p < .01$), legal framework ($\beta = 0.070$, $p < .01$), Interaction term ($\beta = 0.034$, $p < .01$) remain significant

These coefficients confirm that the legal framework moderates the effect of entrepreneurial cooperation on the performance of online retail enterprises in Kenya. The interplay between these variables suggests that legal structures not only exert a direct effect but also enhance the efficacy of entrepreneurial networks.

Based on these findings, the resulting model can be expressed as:

$$Y = -0.346 - 0.087X + 0.070Z + 0.034(X \times Z) \quad (4)$$

The negative coefficient for entrepreneurial cooperation in the interaction model ($\beta = -0.087$) should be interpreted in context, as the positive interaction term ($\beta = 0.034$) suggests a conditional effect, indicating that cooperation is more effective under supportive legal conditions. The analysis affirms that entrepreneurial cooperation significantly contributes to performance, while a conducive legal framework not only offers direct benefits but also strengthens this relationship. This is inconsistent with the assertion by Dineo (2020) [7] that a flexible and adaptive regulatory environment can catalyze entrepreneurship by balancing innovation promotion with appropriate oversight. The statistically significant moderating effect ($p < .01$) further underscores the importance of legal structures in shaping the performance trajectories of online retail enterprises in Kenya.

Conclusion and Recommendations

Conclusion

In conclusion, entrepreneurial cooperation is a critical driver of performance in online retail enterprises within the Kenyan context. Entrepreneurs who actively engage in collaborative relationships with other businesses, suppliers, and stakeholders are better positioned to expand their market reach, streamline operations, and respond adaptively to the dynamic demands of the online retail environment. Empirical results from the regression analysis reinforce this conclusion by demonstrating a strong and statistically significant influence of entrepreneurial cooperation and performance of online retail enterprises in Kenya ($R^2 = 0.537$; $p < 0.01$). The R-squared value of 0.537 indicates that 53.7% of the variance in performance among online retail businesses can be explained by entrepreneurial cooperation alone. This finding underscores the substantial predictive power of cooperation in shaping enterprise outcomes.

In conclusion, while the negative coefficient for entrepreneurial cooperation in the interaction model ($\beta = -0.087$; $p < 0.01$) may appear counterintuitive, its interpretation should consider the positive and significant interaction term ($\beta = 0.034$; $p < 0.01$), which points to a conditional effect. This finding suggests that the effectiveness of entrepreneurial cooperation is amplified under supportive legal frameworks. Overall, the analysis confirms that entrepreneurial cooperation plays a meaningful role in enhancing enterprise performance, and that a conducive legal environment not only yields direct benefits but also reinforces the positive impact of cooperative entrepreneurial behavior.

Managerial Practices

Managers should actively foster strategic partnerships with other businesses, suppliers, and stakeholders to expand their networks and capabilities. Collaborative arrangements and co-marketing initiatives can enable online retailers to reduce operational costs, diversify product offerings, and reach broader markets. These partnerships also facilitate the exchange of ideas and best practices, fostering a culture of continuous innovation that strengthens competitiveness and business resilience.

To further improve performance, managers should encourage the sharing of technological resources. This approach not only levels the playing field but also supports collective learning and faster adaptation to digital trends. Managers must prioritize the integration of advanced digital tools into their daily operations.

Policy Recommendations

The success of online retail enterprises is closely tied to efficient coordination. To enhance performance, entrepreneurs should actively collaborate within the e-commerce ecosystem, particularly in areas such as marketing and brand advocacy. In the Kenyan context, joint marketing campaigns can help reduce costs, increase brand visibility, and strengthen collective bargaining power with suppliers and customers.

Policymakers play a vital role in fostering such collaboration by promoting initiatives like shared advertising, co-created content, and joint participation in trade events. Additionally, policies should encourage

collective risk management strategies to help businesses better withstand market disruptions.

To support these efforts, a robust legal framework is essential. This should include clear agreements on ensuring that all participants in collaborative ventures are protected and incentivized to cooperate effectively.

Theoretical Contribution

Social Network Theory finds relevance in this study, as the findings suggest that entrepreneurial cooperation and partnerships significantly contribute to business performance. Building strong networks with other entrepreneurs and stakeholders enhances the flow of information, resources, and opportunities, which can lead to innovation and competitive advantage.

Suggestions for Further Studies

While respondents reported consistently forming sales linkages to enhance their performance, a comparative study could examine the success of businesses that heavily invest in sales linkages.

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