

**ROLE OF ENTREPRENEURIAL LEADERSHIP IN THE
GROWTH OF MICRO AND SMALL ENTERPRISES IN
THIKA TOWN, KENYA.**

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**DOCTOR OF PHILOSOPHY
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**Role of entrepreneurial leadership in the growth of micro and small
enterprises in Thika town, Kenya**

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**A thesis submitted in partial fulfillment for the degree of Doctor of
Philosophy in Entrepreneurship in the Jomo Kenyatta University of
Agriculture and Technology**

2014

DECLARATION

This thesis is my original work and has not been presented for a degree in any other university.

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DEDICATION

This work is dedicated to my entire family; my late parents Mautia and Kwamboka, wife Bonareri and my children Ndema, Nyamusi, Maisiba, Mang'abo and Birari, for their understanding and emotional support.

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DEFINITION OF TERMS

- Delegation** - Is used when someone in charge of a task divides up what needs to be done by one supporting members of their team. The dictionary defines delegation as the act of empowering to act for another (Yukl, 1994).
- Entrepreneurship** - Is the pursuit of opportunity beyond the resources one currently controls (Stevenson & Gumpert, 1985).
- Entrepreneurial influence** - The capacity to have an effect on the character, development or behaviour of entrepreneur or something, or the effect itself (Davidson & Wiklund, 2001).
- Entrepreneurial leadership** - Is the process of creating an entrepreneurial vision and inspiring a team to enact the vision in high velocity and uncertain environments. It has three main components of proactiveness, innovativeness, and risk taking (Surie & Ashely, 2008).
- Growth** - Refers to increases in the number of employees, amount of sales, profits, improved management, improved leadership, improved location, equipment and changed strategy (Evans & Martin, 2005).
- Leadership** - Is the process of influencing individual and groups to set and achieve objectives (Plunket & Ather, 1997).

Mentoring	-	Is an ongoing, long-term business counseling relationship between an experienced business advisor and client which covers a diverse range of topics as a business develops (IBA, 2001).
Micro enterprises	-	The tiniest business (enterprise) with one to nine employees (Buzzard & Edgcomb, 1992).
Mitumba	-	Refers to imported second hand clothes from western countries.
Motivation	-	Is a needs-satisfying process, which means that when a person's needs are satisfied by certain factors, the person will exert superior attaining organizational goals (Robbins, 2001).
Small enterprises	-	Business employing between 10 to 50 employees (Olson, 2002).
Textile	-	Cloths made by hand or machine (the textile industry) (RoK, 2003).

LIST OF ABBREVIATIONS AND ACRONYMS

ACTIF	-	African Cotton and Textile Industry Federation
AMP	-	Australian Market Process
EB	-	Entrepreneurial Behaviour
EU	-	European Union
ERG	-	Existence, Relatedness and Growth Needs
GEMINI	-	Growth and Equity through Micro-enterprise Investments and Institutions
GDP	-	Gross Domestic Product
ILO	-	International Labour Organization
KAM	-	Kenya Association of Manufacturers
MSEs	-	Micro and Small Enterprises
OCB	-	Organizational Citizenship Behavior
WTO	-	World Trade Organization

ABSTRACT

Entrepreneurial leadership plays a very important part in the growth of micro and small enterprises particularly in the textile industry among others. This study sought to establish the role of entrepreneurial leadership in the growth of micro and small enterprises in the textile industry, in Thika town. The study adopted a quantitative research approach. Specifically it employed a survey research design to collect data. The study covered a sample of 226 drawn from a population of 526 micro and small enterprises of Thika Sub-County who make thread to cloth. The sample was selected through simple random sampling. A semi-structured questionnaire was used to collect primary data. Quantitative data was analyzed using descriptive (mean) and inferential statistics (T-tests, correlation and regression). The study established a positive correlation between motivation, entrepreneurial influence, mentorship, delegation of duties and growth of micro and small enterprises. The results also indicated that motivation, mentorship, delegation and entrepreneurial influence accounted for fifty-seven percent of the variation in growth of micro and small enterprises. The regression analysis results indicated that an increase in delegation, mentorship, entrepreneurial influence and motivation by one unit would increase growth of the units respectively. The study concluded that there has been a positive growth in micro and small enterprise in Thika town as a result of high entrepreneurial leadership among the supervisors, owners and managers of the enterprises. In order to sustain the growth, owners of the enterprises should develop a programme of motivating the employees for their hard work. There is need for the County government to organize short term training programmes to build the capacity of the entrepreneurs owing to the fact that majority only possess secondary education.

CHAPTER ONE

INTRODUCTION

The chapter presents the background to the study which encompasses leadership in MSEs, entrepreneurial leadership in MSEs, textile industry and growth of MSEs. It also presents the statement of the problem, the overall objective, specific objectives of the study, the research hypothesis, significance, scope of the study and also limitation of the study.

1.0 Background Information

The role played by micro and small enterprises (MSEs) in Kenya cannot be overstated. Kenya's micro and small enterprise activity has continued to grow since the sector was first brought into the limelight in 1972, in a report by the International Labour Organization (ILO) on "Employment, Income and Equity". The report underscored the sector's critical role in promoting growth in incomes and employment.

According to Gaedeke and Dennis (1991), micro and small enterprises are the most important element in the economy. Micro and small enterprises are manufacturers, processors, distributors, and customers. Entrepreneurs of MSEs serve the consumer and meet the needs of other businesses, large and medium. Micro and small enterprises buy from other producers, creating a vast market within the economy. Micro and small enterprises provide an important part of the market for banks and financial institutions. Micro and small enterprises contributes significantly to the theory of free enterprise. In the free-enterprise system, most of the goods and services are provided by the private sector.

Micro and small enterprises provide much of the competition that characterizes free enterprise. Micro and small enterprises fill market gaps quickly by serving highly specialized markets and or markets with limited demand, new markets which will eventually become mass markets, and markets affected by new economies of scale. An important economic contribution of MSEs is the growth of micro and small enterprise textiles industries in Thika. Recent studies indicate that these MSEs receive less formal on –the- job training than those in medium and large firms, but they are more likely to obtain training from other sources, such as vocational and apprenticeship programme. Micro and small enterprises are the first employers of large proportion of workers. Micro and small enterprises provide two out of three workers with their first jobs. Entrepreneurs of MSEs are more likely to encounter problems related to lack of experience and illiteracy. Many MSEs must spend substantial resources to teach basic or remedial work habits, such as timely and regular attendance (Gaedeke & Dennis, 1991).

The Government of Kenya has repeatedly confirmed its conviction that MSE is essential to our nation's well-being. The importance of MSEs in a free enterprise system has been appreciated by the former president Daniel Arap Moi. In November 1985, president Moi visited one of the famous Jua Kali sector Industrial clusters located in Kamukunji, Nairobi. Symbolically, this visit marked an important milestone in the evolution of the MSEs sector in Kenya because it initiated a crucial process of political recognition of the sector at the highest level (Mullei & Bokea, 1999).

Micro and small enterprises are often fertile ground in which to plant innovative ideas for new goods and services. In order to compete effectively with giant corporations backed by massive resources, MSEs often have to find new and creative ways of conducting business. Micro and small enterprises often operate with greater flexibility than can a medium or large corporation, allowing it to tailor its product line and services at prices that medium or large firms cannot match. Micro and small enterprises usually minimize overhead costs—costs not directly related to providing specific goods and services, allowing them to earn profits on low prices (Boone & Kurtz, 1999). Ordinarily MSEs a lean organization with a small staff and few support personnel. The limitation on overhead costs made possible by maintaining a small permanent staff can provide a distinct advantage for MSEs. Instead of hiring high-income managers and accountants as permanent staff members, MSE owner managers typically hire them when needed for special projects or as outside consultants. This approach typically helps to restrain payroll costs for MSEs.

Another source of cost savings is the quality and quantity of work performed by the business owner. Entrepreneurs typically work long hours with no overtime or holiday pay. In addition, their family members frequently contribute services at little or no pay as bookkeepers' laborers, receptionist, production assistants and delivery personnel. Low overhead also helps to keep the costs of MSEs operations at minimal levels. Many such businesses avoid rent and utility expenses by operating out of the owners' homes. In addition, these firms often carry little or no inventory further reducing total operating costs (Mullei & Bokea, 1999).

According to Daft (1994), MSEs are growing in importance. Hundreds of MSEs are opened every month by people who have found themselves squeezed out of the corporation due to downsizing or voluntarily leave the corporate world to seek a slower pace and a healthier balance between work and family life. Many MSEs are opened by women or minorities who found limited opportunities for advancement in large corporations. As even the micro and small enterprises become increasingly complicated due to globalization, government regulation, and customer demands for better quality at lower prices, managerial dexterity is critical to success.

One interesting finding is that managers in MSEs tend to emphasize roles differently from those of managers in large corporations. Managers in MSEs often see their most important role as spokesperson, because they must promote the MSEs, growing company to the outside world. The entrepreneur's role is also very important in MSEs because managers must be creative and help organizations develop new ideas to be competitive. Micro and small enterprise managers tend to rate lower on the leader role and on information processing roles compared to counterparts in large firms (Daft, 1994).

There seems to be a close connection between leadership and entrepreneurship, with a number of scholars insinuating that leadership has a causal effect on entrepreneurship. A leader according to Thornberry (2003) is defined as one who exerts influence on people in the direction of achieving a goal; while an entrepreneur according to Stern (2004) is one

who engages in the organization and management of any venture, especially a firm with notable risks and initiatives. Going by this definition, while some scholars view an entrepreneur as the owner of a small firm, the entrepreneur may not necessarily be the owner of the business as in corporate firms. Not all leaders are entrepreneurs, but entrepreneurs are leaders in their own right (Gürol & Atsan, 2006). Recent studies have emerged that link the core characteristics of entrepreneurs with different characteristics of leadership in an area now referred to as entrepreneurial leadership. The scholars in the study of the same try to look out for those characteristics that lead to orientation towards entrepreneurship not just among business owners but also among the management of corporations.

Entrepreneurial orientation of leaders is what leads to firms venturing into new areas previously not part of their business lines as well as the formation of mergers. In view of the same, the various leadership styles have been connected by Nabi and Holden (2008) to the core characters that lead to entrepreneurship amongst individuals and firms. While some leaders emphasize on particular leadership styles, generally, it is the leader's individual traits developed over time that can move a firm or an individual into taking hold of new opportunities and converting the same into profits. Those traits include being visionary, proactive and innovative. There has been a long time argument about whether leaders are born or made (Sherman & Black, 2006). Whether either of them is true or not, Miles, Munilla and Covin (2004) indicate that not many organizations continually train their members of staff in the direction of arousing their entrepreneurial instincts.

Additionally, Ireland and Webb (2007), report that existing entrepreneurs rarely attend training or leadership coaching to sharpen their already existing skills.

1.1.1 Leadership in Micro and Small Enterprises

Leadership is the ability to influence people toward the attainment of goals. It means that leaders are involved with people in the achievement of goals. Leadership occurs among people, involves people, involves the use of influence and is used to attain goals. The role of leadership in the growth of MSEs in Kenya is paramount, because good leadership leads to the success of MSE while poor leadership leads to business failure. The concept of leadership continues to evolve as the needs of organizations change. Among all the ideas and writing about leadership, three aspects stand out namely people, influence, and goals (Daft, 1994).

Plunket and Ather (1997) defined leadership as the process of influencing individual and groups to set and achieve objectives. Influence is the power to sway other people to one's will or views. Leaders normally guide people, direct, persuade, coach, counsel and above all inspire people. Influence means that the relationship among people is not passive. Leadership is dynamic and involves the use of power. Power is the potential ability to influence others' behavior. A leader is supposed to be visional-a person who dreams great dreams. Leadership is the ability to dream great things and communicates the same in such way that people say yes to being a part of the dream. Leadership roles differ greatly depending on the size of the business and its stage of development. A business that is just

beginning, for example, faces problems and uncertainties unlike those of a family that has been functioning well over several generations (Moore et al, 2008).

According to Moore et al (2008), leadership is concerned with pointing the way. It is far more focused on the destination than on the details of getting there. Entrepreneurs must convey their vision of the MSEs' future to other participants in the business so that everyone involved can contribute most effectively to the accomplishment of the mission. Although leaders must also engage in some of the more mundane processes of management, particularly as the business grows, the first task of the entrepreneur is to create and communicate the vision. In most MSEs, leadership of the enterprise is personalized. The owner-manager is not a faceless unknown, but an individual who employees see and relate to in the course of their normal work schedules. However, this situation is entirely different from that of large corporations, where most employees never see the chief executive. If the employer-employee relationship is good, employees in MSE develop strong feelings of personal loyalty to their employer.

In large corporation, the values of top-level executives must be filtered through many layers of management before they reach those who produce and sell the products. As a result, the influence of those at the top tends to be diluted by the process. In contrast, personnel in the micro and small enterprises receive the leader's messages directly. This face-to-face contact facilitates their understanding of the leader's vision as well as her or his stand on integrity, customer service, and other important issues (Moore et al, 2008).

1.1.2 Entrepreneurial Leadership in Micro and Small Enterprises

Although some studies use the phrase entrepreneurial leadership, few truly define the concept. According to one widely cited definition, general entrepreneurship is the pursuit of opportunity beyond the resources one currently controls (Stevenson & Gumpert, 1985). General leadership, by another widely cited definition, consists of strategic vision coupled with the ability to influence and motivate others through the systems, processes and culture of an organization (Kotter, 1990). Therefore, entrepreneurial leadership is a fusion of these two constructs: having and communicating the vision to engage teams to identify, develop and take advantage of opportunity in order to gain competitive advantage. Entrepreneurial leadership involves running an organization through a variety of means through relationships and culture, for example, in addition to command and control. This requires understanding how to handle and deal with the risk, uncertainty and ambiguity that face all entrepreneurial organizations and, arguably, all organizations in an increasingly risky, uncertain and ambiguous world.

The entrepreneur's leadership ability, philosophy, and style are important to the entrepreneurial process, the resulting organization, and the performance of the organization. In the beginning and during the organization's formative years, the entrepreneur calls the shots. He or she makes decisions, hires people, allocates resources, garners commitment, and in general makes things to happen. He or she is, by definition, a most powerful leader. As chief decision maker and the person with the control, responsibility, authority, the entrepreneur makes choices about goals, people, and methods

and communicates verbally and nonverbally about the firm, its mission, and his or her position in it. Through decisions and actions, the entrepreneur creates organizational policy, structure, strategy, and culture. The organization in return produces; goods and services, jobs, profits and taxes that influence larger social systems (Bird, 1989).

Thinking like an entrepreneur no longer just refers to people assuming risks in order to implement a new business plan. The mindset is now a strategy of renewal within existing organizations. Entrepreneurial leadership requires three key dimensions: (1) being inclined to take more business-related risks; (2) favoring change and innovation to obtain competitive advantage; and (3) competing aggressively with other firms. Vipin Gupta, Ian MacMillan, and Gita Surie explore these issues in entrepreneurial leadership: developing and measuring a cross-cultural construct. Entrepreneurial leadership is given a new, integrative definition as, leadership that creates visionary scenarios that are used to assemble and mobilize a supporting cast of participants who become committed by the vision to the discovery and exploitation of strategic value creation. This role necessitates an entrepreneurial approach to decision-making to improve performance, adaptability, and long-term potential, particularly in highly competitive and invariably changing business environments. The leader builds a super ordinate goal that drives all employees to higher levels of achievement and inventive organizational strategies (Gupta et al., 2004).

Entrepreneurial leadership has been considered as a form of leadership that is distinct from other types of leadership behaviour (Gupta et al., 2004), and many studies have

emphasized on the importance and necessity of entrepreneurs' leadership skills in new venture creation, performance and success (Murali et al., 2009; Baron, 2007). However, there is no commonly accepted definition and theory for this particular notion of leadership in entrepreneurial contexts. A review of the few definitions proposed for the concept indicates that the early definitions focused on the personal characteristics and functional competencies of entrepreneurial leaders (Surie & Ashely, 2008; Chen, 2007; Kuratko, 2007; Gupta et al., 2004; Swiercz & Lydon, 2002), whereas more recently, the stress has been placed on the process through which entrepreneurial leadership develops (Kempster & Cope, 2010). Despite the debates, there has been a relative consensus among researchers on the distinctive characteristics of entrepreneurial leaders that motivate and enable them to lead a new business successfully (Nicholson, (1998). These include proactiveness, innovativeness, and risk taking (Surie & Ashely, 2008; Chen, 2007; Kuratko, 2007; Gupta et al., 2004).

1.1.3 Growth of Micro and Small Enterprises

According to Gaedeke and Dennis (1991), one of the most important goals for business is growth. Too often, the entrepreneur focuses only on survival and profits, and neglects the fact that most successful ventures need to grow over time. A key to the growth objective is to define rate and consistency. Every effort should be made to ensure that the venture grows in a stable fashion, rather than haphazardly. Only in this way can the entrepreneur plan and utilize the firm's resources to maximum advantage. When sales or profits rise and fall radically, it is difficult to know when to buy more inventory and equipment, hire

personnel, build larger facilities, and so on. Growth goals must be quantified and realistic, and they typically focus on increases or stability in the profit goals. The goals are defined in percentage terms over some specified time period. The entrepreneur may want a 5 percent average growth in sales, a two percent increase in market share, or a one percent rise in return on investment over a one-year period.

According to Hisrich et al (2008), in an entrepreneurially managed firm there is a great desire to grow the firm and do so at a rapid rate. Although traditionally managed firms may also desire to grow, they prefer growth to be slow and at a steady pace. They prefer a pace of growth that is more “manageable” in that it does not “unsettle the firm” by putting at risk the jobs and power of top management. Entrepreneurially managed firms provide an organizational culture that encourages employees to generate ideas, experiment, and engage in other tasks that might produce creative output. Such output is highly valued by entrepreneurial management because it is often the source of opportunities for new entries. Opportunities are the focus of the entrepreneurially managed firms. Growth makes a firm bigger; the firm begins to benefit from the advantages of size. Higher volume increases production efficiency, makes the firm more attractive to supplies, and therefore increases its bargaining power. Size also enhances the legitimacy of the firm, because firms that are often perceived by customers, financiers, and other stakeholders are being more stable and prestigious. The growing of a business can provide the entrepreneur more power to influence firm performance.

1.1.4 Textile Industry

The textile industry has a potential of contributing over Kshs4 billion to the gross national income. This is due to the long value chain ranging from cotton production to finished products. This enormous potential has not been fully exploited due to policy gaps and institutional limitations. In particular, the lack of a favourable policy environment to stimulate farmers and other stakeholders to promote production, processing, utilization and marketing makes Kenya textile products uncompetitive in both local and international markets (ACTIF, 2013).

The Government is working towards promotion of a vibrant private sector participation in the development of the sector in production, ginning, milling and marketing. Further, the government also supports all efforts that would hasten conclusion of cotton and global trade initiatives under the WTO negotiations as this has significant effects towards realization of Kenya development objects highlighted in country Vision 2030. According to ACTIF (2010) textile industry is dominated by micro and small enterprises (ACTIF, 2013). Thika is an industrious town and the second town after Nairobi with the many textile mills and this possibly explains why there are many MSEs in the textile industry. The mills include Alpha Knits, Bhupco, Kifarua and Thika Cloths (EPZ, 2005).

1.1 Statement of the Problem

Micro and small enterprises (MSEs) are recognized as agents of industrial change and innovation, and important vehicle for employment creation and economic growth

(Hisrich & Peters, 2000). The MSEs sector is notoriously volatile and experiences a high degree of business closure and shrinkage (Eriksson & Kuhn, 2006). This implies that MSEs are limited in their ability to create long-term sustainable employment and may also be responsible for the greatest number of jobs and wealth losses (Ahwireng-Obeng, 2003). The MSEs in the textile industry are often faced with numerous challenges ranging from poor marketing, poor management, lack of motivation and lack of participatory decision making process. Despite the many challenges and difficulties of the MSEs, the sector has great potential for increased employment creation (Miller et al., 2003). While many MSEs fail, others survive beyond infancy and adolescence, becoming major success stories, creating wealth for their founders and jobs for the communities they serve (Thornhill & Amit, 2003).

Entrepreneurial leadership is central to understanding the growth of entrepreneurial ventures since growth opportunities cannot be identified and exploited without the facilitation of individual and collective efforts (Ensley et al., 2006). The leaders of entrepreneurial ventures can have a strong imprinting effect on the venture. According to Ensley et al., (2006) the effects of leadership will be particularly pronounced in an entrepreneurial setting where there are fewer structures and norms surrounding appropriate behaviour than in established organizations. Consequently, leaders in SMEs may have greater discretion than those in established organizations, and thus their leadership is likely to have greater impact on firm behaviour and outcomes. In many MSEs, leadership is a collective activity. Thus key decisions that affect the ability to exploit current opportunities

as well as identify future opportunities are often made by a team. The values and cognitive profile of the leadership team has a powerful influence on firm strategies and outcomes (Andy et al., 2013).

Thika is an industrial town endowed with MSEs in textile industry which has faced challenges of growth. Entrepreneurial leadership is one possible intervention that would help to revitalize the growth of MSEs. A number of studies, which have been undertaken elsewhere show that entrepreneurial leadership positively influences organizational innovation (Jung et al, 2003). It is also an effective and needed leadership style (Cohen 2004; Fernald et al. 2005). However, there is lack of studies focusing on the role of entrepreneurial leadership in the growth of micro and small enterprises in the textile industries, particularly in Thika town. This study sought to examine the role of entrepreneurial leadership in the growth of micro and small enterprises with specific reference to the textile industry in Thika town in Kenya.

1.2 Justification

Thika town is an industrial and trading centre and is endowed with many entrepreneurs. It is a strategic town within Kiambu County. In particular, the town hosts over a hundred light industries and twenty six major factories. It is vibrant and has fast growing commercial activities like commerce, banking, telecommunication and hospitality. In addition, due to proximity, Thika town is more convenient to the researcher in terms of data collection and traveling. The entrepreneurs who are involved in MSEs activities

especially in the textile industry, creates employment opportunities and creation of wealth among others.

1.3 Study Objectives

The study was guided by the following objectives.

1.3.1 Overall Objectives

The overall objective of the study was to establish the role of entrepreneurial leadership in the growth of micro and small enterprises in Thika town, Kenya in the textile industry.

1.3.2 Specific Objectives

The study was guided by the following specific objectives:

1. To establish the role of motivation on the growth of micro and small enterprises.
2. To determine the extent to which entrepreneurial influence contributes to the growth of micro and small enterprises.
3. To establish the influence of mentoring on the growth of micro and small enterprises.
4. To determine the extent to which delegation contributes to the growth of micro and small enterprises.

1.4 Hypotheses

Hypotheses are assumptions that are made about the relationships between various variables after a thorough review of the literature review. This study was guided by the following hypotheses:

Ho₁: Motivation has no significant effect on the growth of micro and small enterprises.

Ho₂: Entrepreneurial influence does not significantly contribute to the growth of micro and small enterprises

Ho₃: Mentorship has no significant influence on the growth of micro and small enterprises.

Ho₄: Delegation does not significantly contribute to the growth of micro and small enterprises.

1.5 Significance of the Study

The contributions of MSE to the country's economy are paramount because of the creation of employment opportunities, generation of wealth and improvement of standard of living. Since MSE dominate the industrial scene in most developing countries, a deeper understanding of the role of entrepreneurial leadership for their growth is important. The study findings are beneficial to a number of organizations and individuals namely: the government and donors, entrepreneurs, research institutions and the community. The information documented can help the entrepreneurs understand their enterprises' current status and this forms a basis for taking appropriate actions to making their employees and organizations more entrepreneurial.

To academicians and researchers, the study yields a detailed reference material on entrepreneurial leadership and stimulates curiosity for further research in the area. The study is of benefit to the County government, as its results provide clear understanding and serves as a background document in formulating appropriate policies in stimulating entrepreneurship for rapid wealth, employment creation and county development.

1.6 Scope of the Study

The study focused on influence of the four aspects of entrepreneurial leadership namely; entrepreneurial influence, delegation, mentorship and motivation in the growth of MSEs. It covered 146 micro enterprises and 80 small enterprises in the textile industry in Thika town, Kenya. It was conducted in February 2014.

1.7 Limitations

A significant number of the micro and small enterprises had relocated to various places without updating their records to comply with County Government directives, the researcher took a lot of time locate them. In addition, due to the nature of the enterprise, the researcher anticipated lack of co-operation from a proportion of respondents in terms of filling the questionnaires, because they perceived the exercise was a waste of time. Each set of questionnaires was accompanied by an introduction letter explaining the purpose of the study.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

The survival and prosperity of an organization depends on effective adaption to the environment, which means identifying necessary resources, and dealing with external threats. Adaption is improved by anticipating consumer needs and desires, assessing the actions and plans of competitors, evaluating likely constraints and threats and identifying marketable products and services that the organization has unique capabilities to provide. Thus, an essential entrepreneurial leadership function is to help the organization adapt to its environment and maintain a favourable ratio of inputs. This chapter attempts to review the literature related to the problem and the set objectives of the study in order to provide a theoretical framework of the role of entrepreneurial leadership in the growth of micro and small enterprises in Thika town.

2.1 Theoretical Review

2.1.1 Motivation Theories

Herzberg's Motivation-Hygiene Theory of Motivation

As stated by Vroom (1964), the word "motivation" is derived from the Latin word *movere*, which means "to move". Motivation is an internal force, dependent on the needs that drive a person to achieve. Schulze and Steyn (2003) affirmed that in order to understand people's behaviour at work, managers or supervisors must be aware of the concept of needs or motives, which will help "move" their employees to act. According to Robbins (2001),

motivation is a needs-satisfying process, which means that when a person's needs are satisfied by certain factors, the person will exert superior effort toward attaining organizational goals.

Theories of motivation can be used to explain the behaviour and attitude of employees (Rowley, 1996; Weaver, 1998). The theories include content theories, based on the assumption that people have individual needs, which motivate their actions. Theorists such as Maslow (1954), McClelland (1961), Herzberg (1966) and Alderfer (1969) are renowned for their works in this field. In contrast to content theories, process theories identify relationships among variables which make up motivation and involve works from Heider (1958), Vroom (1964), Adams (1965), Locke (1976) and Lawler (1973).

Herzberg's motivation-hygiene theory, also known as the two-factor theory, has received widespread attention as having a practical approach toward motivating employees. In 1959, Herzberg published his analysis of the feelings of 200 engineers and accountants from over nine companies in the United States. These professionals were asked to describe experiences in which they felt either extremely bad or exceptionally good about their jobs and to rate their feelings on these experiences. Responses about good feelings are generally related to job content (motivators), whereas responses about bad feelings are associated with job context (hygiene factor). Motivators involve factors built into the job itself, such as achievement, recognition, responsibility and advancement. Hygiene factors are extrinsic

to the job, such as interpersonal relationships, salary, supervision and company policy (Herzberg, 1966).

In the retail setting, Winer and Schiff (1980) have conducted studies using Herzberg's two-factor theory. They found that "achievement" was the highest rated motivator. Likewise, "making more money" received the second-highest rating in the study, followed by "chances of promotion" and "recognition". In contrast, Lucas (1985) discovered that the "supervisor-employee relationship" was a significant factor influencing worker satisfaction in a study of U.S. retail stores, and two hygiene factors were reported as significant, namely "company policy" and "relationship with peers". Herzberg perceived motivational and hygiene factors to be separated into two dimensions affecting separate aspects of job satisfaction. This belief differed from the traditional approach of viewing job satisfaction and dissatisfaction as opposite ends of the same continuum (Herzberg, 1966). Hygiene factors prevent dissatisfaction but they do not lead to satisfaction. They are necessary only to avoid bad feelings at work. On the other hand, motivators are the real factors that motivate employees at work.

The two-factor theory was tested by many other researchers, who showed very different results. Some research has shown that some of the factors declared by Herzberg (1966) as hygiene factors are actually motivators. The results of Herzberg's theory can vary if the test is conducted in different industries. The differences are due to the intensity of the labour requirement and the duration of employment (Nave, 1968). Extensive commentary has

emerged about how to distinguish between hygiene factors and motivators. While some factors have proved to fall clearly in one of the two categories, other factors, particularly salary, have proven to be ambiguous as to whether they are motivators or a hygiene factors.

McClelland's Theory of Motivation

McClelland's theory of motivation is an explanation of human needs that focuses on the desires for achievement, power, and affiliation that people develop as a result of their life experiences (Certo & Certo, 2008). It emphasizes three of the many needs that humans develop: the need for achievement (nAch), the need for power (nPower), and the need for affiliation (nAff) (Certo & Certo, 2008). McClelland's theory initially focused on the need for achievement as a contributing point in explaining why some societies produce more than others (Adler, 1991). According to McClelland (as cited in Matterson & Ivancevich, 1966) nAch produces enterprising men among labor leaders or managers, Republicans or Democrats, Catholics or Protestants, capitalists or communists.

McClelland (as cited in Matterson & Ivancevich, 1966) stated, countries with many such rapidly growing firms tend to show above-average rates of economic growth. This appears to be the reason why correlations have regularly been found between the "nAch" content in popular literature (in children's textbooks) and subsequent rates of national economic growth. Furthermore, he quoted studies to reveal this is true of nations, whether capitalist or communist, developed or underdeveloped. However, today his theory is made less

credible by failing to address the organizational aspects of motivation theory. It has also been noted that the English word of “achievement” is virtually untranslatable into other languages. (Hofstede, 1980).

Maslow’s Theory of Motivation

As Maslow’s classic study of motivation (as cited in Matterson & Ivancevich, 1996) stated, motivation theory is not synonymous with behavior theory. The motivations are only one class of determinants of behavior. While behavior, is almost always motivated, it is also almost always biologically, culturally, and situationally determined as well. Maslow’s hierarchy of needs is based on two premises. First, there are innate needs in humans that motivate one to take action for that need, such as food and rest. Second, lower-order needs will dominate human behavior if they are not satisfied.

Maslow’s appeal to managers has been his contention that the higher-order needs can first be fulfilled to a greater or lesser extent through work. When the work is properly designed and the worker properly recognized and rewarded for his or her accomplishments, self-esteem or self-actualization needs are met. Although research efforts across cultures vary on Maslow’s theory, Adler’s organizational text (1991) cites O’Reilly and Roberts as suggesting that Maslow’s theory has not been universally accepted. Studies have found that an individual’s frame of reference will determine the order of importance of his needs. It has also been found that his frame of reference is part determined by his culture. Therefore, it can be said that an individual’s needs are partially bound by culture.

Other research has found Maslow's theory does not hold up across cultures. For example, workers in countries such as China that typify collective behavior, tend to focus on social needs and esteem needs over self-needs and self-actualization needs (Certo, 1997; Hofstede, 1980, Robbins & Judge, 2008). Some claim that Western society stresses individual behavior, whereas China stresses the collective one, and therefore, one cannot apply the same model to both cultures (Adler, 1991; Shenkar, 1994; Bond & Hwang, 1986; Hofstede & Bond, 1988).

Suh et al. (1998) obtained two expert ratings of the individualism/collectivism dimension. Among 41 nations in their study, China had the lowest score (2.00), indicating it as the most collective country, and the U. S. had the highest score (9.55), indicating it was the most individualist country. In the cultural context, group harmony can be more important than individual goals. Haire et al (1963) found that even though there are also similarities in job expectations, there are differences in perceptions of what is being received from the job.

Maslow's theory of motivation indicates that motivation is a needs-satisfying process, which means that when a person's needs are met by certain factors, the person will exert superior effort toward achieving organizational goals (Robbins, 2001). This theory of motivation is relevant to the entrepreneurial leadership in the growth of micro and small enterprises in Thika town because when the worker is properly recognized and rewarded for his or her accomplishments, self-esteem or actualization needs are met. This is as a

result of entrepreneurial leadership exhibited or demonstrated by the owners of the enterprise. When one level of the needs are met by the entrepreneurs, the employees will increase productivity. A good leader should let the employees to develop themselves in the organization so as to improve their productivity.

2.1.2 Entrepreneurial Influence

Several theories have been put forward by scholars to explain the field of entrepreneurship. These theories have their roots in economics, psychology, sociology, anthropology, and management.

Economic Entrepreneurship Theories

Classical Theory

The classical theory extolled the virtues of free trade, specialization, and competition (Ricardo, 1817; Smith, 1776). The theory was the result of Britain's industrial revolution which took place in the mid 1700 and lasted until the 1830s. The classical movement described the directing role of the entrepreneur in the context of production and distribution of goods in a competitive marketplace. Classical theorists articulated three modes of production: land; capital; and labour. There have been objections to the classical theory. These theorists failed to explain the dynamic upheaval generated by entrepreneurs of the industrial age (Murphy et al, 2006).

Neo-Classical Theory

The neo-classical model emerged from the criticisms of the classical model and indicated that economic phenomena could be relegated to instances of pure exchange, reflect an optimal ratio, and transpire in an economic system that was basically closed. The economic system consisted of exchange participants, exchange occurrences, and the impact of results of the exchange on other market actors. The importance of exchange coupled with diminishing marginal utility created enough impetus for entrepreneurship in the neoclassical movement (Murphy et al, 2006). Some criticisms were raised against the neo-classical conjectures. The first is that aggregate demand ignores the uniqueness of individual-level entrepreneurial activity. Furthermore, neither use nor exchange value reflects the future value of innovation outcomes. Thirdly, rational resource allocation does not capture the complexity of market-based systems. The fourth point raised was that, efficiency-based performance does not subsume innovation and non-uniform outputs; known means/ends and perfect or semi-perfect knowledge does not describe uncertainty. In addition, perfect competition does not allow innovation and entrepreneurial activity. The fifth point is that, it is impossible to trace all inputs and outputs in a market system. Finally, entrepreneurial activity is destructive to the order of an economic system.

Austrian Market Process (AMP)

These unanswered questions of the neo-classical movement led to a new movement which became known as the Austrian Market process (AMP). The AMP, a model influenced by Schumpeter (1934) concentrated on human action in the context of an economy of

knowledge. Schumpeter (1934) described entrepreneurship as a driver of market-based systems. In other words, an important function of an enterprise was to create something new which resulted in processes that served as impulses for the motion of market economy. Murphy et al, (2006) contend that the movement offered a logic dynamic reality. In explaining this, they point to the fact that knowledge is communicated throughout a market system (e.g. via price information), innovation transpires, entrepreneurs satisfy market needs, and system-level change occurs. If an entrepreneur knows how to create new goods or services, or knows a better way to do so, benefits can be reaped through this knowledge.

Entrepreneurs effectuate knowledge when they believe it will procure some individually-defined benefits. The earlier neoclassical framework did not explain such activity; it assumed perfect competition, carried closed-system assumptions, traced observable fact data, and inferred repeatable observation-based principles. By contrast, AMP denied assumptions that circumstances are repeatable, always leading to the same outcomes in an economic system. Rather, it held entrepreneurs are incentivized to use episodic knowledge (that is, possibly never seen before and never to be seen again), to generate value. Thus, the AMP was based on three main conceptualizations (Kirzner, 1973). The first was the arbitraging market in which opportunities emerge for given market actors as others overlook certain opportunities or undertake suboptimal activity. The second was alertness to profit-making opportunities, which entrepreneurs discover and entrepreneurial advantage.

The third conceptualization, following Say (1803) and Schumpeter (1934), was that ownership is distinct from entrepreneurship. In other words, entrepreneurship does not require ownership of resources, an idea that adds context to uncertainty and risk (Knight, 1921). These conceptualizations show that every opportunity is unique and therefore previous activity cannot be used to predict outcomes reliably. The AMP model is not without criticisms. The first of the criticisms is that market systems are not purely competitive but can involve antagonist cooperation. The second is that resource monopolies can hinder competition and entrepreneurship. The third is that fraud /deception and taxes/controls also contribute to market system activity. The fourth is that private and state firms are different but both can be entrepreneurial and fifth, entrepreneurship can occur in non-market social situations without competition. Empirical studies by Acs and Audretsch (1988) have rejected the Schumpeterian argument that economies of scale are required for innovation. The criticisms of the AMP have given impetus to recent explanations from psychology, sociology, anthropology, and Management.

Psychological Entrepreneurship Theories

The level of analysis in psychological theories is the individual (Landstrom, 1998). These theories emphasize personal characteristics that define entrepreneurship. Personality traits need for achievement and locus of control are reviewed and empirical evidence presented for three other new characteristics that have been found to be associated with entrepreneurial inclination. These are risk taking, innovativeness, and tolerance for ambiguity.

Personality Traits theory

Coon (2004) defines personality traits as stable qualities that a person shows in most situations. To the trait theorists there are enduring inborn qualities or potentials of the individual that naturally make him an entrepreneur. The obvious or logical question on your mind may be what are the exact traits/inborn qualities? The answer is not a straight forward one since we cannot point at particular traits. However, this model gives some insight into these traits or inborn qualities by identifying the characteristics associated with the entrepreneur. The characteristics give us a clue or an understanding of these traits or inborn potentials. In fact, explaining personality traits means making inference from behavior. Some of the characteristics or behaviors associated with entrepreneurs are that they tend to be more opportunity driven, demonstrate high level of creativity and innovation, and show high level of management skills and business know-how (Coon, 2004).

They have also been found to be optimistic, (they see the cup as half full than as half empty), emotionally resilient and have mental energy, they are hard workers, show intense commitment and perseverance, thrive on competitive desire to excel and win, tend to be dissatisfied with the status quo and desire improvement, entrepreneurs are also transformational in nature, who are lifelong learners and use failure as a tool and springboard. They also believe that they can personally make a difference, are individuals of integrity and above all visionary. The trait model is still not supported by research evidence. The only way to explain or claim that it exists is to look through the lenses of

one's characteristics/behaviors and conclude that one has the inborn quality to become an entrepreneur (Coon, 2004).

Locus of Control

Locus of control is an important aspect of personality. The concept was first introduced by Julian Rotter in the 1950s. Rotter (1966) refers to Locus of Control as an individual's perception about the underlying main causes of events in his/her life. In other words, locus of control orientation is a belief about whether the outcomes of our actions are contingent on what we do (internal control orientation) or on events outside our personal control (external control orientation). In this context the entrepreneur's success comes from his/her own abilities and also support from outside. The former is referred to as internal locus of control and the latter is referred to as external locus of control. While individuals with an internal locus of control believe that they are able to control life events, individuals with an external locus of control believe that life's events are the result of external factors, such as chance, luck or fate. Empirical findings that internal locus of control is an entrepreneurial characteristic have been reported in the literature (Cromie, 2000).

In a student sample, internal locus of control was found to be positively associated with the desire to become an entrepreneur (Bonnett & Furnham, 1991). Rauch and Frese (2000) also found that business owners have a slightly higher internal locus of control than other populations. Other studies have found a high degree of innovativeness, competitive aggressiveness, and autonomy reports (Utsch et al., 1999). The same is reported of

protestant work ethic beliefs (Bonnet & Furnham, 1991), as well as risk taking (Begley & Boyd, 1987).

Need for Achievement Theory

While the trait model focuses on enduring inborn qualities and locus of control on the individual's perceptions about the rewards and punishments in his or her life, (Pervin, 1980), need for achievement theory by McClelland (1961) explained that human beings have a need to succeed, accomplish, excel or achieve. Entrepreneurs are driven by this need to achieve and excel. While there is no research evidence to support personality traits, there is evidence for the relationship between achievement motivation and entrepreneurship (Johnson, 1990).

Risk taking and innovativeness, need for achievement, and tolerance for ambiguity had positive and significant influence on entrepreneurial inclination Mohar et al, (2007). However, locus of control (LOC) had negative influence on entrepreneurial inclination. The construct locus of control was also found to be highly correlated with variables such as risk taking, need for achievement, and tolerance for ambiguity. The recent finding on risk taking strengthens earlier empirical studies which indicate that aversion to risk declines as wealth rises, that is, one's net assets and value of future income (Szpiro, 1986). In complementing Szpiro's observation, Eisenhauer (1995) suggests that success in

entrepreneurship, by increasing wealth, can reduce the entrepreneur's degree of risk aversion, and encourage more venturing. In his view, entrepreneurship may therefore be a self-perpetuating process. Further evidence suggests that some entrepreneurs exhibit mildly risk-loving behavior. These individuals prefer risks and challenges of venturing to the security of stable income (Brockhaus, 1980).

2.1.3 Mentorship

Traditional Mentoring

Mentors in the traditional sense are significant others who use their knowledge, power and status to assist protégés to develop their careers. Traditional mentorship (Byrne, 1991) is the oldest form of mentoring and has been a common source of patronage in the arts and sciences throughout history. One of the major features, and at the same time, one of the major disadvantages of traditional mentorship, is its highly selective and elitist nature (Byrne, 1991). In this type of mentoring arrangement, it is usually the senior member in the organization who elects to initiate a relationship with a younger member who is recognized as having potential or talent. Consequently, mentors will have natural leanings or biases towards some protégés and not others.

The work of Odiorne (1985) suggests that some mentors have strong biases towards people of their own religion or cultural background. But is it favouritism or human nature for a person to like and help another because he or she has similar values and shares similar interests? It would be argued that if a mentor selected a protégé primarily because he or she

shared a number of things in common with the mentor, to the exclusion of the protégé's qualities and professional competence, then this would be discrimination. Another illustration of what we deem to be unfair treatment is the situation where male mentors select only male protégés because they perceive males are automatically the best candidates for the job. This is an example of sexism since it is discrimination based on a person's gender.

One of the main reasons that mentoring programs began to be formalized in the late 1970s by both public and private organizations, apart from the fact that mentorship had been recognized as a beneficial process for the mentor, mentee and organization (Zey, 1988), was to address the problem of homo-social reproduction. Kanter (1977) coined the expression, homo-social reproduction to describe the informal ways that males sponsor and promote the careers of other males within corporate settings. She said that this happens because people tend to be attracted to and comfortable with others who are of a similar gender or who have a similar mind-set or worldview. Thus, traditional or informal mentorship, which has always been a highly selective process, has tended to discriminate against women. Research to date indicates that women in managerial (Noe, 1988b; Ragins, 1989; Kanter, 1977), academic (Bogat & Redner, 1985; Byrne, 1989) and other professional contexts such as education (Shakeshaft, 1987) experience a lack of mentoring opportunities, and it seems that 'homo-social reproduction' is one of the reasons women continue to be excluded from traditional mentorship.

Mentorship moved from being an individual process (i.e. traditional mentorship) to one conceptualized as a policy issue (formal mentorship) in the latter part of the twentieth century (Byrne, 1991). The evidence of this movement has been demonstrated by the proliferation of formal mentoring programs available in public and private organizations throughout the world. This movement occurred because organizations could see the potential of mentoring as a powerful learning and developmental strategy which could be used on the job.

Professional Mentoring

Unlike traditional mentorship which is an individual and idiosyncratic process, with selection dependent on the personal choice of the individual mentor, professional mentorship is a process which is promoted and encouraged by top leadership as part of mainstream staff development. It is not a compulsory aspect of an organization's operation, but a tool which management encourages (Byrne, 1991). For example, participants in a professional program (e.g. senior staff) would be allowed the choice of whether they would participate in the program, and also the choice of the 'mentee' (this term is more appropriate to use within a formal or professional mentoring context, since protégé connotes selective patronage (Byrne, 1991). One of the major advantages of a professional mentoring scheme, then, is that it contributes to the mandate of affirmative action legislation, since it attempts to dismantle barriers which prevent mentorship from being accessible to women and other minority groups. Its major disadvantage is its success is not guaranteed since the program is not compulsory, but voluntary.

Formal Mentoring

While professional mentorship indicates a shift in the way mentorship is consciously used and encouraged by management, formal or institutionalized mentorship goes one step further by making mentorship a systemic policy issue and a standard part of management practice. Thus it becomes a compulsory and core component within an organization's staff training programs. In organizations which have formal mentorship, a handful of the senior staff and new or junior staff are involved. Douglas (1997) notes that formal programs are those that are assigned, maintained, and monitored by the organization. The major advantage of formal mentorship is that it ensures mentorship is extended to individuals and minorities who would not have been considered previously within the organization. Its effectiveness, however, rests upon a number of assumptions, and some of these include: mentors will be committed to the program; mentors will be compatible with mentees; and mentors will be competent themselves in technical and interpersonal skills. Thus, formalizing mentoring by making it a compulsory aspect of staff development, will not automatically guarantee its immediate acceptance and adoption.

2.1.4 Delegation

Agency theory

Recent thinking about strategic management and business policy has been influenced by agency theory. This holds that managers will not act to maximize the returns to shareholders unless appropriate governance structures are implemented in the large corporation to safeguard the interests of shareholders (Jensen & Meckling 1976). Agency

theory argues that in the modern corporation, in which share ownership is widely held, managerial actions depart from those required to maximize shareholder returns (Berle & Means 1932; Pratt & Zeckhauser 1985). In agency theory terms, the owners are principals and the managers are agents and there is an agency loss which is the extent to which returns to the residual claimants, the owners, fall below what they would be if the principals, the owners, exercised direct control of the corporation (Jensen & Meckling 1976). Agency theory specifies mechanisms which reduce agency loss (Eisenhardt, 1989). These include incentive schemes for managers which reward them financially for maximizing shareholder interests. Such schemes typically include plans whereby senior executives obtain shares, perhaps at a reduced price, thus aligning financial interests of executives with those of shareholders (Jensen & Meckling 1976). Other similar schemes tie executive compensation and levels of benefits to shareholders returns and have part of executive compensation deferred to the future to reward long-run value maximization of the corporation and deter short-run executive action which harms corporate value.

The model of man underlying agency and organizational economics is that of the self-interested actor rationally maximizing their own personal economic gain. The model is individualistic and is predicated upon the notion of an in-built conflict of interest between owner and manager. Moreover, the model is one of an individual calculating likely costs and benefits, and thus seeking to attain rewards and avoid punishment, especially financial ones. This is a model of the type called Theory X by organizational psychologists (McGregor 1960). There are, however, other models of man which originate in

organizational psychology and organizational sociology. Here organizational role-holders are conceived as being motivated by a need to achieve, to gain intrinsic satisfaction through successfully performing inherently challenging work, to exercise responsibility and authority, and thereby to gain recognition from peers and bosses (McClelland 1961; Herzberg et al. 2000). Thus, there are non-financial motivators. Moreover, identification by managers with the corporation, especially likely if they have served there with long tenure and have shaped its form and directions, promotes a merging of individual ego and the corporation, thus melding individual self-esteem with corporate prestige.

Again, even where a manager may calculate that a course of action is unrewarding personally they may nevertheless carry it out from a sense of duty, that is, normatively induced compliance (Etzioni 1975). Further, while agency theorists posit a clear separation of interests between managers and owners at the objective level (Jensen & Meckling 1976), this may be debatable, and organizational sociologists would point out that what motivates individual calculative action by managers is their personal perception (Silverman 1970). To the degree that an executive feels their future fortunes are bound to their current corporate employers through an expectation of future employment or pension rights, then the individual executive may perceive their interest as aligned with that of the corporation and its owners, even in the absence of any shareholding by that executive.

Stewardship Theory

These theoretical considerations argue a view of managerial motivation alternative to agency theory and which may be termed stewardship theory (Donaldson 1990*a*, 1990*b*; Barney 1990). The executive manager, under this theory, far from being an opportunistic shirker, essentially wants to do a good job, to be a good steward of the corporate assets. Thus, stewardship theory holds that there is no inherent, general problem of executive motivation. Given the absence of an inner motivational problem among executives, there is the question of how far executives can achieve the good corporate performance to which they aspire. Thus, stewardship theory holds that performance variations arise from whether the structural situation in which the executive is located facilitates effective action by the executive. The issue becomes whether or not the organization structure helps the executive to formulate and implement plans for high corporate performance (Donaldson 1985). Structures will be facilitative of this goal to the extent that they provide clear, consistent role expectations and authorize and empower senior management.

Specifically, as regards the role of the CEO, structures will assist them to attain superior performance by their corporations to the extent that the CEO exercises complete authority over the corporation and that their role is unambiguous and unchallenged. This situation is attained more readily where the CEO is also chair of the board. Power and authority are concentrated in one person. There is no room for doubt as to who has authority or responsibility over a particular matter. Similarly, the expectations about corporate leadership will be clearer and more consistent both for subordinate managers and for other

members of the corporate board. The organization will enjoy the classic benefits of unity of direction and of strong command and control. Thus, stewardship theory focuses not on motivation of the CEO but rather facilitative, empowering structures, and holds that fusion of the incumbency of the roles of chair and CEO will enhance both for subordinate managers and for other members of the corporate board. The organization will enjoy the classic benefits of unity of direction and of strong command and control. Thus, stewardship theory focuses not on motivation of the CEO but rather facilitative, empowering structures, and holds that fusion of the incumbency of the roles of chair and CEO will enhance effectiveness and produce, as a result, superior returns to shareholders than separation of the roles of chair and CEO (Donaldson 1985).

McClelland's need for achievement theory is relevant to the entrepreneurial leadership in the growth of micro and small enterprises in Thika town because the owners of enterprises have a need to succeed, excel or achieve. Therefore, entrepreneurs are driven by the need to achieve and excel and this leads to the growth of their enterprises. Entrepreneurial leaders in the organizations will seek to expand their enterprises and this will lead to better employment opportunities.

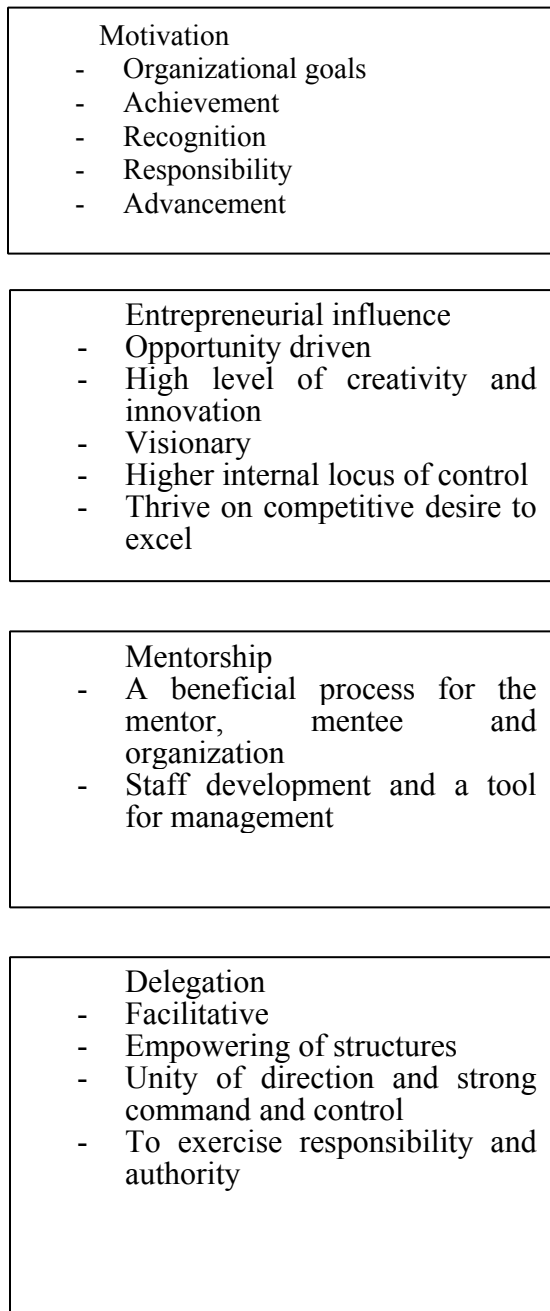
2.2 Conceptual Framework

A conceptual framework is a written or visual presentation that explains either graphically, or in narrative form, the main things to be studied or the key factors, concepts or variables and the presumed relationship among them (Miles & Huberman, 1994). A conceptual

framework is an interconnected set of ideas (theories) about how a particular phenomenon functions or is related to its parts. The framework serves as the basis for understanding the causal or correlational patterns of interconnections across events, ideas, observations, concepts, knowledge, interpretations and other components of experience (Alexander & Winne, 2006).

The conceptual framework of this study consists of the following independent variables: motivation, entrepreneurial influence, mentorship and delegation and dependent variable is growth of enterprise of micro and small enterprise. These elements of entrepreneurial leadership influence growth of MSEs (see Figure 1). To a large extent the MSE owners do not possess the entrepreneurial leadership necessary for running their business activities. According to Gary (1994), the success of MSEs depends primarily on the personality traits of the individual entrepreneur, which include self-confidence, emotional mutuality, emotional stability, energy level and stress tolerance. There is also considerable evidence that traits are jointly determined by learning and by an inherited capacity to gain satisfaction for particular types of stimuli or experiences Bouchard et al, 1990). On the other hand, it also follows that the growth of MSEs could also result from other factors such as motivation (Schulze & Steyn, 2003; Vroom, 1964). The other factors include entrepreneurial influence (Murphy et al, 2006; Coon (2004). Mentorship (Byrne, 1991; Douglas (1997) and delegation (Jensen & Meckling 1976; Herzberg et al., 2000). This study examined how the independent variables of entrepreneurial leadership influenced the dependent variable of growth.

Independent variables



Dependent Variable

- Growth of micro and small enterprises
- Sales increase
 - Number of employees
 - Increase of capital

Figure 2.1: Conceptual Framework

2.3 Empirical Review

2.3.1 Motivation

According to Wiley (1997) at some point during our lives, virtually every person may have to work. He claims that working is such a common phenomenon that the question what motivates people to work is seldom asked. Wiley went on to say that we are much more likely to wonder why people climb mountains or commit suicide than to question the motivational basis of their work. Therefore, exploring the attitudes that employees hold concerning factors that motivate them to work is important to creating an environment that encourages employee motivation.

From the much amount of literature available on employee motivation, it is clearly evident that a lot of surveys regarding employees and what motivates them have been undertaken. These employee motivation surveys have been conducted in many different job situations, among different categories of employees using different research methods and applications. One of the very first survey to be conducted was on industrial workers by (Hershey & Blanchard, 1969) over the years, similar or different survey employees have been carried out (Kovach, 1987), (Lindner, 1998). According to a research carried out by Kovach on industrial employees who were asked to rank ten “job rewards” factors based on personal preferences where the value 1 represented most preferred and 10 being the least preferred. The results were as follows (1) full appreciation of work done (2) feeling of being motivated (3) sympathetic help with personal problems (4) job security (5) Good

wages and salaries (6) interesting work (7) promotion & Growth (8) employees loyalty (9) Good working conditions (10) tactful discipline.

During the periods of (1946, 1981 & 1986) when employee surveys were carried out, supervisors were at the time asked to rank job rewards, as they thought employees would rank them. The rankings by the supervisors were relatively consistent for each of the years. These rankings were as follows: (1) Good wages (2) Job security (3) promotion and Growth (4) working conditions (5) interesting work (6) personal loyalty to employees (7) tactful discipline (8) full appreciation (9) sympathetic help with personal problems (10) recognition (Kovach 1987). The results from the supervisor survey indicated that their ranking had not changed over the study period with regards their collective perception of factors that motivate employees. This shows that they had a very inaccurate perception of what motivates employees but also that they did not realize the importance of the need theory.

In a survey by Wiley (1997) in which approximately 550 questionnaires were administered to person employed at different industries and divided into 5 subgroups, or categories namely: (occupation, gender, income levels, employment status and age) they were asked to rank 10 factors according to the level of importance each is in motivating them to perform best with the most important factor ranked 1 and the least important ranked 10th. The survey concluded with the following collective rank order by respondents: (1) Good wages (2) full appreciation of work done (3) job security (4) promotion (5) interesting

work (6) company loyalty to employees (7) Good working conditions (8) tactful discipline (9) recognition (10) sympathetic help with personal problems. The results from a representative sample of the labour force in seven different countries by Harpaz (1991) showed that the two most dominant work goals were interesting work 22 and Good wages. He further concluded that these two factors were consistent across different organizational levels, between genders and age groups.

Quinn (1997) also cited in Harpaz (1991) concluded, when the ratings of twenty three job related factors (including the need factors) were carried out, the conclusion reached was that no single factor was pre-eminently important. He further pointed out that, the most aspect of the worker job was that of sufficient resources to perform a task. From the above studies presented so far, the rankings by different subgroups have shown semantic differences in the importance placed on different motivational factors (Kovach, 1987, Wiley, 1997 & Harpaz, 1990). The discrepancies in these research findings supports Nelsons (2001) positional view that what motivates employees differs and may change for the same employee over time.

Whittaker (2008) pointed out in his research, carried out in England that important key factors for motivation are market pressure, to develop the value of partners, to reveal money funds for growth, to change strategic activities, to develop money funds, to develop effectiveness in authenticity of management, presence of money funds and merging the companies. In their research, comprising hotel businesses in Hong Kong, Chan and Wong

(2006) gathered elements affecting motivation in hotel businesses into eight factors. In researcher's researches, these factors are the government's cooperation, ISO's benefits, top management, laws, market trend, trade barriers, customers, and rivalry. In another research carried out in parallel with this knowledge, according to findings of research carried out in thermal hotels Dundar and others (2007) found that internal motivation means effect on employees' motivation is much more important than that of external motivation means effect on employees' motivation. In this research, it is also stressed that in determining business strategies managers should consider employee's needs. In another research on employees working in hotel industry in Hong Kong, Wong and Pang (2003) found that training programs and development, motivation coming from top management and support, policies being clear, to be definable and autonomy and flexibility are five basic elements that motivate employees. In addition to these researches; in his research carried out in five-star hotel business in Antalya region, Aksu (2005) found that before giving training programs employees need, they should be motivated.

2.3.2 Entrepreneurial Influence

Analyzing the link between activities and SME output, Davidson and Wiklund (2001) draw attention to the output of legal, illegal, informal, formal, rent seeking and other types of activities emphasized by empirical studies, distinguishing between output on venture and societal levels. According to Davidson and Wiklund (2001), output from these activities results in four types of enterprises: 'hero' or 'success enterprises', 'robber' or 'redistributive enterprises', 'catalyst' and 'failed enterprises'. The authors argue that

entrepreneurship researchers often seem to oversimplify with the assumption that micro-level outcomes can be directly translated to an aggregate level (Davidson and Wiklund, 2001; Davidson, 2004). Davidson and Wiklund (2001) emphasized that, it is fully conceivable that a successful new enterprise at the micro level translates into economic regress at the societal level and that failed entrepreneurship at the micro level contributes to economic development. A more relevant measurement as to the relative output of firms in entrepreneurship studies is therefore the obsolete performance of ventures on micro and aggregate levels (Venkataraman, 1997). Davidson and Wiklund (2001) also emphasize that most existing studies tend to regard a new enterprise either as a 'hero' or as the 'failed' type. However, as they further argue (Davidson & Wiklund, 2001), there are reasons to believe that neither robber nor catalyst enterprises are marginal phenomena that could be disregarded, suggesting that, for example, a catalyst enterprise may have a significant impact on the economy.

A number of empirical studies have attempted to explore the relationship between various types of entrepreneurial behaviour (*EB*) and some aspects of productive, unproductive or destructive entrepreneurship. By addressing the effect of forms of deviant behaviour on the output of firms, Aidis and Van Praag (2007), for example, report a statistically significant, positive relationship between illegal entrepreneurship experience and business performance for younger entrepreneurs and entrepreneurs who started a completely new legal business in a transition context. A few studies have attempted to address the effect of

illegal entrepreneurship experience and entrepreneurship output in terms of the probability of a business start-up, both in transition and more advanced market economies.

Earle and Sakova (2000), for instance, find a positive relationship between having a side-business during a pre- transition year and a business start-up after the start of the transition process in various transition countries. Fairlie (2002), however, reports on the significant relationship between illegal entrepreneurship experience, measured as drug dealing experience in the past, and the probability of legal self-employment. Empirical studies highlight that entrepreneurs with strong motivation, e.g. desire to succeed, are more likely to exploit entrepreneurial opportunities and thus perform better (e.g. Shane and Wenkatamaran, 2000). Aidis and Van Praag (2007) further report a significant and positive link between illegal entrepreneurship experience and motivation, whereas Aidis, Mickiewicz and Sauka (2007), find a statistically significant positive relationship between higher goals and expectations and the output of SMEs.

Some empirical studies have investigated how the presence of a parental entrepreneurial role model influences young adults' career preferences. One study based on 366 junior and senior business administration students found that the simple presence of an entrepreneurial parent increased preference for an entrepreneurial career choice compared to those with no role model exposure (Scherer et al., 1989). Similarly, in their study of 23 families owning businesses, Schindehutte et al. (2003) found that owning a business was the most popular career choice among young adults in these families. More support was

found in a three country international study of 436 undergraduates in which children of self-employed parents were found to have a much higher aspirations to become self-employed than those without such role models (Scott et al., 1988).

Recent studies within organizations have shown that role models are useful in young employees making transitions to new roles. Ibarra's (Ibarra, 1999) study of investment bankers and consultants found the importance of role models in helping young employees make transitions to managerial roles. The study found that young employees observed and adapted their role models' professional traits and styles to construct different "possible selves" from which they could then choose what best suited them. In support of this assertion, Gibson (2003), using a qualitative study of 43 managers in professional services found that respondents in the early career stage used role models to learn how to perform tasks competently and efficiently. Gibson and Baron (2003) have consequently argued that it is likely that employees also seek role models outside the organization, and use these role models to foster job mobility (Gibson et al., 2003). Additionally, "exemplary role models from individuals past may also exert motivational power, even several years later" (Gibson, 2004). Based on these studies we argue that employees exposed to parental entrepreneurial role models may have a higher propensity to transition to entrepreneurship than employees without such a role model.

Another contribution of the present study involves the practical benefits provided to entrepreneurs, venture financiers, educators, and policy makers. For entrepreneurs and

educators, a better understanding of the entrepreneurial decision yields a wealth of practical applications, such as enabling the development of entrepreneurial training. Armed with a better understanding of how the entrepreneurial decision is made may allow entrepreneurs to better manage the critical variables influencing their decision. Results of this study suggest that an individual entrepreneur is strongly influenced by attitude, subjective norms, perceived feasibility, conviction, and propensity to act. Knowing this, the individual may assess their relative strengths and weaknesses, and thereby gain a more realistic perspective of their entrepreneurial endeavor. The same holds true for educators and service providers. Public policy makers can benefit from understanding the impact of policy initiatives that target specific decision cues and the formation of intentions, and, ultimately, the engagement in entrepreneurial activity and the formation of new businesses. For example, information regarding the influence on entrepreneurial activity created by special economic incentives, the formation of incubator programs, and changes to regulatory reporting requirements will be easier to assess (Krueger et al., 2000).

Krueger's (1993) study of university business students found that the breadth of prior exposure to entrepreneurship (such as parents starting a business) was positively related to perceived feasibility, and the positiveness of prior exposure was positively related to perceived desirability. In a study of secondary school students, Peterman and Kennedy (2003) reported that positiveness of experience was related to perceived desirability, but in contrast to the Krueger findings, breadth of experience was not related to perceived feasibility. A study comparing managers and entrepreneurs has confirmed that managers

and entrepreneurs do indeed tend to differ in their family background. Entrepreneurs have a much poorer relationship with their fathers than managers, greater identification with their work, more willingness to take risks, and a higher level of initiative and independence (Malach-Pines *et al*, 2002). Reynolds (1995) found nascent entrepreneurs were less likely to have lived their whole lives in the same geographical area and more likely to have lived in several places during their lives. Davidson (1995) related frequent moves to general attitudes related to change, achievement, money (negative) and autonomy, as well as domain attitudes of societal contribution and know-how. These findings suggest that frequent relocation should influence both perceived desirability and perceived feasibility.

2.3.3 Mentorship

The most tested and consistent finding in the literature regarding intentions to mentor others concerns previous mentoring experience. Previous experience as a mentor and previous experience as a protégé both positively relate to future willingness to mentor others (Allen, 2003; Allen, et al., 1997; Bozionelos, 2004; Ragins & Scandura, 1999). Several factors likely explain this finding. Kram (1985) noted that individuals with previous mentoring experiences likely appreciate the benefits of mentoring due to their firsthand knowledge. This finding is also consistent with the model of behavioral consistency that suggests past behavior is a reliable predictor of future behavior (Wernimont & Campbell, 1968). Finally, the impact of previous mentoring experience likely also reflects the norm of reciprocity (Gouldner, 1960). Individuals who have been protégés are motivated to reciprocate the help they have received by being mentors to

others (Allen, et al., 1997). Allen, et al., (1997) examined locus of control and upward striving. Results indicated that individuals with an internal locus of control were more willing to mentor others than were those with an external locus of control. In addition, mentoring others was positively associated with greater upward striving. That is, individuals who were interested in elevating their own careers were also more willing to support the careers of others through mentoring than were those less interested in upward career moves.

Allen, (2003) suggested viewing mentoring others as a specific form of organizational citizenship behavior (OCB). Under this lens, she proposed that dispositional variables known to relate to OCB would also be applicable to the propensity to mentor others. Based on social psychological models of helping behavior, Penner and colleagues developed an inventory designed to measure individual differences in pro-social personality tendencies (Penner et al., 1995). Their work identified two factors associated with the pro-social personality: other oriented empathy and helpfulness. First, with regard to actual experience as a mentor, Allen found that helpfulness related to mentor experience but empathy did not. On the other hand, among the entire sample, other-oriented empathy related to greater future intentions to mentor others, but helpfulness did not. It is further noteworthy that other-oriented empathy and helpfulness explained variance in willingness to mentor others beyond career and life stage variables. The findings suggest that the variables that relate to actual experience as a mentor differ from those that relate to willingness to mentor others

in the future. Helpfulness may be a better predictor of actual mentoring behavior because it has been associated with self-confidence and self-efficacy (Penner et al., 1995).

Aryee et al, (1996) found that rewards for mentoring others and opportunities for interactions on the job both positively related to motivation to mentor others. Allen, et al, (1997) reported that willingness to mentor others related to having a high-quality relationship with one's own supervisor. In addition, although individuals who reported less job-induced stress perceived fewer barriers to mentoring than did individuals with more job-induced stress, job induced stress was not significantly related to future intention to mentor. Another factor that can contribute to an individual's decision to enter into a mentoring relationship involves the expected costs and rewards. Ragins and Scandura (1999) examined the expected costs and benefits associated with being a mentor among a sample of executives. Five categories of benefits were identified: rewarding experience, improved job performance, loyal base of support, recognition by others, and generatively (that is, leaving a legacy to future generations).

Expected costs were that mentoring was more trouble than it was worth, the relationship could be dysfunctional, nepotism could occur, poor protégés could reflect badly on the mentor, and energy drain could result. Using total costs and benefits in the analyses, the authors found that intention to mentor was positively related to expected benefits and negatively related to expected costs. Ragins and Scandura (1999) also found that mentoring experience moderated the relationship between intention to mentor and expected

costs and benefits. Although individuals lacking mentoring experience anticipated more costs associated with being a mentor than did those with mentoring experience, variations in expected costs did not affect their intention to mentor. On the other hand, among individuals with mentoring experience, lower expected costs were associated with stronger intention to mentor. The opposite effect was observed for expected benefits, in that intention to mentor related positively to expected benefits for inexperienced individuals but not for those with previous mentoring experience.

2.3.4 Delegation

Research exploring factors associated with the presence or absence of managerial delegation is quite limited (Bass, 1990). However, according to Matthews (1980), whether managers delegate to subordinates depends in part on whether the managers are willing to undertake risk and wait for the subordinates to succeed. They also need to feel confident in the subordinates (Houingsworth & Al-Jafary, 1983). Similarly, Leana (1987) found that managers were reluctant to delegate for one of three reasons: a lack of confidence in subordinates' capabilities, tasks' being seen as too important to be left to subordinates, or tasks' being viewed as too technically difficult. Dewhirst, Metts, and Ladd (1987) also found strong indications that managers were less willing to delegate if they did not see subordinates as competent or viewed tasks as difficult and highly technical. Additionally, Leana's (1986) work indicated that managers were more likely to delegate when their workloads were greater, indicating that they employed delegation when they saw themselves as needing incremental assistance from subordinates.

Research on relationships between delegation and satisfaction and performance is even more limited than that on why leaders do or do not delegate (Bass, 1990). However, in two studies, Leana (1986, 1987) examined the consequences of delegation in organizations. Among her findings was that delegation was related to subordinates' performance, both directly and as a function of subordinate competence and goal congruence (Leana, 1986). However, there were no significant relationships between delegation and subordinates' job satisfaction or satisfaction with supervision. Yukl (1994) suggested that for delegation to be effective, subordinates need to have sufficient authority to make decisions, adequate resources, and the ability to do the work being delegated. Additionally, Leana (1986, 1987) developed a framework that included three moderators of the performance effects of delegation; supervisor-perceived (1) subordinate capability, (2) trustworthiness, and (3) interest in increased responsibility.

Yukl's (1994) and Leana's (1986, 1987) potential moderators of delegation clearly suggest the importance of good-quality leader-member exchange. As noted above, high-quality exchange evolves when a supervisor sees a subordinate as being trustworthy and interested in accepting increased responsibility. Consequently, the supervisor helps develop the subordinate's capability and invests positional and informational resources in the subordinate, along with increased decision-making authority. Thus, leader-member relations should moderate the relationship between delegation and subordinate performance. It would also seem to make sense to see leader-member exchange as a

moderator of the relationship between delegation and subordinate satisfaction. Subordinates having high-quality relationships with their leaders are more likely to be delegated meaningful and developmental, as opposed to trivial, tasks (Graen & Scandura, 1987; Graen & Uhl-Bien, 1991).

With respect to extrinsic satisfaction, Bass (1990) noted that delegation can occur in conjunction with virtually any leadership style—from the highly punitive and autocratic to the highly developmental and supportive. Thus, delegation by a leader who is engaged in a high-quality relationship with a subordinate is more likely to be interpreted as an aspect of support and development and, hence, to lead to increased satisfaction with supervision and the general work environment. Conversely, delegation under conditions of poor leader-member exchange may be seen as dumping unimportant or less desirable work and may therefore be related to decrease in extrinsic satisfaction.

2.4 Research Gaps

While there has been some research on the role of entrepreneurial leadership in the growth of micro and small enterprises (Burns, 1978; Curran & Blackburn, 2001; Deakins, 1996), little has been written in Kenya especially in the textile industry and Thika town in particular. On the contrary, entrepreneurial leadership has been claimed to be one of the most observed phenomena on earth (Burns 1978). Nevertheless, there are different views about how much is known about it. Many entrepreneurial leadership scholars conclude that after centuries of leadership research the solution of the problem of effective leadership is

still wanting (Alvesson, 1996; Bass, 1990; Burns, 1978). In addition, there is still lack of studies establishing the role entrepreneurial leadership in the growth of micro and small enterprise, particularly in Thika town in the textile industry. Furthermore, there are limited information available and even if available it is not consistent on the role of entrepreneurial leadership in the growth of micro and small enterprises in Kenya. Thus, this study examined the role of entrepreneurial leadership in the growth of micro and small enterprises in Kenya, Thika town in the textile industry.

2.5 Summary and Research Gaps

From the literature review chapter it is clear that entrepreneurial leadership is significant and a critical function in the growth of MSEs, but it is broad and general and has not linked it to the growth of textile industry in Kenya. The review also indicates that apart from entrepreneurial leadership, other factors such as motivating, entrepreneurial influence, mentorship and delegation significantly contribute to the growth of MSEs, which are also general and broad. Furthermore, little empirical research exists especially in Kenya that focuses on the role of entrepreneurial leadership in the growth of MSEs. Therefore, the existing body of knowledge is not sufficient in explaining the role of entrepreneurial leadership in the growth of MSEs. Therefore, the study focused on the role of entrepreneurial leadership in the growth of MSEs specifically in the textile industry in Thika town and thereby makes a contribution towards its end.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

Chapter three discusses the methods that were used to collect data which was used in answering the research questions in this study and subsequently applied to establish the role of entrepreneurial leadership in the growth of micro and small entrepreneurs in Thika town in the textile industry. It discusses the research design, target population, sampling technique and sample size, instrumentation data collection procedures and finally data analysis.

3.1 Research Design

The study adopted a quantitative research approach. This is because quantitative methods of data analysis can be of great value to the researcher who is attempting to draw meaningful results from a large body of qualitative data. The main beneficial aspect is that it provides the means to separate out the large number of confounding factors that often obscure the main qualitative findings. Quantitative analytical approaches also allow the reporting of summary results in numerical terms to be given with a specified degree of confidence (Conover, 1999). Specifically the study used a survey research design to collect data in order to establish the role of entrepreneurial leadership in the growth of micro and small enterprises in Thika town. A survey method is a systematic, standardized way of collecting information from people using questionnaires. The study addressed the following questions (a) how does motivation lead to the growth of MSEs? (b) How does

entrepreneurial influence contribute to the growth of MSEs? (c) How does mentorship influence the growth of MSEs? and (d) How does delegation contribute to the growth of MSEs?

3.2 Target Population

The target population comprised of all registered micro and small enterprises in the textile industry in Thika town and its environs. The study specifically focused on MSEs in four markets namely; Thika town Centre, Jamhuri, Jua Kali and Makongeni market. The textile industry includes those who make the thread into cloth, wholesalers and retailers. This is because textile industry MSEs in Thika and its environs have formal procedures or processes that are documented and registered with Kiambu County data base. Thika is an industrial town and is endowed with many entrepreneurs involved in micro and small enterprises, regulatory government bodies (RoK, 2007). According to the Sub- County data base, 526 micro and small enterprises owners of textile are registered. The population, then, has to be defined in terms of (i) content, (ii) extent and (iii) time.

3.3 Sampling Technique and Sample Size

The purpose of sampling was to gain an understanding about some characteristics or attributes of the entire universe, based on the features of the sample. A sampling frame is a list of all the items where a representative sample is drawn for the purpose of research. In this study the sampling frame was drawn from Kiambu County of 2010 with a total of 526 micro and small enterprises. The markets are clustered into four zones i.e. Thika town

centre, Jamhuri market, Jua Kali market and Makongeni. The population was stratified into micro and small enterprises and simple random sampling was performed within the strata. Therefore, the study used multistage method where stratified and simple random sampling was conducted to select those who make the tread into cloth, wholesalers and retailers. The sample size of 226 study subjects was selected with the guide of the international standard table (see Appendix II). The sub-samples as per the category are presented in Table 3.1. When the population is 460 the sample size is 210, and when the population is 480 the sample size is 214. Equally when the population is 500 the sample size is 217 and when the population is 550 the sample size is 226 (Morgan, et al, 1970). The sample proportion was calculated to help compute the stratum sub samples. The sample proportion was computed using the following formulae;

$$\text{sample proportion} = \frac{n}{N} = \frac{(226)}{526} = 0.429$$

Table 3.1: Sample Size

Categories of Respondents	Population Size (X)	Sample Proportion (Y)	Sample size (XY)
Micro enterprises	339	0.4296	146
Small enterprises	187	0.4296	80
Total	526	0.4296	226

3.4 Instrumentation

To ascertain the validity and reliability of questionnaire a pre-test and pilot survey was conducted. For this study, the researcher administered the questionnaire personally and individually to 10 respondents in one of the textile enterprises Ruiru town in Kenya. The data that was collected was then analyzed to establish whether the measuring tool is valid and reliable. The researcher noticed a few mistakes in the questionnaire and they were adjusted accordingly. This is the researcher's best opportunity to revise scripts (Emory & Cooper, 2008). There is some variation of opinion in the size of the group selected for this task. One researcher simply suggests a small set of respondents (Neuman, 1997) while others are more specific: For surveys, a small part of the sample, say, 20 people should be contacted and interviewed (Monette et al., 2002).

According to Cronbach (1951) the formula of computing Cronbach Alpha is as follows;

$$\alpha = [n / (n - 1)] \times [(Vart - \Sigma Vari) / Vart]$$

Where;

α = Alpha = estimated reliability of the full-length test

n = number of items

Vart = variance of the whole test (standard deviation squared)

Σ vari = sum the variance

3.5 Data Collection Procedures

The main instrument of data collection was a structured questionnaire. This method of data collection is quite popular, particularly in case of big enquiries. A questionnaire is defined as a document which consists of a number of questions typed in a definite order on a form or set of forms. The researcher obtained names of respondents and their physical addresses; he therefore delivered the questionnaires to the respondents and collected them one week later. For the purpose of obtaining adequate and reliable data, the questionnaire was pre-tested using 10 micro and small enterprise entrepreneurs from Ruiru town, who had similar characteristics as study subjects.

Structured questionnaires include pre-coded questions with well-defined skipping patterns to follow the sequence of questions. Advantages of such structured questionnaires are - less discrepancies, easy to administer, consistency in answers and easy for the data management. Unstructured questionnaires include open ended questions. May be questions are not in the format of interrogative sentences and moderator or the enumerator has to elaborate the sense of question. Not all questions are easily pre-coded with almost possible alternatives of answers. Given answer alternatives of some questions in standard questionnaire are left as 'others' (please specify). A common and pragmatic practice is that most of the questions are structured; however, it is comfortable to have some unstructured questions whose answers are not feasible to enumerate completely (Sudman & Bradburn, 1982).

3.6 Data Analysis

The data, after collection, was organized, analyzed and interpreted in accordance with the study objectives and the hypotheses developed for the study. Both descriptive statistics (frequencies and percentages) and inferential statistics were used. Descriptive statistics in the form of frequencies, means and standard deviations were utilized to summarize data, obtained from the study on the role of entrepreneurial leadership in the growth of micro and small enterprises in Thika town, specifically the textile industry. Analysis of variance (ANOVA) was used to determine and indicate whether the model works. The multiple regression analyses determined whether the independent variables led to the growth of MSEs as a result of entrepreneurial leadership, which also influenced growth.

Pearson Product-Moment Correlation Coefficient

In this study, correlation is used to measure the relationship between variables and the measure obtained determines the degree to which one variable is related to another. Evans & Olson (2000) describes, and the study notes and records correlation as a measure of strength of linear relationship between two variables. The Pearson Product-moment correlation coefficient is used as a measure of the relationship strength. Christensen (2007) states that the Pearson Product-moment correlation coefficient is the most commonly used statistical measure of degree of relationship between two variables. It is computed using the following formulae

$$r = \frac{n \sum xy - (\sum x)(\sum y)}{\sqrt{n(\sum x^2) - (\sum x)^2} \sqrt{n(\sum y^2) - (\sum y)^2}}$$

r = correlation coefficient

X= raw scores for one variable

Y= raw score for the second variable

\sum = sum of the cross products of X and Y

N= Number of participants

The four hypotheses of the study were tested using Pearson product moment correlation coefficient.

Multiple Regression Analysis

A multiple regression analysis was run to determine the nature of the relationships between the dependent and independent variables.

The Regression Model that was tested is summarized as follows;

$$y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Where,

y= growth of micro and small enterprises; β_0 = intercept; β_i =regression coefficients,

i=1,2,3,4

X_1 = Motivation; X_2 = Entrepreneurial influence; X_3 = Mentorship

X_4 = Delegation, e = Error term

Conclusion

Chapter three discusses the method that was used to collect data that was used in answering the hypotheses in the study. It discusses the research design, population, sampling technique and sample size, data collection, pilot testing and data analysis.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.0 Introduction

This chapter highlights and discusses the results based on the objectives and hypotheses of the study. The discussion is organized based on the objectives of the study. The chapter is organized into three sections namely respondents' characteristics, study findings which present a detailed presentation, analysis and discussion of the results.

4.1 Response Rate

A total of 226 questionnaires were distributed to entrepreneurial leadership of small and micro enterprises who included: owners, supervisors, team leaders and managers. However, only 140 were filled and returned; representing a significant response rate of 61.95%.

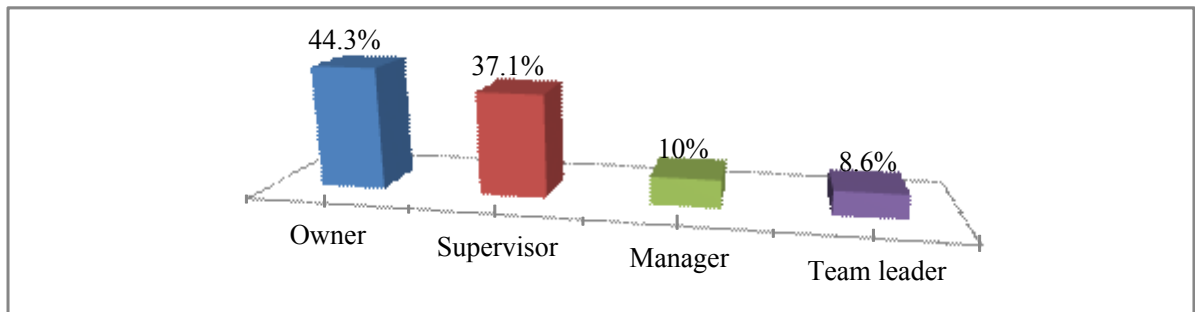


Figure 4.1: Response rate

According to Zikmund (2003), a response rate is significant if it exceeds 20%, hereby implying that the data can be relied upon to draw up conclusions. As illustrated in Figure 4.1, out of the 140 respondents, 44% were enterprise owners, 37% were supervisors, 10% were managers and 9% were team leaders.

4.2 Pilot Test Results

The data from the pre-test was subjected into statistical analysis using Statistical Package for Social Sciences (SPSS), using Cronbach Alpha to determine internal consistency of the research instruments. As shown in Table 4.1, the reliability coefficient for motivation was 0.9537, that of entrepreneurial influence was 0.8914; that of mentorship was 0.9437, that of delegation was 0.9203, while that of Growth of MSEs was 0.8882 respectively; all

exceeding the minimum threshold of 0.7 as recommended by Santos and Reynolds (1999) denoting high reliability of the research instrument.

Table 4.1: Reliability Test Results

Variables	A	Items	Cases
Motivation	0.9537	9	10
Entrepreneurial Influence	0.8914	8	10
Mentorship	0.9437	7	10
Delegation	0.9203	9	10
Growth of MSEs	0.8882	10	10

4.3 Respondents Characteristics

The respondent characteristics that the study analyzed were age, gender and education.

4.3.1 Gender of the Respondents

In many developing countries women are prevented or constrained from making an economic contribution through employment and entrepreneurship. In as much as it is crucial that policies are not biased in favour of large enterprises or foreign investors, it is equally important that they do not exclude a large segment of a country's human resources from generating wealth and facilitating development.

An analysis of the gender of the respondents in this study indicated that 62% were male while 38% were female as depicted by Figure 4.2. This showed that majority of people

who engaged in micro and small scale enterprises specifically involving clothes and textiles in Thika town were men. This confirms the findings of Weiler and Bernasek (2001) who found that despite this growing interest, and despite the fact that the number of women entrepreneurs had accelerated radically in recent years, women's entrepreneurship potential had only started to materialize. Further, the General Entrepreneurship Monitor (GEM) Report on Women and Entrepreneurship that examined the rates of entrepreneurship in 43 countries showed that in all these countries the rates of women's entrepreneurship were lower than men's (Allen et al., 2007).

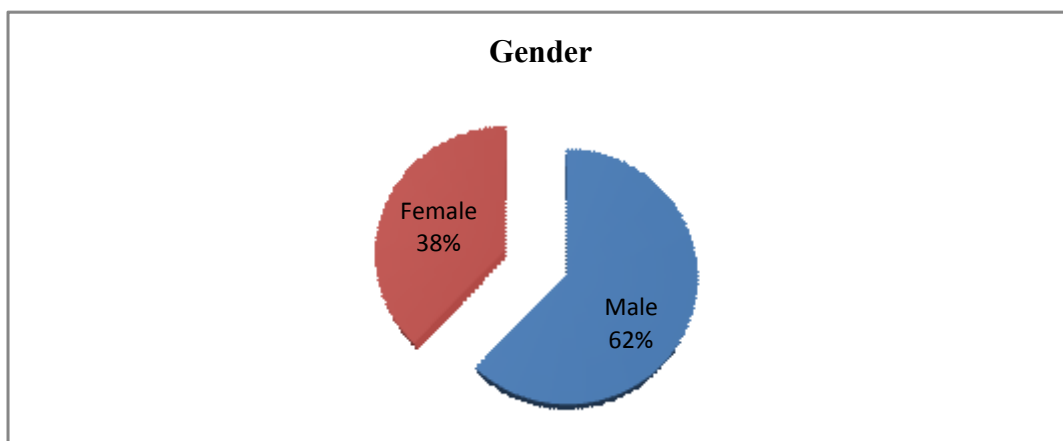


Figure 4.2: Gender of the respondents

4.3.2 Age of the Respondents

The age of the entrepreneur influenced the growth of the enterprise. Research showed that youth correlates strongly to robust growth (USAID 2005). The study also found that 48% of the respondents were aged between 16 and 35 years, 46% were aged 36 and 50 years, and 6% were 51 years old and above. As indicated in Table 4.2, majority of the respondents (94%) were aged between 16 and 50 years. Age is only one factor among many to predict the success of entrepreneurs, and anybody at any age can break any molds put forward by “experts.” However, it’s clear that the stories of a few “college-dropout turned millionaire” (or billionaire) startup founders have clouded both the mass media and the tech industry from reality. Parker (2004) argued that an individual's decision to start a business is influenced by his or her age and by the age distribution in the region where the individual lives. A number of empirical studies have suggested that occupational choice varies with age and have reported an inverse U-shaped relationship between an individual's age and his or her decision to start a business.

Table 4.2: Age of the respondents

Age of the respondents	Frequency	Percent
16-35	67	47.9
36-50	64	45.7

51 & above	9	6.4
Total	140	100.0

4.3.3 Educational Level of the Respondents

One might expect higher levels of formal education to spur MSE growth by enhancing firm capabilities. For example, formal education may provide entrepreneurs with a greater capacity to learn about new production processes and product designs, offer specific technical knowledge conducive to firm expansion, and increase owners' flexibility. However, exploring the relationship between education and MSE growth in developing countries reveals greater complexity (USAID 2005).

The results of this study indicated that 28% of the respondents had primary education, 41% had secondary education, 20% had college education and 11% had university education. This showed that most of the respondents (72%) had secondary education and above and therefore, they had basic education to grow their enterprises. Figure 4.3 illustrates the educational levels of the respondents. Developing-country MSE owners and workers are relatively less educated than in the developed countries. Not only do they operate in countries with relatively low overall educational attainment, but they also tend to have less-educated owners and workers than larger firms. This lower level of educational attainment among MSE owners and workers is an issue when contrasted with developed countries, where those with higher education are more likely to be self-employed

(Woodruff, 1999). One reason for this contrast is that the poor in developing countries often create survival-oriented MSEs due to a lack of alternative employment opportunities.

Given the relatively low level of education within the MSE sector in developing countries, do MSEs with more highly educated owners tend to grow more quickly? On the surface, the evidence appears contradictory. For example, an Inter-American Development Bank (IDB) study found that secondary school attainment had no discernible impact on firm growth in Latin America (Kanis, et al., 2004). On the other hand, GEMINI studies in Sub-Saharan Africa revealed that entrepreneurs completing secondary school were more likely to grow in Kenya and Zimbabwe but found no significant effect of primary education on MSE expansion (Mead & Liedholm, 1998). Some clarity emerged when recognizing the threshold effect of education (Mead, interview, 2004). MSEs with more highly educated owners tend to grow more quickly, but a country-specific threshold must be reached to observe this growth effect. For example, whereas a threshold of secondary education may identify high growth potential in the African countries just mentioned, a higher threshold of university education appears to exist in Latin America.

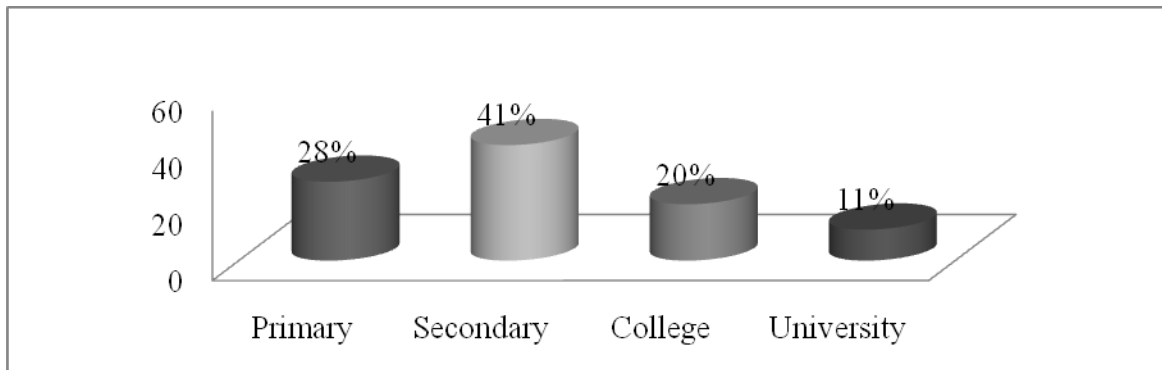


Figure 4.3: Education level of the respondents

4.4 Enterprise Characteristics

The study also examined enterprise characteristics namely; main business activities, types of enterprise, age of the business and type of business.

4.4.1 Type of Enterprises

The study focused on micro and small enterprises that deal with clothes and textiles in Thika town and its environs. It emerged from the results that 52% of the respondents were from micro enterprises while 48% were from the small scale enterprises as depicted in Figure 4.4. This showed that majority of the clothes and textile enterprises in Thika town and its outskirts were micro in terms of size.

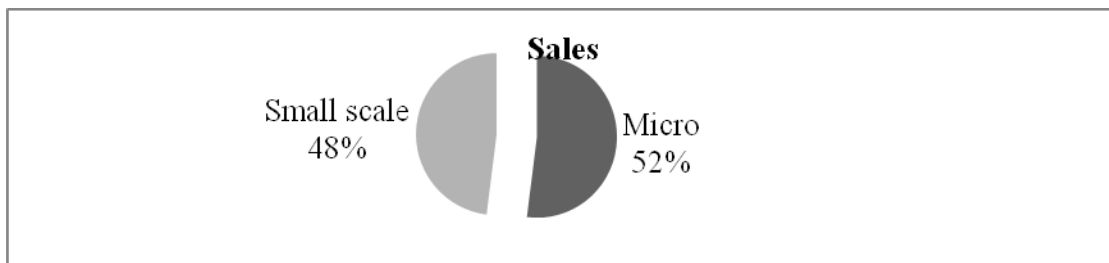


Figure 4.4: Types of Enterprises

4.4.2 Main Business Activities

The study also examined the main business activities that the respondents were engaged in. According to the results in Table 4.3, most of the respondents (43%) were involved in the sale of clothes and shoes, 23% operating a boutique, 9% were engaged in the sale of used clothes (mitumba), 1% were selling school uniforms, 6% had exhibition store, 5% had specialized with men's clothes, 4% were dress makers and 9% were involved in garment distribution.

Table 4.3: Main business activities

Main business activity	Frequency	Percent
Clothes & Shoes	60	42.9
Boutique	32	22.9
Mitumba Sales	12	8.6
School Uniforms	2	1.4
Exhibition store	9	6.4
Men's Clothes	7	5.0
Dress making	5	3.6
Garment supply	13	9.3
Total	140	100.0

4.4.3 Period of Business Operation

Any development practitioner or entrepreneur can attest that MSE owners acquire a substantial amount of skills and knowledge while operating their firms. Such work experience proves to be highly important for developing capabilities within MSEs, as entrepreneurs with more years of work experience typically have faster-growing MSEs. It also emerged from the study that majority of the enterprises (64%) had been in operation

for less than 20 years old, 27% had been in operation between 21 and 30 years, 8% between 31 and 40 years and 1% have been in operation for over 40 years as shown in Table 4.4. This showed that most the enterprises were young and therefore, the entrepreneurial leadership may not have had the required work experience to spur them to high growth rates. An empirically rigorous IDB study of high-growth entrepreneurs provides telling insights about the importance of skills and business contacts gained during past employment (Kanis et al. 2004).

Table 4.4: Period of business operation

Period	Frequency	Percent
Less than 20 years	90	64.3
21-30 years	37	26.4
31 - 40 years	11	7.9
Over 40 years	2	1.4
Total	140	100.0

4.4.4 Type of Business Ownership

An evaluation of the type of business ownership revealed that 45% of the respondents were from sole proprietorship businesses, 34% were from partnership, and 21% were from company businesses. This showed that majority of business in Thika town are sole proprietor kinds.

4.5 Motivation of Entrepreneurs and Growth of Enterprise

Maslow's theory of motivation indicates that motivation is a needs-satisfying process, which means that when a person's needs are met by certain factors, the person will exert superior effort toward achieving organizational goals (Robbins, 2001). This theory of motivation is linked to the motivation of entrepreneurs and growth of enterprise in Thika town because when the worker is properly recognized and rewarded for his or her accomplishments, self-esteem or actualization needs are met. This is as due to entrepreneurial leadership demonstrated by the owners of the enterprise. When one level of the needs are met by the entrepreneurs, the employees will improve performance as well as increase productivity. A good leader should let the employees to develop themselves in the organization so as to improve their productivity.

Leadership is central to understanding the growth of entrepreneurial ventures since growth opportunities cannot be identified and exploited without the facilitation of individual and collective efforts. The leaders of entrepreneurial ventures can have a strong imprinting effect on the venture. The effects of leadership will be particularly pronounced in an entrepreneurial setting where there are fewer structures and norms surrounding appropriate behaviour than in established organizations (Ensley, 2006). Consequently, leaders in SMEs may have greater discretion than those in established organizations, and thus their entrepreneurial leadership is likely to have greater impact on firm behaviours and outcomes.

The first objective sought to establish whether motivation by entrepreneurial leadership led to the growth of micro and small enterprises. The respondents were given a set of statements regarding the influence of motivation on growth of enterprise and asked to rate them on a scale of 1 to 4, where 1 is strongly disagree and 4 is strongly agree. A mean score of the responses for each statement was then computed.

The results of this study showed that motivation was a needs-satisfying process, meaning; when a person's needs are satisfied he/she exerts superior effort toward attaining organizational goals as stated by 99% of the respondents. Regarding job satisfaction, 100% of the respondents felt achievements produce job satisfaction, 89% felt that recognition produces job satisfaction, 95% pointed out that the responsibilities of workers produces job satisfaction and 81% indicated that advancement of employees produces job satisfaction. The results further indicated that employee effort led to improved performance and which in turn attracts motivation and rewards which are key to growth of business as stated by 94% of the respondents. It also emerged from 94% of the respondents that when the work was properly designed and workers properly recognized and rewarded for their accomplishments, self-esteem or self-actualization needs are met. Further, the respondents (100%) confirmed an increase in the motivation of entrepreneurs which stimulates growth of business enterprises as shown in Table 4.5.

Table 4.5: Motivation and growth of enterprise

Statement/ item	Strongly	Disagree	Agree	Strongly	Mean
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			Fq	%	Fq	%	Fq	%	Fq	%	
Motivation is a needs-satisfying process			0	0	2	1.4	25	17.9	113	80.7	3.793
Achievements produce job satisfaction			0	0	0	0	71	50.7	69	49.3	3.493
Recognition produces job satisfaction			0	0	15	10.7	58	41.4	67	47.9	3.371
Responsibility of workers produces job satisfaction			3	2.1	4	2.9	54	38.6	79	56.4	3.493
Advancement of employees produces job satisfaction.			0	0	15	10.7	63	45.0	62	44.3	3.336
Employee effort will lead to performance and attracts rewards and motivation			0	0	9	6.4	52	37.1	79	56.4	3.500
Reward and recognition for accomplishments, self-esteem or self-actualization ensures that needs are met.			0	0	8	5.7	59	42.1	73	52.1	3.464
Motivation of entrepreneurs stimulates growth of business enterprises.			0	0	0	0	88	62.9	52	37.1	3.371

N= 140

The items means scores were 3.793, 3.493, 3.371, 3.493, 3.336, 3.500, 3.464 and 3.371.

All the mean scores were above the score of 3 signifying that the respondents agreed with statements regarding motivation. This implies that the respondents confirmed that motivation of entrepreneurs was basic for growth of a business enterprise.

Null Hypothesis 1: Motivation does not significantly affect the growth of micro and small scale enterprises

A Pearson Product Moment Correlation test was run to establish whether motivation had a significant effect on the growth of the enterprise. As shown in Table 4.6, there was a positive correlation between motivation of entrepreneurs and growth of small and micro enterprises with a correlation coefficient of 0.350. The hypothesis was tested at a 0.01 significance level. The p-value is 0.000 and thus, less than the alpha of 0.01 hence establishing a high significant relationship between variables. This implied an increase in motivation by entrepreneurial leadership led to positive increase in growth of the enterprise.

According to Andy et al., (2013) evidence suggests that the motivation to grow reflected in growth intentions and goal setting is an important determinant of growth. Evidence showed that specific, challenging goals result in higher performance than vague and / or easy goals (given adequate commitment, feedback and knowledge), which had been found to hold true for SMEs. Motivation seems to be always coupled with inspiration. As a matter of fact, motivation coupled with inspiration was in essence behind leadership. Leaders are masters at motivating and inspiring their peers and the groups they lead. Entrepreneurs are masters at motivating and inspiring themselves. Therefore, H_{01} : Motivation does not significantly affect the growth of micro and small scale enterprises, was rejected and the alternative hypothesis thus adopted.

Table 4.6: Correlation analysis between motivation of entrepreneurs and growth of enterprises

Variable	Growth of enterprise	Motivation
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Growth of enterprise	Pearson Correlation	1	.350(**)
	Significance(2-tailed)	.	.000
	N	140	140
Motivation by entrepreneurial Leadership	Pearson Correlation	.350(**)	1
	Significance(2-tailed)	.000	.
	N	140	140

** Correlation at 0.01(2-tailed)

4.6 Entrepreneurial Influence and Growth of Enterprise

Objective two sought to determine the effect of entrepreneurial influence on growth of micro and small enterprises. The respondents were given a set of statements relating to the entrepreneurial influence on growth of enterprise and asked to rate them on a scale of 1 to 4, where 1 is strongly disagree and 4 is strongly agree.

Entrepreneurs are driven by opportunities as pointed out by 94% of the respondents. The respondents (93%) also indicated that entrepreneurs always demonstrated high level of creativity and innovation, showed high level of management skills as well as demonstrating high level business know-how. They (89%) also indicated that

entrepreneurs were optimistic, have mental energy, hardworking, showed intense commitment, perseverance and thrive on competitive desire to excel; these are the main ingredients for growth of a business enterprise. Further, the respondents (94%) noted that entrepreneurs tend to be dissatisfied with the status quo and always desire improvement, as shown in Table 4.7.

Table 4.7: Entrepreneurial influence and growth of enterprise

Statement/ item	Strongly Disagree		Disagree		Agree		Strongly Agree		Mean scores
	Fq	%	Fq	%	Fq	%	Fq	%	
Entrepreneurs are driven by opportunities	0	0	8	5.7	50	35.7	82	58.6	3.529
Entrepreneurs always demonstrate high level of creativity and innovation	0	0	10	7.1	65	46.4	65	46.4	3.393
Entrepreneurs are optimistic, have mental energy and hardworking	0	0	15	10.7	47	33.6	78	55.7	3.450
Entrepreneurs tend to be dissatisfied with the status quo	0	0	9	6.4	73	52.1	58	41.4	3.350
Entrepreneurs are transformational	0	0	11	7.9	68	48.6	61	43.6	3.357
Entrepreneurs are individuals of integrity and visionally	0	0	16	11.4	68	48.6	61	43.6	3.557

N=140

The results of this study also indicated that entrepreneurs are transformational in nature, and use failure as a tool and springboard for success as noted by 92% of the respondents. Additionally, they (89%) noted that entrepreneurs are individuals of integrity and visionally. A mean score of the responses for each statement was then computed and the

results are as presented in Table 4.7. The mean scores were 3.529, 3.393, 3.450, 3.350, 3.357 and 3.557. The mean scores are above a score of 3 indicating that the respondents agreed with all the statements relating to entrepreneurs' attributes.

The personality traits theory is linked to the entrepreneurial influence and growth of enterprise because entrepreneurs are resilient and have mental energy, they are hard workers, show intense commitment and perseverance, thrive on competitive desire to excel and win, tend to be dissatisfied with the status quo and desire improvement. Entrepreneurs are also transformational in nature, who are lifelong learners and use failure as a tool and springboard. They also believe that they can personally make a difference, are individuals of integrity and above all visionary (Coon, 2004).

Null Hypothesis 2: Entrepreneurial influence does not significantly affect the growth of micro and small enterprises

The hypothesis was tested by use of Pearson's Product Moment Correlation at a 0.01 significance level. There was a positive correlation between entrepreneurial influence and growth of micro and small enterprises with a correlation coefficient of 0.533. The p-value is 0.000 and thus, less than the alpha of 0.01 hence establishing a high significant relationship between variables. This implied an increase in entrepreneurial influence results in a positive increase in growth of the enterprise, as shown in Table 4.8. Thus, the null hypothesis H_{O2} : Entrepreneurial influence does not significantly affect the growth of micro and small enterprises, was rejected and alternative hypothesis adopted.

Table 4.8: Pearson's correlation between entrepreneurial influence and growth of enterprise

Variable		Entrepreneurial influence	Growth of enterprise
Entrepreneurial influence	Pearson Correlation	1	.533(**)
	Significance(2-tailed)	.	.000
	N	140	140
Growth of enterprise	Pearson Correlation	.533(**)	1
	Significance(2-tailed)	.000	.
	N	140	140

** Correlation at 0.01(2-tailed)

4.7 Mentorship and Growth of Enterprises

The third objective sought to establish the influence of mentorship on growth of micro and small enterprises. The respondents were given a set of statements regarding the influence of mentorship on growth of enterprise and asked to rate them on a scale of 1 to 4, where 1 was strongly disagree and 4 was strongly agree.

Mentorship is beneficial process for the mentor and it's necessary for the growth of an enterprise as noted by 95% of the respondents. The respondents (86%) also indicated that mentorship was beneficial process for the mentee. They (92%) also pointed out that mentorship was beneficial process for the organization. It also emerged from 84% of respondents that some mentors have strong biases towards people of their own religion or cultural background. Additionally, 79% of the respondents indicated that male mentors select only male mentees because they perceive males are automatically the best candidates for the job, as shown in Table 4.9.

A mean score of the responses for each statement was computed and the results are as presented in Table 4.9. The mean scores are 3.557, 3.264, 3.407, 3.286 and 3.186. The mean scores implied that the respondents were in agreement with the statements.

Table 4.9: Mentorship and growth of micro and small enterprises

Statement/ item	Strongly Disagree		Disagree		Agree		Strongly Agree		Mean scores
	Fq	%	Fq	%	Fq	%	Fq	%	
Mentorship is beneficial process for the growth of an enterprise	5	3.6	2	1.4	43	30.7	90	64.3	3.557
Mentorship is beneficial process for the mentee.	4	2.9	15	10.7	61	43.6	60	42.9	3.264
Mentorship is beneficial process for the organization	0	0	11	7.9	61	43.6	68	48.6	3.407
Some mentors have strong biases towards people of their own religion	2	1.4	21	15.0	52	37.1	65	46.4	3.286
Male mentors select only male mentees because they the best	9	6.4	20	14.3	47	33.6	64	45.7	3.186

N=140

Null Hypothesis 3: Mentorship does not significantly influence the growth of micro and small scale enterprises.

The hypothesis was tested using Pearson's moment correlation coefficient. This test was used to establish whether there exists a relationship between mentorship and growth of enterprise. As shown in Table 4.9, there was a positive correlation (0.507) between mentorship and growth of enterprise. The p-value is 0.000 and thus, less than the alpha of 0.01 hence establishing a high significant relationship between variables. This means that mentorship had a significant effect on the growth of micro and small scale enterprises. Hence, the null hypothesis, H_{03} : Mentorship does not significantly influence the growth of micro and small scale enterprises, was rejected and alternative hypothesis adopted.

Table 4.10: Pearson's correlation between mentorship and growth of small and micro enterprise

Variables		Mentorship	Growth of enterprise
Mentorship	Pearson Correlation	1	.507(**)
	Significance(2-tailed)	.	.000
	N	140	140
Growth of enterprise	Pearson Correlation	.507(**)	1

Significance(2-tailed)	.000	.
N	140	140

** Correlation at 0.01(2-tailed)

4.8 Delegation and Growth of Micro and Small Enterprises

In order to grow an enterprise there was need to improve and strengthen internal organizational structures in ways that enable the leader of the firm to delegate responsibility for operational tasks to become more focused on strategic level functions. The fourth objective sought to determine the extent to which delegation of entrepreneurs contributed to the growth of micro and small enterprises. The respondents were given a set of statements regarding the influence of motivation on growth of enterprise and asked to rate them on a scale of 1 to 4, where 1 was strongly disagree and 4 was strongly agree.

The results indicated that entrepreneurs delegate duties to subordinates; however, this was dependent on whether the managers were willing to undertake risks and wait for the subordinates to succeed as noted by 89% of the respondents. They (76%) also stated that entrepreneurs felt confident when they delegate operations of their businesses to subordinates. However, lack of confidence in subordinates' capabilities and technical tasks makes it difficult for entrepreneurs to delegate to subordinates as pointed out by 79% of the respondents. Majority of the respondents (92%) noted that entrepreneurs' delegates when they have a lot work needing assistance from subordinates (Table 4.10).

According to the results of this study, 88% of the respondents felt that for delegation to be effective, subordinates needed to have sufficient authority to make decisions, adequate resources, and the ability to do the duties. They (94%) also argued that trustworthy, interested and willingness in accepting increased responsibility leads to delegation. Mean scores of the responses for each statement was computed and the results are as presented in Table 4.11. The mean scores are 3.486, 3.050, 3.428, 3.293, 3.343 and 3.307. All the mean scores are above a score of 3 signifying that the respondents agreed with the statements relating to delegation.

Table 4.11: Delegation and growth of micro and small enterprises

Statement/ item	Strongly Disagree		Disagree		Agree		Strongly Agree		Mean scores
	Fq	%	Fq	%	Fq	%	Fq	%	
Entrepreneurs delegate to subordinates depends in part on whether the managers are willing to undertake risk	2	1.4	14	10.0	38	27.1	86	61.4	3.486
Entrepreneurs feel confident when they delegate operations of their businesses to subordinates.	8	5.7	25	17.9	59	42.1	48	34.3	3.050
Lack of confidence in subordinates' makes it difficult for entrepreneurs to delegate	2	1.4	24	17.1	45	32.1	69	49.3	3.293
Entrepreneurs' delegates when they have a lot work needing assistance from subordinates.	6	4.3	5	3.6	52	37.1	77	55.0	3.428
Effective delegation requires adequate resources	4	2.9	13	9.3	54	38.6	69	49.3	3.343
Trustworthy and increased responsibility leads to	4	2.9	4	2.9	77	55.0	55	39.3	3.307

N= 140

Null Hypothesis 4: Delegation does not significantly affect the growth of micro and small scale enterprises.

A Pearson's moment correlation test was run to establish whether there exist a relationship between delegation and growth of micro and small scale enterprises. As shown in Table 4.12 there was a strong positive correlation (0.665) between delegation and growth of micro and small scale enterprises. The p-value was 0.000 and thus, less than the alpha of 0.01 hence establishing a high significant relationship between variables. This implied that delegation had a significant effect on growth of micro and small scale enterprises. It therefore, means that entrepreneurs who want to be able to scale successfully needed to learn how to delegate, pushing decisions as far down the organizational chart as possible so that they can focus on high-level problems like determining the company's overall direction and long-term goals. It's extremely important for the entrepreneur at this stage to set clear emotional and practical boundaries for himself or herself. He can no longer equate himself with the company; he can no longer be all-powerful and all-seeing. In other words, if you're trying to transform your company into a professionally-run organization but still find yourself proofreading marketing emails, it's time to re-evaluate your relationship to your business.

Table 4.12: Correlation analysis between delegation and growth of enterprises

Variables			Delegation	Growth of enterprise
Delegation by entrepreneurial leadership	Pearson Correlation		1	.665(**)
		Significance(2-tailed)	.	.000
	N		140	140
Growth of enterprise	Pearson Correlation		.665(**)	1
		Significance(2-tailed)	.000	.
	N		140	140

** Correlation at 0.01(2-tailed)

Leana (1987) found that managers were reluctant to delegate for one of three reasons: a lack of confidence in subordinates' capabilities, tasks' being seen as too important to be left to subordinates, or tasks' being viewed as too technically difficult. Therefore, the HO₄: Delegation does not significantly affect the growth of micro and small scale enterprises, was rejected and the alternative hypothesis adopted.

4.9 Growth of Micro and Small Enterprises

Micro and small enterprises constitute the vast majority of firms, generating a substantial share of both overall employment and output. Given their significant economic role, one might expect micro and small enterprises growth to drive overall increases in output and income levels. The study also examined the growth of micro and small enterprises in Thika town. The study conducted a comparative assessment of enterprises' growth at the start of business. The growth indicators evaluated were sales, number of employees and capital.

4.9.1 Enterprise Growth Index

Growth was measured using a growth index, which involved the following growth indicators: increase in business sales, increase in firm capital, increase in number of employees and overall level of enterprise growth.

The index captured three indicators namely increase in business sales, number of employees and firms capital as well as overall growth rate. The enterprise growth index was then computed by getting the aggregate score. An increase in firm's sales by less than 2% was given a score of 1, 3 to 4% was given a score of 2, 5 to 6% a score of 3, 7 to 8% a score 4 and more than 12% a score of 5. An increase in number of employees by less than three was given a score of 1, 4 to 5 employees was given a score of 2 and more than 8 employees was given a score of 3. An increase in firms' capital by less than shs30, 000

was given a score of 1, between shs40, 000 and shs50, 000 a score of 2 and more than shs60, 000 a score of 3.

Table 4.13: Growth of Micro and Small Enterprises

Score	Freq	%
4 -7	48	34.3
8 - 11	72	51.4
12 - 15	20	14.3
Total	140	100.0

The overall growth was measured by a scale of 1 - 4 where 1 denoted Very Low, 2- Low, 3-High and 4-Very High. The three values (growth indicator) and the overall growth scores were added up to get a single index. The maximum score a firm could score was 14 and a minimum of 4. As shown in Table 4.13, 34% of the enterprises reported a growth of between 4 and 7, 51% had a growth of between 8 and 11, and 14% had a growth of between 12 and 15. This indicated that more than half (51%) of the enterprise reported a high growth of between 57 and 78% for a period of five years.

4.9.2 Business Sales

When asked to indicate the enterprise sales growth at the start of business, forty percent of the respondents indicated that their sales grew at less than 1%, twenty percent of the enterprise sales grew between 2 and 3% sales, ten percent had their sales grew between 4 and 5%, twenty two percent enterprise reported 6 to 7% sales growth and six percent reported more than 12% sales growth as shown in Table 4.14

Table 4.14: Firm's sales growth at the start of business

Percentage sales	Frequency	Percent
Less than 1%	56	40.0
2 to 3%	31	22.1
4 to 5%	14	10.0
6 to 7%	31	22.1
More than 12%	8	5.7
Total	140	100.0

The respondents were further asked to indicate the average current percentage sales growth. As shown in Table 4.15, seventeen percent of the enterprise reported less than 2% sales' growth, thirty five percent reported 3 to 4% sales growth, nineteen percent reported 5 to 6% growth, fourteen percent reported 7 to 8% growth and fifteen percent reported more than 12% sales growth. This showed that 48% of the enterprises had an average of more than 5% sales growth at present as compared to 28% enterprises which reported more than 5% sales growth. This implied that there had been a significant increase in the growth of sales reported by micro and small enterprise in Thika town. It means that when a

person's needs are met by certain factors, the person will exert superior effort to increase sales by certain volume (Robbins, 2001).

Table 4.15: Present percentage sales' growth

Percentage sales	Frequency	Percent
less than 2%	24	17.1
3 to 4%	49	35.0
5 to 6%	27	19.3
7 to 8%	19	13.6
more than 12%	21	15.0
Total	140	100.0

4.9.3 Number of Employees

Small and medium enterprises are the biggest contributors to the employment of labor in a country. A study by (Meghana et al., 2011) made on 47,745 firms from 99 countries during 2006- 2010 proved this. In order to establish whether there was an increase in number of employees, the respondents were asked to indicate the number of employees at the start of business and at present. The results of this study indicated that 32% of the business were initiated by 1 employee, 44% stated that the enterprise was being operated by 2 to 3 employees, 2% were being operated by between 4 and 5 employees and 21% were operated by more than 5 employees as presented in Table 4.16.

Table 4.16: Number of employees at the start of business

Number of employees	Frequency	Percent
1	45	32.1
2 to 3	62	44.3
4 to 5	3	2.1
More than 5	30	21.4
Total	140	100.0

The results (Table 4.17) of this study further indicated that at present 26% of the respondents were being operated by less than 3 employees, 43% were operated by between 4 and 5 employees and 31% were being operated by more than 8 employees. This means that majority (74%) of the enterprises had more than 4 employees as compared to 24% enterprise which had the same number of employees at the start of the business. This showed a tremendous growth over years owing to the fact that most of the enterprises had been in operation for less than 20 years (Table 4.2).

In the countries with a lower income per capita, SMEs have a higher impact on the employment level, about 78%, compared to countries with a larger income, where the percentage goes down to 59%. In 2010 the degree of employment generated by SMEs in EU was 67%. Micro companies contribute to approximately 30% of that percentage, small enterprises with approximately 20% and middle companies with 17%. One can observe a

growth of the employment and labor litigation since 2007 when the value of that indicator was 60% in EU (Wymenga et al., 2011).

Table 4.17: Number of employees at present

Number of employees	Frequency	Percent
Less than 3	36	25.7
4 to 5	60	42.9
More than 8	44	31.4
Total	140	100.0

4.9.4 Firm's Starting Capital

According to the results in Table 4.18, 31% of the enterprises were initiated with a capital of less than Kshs20, 000(\$224.72), 45% with between Kshs30, 000(\$337.08) and Kshs40, 000(\$449.44) and 24% started with more than Kshs50, 000(\$561.80).

Table 4.18: Firm's starting capital

Starting capital	Frequency	Percent
less than 20,000 (\$224.72)	43	30.7
30,000 to 40,000 (\$337.08 to \$449.44)	63	45.0
More than 50,000 (\$561.80)	34	24.3
Total	140	100.0

N=140

According to the results of this study, 15% of the enterprises had a capital of less than Kshs30, 000(\$337.08), 54% had a capital of between Kshs40, 000(\$449.44) and Kshs50, 000(\$561.80), and 31% had a capital of more than Kshs60, 000 (\$674.16). This indicated that most of the enterprises (85%) had a capital of over Kshs40, 000 (\$449.44) as compared to 24% of enterprises at the start of businesses as shown in Table 4.19. This showed a significant increase in capital over years.

Table 4.19: Present Firm's capital

Present firm's capital	Frequency	Percent
less than 30000(\$337.08)	21	15.0
40,000(\$449.44) to 50000(\$561.80)	75	53.6
More than 60000(\$674.16)	44	31.4
Total	140	100.0

4.9.5 Level of overall Enterprise Growth

An evaluation of the growth of enterprises revealed that 43% of the enterprises reported very high level of growth while 57% reported a high growth. Overall, all the enterprises reported high growth as illustrated in Figure 4.5. These results confirmed the findings of USAID (2005) which indicated that at an aggregate level, MSEs demonstrated impressive growth, especially when compared with larger firms. However, many individual MSEs

grow slowly or not at all; in some cases, due to a conscious decision on the part of the entrepreneur.

Overall growth rates are often fueled by the rapid expansion of a narrow group of highly performing MSEs. Nichter (2004) contends that Some MSEs may face potentially lucrative business opportunities, but be unable to take full advantage of them due to inadequate capabilities. Although these “ponies” may expand quickly for short durations while trying to harness these opportunities, they often lack endurance, tolerance and perseverance as they do not have requisite capabilities for sustained growth as well as sustained intentionality.

The overall enterprise growth was determined by evaluating the previous number of growth indicators, that is the previous sales volume and current sales volume, previous number of employees and current number of employees, and finally previous capital during the start of the enterprise and current capital. A study by (Meghana et al., 2011) made on 47,745 firms from 99 countries during 2006- 2010 proved this. In order to establish whether there was an increase in number of employees, the respondents were asked to indicate the number of employees at the start of business and at present. The overall results of this study indicated a tremendous growth in terms of sales, number of employees and capital.

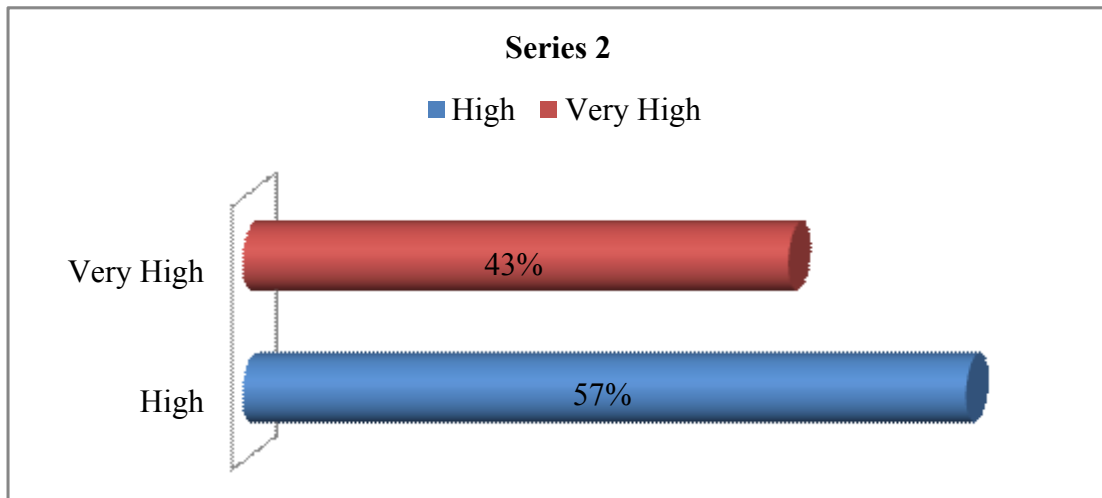


Figure 4.5: Level of overall Enterprise Growth

4.10 Testing the Conceptual Model

The model hypothesized that motivation; mentorship, delegation and entrepreneurial influence were accountable for growth of micro and small enterprises. To test this model multiple regression was run with growth of micro and small enterprises as the dependent variable and motivation; mentorship, delegation and entrepreneurial influence as the independent variables. The resulting model is as follows:

$$y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Where;

y= growth of micro and small enterprises

β_0 = intercept;

β_i =regression coefficients, i=1,2,3,4

X_1 = Motivation;

X_2 = Entrepreneurial influence

X_3 = Mentorship

X_4 = Delegation,

e = Error term

According to the results in Table 4.19, motivation, mentorship, delegation and entrepreneurial influence accounts for 57% (R Square, 0. 577) of the variation in growth of micro and small enterprises. The results also indicated that the growth of micro and small enterprises using the model can only be wrong by 0.33% (Std. Error of the Estimate, 0. 32768).

Table 4.20: Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.760(a)	.577	.565	.32768

Predictors: (constant) motivation, mentorship, delegation, entrepreneurial influence

ANOVA test was also conducted to determine whether the model worked in explaining the relationship among variables as postulated in the conceptual model. The results in Table 4.20 showed an F value of 46.077 with a significance level of 0.000 which is far lower than the confidence level of 0.05, hence establishing a significant relationship. The implication is that each independent variable contributed significantly to changes in the dependent variable. This showed that the model worked and thus accounts for significantly more variance in the dependent variable than would be expected by chance.

Table 4.21: ANOVA Results

Model	Sum of Squares	df	Mean Square	F	Significance
Regression	19.790	4	4.948	46.077	.000(a)
Residual	14.496	135	.107		
Total	34.286	139			

a) Predictors: (constant) Motivation, Mentorship, Delegation, Entrepreneurial influence

b) Dependent Variable: Growth of enterprise

To determine how each independent variable affected the dependent variable, multiple regression analysis was run and the results are as presented in Table 4.22. The multiple regression analysis results indicated that an increase in delegation, mentorship, entrepreneurial influence and motivation by one unit increased growth by 0.277, 0.177, 0.216 and 0.175 units respectively.

Table 4.22: Regression analysis results

Model	Un-standardized		Standardized	t	Significance
	Coefficients		Coefficients		
	B	Std. Error	Beta		
(Constant)	.717	.256		2.805	.006
Delegation	.277	.043	.427	6.393	.000
Mentorship	.177	.042	.273	4.228	.000
Entrepreneurial influence	.216	.083	.179	2.623	.010
Motivation	.175	.064	.171	2.720	.007

Dependent Variable: Growth of enterprise

The regression model was summarized as;

$$Y = 0.717 + 0.175 X_1 + 0.216 X_2 + 0.177 X_3 + 0.277 X_4$$

Where; Y= Growth of micro and small enterprises

X₁= Motivation

X₂= Entrepreneurial influence

X₃= Mentorship and X₄= Delegation,

It was clear from the results that delegation of duties was the highest contributor because an increase in delegation by one unit leads to an increase of growth by 0.277 units. The lowest contributor is motivation. These findings are supported by various theories and

previous studies. The ERG theory identified three categories of needs: Existence needs- these are needs for physical well-being, relatedness- these pertain to satisfactory relations with others and growth needs- these focus on the development of human potential and the desire for growth and increased competence (Daft, 1994).

The ERG model and Maslow's need hierarchy are similar because both are in hierarchical form and presume that individuals move up the hierarchy one step at a time. According to the equity theory, if people perceive their compensation as equal to what others receive for similar contributions, they will believe that their treatment is fair and equitable. People evaluate equity by a ratio of inputs to outcomes. Inputs to a job include education, experience, effort and ability. Outcomes from a job include pay, recognition, benefits, and promotions. The input-to-outcome ratio may be compared to another person in the work group or a perceived average. A state of equity exists whenever the ratio of one person's outcomes to inputs equals the ratio of another's outcomes to inputs (Daft, 1994).

Overpaid people may increase effort on the job, change outcomes- an underpaid person may request a salary increase or a bigger office. Distort perceptions- research suggests that people may distort perceptions of equity if they are unable to change inputs or outcomes. They may artificially increase the status attached to their jobs or distort others perceived rewards to bring equity into balance. Leave the job- People who feel inequitably treated may decide to leave their jobs rather than suffer inequity of being under or overpaid. In the new jobs, they expect to find a more favourable balance of rewards. The implication of

equity theory for managers is that employees evaluate the perceived equity of the rewards compared to others. An increase in salary or a promotion will have no motivational effect if it is perceived as inequitable relative to that of other employees (Daft, 1994).

Like any other job or career, entrepreneurship provides for one's financial needs. Starting one's business is a way to earn money. Entrepreneurs work hard to have adequate profit to survive, while others receive a modest income for their time and investment. From an economic perspective, however, the financial return of a business should compensate its owner not only for his or her investment of personal time (in form of a salary equivalent), but also for any personal money invested in the business (in the form of dividends and increased value of the firm). Entrepreneurs seek a financial return that will compensate them for the time and money they invest and also reward them well for the risks and initiative they take in operating their own businesses. A significant number of entrepreneurs are, no doubt, highly motivated by the prospect of profits. While some entrepreneurs do become rich quickly, the majority do not. Instead, the goal should be to get rich slowly. Wealth will come, provided the business is economically viable and the owner has the patience and determination to make it happen (Moore et al, 2008).

The mentor is expected to guide the new recruit through a development programme and "socialize" them into the culture of the enterprise. It is a route for bringing on "high flyers" by allowing them to make mistakes under supervision. Entrepreneurs serve as examples to others. Most entrepreneurs have had a role model who was self-employed, a business

owner, or an entrepreneur. Role models are sometimes fathers or family members, sometimes former bosses, and sometimes friends who succeed, struggle, or fail. Some entrepreneurs are aware of the example they are setting for others and consciously work at being good examples and sharing their experiences. Many entrepreneurs are interested in sharing their wisdom and experience with others. Others actively encourage employees to try starting a venture, sometimes by providing resources to the new venture, as an independent spin-off or as “entrepreneurial” effort resulting in a whole or partially owned subsidiary (Bird, 1989).

Through delegation of authority, a manager grants to subordinates the right to act or to make decisions. Inability or unwillingness to delegate authority is manifested in numerous ways. In particular, employees may find it necessary to clear even the most minor decisions with the boss. At any given time, a number of subordinates may be trying to get the attention of the owner exceptionally busy. Entrepreneurs often work long hours, and those who have difficulty delegating compound a problem, imposing on themselves even longer work hours (Moore et al, 2008).

How well the delegation process works depends not just on the quantity but also on the quality of delegation. Stephen (2004) distinguishes between gofer delegation and stewardship delegation. Gofer delegation refers to work assignments in which the superior-delegator controls the details, telling subordinates to “go for this” or “go for that”. This is not true delegation. Stewardship delegation focuses on results and allows the individual

receiving an assignment some latitude in carrying it out. Only stewardship delegation provides the benefits of delegation to both parties. With an increasing of tasks for the entrepreneur, he or she cannot be available to make every management decision. Key employees must be given the flexibility to take the initiative and make decisions without the fear of failure. This requires the entrepreneur to create a culture that values and rewards employee for taking initiative and sees failure as a positive attempt rather than a negative outcome (Hisrich et al, 2008).

Conclusion

Chapter four has discussed the results based on the objectives and hypotheses of the study. It has also discussed the respondents' characteristics, study findings with a detailed presentation, analysis and discussion of the results.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

The overall objective of the study was to establish the role of entrepreneurial leadership in the growth of micro and small enterprises in Thika town, Kenya in the textile industry. The chapter presents the summary of the study findings, the conclusions made and recommendations to improve the growth of micro and small enterprises in Thika town. The chapter also outlines the suggested areas for further studies.

5.1 Summary of Findings

A total of 226 questionnaires were distributed to respondents however, only 140 were filled and returned; representing a significant response rate of 61.95%. Among the respondents, 62% were male while 38% were female. Majority of the respondents (94%) were aged between 16 and 50 years. It also emerged that most of the respondents (72%) had secondary education. Fifty two percent of the respondents were from micro enterprises while forty eight were from the small scale enterprises. Most of the enterprises had been in operation for less than 20 years old as noted by 64% of the respondents.

5.1.1 Motivation

The first objective sought to establish whether motivation of entrepreneurs led to the growth of micro and small enterprises. The results showed that motivation is a needs-satisfying process, meaning; when a person's needs are satisfied he/she exerts superior effort toward attaining organizational goals as stated by 99% of the respondents. Regarding job satisfaction, 100% of the respondents felt that achievements produce job satisfaction, 89% felt that recognition produces job satisfaction, 95% pointed out that the responsibilities of workers produces job satisfaction and 81% indicated that advancement of employees produces job satisfaction.

The results of this study further indicate that employee effort led to improved performance and which in turn attracts motivation and rewards which are key to growth of business as stated by 94% of the respondents. It also emerged from 94% of the respondents that when the work is properly designed and workers properly recognized and rewarded for their accomplishments, self-esteem or self-actualization needs are met. Further, the respondents (100%) confirmed an increase in the motivation of entrepreneurs stimulates growth of business enterprises. There is a positive correlation between motivation of entrepreneurs and growth of micro and small enterprises with a correlation coefficient of 0.350. The p-value is 0.000 and thus, less than the alpha of 0.01 hence establishing a high significant relationship between variables.

5.1.2 Entrepreneurial influence

Objective two sought to determine the effect of entrepreneurial influence on growth of micro and small enterprises. According to the results, entrepreneurs are driven by opportunities as pointed out by 94% of the respondents. The respondents (93%) also indicated that entrepreneurs always demonstrate high level of creativity and innovation, showed high level of management skills as well as demonstrating high level business know-how. They (89%) also indicated that entrepreneurs are optimistic, have mental energy, hardworking, showed intense commitment, perseverance and thrive on competitive desire to excel; these are the main ingredients for growth of a business enterprise. Further, the respondents (94%) noted that entrepreneurs tend to be dissatisfied with the status quo and always desire improvement.

The results also indicated that entrepreneurs are transformational in nature, and use failure as a tool and springboard for success as noted by 92% of the respondents. Additionally, they (89%) noted that entrepreneurs are individuals of integrity and visionally. They are also focused and continue sustaining their intentionality. The study also revealed a positive correlation between entrepreneurial influence and growth of micro and enterprises with a correlation coefficient of 0.533. The p-value is 0.000 and thus, less than the alpha of 0.01 hence establishing a high significant relationship between variables.

5.1.3 Membership

The third objective sought to establish the influence of mentorship on growth of micro and small enterprises. According to the results, mentorship was beneficial process for the mentor and it's necessary for the growth of an enterprise as noted by 95% of the respondents. The respondents (86%) also indicated that mentorship was beneficial process for the mentee. They (92%) also pointed out that mentorship was beneficial process for the organization. It also emerged from 84% of respondents that some mentors have strong biases towards people of their own religion or cultural background. Additionally, 79% of the respondents indicated that male mentors select only male mentees because they perceive males are automatically the best candidates for the job. The study established a positive correlation (0.507) between mentorship and growth of enterprise. The p-value is 0.000 and thus, less than the alpha of 0.01 hence establishing a high significant relationship between variables. This means that mentorship has a significant effect on the growth of micro and small scale enterprises.

5.1.4 Delegation

The fourth objective sought to determine the extent to which delegation of entrepreneurs contributed to the growth of micro and small enterprises. The results indicated that entrepreneurs delegate duties to subordinates; however, this was dependent on whether the managers were willing to undertake risks and wait for the subordinates to succeed as noted by 89% of the respondents. They (76%) also stated that entrepreneurs felt confident when they delegate operations of their businesses to subordinates. However, lack of confidence in subordinates' capabilities and technical tasks makes it difficult for entrepreneurs to

delegate to subordinates as pointed out by 79% of the respondents. Majority of the respondents (92%) noted that entrepreneurs' delegates when they have a lot work needing assistance from subordinates.

According to 88% of the respondents, for delegation to be effective, subordinates need to have sufficient authority to make decisions, adequate resources, and the ability to do the duties and tasks. They (94%) also argued that trustworthy and interested in accepting increased responsibility leads to delegation. The study revealed that there was a strong positive correlation (0.665) between delegation and growth of micro and small scale enterprises. The p-value is 0.000 and thus, less than the alpha of 0.01 hence establishing a high significant relationship between variables. This implied that delegation had a significant effect on micro and small scale enterprises.

The findings indicated that 48% of the enterprises had an average of more than 5% sales growth at present as compared to 28% enterprises which reported more than 5% sales growth. It also emerged that majority (74%) of the enterprises had more than 4 employees as compared to 24% enterprise which had the same number of employees at the start of the business. This showed a tremendous growth over years owing to the fact that most of the enterprises had been in operation for less than 20 years. Further, most of the enterprises (85%) had a capital of over Kshs40, 000 (\$449.44) as compared to 24% of enterprises at the start of business. An evaluation of the level of growth of enterprises over the last five

years revealed that 43% of the enterprises reported very high level of growth while 57% reported a high growth.

According to the results of this study, motivation, mentorship, delegation and entrepreneurial influence accounts for 57% (R Square, 0. 577) of the variation in growth of micro and small enterprises. ANOVA test was also conducted to determine whether the model works in explaining the relationship among variables as postulated in the conceptual model. The results showed an increase in an F value of 46.077 with a significance level of 0.000 which was far lower than the confidence level of 0.05, hence establishing a significant relationship. The multiple regression analysis results indicated an increase in delegation, mentorship, entrepreneurial influence and motivation by one unit would increase growth by 0.277, 0.177, 0.216 and 0.175 units respectively. It was clear from the results that delegation of duties was the highest contributor because an increase in delegation by one unit leads to an increased growth by 0.277 units. The lowest contributor was motivation.

5.2 Conclusions

Based on the findings, the study concluded that there has been a high growth in micro and small enterprise in Thika town as a result of effective entrepreneurial leadership. The enterprises reported an increase in sales, number of employees as well as their capital. This growth is attributable to delegation, mentorship, entrepreneurial influence and motivation of entrepreneurs. Entrepreneurship skills when combined with leadership skills may

ultimately be the formula for success, especially when it comes to starting and growing scalable, fast-growth, and explosive businesses. Most entrepreneurs think they are leaders, but this is usually not the case. Entrepreneurs that are leaders are very few and far in between.

It is evident from the findings that motivation by entrepreneurial leadership of entrepreneurs has significant influence on the growth an enterprise. It's a needs-satisfying process, meaning; when a person's needs are satisfied he/she exerts superior effort toward attaining organizational goals. The achievement of enterprise by workers, recognition as well as their development produces job satisfaction which is a key ingredient in the growth of an enterprise. The efforts of the employees on the other hand leads to improved performance and increased productivity and in turn attracts motivation and rewards which are key to growth of business. When the work is properly designed and workers properly recognized and rewarded for their accomplishments, self-esteem or self-actualization needs are met.

Entrepreneurial influence also contributes significantly to the growth micro and small enterprises. The influence results from the fact that entrepreneurs are driven by opportunities, after scanning the environment, always demonstrate high level of creativity and innovation, showed high level of management skills as well as demonstrating high level business know-how. Furthermore entrepreneurs are optimistic, have mental energy, hardworking, unstoppable, showed intense commitment, perseverance and thrive on

competitive desire to excel; these are the main ingredients for growth of a business enterprise. They are also transformational in nature, and use failure as a tool and springboard for success.

Mentorship by entrepreneurial leadership is another factor that propels the growth of micro and small enterprises. It is a beneficial process for the mentor and it's necessary for the growth of an enterprise. However, some mentors have strong biases towards people of their own religion or cultural background. Moreover, the male mentors select only male mentees because they perceive males are automatically the best candidates for the job. Apart from mentorship, delegation of duties also contributed to the growth of micro and small enterprises. It emerged that entrepreneurs delegate duties to subordinates when they are willing to undertake risk and wait for the subordinates to succeed. However, lack of confidence in subordinates' capabilities and technical tasks makes it difficult for entrepreneurs to delegate to subordinates. Effective delegation occurs when subordinates have sufficient authority to make decisions, adequate resources, and the ability to do the duties.

5.3 Recommendations

Although most enterprises in Thika town have experienced a significant growth over the years, there is need for the County government to organize short term training programmes to build the capacity of the entrepreneurs owing to the fact that majority only possess secondary education. This will provide entrepreneurs with a greater capacity to learn about

new production processes and product designs, offer specific technical knowledge conducive to firm expansion, and increase owners' flexibility. Managing entrepreneurial growth may be the most critical tactic for the future success of business enterprises. After initiation of a new venture, the entrepreneur needs to develop an understanding of management change. This is a great challenge, because it often encompasses the art of balancing mobile and dynamic factors. Thus, the survival and growth of a new venture require that the entrepreneur possess both strategic and tactical skills and abilities.

As the enterprise grows, the distinction between authority and responsibility becomes more apparent. Therefore there is need for the enterprise owners to delegate authority. However it is most important to create a sense of responsibility. This action establishes flexibility, innovation, and a supportive environment. People tend to look beyond the job alone if a sense of responsibility is developed, so that the growth stage is better served by the innovative activity and shared responsibility of all of the firm's members.

In order to sustain the growth, enterprise leaders such as owners and management should develop a programme of motivating the employees for their hard work. Incentives provide a spur or zeal in the employees for better performance. It is a natural thing that nobody acts without a purpose behind. Therefore, a hope for a reward is a powerful incentive to motivate employees. Besides monetary incentive, there are some other stimuli which can drive a person to better performance and increase productivity. This will include job satisfaction, job security, job promotion, and pride for accomplishment.

5.4 Suggestions for Further Research

The study concentrated on the effect of entrepreneurial leadership components namely; delegation, mentorship, entrepreneurial influence and motivation in the growth of Micro and Small Enterprises. However, there is need for further research in the following areas:

1. The study focused only on four aspects of entrepreneurial leadership and this necessitate a further study on the influence of other aspects like managerial competence in the growth of Micro and Small Enterprises in the textile industry.
2. The study revealed that entrepreneurial leadership accounted for 58% of the MSEs growth and thus it is necessary to establish the contribution of entrepreneurial behaviour in the growth of Micro and Small Enterprises in the textile industry (the individual entrepreneur, the organization, process of entrepreneurship and the environment of venturing).
3. Previous studies have indicated that entrepreneurial orientation dimensions (innovation, risk taking, competitive advantage, competing aggressiveness, proactiveness and autonomy) also plays a role in the growth of Micro and Small Enterprises and thus there is need for a study focusing on its influence specifically in the textile industry.

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APPENDICES

Appendix I: Research Questionnaire

Instructions

This questionnaire is intended to collect data on the *Role of Entrepreneurial Leadership in the Growth of Micro and Small Enterprises in Thika Town*. Please note that the information you provide herein this questionnaire is for academic purpose and will not be used for any other purpose whatsoever. Please fill in the questionnaire as accurately as possible and with objectivity.

PART A: Personal Details

- | | | | |
|-------|------------------------------------|------------|------------|
| 1. | Name ----- | (optional) | |
| 2. | Gender | Male () | Female () |
| 3. | Age | | |
| | 16-35 | () | |
| | 36-50 | () | |
| | 51- and above | () | |
| 4. | Level of education | | |
| | Primary | () | |
| | Secondary | () | |
| | University | () | |
| 5. | Job Title | | |
| | Owner | () | |
| | Supervisor | () | |
| | Manager | () | |
| | Team Leader | () | |
| 6. | Size of business | | |
| | Micro enterprise | () | |
| | Small enterprise | () | |
| 7. | Main | business | activities |
| | | | |
| 8. | How old is your business? | | |
| | Less than 20 years | () | |
| | 21-30 years | () | |
| | 31-40 years | () | |
| | Less than 40 years | () | |
| 9. | Indicate the type of your business | | |

- Sole proprietorship ()
 Partnership ()
 Company ()
 Others (specify)

PART B: Entrepreneurial leadership

10. Entrepreneurial leadership is key to the growth of micro and small enterprises
- Strongly agree ()
 - Agree ()
 - Disagree ()
 - Strongly disagree ()
11. In general, how would you describe the level of entrepreneurial leadership in your enterprise?
- Very high ()
 High ()
 Low ()
 Very low ()

PART C: Motivation

Please indicate the extent to which you agree with the following statement regarding the influence of motivation on growth of enterprise. 4 denote strongly agree while 1 denotes strongly disagree.

Attribute	4	3	2	1
Motivation is a needs-satisfying process, which means that when a person's needs are satisfied by certain factors the person will exert superior effort toward attaining organizational goals.				
Achievements produce job satisfaction.				
Recognition produces job satisfaction				
Responsibility of workers produces job satisfaction				
Advancement of employees produces job satisfaction.				
That employee effort will lead to performance and performance will lead to rewards				
When the work is properly designed and the worker properly recognized and rewarded for his or her accomplishments, self-esteem or self-actualization needs are met.				

12. To what extent do you think that motivation influences the growth of your enterprise
- Very high ()
 - High ()
 - Low ()

- Very low ()

PART D: Entrepreneurial influence

Please indicate the extent to which you agree with the following statement regarding the contribution of entrepreneurial influence towards the growth of enterprise. 4 denote strongly agree while 1 denotes strongly disagree.

Attribute	4	3	2	1
Entrepreneurs are driven by opportunities				
Entrepreneurs always demonstrate high level of creativity and innovation and show high level of management skills and business know-how				
Entrepreneurs are optimistic, have mental energy, they are hard workers, show intense commitment and perseverance; thrive on competitive desire to excel.				
Entrepreneurs tend to be dissatisfied with the status quo and always desire improvement.				
Entrepreneurs are transformational in nature, and use failure as a tool and springboard for success.				
Entrepreneurs are individuals of integrity and visionally				

13. To what extent do you think that entrepreneurial influence plays a role in enterprise growth?

- Very high ()
- High ()
- Low ()
- Very low ()

PART E: Mentorship

Please indicate the extent to which you agree with the following statement regarding contribution of mentorship towards the growth of enterprise. 4 denote strongly agree while 1 denotes strongly disagree.

Attribute	4	3	2	1
Mentorship is beneficial process for the mentor.				
Mentorship is beneficial process for the mentee.				
Mentorship is beneficial process for the organization				
Some mentors have strong biases towards people of their own religion or cultural background				
Male mentors select only male mentees because they perceive males are automatically the best candidates for the job.				

14. To what extent do you think that mentorship affects the growth of your enterprise?

- Very high ()
- High ()
- Low ()
- Very low ()

PART F: Delegation

Please indicate the extent to which you agree with the following statement regarding the contribution of delegation towards the growth of enterprise. 4 denote strongly agree while 1 denotes strongly disagree.

Attribute	4	3	2	1
Entrepreneurs delegate to subordinates depends in part on whether the managers are willing to undertake risk and wait for the subordinates to succeed.				
Entrepreneurs feel confident when they delegate operations of their businesses to subordinates.				
Lack of confidence in subordinates' capabilities, important and technical tasks makes it difficult for entrepreneurs to delegate to subordinates				
Entrepreneurs delegates when they have a lot work needing assistance from subordinates.				
For delegation to be effective, subordinates need to have sufficient authority to make decisions, adequate resources, and the ability to do the work being delegated.				
Trustworthy and interested in accepting increased responsibility leads to delegation.				

15. To what extent do you think that delegation affects the growth of your enterprise?

- Very high ()
- High ()
- Low ()
- Very low ()

PART G: Sales

16. What is your firm's sales growth at the start your enterprise?

- Less than 1% ()
- 2 to 3% ()
- 4 to 5% ()
- 6 to 7% ()
- More than 10% ()

17. What is your firm's sales growth after two years?

Less than 2% ()

3 to 4% ()

5 to 6% ()

7 to 8% ()

More than 12% ()

PART H: Employees

18. What is the number of employees at the start your enterprise?

• Less than 1 ()

• 2 to 3 ()

• More than 5 ()

19. What is the number of employees after two years?

Less than 3 ()

4 to 5 ()

More than 8 ()

PART I: Capital

20. What is your firm's starting capital?

Less than shs20, 000.00 ()

Shs.30, 000.00 to shs40, 000.00 ()

More than shs50, 000.00 ()

21. What is your firm's capital after two years?

Less than shs30, 000.00 ()

Shs40, 000.00 to shs50, 000.00 ()

More than shs60, 000.00 ()

22. In general, how would you rate the growth of your enterprise for the last five years?

Very high ()

High ()

Low ()

Very low ()




Appendix II: Table for Determining Sample Size from a Given Population

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	181	1200	291	6000	361
45	40	180	118	400	196	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	230	140	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380
85	70	260	152	650	242	2200	327	50000	381
90	73	270	155	700	248	2400	331	75000	382
95	76	270	159	750	256	2600	335	100000	384

Note.—N is population size. S is sample size.

Source: Morgan, Krejcie, Robert V., and Daryle W (1970)

ter of Introduction

 JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY P.O. BOX 62000-00200 NAIROBI, KENYA. TELEPHONE: (020) – 221306 Nairobi CBD Campus Department of Entrepreneurship and Procurement	
17 July, 2013	Date: 19
Ref:JKU/6/EPD/17a	
To Whom It May Concern;	
7/2008	SUBJECT: RESEARCH PROJECT FOR SAMSON NYANG'AU – HD413-C004-000
in Entrepreneurship CBD Campus. The ial Leadership in the fillment of the requirement	This is to introduce to you Mr. Samson Nyang'au who is a student pursuing PhD Programme at Jomo Kenyatta University of Agriculture and Technology, Nairobi. The student is currently undertaking a research thesis entitled: Role of entrepreneurship growth of micro and small enterprises in Thika Town, Kenya , in partial fulfillment for the degree programme.
support and assistance to nation given is purely for	The purpose of this letter is to request you to give the student the necessary support to enable him obtain necessary data for the project. Please note that the information is for academic purpose and will be treated with strict confidence.
Thank you	
Yours faithfully,  P. K. Ngugi (PhD) ASSOCIATE CHAIRMAN, EPD	
Associate Chairman EPD NAIROBI CBD CAMPUS	
 JKUAT is ISO 9001:2008 Certified. Setting Trends in Higher Education, Research and Innovation	

Appendix IV: List of Respondents

S/N	Micro Enterprises (1-9 employees)	S/N	Micro Enterprises (1-9 employees)	S/N	Micro Enterprises (1-9 employees)
1	4'u'2 Boutique	37	Ann Muiruri	73	Baby shop
2	Acute Fashion Design	38	Ann Muthui	74	Baraka stores
3	Afric Touch Design	39	Ann Mueni	75	Baraka tailoring shop
4	African Fashions	40	Ann Njeri	76	Baraka textiles
5	Mama Polly tailoring	41	Ann Mugure	77	Baraka fashion
6	Mama Njeri tailoring	42	Angies boutique	78	Beatrice Wangui
7	Mama Brian tailoring	43	Angels Fashion	79	Mary boutique
8	Alice Boutique	44	Ann Nyambura	80	Mary Wanjia (superior collection)
9	Alice Mulewa	45	Ann Njoki	81	Beatrice Njoki
10	Mama Ciku boutique	46	Ann Wangari	82	Rumber tailoring
11	Mama Elian boutique	47	Ann RitaKagongi	83	Mike fashion
12	Mama Jeff tailoring	48	Antony Karanja	84	Bernard Macharia
13	Mama Jimmy tailoring	49	Antony Gitau	85	Maureen Nyambura fashions
14	Mama Jonathan knitting wear	50	Mwende knitting and embroidery	86	Moures dressmaking
15	Mama Joy dressmaking	51	Nancy dressmaking	87	Muguku dressmaking
16	Mama Lucy tailoring	52	Nashiq fashion	88	Benson N. Nkonge
17	Mama Mario dressmaking	53	Ngendo dressmaking	89	Runjeka tailoring
18	Mama Mburu dressmaking	54	Nginas dressmaking	90	Samuel dressmaking
19	Mama Nyawira tailoring	55	Ngineza collection	91	Bernard Gitau
20	Mama Wangeci	56	Nik collections	92	Best fashion boutique
21	Maranatha tailoring	57	Njoki dressmaking	93	Savoiur wool
22	Manuz boutique	58	Njeri tailoring	94	Shiggs boutique
23	Allamini	59	Asis collection	95	Beth Wanjiku
24	Allan Njogo	60	Nu trend collection	96	Beth Wanjiru
25	Alpha	61	Nyeri tailoring	97	Bibs fashion
26	Amos Maina	62	Antony Mwangithuo	98	Billy fashion
27	Amika enterprises	63	NyakioTraders	99	Blessings boutique
28	Anastasia Muthoka	64	Nycie collections	100	Bliss clothes shop
29	Anastasia Njoroge	65	One in one boutique	101	Blessings tailoring shop

			WauraNjoroge		
31	Andrew Kariuki	67	Antony Kibe	103	Shiru fashion wear
32	Angelina Eliud	68	One stop boutique	104	Paunixy collections
33	Angelina Nyoike	69	Paradise tailors	105	Booty land fashions
34	Ann Dress Making	70	Arise “N” shine boutique	106	Boy Boy designer
35	Ann Fashions	71	Ayam traders	107	Boutique Atlanta
36	Ann Kagendo	72	Baba Fei fashion Centre	108	C and fashion house

109	California tailoring shop	122	Cecilia Kimani	135	Smart boutique
110	Carol boutique	123	Classy fashion	136	Smart wear
111	Caroline Kathambi	124	Esther’s tailoring	137	Ebenezer boutique
112	Caroline Wambui	125	Evans Maina	138	Esther Mugure
113	Catherine Mwangi	126	Faith boutique	139	Grace fashion and beauty shop
114	Shiny lady boutique	127	Fatma clothing	140	Grasam fashioners
115	Chalre tailoring	128	Fidelis boutique	141	Harriet dressmaking
116	Champions boutique	129	Finest outfit	142	Harrison Kinyua
117	Charles Mbutha	130	Florence Mumbi	143	Hellen fashion center
118	Silhouette designers	131	Raphael fashions	144	HellenWanjiku
119	Cherry fashion	132	Rebecca tailoring shop	145	Hila designers
120	Classic tailoring	133	George Kimani	146	Horizon tailoring shop
121	Classic designers	134	God’s favour boutique		Smart boutique

Small Enterprises (10-50 employees)

147	HumpreyGitonga	168	Jo minda smart wear	189	Maflick collection
148	Irene designers	169	Joy dressmaking	190	Maggy fashion
149	Israland boutique	170	Joy salon and boutique	191	Aggie Small Boutique
150	Nyego designers	171	Jude collections	192	Aggie’s Small Boutique
151	J dressmaking	172	Juu pita collections	193	Clothing
152	Jackys fashion	173	K-Collections	194	E.L Textiles
153	Jackies collections	174	Kaluma Boutique	195	Es Tabby Executive Boutique
154	Jadan wear	175	Kayuyu tailors	196	Event for design enterprise
	Jama clothing		Kibris fashion		Fashion point

156	Jambo clothing
157	Jambo tailoring shop
158	Janes fashion
159	Jayesh collections
160	Jeev designers
161	Jenny fashions
162	Jessy's boutique
163	Joan textile
164	Joan's boutique
165	Joes Mitumba sales
166	Johnson's Men shop
167	Jomuitaly collections
210	Roxymoh Entertainment and Fashion
211	Royal boutique
212	Rozzie and boutique
213	Sunshine fashion Centre
214	Tabby fashion centre
215	Tailoring of clothes

177	Kiganjo dressmaking
178	Kirathino fashion
179	Kisau tailors
180	Ladies choice boutique
181	Liberty boutique
182	Lilly boutique
183	Little angels tailoring
184	Liz collections
185	Loloh fashions
186	Luma fashions
187	Lynnsan fashion
188	Macvill designers
216	Trina'S Wear Exhibition
217	U& I Collection
218	Unique Designers
219	Virgy Beauty Shop and Tailoring
220	Betty's Boutique & Foot wears
221	By Grace Dress Making Shop

198	Fashionister shop
199	Gee boutique
200	Gravine clothing
201	Hossana fashion
202	Hollywood boutique
203	Jamu stores
204	Josma textile
205	Marida textiles and accessories
206	Millyaexhibitonfashio n
207	MJ collections
208	Modern care and beauties
209	Rockimani Cloth Store
222	C & G Collections
223	Ding's v Botique
224	Double G Fashion Centre
225	Executive Boutique
226	Fair Price Fashion Centre