

**Determinants of Performance of Youth Led Micro and Small  
Agribusinesses in Kenya**

**Susan Ingasia Naikuru**

**A Thesis Submitted in Partial Fulfillment for the Degree of  
Doctor of Philosophy in Entrepreneurship in the Jomo  
Kenyatta University of Agriculture and Technology**

**2017**

## DECLARATION

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

Signature-----

Date-----

**Susan Ingasia Naikuru**

This thesis has been submitted for examination with our approval as university supervisors

Signature-----

Date-----

-

**Dr. Jane Wanjiku Gathenya**

**JKUAT, Kenya**

Signature-----

Date-----

**Dr. Waweru Kamaku**

**JKUAT, Kenya**

## **DEDICATION**

To Jeremiah, Leo, Verena and Villana.

## **ACKNOWLEDGEMENT**

I am very thankful to God for enabling me to carry out and complete this research. I am grateful for the tireless input of my supervisors Dr. Jane Gathenya and Dr. Waweru Kamaku. The positive criticism and guidance they provided enabled me to focus and complete this thesis.

I am grateful to the young budding farmers of Kiambu county who participated in the survey and took time off their busy schedules to provide much needed input and honest feedback that the research required. Without your participation, the research would not have been successful.

Special thanks goes to my parents, Dr. Reardon Olubayo and Prof. Florence Olubayo whose constant encouragement and persistence helped me to focus through the whole process from conceptualization of the research problem to the end. I would also like to thank Mr. Festus Were and Mrs. Hannah Mangale who were instrumental in assisting in the data collection and analysis

## TABLE OF CONTENTS

<b>DECLARATION</b> .....	<b>ii</b>
<b>DEDICATION</b> .....	<b>iii</b>
<b>ACKNOWLEDGEMENT</b> .....	<b>iv</b>
<b>TABLE OF CONTENTS</b> .....	<b>v</b>
<b>LIST OF TABLES</b> .....	<b>ix</b>
<b>LIST OF FIGURES</b> .....	<b>xi</b>
<b>LIST OF APPENDICES</b> .....	<b>xii</b>
<b>LIST OF ABBREVIATIONS AND ACRONYMS</b> .....	<b>xiii</b>
<b>DEFINITION OF TERMS</b> .....	<b>xiv</b>
<b>ABSTRACT</b> .....	<b>xvii</b>
<b>CHAPTER ONE</b> .....	<b>1</b>
<b>INTRODUCTION</b> .....	<b>1</b>
1.1. Background of the Study.....	1
1.2. Statement of the Problem .....	6
1.3. Objectives.....	8
1.3.1. General Objective.....	8
1.3.2. Specific Objectives.....	8
1.5. Research Hypotheses .....	9
1.6. Justification .....	9
1.7. Scope of the Study .....	10
1.8. Limitations of the Study.....	11

<b>CHAPTER TWO .....</b>	<b>12</b>
<b>LITERATURE REVIEW.....</b>	<b>12</b>
2.1. Introduction .....	12
2.2. Theoretical Framework .....	12
2.2.1. Cultural Theory of Entrepreneurship .....	12
2.2.2. Sociological Theory of Entrepreneurship .....	13
2.2.3. Push Pull Theory of Entrepreneurship .....	14
2.2.4. Marketing, Entrepreneurial Culture and Determinants of Performance .....	16
2.3. Conceptual Framework .....	18
2.4. Empirical Review .....	20
2.4.1. Marketing Strategies .....	20
2.4.2. Resources .....	27
2.4.3. Firm Characteristics .....	31
2.4.4. Entrepreneur Characteristics .....	34
2.4.5. Entrepreneurial Culture .....	36
2.4.6. Performance of Youth led MSEs .....	40
2.5. Critique of Existing Literature .....	42
2.6. Summary .....	43
2.7. Research Gaps .....	44
<b>CHAPTER THREE .....</b>	<b>47</b>
<b>RESEARCH METHODOLOGY .....</b>	<b>47</b>
3.1. Introduction .....	47
3.2. Research Design.....	47
3.3. Population .....	47
3.4. Sampling Frame .....	47
3.5. Sample and Sampling Technique.....	48

3.5.1. Sample Size Determination.....	48
3.5.2. Sampling Technique.....	49
3.6. Research Instrument.....	50
3.6.1. Instrument .....	50
3.6.2. Measurement of Variables .....	51
3.7. Data Collection Procedure .....	53
3.8. Pilot Test .....	53
3.8.1. Reliability of Research Instrument.....	53
3.8.2. Validity of the Research Instrument .....	54
3.9. Data Processing and Analysis .....	54
<b>CHAPTER FOUR.....</b>	<b>57</b>
<b>RESEARCH FINDINGS AND DISCUSSION.....</b>	<b>57</b>
4.1. Introduction .....	57
4.1.1. Response Rate .....	57
4.1.2. Reliability.....	58
4.1.3. Outlier Tests .....	59
4.1.4. Tests of Normality.....	60
4.2. Performance .....	60
4.3. Marketing Strategies and Performance .....	66
4.3.1. Empirical Findings on Marketing Strategies.....	66
4.3.2. Analysis on Interaction Between Marketing Strategies and Performance.....	70
4.4. Resources and Performance .....	72
4.4.1. Empirical Findings on Resources.....	72
4.4.2. Analysis on the Interaction Between Resources and Performance.....	77
4.5. Firm Characteristics and Performance .....	80
4.5.1. Empirical Findings on Firm Characteristics .....	80
4.5.2. Analysis on the Interaction between Firm Characteristics and Performance .....	85
4.6. Entrepreneur Characteristics and Performance .....	87

4.6.1. Empirical Findings on Entrepreneur Characteristics .....	87
4.6.2. Analysis on the Interaction between Entrepreneur Characteristics and Performance .....	91
4.7. Moderating Influence of Entrepreneurial Culture on Marketing Strategies, Resources, Firm Characteristics and Entrepreneur Characteristics on Performance and Performance .....	93
4.7.1. Empirical Findings on Moderating Influence of Entrepreneurial Culture on Marketing Strategies, Resources, Entrepreneur Characteristics and Firm Characteristics on Performance.....	93
4.7.2. Combined Influence of Marketing Strategies, Resources, Entrepreneur Characteristics and Firm Characteristics on Performance .....	98
4.7.3. Analysis on the Moderating Influence of Entrepreneurial Culture on Marketing Strategies, Resources, Firm Characteristics and Entrepreneur Characteristics on Performance .....	100
<b>CHAPTER FIVE.....</b>	<b>103</b>
<b>SUMMARY, CONCLUSIONS AND RECOMMENDATIONS .....</b>	<b>103</b>
5.1. Introduction .....	103
5.2. Summary .....	103
5.3. Conclusions .....	109
5.4. Recommendations .....	111
5.5. Suggestions for Further Study.....	113
<b>REFERENCES .....</b>	<b>115</b>
<b>APPENDICES .....</b>	<b>131</b>



## LIST OF TABLES

<b>Table 3.1:</b> Sampling Frame .....	48
<b>Table 3.2:</b> Summary Of Respondents Per Constituency .....	50
<b>Table 3.3:</b> Operationalization Of Study Variables .....	52
<b>Table 4.1:</b> Response Rate .....	57
<b>Table 4.2:</b> Area Of Operation.....	58
<b>Table 4.3:</b> Reliability Coefficients .....	59
<b>Table 4.4:</b> Tests Of Normality .....	60
<b>Table 4.5:</b> Firms Total Number Of Fulltime Employees For 2011-2014 .....	64
<b>Table 4.6:</b> Coefficient Table For Marketing Strategy And Performance Of Agribusiness.....	70
<b>Table 4.7:</b> Model Summary For Marketing Strategy And Performance Of Agribusiness.....	71
<b>Table 4.8:</b> Correlations Between Marketing Strategy And Performance.....	71
<b>Table 4.9:</b> Anova For Marketing Strategy And Performance Of Agribusiness .....	71
<b>Table 4.10:</b> Coefficient Table For Resources And Performance Of Agribusiness	77
<b>Table 4.11:</b> Model Summary For Resources And Performance Of Agribusiness ....	78
<b>Table 4.12:</b> Correlations Between Resources And Performance .....	78
<b>Table 4.13:</b> Anova For Resources And Performance Of Agribusiness.....	79
<b>Table 4.14:</b> Summary Of Number Of Employees In The Business At Different Levels.....	82
<b>Table 4.15:</b> Reasons For Venturing Into The Current Business .....	84
<b>Table 4.16:</b> Coefficient Table For Firm Characteristics And Performance Of Agribusiness.....	85

<b>Table 4.17:</b> Model Summary For Firm Characteristics And Performance Of Agribusiness.....	85
<b>Table 4.18:</b> Correlations Between Firm Characteristics And Performance .....	86
<b>Table 4.19:</b> Anova For Firm Characteristics And Performance Of Agribusiness ....	86
<b>Table 4.20:</b> Coefficient Table For Entrepreneur Characteristics And Performance Of Agribusiness.....	91
<b>Table 4.21:</b> Model Summary For Entrepreneur Characteristics And Performance Of Agribusiness.....	92
<b>Table 4.22:</b> Correlations Between Entrepreneur Characteristics And Performance .	92
<b>Table 4.23:</b> Anova For Entrepreneur Characteristics And Performance Of Agribusiness.....	93
<b>Table 4.24:</b> Regression Coefficients For Marketing Strategies, Resources, Entrepreneur Characteristics And Firm Characteristics .....	99
<b>Table 4.25:</b> Model Summary For The Combined Influence Of Marketing Strategies, Resources, Entrepreneur Characteristics And Firm Characteristics On Performance .....	99
<b>Table 4.26:</b> Anova For Marketing Strategies, Resources, Entrepreneur Characteristics And Firm Characteristics On Performance .....	100
<b>Table 4.27:</b> Coefficients .....	101
<b>Table 4.28:</b> Model Summary For The Moderating Influence Of Entrepreneurial Culture On Marketing Strategies, Resources, Firm Characteristics And Entrepreneur Characteristics On Performance .....	101
<b>Table 4.29:</b> Anova For The Moderating Influence Of Entrepreneurial Culture On Marketing Strategies, Resources, Firm Characteristics And Entrepreneur Characteristics On Performance .....	102

## LIST OF FIGURES

<b>Figure 2.1:</b> Conceptual Framework .....	19
<b>Figure 4.2:</b> Firms Sales Volume from 2011-2014 in Thousands .....	62
<b>Figure 4.3:</b> Firms Cost of Sales from 2011-2014 in Thousands .....	63
<b>Figure 4.4:</b> Comparison of Sales, Profits and Cost of Sales .....	64
<b>Figure 4.5:</b> Average Number of Employees from 2011-2014 .....	65
<b>Figure 4.6:</b> Information on How and Where to Market Products .....	67
<b>Figure 4.7:</b> How to Inform Potential Customers about the Products .....	68
<b>Figure 4.8:</b> Challenges Faced in Marketing Products .....	69
<b>Figure 4.9:</b> Banking Institutions in which the Farmers Have Opened an Account ..	74
<b>Figure 4.10:</b> Preferred Source of Financing the Business.....	75
<b>Figure 4.11:</b> Improvement Made to the Business with the Finances Accessed .....	76
<b>Figure 4.12:</b> Legal Form of Ownership of the Business .....	81
<b>Figure 4.13:</b> Activities Carried out in the Business .....	82
<b>Figure 4.14:</b> Age of Respondents.....	88
<b>Figure 4.15:</b> Gender of the Respondents.....	89
<b>Figure 4.16:</b> Level of Education .....	90
<b>Figure 4.17:</b> Abandoning the Business in Favor of a Job .....	94
<b>Figure 4.18:</b> Level of Entrepreneurial Culture.....	95
<b>Figure 4.19:</b> Challenges Faced when Running the Business. ....	97

## LIST OF APPENDICES

<b>Appendix i:</b> Introduction Letter .....	131
<b>Appendix ii:</b> Questionnaire .....	132
<b>Appendix iii:</b> Schwartz Value Survey.....	139
<b>Appendix iv:</b> Xiang's Constructs Of Attitude Based On The Individual:.....	140

## **LIST OF ABBREVIATIONS AND ACRONYMS**

<b>EO</b>	Entrepreneurial Orientation
<b>F-SME</b>	Financial Small and Medium Enterprises
<b>GDP</b>	Gross Domestic Product
<b>G O K</b>	Government of Kenya
<b>I L O</b>	International Labor Organization.
<b>MPNDV2030</b>	Ministry of Planning, National Development & Vision 2030
<b>MSEs</b>	Micro and Small Enterprises
<b>MSMEs</b>	Micro, Small and Medium Enterprises
<b>SMEs</b>	Small and Medium Enterprises
<b>SPSS</b>	Statistical Package for Social Sciences
<b>YLEs</b>	Youth led Enterprises

## DEFINITION OF TERMS

<b>Agribusiness</b>	The collective business activities that are performed from farm to fork. It covers the supply of agricultural inputs, the production and transformation of agricultural products and their distribution to final consumers. Agribusiness is one of the main generators of employment and income worldwide (FAO, 2014).
<b>Attitudes</b>	Dispositions toward certain objects and situations (Connor & Becker, 2003).
<b>Entrepreneurial Culture</b>	A conglomeration of values, beliefs and attitudes that are identical in a particular society, which has the propensity to drive entrepreneurial inclination of that society both at the micro (individual) and macro levels (Gibb, 1996).
<b>Entrepreneurial Marketing Strategies</b>	Innovative strategies such as the Internet, mobile marketing or people – word of mouth, or use of classical channels in an innovative way, with new content (Jovanov & Conevska, 2011).
<b>E-marketing</b>	Online marketing whether via websites, online ads, opt-in email, interactive kiosks, interactive TV or mobiles (Chaffey & Smith, 2008).
<b>Firm Characteristics</b>	Include size, age and ownership. The size reflects how large an enterprise is in infrastructure and employment terms (McMahon, 2001).
<b>Firm Performance</b>	Comprises the actual output or results of a firm as measured against its intended outputs (or goals and objectives). It is the concept of measuring the output of a particular process or procedure, then modifying the process or procedure to increase the output, increase efficiency, or increase the effectiveness of the process or procedure. (Barsky, 2000).
<b>Marketing</b>	The social process by which individuals and groups obtain what they need and want through creating and exchanging products and

value with others. (Kotler & Armstrong, 2012).

<b>Marketing Strategies</b>	Include all basic, short-term, and long-term activities in the field of marketing that deal with the analysis of the strategic initial situation of a company and the formulation, evaluation and selection of market oriented strategies and therefore contribute to the goals of the company and its marketing objectives (Jovanov & Conevska, 2011).
<b>Resources</b>	Can be classified in financial and non financial terms. Financial resources include cash and access to credit facilities while non financial resources include time and human-based resources such as knowledge, experience, skill, and commitment of a firm's employees and social relationships (Moorthy <i>et.al</i> , 2012).
<b>Traditional Marketing Strategies</b>	Classical strategies such as print, television and radio with common place text and images in reaction to a competitor's campaign (Jovanov & Conevska, 2011).
<b>Values</b>	From a traditional perspective, values can be understood as basic criteria that people use to evaluate other people, their actions, and what should happen in a society (Rokeach, 1973).
<b>Viral marketing</b>	The act of propagating marketing messages through the help and cooperation from individual consumers (Thompkins, 2012).
<b>Website</b>	An infinite number of web pages connected by a common theme or purpose (Reynolds, 2004).
<b>Youth</b>	The United Nations, for statistical purposes, defines 'youth', as those persons between the ages of 15 and 24 years, without prejudice to other definitions by Member States (UN, 1995). The constitutional definition of youth includes those age between 18 and 35 years old. The sense of this definition is that it runs from the earliest acceptable school leaving age to the age at which most people have completed third level education; the transition between education and the labor market. (KNBS, 2010).

**Youth led  
MSEs**

Enterprises started, owned and operated by persons between the youth age bracket (18 to 35 years). They are small and are usually characterized by low capital due to inadequate sources of funds. Their major investment in technology is training (GOK, 2006).



## ABSTRACT

Micro and Small Enterprises (MSEs) play an important economic role among the youth in Kenya. However, these MSEs face a mixture of success and failure with past statistics indicating that three out five fail within the first few months of operation, despite the Government's effort to promote the sector. The purpose of the study was to determine the influence of marketing, resources, firm characteristics and entrepreneur characteristics on the performance of Youth led MSE's in the agribusiness sector in Kenya and investigate whether entrepreneurial culture moderates the relationship between these factors and performance. The study targeted a population of 354 youth led micro and small agribusinesses in Kiambu county. Due to dwindling availability of formal jobs in the county, most of the youth have reverted to self employment and engage in agricultural activities for their livelihoods. The sample was decided on the basis of the multi stage sampling technique where in the first stage, purposive sampling was used to select Kiambu county due to its rich agricultural background. The county was then stratified according to the 12 administrative constituencies that divide the county. A random sample of 246 Micro and small agribusinesses led by youth in Kiambu county were drawn from each of the strata. The research design used followed a cross sectional survey strategy combining both qualitative and quantitative research approaches. Qualitative and quantitative data was collected through the use of questionnaires consisting of open ended and closed ended questions. The questionnaires were delivered to the respondents personally by research assistants who waited for the questionnaire to be filled. Data analysis was done using Statistical Package for Social Sciences (SPSS) version 24. Linear regression and correlation analysis was performed in order to answer the research questions and meet the research objectives. From the results, the presence of entrepreneurial culture was found to be evident from the fact that majority of the respondents exhibited strong entrepreneurial characteristics such as self direction, self esteem, self confidence, ability to deal with failure and a high inclination towards achievement. Entrepreneurial culture clearly manifested itself in the marketing strategies used with a majority of the youth staying away from the more traditional marketing strategies and taking up more entrepreneurial methods such as networking with friends and family as well as the social media platform to push their products and thus improve the performance of their enterprises in terms of sales volume and profits, with a slight growth in employee numbers. Additionally, the young farmers were able to tackle the perennial problem of lack of access to finances by ploughing back profits in to their enterprises and relying on savings and loans from family members to expand their enterprises. The study concluded that the youth, the government and the society need to put in more effort in changing the attitude that the youth have towards entrepreneurship so that we have many more youth taking it up as a first choice and not as a last choice. The MSEs need to come up with more innovative products and methods of production if they are to survive in this cut throat business environment. Additionally, the MSEs should look in to value addition, especially in the end products so as to be more profitable in their ventures. From the findings of the study, it came out clearly that there are other factors that affect the performance of these agribusinesses such as change in climatic conditions, outbreak of diseases, high cost of farm inputs and inadequate infrastructure and poor road networks. The study recommends that the government needs to ensure that farmers are able to easily access farming advice through officers actually visiting these farms in order to help improve the quality and quantity of production.

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1. Background of the Study**

Micro and Small Enterprises (MSEs) are viewed as a key driver of economic and social development in the African context. They represent a large number of businesses in a country, generate much wealth and employment and are widely considered to be vital to a country's competitiveness. Micro and Small Enterprises are hailed for their pivotal role in promoting grassroots economic growth and equitable sustainable development. The contribution of SMEs to the economies of the countries where they operate is very significant in terms of GDP and employment generated (Pelham, 2000).

The African, youths face several challenges including civil wars, ethnic strife, environmental disasters and unemployment being major (Chigunta, 2002). Most countries have come up with papers and policy documents to address their respective youth situation. In Tanzania, the youth policy was formulated to address engagement of youths in productive sectors of the economy, enable multi-sectoral engagement of the youth in development, reiterate rights of youths and address issues of youth discrimination in public matters (United Republic of Tanzania, 1996).

In Kenya, the small business sector has both the potential and the historic task of bringing millions of people from the survivalist level including the informal economy to the mainstream economy. Recognizing the critical role small businesses play in the Kenyan economy, the Government through Kenya Vision 2030 envisages the strengthening of MSEs to become the key industries of tomorrow by improving their productivity and innovation (MPNDV 2030, 2007).

Agriculture is the most important economic sector in Kenya and contributes 24% of GDP directly and another 27% indirectly. The sector's indirect contribution is primarily achieved through linkages with manufacturing, distribution and service related sectors.

One third of Kenya's agricultural production is exported, which corresponds to 65% of the country's total export. The sector accounts for 18% of total formal employment, and more than 5 million smallholder farmers are engaged in various agricultural related activities (KNBS, 2010).

Vision 2030 prioritizes: Modernizing agriculture; Improving productivity and competitiveness of the agricultural sector; increasing the annual budget to the agricultural sector; increasing effectiveness of extension services; reducing the cost of inputs; improving access to credit; proper implementation of the land policy; improving the business environment; creating more jobs for youth; ensuring affordable credit for youth and women enterprises; promoting equitable resource distribution through devolution; provision of water for irrigation and strengthening Medium and Small Enterprises (MPNDV 2030, 2007).

Through Vision 2030, the Government seeks to increase the value in agribusiness by raising incomes in agriculture, livestock and fisheries by processing and thereby adding value to her products before they reach the market. This is to be done in a manner that will enable producers to compete with the best in other parts of the world. This will be done through an innovative, commercially oriented and modern agriculture, livestock and fisheries sector. These interventions are expected to generate an additional Ksh.80-90 billion increase in GDP, mainly through transforming key institutions in agriculture and livestock to promote household and private sector agricultural growth; increased productivity of crops and livestock and by improving market access to small holders through better marketing strategies (MPNDV 2030, 2007).

The small enterprises play an important role in the Kenyan Economy. According to the Economic Survey carried out in 2006, the sector contributed over 50 percent of new jobs created in the year 2005. Despite their significance, past statistics indicate that three out of five businesses fail within the first few months of operation (Kenya National Bureau of Statistics, 2007). While little evidence exists that these small firms grow into

medium-size firms (employing 50 to 100 workers), many of these small firms have the potential to grow and add one to five employees (Fadahunsi, 2012).

In most of the literature, entrepreneurial behavior is attributed to MSE's. This is because entrepreneurial activity entails innovation, risk-taking and proactive performances (Stokes, 2000), and since MSEs face numerous constraints due to unavailability of enough resources, their activities are infused with more risk-taking and a higher level of innovativeness, to the effect that entrepreneurial activities can be observed mostly in the small and medium enterprises (Stokes & Spring, 2000).

The communities that dominate in business success have a strong entrepreneurial cultural background. Examples are the Asian communities and the Kikuyu in Kenya. Culture is seen as consisting of a set of values, attitudes and beliefs that support the existence in the community of independent entrepreneurial behaviour in the business context (Gibb, 1988). As articulated in government policy documents, a critical constraint in the performance of the MSE sector in Kenya has been lack of entrepreneurial culture. The presence of an entrepreneurial culture provides an environment that prepares the community as a whole to take advantage of available opportunities in the society. It also provides support for entrepreneurs at all levels of development to realize their potential, regardless of gender, colour of race (Kibe, 2013).

### **Micro and Small Enterprises and the Youth**

According to the National MSE baseline survey (1999), the promotion of MSE products through facilities such as the electronic media print media trade exhibitions posters/ fliers/ brochures, and private or public marketing bodies was found to be minimal. Almost half (49.2%) said that they had not done anything to promote their products/services while 42.2% said that the quality of their services and products as well as customer satisfaction was the main method of promotion of their goods and services. However, there is some evidence that the role and relevance of marketing in MSEs depends on certain differences in marketing activities and on the organization for marketing within these companies (Simpson et al., 2006). Being good at marketing is a

key internal management skill that differentiates between surviving and failing firms (Stokes, 2000).

According to the *National MSE Baseline Survey (1999)*, marketing of MSE products as well as problems involving access to finance constitute the most dominant and severe problems facing most MSEs surveyed in 1999. More than one-third (34.1%) of the enterprise entrepreneurs cited difficulties arising from market saturation or low demand for products. Further analysis shows that market-related problems are most severe in urban settings (61.5%) while 38.5% of the rural MSEs cited the problem.

Small enterprise owners / managers tend to view marketing as a method to attract new business by employing tactics to attract new customers (Stokes & Wilson, 2006). Therefore, entrepreneurs are not in essence predisposed to adopting the classical view of marketing, especially within the format employed by large companies. Small firms need to utilize a type of marketing that is unique to them (Carson *et. al.*, 1995; Mackintosh & Tynan, 1994). Small firms are blighted by limitations which in turn can adversely affect their marketing competency. It is argued that their products and services will have minimal or limited impact in the market place. Although on a more positive note, some smaller firms can as a result of insightful planning succeed in achieving a substantial level of market penetration (Carson, 1993).

In spite of the increasing recognition of entrepreneurship as a source of job creation, empowerment and economic dynamism in a rapidly globalizing world, there has been little attempt to look at it from a youth angle. The tendency has been either to subsume the youth into the general adult population or to ignore their efforts to forge a livelihood through enterprise activities. This has resulted in the lack of an adequate understanding of the potential benefits of youth entrepreneurship as a means of improving youth livelihoods (Chigunta, 2002).

Young people form the basis of a society's future. They represent inevitable transition between the children and the old (Chigunta, 2002). Analysing the age factor further by age groups it is observed that most (83%) of the entrepreneurs are in the age bracket 16

to 45 years. However the age of the entrepreneur could have a bearing on the dynamism of the enterprise as age has a bearing on experience, health and drive of the entrepreneur (National MSE baseline survey, 1999).

The youth in Kenya account for about 32% of the population and form 60% of the total labour force. However, many of them have not been absorbed in the job market owing to the country's high unemployment level (KNBS, 2010). Youth are innovative, enthusiastic, vibrant and optimistic. If given a chance, they are capable of transferring their acquired technologies into business enterprises and drive Kenya towards achieving its vision 2030.

Efforts to initiate youth led MSEs were formally made through creation of policy documents such as Sessional Paper No. 2 of 1992 on Small Scale and Jua kali enterprise, the 1997 – 2001 Development Plans, the National Poverty Eradication Plan of 1999 – 2015 and the Sessional Paper No. 1 of 2005 on Education Training and Research. Consequently, entrepreneurship training was made compulsory for youth undergoing training in all courses offered at tertiary institutions as well as in national universities with a hope that after the training, these youth will opt for self employment through starting own enterprises. Youth fund was subsequently launched to give youth the seed capital required to start their MSE's. Youth are also informally engaging in their own MSEs as a way of earning a living throughout the country. (GOK, 2004) as cited by (Kithae, 2012).

### **Kiambu County**

Kiambu County is one of the 47 counties in the Republic of Kenya. It is located in the central region and covers a total area of 2,543.5 Km<sup>2</sup> with 476.3 Km<sup>2</sup> under forest cover according to the 2009 Kenya Population and Housing Census. The county is covered by three broad categories of soils which are: high level upland soils, plateau soils and volcanic footbridges soils. These soils are of varying fertility levels and are conducive for livestock keeping and growth of various cash crops and food crops such as tea, coffee, horticultural products, pyrethrum, vegetables, maize, beans, peas and potatoes.

Agriculture is the predominant economic activity in the county and contributes 17.4 per cent of the county's population income. It is the leading sub sector in terms of employment, food security, income earnings and overall contribution to the socio-economic well being of the people. Majority of the people in the county depend on the sub sector for their livelihood, with 304,449 directly or indirectly employed in the sector. Coffee and tea are the main cash crops in the county. The main food crops grown in the county are maize, beans, pineapples and irish potatoes. These are mainly grown in small scale in the upper highlands of Limuru, Kikuyu, Gatundu North and South Constituencies. With the increased population growth, there has been continuous decrease in average farm sizes. Currently the average farm size under small scale farming is 0.36 Ha and 69.5 Ha under large scale farming. The areas with small land holdings are mostly found in the upper parts of Gatundu North, Gatundu South, Kiambaa, Limuru and Kikuyu constituencies.

The county has a total of 2,517 trading centres with 6,634 registered retail traders and 750 registered wholesale traders. There are also a number of urban centres with the largest being Thika Town which is one of the largest industrial towns in the country. Other urban centres include Kiambu in Kiambu Sub county, Karuri in Kiambaa sub county, Kikuyu in Kikuyu sub county, Limuru in Limuru Sub County Gatundu in Gatundu South sub county and Ruiru in Ruiru Sub County. Due to dwindling availability of formal jobs in the county, most of the people have reverted to self employment which contributes to 31 per cent of households' income in the county. In rural areas, 157,473 persons are self employed whereby they engage in agricultural activities for their livelihoods. On the other hand 384,935 of the persons in urban centres are self employed, having set up businesses and small scale industries.

## **1.2. Statement of the Problem**

Small enterprises world over face numerous challenges in their bid to grow (Schaper & Volery, 2004). This growth is characterized by the enterprise size (turnover, added value, volume), the profitability of the company and the value of the company (Lee &

Giorgis, 2004; Ravenscraft, 1983; Samiee & Peters, 1990; Ural & Acaravci, 2006). However, this is not achievable due to the numerous challenges they face as categorized in to four main functional areas – finance (Stokes & Spring, 2000), marketing (William et al., 2005), production (Wiklund, 1999) and personnel. These problems may eventually lead to low performance of the business (Beaver, 2003). This is evidenced by the fact that 40 per cent of new business ventures fail in their first year, 60 per cent in their second year, and 90 per cent in their first ten years of existence (Radipere & Van Scheer, 2005).

Some of the challenges that have been attributed to youth led enterprises in the agribusiness sector include identification of business opportunities, firm characteristics, entrepreneur characteristics, negative attitude towards MSE's (Amyx, 2005) resources and poor marketing (Longenecker et al., 2006). Challenges that face Kenyan youths include slow rate of absorption into the labour force hence unemployment, low level representation in decision making, limited access to higher education, political manipulation (through forming criminal gang's) and inability to access investment capital (Mbatia & Mbugua, 2012).

MSE's play an important economic role among the youth in Kenya. Like the rest of the world, the Kenyan government has now embraced youth entrepreneurship development through formulation of policies favorable to development of small enterprises, particularly in the recent years. Such efforts included development of the youth enterprise fund in 2007 promoting Youth-owned Micro and Small Enterprise projects, promoting thriftiness and self-reliance among the youth, promoting, an entrepreneurial culture among the youth, and promoting marketing of Youth Products and Services (The national youth policy, 2007). Most recently, it launched the women enterprise fund and the Uwezo Fund in 2014. Despite these efforts, problems still face potential young entrepreneurs with recent statistics showing that three out of five MSEs in Kenya fail within the first few months of operation (Kenya National Bureau of Statistics, 2013).



As highlighted by Okeyo, (2009) and Schaper and Volery, (2004) in their studies, youth led MSE's, especially those in the agribusiness sector have to brace themselves with marketing, resources, firm and entrepreneur issues. The authors identify inadequate marketing strategies resources, firm and entrepreneur characteristics and the influence of entrepreneurship (culture) as major gaps for performance in the subsector. This is particularly of great importance since their performance is influenced by the above unique characteristics, more so when moderated by the entrepreneurial culture, and thus the purpose for this study.

### **1.3. Objectives**

#### **1.3.1. General Objective**

To investigate the determinants of performance of youth led Micro and Small Agribusinesses in Kenya.

#### **1.3.2. Specific Objectives**

The specific objectives of the study were:

1. To determine the influence of marketing strategies on performance of youth led micro and small agribusinesses in Kenya.
2. To determine the influence of resources on performance of youth led micro and small agribusinesses in Kenya.
3. To determine the influence of firm characteristics on performance of youth led micro and small agribusinesses in Kenya.
4. To determine the influence of entrepreneur characteristics on performance of youth led micro and small agribusinesses in Kenya.

5. To determine the moderating influence of entrepreneurial culture on marketing strategies, resources, firm characteristics and entrepreneur characteristics on performance of youth led micro and small agribusinesses in Kenya.

### **1.5. Research Hypotheses**

The following hypotheses were tested:

H<sub>A1</sub>: There is an influence of marketing strategies on performance of youth led micro and small agribusinesses in Kenya.

H<sub>A2</sub>: There is an influence of resources on performance of youth led micro and small agribusinesses in Kenya.

H<sub>A3</sub>: There is an influence of firm characteristics on performance of youth led micro and small agribusinesses in Kenya.

H<sub>A4</sub>: There is an influence of entrepreneur characteristics on performance of youth led micro and small agribusinesses in Kenya.

H<sub>A5</sub>: There is a moderating influence of entrepreneurial culture on marketing strategies, resources, firm characteristics and entrepreneur characteristics on performance of youth led micro and small agribusinesses in Kenya.

### **1.6. Justification**

Micro and Small Enterprises in the agribusiness sector have been recognized worldwide for their role in stimulating economic growth, creating jobs, alleviating poverty and uplifting living standards, (Kiveu & Ofafa, 2013). The sector is an efficient producer that constitutes an important dynamic force in the economy as it requires little capital and is labor intensive. Youths in Kenya are expected to be the major players in the sector as they are energetic, ready to work, educated but idle due to high unemployment levels in the country (GOK, 2006). However, studies have shown that 80% of these enterprises fail within their first three years after start up due to various factors, some marketing,

resource, firm and entrepreneur related (GOK, 2001). Likewise, few studies have been done on Kenyan youths relating to the factors that affect the performance of their agribusiness enterprises, especially while moderated by entrepreneurial culture.

Youth currently running agribusiness ventures are expected to benefit from the study by learning the importance of marketing and specifically the types of marketing that they have to choose from and which ones are most suitable to boost the performance of their enterprises. In terms of financial resources, some entrepreneurs get their startup capital from financial institutions. One of the key factors these institutions assess is the sustainability of the venture, to ensure that they get back the money they have lent to the entrepreneur. The research gives financial institutions an idea of how much risk they are taking on in lending to entrepreneurs, especially the youth.

The study adds to the general body of knowledge on entrepreneurial ventures and provide ideas for further study. It will be of interest to researchers and academicians who seek to know whether and how entrepreneurial ventures in Kenya tackle the issue of marketing for the sustainability of their business ventures.

### **1.7. Scope of the Study**

The study targeted the Youth led Micro and Small enterprises in the agribusiness sector in Kiambu County in Kenya. This group was chosen specifically due to the fact that the Government has been encouraging the Kenyan youths to take up entrepreneurship and start their own ventures as a mode of economic development and empowerment. Focus was on the agribusiness sector as agriculture is very important to Kenya as it is one of the key drivers of the economy and its sustainability and prosperity will bring about a more developed and thriving economy. The study targeted Kiambu county due to its rich productivity in agriculture and its proximity to the market. Agriculture is the predominant economic activity in the county and contributes 17.4 per cent of the county's population income. It is the leading sub-sector in terms of employment, food security, income earnings and overall contribution to the socio-economic well being of the people. Majority of the people in the county depend on the sub-sector for their

livelihood, with 304,449 directly or indirectly employed in the sector. Coffee and tea are the main cash crops in the county. The main food crops grown in the county are maize, beans, pineapples and irish potatoes. These are mainly grown in small scale in the upper highlands of Limuru, Kikuyu, Gatundu North and South Constituencies.

### **1.8. Limitations of the Study**

The collection of data involved going to the field to engage the farmers at their premises and on their farms. Some of these farms were located in the interior thus posing a challenge in terms of the terrain which was difficult to access due to poor road networks and tough weather conditions. This was mitigated through the use of boda boda riders in the deep and hard to access interior areas.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1. Introduction**

This chapter looks in to the effect of entrepreneurial culture and marketing on the performance of youth led Micro and Small Enterprises in the agribusiness sector in Kenya. This section expounds on the theoretical framework in terms of theories on entrepreneurial culture, the conceptual framework in terms of the dependent, independent and moderating variables, critique of existing literature, summary and research gaps.

#### **2.2. Theoretical Framework**

This section reviews entrepreneurship theories that touch on entrepreneurial culture and give an insight as to how and why individuals become entrepreneurial. the theories discussed include:

- a. Cultural Theory of Entrepreneurship
- b. Sociological Theory of Entrepreneurship
- c. Push Pull Theory of Entrepreneurship
- d. Marketing, Entrepreneurial Culture and factors of Performance

##### **2.2.1. Cultural Theory of Entrepreneurship**

The study touched on the Cultural Theory of Entrepreneurship in terms of how the social circles they are involved in and their family ties and savings can encourage individuals to be more entrepreneurial in their current ventures. According to the Cultural Theory suggested by Hoselitz (1964), cultural characteristics such as work ethnics, family ties, social values, savings and religious beliefs can partially explain the orientation of people towards entrepreneurship. He formulated his social-cultural theory on the assumption that certain persons are endowed with creative power in any cultural or social group and they develop different attitudes while practicing social conduct.

Hoselitz (1964) argued that entrepreneurship can develop in a society when its culture permits a variety of choices and where social processes are not rigid and in a situation which encourages the development of personalities interested in enterprise the suggested that culturally marginal groups promote entrepreneurship and economic development. Such groups, because of their ambiguous position are peculiarly suited to make creative adjustments and there by develop genuine innovations. In several countries, enterprisers have emerged from particular socio-economic classes. History reveals that many leading entrepreneurs have emerged from a particular socio-economic class.

Thus in any society, favorable social valuations of the entrepreneurial role are necessary to ensure the appearance of entrepreneurs. One may argue that lack of enough entrepreneurship in African countries or among certain ethnic groups in these countries results from the absence of such favorable social valuations. It has been argued that government action can have an even better influence than social attitudes on the character of entrepreneurship (Bwisa, 2011; Mungai & Ogot, 2012).

### **2.2.2. Sociological Theory of Entrepreneurship**

This theory touches on how the society and its values affect the development of entrepreneurs and the level of entrepreneurship practice within a particular setting. According to sociological approach, social institutions, cultural attitude, family background, practices and values play an important role in shaping and developing a future entrepreneur (Cochran, 1971). The key elements in Thomas Cochran's theory are: cultural values, role expectations and social sections. In his theory on the process of economic development, entrepreneurs are not seen as being deviant or super normal individuals, but rather as representing the society's model personality. Prevailing child-rearing practices and schooling common in a given culture, mold this model personality.

The performance of a businessman, according to him, is generally be influenced by three factors: His own attitude towards his occupation, the role expectations held by sanctioning groups and the operational requirements of the job. The determinants for the first two factors are the society's values. Changes over time in such variables as

population, technology and institutional drift will impinge on the role structure by creating new operational needs. He tried to demonstrate the dynamics of his entrepreneurial model by selecting instances from the American economic history.

The sociological theories level of analysis is traditionally the society (Landstrom, 1998). There are several social contexts that relate to entrepreneurial opportunity. One of them is social networks. Here, the focus is on building social relationships and bonds that promote trust and not opportunism. In other words, the entrepreneur should not take undue advantage of people to be successful; rather success comes as a result of keeping faith with the people (Reynolds, 1991).

The literature on sociological theories shows that stronger social ties to resource providers facilitate the acquisition of resources and enhance the probability of opportunity exploitation. It is important for nascent founders to have access to entrepreneurs in their social network, as the competence these people have represents a kind of cultural capital that nascent ventures can draw upon in order to detect opportunities (Aldrich & Cliff, 2003 ; Gartner et al, 2004 ; Kim, Aldrich & Keister, 2003).

### **2.2.3. Push Pull Theory of Entrepreneurship**

Individuals have various motivations for becoming entrepreneurs. This theory touches on the study in that the youth interviewed had various reasons for venturing in to their agribusinesses, some were influenced by pull factors while others were influenced by push factors. The primary theory development around entrepreneurial motivations has been to classify motivations into categories of push and pull factors (McClelland et al., 2005; Schjoedt & Shaver, 2007; Segal et al., 2005). Push factors are characterised by personal or external factors (including a marriage break-up, or being passed over for promotion), and often have negative connotations. Alternatively, pull factors are those that draw people to start businesses – such as seeing an opportunity. Pull factors have been found to be more prevalent than push factors This is significant because businesses

started by entrepreneurs who experienced push motivations are less likely to perform better than those built upon pull factors (Segal et al., 2005; Shinnar & Young, 2008).

Pull factors are characterized by positive values and spirits such as dream, vision, innovation or opportunity seeking, hence, many scholars refer to this group as opportunity entrepreneurs. On the other hand, the push factors force one in to entrepreneurial undertaking in order to fulfill their necessity needs. (Asfaw et al., 2011).

Entrepreneurs motivated by pull factors are seen to possess the entrepreneurial culture and thus their enterprises tend to have good performance. Pull factors are usually used to indicate opportunities provided by the market and also depend on internal motives. Internal motives such as need for independence, monetary motivation, need for self-realization, high achievement, flexible working time or desire for becoming one's own boss are considered as pull factors (Humbert & Drew, 2010).

External circumstances are considered as entrepreneurship push factors. Negative environmental impacts such as unemployment situation, dissatisfaction in current job or lack of career prospects are key factors that “push” a person into business. (Kirkwood 2009). The push factors are more significant to the youth because unemployment is often higher among the youth than among the majority population. Youth do not enter business as a way of life but rather it is the best opportunity of making a living when life provides few alternatives. In other words, entrepreneurship serves the youth as a means of economic survival and a fast method to social integration ( Habiyakare et al., 2009).

In the context of many youths, lack of access to the labor market and limited opportunities for career advancement may make entrepreneurship a more viable option compared to being a salaried worker. Lack of required skill, knowledge and education are also contributing factors which often limit youth's employment to certain low-paying job. Those factors, therefore, force the youth to engage in the business (Habiyakare et al., 2009).



Therefore, in conclusion, the above reasons for the youth venturing in to business are the same ones that are causing the low performance or failure of their businesses. Entrepreneurial culture and motivation are important factors that drive a business to perform well and succeed in any cut throat environment. Therefore the youth must possess an entrepreneurial culture and be motivated within themselves in order to increase the survival chances of their enterprises and improve their performance.

#### **2.2.4. Marketing, Entrepreneurial Culture and Determinants of Performance**

Based on the push pull theory of entrepreneurship, the explanation of how people become entrepreneurs incorporates factors that are both external to people, such as societal values or similar cultural dimensions and internal, such as an independent / interdependent self-construal or other traits (Hofstede, 1991 & Schwartz, 2004).

The recursive nature of most cultural processes leads to the expectation that behavior reinforces the mechanisms by which culture influences individual level psychological mechanisms. Culture conditions individual perception and cognition by providing sets of values, life expectations, and needs, which affect people's basic sensory perceptions. Culture serves as a source theories about the world and shapes how people attend, think, and react, crafting their life views and philosophies (Kastanakis & Voyer, 2014).

Although all cultures exist for the gratification of groups of people, they reveal a tremendous spectrum of diversity in what a society expects of its members. They are designed to satisfy biological as well as esteem and companionship needs. Since there are variations in needs and marketing opportunities, it follows that an understanding of a people's culture is important to both marketing scholars and practitioners alike. They need to understand culture since it provides approved specific goal objectives for any generalized human want. What is accepted in certain areas may be regarded as taboos in another. (Kastanakis & Voyer, 2014).

Different cultures have different values which affect an individual's way of thinking and behaviors. A value exists mainly at the individual level, but when it is substantially

shared throughout a society, it becomes a cultural value. Knowledge of the socio-cultural sector in terms of cultural values is crucial to marketing, because cultural values influence the behaviors of most individuals in consumption situations. As cultural values shift, so will motives for buying products, and so the firm that fails to recognize this will overlook opportunities for new products or changes necessary in existing ones (Busch & Houston, 1985).

Culture may be viewed as the gateway through which external stimuli are received. Cultural differences account for variations in consumer reactions to several phenomena, including perceptions of advertising. Cultures respond differently to content, form, alternative modes and styles of communications. The nature of the product advertised, and more specifically whether the product is to be shared with others (e.g., a car) or not (e.g., beauty products), affects consumers' propensity to value culture congruent information, i.e., social harmony and conformity in collectivist cultures, uniqueness and self-promotion in individualist cultures. Collectivist cultures evaluate communications using an indirect or implicit style, whereas individualist cultures prefer more direct and explicit styles. People in collectivist cultures value the mood, tone, or aesthetics of advertisements over content (Kastanakis & Voyer, 2014).

Marketing efforts, particularly with respect to promotion, should be focused on and should communicate to the core cultural values that each target market possesses, whether it is individualism, masculinity, power distance, long-term orientation, or some combination of these cultural dimensions. By focusing on these core values, marketing efforts can be leveraged to achieve more rapid consumer adoption of the newly introduced product. The study of these cultural dimensions can give very important information to marketers for the standardization or the adaptation of the promotion mix. Indeed, the behavior of the customers change depending on their cultural dimensions and an adaptation of the promotion mix is in this way needed or not (Dwyer, Mesak, & Hsu, 2005).

Therefore, an individual's culture, shaped by their values and beliefs will influence the type and style of advertising methods that they employ in their ventures. Thus, if an individual's culture taught them or was inclined towards entrepreneurship and being entrepreneurial, then it is more likely that they will employ more entrepreneurial methods in their marketing practices. Entrepreneurs should develop their cultural abilities in order to effectively exploit opportunities and market novel products, concepts and processes. Given the complexity of contemporary markets and society, effectiveness in perceiving opportunities and in exploiting them is related to the ability of entrepreneurs to connect different and distant spheres such as societal trends, culture and technology (Bettiol, DiMaria & Finotto, 2012).

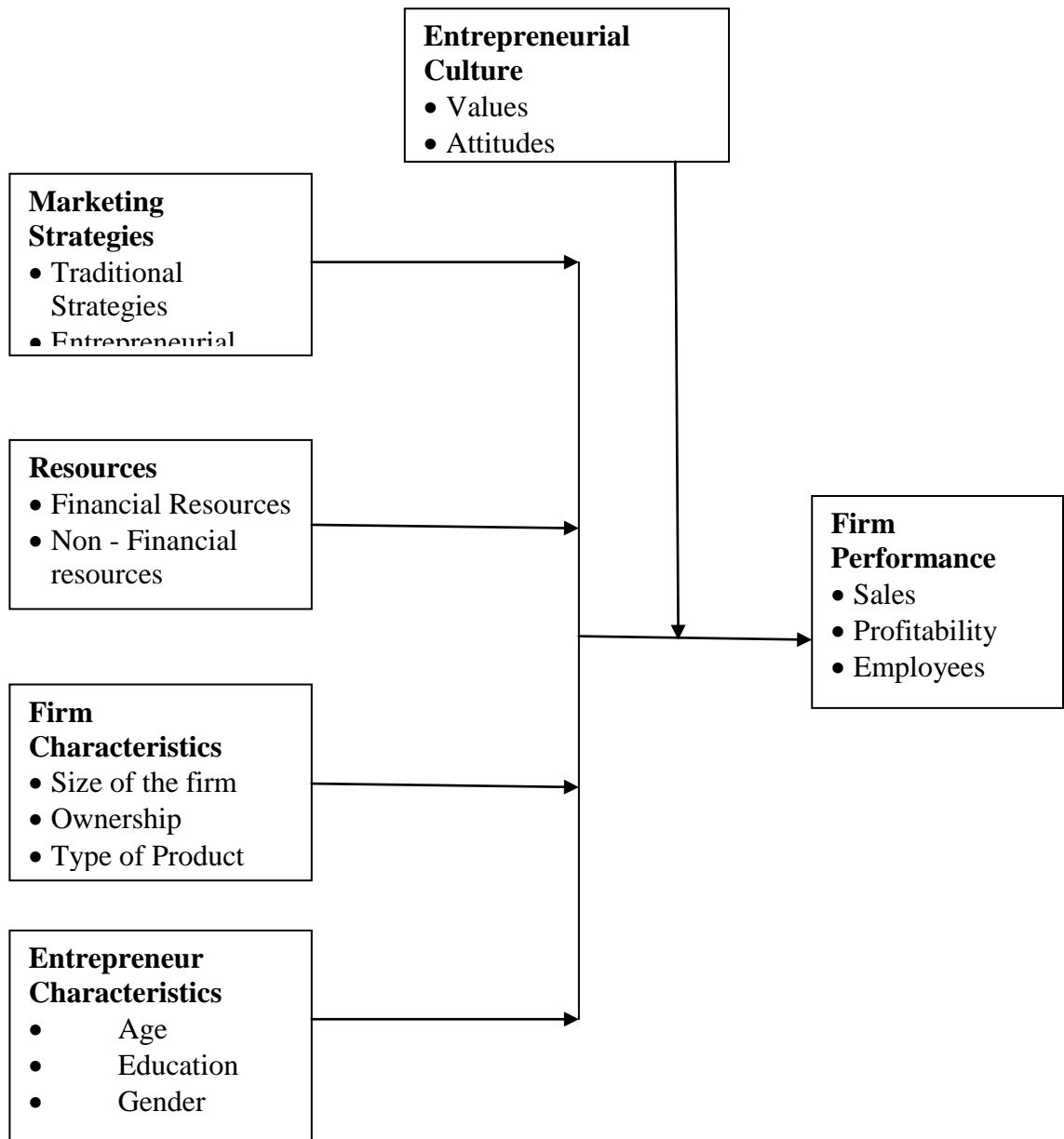
### **2.3. Conceptual Framework**

This consisted of concepts that were placed within a logical and sequential design. The diagram visually represents and interprets the underlying theory, principles and concepts of the research. Shields, Patricia and Rangarjan, (2013) define a conceptual framework as "the way ideas are organized to achieve a research project's purpose". The conceptual framework looked at the following variables:

**Independent variables:** The independent variables that were selected included the following: marketing strategies in terms of traditional and entrepreneurial strategies, resources in terms of financial and non-financial, firm characteristics, in terms of the size of the firm, its ownership and the type of products being produced and the characteristics of the entrepreneur, which include the age of the entrepreneur, gender and the level of education

**Dependent variable:** The reason for having performance as a dependent variable was to examine whether the enterprises that were being started and run by the youth were contributing towards economic development in the country. The measurement of performance of youth enterprises was based on sales, profitability, employees and market share as highlighted by Moorthy *et. al.*, (2012).

**Moderating variable:** The independent variables were moderated by the presence of entrepreneurial culture for enhanced firm performance. The entrepreneurial culture looked in to the values and attitudes of the young entrepreneurs.



**Independent variable**

**Moderating variable**

**Dependent variable**

Figure 2.1: Conceptual Framework

## **2.4. Empirical Review**

The empirical review discussed the variables under the conceptual framework in order to create an understanding and linkage between literature and the findings of the study.

### **2.4.1. Marketing Strategies**

It is indispensable for every business to conduct marketing practices (Arsalan, Naveed & Muhammad, 2011). Executing a proper marketing strategy adds excellence to a firm's activities and strengthens the competitiveness and market share of the firm (Ghouri, Khan, Malik & Razzaq, 2011). Firm performance has been established to directly depend on efficient marketing practices (Andres, Salinas & Vallejo 2009). A comparative study on Ghanaian and Kenyan entrepreneurs found that with respect to advertising, entrepreneurs in both countries rely on word of mouth and free publicity to market their businesses. Only 21% of Ghanaian and 25% of Kenyan entrepreneurs used paid advertising to market their businesses. This is similar to entrepreneurs in other developing countries. Small entrepreneurs are less able to afford advertising even though such advertising might help distinguish their product or service from competitors (Chu, Benzing & McGee, 2007).

For small businesses, success is when customers purchase goods and services which contribute to profits. Small businesses try to provide value services and products and also to develop strong ties with their customers in order that there is customer retention. It is indeed apparent that MSE's adopt the marketing strategy concept. A number of alternative marketing approaches have been introduced over the past years - relationship marketing, one-to-one marketing, real time marketing, viral marketing, digital marketing, radical marketing and buzz marketing. Each of these approaches to marketing is intended to provide a prescription for success in the new environments within which firms must operate (Morris et al., 2002).

Traditionally many marketing approaches concentrate on the marketing mix. However, instead of focusing on the traditional marketing paradigm of the 4Ps (product, price,

place and promotion), or the 7Ps adopted by service marketing (product, price, place, promotion, people, process and physical evidence), entrepreneurs stress the importance of promotion and word-of-mouth, and have identified one of the unique selling points of their business as the nature of their personal contact with customers and therefore, their focus on promotion. (Stokes, 2000).

In promotion, a traditional approach to marketing would be classical communication channels such as print, television and radio with commonplace text and images in reaction to a competitor's campaign, with the own campaign being paid fully by the firm. An entrepreneurial approach to marketing would use innovative communication channels such as the Internet, mobile marketing or people – word of mouth, or use classical channels in an innovative way, with new content, and thus the MSE would be ahead of the competition in doing this (Jovanov & Conevska, 2011).

In this modern cut through competition a firm needs to communicate the features and benefits of the product to current and potential customers after producing, pricing, packaging and placing it at convenient places. Firm use effective marketing mix tools to communicate with customers and get responses from the target audience and formulate or modify its marketing strategies accordingly. The tools of marketing mix which a firm uses are product, price, place and promotion. A firm uses marketing communication also referred as promotion mix tools to reach, inform and persuade the existing and potential customers to buy the wants satisfying product for resale or ultimate consumption. Marketing communication also focuses on preparing the organizational messages effectively, as effectively designed messages influence the behavior of the consumers, which result in improved sales. Marketing communication works as bridge between the seller and customer. The seller uses different promotional tools for reaching the target market, depending on the nature of the product and mental filter of the target audience. These tools are advertising, sales promotion, personal selling and public relations (Kotler, 2011; Arsalan, Naveed & Muhammad, 2011; Kotler & Armstrong, 2012). However, this study focuses on advertising and personal selling as seen below.

## **Advertising**

Firstly, advertising is one of the elements of the promotion mix which is considered prominent in the overall marketing mix. This attribute is as a result of its visibility and pervasiveness in all the other marketing methods. Advertising functions as one of the central tools of marketing communication. It is the best known promotional tool, owing to the fact that it differentiates a brand from its competitors and builds an image of a brand. Advertising interrupts people's activity for a very short time with commercial messages, thus it must be brief, informative and entertaining enough in order to gain consumers' attention and generate interest. However, the impact of traditional advertising has been reduced as a result of change in trustworthiness of advertising messages (Clemons, Barnett & Appadurai, 2007; Kotler & Armstrong, 2012).

Businesses today need customers, therefore a firm's marketing methods plan should be able to reach, attract and retain the right customers with products that meet their wants and needs. The mass media reach out beyond the urban consumer through advertising on television, radio, loudspeaker vans, mobile cinemas and posters. People who have recently entered the monetary economy and start to make decisions about what they will consume are readily susceptible to promotion techniques which have been developed and tested with more sophisticated consumers. These media are expensive and depend on large volume for their justification; the audience is far wider than the tight group that MSE's hope to reach and are able to supply with their products. As a response to this situation, the concept of guerrilla advertising campaign attempts to capture the interest and attention of prospective customers and hold their attention via unusual methods and unexpected means (Yuksekbilgili, 2014).

Advertising has many advantages to marketers such as comparatively reasonable cost than that of other promotional mix elements, targeting large segment of the population, establishing good relationship with potential customers, creating good image and promoting the reiterate purchase of the product or service. (Arsalan, Naveed & Muhammad, 2011; Durmaz, 2011). A study by Aliata *et al.* (2012) established that

advertising has a statistically significant relationship with the performance of national bank of Kenya measured by profits.

Advertising is aimed at educating the customer about the features and value of the product or service and also persuading them to buy the firm's products. Moreover it helps in upholding and improving demand for current product and generating demand for new product and thus results in increasing the firm's sales (Ghouri, Khan, Malik & Razzaq, 2011; Akanbi & Adeyeye, 2011).

### **Personal Selling**

Secondly, personal selling is one of the key and mostly used marketing methods which is used by seller to inform the target audience by demonstration of the product, persuade and establish a long lasting relationship for enhancing the organizational sales. This process requires face to face contact, followed by interaction for the usage of the product, between the customer and seller. Personal selling may be carried out through retail selling, professional selling, business to business selling and direct selling. Companies that effectively engage in personal selling enhance their performance by way of increasing sales of the company's products (Yeshin, 2012).

Personal selling is an important element in today's cut throat competition for satisfying the customers, making them brand loyal and generating profitable sales volume which eventually leads to organizational success. Personal selling is used to ensure the satisfaction of the customer after purchasing the firm's product and provide guidance to taking corrective measures as the seller can see the favorable or unfavorable reaction of the customer and modify the message accordingly and thus it helps seller in establishing long term profitable relationships with customers based on mutual confidence, understanding and trust (Chu, Benzing & McGee, 2007; Andres, Salinas & Vallejo 2009).



## **E- Marketing**

It can be argued that critical aspects of marketing and entrepreneurship are synthesized into a comprehensive conceptualization where marketing becomes a proactive opportunity-focused process that firms can use to act entrepreneurially. Examples of this conceptualization are reflected in alternative perspectives to traditional marketing such as e-marketing, radical marketing, expeditionary marketing, disruptive marketing and networking (Morrish et al., 2010). However, this study focuses on e-marketing and networking as seen below.

MSE's share a collective belief that e-marketing is very important for business performance. Despite this belief, the overall impact of Internet is low, and e-marketing is not used by MSE's to its full capacity (Gilmore et al, 2007). They are limited to certain extent: limited resources (such as finance, time, marketing knowledge); lack of specialist expertise (owner-managers tend to be generalists rather than specialists); and limited impact in the market place. Due to the deficit of time, money and expertise, they often have poorer web presence that is not interactive (Tapp, 2008).

MSEs are not willing to adopt e-marketing communication tools before they see a real tangible advantage, therefore they are very selective in applying online marketing and web-site design. Not everybody is able to proceed successfully as internet technologies have high learning costs. However, obstacles could be overcome by sharing each others knowledge and experiences inside the company, staff training, or employing full time IT specialist to maintain Internet activities in-house (Tapp, 2008). However, some MSE's see the value of online marketing in the enhanced company promotion and improved communications with customers, ability to advertising in more markets with less expense, using e-mail as a marketing tool and decreasing the costs of printing materials such as catalogues and glossy brochures (Gilmore et al, 2007).

The fundamental part of the Internet marketing is to create and maintain an effective online presence through a website. To obtain desired results, a web site has to be designed to meet company's online objectives and be maintained according to the

company's target market (Sweeney, 2008). The Web provides a lot of possibilities for marketers. Before the Web, companies had to buy expensive advertising to attract attention. Direct relationships with consumers were impossible to develop. None of these rules is true anymore. Traditional rules of marketing are not effective in the online world. Through the Web companies can reach niche customers with targeted campaigns, which is less costly than traditional advertising (Scott, 2009).

In today's highly fragmented media landscape, generating positive word of mouth among consumers has become a very important tool for marketers and this is especially so in digital media. Traditional marketing methods simply do not reach their target audiences with the same effectiveness as they did just a decade ago. Instead, word of mouth has become an increasingly useful channel to share information in our society and should continue to grow in importance. Thus, there has been a recent surge of interest in how MSEs can take advantage of new marketing techniques to improve their performance (Yuksekbilgili, 2014).

### **Viral Marketing**

Viral marketing uses social networks (family, friends, neighbors, colleagues) to draw attention towards brands, products or campaigns by spreading messages. Viral marketers spread their campaign like a virus, seemingly uncontrolled, mostly over the Internet. It is important for the client to have a personal benefit to forward the marketing message, or otherwise it may not be successful (Jovanov & Conevska, 2011). Compared with traditional marketing, viral marketing enjoys the benefits of lower cost, higher credibility, faster diffusion, and better targeting of consumers (Bampo et al., 2008). Furthermore, the emergence of online communities and social media in recent years have vastly extended individual consumers' influence beyond their immediate circle of close friends to more casual acquaintances and sometimes even strangers. This significantly increased the scale of viral marketing, putting it into a more central position in company strategy (Ferguson, 2008).

A widely cited marketing type for MSEs is networking. Wincent (2005) showed that the

size of a firm matters in regard to how a company conducts its networking activity. Networks are important during the establishment, development, and growth of MSE's. They rely heavily on their personal contact network in marketing their firms (Siu, 2001). Entrepreneurship is embedded in networks of continuing social relations. Within complex networks of relationships, entrepreneurship is facilitated or constrained by linkages between aspiring entrepreneurs, resources and opportunities (Aldrich & Cliff, 2003). The central role of informal contacts in the success of enterprises was noticed and worked on by several academic scholars. Social networks made up of family, friends, acquaintances, customers, suppliers, and so on, were found to play a central role in helping entrepreneurs identify opportunities and mobilize resources for their firms (Pandeya, 2010).

In a study conducted among 25 Kenyan entrepreneurs, Neshamba (2000) found that the owner managers previous work experience & skills acquired on the job are important factors contributing to business success and growth. Other factors are: knowing the market & understanding the needs of customers, access to capital, assistance from family members and networking with friends from former schools and colleges. The performance of an entrepreneurial firm depends on its ability to maintain and extend its network of inter-firm relationships. Research conducted by Lechner and Dowling (2003) indicated that firms utilized various types of networks to realize growth and that these networks are of significant importance for the performance of entrepreneurial firms. Collective action by farmers can allow stronger bargaining power in the market for inputs and outputs and thus contribute to achieving economies of scale. It also provides a platform for sharing information that may be helpful in production and marketing activities by the farmers (Olwande & Mathenge, 2012).

The Internet has created a boom of online social networks or web communities, where a large number of consumers can come together to share their opinions, socialize and exchange information. Thus, more and more marketers are taking the advantage of the social network tendency (Kotler & Armstrong, 2012). It is a very effective, easy, and free networking tool to obtain customers, distribute information about products or

services, and develop business relationships (Perlman, 2009). A marketer can participate in existing social networks. Facebook is the most massive social network. It rules 70 percent of all social network traffic. Other large online social networks are YouTube, Twitter and MySpace. In addition, a lot of small networks have appeared for marketers who need to reach special interest groups (Kotler, 2011). Small networks are the next generation of online social networks. They are more focused and helpful for MSE's as well as big enterprises (Weber, 2009).

Therefore, in view of the above literature, the following hypotheses were tested:

*H<sub>A1</sub>: There is an influence of marketing strategies on performance of youth led micro and small agribusinesses in Kenya.*

*H<sub>01</sub>: There is no influence of marketing strategies on performance of youth led micro and small agribusinesses in Kenya.*

#### **2.4.2. Resources**

MSE's tend to face a range of challenges characterized by a lack of resources, expertise and impact. A lack of financial resources limits the ability to grow and an inability to secure additional sources of funding exacerbates the problem. The important issues for marketing in MSE's is a focus on simple and workable approaches that are affordable and efficient. (Connelly, Ireland, Reutzler, & Coombs, 2010; O'Dwyer et al., 2009).

Business resources provide the organization with a comparative advantage that allows it to develop a competitive advantage in the market place. This competitive advantage in turn introduces the possibility of superior quality in the organization's products and services and superior performance. Marketing resources and capabilities play a unique role in determining the needs of customers, distribution channels and competing products. The market knowledge that they generate acts as a driving force that allows the company to achieve a high level of adaptation to evolving markets and improve business performance (Kolabi et. al, 2011).

Lack of access to finance is almost universally indicated as a key problem for MSE's. Even where finances are available, the entrepreneur may lack freedom of choice because the lending conditions may force the purchase of heavy, immovable equipment that can serve as collateral for the loan. Credit constraints operate in variety of ways in Kenya where undeveloped capital market forces entrepreneurs to rely on self-financing or borrowing from friends or relatives. Lack of access to long-term credit for small enterprises forces them to rely on high cost short term finance. Other financial challenges that face MSE's include the high cost of credit, high bank charges and fees (Wanjohi & Mugure, 2008).

MSE's engage in the wrong advertising strategy, that is, they engage in methods that are too costly and cannot be supported by their marketing resources thereby overstraining their budgets and they choose ineffective means of reaching their target markets. For advertising to be cost effective, MSE's should set apart some budget for advertising, establishing objectives, define target audiences select the media, developing a theme, implement the advertisement and evaluating the impact (Halloran, 1991).

Based on the potential the Internet has for interactivity, it serves a much wider range of functions compared to conventional media, owing to the fact that it is being used all around the world at any time without any boundaries. The use of web sites allows MSE's to reach a wide range of customers at an affordable cost. In addition, the use and application of search engines increases the web site traffic for the MSE's. This allows MSE's to focus their scarce resources and expertise in order to achieve effective online marketing results through combining both press release distribution and directory submission tools to create a synergistic effect and increase and then sustain the number of potential customers to a company's web site. By using this method, the upwards ranking of the web site that results creates a wider awareness of the MSE and its brand to potential customers via the higher listing achieved (Quinton & Khan, 2009).

One of the primary tools used by MSEs in establishing market position is networking which can be categorized as informal alliances. Networking is often initiated by resource

restrictions that are inherent to MSEs, as it allows them to overcome many of the resource limitations encountered (Wincent, 2005). Such formal and informal strategic alliances provide a basis for accessing market information. Key insights are gathered using informal networks and ad-hoc strategies formed, which are indicative of the interactive marketing methods favored by MSEs (Stokes, 2000). However, it should be noted that networks are dynamic and respond to environmental influences, where firms enter or exit numerous alliances according to their current competitive strategies (Dodourova, 2009).

With MSE start-ups where a general scarcity of resources occurs, the process of networking is vital for their growth and survival. Apart from personal and social networks, the importance of extended networks cannot be underestimated, especially in poor rural areas where much needed support on professional advice and other business expertise is required. In most instances in personal and social networks, buying power and support is the main focus (Nieman, 2006). Furthermore, Online marketing can be used by MSE's to compete on the same terms as large firms, and level the so-called "playing field". This is because it is affordable, flexible and as such has real relevance to the MSE sector (Gilmore et al, 2007; Quinton & Khan, 2009).

The online marketing arena has experienced significant growth over the past few years, while traditional marketing has deteriorated mainly due to its higher costs. With this kind of marketing, entrepreneurs are able to control and discover key revenue streams and make the right decisions with advanced reporting technology. Given the constrained resources of the small firm, marketing tools suitable for utilization by smaller firms must be welcomed if they can be effectively used to enhance marketing practice of these smaller organizations (Jovanov & Conevska, 2011).

Employing resources and investing in marketing events is considered the biggest expense for most MSEs and one of the reasons why they refrain from marketing. A study by Kinar (2011) showed that only 32.8% of MSEs spend on marketing, with the remaining focusing on building an over-sized sales force instead. MSEs prefer to do this

because of the quick and immediate results that sales provide and enable them to survive the next day. For most MSEs surviving the next day is the most important thing and therefore sales is an obvious. However, MSEs also realize that once they reach a stage of growth or expansion it's not the sales but marketing which makes the difference (Jovanov & Conevska, 2011).

The communication strategy of MSEs makes use of resources that are external to the firm, such as word-of-mouth from customers, bearing in mind that development of customer base is not less important. This approach can be more cost-efficient than classical advertising for small companies, hence they often aim at target groups that are often not accessible via television or print. The communication is distributed not solely by the company, but by the customers themselves, using their private or professional networks, thus improving on market reach. Good marketing supports sales and expansion, and contributes significantly to the growth of market share in competitive markets. Knowledge of the customer and its behavior needs to be considered in relation with the product for determining the competitive advantage and what position to take in the market. Micro enterprises should focus on being close to the customer in every sense since this is where most of their strength and possibilities exist. An in-depth understanding of customer needs and wants, the nature of the market and the competitive environment are vital for success in reaching the target market (Jovanov & Conevska, 2011).

Therefore, the study tested the following hypotheses:

*H<sub>A2</sub>: There is an influence of resources on performance of youth led Micro and small agribusinesses in Kenya.*

*H<sub>02</sub>: There is no influence of resources on performance of youth led Micro and small agribusinesses in Kenya.*

### **2.4.3. Firm Characteristics**

MSEs are mainly sole proprietorship or family businesses and are not very dominant in their line of business. Many are started to earn a livelihood as opposed to those started to earn profits but they evolve and possibly grow to earn profits. Some of the characteristics of the MSEs are that; they are labor intensive in terms of production and they are common where capital is scarce, which is the case in developing countries. This is important in labor surplus societies with few employment opportunities and limited alternative sources of income (Chigunta, 2002).

Firm size is one of the most acknowledged determinants of a firm's profits. Firm size can be an important determinant for firm performance and for networking inside and outside the MSE network (Wincent, 2005). The causal relationships between size and profitability have been widely tested with ambiguous results. Although some studies did not find significant relationship between size (measured as the number of employees) and performance (Capon, Farley & Hoenig, 1990), several studies suggest that a positive relationship exists between company size and profitability (Lee & Giorgis, 2004; Ravenscraft, 1983; Samiee & Peters, 1990; Ural & Acaravci, 2006). McMahon (2001) found that enterprise size significantly linked to better business performance. Larger enterprises were found to have a higher level of success (Gathenya, 2012).

A positive relationship between firm size and profitability was found by Vijayakumar and Tamizhselvan (2010). In their study, which was based on a simple semi-logarithmic specification of the model, the authors used different measures of size (sales and total assets) and profitability (profitmargin and profit on total assets) while applying model on a sample of 15 companies operating in South India. Papadognas (2007) conducted analysis on a sample of 3035 Greek manufacturing firms for the period 1995-1999. After dividing firms into four size classes he applied regression analysis which revealed that for all size classes, firms' profitability is positively influenced by firm size.

Small size firms solely depend on product quality, prices (Gathenya, 2012) and customer relations as a way to market their products rather than relying on proper advertisement



(Neshamba, 2000). To them satisfied customers promote or recommend their friends and families to buy the product at the same place they had bought before. Indirectly, marketing occurs between the customers and future customers through “word-of-mouth”. Without advertisement and planning promotion, they can still maintain and sustain their business. This is because they are able to maintain the quality of product and customer service continuously (Hassan et. al., 2013).

The ownership structure of a firm can be investigated from a number of alternative dimensions. Most commonly, ownership structure refers to the ownership by different groups of shareholders. Another dimension of ownership structure is ownership concentration. When it comes to ownership concentration, previous empirical studies have yielded conflicting results on the relationship between ownership concentration and performance. Demsetz and Villalonga (2001) found no statistically significant relationship between ownership concentration and firm performance, while several studies have found a positive association between ownership concentration and profitability (Agrawal & Knoeber, 1996 ; Andersson & Reeb, 2003 & Gathenya, 2012). Therefore, we expect that ownership concentration is negatively related to growth and positively related to profitability.

Family ownership positively affects firm performance. An increase in family ownership enhances firm performance, thereby driving family ownership even higher. The concentration of family ownership in Taiwan indicates that the wealth of a family is closely related to firm performance, in which the family has stronger incentive to maximize firm performance. With regard to family-ownership levels that are most beneficial to firms, the profitability of a firm (ROA) initially increases with an increase in family holdings, and reaches its peak when family ownership is approximately 30 per cent. However, profitability begins to decline when family ownership increases further. Therefore, if family ownership is maintained at approximately 30 per cent, the alignment between family interests and firm profitability reaches its highest level. At this point, family members have greater incentive to maximize the profitability of the firm through

supervision and management, but fewer motives to entrench the profitability of the firm for the benefit of the family (Shyu, 2011).

Innovative product, quality, cost, reliability, and services are the key strategic dimension in business success. Innovative product gives added value to the customer and it is important to achieve a suitable balance between product quality and costs (Gathenya, 2012). Small-business owners must have a missionary zeal about their products or services, be willing to be personally involved in it, be willing to stick with the business, be able to define the market clearly and pay attention to details and proactiveness (Islam & Yusuf, 2011).

A firm's performance is based on its market position regardless of its size and its industry. Even when an MSE has a limited scope of products and served segments, it still needs to sell their products or services in a quantity that is sufficient to go beyond break-even-point and to create profit. Therefore, an MSE needs to offer products or services that are sufficiently innovative relative to its competitors. Failure to achieve this relative competitiveness will result in low or even negative financial performance (Sidik, 2012).

Due to the heightened level of competition and shortened product life cycles, firm ability to generate innovations may be more important than ever in allowing firms to improve performance and maintain competitive advantage (Artz et al., 2010). For this reason, in today's intense competitive environment it is not surprising to see that innovation has become a requisite objective for all firms (Lipit, 2006). The existing products are vulnerable to changing customer needs and tastes, new technologies, shortened product life cycles, and increased international competition. Therefore it is generally accepted that all firms should innovate regardless of their size or sector in order to compete and survive in the market. It should also be noted that firms and countries that continuously innovate contribute significantly to economic growth (Murat Atalay et al., 2013). The argument of Krammerer (2009) is that green products which besides their public benefits

have private environmental benefits for the customer will generate stronger consumer demand, leading to better firm performance.

Thus the study tested the following hypotheses:

*H<sub>A3</sub>: There is an influence of firm characteristics on performance of youth led micro and small agribusinesses in Kenya.*

*H<sub>03</sub>: There is no influence of firm characteristics on performance of youth led micro and small agribusinesses in Kenya.*

#### **2.4.4. Entrepreneur Characteristics**

Individual characteristics of entrepreneurs comprise of ascribed characteristics and achieved characteristics. Ascribed characteristics are traits one is born with and has done nothing to earn. These are attributes people have at birth, develop over time or possess through no efforts of their own, such as age; race; ethnicity; gender and socio- economic origin of the entrepreneur. Achieved characteristics are acquired through some combination of personal choices, efforts and abilities and they include ones level of education; occupation; work experiences (Ferrante, 2008).

A number of studies have tried to establish a relationship between an entrepreneurs age and the performance of the venture in which they are involved. Countries that have more individuals between the age group of 25-44 years old have more start-ups and that the presence of alleged early career individuals is an essential determinant of the level of business start-ups (Moore et al., 2008). Age is linked to business success if it comprises of both chronological age and entrepreneurial age. This goes to show that the older an entrepreneur is, the more experiences in business he has (Staw, 1991). Consequently, the more mature and experienced an entrepreneur is, the more likely he/she can succeed. Younger entrepreneurs are more likely to take risk in the attempt to grow their businesses (Henry et al., 2003 & Gathenya, 2012).

However, anyone can become an entrepreneur at almost any age. Young people are often faced with the problem of inadequacy in their preparations and resources, which discourages them from entering entrepreneurial careers, while the older people either develop family and financial problems or are committed to their jobs that makes entrepreneurship seem too risky. Therefore, the ideal entrepreneurial age lies somewhere between the late 20s and early 40s, which is when there is a trade-off between confidence, usually characterized by youth, and wisdom based on years of experience (Moore et al., 2008 & Gathenya, 2012).

There exist differences in performance between female and male owned businesses (Du Rietz & Henrekson, 2000.) Female entrepreneurs differ from male entrepreneurs in that they are less likely to have previous business experience, they are relatively younger, and operate mostly in the retailing and service industries and also perform less well than male owned companies (Carter, Anderson & Shaw, 2001).

Conversely, Esters (1997) in his survey of 1,300 women owned businesses publicized that the management styles of women were better suited to managing risk than that of men. Chaganti & Parasuraman (1996) examined the differences in performance, goals, strategies, and management practices in small businesses, and established that women were more concerned with quality, but differed significantly on management practices than their male counterparts. Zapalska (1997) observed the personality characteristics of entrepreneurs in Poland and discovered that though female entrepreneurs were more educated than the male entrepreneurs, they had equal or better levels of business experience. This study again found no gender differences in personality attributes, but revealed that female entrepreneurs were more likely to consider innovation as a commitment to long-term capital accumulation; investment and a success factor, than their male counterparts did.

Business successes depends on socio-economic factors such as education, skills, and training (Thapa, Thulaseedharan, Goswami & Joshi, 2008). Education assists in the success of entrepreneurial ventures by enabling the nourishment of competencies such as

innovativeness and ability to obtain resources. Education enhances the skill and ability to better utilize market information, which may reduce marketing costs and make it more profitable to participate in the market (Olwande & Mathenge, 2012). Entrepreneurs with higher education levels and experiences have a greater probability of success than entrepreneurs who lack education and experiences (Lussiers & Pfeifer, 2001). This is in conformity with the research conducted by Thapa (2007) in Nepal, which highlighted the fact that education has a positive effect on entrepreneurial success. Higher levels of education do not only help salespeople to become more proficient in the sales process, but as well leads to successful performance outcomes (Levy & Sharma, 1994). In addition to that, education, skills, experiences and financial support are some of the most important factors affecting the success of businesses (Rose, Kumar & Yen, 2006: Gathenya, 2012).

However, Lee and Tsang (2001) observed that the evidence presented in the literature concerning the effects of education on venture performance is inconclusive. Adding to this, Minniti and Bygrave (2003) state that entrepreneurs with more education are not necessarily more entrepreneurial. Whereas Bolton and Thompson (2000) argue that while education may teach analysis and sound judgment, it can as well diminish talents and instincts, which could in turn decrease entrepreneurial spirits.

Therefore, in line with the reviewed literature, the study tested the following hypotheses:

*H<sub>A4</sub>: There is an influence of entrepreneur characteristics on performance of youth led micro and small agribusinesses in Kenya.*

*H<sub>04</sub>: There is no influence of entrepreneur characteristics on performance of youth led micro and small agribusinesses in Kenya.*

#### **2.4.5. Entrepreneurial Culture**

Hofstede sees culture as patterned ways of thinking and feeling that constitute the mental programming distinguishing members of one group from another. Such mental

programming consists of patterns of ideas and especially their attached values, which are conserved and passed on from generation to generation. Values may be manifested in practices, including rituals, heroes and symbols. A society's value systems constitute the societal norms determining practices such as those relating to social stratification, socialization, educational systems, and legislation (Hofstede, 1998). Culture develops from an individual's repeated exposure to certain customs, practices and behaviors which lead to the internalization of certain attitudes and values. Collectively, these values constitute culture i.e. values are the building blocks of culture and are regarded as a broad tendency to prefer certain states of affairs over others (Hofstede, 1991).

Different authors may have different views on culture, but few of them can deny that culture is an important force determining people's attitudes and behaviors. Employees' understanding of work, their approach to it and their perceptions towards motivational practices are factors most directly influenced by the values and norms of their nations. Although one may argue that national-specific factors can prompt an employer to adopt a particular management practice, its acceptance and effectiveness appears to depend upon its congruency with cultural factors (Raghuram et al., 2001). Many scholars claim that culture, understood as general values, is important for the level of entrepreneurial activities in a society. Further, the claim that growth differences may be related to differences in entrepreneurial culture was stressed very early (Baumol, 1968).

National culture consists of the underlying value systems that are specific to a group or society and motivate individuals to behave in certain ways (Hofstede, 1998), such as starting a business. Culture, through the institutional environment it creates, influences the attitudes of individuals towards entrepreneurship, even more than it influences their actual entrepreneurial behaviors and consequently, the performance of the enterprises that they venture in to.

An entrepreneurial culture nurtures individuals in significant ways (Joynt & Warner, 1996), and does not stigmatize entrepreneurs who have tried but failed, rather it

recognizes the positive influence of entrepreneurs/entrepreneurship on society and serves as an incubator in the entrepreneurship initiation process (Johansson, 1993). Moreover, those economies and regions which have flourished in the late twentieth century have a common business culture which can be broadly described as entrepreneurial (Davidsson & Wiklund, 1995).

A number of authors have argued that entrepreneurial culture may affect aspects of economic performance (Shane 1993) or economic growth in general (McClelland 1961; Freeman 1976; Suarez- Villa 1989; Lynn 1991). The core idea is that entrepreneurial culture is beneficial for economic performance. Entrepreneurial culture may affect economic growth in an indirect way as well. A society characterized by an entrepreneurial culture may lead to higher levels of entrepreneurship, subsequently triggering a process of economic dynamism, resulting in economic growth (Carree & Thurik 2003).

Many researchers have identified entrepreneurial culture as a beneficial way of renewing an organization, developing their competitiveness, as well as having a positive influence on firm performance (Antoncic & Prodan 2008 & Chow 2006). Entrepreneurial culture requires traits such as risk taking propensity, exploitation of opportunities, and innovativeness such as being the first to market with new products (Lumpkin & Dess 1996; Zahra1991). In achieving these factors, a firm should improve their entrepreneurial culture and become more competitive in their industry, hence obtaining financial performance above that of its competitors.

The idea of cultural aspects that are based on values and influence entrepreneurial behavior goes back to Max Weber who argued that entrepreneurial activities are influenced by cultural and religious factors (Weber, 1930). Personal values are at the very core of the diverse world of human behavior and every decision and action is a manifestation of those values (Uy, 2011). The link between values, attitudes, and behavior has been recognized in numerous business and management studies (Connor & Becker, 2003; Defever et al., 2011). There is a consensus among most researchers that

values are predictors of actual behavior through instrumental concepts like desires, attitudes, or intentions (Hemingway, 2005).

The relationships between values, attitudes, and behavior are one of the most examined frameworks in the social psychology and it is widely acknowledged that values indirectly influence behavior through attitudes (Defever et al., 2011; Uy, 2011). Similar kinds of cognitive approaches have also been applied in the field of entrepreneurship as Thornton et al. (2011) focused on the link between socio-cultural factors and entrepreneurial activity and concluded that individual values have consequences for supporting or discouraging entrepreneurial behavior.

Within the realm of national culture, values matter to the prevalence and success of widespread entrepreneurship. Some researchers have found that differences in values may explain up to half of the observed variance in entrepreneurial motivation and participation rates (Hechavarria & Reynolds, 2009). Operationally, these national values have been frequently measured using either the World Values Survey (WVS) of the WVS Association (2008), which reports values on two core dimensions, or the Schwartz Value Survey (Schwartz 2004), which reports ten dimensions - Self direction, stimulation, hedonism, achievement, power, security, conformity, tradition, benevolence and universalism - that partially correlate with both the WVS and Hofstede's cultural dimensions.

Attitudes have been widely studied in entrepreneurship research, most notably in studies applying the TPB (Ajzen, 1991). The TPB postulates that attitudes, subjective norms, and perceived behavioral control are predictors of behavioral intentions and ultimately also behavior. Attitudes in turn are based on beliefs about the expectancy and value of the behavior in question. The majority of TPB applications in the entrepreneurship literature have examined attitudes and intentions to choose entrepreneurship over alternative careers.

Entrepreneurial culture is favored by the following set of attitudes: Business activities are valued, individual and collective initiatives are highly rated, determination and



perseverance are desirable qualities an equilibrium between security and risk is accepted and the tension between stability and change is resolved. Therefore, in a society favoring entrepreneurship, entrepreneurs are role models who are not only acceptable, but desirable. The attitudes and intentions of individuals with regard to entrepreneurship are thus influenced by the prevailing culture around them, which also includes shared attitudes and motivations, that influence the specific motivations of individuals (Beeka & Rimmington 2011). Attitude can be viewed in the following constructs of the individual: Self confidence, self esteem, dealing with failures, tolerance for ambiguity, performance, concern for high quality and locus of control (Xiang, 2009).

Based on the above literature, the following hypotheses was tested:

*H<sub>A5</sub>: There is a moderating influence of entrepreneurial culture on marketing strategies, resources, firm characteristics and entrepreneur characteristics on performance of youth led micro and small agribusinesses in Kenya.*

*H<sub>05</sub>: There is no moderating influence of entrepreneurial culture on marketing strategies, resources, firm characteristics and entrepreneur characteristics on performance of youth led micro and small agribusinesses in Kenya.*

#### **2.4.6. Performance of Youth led MSEs**

The performance of the MSE can be seen from the satisfaction of the owner / manager on profit, turnover and business development (Alasadi & Abdelrahim, 2007). Firm performance is usually measured as financial and nonfinancial performance measures. Financial performance comprises of financial efficiency measures such as return on investment and return on equity, and profit measures such as return on sales and net profit margin (Li, Huang, & Tsai, 2010). Nonfinancial measures include customer satisfaction, sales growth, employee growth and market share. Some of the nonfinancial measures are end performance measures such as market share and share growth, while some of them may serve as leading indicators of end-result financial performance. MSEs often measure their performance by turnover growth and employment growth (Leitner &

Gudenberg, 2010).

Some of the core measures of performance are profitability, turnover, market share and growth in the labour force. The most significant factors that affect the performance of MSEs are: MSEs characteristics, customers, market, the way of doing business, external environment, resources and finance (Moorthy *et.al*, 2012). Scholars have theorized that the incidence of firm-level entrepreneurial behaviors will be positively associated with organizational profitability and growth (Covin, Green & Slevin 2006; Ireland, Covin & Kuratko 2009; Lumpkin & Dess, 1996). In an era of dramatic social and technological change, one approach for firms seeking growth is to establish and sustain long-term customer relationships through Entrepreneurial Marketing driven by a four-pillar framework comprising of entrepreneurship, resources, processes and actors (Bjerke & Hultman, 2002).

A central tenet in marketing is that the firm's marketing actions must satisfy customer requirements, with adequate consideration devoted to the costs incurred in achieving the firm's profit objective (Kotler & Armstrong, 2012). Although it has been advocated that researchers move beyond profits and link marketing actions to firm value ( Srivasta & Fahey, 1997), what is missing is a means by which to formally trace the effects of a marketing action to firm performance.

Employees, who are often referred to as human resources are one of the most important resources of a business organisation (Mullins, 2002). The performance of a business may sometimes be measured using the number of employees. An increase in the number of personnel may be a signal for the growth and development of a business entity and it might also be indicative of the level of success and how well the business is performing (Zindiye, 2008). An important part of managing a small business effectively therefore is to hire the right people, train them, do regular reviews of their work and decide how each person's performance can be improved. Employees must be encouraged and rewarded to keep them motivated to do exceptional work. There is nothing that

contributes extensively to profits as competent and self-motivated employees (Ondeng, 2007).

## **2.5. Critique of Existing Literature**

From the literature reviewed, several studies, (Wiklund & Shepherd, 2005; Andres, Salinas & Vallejo 2009; Ghouri, Khan, Malik & Razzaq, 2011) have shown that marketing strategies, resources, firm and entrepreneur characteristics affect firm performance, while other studies have shown mixed results.

According to Wiklund and Shepherd (2005), EO moderates the relationship between a bundle of knowledge based-resources (applicable to opportunity discovery and exploitation) and firm performance. That is, the willingness to be innovative, proactive, and take risks enhances the positive impact that a firm's bundle of knowledge-based resources has on performance. For strategy scholars utilizing resource-based theory, our finding that EO enhances the positive relationship between knowledge-based resources and performance is consistent with EO capturing a firm's organization and enhancing the relationship between a firm's resources and performance.

In terms of social networking, a major finding on the role of social capital in business performance of SME's in Nairobi revealed that majority of entrepreneurs in the SME sector within the Nairobi central business district did not actively engage in deliberate social networking. Majority of the entrepreneurs interviewed did not belong to any networks, support groups or associations. However, the study also revealed that the entrepreneurs who belonged to network groups considered networking as necessary for business performance. Hence they deliberately exploited the opportunities that their relationships and affiliations with other actors afforded them to their own benefits (Ezenwa, 2010).

The conclusion of a study conducted by Mukunya, (2012) on the challenges' faced by small scale food processors in marketing locally made value added foods is that these enterprises should engage in closer implementation of their marketing strategies and

have timely executed strategies. More tools for advertising should be implemented to improve enterprise performance, especially the use of social media.

In a study conducted by Gioche, (2012) on the government's role in entrepreneurship development in Kenya, it was found that market linkage services offered by YEDF have not been successful in nurturing and developing entrepreneurship among the Kenyan youth. This is despite the various opportunities that exist in government agencies to buy from youth enterprises and promote their business ventures. It was noted that once entrepreneurs were able to access appropriate resources, market and marketing opportunities, they would be able to increase their productivity and improve their performance.

Furthermore, others (Chu, Benzing & McGee, 2007; Morrish et al., 2010), indicate that little attention has been given to the study of entrepreneurial marketing methods and firm performance in micro and small enterprises in developing countries and that small enterprises rarely carry out marketing activities as they are more geared towards sales activities.

## **2.6. Summary**

MSE's are considered among the key economic drivers of most Nations in Africa. Although the individual contribution of an MSE to the Kenyan economy may appear relatively insignificant when compared to a large corporation, the aggregate contribution of all MSE's in Kenya is sizeable. The Kenya Government has dedicated alot of time and resources in supporting this sector since it plays a role in employing a large number of the population.

The youth in Kenya are informally engaging in MSEs in the agribusiness sector as a way of earning a living throughout the country. Chigunta (2002) describes several benefits of YLEs. First, YLEs create employment particularly among alienated and marginalized youth. In this way, YLEs help address some of the socio-psychological problems and delinquency that arises from joblessness. Youth-Led-Enterprises also promote resilience

as it encourages young people to find new solutions, ideas and ways of doing things through experience-based learning. Therefore, enhancing the performance of YLEs is of paramount importance to a country's economic growth, however, due to various reasons such as finances, training, age and marketing, these YLE's are characterized with low performances.

Firm performance has been established to directly depend on efficient marketing practices (Andres, Salinas & Vallejo 2009). The marketing function in MSEs is hindered by constraints such as poor cash flow, lack of marketing expertise, business size, tactical customer related problems, and strategic customer-related problems. Small business needs marketing in a format that is compatible with small firm characteristics and is acceptable to the small firm owner/manager. For most small firms, existing marketing theories offer little of practical use in day-to-day marketing activities (Jovanov & Conevska, 2011).

Based on the literature that was reviewed, there was a need to clearly determine the moderating influence of entrepreneurial culture on the determinants of performance of youth led MSE's in the agribusiness sector. According to Morrish et al., (2010), entrepreneurial firms attempt to gain advantage by adapting marketing mix variables to exploit proactively emerging opportunities in technologies, regulatory frameworks or social norms. Marketing activities adopted by YLE's must be opportunity driven, take advantage of available networks and adapt new technological platforms in order to ensure good performance.

## **2.7. Research Gaps**

In a study conducted by Kilonzo (2012) concerning policy and strategic options for enhancing the performance of youth-led-enterprises in Kenya, the configuration approach was used as the framework for the study and the determinants of performance were categorized as entrepreneurs' personality, personal resources, environment and organization. A survey of 465 YLEs in Machakos District in Kenya was undertaken. Only one in every ten YLEs had positive performance. A multiple regression model

indicated that measures of perception namely need for achievement, self efficacy, and moderate risk taking, perception of opportunities were important predictors of the performance of YLEs.

In addition, having a good financial resource was associated with better performance of YLEs. The evidence provided in this study suggests that perceptual factors were dominant predictors of the performance of YLEs. This study highlighted a new frontier for government policy, namely, the possibility that programs aimed at improving perceptions of youth entrepreneurs may lead to higher performance. Another important strategic option was the strengthening of the financial resource base of households.

According to Cabanero, Cruz and Ross (2011), MSE firms making accurate sales forecasts and implementing effective pricing policies will notice positive impacts on their sales and profits. Marketing planning capabilities also impact on the firm's financial performance. These capabilities include processes devoted to the allocation of resources to the marketing department, coordination of marketing activities, effectiveness of the planning process, evaluation and control, effectiveness of cost containment, segmentation and targeting among others. So, F-MSE managers perceive the positive impact of the marketing function on financial performance.

In contrast, F-MSE managers perceive that communication capabilities have a negative impact on financial performance whereas they have no effect on stakeholder satisfaction. Because these firms compete through niche strategies and develop close and direct relationships with other market actors, like customers and suppliers, managers perceive formal communication practices as a source of cost. Finally, manufacturing F-MSEs show no significant relationship between marketing information capabilities and organizational performance. This result could be due to the product-oriented strategy followed by these firms or to the managers' perception of almost complete knowledge of their industry.

Though alot of research has been conducted on firm performance, much of this research has been based on large organizations with less researches focusing on MSE's in the

agribusiness sector. Furthermore, the aspect of the moderating influence of entrepreneurial culture on the determinants of performance of youth led MSE's in the agribusiness sector has not been greatly researched, as most researchers look at the influence of entrepreneurial orientation on performance.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1. Introduction**

This chapter describes the research design that was used to conduct the study. It describes the type of research, population sample, instruments, sampling techniques and data analysis that were applied to the study.

#### **3.2. Research Design**

Research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure (Kothari, 2004). The study was based on the positivism philosophy (Bryman, 1984). The researcher applied a descriptive design because the study sought to answer the why, how and when of the problem under study. The design followed a cross sectional survey strategy combining both qualitative and quantitative research approaches, to collect data from respondents through the use of questionnaires. This allowed the researcher to describe population characteristics by the selection of an unbiased sample (Kothari, 2004).

#### **3.3. Population**

The study focused on micro and small enterprises in the agribusiness sector in Kiambu County. Kiambu County is one of the 47 counties in Kenya under the new devolved system of government. The county is divided into 12 constituencies with a total of 629 MSE's in the agribusiness sector. Out of these, those that are run by youth are 354 and these formed the population of interest in the study.

#### **3.4. Sampling Frame**

The research focused on agribusiness farmers in Kiambu county. This was mainly because Kiambu county is known for its high productivity as it is characterized by fertile



soils and plenty of rainfall. There are numerous high potential small holder farms, which pack enough potential to not only feed the county, but also supply Nairobi, Kitui and Kajiado with dairy products, foodstuffs, green vegetables and fresh fruit.

The sampling frame as illustrated in table 3.1 below was drawn from the directory of the County Government of Kiambu with the total of 354 enterprises. Kiambu County is located in Central Kenya and comprises of 12 constituencies.

Table 3.1: Sampling Frame

CONSTITUENCY	NO. OF ENTERPRISES
Lari	23
Juja	21
Ruai	26
Kikuyu	47
Limuru	53
Kabete	31
Kiambaa	16
Githunguri	38
Thika Town	19
Kiambu Town	37
Gatundu North	26
Gatundu South	17
Total	354

### **3.5. Sample and Sampling Technique**

#### **3.5.1. Sample Size Determination**

According to Mugenda and Mugenda, (2003), a sample of 10-30% is good enough if well chosen and the elements in the sample are more than 30. Based on the population, the sample size was determined using the following formula.

Formula:

$$n = \frac{t^2 \times p(1-p)}{m^2}$$

Description:

n = Required sample size

t = Confidence level at 95% (standard value of 1.96)

p = Estimated adoption of marketing methods by youth led MSE's (20% / 0.2)

m = margin of error at 5% (standard value of 0.05)

Calculation

$$n = \frac{t^2 \times p(1-p)}{m^2}$$

$$n = \frac{1.96^2 \times 0.2(1 - 0.2)}{0.05^2}$$

$$n = \frac{3.8416 \times 0.16}{0.0025}$$

$$n = \frac{0.61466}{0.0025}$$

$$n = 245.864 \sim 246$$

### 3.5.2. Sampling Technique

The sample was decided on the basis of the multi stage sampling technique where in the first stage, purposive sampling was used to select Kiambu county due to its rich agricultural background. The county was then stratified according to the the 12 administrative constituencies that divide the county. A random sample was then drawn from each of the strata. This sampling technique gave all the target population within a stratum an equal chance of being selected.

Table 3.2: Summary of Respondents Per Constituency

Constituency	No. of youth Enterprises	Formula	Stratum Sample Size	Stratum Percentage
Lari	23	246 (23/354)	16	6.5
Juja	21	246 (21/354)	15	5.93
Ruai	26	246 (26/354)	18	7.34
Kikuyu	47	246 (47/354)	33	13.28
Limuru	53	246 (53/354)	37	14.97
Kabete	31	246 (31/354)	22	8.76
Kiambaa	16	246 (16/354)	11	4.52
Githunguri	38	246 (38/354)	26	10.73
Thika Town	19	246 (19/354)	13	5.37
Kiambu Town	37	246 (37/354)	26	10.45
Gatundu North	26	246 (26/354)	18	7.34
Gatundu South	17	246 (17/354)	12	4.8
	354		246	100

### 3.6. Research Instrument

#### 3.6.1. Instrument

The study adopted the use of a questionnaire to collect data. Questionnaires are appropriate for studies since they collect information that is not directly observable as they inquire about feelings, motivations, attitudes, accomplishments as well as experiences of individuals. Further, questionnaires have the added advantage of being less costly and using less time as instruments of data collection (Gall & Borg, 1996). The questionnaire was divided in to various sections based on the marketing strategies, resources, entrepreneur characteristics, firm characteristics, entrepreneurial culture and performance variables of the study. The questions were a mixture of open ended and

multiple choice questions organized in a simple format that made it easy for the respondents to understand with minimum effort.

### **3.6.2. Measurement of Variables**

This study had three types of variables, independent, moderating and dependent. The study variables were operationalized as depicted in the conceptual framework in to observable characteristics that are measurable. This involved the definition of the variables so that they could be measured or expressed quantitatively. The summary of the operationalization of the variables is presented in table 3.3.

Table 3.3: Operationalization of Study Variables

Type of Variable	Name of Variable	Indicators of Variable
Dependent Variable	Firm Performance	<ul style="list-style-type: none"> <li>• Sales - Increase or decrease in sales volume over the past 4 years</li> <li>• Profitability - Increase or decrease in sales volume over the cost of sales over the past 4 years</li> <li>• Comparison of sales, cost of sales and profitability index over the past four years</li> <li>• Employees - Increase or decrease in the number of employees over the past 4 years</li> </ul>
Independent Variables	Marketing Strategies	<ul style="list-style-type: none"> <li>• Traditional strategies employed</li> <li>• Non traditional strategies employed</li> </ul>
	Resources	<ul style="list-style-type: none"> <li>• Financial resources</li> <li>• Non financial resources</li> </ul>
	Firm Characteristics	<ul style="list-style-type: none"> <li>• Size of firm - Number of employees</li> <li>• Ownership - Legal form of ownership</li> <li>• Type of Product - Practice of Crop or animal agriculture</li> </ul>
	Entrepreneur Characteristics	<ul style="list-style-type: none"> <li>• Age - Years of respondent</li> <li>• Education - Level of education obtained</li> <li>• Gender - Sex of the respondent</li> </ul>
Moderating Variable	Entrepreneurial Culture	<ul style="list-style-type: none"> <li>• Extent to which entrepreneurial culture can be found to be present in the youth who own the MSE's.</li> <li>• Was be done through the use of the Schwartz Value Survey to measure entrepreneurial values as a subset of entrepreneurial culture (Shwartz, 2004)</li> <li>• Xiang's model was used to measure entrepreneurial attitude as a subset of entrepreneurial culture (Xiang, 2009).</li> </ul>

### **3.7. Data Collection Procedure**

Primary data was collected from the youth running MSE's that are agriculture based in Kiambu county under each of the 12 constituencies. This was done through the use of a well structured, self administered questionnaire aimed at capturing the various variables under the study. In a self-administered questionnaire the respondents have the advantage of asking the interviewer to clarify a question when it is not clear to them, as recommended by Chandran, (2004).

### **3.8. Pilot Test**

To ensure validity of the research instrument, a pilot test was conducted on 24 MSE's Kiambu county, 2 MSE's per constituency, for an accurate feel of how the data from the sample behaves. This was 10% of the sample size as recommended by Connelly, (2008) and Treece and Treece, (1982). Responses from the interviewees were used to address any ambiguities and clarify all assumptions. The purpose of pilot testing was to guarantee reliability of the study as well as to establish the accuracy and appropriateness of the research design and instrumentation and to provide proxy data for selection of a probability sample as recommended by Cooper and Schindler, (2006).

#### **3.8.1. Reliability of Research Instrument**

The study adopted two measures to ensure reliability of the research instrument. The first measure looked at the internal consistency through the use of cronbach's alpha coefficient. It was used to assess the reliability of scale items. A reliability coefficient of 0.7 and above was established and assumed to reflect an acceptable reliability coefficient as recommended by Nunnaly, (1978).

The formula used for the standardized Cronbach's alpha was:

$$\alpha = \frac{N \cdot \bar{c}}{\bar{v} + (N - 1) \cdot \bar{c}}$$

Where:  $N$  = The number of items

$c\text{-bar}$  = The average inter-item covariance among the items and

$v\text{-bar}$  = The average variance.

The second measure was the alternative form as it offers some sense of reliability within the questionnaire through comparing responses to alternative forms of the same question or groups of questions as recommended by Saunders et. al, (2009).

### **3.8.2. Validity of the Research Instrument**

Content validity of the questionnaire was established to ensure that there was adequate coverage of the variables and that it reflected the content of the concepts ( Marketing methods and Firm performance). The researcher went through the questionnaire to assess whether each measurement question in the questionnaire was essential, useful but not essential or not necessary, as recommended by Saunders et. al, (2009). Construct validity was also employed to ensure that the research questions were actually able to measure the presence of entrepreneurial culture in terms of attitudes and values.

### **3.9. Data Processing and Analysis**

According to Sekara, (2003), as cited by Njeru, (2013), there are three objectives in data analysis; getting a feel for the data, testing the goodness of the data and testing the hypotheses developed for the data. A feel for the data gives the researcher a good idea of how well the respondents have reacted to the items in the questionnaire and how good the items and measures are.

Qualitative data collected was analyzed by means of thematic analysis in order to interpret patterned meanings or themes found to be present in the qualitative data. Patterns or themes within the data were pinpointed, examined and recorded. These themes became the categories for analysis. Thematic analysis was performed through the process of coding in six phases to create established, meaningful patterns. These phases

were: familiarization with data, generating initial codes, searching for themes among codes, reviewing themes, defining and naming themes, and producing the final report, as recommended by Braun and Clarke, (2013).

The questionnaire was checked for completion and reliability of the data. The quantitative data was then coded and analyzed using descriptive statistics to summarize the data. A Likert scale and the use of SPSS version 24 was employed to aid in the coding, entry and analysis of the data obtained through the questionnaires.

The following equations were used to measure the objectives of the study;

$$\text{Objective 1: } Y = \beta_0 + \beta_1 X_1 + \varepsilon$$

$$\text{Objective 2: } Y = \beta_0 + \beta_2 X_2 + \varepsilon$$

$$\text{Objective 3: } Y = \beta_0 + \beta_3 X_3 + \varepsilon$$

$$\text{Objective 4: } Y = \beta_0 + \beta_4 X_4 + \varepsilon$$

Where

Y = Firm Performance which is the dependent variable

$\beta_0$  = Constant

$\beta_i$  = Coefficient of  $X_i$  for  $i = 1, 2, 3, 4, 5$

$X_1$  = Marketing Strategies

$X_2$  = Resources

$X_3$  = Firm Characteristics

$X_4$  = Entrepreneur Characteristics

$$\text{Objective 5: } Y = a + bX + cZ + dX*Z + \varepsilon$$



Where:

Y = Firm Performance which is the dependent variable

a = Least squares estimates of the intercept

b = Least squares estimates of the population regression coefficient for Z

Z = Entrepreneurial Culture (Moderating Variable)

$\varepsilon$  = Error term.

d = Coefficient of X\*Z

### **Hypotheses Testing**

To test the hypotheses developed, a t - test was used. These associations were tested at  $\alpha = 0.05$  significance level. The P values which were computed in the analysis process were reflected in  $H_0$ . Therefore, if P, was less than 0.05, the null hypothesis was to be rejected in favor of the alternate hypothesis. The t - test was computed as follows:

$$t = \frac{\beta_i - \beta_0}{SE}$$

The test statistic used to test the hypotheses of the form

$$H_0 : \beta = 0$$

$$H_1 : \beta \neq 0$$

Where:

$\beta$  = Population correlation coefficient

$H_0$  = Null hypothesis

$H_1$  = Alternate hypothesis

SE = Standard errors of least squares estimators

## CHAPTER FOUR

### RESEARCH FINDINGS AND DISCUSSION

#### 4.1. Introduction

The purpose for this study was to explore and examine the role of marketing strategies, resources, firm characteristic and entrepreneur characteristics on the performance of youth led micro and small agribusinesses in Kenya while being moderated by entrepreneurial culture. Descriptive and inferential statistics were used to analyze the data which was collected through questionnaires. This chapter presents the data, analysis, results and discusses the key research findings for each specific objective.

##### 4.1.1. Response Rate

The researcher issued 247 questionnaires in Kiambu county. The response rate was 100% (see Table 4.1). This was due to the fact that the approach used to distribute the questionnaires was the drop and pick method where the research assistant issued the questionnaire and waited for the respondent to finish filling it and then went back with the duly filled questionnaire.

Table 4.1: Response Rate

Response rate	Frequency	Percentage
Response	247	100 %
Non response	0	0%
Total	247	100%

The study sort to find out where the respondent who participated in the study operate their agribusinesses from. According to the findings of the study, majority of the respondents operate in Limuru area followed by Kikuyu (see Table 4.2). Kiambaa area had the least farmers who took part in the study.

Table 4.2: Area of Operation

Area of operation	Frequency
Lari	16
Juja	15
Ruai	17
Kikuyu	33
Limuru	37
Kabete	22
Kiambaa	11
Githunguri	26
Thika Town	13
Kiambu Town	26
Gatundu North	18
Gatundu South	13

#### 4.1.2. Reliability

Cronbach's coefficient alpha was used to check the internal consistency in responses on a likert scale and evaluate the reliability of the measures. An alpha level of 0.70 or above was acceptable according to Nunnaly, (1978). From the findings of the study as represented in Table 4.3, all the variables tested had a cronbach alpha above 0.7 and thus were accepted. This represented high level of reliability and on this basis it was supposed that the scales used in the study were reliable enough to capture the internal consistency of the items being measured.

Entrepreneurial culture and entrepreneurial characteristics had the highest levels of reliability at 0.840 and 0.871 respectively due to the implementation of the schwartz value survey and xiangs model in to the likert scales as a detailed method of assessing the entrepreneurial culture of the respondents. Resources, while attaining an acceptable level of reliability at 0.709 was the lowest due to the fact that as a variable in the study,

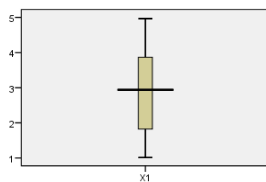
it was examined from both a financial and non financial angle as opposed to a financial angle alone, as is witnessed in most researches.

Table 4.3: Reliability Coefficients

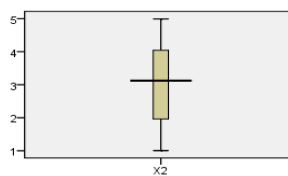
Variable	Cronbach's Alpha	Comment
Marketing Strategy	0.783	Acceptable
Resources	0.709	Acceptable
Entrepreneur Characteristics	0.871	Acceptable
Entrepreneurial Culture	0.840	Acceptable
Firm Performance	0.814	Acceptable

#### 4.1.3. Outlier Tests

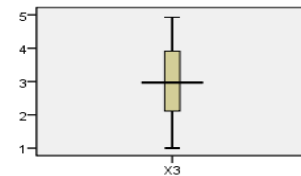
An outlier is an observation which appears to be very far from the rest of the observations Barnett and Lewis (1994). The presence of these outliers may make the data not be normally distributed, thus making the results from the analysis misleading. It is therefore recommended that the outliers present should be tested and removed if present. In this study, the presence of outliers was tested and only two outliers were detected on the dependent variable Performance as shown in Figure 4.1. After removing the 152 and 31 outlier, the normality was tested and the results are given on the Table 4.5 of normality test based on Shapiro wilk test and Kolmogorov –Smirnov normality assumptions.



Marketing Strategy



Resources



Firm Characteristics

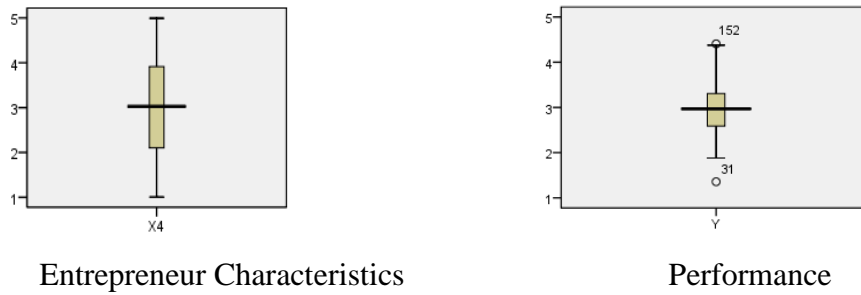


Figure 4.1: Outlier Test

#### 4.1.4. Tests of Normality

One of the assumptions of linear regression is that the dependent variable should be normally distributed. This study sought to test the normality of the dependent variable using Kolmogorov-Smirnov and Shapiro-Wilk test. The null hypothesis that the dependent variable is not normally distributed is rejected if the p-values of both the Kolmogorov-Smirnov and Shapiro-Wilk test are greater than the significance level of 0.05. Hence, the results in table 4.4 show that the dependent variable is normally distributed and thus a linear regression can be carried out.

Table 4.4: Tests of Normality

	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	Df	Sig.
Y	.046	247	.200	.991	247	.120

## 4.2. Performance

The study sought to find out the most popular method that the respondents used to measure the performance of their businesses. Majority of the respondents used sales to measure the performance of their business, with 54.3% strongly agreeing and 35.6% agreeing. Furthermore, performance measurement was linked to profits, and 47% of the

respondents strongly agreed that they measured the performance of their businesses using profits, while 36% concurred. On the other hand, majority of the respondents did not use employees as a measure of performance of the business with 32.8% disagreeing and 21.5% strongly disagreeing.

A majority of respondents, 89% measured the performance of their business using a combination of sales, profits and employees. When gauging the actual performance of the businesses, majority 42.1% of the respondents agreed that their sales volume had gone up over the past four years while 45.3% agree that their cost of sales had moderately increased over the same time period.

**Sales Volume:** The study aimed to establish the volume of sales (Kshs) that the respondents made over the past four years. Figure 4.2 summarizes these results which give the mean volume of sales, maximum sales and minimum sales made from 2011 to 2014. From these results, it can be seen that the firms sales have been increasing for the past four years which shows an upward trend in the sales volume.

The results showed that there was a great variance between the minimum and the maximum sales volume with the mean sales volume leaning more towards minimum than maximum sales, while the mean curve was found to be slightly above the median curve. These results showed that the farmers interviewed experienced both extremes of the divide that is when the sales were high, they were very high and when sales were low, they reached very low levels. This pattern of sales volume was found to be typical of an agricultural based environment where farmers are at the mercy of nature and rain fed agriculture as a determinant of productivity. However, this was not experienced by all farmers as some carried out their farming activities with the support of green houses making it easier to regulate some conditions under which the crops were being produced.

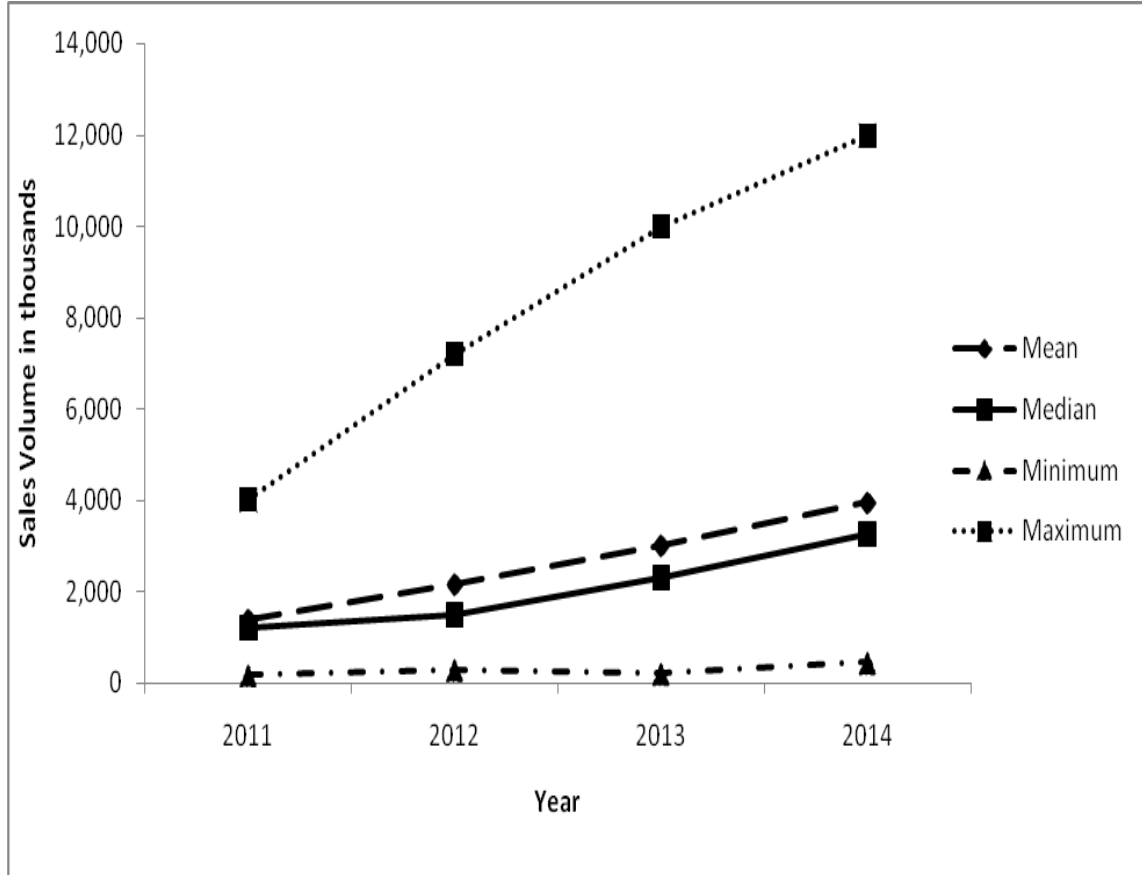


Figure 4.2: Firms Sales Volume from 2011-2014 in Thousands

**Cost of Sales:** The study aimed to establish the cost of sales (Kshs) that the respondents had incurred over the past four years. Figure 4.3 summarizes these results which give the mean cost of sales, maximum cost of sales and minimum cost of sales made from 2011 to 2014. From these results, it can be seen that the firm's cost of sales increased steadily between the years 2011 to 2013, however, the maximum cost of sales experienced a sharp increase between 2013 and 2014. The respondents attributed this sharp increase in the cost of sales to the erratic rains and depressed rainfall that occurred in 2014. This resulted in a decrease in production for some crops as well as pasture, making it necessary for the farmers to seek expensive courses of action and solutions to ensure that their produce did not suffer adversely.

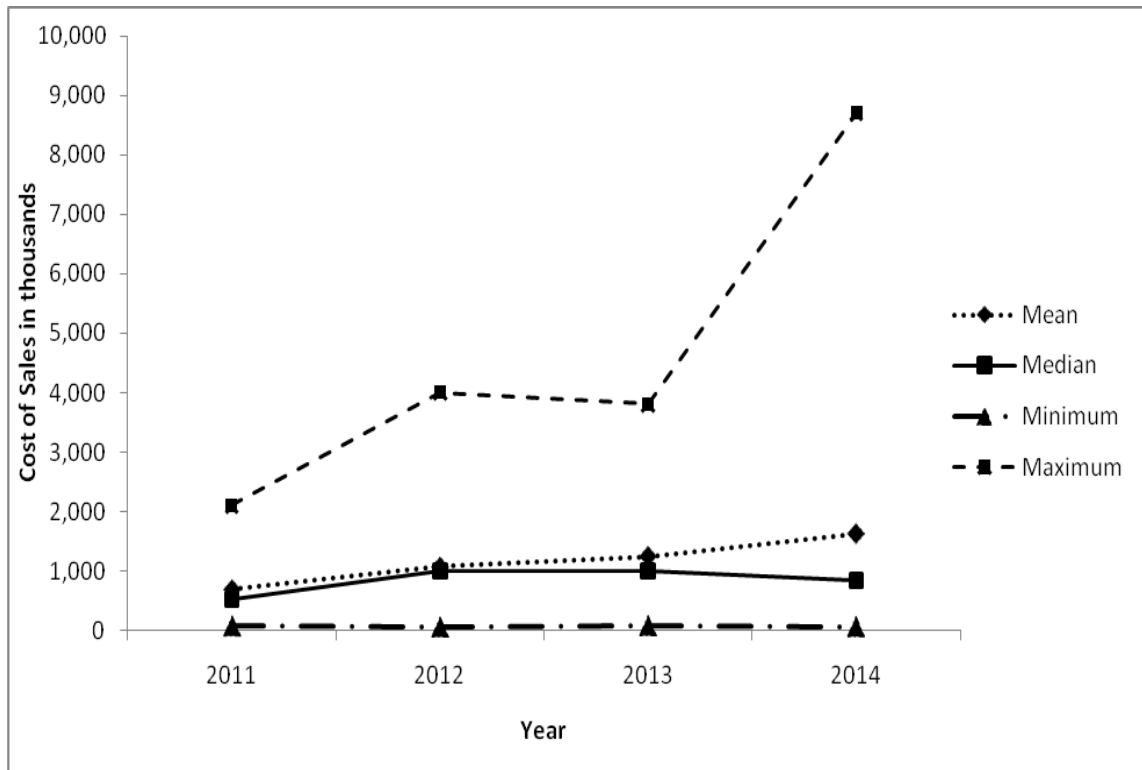


Figure 4.3: Firms Cost of Sales from 2011-2014 in Thousands

**Total Number of Fulltime Employees:** The study aimed to establish the total number of fulltime employees the agribusinesses have had in the past four years. Table 4.5 summarizes these results which gives the mean number of employees, maximum and minimum number of employees in the business from 2011 to 2014. This shows a slight increase in the number of full time employees from an average of 2 to 3.



Table 4.5: Firms Total Number of Fulltime Employees for 2011-2014

	Firms Full Time Employees			
	2011	2012	2013	2014
Mean	2	2	3	3
Median	1	1	2	2
Minimum	0	0	0	0
Maximum	5	5	6	6

**Profits, Sales and Cost of Sales:** In this study, enterprises profitability was analyzed by comparing the sales volume over the cost of sales over the 4 year period 2011 to 2014. Similarly, enterprises sales were analyzed by comparing the sales volume of the previous year over the sales volume of the current year and multiplied by 100, over the 4 year period 2011 to 2014.. Figure 4.4 shows that the sales, cost of sales and profits for the agribusinesses have been on an upward trend from 2011 to 2014 showing that the agribusinesses are performing well.



Figure 4.4: Comparison of Sales, Profits and Cost of Sales

**Employee Performance:** This study looked at the performance of the agribusinesses in terms of employees where measurement was done based on an increase or decrease in the number of permanent employees over the 4 year period 2011 to 2014. Figure 4.5 shows that there was an increase in the number of permanent employees from 2 to 3. This shows a slight improvement in performance.

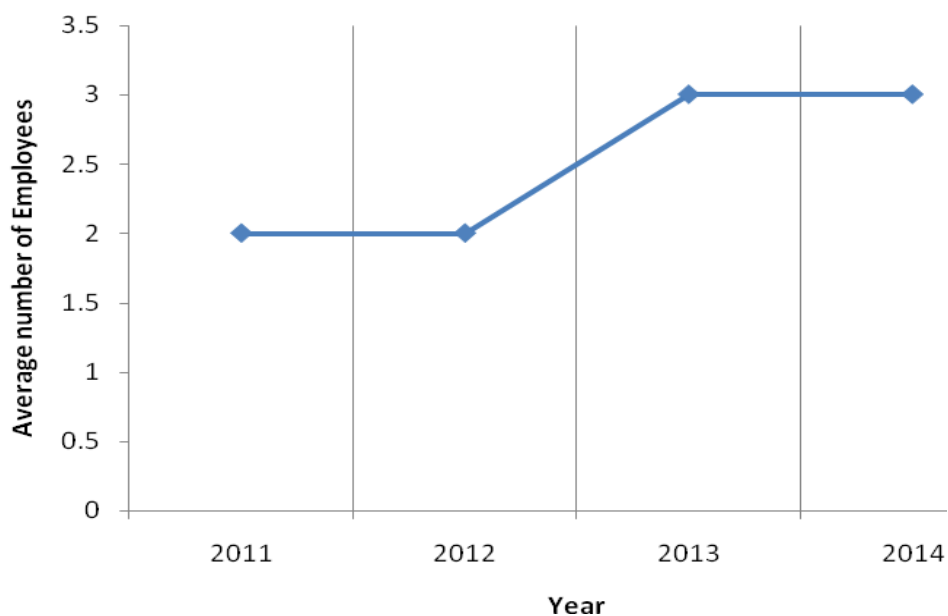


Figure 4.5: Average Number of Employees from 2011-2014

This study sought to assess the performance of the agribusiness enterprises in terms of turnover, profitability and growth in the labor force. From the results, the firms turnover has been on the rise from an average of Kshs 1,367,083 in 2011 to an average of Kshs 3,949,600 in 2014. Profitability was calculated using a profit index where the sales were calculated as a percentage of the cost of sales over the 4 year period 2011 to 2014. The results show a positive performance of the agribusinesses as their profitability has steadily been on the rise. The positive performance of these agribusiness enterprises is further supported by the fact that 70% of the respondents interviewed agreed that their

enterprises were performing well and despite the challenges that they faced in the day to day running of their enterprises, they would not abandon these enterprises for formal employment, should the opportunity present itself. Some of the core measures of performance are profitability, turnover, market share and growth in the labour force (Moorthy *et.al*, 2012).

### **4.3. Marketing Strategies and Performance**

The relationship between marketing strategy and firm performance has been well-documented and analyzed in prior research and has been a topic of major discussion for scholars. It is becoming increasingly apparent from the literature that marketers need to consider customer-level information, their environment as well as the resources that they have on hand when they generate a marketing strategy for the firm (Saif, 2015). Objective 1: Determine the influence of marketing strategies on performance of youth led micro and small agribusinesses in Kenya.

#### **4.3.1. Empirical Findings on Marketing Strategies**

In this study, as indicated in Figure 4.6, the respondents actively search for information on how and where to market their products, with a majority of them getting the information from friends and family (51.42%) while government forums (0.4%) were found to provide the least information on where to market their products.

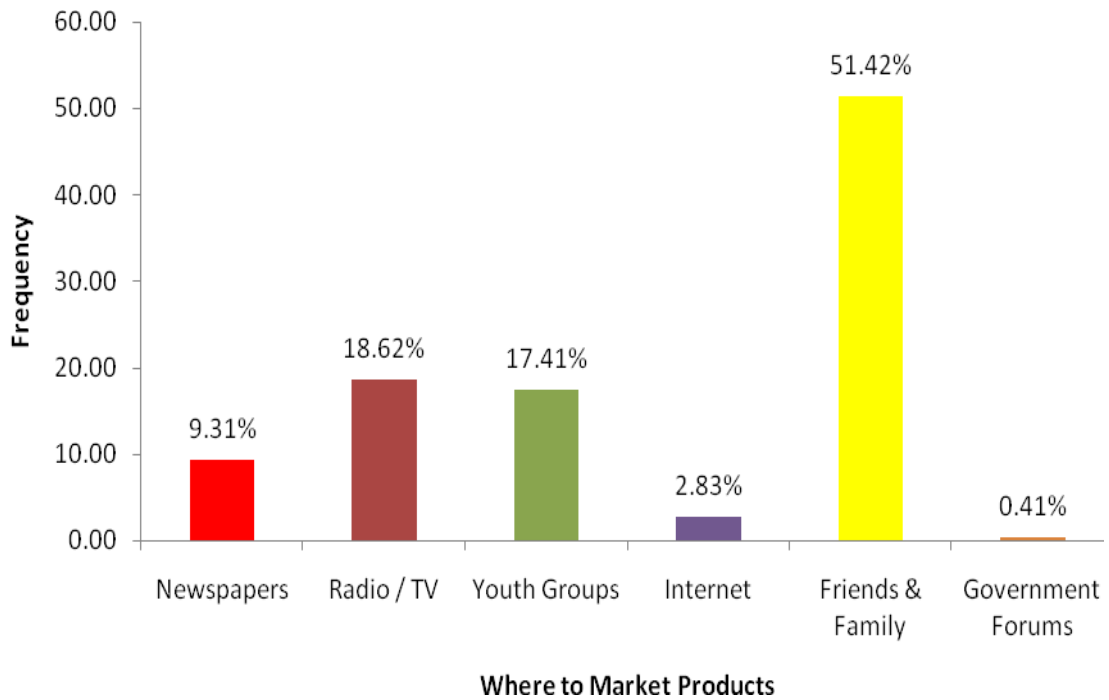


Figure 4.6: Information on How and Where to Market Products

Most farmers were found to obtain information from sources that were easily accessible to them such as friends and family and listening to interactive young farmer programs that were aired on radio and television. From the results, government forums were far and widely spaced and for farmers to attend, they would have to miss out on a whole day of work, which they could hardly afford, especially if they had no one to leave their daily duties to.

The study sought to find out how the respondents informed potential customers about their products. The results indicate that a majority of the respondents (65.99%) used direct methods such as meeting with the customers face to face, sending them SMS, and displaying their products in the market where the customers could see them, 16.19% used social media, 10.53% used cooperative societies and 7.29% used Radio, TV, and posters to inform potential customers about their products, as indicated in Figure 4.8.

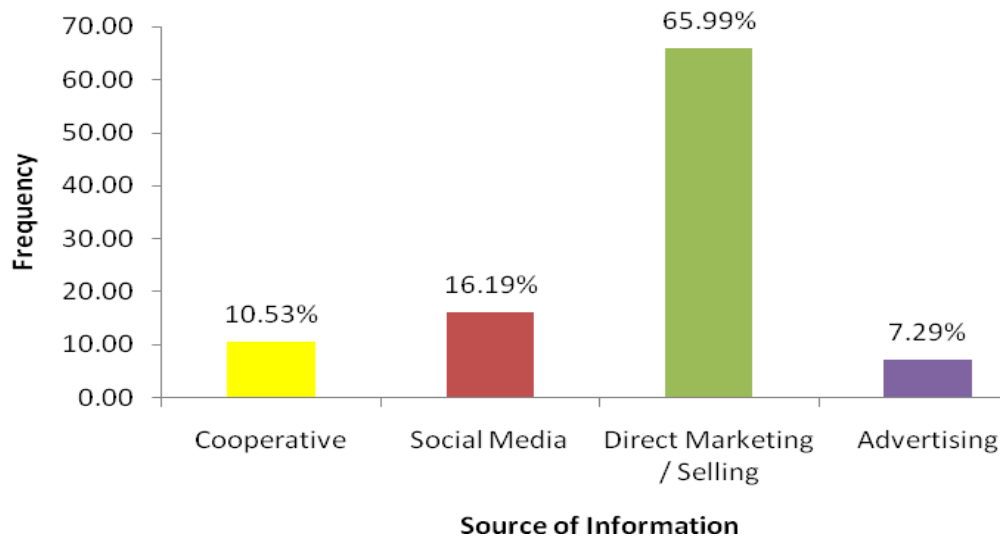


Figure 4.7: How to Inform Potential Customers about the Products

Executing a proper marketing strategy adds excellence to a firm's activities and strengthens the competitiveness and market share of the firm, leading to better performance. A majority of the respondents (59.9%) carried out personal selling and (47.8%) carried out networking and this had increased the performance of their business. However, activities such as advertising through mainstream media were not so common with 57.8% of the respondents not taking up the method to advertise as it does not have a significant effect on the performance of their businesses. These findings are in line with a comparative study on Ghanaian and Kenyan entrepreneurs where it was found that with respect to advertising, entrepreneurs in both countries rely on word of mouth and free publicity to market their businesses (Chu, Benzing & McGee, 2007). However, the authors indicated that only 21% of Ghanaian and 25% of Kenyan entrepreneurs used paid advertising to market their businesses. This is similar to the findings of this study where activities such as advertising through mainstream media were not so common with 57.8% of the respondents not taking up the method to advertise as it does not have a significant effect on the performance of their businesses.

Direct marketing proved to be the easiest and most useful way for small scale entrepreneurs to inform customers about their products. This is because it was more

affordable than other traditional methods, thus freeing up finances that could be used to increase and improve productivity. Cooperative societies were also used, however a majority of the respondents sampled did not belong to cooperative societies and thus did not make use of this avenue of information sharing.

The study found that the major challenge facing respondents in marketing their products is price fluctuation of the products, with 51.42% of the respondents concurring on that. 17.81% of the respondents felt that competition from well-established farmers is their biggest challenge, while 16.60% felt that transport is their biggest challenge in marketing their products, with poor roads affecting them when it comes to transporting them to the market as most deal with perishable products. 6.88% of the respondents highlighted other challenges such as changes in weather conditions which affect their products, delayed payment from the Government for those who sell their products through the Government agencies, high taxes on the products, cultures and beliefs, high cost of licensing their business and presence of cheap alternative products on the market.

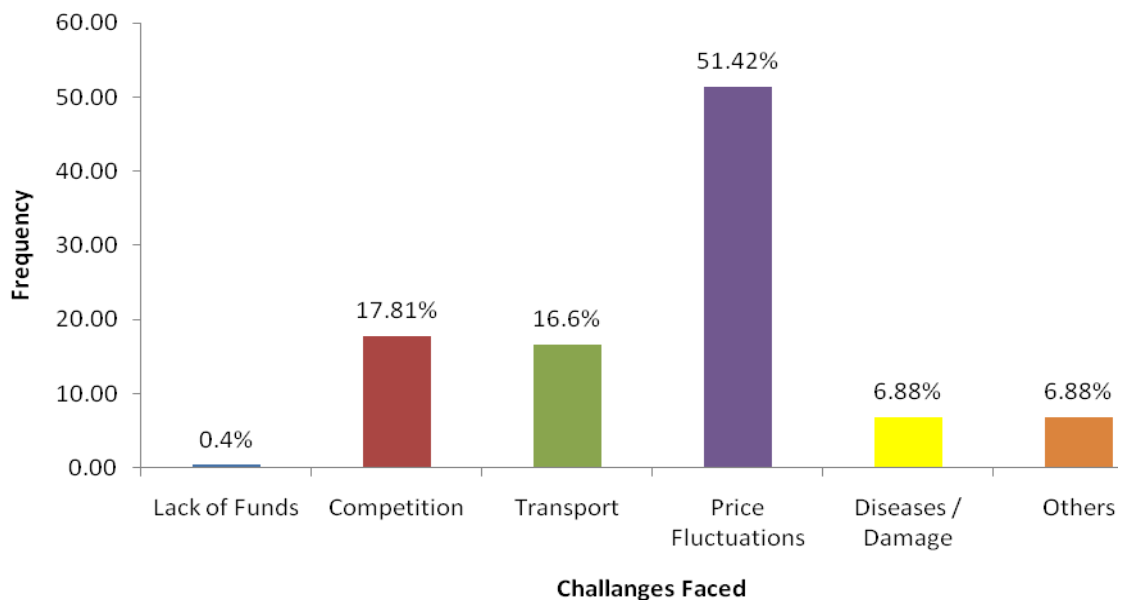


Figure 4.8: Challenges Faced in Marketing Products

The respondents were farmers whose main product was agricultural based and highly dependent on the weather and seasons. Price fluctuations were found to be a big challenge as a bumper harvest and a good season for the farmers would cause an oversupply of the produce leading to low prices, low demand and high competition. Agricultural terrain and poor road networks caused transportation to be a big problem in getting the produce to the market on time.

#### 4.3.2. Analysis on Interaction Between Marketing Strategies and Performance

The relationship between marketing strategies and performance was found to be explained by the model  $Y = 0.667 + 0.413 X_1$  where  $X_1$  represents marketing strategy while Y represents the performance.

Table 4.6: Coefficient Table for Marketing Strategy and Performance of Agribusiness

	Unstandardized Coefficients		t	Sig
	B	Std. Error		
(Constant)	.667	.042	15.743	.000
$X_1$	.413	.041	9.961	.001

a. Dependent Variable: Y

From Table 4.6, the relationship between performance and marketing strategy was found to be explained by the model  $Y = 0.667 + 0.413 X_1$  where  $X_1$  represents marketing strategy while Y represents the performance. The constant 0.413 shows that for every unit change in the marketing strategy, performance of the agribusiness changes by 0.413 times.

Table 4.7: Model Summary for Marketing Strategy and Performance of Agribusiness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.537 <sup>a</sup>	.288	.285	.15999

a. Predictors: (Constant), X<sub>1</sub>

The R-square value from the model summary Table 4.7 indicates that 28.8% variations in the performance of the agribusiness was explained by marketing strategy. The results imply that the marketing strategy is a good predictor of firm performance.

Table 4.8: Correlations Between Marketing Strategy and Performance

		Performance	Marketing Strategy
Performance	Pearson Correlation	1	.537**
	Sig. (2-tailed)		.000

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Table 4.8 shows the correlation coefficient between market strategies and performance. The result shows that there is a positive relationship between performance and marketing strategies. Also the relationship is significant since it has a p-value of 0.000 which is less than 0.01 the significance level.

Table 4.9: ANOVA for Marketing Strategy and Performance of Agribusiness

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.540	1	2.540	99.228	.000 <sup>a</sup>
	Residual	6.271	245	.026		
	Total	8.811	246			

a. Predictors: (Constant), X<sub>1</sub>

b. Dependent Variable: Y



The ANOVA Table 4.9 indicates that the model fitted is significant since  $p = 0.000$  is less than 0.05 the significance level. This was supported by an F statistic of 99.288 and the reported p value (0.000) which was less than the conventional probability of 0.05 significance levels. This results indicates that the overall model fitted on the data is statistically significance.

The following alternate hypothesis was developed to test the relationship between marketing strategies and performance:  $H_{A1}$ : There is an influence of marketing strategies on performance of youth led micro and small agribusinesses in Kenya. When interaction was tested for this hypothesis it was found that a positive and significant relationship exists between marketing strategies and performance. The study thus accepted the hypothesis because 28.8% of the variations in the performance of the agribusinesses was explained by marketing strategy. These finding are in agreement with a study by Aliata *et al.* (2012) which established that advertising has a statistically significant relationship with the performance enterprises measured by profits. The study also found that the most popular method of advertising was networking, the use of which had helped improve performance of the agribusinesses. This concurs with the works of Olwande and Mathenge (2012) who reiterated that the performance of an entrepreneurial firm depends on its ability to maintain and extend its networks to realize growth and that these networks are of significant importance in production and marketing activities by farmers.

#### **4.4. Resources and Performance**

Objective 2: Determine the effect of resources on performance of youth led micro and small agribusinesses in Kenya.

##### **4.4.1. Empirical Findings on Resources**

There was equal agreement 32.5% and disagreement 31% by the respondents on the ease of access to finances to run their agribusiness enterprises, with a majority 36% agreeing that their sales had increased due to adequate access to finances. In terms of employees

as resources required for their agribusiness enterprises to perform well, a majority 45.7% of the respondents found it difficult to attract reliable employees, while 40.1% found it difficult to retain reliable employees, thus affecting the performance of their agribusiness enterprises. Attracting and retaining reliable farm employees was found to be a challenge due to the long working hours required, hard manual labor and relatively low pay that the respondents were able to offer them. This was reflected in the findings where there was only a slight increase in the number of employees engaged by the respondents. Customers are a great resource that may affect performance and a majority 37.2% of the respondents found it easy to establish contacts with customers. The contact established with customers was obtained through the process of networking, thus making repeat business possible and easier. This repeat business is what the respondents leveraged on to ensure that sales continued to rise. Repeat business led to positive word of mouth communication from loyal customers, thus resulting in better performance.

The study sought to find out the banking behaviors of the respondents in terms of whether they operate bank accounts and if so in which institutions. Figure 4.9 shows the frequency distributions of banking institutions in the respondents had opened an account in. Majority 38.8% of the respondents had accounts with Kenya Commercial Bank and Equity bank (34.01%). On average, these accounts had been in operation for the past 5 years, showing that the respondents understood the need to keep their money in a secure place and this also provided for adequate timing for the respondents to have saved the required resources to plough back in to the enterprise.

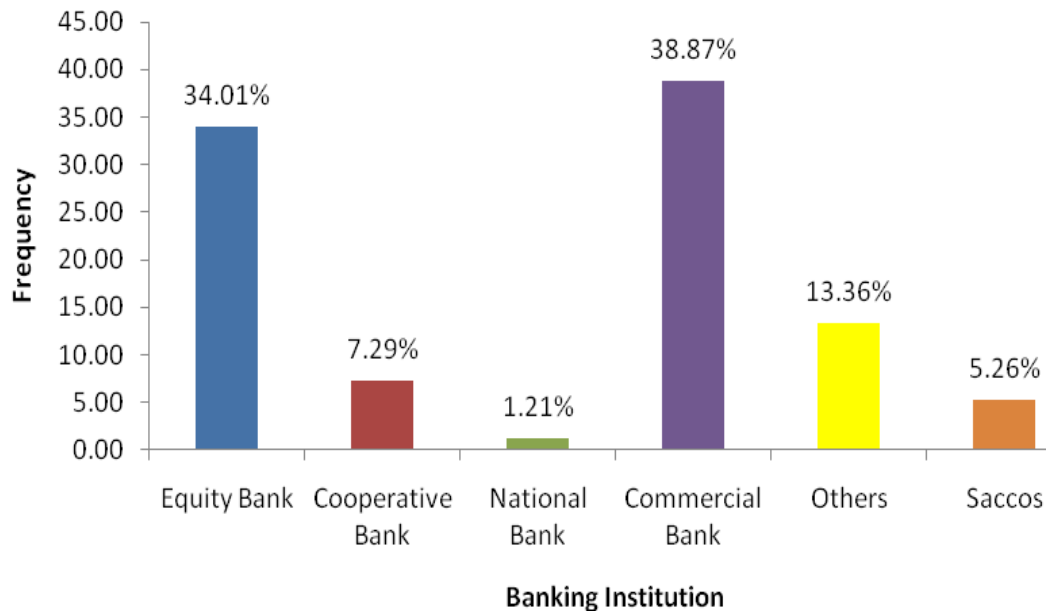


Figure 4.9: Banking Institutions in which the Farmers Have Opened an Account

From the findings of the study, it came out clearly that the respondents preferred to keep their money and carry out banking activities with local banks rather than foreign banks. This could be due to the fact that the farmers found the account opening procedures much easier and more understandable in the local banks as opposed to the foreign banks. Furthermore, these local banks were found to have a wider network coverage thus providing the advantage of being closer to their customers. The findings also show that savings and credit societies are not popular among the youth as the youth perceive their products as being more tailored towards the older generation.

Lack of funds may be the immediate reason for a business failing to start or to progress, even when the more fundamental reason lies elsewhere. From the findings of this research, this has come out clearly as resources has not affected the performance of these agribusiness enterprises. This is mainly because a majority of the respondents preferred to finance their agribusiness enterprises using their savings or profits ploughed back in to the business. This being the case, such a source of finance was at their finger tips, as opposed to accessing finances through institutions such as banks and government bodies.

This is also clearly seen from the findings that all the respondents operate bank accounts, thus allowing them the opportunity to save. The study also sought to find out the preferred source finance that the respondents used to finance their agribusiness. Figure 4.10 indicates that 56.28% of the respondents financed their business through personal savings and the profits plowed back into the business, 24.29% from bank loans, 10.12% from youth funds and 9.31% from family and friends.

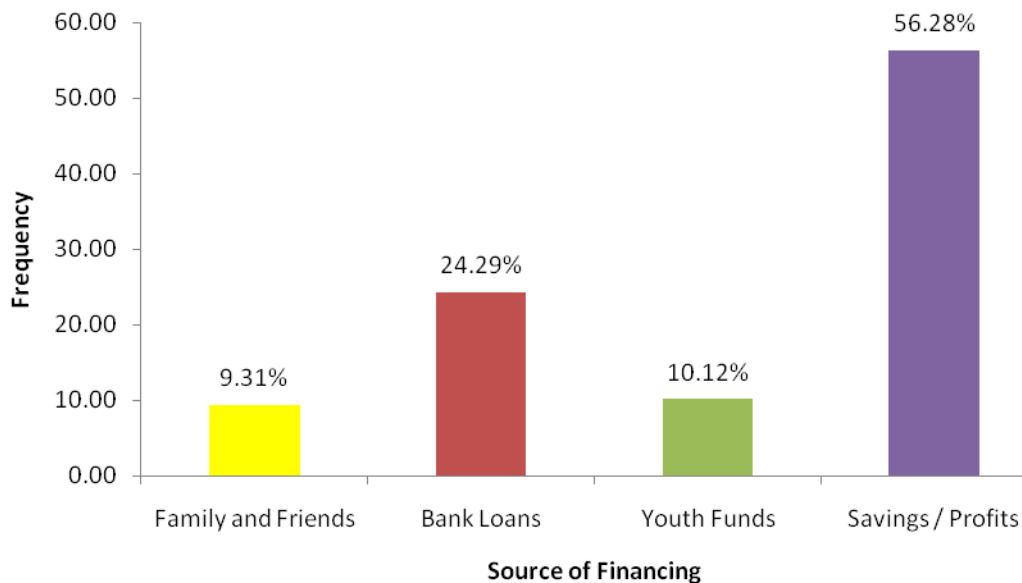


Figure 4.10: Preferred Source of Financing the Business

The main form of interaction between MSEs and commercial banks was the enterprises' use of savings services. Most entrepreneurs had savings accounts with commercial banks. Group savings were also held mostly with commercial banks. In addition to savings, loans were the other main service utilized by enterprises. However, only 24.2 % reported having used bank loans to finance their enterprises. In contrast to the low number of borrowers, the majority 86.6% saved a part of their earnings with financial institutions, with 81.38% depositing with commercial banks while others favoured self-help groups, micro-finance institutions and savings and credit cooperative societies.

Small-scale enterprises mobilize savings through commercial banks, but such savings may not come back to them in the form of credit.

Many of the respondents used savings and profits to finance their enterprises because the finances that they required were not so high, owing to the small size of their enterprises. Others did not even consider investigating traditional bank funding options, while others felt that the amount of financing that they required vis a vis the amount of interest they would have to pay was not worth the struggle. Thus a majority of the respondents felt that it would be easier and less complicated for them to save their earnings slowly and plough them back in to their enterprises when they reached significant levels. The youth fund was not as preferred as expected due to the group based lending requirements as a majority of the respondents were sole proprietors, thus found it difficult to qualify for such funding.

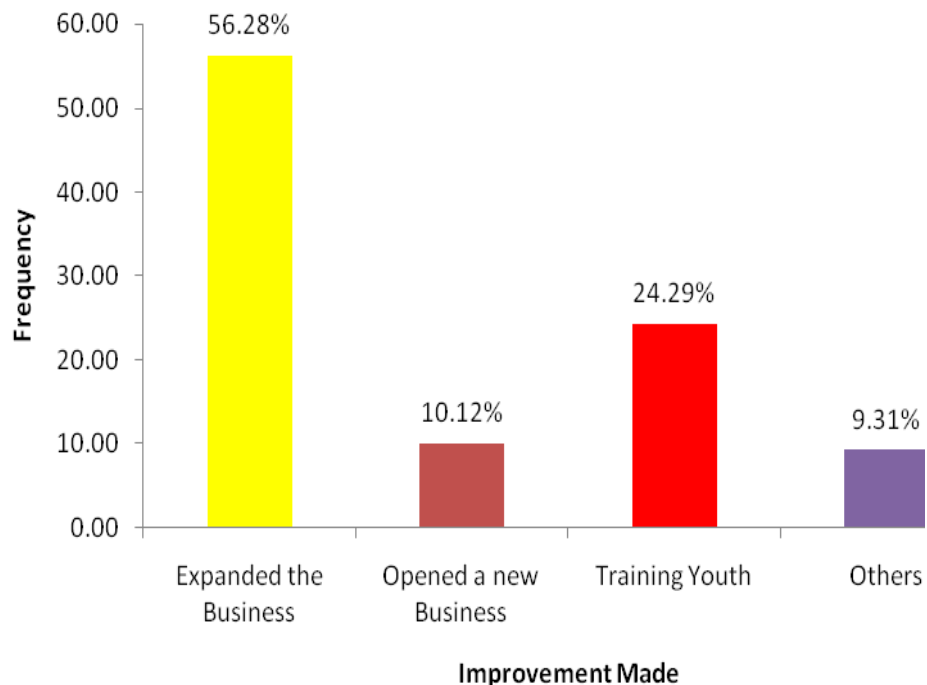


Figure 4.11: Improvement Made to the Business with the Finances Accessed

The entrepreneurs in this study when asked about the improvements they had done to their business with the finances they accessed, 56.28% used the money to expand their business by buying land for expansion of their agricultural produce, bought new dairy cows, bought new layers, 24.29% used the money to train themselves in the respective field they were working in, 10.12% used the money to open other new businesses and 9.31% from used the money on other things such as, personal use, paying school fees, attending new training in the business they were running.

The expansion of the agribusiness enterprises with finances accessed points to the fact that the performance of these enterprises was good enough for the farmers to have faith in them and try and increase productivity through increasing the acreage under crops and adding more animals to their current stock. Furthermore, these youth have seen a future in these enterprises and thus the need and drive to seek further training in their respective areas of agribusiness, so as to become experts and more knowledgeable in their respective areas of farming. The opening of new businesses with finances accessed brings out the entrepreneurial culture in these young farmers as they continue to see the importance of self reliance, increased productivity and job creation.

#### 4.4.2. Analysis on the Interaction Between Resources and Performance

The relationship between performance and resources was found to be explained by the model by  $Y = 1.013 + 0.059X_2$  where  $X_2$  represents resources while Y represents the performance.

Table 4.10: Coefficient Table for Resources and Performance of Agribusiness

	Unstandardized Coefficients		t	Sig
	B	Std. Error		
(Constant)	1.013	.043	23.658	.000
$X_2$	.059	.038	1.564	.119

From the coefficient Table 4.10 the model obtained is given by  $Y = 1.013 + 0.059X_2$  where  $X_2$  represents resources and  $Y$  represents performance of the agribusiness. From the model, it can be seen that, for every unit increase in resources, there is an increase of performance by 0.059 times. The P value is 0.119 which is greater than 0.05 and this indicates that resources has no significant effect on the performance of agribusiness. Hence from these findings, the study rejected the alternate hypothesis that resources have an influence on performance of agribusinessess.

Table 4.11: Model Summary for Resources and Performance of Agribusiness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.99 <sup>a</sup>	.010	.006	.18870

a. Predictors: (Constant),  $X_2$

The R square value shown in the model summary Table 4.11 suggests that 1% of performance of agribusiness was explained by resources available. The results imply that the resources are not a good predictor of firm performance.

Table 4.12: Correlations between Resources and Performance

		Performance	Resources
Performance	Pearson Correlation	1	.099**
	Sig. (2-tailed)		.119

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Table 4.12 shows the correlation coefficient between resources and performance. The result shows that the correlation coefficient between performance and resources is 0.099 which is very small. Also the relationship is not significant since it has a p-value of 0.119 which is greater than 0.01 the significance level. Hence it can be concluded that

there is no relationship between resources available and performance of the Agribusiness.

The following alternate hypothesis was developed to test the relationship between resources and performance:  $H_{A2}$ : There is an influence of resources on performance of youth led micro and small agribusinesses in Kenya. When the interaction was tested for this hypothesis it was found that there was an insignificant relationship between resources available and performance of the agribusiness because 1% of performance of agribusinesses was explained by resources available. and thus the alternate hypothesis was rejected.

Table 4.13: ANOVA for Resources and Performance of Agribusiness

	Sum of Squares	df	Mean Square	F	Sig.
Regression	.087	1	.087	2.446	.011
Residual	8.724	245	.036		
Total	8.811	246			

$R^2 = 1\%$  , and *adjusted - R<sup>2</sup>* = 0.6%

a. Predictors: (Constant), X<sub>2</sub>

b. Dependent Variable: Y

The ANOVA Table 4.13 indicates that the model fitted is not significant since  $p = 0.119$  is greater than 0.05. Hence it is concluded that there is an insignificant relationship between resources available and performance of the agribusiness.

This study looked at resources in terms of financial resources and employees. According to Wanjohi and Mugure (2008) lack of access to finance is almost universally indicated as a key problem for MSE's. This statement concurs with the findings of this study as majority of the respondents cited lack of access to finance as a problem, however from the results, this has not affected their performance. This is true because to counter this issue, the respondents sought alternative means and sources of finance so as to improve the performance of their agribusinesses. This is in line with the findings of Wincent



(2005) that lack of finances forces entrepreneurs to rely on self-financing or borrowing from friends or relatives. One of the primary tools used by MSEs in establishing market position is networking which is often initiated by resource restrictions that are inherent to MSEs, as it allows them to overcome many of the resource limitations encountered.

#### **4.5. Firm Characteristics and Performance**

Objective 3: Examine the influence of firm characteristics on performance of youth led micro and small agribusinesses in Kenya.

##### **4.5.1. Empirical Findings on Firm Characteristics**

The study sought to find out how long the respondents have been operating their agribusinesses. From the findings, it was seen that on average, the businesses have been operational for 5 years with the minimum number of years a business had been operational being 1 year and maximum being 16 years. The great divide between the minimum and maximum number of years of these firms being in operation mirrors the gap between the minimum and maximum sales volume attained by these enterprises. This could be indicative of the fact that enterprises that have been in existence for longer periods of time tend to perform better than those that have been in existence for shorter periods of time.

In terms of the legal form of ownership of the agribusinesses, Figure 4.12 indicates that 68.16% of the businesses were sole proprietorships, 15.51% of them were youth groups while 13.88% of them were partnerships. MSEs are mainly sole proprietorship or family businesses and are not very dominant in their line of business. This was reflected in the study since of the 247 enterprises involved in this study, 68.16% were sole proprietorships, most of whom cited competition from "larger businesses" as a challenge to their performance. Majority of the respondents preferred legal form of ownership of the business was the sole proprietorship because it was the easiest, fastest and cheapest form of business enterprise to start in Kenya, as opposed to the other forms.

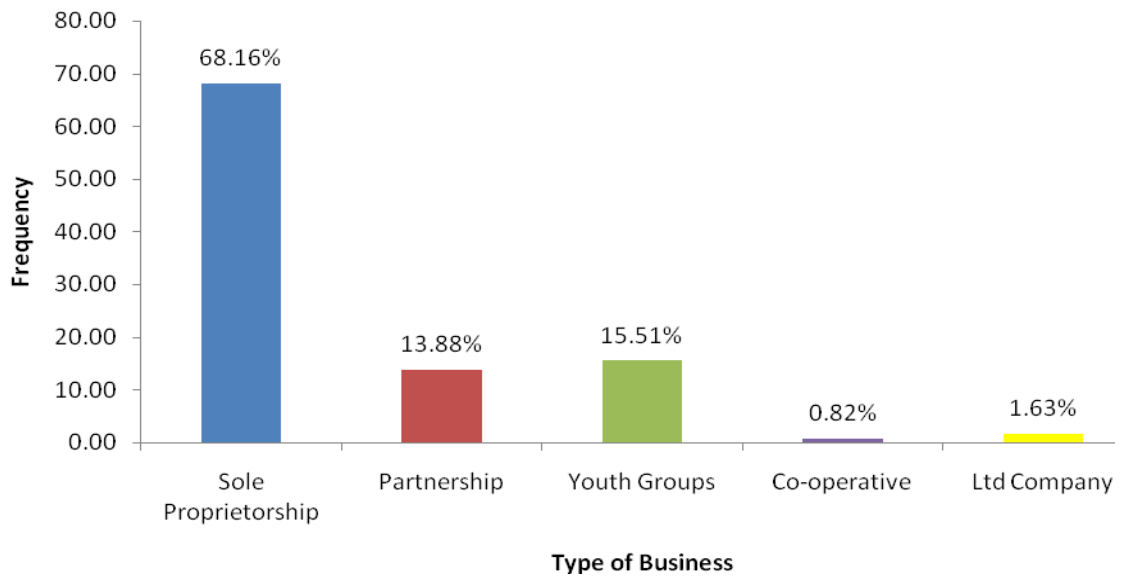


Figure 4.12: Legal Form of Ownership of the Business

It does not require a lot of paperwork nor does it require multiple consultations from legal counsel. Formation of cooperative societies among the young farmers was found to be the least sought after legal form of ownership of the business. This could have been due to the perception that they have of cooperatives as being institutions for the elderly that may not understand them or meet their immediate needs. The respondents viewed the youth groups as a more inclusive form of coming together with people more closer to their age group who could understand them and who they found it easier to cope with and control. Youth groups were also preferred as a legal form of ownership of the business due to the greater chances of obtaining financing from the youth fund because of forming a youth group and being a member of the youth group.

The study also sought to establish the number of employees the respondents have in their agribusiness both permanent, seasonal contract and daily casual employees. The table 4.14 gives a summary of the number of employees at these levels.

Table 4.14: Summary of Number of Employees in the Business at Different Levels

	Number of permanent employees	Number of seasonal employees	Contract employee less than 2 months	Contract employee 2-6 months	Contract employee over 6 months	Daily casual employees
Mean	5	5	6	6	3	5
Min	1	1	2	2	2	1
Max	20	20	12	17	3	20

Based on the findings represented in Table 4.14, on average, 5 people are employed on permanent, seasonal and casual basis. 6 people are employed on contracts less than 2 months and between 2-6 months while 3 people are employed on contracts over 6 months. From these results, it can be seen that the agribusiness is creating employment to the people within its locality, however, it is difficult for the farmers to maintain many employees on a permanent basis, thus they opted to engage contractand casual employees as well. This was found to be justifiable especially due to the seasonal nature of agriculture where a farmer would require more labor during planting and harvesting periods.

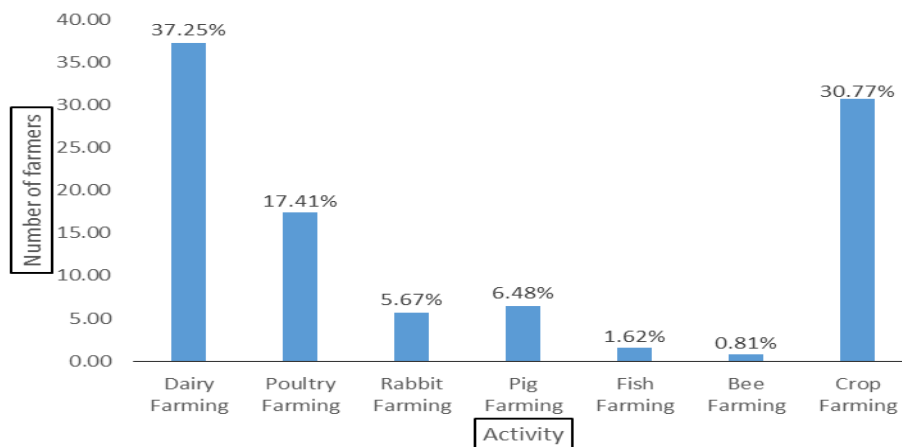


Figure 4.13: Activities Carried out in the Business

Engaging employees on casual and contract basis gave the farmers flexibility to plan their work and thus have these employees on hand only when they really required them, thus cutting down on costs and eliminating wastage. At the same time, some of the farmers did not require to hire many employees as they themselves were part of the workforce on their enterprises. This ensured proper supervision of work and better and faster detection of any issues that arose during the day to day farming activities, leading to increased productivity.

The study aimed to establish the activities carried out by the respondents in their line of business they are operating. As presented in Figure 4.11 majority (37.25%) of the respondents were engaged in dairy farming, 30.77% were engaged in crop farming, 17.41% were engaged in poultry farming, and minority about 0.81% are engaged in bee keeping . These results indicate that most of the respondents who participated in the study were involved in rearing of domestic animals and crop farming.

From the results in Figure 4.13, dairy farming was the most popular farming activity taken up by farmers due to the fact that zero grazing of cows did not require alot of land for the farmers to practice dairy farming. It was also found to be popular as the climatic conditions in Kiambu county were found to be favourable for dairy farming. Another form of farming that did not require alot of land to practice was poultry farming, which was also taken up by a good percentage of the farmers. With the increased population growth, there has been continuous decrease in average farm sizes. Currently the average farm size under small scale farming was 0.36 Ha and 69.5 Ha under large scale farming. The areas with small land holdings were mostly found in the upper parts of Gatundu North, Gatundu South, Kiambaa, Limuru and Kikuyu constituencies.

The study aimed to establish the reasons as to why the respondents decided to venture in the business they are operating. As presented in Table 4.15 majority (38.1%) of the respondents started the business to earn income or a living from it, 32.4% due to other reasons such as passion for the business, 11.3% as a source of employment as they were unemployed and could not find any meaningful jobs, and 10.9% started the business due

to the market demand for the product they were dealing with. These results indicate that income was the main drive for starting the business. If an enterprise is to be successful, there needs to exist some kind of drive or passion for the business that propels the entrepreneur towards good performance and profitability. From the results of the study, the more the enterprises are started to earn a living and not because of passion for the enterprise, the worse they perform.

Table 4.15: Reasons for Venturing into the Current Business

	Frequency	Percent	Valid Percent
Income/earn a living	94	38.1	38.1
Employment	28	11.3	11.3
Family/friends influence	18	7.3	7.3
Market demand	27	10.9	10.9
Others	80	32.4	32.4
Total	247	100.0	100.0

With the growing population of youth in the country unable to find employment and needing to have a source of livelihood, some who had the opportunity to engage in farming had taken it up as they had access some family land they could utilize or some land that they were able to identify and lease from neighbors in their locality. In addition, most of the respondents' backgrounds were found to be agricultural, thus the basic concepts of farming were not foreign to them. Many of the food crops that feed Nairobi County come from Kiambu County and farmers found that they were bound to make a lot of money by selling food crops as well as fruits from Kiambu in Nairobi. The more entrepreneurial farmers were able to look at the market demand for particular produce such as milk, potatoes, kales, chicken, pork and carrots and prioritize their farming practices on these products so as ensure success of their enterprises. Families who had practiced agricultural farming over long periods of time with relative success played a part in influencing their offspring to take up the farming as a continuation and progress of the family enterprise.

#### 4.5.2. Analysis on the Interaction between Firm Characteristics and Performance

Specific objective three sought to find out the influence of firm characteristics on performance of youth led micro and small agribusinesses in Kenya.

Table 4.16: Coefficient table for Firm Characteristics and Performance of Agribusiness

	Unstandardized Coefficients		t	Sig
	B	Std. Error		
(Constant)	2.102	.154	13.623	.000
X <sub>3</sub>	-.724	.109	-.660	.000

The relationship between performance and firm characteristics represented in Table 4.16 was found to be explained by the model  $Y = 2.102 - 0.724X_3$ , where X<sub>3</sub> represents firm characteristics and Y represents performance of the agribusiness. From the model, for every unit change of firm characteristics, there is a decrease in performance by 0.724 times.

Table 4.17: Model Summary for Firm Characteristics and Performance of Agribusiness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.392 <sup>a</sup>	.153	.150	.17450

a. Predictors: (Constant), X<sub>3</sub>

The R square value shown in the model summary Table 4.17 suggests that 15.3% of performance of agribusiness was explained by firm characteristics. There is a linear relationship between performance of agribusiness and firm characteristics. The relationship is also negative since as firm characteristics increase, the performance of the agribusiness goes down.

Table 4.18: Correlations Between Firm Characteristics and Performance

		Performance	Firm characteristics
Performance	Pearson	1	-.392**
	Correlation		
	Sig. (2-tailed)		.000

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Table 4.18 shows correlation coefficient between firm characteristics and performance. The results show that the correlation coefficient between performance and firm characteristics is -0.392 which is a negative relationship. Also the relationship is significant since it has a p-value of 0.000 which is less than 0.01 the significance level. Hence it can be concluded that there is a negative relationship between firm characteristics and performance of the agribusiness.

Table 4.19: ANOVA for Firm Characteristics and Performance of Agribusiness

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	1.351	1	1.351	44.362	.000 <sup>a</sup>
Residual	7.460	245	.030		
Total	8.811	246			

a. Predictors: (Constant), X<sub>3</sub>

b. Dependent Variable: Y

The ANOVA Table 4.19 indicates that the model fitted is significant since  $p = 0.00$  is less than 0.05, hence it was concluded that there is a significant effect between firm characteristic and performance of the agribusiness, and thus the alternate hypothesis was accepted.

## **4.6. Entrepreneur Characteristics and Performance**

Objective 4: To explore the influence of entrepreneur characteristics on performance of youth led micro and small agribusinesses in Kenya.

### **4.6.1. Empirical Findings on Entrepreneur Characteristics**

Age of the respondents was one of the entrepreneur characteristics that was investigated as represented in Figure 4.14. The Figure shows that majority (48.78%) of the respondents were within the age bracket of 31-35 years, 29.67% of the respondents were within the age bracket of 26-30 years, 16.26% of the respondents were within the age bracket of 21-25 years with those who are above 35 years being few with 1.63%. These results indicate that majority of the farmers who were involved in agribusiness activities were within the age brackets of 31-35 years. The age bracket of 31-35 years was found to be of a more mature and experienced youth tending to have greater perseverance as opposed to those between the age of 21-25 years. Perseverance and resilience are some of the characteristics that are required of farmers, especially under the unpredictable conditions that were experienced in the farming environment. Such characteristics explained the performance of these agribusiness enterprises as these farmers have been able to gradually increase their produce, save their profits and plough them back in to their enterprises, thus leading to increased productivity and better performance.

Consequently, the results of this study show that majority (48.78%) of the respondents were found to be relatively old and nearly out of the youth age bracket, falling between of 31-35 years and having operated the business for an average of 5 years and a maximum of 15 years. Countries that have more individuals between the age group of 25-44 years old have more start-ups. Age is linked to business success if it comprises of both chronological age and entrepreneurial age, showing that the older an entrepreneur is, the more experiences in business he has and consequently, the more mature and experienced an entrepreneur is, the more likely he/she can succeed (Staw, 1991). This also concurs with the characteristic of age as according to the National MSE baseline survey, (1999) that found that the age of the entrepreneur has a bearing on the



performance of the enterprise as age has a bearing on experience, health and drive of the entrepreneur.

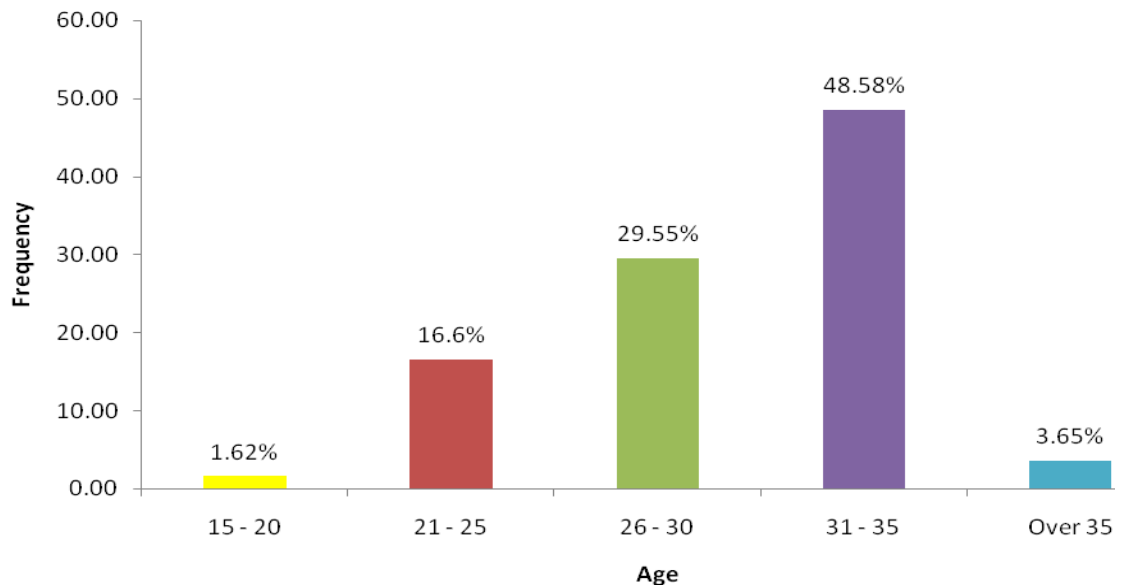


Figure 4.14: Age of Respondents

The study aimed to establish the gender of the respondents who participated in the study. As presented in Figure 4.13 majority (60%) of the respondents were male, and 40% were female. From the results, there were more males than females engaging in farming activities. This could be due to the fact that in Kenya, especially in more traditional set ups, the use of land was dictated by the male counterparts of the family, thus the females may not have had much of a say on the farming activities to be practiced. At the same time, female youth were more predisposed to participate in economic activities geared towards the service sector as opposed to farming, which is more labor intensive, especially the rearing of dairy cattle, which was found to be the most popular form of farming taken up by the young entrepreneurs. Majority 60% of the respondents were males, with the minority being female. This is in line with Carter et. al, who found that female entrepreneurs differ from male entrepreneurs in that they are less likely to have previous business experience, they are relatively younger, and operate mostly in the retailing and service industries.

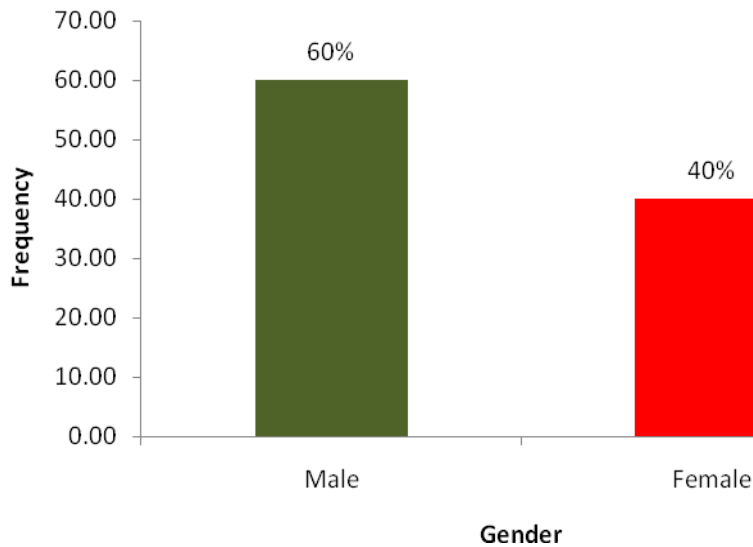


Figure 4.15: Gender of the Respondents

Agribusinesses in Kenya that are practiced on a small scale such as the ones surveyed tend to be more labor intensive as opposed to capital intensive. Males tend to possess greater physical strength as opposed to females. Majority 60% of the respondents surveyed were male and this characteristic was found to help in increasing the performance of these agribusiness enterprises.

The study aimed to establish the highest level of education attained by the respondents. As presented in Figure 4.16 majority (42.91%) of the respondents have a secondary certificate, 36.44% were Diploma holders, 10.55% had primary certificate and 9.72% had were degree holders. These results indicate that most of the respondents had a certificate and above except a few 0.4% who had none. Entrepreneurs with higher education levels and experiences have a greater probability of success than entrepreneurs who lack education and experiences. Education and skills are important to run a successful enterprise. A greater percentage of the entrepreneurs were found to be relatively educated, allowing them to be able to understand the basics of farming and record keeping. At the same time, some respondents understood the importance of education to the extent that they used profits earned from their agribusiness enterprises to further their education in their areas of specialization.

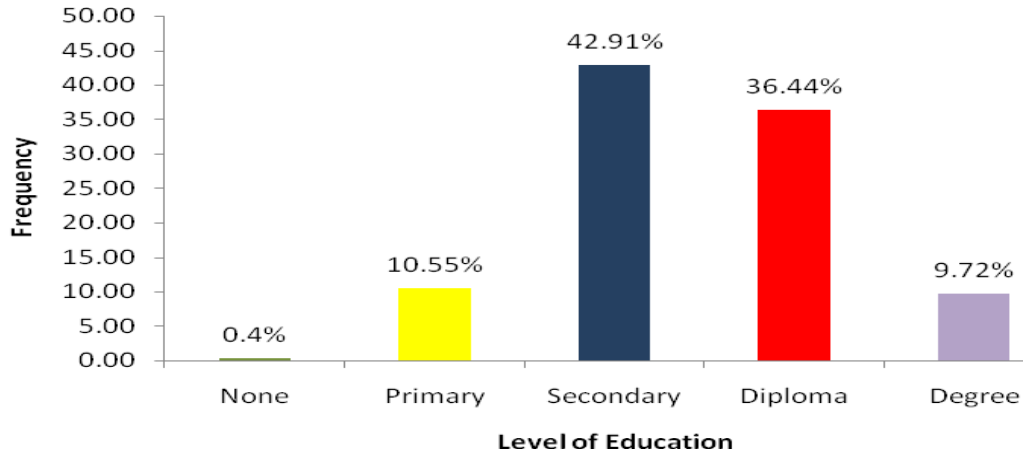


Figure 4.16: Level of Education

The motivation to engage in business and the decision to become an entrepreneur is closely linked to the level of awareness about knowledge of and familiarity with the concept of entrepreneurship as being a viable career path. Among other social institutions, education has probably the most important impact on raising awareness and attractiveness to the characteristics and attributes of entrepreneurship. Education helps to arm young people with an understanding of and some of the skills necessary for entrepreneurship. In this study 89% had an education above the basic primary school education which is an important indicator of the importance laid on education as a basis for performance and as Olwande and Mathenge (2012) indicate, education assists in the success of entrepreneurial ventures by enabling the nourishment of competencies such as innovativeness and ability to better utilize market information. However, since most entrepreneurs, had achieved secondary education level, supplemented with training, without being able to proceed to university, this may imply that most people with this level of education failed to find employment in the formal sector, and thus resorted to MSE activities.

The study sought to find out the influence that entrepreneur characteristics had on the performance of their agribusiness enterprises. Majority of the respondents agreed that their youthfulness was a major factor in their performance, as most of their farming activities involved manual labor thus helping them to perform better. Level of education also had a bearing on performance, with 30% agreeing that their level of education determined the performance of their enterprises. Majority 72% of the respondents have received training in their areas of operation and this training has greatly helped in improving the performance of their enterprises.

#### 4.6.2. Analysis on the Interaction between Entrepreneur Characteristics and Performance

Specific objective four sought to find out the influence of entrepreneur characteristics on performance of youth led micro and small agribusinesses in Kenya. The relationship between performance and entrepreneur characteristics was found to be explained by the model  $Y = 0.749 + 0.267X_4$ .

Table 4.20: Coefficient Table for Entrepreneur Characteristics and Performance of Agribusiness

	Unstandardized Coefficients		t	Sig
	B	Std. Error		
(Constant)	.749	.054	13.945	.000
X <sub>4</sub>	.267		6.256	.001

a. Dependent Variable: Y

From the coefficient Table 4.20 the model obtained is given by  $Y = 0.749 + 0.267X_4$ , where X<sub>4</sub> represents entrepreneur characteristics and Y represents performance of the agribusiness. From the model, for every unit change of entrepreneur characteristics, there is an improvement in performance by 0.267 times.

Table 4.21: Model Summary for Entrepreneur Characteristics and Performance of Agribusiness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.371 <sup>a</sup>	.138	.134	.17610

a. Predictors: (Constant), X<sub>3</sub>

The R square value shown in Table 4.21 suggests that 13.8% of performance of agribusiness was explained by entrepreneur characteristics. There is a linear relationship between entrepreneur characteristics and performance of agribusinesses. The relationship is also positive since as entrepreneur characteristics increase, the performance of the agribusiness goes up.

Table 4.22: Correlations between Entrepreneur Characteristics and Performance

		Performance	Entrepreneur Characteristics
Performance	Pearson Correlation	1	.371**
	Sig. (2-tailed)		.000

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Table 4.22 shows correlation coefficient between entrepreneur characteristics and performance. The results show that the correlation coefficient between performance and entrepreneur characteristics is 0.371 which is a positive relationship. Also the relationship is significant since it has a p-value of 0.000 which is less than 0.01 the significance level. Hence it can be concluded that there is a positive relationship between entrepreneur characteristics and performance of the agribusiness.

Table 4.23: ANOVA for Entrepreneur Characteristics and Performance of Agribusiness

	Sum of Squares	df	Mean Square	F	Sig.
Regression	1.213	1	1.213	39.132	.000 <sup>a</sup>
Residual	7.597	245	.031		
Total	8.811	246			

a. Predictors: (Constant), X<sub>4</sub>

b. Dependent Variable: Y

The ANOVA Table 4.23 indicates that the model fitted is significant since  $p = 0.00$  is less than  $0.05$ . Hence, it is concluded that there is a significant effect between entrepreneur characteristic and performance of the agribusiness and therefore, the alternate hypothesis was accepted.

#### **4.7. Moderating Influence of Entrepreneurial Culture on Marketing Strategies, Resources, Firm Characteristics and Entrepreneur Characteristics on Performance and Performance**

Objective 5: To determine the moderating influence of entrepreneurial culture on marketing strategies, resources, firm characteristics and entrepreneur characteristics on performance of youth led micro and small agribusinesses in Kenya.

##### **4.7.1. Empirical Findings on Moderating Influence of Entrepreneurial Culture on Marketing Strategies, Resources, Entrepreneur Characteristics and Firm Characteristics on Performance**

When asked if they would abandon the business when offered employment in an organization, 78.14% said they would not abandon their agribusiness enterprises because they were stable, the business has good returns and they were fulfilling their passion. On the other hand, 21.86% said they would abandon the business because the job opportunity offers stability and a consistent salary (see Table 4.17). They felt that

formal employment was more respectable and offered better security especially when their business were experiencing low sales. For the agribusinesses that were not performing as well as the respondents would have wanted, the owners would have preferred to go for formal employment in order to have ready income on a regular basis. This was also the case for those respondents whose enterprises were still young and had not experienced adequate growth to be a reliable source of income. However, for those who had tasted the seeds of success, the only way to proceed was forward with their enterprises. Entrepreneurship has been looked down upon and it is only recently that the government has started encouraging entrepreneurship because it plays an important role in the Kenyan economy and contributes to over 50 percent of new jobs created (Kenya National Bureau of Statistics, 2007). From the results of this study, it is clear that work that the government is doing in terms of encouraging entrepreneurship is finally starting to bear fruit as when asked if they would abandon the business when offered employment in an organization, 78.14% said they would not abandon their agribusiness enterprises because they were stable, the business had good returns and they were fulfilling their passion.

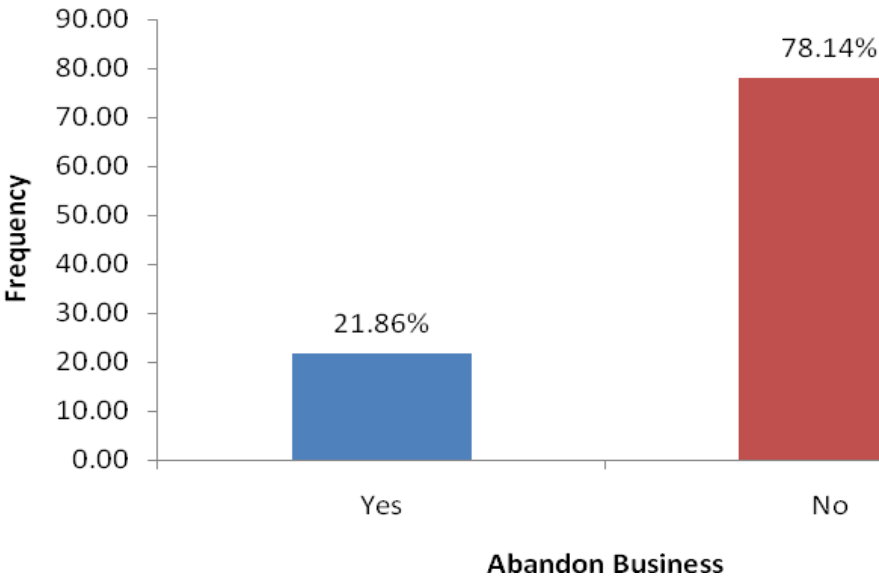


Figure 4.17: Abandoning the Business in Favor of a Job

The attitudes and intentions of individuals with regard to entrepreneurship are influenced by the prevailing culture around them, which also includes shared attitudes and motivations, that influence the specific motivations of individuals. In Kenya for a long time, the prevailing culture among society has been to encourage children to work hard in school and further their education so that they may get a good job. In order to promote an entrepreneurial culture among young people, it is crucial to know more about young people's attitude, awareness and aspirations towards entrepreneurship and business. To measure how entrepreneurial the respondents were, two entrepreneurial culture sub-constructs were identified: values and attitudes. Multiple items were used to measure each competency sub-construct using a likert scale, where a respondent was considered to be more entrepreneurial based on the positivity of their response to the questions asked based on the sub constructs.

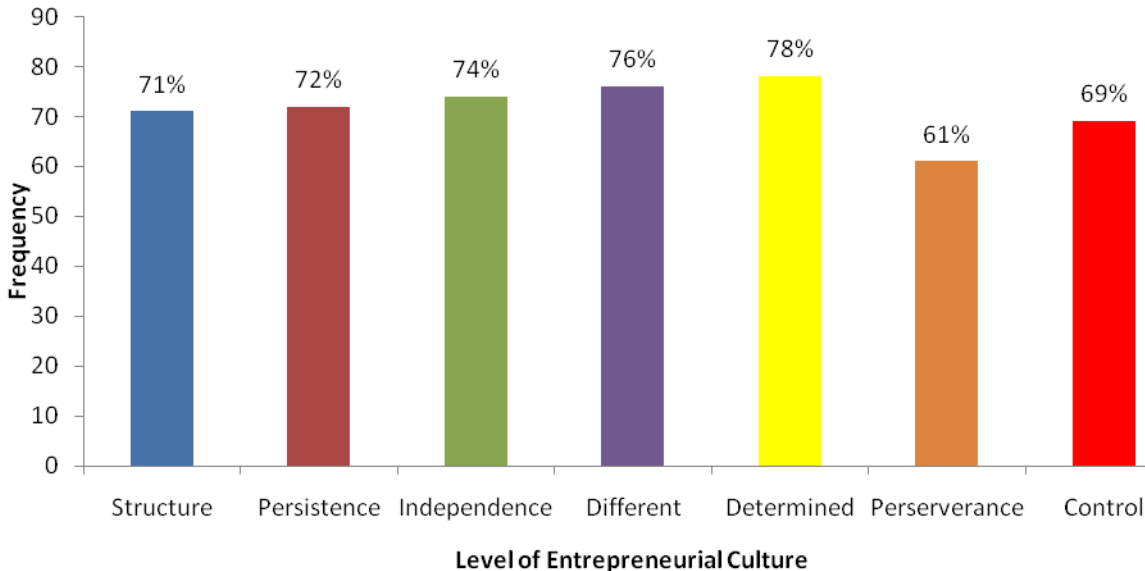


Figure 4.18: Level of Entrepreneurial Culture

Table 4.18 represents how entrepreneurial the respondents were found to be based on their positive responses to questions asked geared towards their values and attitudes. The sub constructs that were examined were derived from how the respondents viewed themselves in terms of the preference of structured over unstructured situations, level of



persistence leading to the increase in sales and customers, level of independence, non conformity to social expectations, determination in the face of challenges, perseverance when things go wrong and ability to control the outcome of their destiny. Culture is important for the level of entrepreneurial activities in a society and growth differences in enterprises may be related to differences where entrepreneurial culture was stressed very early. Infusing entrepreneurial culture in a business means using entrepreneurial methods to accomplish organization goals. This came out clearly from the results of this study where it was found that the most used and effective marketing method was networking. This is an entrepreneurial method as it is cost effective and personalized.

From the findings of the study, a majority of the respondents surveyed were found to be entrepreneurial with 98% of them showing strong inclinations towards simulation, power and the ability to deal with failure, 91% displaying characteristics of self direction, benevolence and self esteem and 77% showed inclination towards achievement, non conformity and self confidence. The presence of entrepreneurial culture was witnessed in the marketing strategies used by the young farmers to move their produce through more non traditional marketing methods as opposed to the traditional methods. Entrepreneurial culture was further witnessed in the respondents preferred method of financing and expanding their enterprises through the use of savings and profits ploughed back from the enterprises.

The study aimed to establish the challenges the respondents face in running their agribusiness. Figure 4.19 indicates that majority 33.2%, of the respondents cited outbreak of diseases which destroyed their crops and killed the animals reared as one of the major challenges they faced in running their businesses, 23.08% cited lack of finances while 18.6% cited other challenges which included lack of support from the government, harassment from city council, and high prices of the farm inputs. The more business assistance young entrepreneurs are able to obtain in the start-up and new business phases the better their chances of creating successful and sustainable businesses. Support services, including mentors, support networks, business clubs and incubators could hold the key to transforming one-person youth start-ups into successful

small and medium businesses. However, there is a general lack of awareness and knowledge among young people on how to start and run a business.

All ventures face challenges. According to the National MSE baseline survey of 1999, marketing of MSE products as well as problems involving access to finance constitute the most dominant and severe problems facing most MSEs and the surveyed agribusinesses were not an exception. Being agricultural based, a majority of the enterprises had outbreak of diseases affecting their crops and animals, finances and marketing as major challenges impeding the performance of their agribusinesses and thus leading to reduced performance. Though the government has tried to support the youth in their agribusiness ventures, these youth feel that they do not receive enough support from the government, especially in terms of harassment from county officials and marketing support.

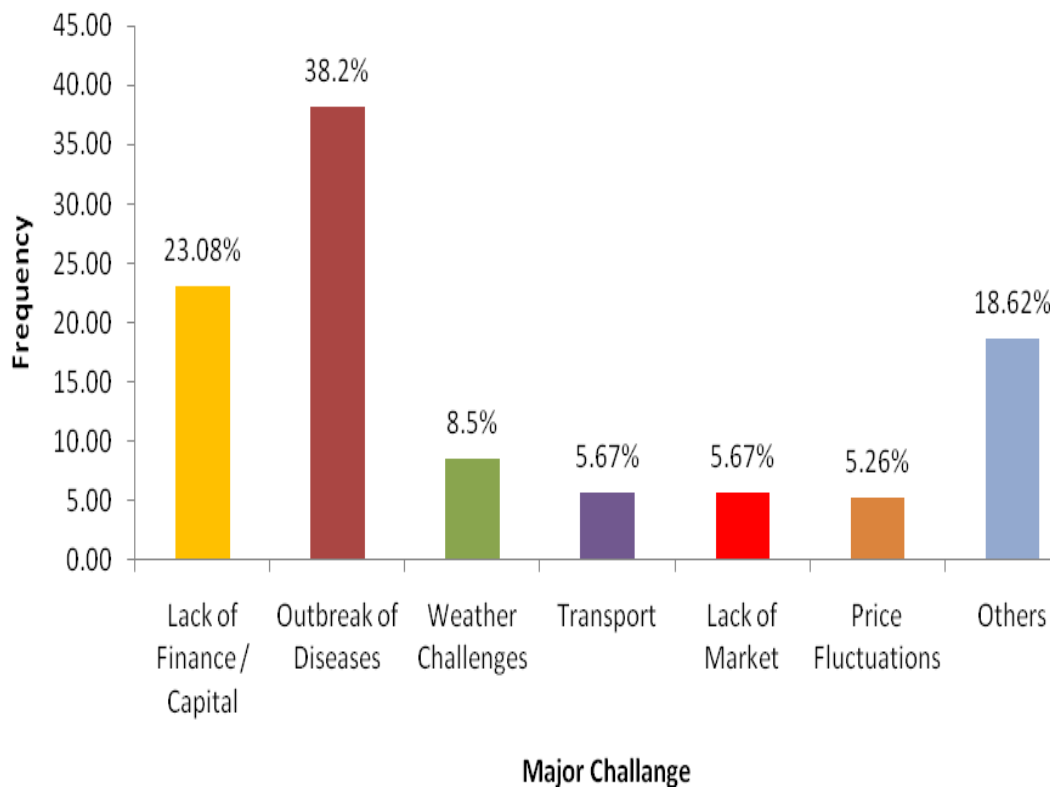


Figure 4.19: Challenges Faced when Running the Business.

The other challenges that respondents faced in running their agribusinesses were weather changes, especially for those farmers who relied heavily on the climate for optimum production and poor state of the road networks in some parts of the county that affected the farmers' accessibility to markets leading to post harvest losses. The cost of farm inputs was noted as being on an upward trend making them unaffordable for majority of the farmers. Price fluctuations and poor marketing channels due to the inability of small scale farmers to form strong co-operative societies had led to middlemen exploiting their situation and offering low prices for their produce.

The farmers also cited lack of market for their products and stiff competition from well-established farmers as challenges. The size of the farms visited was noted as a challenge as population pressure in the county had led to sub-division of land into small uneconomical units (average of 0.88 acres) and this, coupled with poor soil fertility was seen as being a contributing factor to less than optimum production.

Despite the many challenges that they face on a daily basis, these youth displayed entrepreneurial characteristics such as resilience, hard working, determination, perseverance and a strong sense of self belief that they can succeed in their agribusiness enterprises. The presence of an entrepreneurial culture provides support for entrepreneurs at all levels of development to realize their potential, regardless of gender, colour or race (Kibe, 2013). It can also be concluded that the youth running these agribusiness enterprises are entrepreneurial as they were found to possess high levels of entrepreneurial culture. This is also explained from the fact that they are still practicing their trades and their businesses are performing well.

#### **4.7.2. Combined Influence of Marketing Strategies, Resources, Entrepreneur Characteristics and Firm Characteristics on Performance**

From the coefficient table 4.24, the model obtained is given by

$$Y = 1.77 + 0.344 X_1 - 0.026 X_2 + 1.96 X_3 - 0.46 X_4$$

Where  $X_1$  is marketing strategies,  $X_2$  is resources,  $X_3$  is entrepreneur Characteristics and  $X_4$  is firm characteristics

Table 4.24: Regression Coefficients for Marketing Strategies, Resources, Entrepreneur Characteristics and Firm Characteristics

	Unstandardized Coefficients		T	Sig
	B	Std. Error		
(Constant)	1.177	.155	7.599	.000
$X_1$	.344	.039	8.816	.000
$X_2$	-.026	.030	-.853	.395
$X_3$	.193	.036	5.317	.000
$X_4$	-.460	.093	-4.954	.000

From Table 4.24 of coefficients, it can be seen that entrepreneurial characteristics, marketing strategy and firm characteristics have a significance influence on the performance of the agribusiness since they all have a p-value which is less than 0.05 the significance level. Hence on these three, the alternate hypothesis is accepted. Resources has no significant effect on performance of agribusiness as it has a p-value of 0.395 which is greater than 0.05, hence the alternate hypothesis was rejected in this case.

Table 4.25: Model Summary for the Combined Influence of Marketing Strategies, Resources, Entrepreneur Characteristics and Firm Characteristics on Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.658 <sup>a</sup>	.433	.423	.14372

a. Predictors: (Constant),  $X_4$ ,  $X_2$ ,  $X_3$ ,  $X_1$

b. Dependent Variable: Y

The R square value shown in the model summary Table 4.25 suggests that 43.3% of performance of agribusiness was explained by a combined effect of the Entrepreneur

culture, Marketing strategies, Resources, Entrepreneur characteristic, firm characteristics.

Table 4.26: ANOVA for Marketing Strategies, Resources, Entrepreneur Characteristics and Firm Characteristics on Performance

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	3.812	4	.953	46.137	.000 <sup>a</sup>
Residual	4.999	242	.021		
Total	8.811	246			

The ANOVA Table 4.26 indicates that the model fitted is significant since  $p = 0.00$  is less than 0.05 the significance level.

#### **4.7.3. Analysis on the Moderating Influence of Entrepreneurial Culture on Marketing Strategies, Resources, Firm Characteristics and Entrepreneur Characteristics on Performance**

Specific objective five sought to find out the moderating influence of entrepreneurial culture on marketing strategies, resources, firm characteristics and entrepreneur characteristics on performance of youth led micro and small agribusinesses in Kenya. The relationship between performance marketing strategies, resources, firm characteristics and entrepreneur characteristics was found to be explained by the model

$$Y = 1.081 - 0.308 X_1Z + 0.03 X_2Z + 0.167 X_3Z - 0.389 X_4Z$$

Table 4.27: Coefficients

	Unstandardized Coefficients		T	Sig.
	B	Std. Error		
(Constant)	1.081	.054	20.065	.000
X <sub>1</sub> Z	.308	.036	8.650	.000
X <sub>2</sub> Z	-.031	.029	-1.058	.291
X <sub>3</sub> Z	.167	.034	4.935	.000
X <sub>4</sub> Z	-.389	.052	-7.521	.000

a. Dependent Variable: Y

From the Table 4.27 of coefficients, it can be seen that marketing strategies, firm characteristics and entrepreneur characteristics are all significant in explaining the performance of the agribusinesses. This is because the P-Value is in all these cases less than 0.05.

Table 4.28: Model Summary for the Moderating Influence of Entrepreneurial Culture on Marketing Strategies, Resources, Firm Characteristics and Entrepreneur Characteristics on Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.675 <sup>a</sup>	.455	.446	.14080

a. Predictors: (Constant), X<sub>4</sub>Z, X<sub>2</sub>Z, X<sub>3</sub>Z, X<sub>1</sub>Z

The R squared value shown in the model summary Table 4.28 suggests that 45.5% of performance of agribusiness was explained by a combined effect of the moderating variable on the other independent variables.

Table 4.29: ANOVA for the Moderating Influence of Entrepreneurial Culture on Marketing Strategies, Resources, Firm Characteristics and Entrepreneur Characteristics on Performance

	Sum of Squares	df	Mean Square	F	Sig.
Regression	4.013	4	1.003	50.609	.000 <sup>a</sup>
Residual	4.798	242	.020		
Total	8.811	246			

The ANOVA Table 4.29 indicates that the model fitted  $Y = 1.081 - 0.308 X_1Z + 0.03 X_2Z + 0.167 X_3Z - 0.389 X_4Z$  was significant since  $p = 0.00$  is less than 0.05.

These results also show that there is an improvement in the value of the R-squared from 43.3% to 45.5% when a moderating variable is included in the model. Therefore, it can be concluded that entrepreneurial culture has a significant moderating influence on firm characteristics, marketing strategies, entrepreneur characteristics on performance of youth led micro and small agribusinesses, thus the alternate hypothesis was accepted.

According to Xiang (2009), entrepreneurial culture is favored by attitudes such as value of business activities, individual and collective initiatives are highly rated, determination and perseverance are desirable qualities an equilibrium between security and risk is accepted and the tension between stability and change is resolved. This concurs with the findings of this study where a majority of the respondents were found to be entrepreneurial leading to steady growth in their enterprises over the measured period of 4 years. 45.5% of performance of agribusiness was explained by the moderating effect of entrepreneurial culture on marketing strategies, firm characteristics and entrepreneur characteristics. These variables were all significant in explaining the performance of the agribusinesses.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1. Introduction**

This chapter presents the summary of the study as guided by the specific objectives, conclusions and recommendations for action and future research direction.

#### **5.2. Summary**

The purpose of this study was to explore the extent to which marketing strategies, resources, firm characteristics and entrepreneur characteristics affect the performance of youth led agribusiness enterprises in Kiambu county while being moderated by entrepreneurial culture.

#### **Marketing Strategies and Performance**

Executing a proper marketing strategy adds excellence to a firm's activities and strengthens the competitiveness and market share of the firm. Firm performance has been established to directly depend on efficient marketing practices (Andres, Salinas & Vallejo 2009). This study attempted to find out whether the marketing strategies being adopted by the youth led agribusiness enterprises were influencing their performance. Marketing strategies were examined in terms of traditional strategies and entrepreneurial strategies. A traditional approach to marketing would be classical strategies such as print, television and radio with common place text and images in reaction to a competitor's campaign. An entrepreneurial approach to marketing would use innovative strategies such as the Internet, mobile marketing or people – word of mouth, or use classical channels in an innovative way, with new content, and thus the MSE would be ahead of the competition in doing this.

The research results showed that a majority of the youth led agribusinesses were using entrepreneurial marketing strategies such as word of mouth and social media, which positively impacted on the performance of their enterprises. These results were reflective



of the findings of Stokes, (2000) that entrepreneurs stress the importance of promotion and word-of-mouth, and have identified one of the main enhancers of the performance of their enterprises as the nature of their personal contact with customers. The results on the use of social media and mobile marketing leading to increased and positive performance of the agribusinesses in terms of sales and profits are also echoed by the findings of Yuksekbilgili, (2014) that in today's highly competitive market, generating positive word of mouth among consumers has become a very important tool for enterprise performance and this is especially so combined with the use of digital media.

Very few enterprises used traditional strategies to create awareness about their products as they viewed such methods as being very costly to use and more suited for large organizations. They also felt that these methods did not have a significant effect on the performance of their businesses. Traditional marketing methods simply do not reach their target audiences with the same effectiveness as they did just a decade ago. Instead, word of mouth has become an increasingly useful channel to share information in our society and should continue to grow in importance. Thus, it is important for MSEs to take advantage of new marketing techniques to improve their performance.

Many enterprises also cited the use of networking with friends and family as a method that they used to get information on where and how to market their products as well as using the same friends and families to help sell their products. A widely cited marketing type for MSEs is networking. The size of a firm matters in regard to how a company conducts its networking activity. Networks are important during the establishment, development, and growth of MSE's. They rely heavily on their personal contact network in marketing their firms. Entrepreneurship is embedded in networks of continuing social relations. Within complex networks of relationships, entrepreneurship is facilitated or constrained by linkages between aspiring entrepreneurs, resources and opportunities. The central role of informal contacts in the success of enterprises was noticed and worked on by several academic scholars. Social networks made up of family, friends, acquaintances, customers, suppliers, and so on, were found to play a central role in

helping entrepreneurs identify opportunities and enhance the performance of their enterprises (Pandeya, 2010).

### **Resources and Performance**

Resources were examined in terms of financial and non financial aspects such as employees. MSE's tend to face a range of challenges characterized by a lack of resources, expertise and impact. A lack of financial resources limits the ability to grow and an inability to secure additional sources of funding exacerbates the problem. The study found that though a majority of the respondents cited lack of adequate access to finances as a challenge, this did not affect their performance as they used entrepreneurial methods such as borrowing from friends and family and ploughing back profits earned to cater for the financial resources required. This is in line with the findings of Connelly et al., (2010) that for MSE's to increase their performance in the face of financial challenges, they need to focus on simple and workable approaches that are affordable and efficient.

Marketing resources and capabilities play a unique role in determining the needs of customers, distribution channels and competing products. The market knowledge that they generate acts as a driving force that allows the company to achieve a high level of adaptation to evolving markets and improve business performance. However, employing resources and investing in marketing events is considered the biggest expense for most MSEs and one of the reasons why they refrain from marketing. A majority of the youth did not have marketing resources at hand and thus had become innovative and were using networking through friends, family, social groups and social media to get word out about their products and services. This concurs with the findings of Quinton & Khan, (2009) that online marketing can be used by MSE's to compete on the same terms as large firms, and level the so-called "playing field". This is because it is affordable, flexible and as such has real relevance to the MSE sector.

## **Firm Characteristics and Performance**

Firm size is one of the most acknowledged determinants of a firm's profits. Firm size can be an important determinant for firm performance and for networking inside and outside the MSE network. The causal relationships between size and profitability have been widely tested. The findings of the study suggest that a positive relationship exists between company size and profitability. They found that enterprise size significantly linked to better business performance. Larger enterprises were found to have a higher level of success as opposed to smaller ones. As firm characteristics increased, the performance of the enterprises was seen to decrease. That is, the smaller the enterprise, the less employees the enterprise had and the fewer the number of years of operation of the enterprise, then the worse the performance. The reverse was found to be true in that the larger the enterprise was, the more employees the enterprise had and the longer it had been in operation, the better its performance.

Innovative product, quality, cost, reliability, and services are the key strategic dimension in business success. Innovative product gives added value to the customer and it is important to achieve a suitable balance between product quality and costs. Most of the products that the enterprises were producing were similar to other enterprises and not very innovative. The major challenge that the enterprises faced was outbreak of diseases which destroyed their crops, killed their animals and lowered the quality of their produce. With their produce thus affected, their performance was not as good as they had anticipated. These findings are in line with those of Neshamba, (2000) that small size firms solely depend on product quality, affordable prices and customer relations as a way to improve the performance of their enterprises. To them, satisfied customers will promote or recommend their friends and families to buy the product at the same place they had bought before due to quality. However, should the quality change, the customers will not purchase, leading to poor performance of the enterprise.

## **Entrepreneur Characteristics and Performance**

The majority of the youth entrepreneurs were between 22-35 years and were quite entrepreneurially active, thus leading to good performance of their enterprises. These findings are in line with those of Moore et al., (2008) that countries that have more individuals between the age group of 25-44 years old have more start-ups and these start ups have proved to be successful due to their age as this age bracket is considered as the most entrepreneurially active age which contributes positively to the performance of enterprises. Business successes depends on socio-economic factors such as education, skills, and training.

Education has a positive effect on entrepreneurial success, it enhances the skill and ability to better utilize market information, which may reduce marketing costs and make it more profitable to participate in the market. Majority of the respondents were found to be educated, having attained basic secondary school education. Most were unable to progress to the next level of education due to financial constraints however, they were found to be putting the education they had attained to good use, thus enhancing the performance of their enterprises. Entrepreneurs with higher education levels and experiences have a greater probability of success than entrepreneurs who lack education and experiences. Due to their age, youth are considered to be innovative, enthusiastic, vibrant and energetic and these characteristics play a part in their level of innovativeness and the success of their enterprises. The youth in this study were found to possess the above characteristics which proved key in helping them to tackle the typical challenges that they experience and thus allowing them to flourish and operate successful enterprises.

## **Moderating Influence of Entrepreneurial Culture on Marketing Strategies, Resources, Firm Characteristics and Entrepreneur Characteristics on Performance and Performance**

The elements of entrepreneurial culture used included the values and attitudes that the entrepreneurs possessed with regards to entrepreneurship. Entrepreneurial culture is an

important force determining people's values, attitudes and behaviors. Employees' understanding of work, their approach to it and their perceptions towards motivational practices are factors most directly influenced by the values and norms of their nations. Culture, through the institutional environment it creates, influences the attitudes of individuals towards entrepreneurship, even more than it influences their actual entrepreneurial behaviors and consequently, the performance of the enterprises that they venture in to. The study sought to enquire whether the entrepreneurial culture moderated the relationship between marketing strategies, resources, firm characteristics, entrepreneur characteristics and enterprise performance.

Majority of the youth were found to be entrepreneurial, possessing traits such as strong inclinations towards simulation and power, the ability to deal with failure, strong self direction, high self esteem, strong inclination towards achievement, self direction, non conformity and self confidence. These entrepreneurial traits were found to positively influence the performance of the agribusinesses that they were running, regardless of the challenges that they faced. These findings concur with those of Joynt & Warner (1996), that an entrepreneurial culture nurtures individuals in significant ways and does not stigmatize entrepreneurs who have tried but failed, rather it recognizes the positive influence of entrepreneurs/entrepreneurship on society and serves as an incubator in the entrepreneurship initiation process, leading to good enterprise performance and economic growth.

As a modetator, entrepreneurial culture was found to have a significant influence on the marketing strategies, firm characteristics and entrepreneur characteristics in explaining the performance of the agribusiness. On the hand, entrepreneurial culture had no moderating significant influence on resources in explaining the performance. This is in line with the findings of Shane, (1993) that entrepreneurial culture may affect some aspects of marketing strategies, economic performance or economic growth in general. The core idea is that entrepreneurial culture is beneficial for economic performance. A society characterized by an entrepreneurial culture may lead to higher levels of entrepreneurship and subsequently higher levels of enterprise performance.

### **5.3. Conclusions**

From the findings of the study, the following conclusions were drawn:

#### **Marketing Strategies and Performance**

From the findings of the study, entrepreneurial culture clearly manifested itself in the marketing strategies used with a majority of the youth staying away from the more traditional marketing strategies and taking up more entrepreneurial methods such as networking with friends and family as well as the social media platform to push their products and thus improve the performance of their enterprises.

#### **Resources and Performance**

One of the constraints often identified with MSEs is the lack of finance. As much as Kenyan MSEs may cite lack of credit or competition as the most pressing factors to business operations and contributing to a huge number of business closures, these factors can be considered a secondary rather than a primary problem. This study shows that lack of access to finance does not affect the performance of the agribusinesses surveyed as they greatly engaged in networking activities, which has helped them in handling a number of challenges. Networks can provide information about credit sources, thus lowering transaction costs, and individuals with strong family and community networks will have greater access to credit because of the advantage of their informative links. Smaller enterprises tend to maintain small homogeneous and cohesive networks aimed at reducing information asymmetries and thus supporting informal credit and risk-sharing arrangements. Membership in associations and interaction with financial institutions in the form of savings are significant for enterprise performance. Associations are formed for various objectives, such as mobilization of financial resources and provision of credit to members as well as addressing social welfare issues that could affect the business. Indirectly, this ensures that there is no deviation of financial resources from the enterprises that could affect its performance. Entrepreneurs form groups either to directly facilitate access to business credit or to address non-

business problems that affect their operations. As most micro financing institutions provide credit to enterprises only through associations or groupings, these linkages are likely to improve financial flexibility.

### **Firm Characteristics and Performance**

The entrepreneurship issue in Kenya is important for the survival of its population. Being a country wanting to progress and succeed, Kenya cannot survive the cut throat world of developed countries without the support and prosperity of MSEs. The contribution of youth led MSE's is equally important in this drive and their marginalisation could close the doors of development. Although youth are accepted to take on entrepreneurial activities, whole hearted support from family, society, and government is still necessary in many terms. The MSEs need to come up with more innovative products and methods of production if they are to survive in this cut throat business environment. Additionally, the MSEs should look in to value addition, especially in the end products so as to be more profitable in their ventures.

### **Entrepreneur Characteristics and Performance**

Building an environment of work culture, awareness, and trust is necessary to make progress in this regard. Equally important is the coordination among the entrepreneurs and the assistance of supporters. The infrastructure in hardware terms needs to be supplemented by software of education, training and extension services, especially in the agribusiness environment to lead the youth entrepreneurs from micro and small enterprises to the pathway of medium to large-scale enterprises. On the resolution of these issues lie the success of the country and the fate of youth entrepreneurs.

## **Moderating Influence of Entrepreneurial Culture on Marketing Strategies, Resources, Firm Characteristics and Entrepreneur Characteristics on Performance and Performance**

The presence of entrepreneurial culture was found to be evident from the fact that majority of the respondents exhibited strong entrepreneurial characteristics such as self direction, self esteem, self confidence, ability to deal with failure and a high inclination towards achievement. Despite the above, some of the findings suggest that the government and the society at large still need to put in alot of effort in changing the attitude that the youth have towards entrepreneurship. Some youth see entrepreneurship as a last resort and not as a way to lead them to a bright future. This attitude could hinder the progress of their enterprises in the future and they may thus not make it beyond their 5th birthday. This is evidenced by the fact that most youths started their enterprises because they could not get formal employment and some of them would abandon their enterprises if given a "good" employment opportunity because they find formal employment to be more "respectable".

Networking and the formation of linkages came out strongly as one of the entrepreneurial methods used by the agribusinesses to improve their performance. One of the main reasons why firms form linkages is the ultimate improvement of their performance.

### **5.4. Recommendations**

#### **a. Attitude Towards Entrepreneurship**

The greatest impediment to entrepreneurs in a country like Kenya is the lack of a culture that appreciates entrepreneurship's role. The cultural context in which persons are rooted and socially developed plays an influencing role in shaping and making entrepreneurs, and the degree to which they consider entrepreneurial behaviour to be desirable. Furthermore, the role of the family, immediate and extended, has the potential to make a positive contribution towards entrepreneurial behaviour through the provision of inter-



generational role models, and as tangible and intangible support providers. A majority of the youth interviewed in this study started their enterprises after their search for formal employment proved futile, as a last resort. There needs to be an attitude change in all Kenyans towards entrepreneurship. Entrepreneurship needs to be seen as a way of the youth becoming self sufficient, while bringing up others in the society. The Kenyan youth need to generate an attitude that they can become the employers instead of seeking to be employed.

#### **b. Entrepreneurship Education from an Early Age**

The key to the success of establishing a culture of entrepreneurship in Kenya is education and training, which depends on all the stakeholders and the learners themselves. School can be regarded as the place where the most wholistic impact can be brought about in the development of the youth. Education and training interventions have been used in other countries to impact entrepreneurial culture within their population, entrepreneurial education and training is supposed to reinforce knowledge skills and attitudes. An attitude which is the psycho-social forces of the individual and cultural context is of prime importance in influencing innovative and entrepreneurial behavior patterns. Promoting an entrepreneurial culture should be a top priority for the country's leaders. The first step would be to increase the availability of information about entrepreneurship. Additionally, the education system should be reformed such that entrepreneurship training begins when a child has their first formal education experience, at nursery level. It is therefore recommended that entrepreneurship training be encouraged from nursery school levels so that the children grow with the attitude that they can be entrepreneurs. Parents should also encourage and show children the importance of entrepreneurship from an early age.

#### **c. Government Support**

The government has tried to support the youth through various interventions and programs such as the Youth fund and the Women fund however alot more needs to be done. The youth in this study felt that the government could do more to protect them

from harassment from county council employees. Support is greatly needed by agricultural extension officers whose presence is not greatly felt on the ground. One of the major challenges that the youth face is diseases affecting their crops and livestock, leading to low productivity and reduced quality. The active presence of effective agricultural extension officers on the ground giving effective advice and solutions could go a long way in improving the quality and quantity of the produce of these youth. Thus the county government of Kiambu should empower the entrepreneurs running the agribusinesses by availing enough extension officers on the ground to advise on the best farming practices.

### **5.5. Suggestions for Further Study**

The findings indicate that entrepreneurial culture affects the performance of youth led agribusiness enterprises. However, they also indicate that there needs to be an attitude change towards entrepreneurship if these ventures are to succeed. Future studies could evaluate how to create and inculcate a positive attitude towards entrepreneurship so that we have many more youth taking it up as a first choice and not as a last choice.

From the findings of this study, it has come out clearly that there is a general culture in Kenya of encouraging youth to seek white collar employment over job creation and entrepreneurship. This has thus jaded the attitude of the youth towards entrepreneurship. Additional studies could thus focus on the presence or absence of a national culture and how it relates to the level of entrepreneurial activity in the country

The Kenyan education system has been blamed for not producing entrepreneurial graduates. It does not develop self efficacy and intention to become entrepreneurs. The main focus has been on rote learning, purely academic and the education system does not seem to actively involve and encourage students to think on their own and take responsibilities. The students are taught in a traditional manner through lectures and text books. This has the effect of reducing rather than increasing creativity and entrepreneurship. The emphasis has been producing graduates who are oriented towards entry into white collar employment. There is a perception that self employed are school

drop outs with no other employment option. Thus future studies should aim to establish whether the teaching methods employed in primary, secondary and tertiary institutions lead to an entrepreneurial culture and consequently, the creation of entrepreneurs establishing viable businesses.

From the findings of the study, 45.5% of the performance of the agribusinesses was explained by the combined influence of marketing strategies, resources, firm characteristics, entrepreneur characteristics and entrepreneurial culture. This means that there are other factors that can be explored, such as outbreak of diseases, lack of infrastructure, climate change and government support, which could also have a significant influence on the performance of these agribusinesses.

## REFERENCES

- Agrawal, A., & Knoeber, C.R. (1996). Firm performance and mechanisms to control agency problems between managers and shareholders. *Journal of Financial and Quantitative Analysis*, 31, 377-97.
- Ajzen, I. (1991). The theory of planned behavior. *Organizational Behavior and Human Decision Processes*, 50, 179–211.
- Akanbi, P.A. & Adeyeye, T.C. (2011). The association between advertising and sales volume: A Case Study of Nigerian Bottling Company Plc, *Journal of Emerging Trends in Economics and Management Sciences* 2(2),117-123.
- Aldrich, H.E., & Cliff, J. (2003). The pervasive effects of family on entrepreneurship: toward a family embeddedness perspective. *Journal of Business Venturing*, 18, 573-596.
- Aliata, V. L., Odondo, A. J., Aila, F. O., Ojera, P. B., Abong'o, B. E., Odera, O. (2012). Influence of Promotional Strategies on Banks Performance. *International Journal of Business, Humanities and Technology*, 2,5, 169-178
- Amyx, C. (2005). Small Business Challenges. The Perception Problem: Size doesn't Matter. *Washington Business Journals*, 2(1), 2-4.
- Andersson, R.C., & Reeb, D.M. (2003). Founding-family ownership and firm performance: evidence from the S&P 500. *Journal of Finance*, 58, 1301-28.
- Andres, E.F., Salinas, E.M., & Vallejo, J.M. (2009). A multidimensional approach to the influence of environmental marketing and orientation on the firm's organizational performance. *Journal of Business Ethics*, 88, 263–286.
- Antonicic, B., & Prodan, I. (2008). Alliances, corporate technological entrepreneurship and firm performance: Testing a model on manufacturing firms. *Technovatio*, 28, 257-265.
- Arsalan, M.G., Naveed, U.R.K., & Muhammad A.M. (2011). Marketing practices of textile business and firm's performance: a case of Pakistan. *Euro Economica*, 2(28), 99–107.
- Artz, K.W., Norman, P.M., Hatfield, D.E., & Cardinal, L.B. (2010). A longitudinal study of the impact of r&d, patents, and product innovation on firm performance. *Journal of Product Innovation Management*, 27(5), 725-740.
- Asfaw, G.D. (2011). *Entrepreneurial motivation factors: A case study of students at the Universities of Applied Sciences in the Helsinki Metropolitan region with respect to place of origin* (Unpublished Thesis). Laurea UAS, Vantaa, Finland.

- Atieno, Rosemary (2009) : Linkages, access to finance and the performance of small-scale enterprises in Kenya, *Research paper / UNU-WIDER*, No. 2009.06, ISBN 978-92-9230-175-0
- Bampo, M., Ewing, M., Mather, R., Stewart, D., & Wallace, M. (2008). The Effects of the Social Structure of Digital Networks on Viral Marketing Performance. *Information Systems Research*, 19(3), 273–290.
- Barsky G Paul (2000), Understanding Organizational Performance, *International Journal of Organizational Management*, Vol 17.
- Basu, A., & Altinay, E. (2002). The interaction between culture and entrepreneurship in London's immigrant business. *International Small Business Journal*, 20(4), 371-94.
- Baumol, W. (1968). Entrepreneurship in economic theory. *The American Economic*, 58(2), 64-71 .
- Beeka, B. H., & Rimmington, M. (2011). Entrepreneurship as a career options for African youths. *Journal of Development Entrepreneurship*, 16(1), 145-164.
- Bettiol, M., Di Maria, E. & Finotto, V. (2012). Marketing in SMEs: the role of entrepreneurial sensemaking. *International Entrepreneurship and Management Journal*, 8(2), 223---248 DOI: 10.1007/s11365---011---0174---3
- Bjerke, B., & Hultman, C. (2002). *Entrepreneurial marketing: The growth of small firms in the new economic era*. Cheltenham: Edward Elgar.
- Bolton, W.K., & Thompson, J.L. (2000). *Entrepreneurs: talent, temperament, technique*. London: Butterworth Heinemann.
- Braun, V. & Clarke, V. (2013). *Successful qualitative research: A practical guide for beginners*. London: Sage.
- Bryman, A. (1984). The Debate about Quantitative and Qualitative Research: A Question of Method or Epistemology? *The British Journal of Sociology* , Vol. 35, No. 1 (Mar., 1984), pp. 75-92
- Busch, S. & Houston, J. (1985). *Marketing: Strategic Foundations*. R.D. Irwin.
- Bwisa, H. (2011). *Entrepreneurship Theory and Practice: A Kenyan Perspective*. Nairobi: Jomo Kenyatta Foundation.
- Capon, N., Farley, J.U., & Hoenig, S. (1990). Determinants of financial performance: a meta-analysis. *Management Science*, 36(10), 1143-1159.

- Carneiro, L.M., Cunh, P., Ferreir, P.S., & Shamsuzzoha, A. (2013). Conceptual framework for non-hierarchical business networks for complex products design and manufacturing. *Procedia CIRP*, 7,61-66.DOI: 10.1016/j.procir.2013.05.011
- Carree, M.A., & Thurik, A.R. (2003). The impact of entrepreneurship on economic growth. In D.B. Audretsch & Z.J. Acs (Eds), *Handbook of Entrepreneurship Research* (pp.437-471). Boston/Dordrecht: Kluwer Academic Publishers.
- Carson, D., & McCartan-Quinn, D. (1995). Non-practice of theoretically based marketing in small business: Issues arising and their implications. *Journal of Marketing Theory and Practice*, 3(Part 4), 24–31.
- Carson, D.J. (1985). The evolution of marketing in small firms. *European Journal of Marketing*, 19(5), 7-16.
- Carson, D.J. (1993). A philosophy of marketing education in small firms. *Journal of Marketing Management*, 9(2), 189-205.
- Carter, S., Anderson, S., & Shaw, E. (2001). *Women's Business Ownership: A Review of the Academic, Popular and Internet Literature*. Small Business Service Research Report RR002/01, London.
- Chaganti, R., & Parasuraman, S. (1996). A study of the impacts of gender on business performance and management patterns in small businesses. *Entrepreneurship Theory and Practice*, 21, 73-75.
- Chigunta, F. (2002). *Youth Entrepreneurship: Meeting the Key Policy Challenges*. Oxford University, England: Wolfson College Press.
- Chow, I.H. (2006). Relationship between entrepreneurial orientation and firm performance in china. *Advanced Management Journal*, 71(3), 11-20.
- Chu, H., Benzing, C., & McGee, C. (2007). Ghanaian and Kenyan Entrepreneurs: A comparative analysis of their motivations, success, characteristics and problems. *Journal of entrepreneurship development*, 12(3). 295-322.
- Clemons, E. K., Barnett, S., & Appadurai, A. (2007). *The future of advertising and the value of social network websites: Some preliminary examinations*. Proceedings of the ninth international conference on electronic commerce. Minneapolis, MN, USA,.
- Cocharan, C. H. (1971). *The Entrepreneur in Economic Change*. In P. Kilbey (pp. 95-107). New York: Free Press.
- Connelly, L. M. (2008). Pilot studies. *Medsurg Nursing*, 17(6), 411-2.

- Connelly, B.L., Ireland, R., Reutzell, C.R., & Coombs, J.E. (2010). The power and effects of entrepreneurship research. *Entrepreneurship Theory and Practice*
- Connor, P.E., & Becker, B.W. (2003). Personal value systems and decision-making styles of public managers. *Public Personnel Management, 21*(1), 155-180.
- Cooper, D. R., & Schindler, P. S. (2006). *Business research methods*. New York: McGraw Hill.
- Covin, J.G., Green, K.M., & Slevin, D.P. (2006). Strategic Process Effects on the Entrepreneurial Orientation-Sales Growth Rate Relationship. *Entrepreneurship Theory and Practice, 30* (1), 57–81.
- Davidsson, P., & Wiklund, J. (1995). *Cultural values and regional variations in new firm formation* (Frontiers of Entrepreneurship Research 1995 Edition). Wellesley, MA: Babson College.
- Defever, C., Pandelaere, M., & Roe, K. (2011). Inducing value-congruent behavior through advertising and the moderating role of attitudes toward advertising. *Journal of Advertising, 40*(2), 25-37.
- Demsetz, H., & Villalonga, B. (2001). Ownership structure and corporate performance. *Journal of Corporate Finance, 7*, 209-33.
- Dodourova, M. (2009). Alliances as strategic tools: A cross-industry study of partnership planning, formation and success. *Management Decision, 47*, 831–844.
- Durmaz, Y. (2011). A theoretical approach to the concept of advertising in marketing. *International Journal of Economic Research, 2*(6),46-50
- Du Rietz, A., & Henrekson, M. (2000). Testing the female underperformance hypothesis. *Small Business Economics, 14* (1), 1-10.
- Esters, S.D. (1997). Conning studies female entrepreneurs. *National Underwriter, 101*, 41.
- Ezenwa, I. (2010). *The role of social capital in business performance of small and medium enterprises in Nairobi* (Unpublished thesis). United States International University, Nairobi.
- Fadahunsi, A. (2012). The Growth of Small Businesses: Towards A Research Agenda. *American Journal of Economics and Business Administration. 4* (1): 105-115.
- Fagenson, E. A. (1993). Personal value systems of men and women entrepreneurs versus managers. *Journal of Business Venturing, 8*, 409-430.

- Ferguson, R. (2008). Word of Mouth and Viral Marketing: Taking the Temperature of the Hottest Trends in Marketing. *Journal of Consumer Marketing*, 25(3), 179–182.
- Ferrante, J. (2008). *Sociology: A global perspective* (7<sup>th</sup> ed.). Belmont, CA: Thomson learning Inc.
- Freeman, K.B. (1976). The significance of McClland's achievement variable in the aggregate production function. *Econ Dev Cult Change*, 24, 815–824
- Gartner, W.B., Shaver, K.G., Carter, N.M., & Reynolds, P.D. (2004). *Handbook of entrepreneurial dynamics*. Thousand Oaks, CA: Sage Publications
- Gathenya, J. W. (2012). *Entrepreneurial strategic planning practices and firm performance among women led small and medium enterprises in Kenya*. (Unpublished PhD thesis). Jomo Kenyatta University of Agriculture and Technology, Nairobi.
- George, G., & Zahra, S. A. (2002). Culture and its consequences for entrepreneurship. *Entrepreneurship Theory and Practice*, 26(4), 5-9.
- Ghouri, A.M., Khan, N.R., Malik, A.M., & Razzaq, A. (2011). Marketing practices and their effects on firm's performance: findings from small and medium sized catering and restaurants in Karachi. *International Journal of Business and Management*, 6(5), 251–259.
- Gilmore, A., Gallagher, D., & Henry, S., (2007). E-marketing and SMEs: operational lessons for the future. *European Business Review*, 19(3), 234 - 247
- Gioche, C. (2012). *Government's role in entrepreneurship development in Kenya: Case of the youth enterprise development fund* (Unpublished thesis). United States International University, Nairobi.
- Government of Kenya, (2006, Mar.). *Ministry of state for youth affairs, Draft strategic plan 2006-2011*. Nairobi: Government Printers.
- Habiyakare, E., Owusu, R., Mbare, O., & Landy, F. (2009). Characterizing African immigrant entrepreneurship in Finland. *Proceedings of the 11th Conference of the International Academy of African Business and Development*, 61-69.
- Halloran, W.J., (1991). *Why Entrepreneurs fail, avoid the 20 Fatal Pitfalls of running your Business*. McGraw-Hill
- Hassan, T.M., Yaacob, M.R., & Abdullatiff, N.K. (2013). Sustaining SMEs Wood-Based Product Manufacturing through Best Practices –The Case of Indigenous Entrepreneurs in Kelantan Procedia . *Social and Behavioral Sciences*, 115 ( 2014



- Hechavarria, D. M., & Reynolds, P. D. (2009). Cultural norms & business start-ups: the impact of national values on opportunity and necessity entrepreneurs. *International Entrepreneurial Management Journal*, 5(4), 417-437.
- Hemingway, C.A. (2005). Personal values as a catalyst for corporate social entrepreneurship. *Journal of Business Ethics*, 60(3), 233-249.
- Henry, C., Hill, F., & Leitch, C. (2003). *Entrepreneurship: Education and Training*. London: Ash gate Publishing limited.
- Hermalin, B.E., & Weissbach, M.S. (1991). The effects of board composition and direct incentives on firm performance. *Financial Management*, 20, 101-12.
- Hills, G.E., Hultman, C.M., & Miles, M.P. (2009). The Evolution and Development of Entrepreneurial Marketing. *Journal of Small Business Management*, 46(1), 99-113.
- Hofstede, G. (1991). Cultural constraints in management theories. *Academy of Management Executive*, 7(1), 81-94.
- Hofstede, G. (1998). Masculinity/femininity as a dimension of culture. In G. Hofstede (Ed.), *Masculinity and femininity: The taboo dimension of national cultures* (pp. 3–28). Thousand Oaks, CA: Sage.
- Hoselitz, B. (1964). *Sociological Aspects of Economic Growth*. New York: The Free Press of Glencoe.
- Humbert, A.L., & Drew, E. (2010). International Journal of Gender and Entrepreneurship. *Bingley*, 2(2), 173.
- Ireland, R.D., Covin, J.G., & Kuratko, D.F. (2009). Conceptualizing Corporate Entrepreneurship Strategy. *Entrepreneurship Theory and Practice*, 33 (1), 19–46.
- Islam, A., & Yusuf, M. H. D. (2011). Factors Affecting Business Success of Small & Medium Enterprises (SMEs) in Thailand. *Asian Social Science*, 7(5).
- Jarillo, J.C. (1988). On strategic networks. *Strategic Management Journal*, 9, 31–41.
- Johansson, B. (1993). Designing supportive contexts for emerging enterprises. In C. Karlsson, et al. (Eds) *Small Business Dynamics*. London: Routledge.
- Jovanov M. T., & Conevska, B. (2011). Comparative analysis of factors from marketing and legal perspective and policies that affect SMEs in Macedonia and EU. In

*Conference proceedings, economic development and entrepreneurship in transition economies: A Review of Current Policy Approaches* (pp. 477-490). Faculty of Economics, University of Banja Luka.

- Joynt, P., & Warner, M. (1996). *Managing Across Cultures*. London: International Thomson Business Press.
- Kastanakis, M. & Voyer, B. G. (2014). The effect of culture on perception and cognition: a conceptual framework. *Journal of Business Research*, 67 (4). pp. 425-433. ISSN 01482963
- Kenya National Bureau of Statistics. (2007). *Economic Survey, 2006*. Nairobi: Government printer.
- Kenya National Bureau of Statistics (KNBS) (2010). *2009 Kenya Population and Housing Census*. Nairobi: KNBS.
- Kibe, W. (2013). An assessment of the background information of micro and small enterprise entrepreneurs and their training needs in Nairobi, Kenya. *International Journal of Advanced Research*, 1(4), 378-387.
- Kilonzo, P. (2012). *Policy and Strategic Options for Enhancing the Performance of Youth-Run-Enterprises in Kenya*. ICBE-RF Research Report, No. 44/12
- Kim, P., Aldrich, H.E., & Keister, L.A. (2003). *Access (not) denied: The Impact of financial, human and cultural capital on becoming a Nascent Entrepreneur*. Working paper.
- Kirkwood, J. (2009). Motivational factors in a push-pull theory of entrepreneurship. *Gender in Management: An International Journal*, 24(5), 346–364.
- Kithae, P. (2012). *Effect of technology adoption on performance of youth led Micro and Small enterprises (MSES)* (Unpublished PhD thesis.). Jomo Kenyatta University of Agriculture and Technology, Nairobi.
- Kiveu, M. and Ofafa, G. (2013). Enhancing market access in Kenyan SMEs using ICT. *Global Business and Economics Research Journal*, 2(9), 29-46.
- Kolabi, A. M., Hosseini, H. K. & Mehrabi, R. (2011). Developing Entrepreneurial Marketing Mix: Case Study of Entrepreneurial Food Enterprises in Iran. *Journal of Knowledge Management, Economics and Information Technology*, 5.
- Kothari, C. R. (2004). *Research Methodology: Methods and Techniques* (2nd ed.). Oxford: Oxford University Press.
- Kotler, P., & Armstrong, G. (2004). *Principles of Marketing* (10th ed.). New Jersey:

Pearson International Edition.

- Kotler, P., & Armstrong, G. (2012). *Principles of Marketing* (14th ed.). New Jersey: Pearson International Edition.
- Kotler, P., & Keller, K. L. (2011). *Marketing Management* (11th ed.). New Jersey: Pearson International Edition.
- Krammerer, D. (2009). The effects of customer benefit and regulation on environmental product innovation. empirical evidence from appliance manufacturers in Germany. *Ecological Economics*, 68, 2285-2295.
- Landström, H. (1998, Nov). *The roots of entrepreneurship research*. RENT XII, Lyon, pp. 24-26
- Lechner, C., & Dowling, M. (2003). Firm networks: external relationships as sources for the growth and competitiveness of entrepreneurial firms. *Entrepreneurship and Regional Development*, 15, 1-26.
- Lee, D.Y., & Tsang, E.W.K. (2001). The Effects of Entrepreneurial Personality, Background and Network Activities on Venture Growth. *Journal of Management Studies*, 38 (4), 583-602.
- Lee, J., & Giorgis, B.H. (2004). Empirical Approach to the Sequential Relationships between Firm Strategy, Export Activity, and Performance in U.S. Manufacturing Firms. *International Business Review*, 13(1), 101-129.
- Leitner, K., & Guldenberg, S. (2010). Generic Strategies and Firm Performance in SMEs: A Longitudinal Study of Austrian SMEs. *Small Business Economy*, 35, 169-189.
- Levitsky, J. (1996). *Small business in transition economies: Promoting enterprise in Central and Eastern Europe and the former Soviet Union*. London: Intermediate Technology Publ.
- Levy, M., & Sharma, A. (1994). Adaptive selling: The role of gender, age, sales experience, and education. *Journal of Business Research*, 31, 39-47.
- Li, Y., Huang, J., & Tsai, M. (2010). Entrepreneurial Orientation and Firm Performance: The Role of Knowledge Creation Process. *Industrial Marketing Management*, 38(4), 440-449.
- Lipit, M. (2006, June). Patterns in innovation: Goals and organization life cycle. *Human Resource Planning Society Journal*, 73-77.
- Longenecker, J.G., Petty, C.W., Moore, J.W., & Palich, L.E. (2006). *Small Business*

- Management: An Entrepreneurial Emphasis*. London: Thomson South Western.
- Lumpkin, G.T., & Dess, G.G. (1996). Clarifying the entrepreneurial orientation construct and linking it to performance. *Academy of Management Review*, 21(1), 135-172.
- Lussier, R.N., & Pfeifer, S. (2001). A cross national prediction model for business success. *Journal of Small Business Management*, 30 (3), 228-239.
- Lynn, R. (1991). *The secret of the Miracle economy. Different national attitudes to competitiveness and money*. London: The Social Affairs Unit.
- Majumdar, S. K. (1997). The Impact of Size and Age in Firm-Level Performance: some Evidence from India. *Review of Industrial Organization*, 12, 231 – 241.
- Mbatia, P.N. & Mbugua, C.W. (2012). *A Review of Challenges Faced by Kenyan Youth: Peace Agenda in Youth Development*. Retrieved from: [http://www.npi-africa.org/docs/peace\\_agenda\\_in\\_youth\\_development.pdf](http://www.npi-africa.org/docs/peace_agenda_in_youth_development.pdf)
- Mbonyane, B., & Ladzani, W. (2011). Factors that hinder the growth of small businesses in South African townships. *European Business Review*, 23(6), 550 - 560
- McClelland, D. (1961). *The achieving society*. Princeton, NJ: Van Nostrand Reinhold.
- McClelland, E., Swail, J., Bell, J., & Ibbotson, P. (2005). Following the pathway of female entrepreneurs: a six-country investigation. *International Journal of Entrepreneurial Behavior and Research*, 11(2), 84-107.
- McConnell, J., & Servaes, H. (1990). Additional evidence on equity ownership and corporate value. *Journal of Financial Economics*, 27, 595-612.
- McMahon, R. G. P. (2001). Growth and performance of manufacturing SMEs: The influence of financial management characteristics. *International Small Business Journal*, 19(3), 10-28.
- Ministry of Planning and National Development, Kenya. (2007). *Kenya Vision 2030: A Competitive and Prosperous Kenya*. Nairobi: Government Printer.
- Minniti, M., & Bygrave, W. D. (2003). *National Entrepreneurship Assessment: United States of America Executive Report*. Kansas City, MO: Kauffman Foundation.
- Moloney, S., Fahy, J., & McAleer, S. (2005). Market orientation: a study in the Irish context. *Irish Journal of Management*, 26(1), 41.
- Moore, M., & Fairhurst, A. (2003). Marketing capabilities and firm performance in fashion retailing. *Journal of Fashion Marketing and Management*, 7(4), 386-97.
- Moore, W.C., Petty, W.J., Palich, E.L., & Longenecker, G.J. (2008). *Managing Small*

- Business: An Entrepreneurial Emphasis* (14th ed.). Mason, OH: South Western Cengage Learning.
- Moorthy, M.K., Tan, A., Choo, C., Wei, C.S., Tan, J., Ping, Y., & Leong, T.K. (2012). A Study on Factors Affecting the Performance of SMEs in Malaysia. *Academic Research in Business and Social Sciences*, 2(4), 224-239.
- Morris, M.H., Schindehutte, M., & LaForge, R.W. (2002). Entrepreneurial marketing: A construct for integrating emerging entrepreneurship and marketing perspectives. *Journal of Marketing Theory and Practice*, 10(4), 1–20.
- Morrish, S.C., Miles, M.P., & Deacon, J.H. (2010). Entrepreneurial marketing: acknowledging the entrepreneur and customer-centric interrelationship. *Journal of Strategic Marketing*, 18(4), 303-316.
- Mueller, S. L., & Thomas, A. S. (2001). Culture and Entrepreneurial potential: A nine country study of locus of control and innovativeness. *Journal of business venturing*, 16 (1), 51-75.
- Mugenda, A. G. (2008). *Social science research*. Nairobi. : Acts Press.
- Mugenda, O.M., & Mugenda, A.G. (2003). *Research Methods: Quantitative and Qualitative Approaches*. Nairobi. : Acts Press.
- Mukunya, A. (2012). *Challenges faced by small scale food processors in marketing locally made value added foods* (Unpublished thesis).United states international university, Nairobi.
- Mullins, L. (2002). *Management and Organisational Behaviour* (6th ed.). Harlow: Pearson Publishing.
- Mungai, E.N. & Ogot, M. (2012). Gender, Culture and Entrepreneurship in Kenya. *Journal of International Business Research*, 5 (5).
- Murat, A., Nilgun, A., & Fulya S. (2013). The relationship between innovation and firm performance: An empirical evidence from Turkish automotive supplier industry. *Procedia - Social and Behavioral Sciences*, 75, 226 – 235.
- Murphy, G.B., Trailer, J.W., & Hill, R.C. (1996). Measuring performance in entrepreneurship research. *Journal of Business Venturing* 36(1),15 23.
- National Micro and Small Enterprise Baseline Survey. (1999). Nairobi: G.O.K. publishers.
- National Youth Policy. (2007). *Vision 2030, Millennium Development Goals*. Nairobi: G.O.K. publishers.

- Neshamba, F. (2000). *Growth and transformation among small businesses in Kenya*. Nottingham, UK.: The Nottingham Trent University.
- Njeru, P. W. (2013). *Effect of entrepreneurial mind set on the performance of small and medium manufacturing businesses in Nairobi industrial area* (Unpublished PhD thesis). Jomo Kenyatta university of agriculture and technology, Nairobi.
- Nunnally, J. (1978). *Psychometric theory*. New York: McGraw-Hill.
- O'Dwyer, M., Gilmore, A., & Carson, D. (2009). Innovative marketing in SMEs. *European Journal of Marketing*, 43, 46 – 61.
- O'Dwyera, M., Gilmoreb, A., & Carson, D. (2011). Strategic alliances as an element of innovative marketing in SMEs. *Journal of Strategic Marketing*, 19(1), 91-104
- Okeyo, B. (2009). *Working with Co-operatives: a view from Kenya*. Cooperatives for Development, briefing paper No. 6
- Okungu, K. O. (2012). *Factors influencing performance of youth group micro and small enterprises in Kisumu west district, Kisumu* (Thesis). Kenyatta University, Nairobi.
- Olwande, J. and Mathenge, M. (2012) *Market Participation among Poor Rural Households in Kenya*. The International Association of Agricultural Economists (IAAE) Triennial Conference, Foz do Iguacu, 18-24 August 2012
- Ondeng, P. (2007). *Starting a small successful business*. Nairobi: SET Publications.
- Pandeya, T. (2010). Entrepreneurial Marketing: Prospects and Challenges. *BVIMR Management Edge*, 4(1), 57-65
- Papadogonas, T.A. (2007). The financial performance of large and small firms: evidence from Greece. *Int. J. Financial Services Management*, 2(1/2), 14 – 20.
- Pelham, A.M. (2000). Market orientation and other potential influences on performance in SME manufacturing firms. *Journal of Small Business Management*, 38(1), 48-67.
- Pérez-Cabañero, C., González-Cruz, T., & Cruz-Ros, S. (2012). Do family SME managers value marketing capabilities' contribution to firm performance? *Marketing Intelligence & Planning*, 30(2), 116 – 142.
- Perlman, C. (2009). *eBoot Camp: Proven Internet Marketing Techniques to Grow Your Business*. Hoboken, N.J.: John Wiley & Sons.
- Pfeffer, J., & Salancik G., (1978). *The external control of organizations: a resource*

- dependence perspective*. New York: Harper & Row.
- Quinton, S. & Khan, M. A., (2009). Generating web site traffic: a new model for SMEs, *Direct Marketing: An International Journal*, Vol. 3 Iss 2 pp. 109 - 123
- Radipere, S., & Van Scheer, L. (2005, Dec). Investigating whether a lack of marketing and management skills is the main cause of business failure in South Africa: Management. *South African Journal of Economic and Management Sciences*, 8
- Raghuram, S., London, M., & Larsen, H.H. (2001). Flexible employment practices in Europe: country versus culture. *International Journal of Human Resource Management*, 12(5), 738-53.
- Ravenscraft, D.J. (1983). Structure Profit Relationships between Business and Industry Level. *The Review of Economics and Statistics*, 65(1), 214-224.
- Reynolds, J. (2004). *The complete e-commerce book: Design, build, & maintain a successful web-based business* (2nd ed.). Gilroy, CA: CMP Books.
- Reynolds, P.D. (1991). Sociology and entrepreneurship: concepts and contributions. *Entrepreneurship: Theory & Practice*, 16(2), 47-70
- Rokeach, M. (1973). *The Nature of Human Values*. New York, N.Y.: The Free Press,
- Rutherford, R., Blackburn, R. A., & Spence, L. J. (2000). Environmental Management and the Small Firm: An International Comparison. *International Journal of Entrepreneurial Behaviour and Research*, 6(6), 310– 325.
- Saif, N. M. A. (2015). How does Marketing Strategy Influence Firm Performance? Implementation of Marketing Strategy for Firm Success. *International Journal of Innovation and Economic Development*, 1(3), 7 - 15.
- Samiee, S.W., & Peters, G.P. (1990). Influence of Firm Size on Export Planning and Performance. *Journal of Business Research*, 20(3), 235-248.
- Saunders, M., Lewis, P., & Thornhill, A. (2009). *Research Methods for Business Students* (5th ed.) Pearson Education Limited.
- Schaper, M., & Volery, T. (2004). *Entrepreneurship and small business: A Pacific Rim perspective*. Milton, Queensland: John Wiley and Sons Australia Ltd.
- Schjoedt, L., & Shaver, K.G. (2007). Deciding on an entrepreneurial career: a test of the pull and push hypotheses using the panel study of entrepreneurial dynamics data. *Entrepreneurship Theory & Practice*, 31(5), 733-52.

- Schwartz, S. H. (2004). Mapping and interpreting cultural differences around the world. In H. Vinken, S. J., & P. Ester (Eds.). *Comparing cultures: dimensions of culture in a comparative perspective* (pp. 43–73). Boston MA, Brill Academic Publishers.
- Scott, D. M. (2009). *The New Rules of Marketing and PR: How to Use News Releases, Blogs, Podcasting, Viral Marketing, & Online Media to Reach Buyers Directly*. Hoboken, N.J.: John Wiley & Sons.
- Segal, G., Borgia, D., & Schoenfeld, J. (2005). The motivation to become an entrepreneur. *International Journal of Entrepreneurial Behavior and Research*, 11(1), 42-57.
- Shane, S. (1993). Cultural influences on national rates of innovation. *J Bus Venturing*, 8, 59–73
- Shields, P., & Rangarjan, N. (2013). *A Playbook for Research Methods: Integrating Conceptual Frameworks and Project Management*. Stillwater, OK: New Forums Press, p. 24.
- Shinnar, R., & Young, C. (2008). Hispanic immigrant entrepreneurs in the Las Vegas metropolitan area: motivations for entry into and outcomes of self-employment. *Journal of Small Business Management*, 46(2), 242-62.
- Shyu, J. (2011). Family ownership and firm performance: evidence from Taiwanese firms. *International Journal of Managerial Finance*, 7(4), 397-411.
- Sidik, I.G. (2012). Conceptual framework of factors affecting SME development: Mediating factors on the relationship of entrepreneur traits and SME performance. *Procedia Economics and Finance*, 4, 373 – 383
- Simpson, M., Padmore, J., Taylor, N., & Frecknall-Hughes, J. (2006). Marketing in small and medium sized enterprises. *International Journal of Entrepreneurial Behavior & Research*, 12(6), 361-87.
- Siu, W. (2001). Small firm marketing in China. *Small Business Economics*, 16(4), 279-92.
- Sohn, S.Y., Joo, Y.G., & Han, H.K. (2007). Structural equation model for the evaluation of national funding on R&D project of SMEs inconsideration with MBNQA criteria. *Evaluation and Program Planning*, 30, 10-20.
- Srivasta, S., & Fahey, L. (1997). Driving Shareholder Value: The Role of Marketing in Reducing Vulnerability and Volatility of Cash Flows. *Journal of Market Focused Management*, 2(1), 49-64.



- Staw, B.M. (1991). *Psychological dimensions of organizational behavior*. Sydney: MacMillan.
- Stokes, D. (2000). Putting entrepreneurship into marketing: The processes of entrepreneurial marketing. *Journal of Research in Marketing and Entrepreneurship*, 2, 1–16.
- Stokes, D., & Wilson, N. (2006). *Small Business Management and Entrepreneurship* (5th ed.). London: Thomson Learning
- Suarez-Villa, L. (1989). *The evolution of regional economies: entrepreneurship and regional change*. London: Praeger,
- Suddle, K., Beugelsdijk, S., & Wennekers, A. (2006). *Entrepreneurial culture as a determinant of nascent entrepreneurship* (SCALES paper). Zoetermeer, the Netherlands: EIM.
- Sweeney, S. (2008). *101 ways to promote your real estate Web site: Filled with proven Internet marketing tips, tools, and techniques to draw real estate buyers and sellers to your site*. Gulf Breeze, FL: Maximum Press.
- Tapp, A. (2008). *Principles of direct and database marketing: A digital orientation* (4th ed.). Harlow: Financial Times Prentice Hall.
- Thapa, A. (2007). Micro-enterprises and Household Income. *The Journal of Nepalese Business Studies*, 4(1), 110-118
- Thapa, A., Thulaseedharan, A., Goswami, A., & Joshi, P.L. (2008). Determinants of Stress Entrepreneurial Success. *Journal of Nepalese Business Studies*, 5(1), 85-92
- Thompkins, Y. (2012). Seeding viral content: The role of message and network factors. *Journal of Advertising Research*, 52(4), 465-478
- Thornton, P.H., Ribeiro-Soriana, D., & Urbano, D. (2011), Socio-cultural factors and entrepreneurial activity: an overview. *International Small Business Journal*, 29(2), 105-118.
- Tjosvold, D., & Weicker, D. (1993). Co-operative and competitive networking by entrepreneurs: a critical incident study. *Journal of Small Business Management*, 31(1), 11–21.
- Treece, E. W., & Treece, J. W. (1982). *Elements of research in nursing* (3rd ed.). St. Louis, MO: Mosby.
- Ural, T., & Acaravcı, S.K. (2006). The Effects of Firm's Strategic Factors on Export and

- Firm Performance: A Comparison of Permanent and Sporadic Exporters. *Problems & Perspectives in Management*, 4, 42-62.
- Uy, A.O.O. (2011). What motivates entrepreneurs? A study of the value systems of Filipino entrepreneurs. *International Journal of Entrepreneurship*, 15, 73-95.
- Vijayakumar, A., & Tamizhselvan, P. (2010). Corporate Size and Profitability-An Empirical Analysis. *College Sadhana – Journal for Bloomers of Research*, 3(1), 44 – 53.
- Wanjohi, A. & Mugure, A. (2008). *Factors affecting the growth of MSEs in rural areas of Kenya: A case of ICT firms in Kiserian Township, Kajiado District of Kenya*. Unpublished thesis.
- Weber, L. (2009). *Marketing to the Social Web: How Digital Customer Communities Build Your Business*. Hoboken, NJ: John Wiley & Sons
- Weber, M. (1930). *The protestant ethic and the spirit of capitalism*. New York: Scribner.
- White, J.C., Conant, J.S., & Echambadi, R. (2003). Marketing strategy development styles, implementation capability, and firm performance: investigating the curvilinear impact of multiple strategy-making styles. *Marketing Letters*, 14(2), 111-24.
- Wiklund, J. (1999). The Sustainability of the Entrepreneurial Orientation-Performance Relationship. *Entrepreneurship Theory and Practice*, 24 (1), pp. 37–48.
- Wiklund, J., & Shepherd, D. (2005). Entrepreneurial orientation and small business performance: A configurational approach. *Journal of Business Venturing*, 20, 71–91.
- Wincent, J. (2005). Does size matter? A study of firm behavior and outcomes in strategic SME networks. *Journal of Small Business and Enterprise Development*, 12, 437–453.
- Wolff, J.A., & Pett, T.L. (2006), Small-firm performance; modelling the role of product and process improvements. *Journal of Small Business Management*, 44(2), 268-284.
- WVS Association. (2008). *National-level value scores on traditional/secular-rational values and survival/self-expression values World Values Survey: 1-2*. Retrieved from: [www.worldvaluessurvey.org/wvs/articles/folder/wvs\\_value\\_scores.doc](http://www.worldvaluessurvey.org/wvs/articles/folder/wvs_value_scores.doc)
- Xiang, L. (2009). *Entrepreneurial Competencies as an Entrepreneurial Distinctive: An Examination of the Competency Approach in Defining Entrepreneurs* (Unpublished thesis). Singapore Management University, Singapore.

- Yeshin, T. (2012). *Integrated marketing communications*.
- Yuksekbilgili, Z. (2014). The Use of Guerilla Marketing In SMEs. *International Journal of Advanced Multidisciplinary Research and Review*, 2 (2), 2–7.
- Zahra, S. (1991). Predictors and financial outcomes of corporate entrepreneurship – An exploratory study. *Journal of Business Venturing*, 6, 259-285.
- Zindiye, S. (2008). *An empirical investigation in to the factors affecting the performance of small and medium enterprises in the manufacturing sector of Harare, Zimbabwe*. Retrieved from: [ufh.netd.ac.za/jspui/bitstream/10353/128/1/Zindiye thesis.pdf](http://ufh.netd.ac.za/jspui/bitstream/10353/128/1/Zindiye%20thesis.pdf).

## APPENDICES

### **Appendix i: Introduction Letter**

SUSAN NAIKURU

JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY

NAIROBI

Dear Respondent,

I am carrying out research on entrepreneurial culture, marketing and performance of youth led micro and small agribusinesses in Kenya. This is in partial fulfillment of the requirement of the degree of Doctor of Philosophy in Entrepreneurship at The Jomo Kenyatta University of Agriculture and Technology.

This study takes a sample of the youth led enterprises that are practicing agribusiness activities within Kiambu county. This is an academic research and confidentiality will be strictly maintained. Kindly spare some time to complete the questionnaire attached.

Thank you.

Yours sincerely,

Susan Naikuru

**Appendix ii: Questionnaire**

Date filled.....

Serial no.....

**SECTION A**

**Preliminary Data**

1) Name of respondent.....

2) Age

15-20                            21-25                                            26-30                        
 31-35                            Over 35                     

3) Gender                      Male                          Female                     

4) Name of Youth Group .....

5) Name of Business.....

6) Contact .....

7) Area of Operation .....

**SECTION B: MARKETING STRATEGIES AND PERFORMANCE OF YOUTH LED MICRO AND SMALL AGRIBUSINESSES**

1) Comment on the following marketing related questions with regard to performance, where 1= Strongly disagree, 2= Disagree, 3= Do not know, 4= Agree, 5= Strongly agree

No	Marketing strategies and performance	1	2	3	4	5
A	Carrying out advertising has increased my sales					
B	Carrying out personal selling has increased my sales					
C	I advertise through the internet to increase my sales					
D	Carrying out personal selling has increased my profits					
e	Carrying out E - Marketing has					

	increased my profits					
F	Carrying out networking has increased my profits					
G	I have increased my workforce due to my advertising activities					
h	I have increased my workforce due to my personal selling activities					
I	I have increased my workforce due to my E - Marketing activities					
J	I have increased my workforce due to my networking activities					

2) Where do you get information on how and where to market your products?  
 Newspapers  Radio / T.V  Youth groups   
 Internet  Friends and Family  Government forums

3) Briefly explain how you inform potential customers about your products  
 .....  
 .....  
 .....

4) What are the three major challenges you face in marketing your products?  
 .....  
 .....  
 .....

**SECTION C: RESOURCES AND PERFORMANCE OF YOUTH LED MICRO AND SMALL AGRIBUSINESSES**

- 1) In which institution have you opened a bank account?  
 .....
- 2) For how long have you been operating the account?  
 .....
- 3) What is your preferred source of financing your business?  
 .....
- 4) What improvements have you made to your business with the finances you have been able to access ?  
 .....  
 .....
- 5) Comment on the following resource related questions where 1= Strongly disagree, 2= Disagree, 3= Do not know, 4= Agree, 5= Strongly agree

No	Resources and performance	1	2	3	4	5
a	It has been easy to access finances to run my agribusiness enterprise					
b	My sales have increased due to adequate access to finance					
c	My profits have increased due to adequate access to finance					
d	I have found it easy to establish contacts with customers					
e	It has been easy to attract reliable employees					
f	It has been easy to retain reliable employees					

**SECTION D: FIRM CHARACTERISTICS AND PERFORMANCE OF YOUTH LED MICRO AND SMALL AGRIBUSINESSES**

1) How many years has your enterprise been in operation?  
 .....

2) Comment on the legal form of ownership of your business

- Sole Proprietorship  Partnership  Youth group   
 Co-operative  Ltd Company   
 Any other (specify) .....

3) Specify the number of employees that you have in your business

- a) Permanent employees .....
- b) Seasonal employees .....
- c) Contract employees. i) Less than 2 months .....  
 ii) 2 to 6 months .....  
 iii) Over 6 months .....
- d) Daily casual employees .....

4) List the activities carried out in your agribusiness enterprise

- i. ....  
 ii. ....  
 iii. ....  
 iv. ....  
 v. ....

5) Why did you venture in to the agribusiness that you are currently operating?  
 .....  
 .....  
 .....

**SECTION E: ENTREPRENEUR CHARACTERISTICS AND PERFORMANCE OF YOUTH LED MICRO AND SMALL AGRIBUSINESSES**

1) Level of education

None                       Diploma                       Primary   
 Degree                       Secondary   
 Others .....

2) Religion

Christian                       Muslim                       None   
 Others .....

3) Comment on the following questions with regard to entrepreneur characteristics where 1= Strongly disagree, 2= Disagree, 3= Do not know, 4= Agree, 5= Strongly agree

No	Entrepreneur Characteristics	1	2	3	4	5
a	Because of my age, I am able to perform better					
b	My level of education determines the performance of my enterprise					
c	I have received training in my area of operation					
d	The training I have received has improved my performance					

**SECTION F: MODERATING INFLUENCE OF ENTREPRENEURIAL CULTURE**

On a scale of 1 to 5, rate yourself based on the following entrepreneurial characteristics that represent the presence of entrepreneurial culture, where 1 is Does not describe me, 2 is Weakly describes me, 3 is Moderately describes me, 4 is Strongly describes me and 5 is Very strongly describes me

No	Expound on the level to which the following statements define you	1	2	3	4	5
1.	Competition and success are more important than quality of life, warm personal relationships and service					
2.	I prefer structured over unstructured situations					
3.	My persistence has led to increase in sales and customers					



4.	I like excitement, novelty, and challenge in life					
5.	Being competent is important to me					
6.	Respect and acceptance of the customs and ideas that traditional culture or religion provide are important to me					
7.	It is good to enhance the welfare of people whom one is in frequent personal contact with					
8.	I value business activities					
9.	I am determined and persevere in the face of challenges					
10.	I am self confident					
11.	I have high self esteem					
12.	Whenever something goes wrong, I get up and try again					
13.	My high performance differentiates me from others					
14.	Producing high quality products is very important for my business					
15.	I feel that I can control the outcome of my destiny					

16) What drove you to start this business?

.....  
.....  
.....  
.....

17) If you were offered employment in an organization, would you abandon this business?

Yes  No

18) Give reasons for your above answer.

.....  
.....  
.....

19) What are the three major challenges you face in running your business?

.....  
.....  
.....

## SECTION G: FIRM PERFORMANCE

1) Comment on the following performance related questions where 1= Strongly disagree, 2= Disagree, 3= Do not know, 4= Agree, 5= Strongly agree

No	Firm performance	1	2	3	4	5
a	I measure the performance of my business using sales					
b	I measure the performance of my business using profits					
c	I measure the performance of my business using the number of employees					
d	I measure the performance of my business using a combination of sales, profits and employees					
e	My sales volume has moderately increased over the past four years					
f	My sales volume has been the same over the past four years					
g	My cost of sales has rapidly increased over the past four years					
h	My cost of sales has moderately increased over the past four years					
i	My number of employees has rapidly increased over the past four years					
j	My number of employees has moderately increased over the past four years					
k	My number of employees has been the same over the past four years					

2) What has been the firm's sales volume over the past 4 years?

Year	Sales volume (in Kshs)
2011	
2012	
2013	
2014	

3) What has been the firm's cost of sales over the past 4 years?

Year	Cost of Sales (in Kshs)

<b>2011</b>	
<b>2012</b>	
<b>2013</b>	
<b>2014</b>	

4) What has been the firm's total number of full time employees over the past 4 years?

<b>Year</b>	<b>No. of full time employees</b>
<b>2011</b>	
<b>2012</b>	
<b>2013</b>	
<b>2014</b>	

5) Briefly comment on the performance of your business

.....

.....

.....

THANKYOU

### Appendix iii: Schwartz Value Survey

Definitions of the Schwartz Value Items (value items in parentheses)

Self - Direction	Independent thought and action-choosing, creating, exploring (creativity, freedom, independent, curious, choosing own goals)
Stimulation	Excitement, novelty, and challenge in life (daring, a varied life, an exciting life)
Hedonism	Pleasure and sensuous gratification for oneself (pleasure, enjoying life)
Achievement	Personal success through demonstrating competence according to social standards (successful, capable, ambitious, influential)
Power	Social status and prestige, control or dominance over people and resources (social power, authority, wealth)
Security	Safety, harmony, and stability of society, of relationships and of self (family security, national security, social order, clean, reciprocation of favors)
Conformity	Restraint of actions, inclinations, and impulses likely to upset or harm others and violate social expectations or norms (self-discipline, obedient, politeness, honoring parents and elders)
Tradition	Respect, commitment, and acceptance of the customs and ideas that traditional culture or religion provide (accepting my portion in life, humble, devout, respect for tradition, moderate)
Benevolence	Preservation and enhancement of the welfare of people whom one is in frequent personal contact (helpful, honest, forgiving, loyal, responsible)
Universalism	Understanding, appreciation, tolerance, and protection for the welfare of all people and for nature (broadminded, wisdom, social justice, equality, a world at peace, a world of beauty, unity with nature, protecting the environment)

**Source:** Schwartz, (2004)

**Appendix iv: Xiang's Constructs Of Attitude Based On The Individual:**

<b>Self Confidence</b>	Self-confidence is an essential trait in an entrepreneur because he is regularly called upon to perform tasks and make decisions that require great amounts of faith in himself. He needs to have a strong but realistic belief in himself and his ability to achieve the predetermined goals.
<b>Self Esteem</b>	Self-esteem of an entrepreneur represents his ability to develop healthy confidence and respect for himself. He feels confident for being capable for life, able and worth or to feel right to achieve happiness. An entrepreneur respects himself and defends his own interest and needs.
<b>Dealing with Failures</b>	Entrepreneurship is about getting up whenever the business fails, and learning from that failure. An entrepreneur believes that failure is part of the entrepreneurial process, and often without it, success would not be possible. Further he is able to make mistakes, learn from them, and quickly recovers and changes his direction and moves into the future.
<b>Tolerance for Ambiguity</b>	In the entrepreneurial process tolerance for ambiguity refers to the ability of an entrepreneur to perceive ambiguous situation as desirable, challenging, and interesting and neither denies nor distorts their complexity of incongruity.
<b>Performance</b>	A successful entrepreneur perceives that his performance is different from others. He believes that it is his high performance which ultimately differentiates him from low performers.
<b>Concern for high quality</b>	An entrepreneur perceives concern for high quality of his products and services to meet or surpass existing standards of excellence in a faster, better and cheaply. By doing this an entrepreneur remains ahead of others in the market place.
<b>Locus of Control (LOC)</b>	Locus of control is the system of belief of an individual who perceives the outcome of an event as being either within or beyond his personal control. Entrepreneurs tend to believe in their own ability to control the outcomes to their efforts by influencing the existing environment, rather than leave everything to luck. They strongly believe that they can shape their own destiny.

Source: Xiang L. (2009)