RELATIONSHIP BETWEEN ENTREPRENEURIAL ORIENTATION AND GROWTH OF MID-SIZED ENTERPRISES IN KENYA

PERIS NJOKI NG'ARU

DOCTOR OF PHILOSOPHY

(Entrepreneurship)

JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY

2019

Relationship between Entrepreneurial Orientation and Growth of Mid-Sized Enterprises in Kenya

Peris Njoki Ng'aru

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

2019

DECLARATION

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

Signed…………………..………………… Date……………………………...

Peris Ng'aru

H40/0010/2006

This thesis was submitted for examination with our approval as university supervisors.

Signed …………………………….. Date…………………………………

Prof. Elegwa Mukulu

JKUAT

Signed ……………………………. Date: …………………………………

Prof. Maurice Sakwa

JKUAT

DEDICATION

I dedicate this thesis to my entire family.

ACKNOWLEDGEMENT

TABLE OF CONTENTS

viii

LIST OF TABLES

LIST OF FIGURES

LIST OF APPENDICES

LIST OF ABBREVIATION AND ACRONYMS

EO   Entrepreneur Orientation

EU   European Union

KPMG   Klynveld Peat Marwick Goerdeler (An audit Firm)

LSEs   Large-scale enterprises

MSEs   Micro and Small Enterprises

SME's   Small and Medium Size Enterprises

SPSS   Statistical Package for Social Sciences

SRI   Stanford Research Institute

DEFINITION OF TERMS

Autonomy   means self-governing, it is used to refer to a system that uses its own information to modify itself and its environment to enhance its survival, responding to both environmental and internal change to modify its basic functions to increase its viability (Collier, 1999).

Entrepreneurial orientation   of a firm is demonstrated by the extent to which the top managers are inclined to take business-related risks (the risk-taking dimension), to favour change and innovation in order to obtain a competitive advantage for their firm (the innovation dimension), and to compete aggressively with other firms (the proactiveness dimension) (Miller, 1983).

Growth of Enterprises   has been used to mean a stage where the enterprise reaches the point for expansion and seeks additional options to generate more profit (Zhang, Ding & Ke, 2019).

Industrial Experience   is used in this context to mean the managers' skills concerning the work done in the field of technical nature that is related to the subject one studied during engineering tripos and the manufacturing engineering tripos (Koschke, 2018).

Innovativeness: Innovativeness refers to a willingness to support creativity and experimentation to introduce new products or services, technological

leadership and research and development in developing new processes (Lumpkin & Dess, 2001)

Managerial competences   are observable characteristics such as knowledge, skills or behavior patterns that contribute to the successful fulfillment of managerial tasks (Mitchelmore & Rowley, 2010).

Proactiveness   is an opportunity seeking, forward-looking perspective which involves the introduction of new products or services ahead of the competition and acting in anticipation of future demand to create change and shape the environment (Lumpkin & Dess, 2001).

Risk taking   refers to a tendency to take bold actions, such as entering unknown new markets, committing a large portion of resources to ventures with uncertain outcomes or borrowing heavily (Lumpkin & Dess, 2001).

Small and medium enterprises: small businesses that have been financed by one or only a few people or whose businesses operations are geographically localized and are not dominant compared to bigger firms in the same industry and whose numbers of employees does not exceed 10 (Bibu & Sala, 2008).

ABSTRACT

Many SMEs failed to appreciate the role of industry experience and thus a slow growth hence lacking competitive advantage in the ever changing business environment. Studies have showed that most of the SMEs do not operate beyond their fifth year. Despite there being many studies conducted on the topic of entrepreneurial orientation and performance none of these studies focused on the relationship between entrepreneurial orientation and growth of mid-sized enterprises in Kenya and the moderating role of industrial experience. This makes this study to be unique as it was conducted to fill the gap. The specific objectives of the study were to investigate the influence on autonomy, innovativeness; risk taking, proactiveness and managerial competences on the growth of mid-sized SMEs in Kenya. In addition, the study sought to establish the moderating effect of industry experience on the relationship between entrepreneurial orientation and growth of mid-sized SMEs in Kenya. Descriptive research design was used. In the study, the target population comprised of 287 mid-sized SMEs in Kenya between the years 2010 - 2015. The sample size for the study was 164 top managers in the targeted mid-sized companies. The study used the stratified random sampling technique as it ensured that all listed companies were represented according to the various sectors. The target population was stratified into the 2 strata (service sector SMEs and non-service sector SMEs). Further, random sampling was used to select 164 top managers in the mid-sized companies. Random sampling ensured that the study eliminated bias in its choice of respondents. The study used primary data collected through questionnaire. Statistical Package for Social Sciences (SPSS) was used for analysis. The descriptive analysis involving frequencies, percentage, mean and standard deviations were used as measures of central tendencies and dispersion respectively. A multivariate regression was also used to test the combined effect of all independent variables. The findings were presented in forms of Tables and charts. The study found out that autonomy, innovativeness, risk taking, proactiveness, managerial competence have a positive and significant effect on growth. Further, the study found out that industry experience moderates the relationship between entrepreneurial orientation and the growth of mid-sized Enterprises in Kenya. Therefore the study concluded that entrepreneurs that display autonomous behavior base their feelings on the fact that they can conquer all necessary challenges on their path to success and still attain their desired goal. That innovativeness plays significant role in solving business problems and challenges regardless of market turbulence, which in turn provides firms with the ability to succeed. That proactiveness leads antedate imminent prospects, both in terms of products or technologies as well as in markets and consumer demand. It brings about change in an environment by predicting trends through the exploration of opportunities, hence the introduction of new products and services. The managerial competence leads to completeness of tasks. Finally the study concluded that industry experience moderates growth. Therefore, the study recommends for mid-sized enterprises to consider entrepreneurial orientation programs since they are very crucial in the growth of the enterprises.

CHAPTER ONE

INTRODUCTION

1.1　Background of the Study

Small and medium size enterprises continue to play a significant role in the economic growth of most countries. They have become important as a source of job creation; wealth creation and capital creation. Small and Medium Enterprises (SMEs) also act as supplier of goods and services for large organizations. Therefore, in order to ensure sustainability of SMEs, owners or SMEs managers should have entrepreneurial awareness to efficiently run their enterprises (Ayyagari, 2011). Managers of successful organizations are faced with rapidly changing and fast paced environments.

The disruptive and turbulent environment forces the manager to be entrepreneurial as he/she fulfills the demanding role of enhancing performance contingent on the ever changing environment. As a result, managers who were successful entrepreneurs are expected to possess a unique set of entrepreneurial orientation competences which have been built over time due to experience (Bwisa, & Ndolo, 2011). Once the entrepreneurial managers leave their current job to start a new enterprise, it is expected that the industry experience and the acquired hands on entrepreneurial competencies can be converted and applied as entrepreneurial competencies (Brunt & Akingbola, 2019). Based on the assumption that the managerial staff may have started new ventures, the current study will examine the strategic role of industry expert on the relationship between entrepreneurial orientation and growth of mid-sized enterprises in Kenya.

Today's big organizations were SME's a decade ago (Shohibul, Sarjiyanto & Sarwoto, 2019). These growth trends of SME's raise many question that why and how these SMEs are able to transform themselves into big business giants. The effectiveness of the entrepreneurs was gauged by entrepreneurial orientation. Entrepreneurial orientation covers the behavior of the entrepreneurs like innovation,

proactive and risk taking (Haya & Riaz, 2011). Furthermore, the distinctive characteristic of the entrepreneurs helps us to frame and link the entrepreneurial SME performance (Ribau, Moreira & Raposo, 2018). Therefore, this study intends to investigate the influence of entrepreneurial orientation on the growth of mid-sized enterprises in Kenya.

1.1.1   An Overview of Entrepreneurial Orientation

Entrepreneurial orientation (EO) has its roots in strategy-making process literature (Covin & Lumpkin, 2011). The construct, as it is commonly defined today, was first discussed by Wiklund (2006) who described an entrepreneurial organization, a multidimensional concept, as one that "engages in product market innovation, undertakes somewhat risky ventures and is first to come up with `proactive' innovations, beating competitors to the punch". According to Wiklund, (2006) organization only shows an EO when these three dimensions are simultaneously present within an organization (Kavale, Mugambi, & Namusonge, 2016).

Many authors have adopted EO definitions similar to that of Ayuso, Navarrete-Báez (2018) and Bouchard, Fayolle, Bouchard, Fayolle, Adler, Kwon and Emery (2018), but others have made changes that alter the meaning of the construct. For example, Acosta, Crespo and Agudo (2018) limited the construct by focusing only on proactiveness and innovation and therefore exclude risk taking. Furthermore, Solikahan and Mohammad (2019) only focus on the actions of business units and to innovations that result in new offerings, instead of for example process improvements. By contrast, Wales, Gupta, Marino and Shirokova (2019) have extended the construct by including two dimensions. The EO construct consists therefore of the dimensions innovativeness, risk taking, proactiveness, competitive aggressiveness, managerial competence and autonomy (Namusonge, Mukulu, & Mokaya, 2017).

Further, Wales et al. (2019) extended the domain by suggesting that an EO refers to the processes, practices and decision-making activities that lead to new-entry. This is

in contrast with Bouchard, Fayolle *et al.* (2018) who suggest that EO is a strategic attitude reflecting the decisions and processes of the firm, but not explicitly limited to those that lead to new entry, but rather representative of an overall gestalt within an organization. Since Wales et al. (2019) conceptualization there have been no significant or widely acknowledged adoptions to how the EO construct can or should be conceptualized (Covin & Wales, 2011).

This study will adopt the definition of entrepreneurial orientation that encompasses the dimensions of innovativeness, risk taking, proactiveness, competitive aggressiveness, managerial competence and autonomy. These aspects of entrepreneurial orientation will form the basis for the study. The study will seek to establish the influence of Small and Medium Scale Enterprises owners' innovativeness, risk taking, proactiveness, competitive aggressiveness, autonomy and entrepreneurial managerial competence on the growth of their SMEs.

1.1.2   Global Outlook of SMEs

The contribution of Small and Medium Scale Enterprises (SMEs) to the broader process of economic development is increasingly being recognized worldwide. The importance of SMEs in Industry and economic development came to light following the success stories of some East Asian and Western European countries such as Singapore, Taiwan, North Korea, Germany and Italy (Krasniqi, 2007). The significance of the SME sector is not uniform throughout the world. It differs from country to country in accordance with the level, pattern and rate of change in economic development (Kingsley, 2009).

Small and medium size enterprises feature as a dominant force in all the successful economies of the world. The impressive Industry performance of some Asian countries such as Taiwan, Singapore, Hong Kong, Korea, Japan and Western countries has focused the attention of policy makers and academic analysts on the prominent role played by Small and Medium Scale Enterprises in Industry development (Puffer, McCarthy & Boisot, 2010).Data from various countries across

the world show that SMEs are a dominant force in the Industry and economic development of most economies. In Japan out of a national total of 6.53 million private companies in 1994 SMEs accounted for nearly 6.47 million or 99% and of the 54.16 million people employed nation-wide, 41.42 million or 76.5% were employed by SMEs (Ministry of International Trade and Industry (Japan) 2000 (Lima, Teixeira, Dantas & Almeida, 2018).

Small and medium size enterprises have also played an important role in the Industry development of economies in transition. SMEs have been very instrumental in Industry development of most countries in transition. Sekonopo, Mapfaira, Moalosi and Molwane (2017) argue that since the inception of the open door policy at the sixth congress of the communist party there has been an influx of individual business in Vietnam. As a socialist country, Vietnam had made state owned enterprises the mainstay of its Industry system. As in most parts of the world, SMEs have contributed to the economic development of Asian countries.

All the scholars mentioned above have mentioned the benefits that Small and Medium size Enterprises have contributed to the economy of different countries. These studies by different scholars point to the fact that economic growth of a nation can be accelerated by Medium size Enterprises. Therefore, it is necessary to find ways of enhancing the sustainability and growth of these and medium size enterprises to boost their contribution to economic growth. The concept of entrepreneurial orientation has been identified as one of the strategy that may be used to enhance growth of medium size enterprises.

1.1.3 Regional Outlook of SMEs

The private sector has become the central focus for economic and Industry development in African countries. Two factors account for much of this new emphasis: the failure of the public sector – led economic and Industry development and globalization (Sibanda, 2012). Until the 1970s, Industry development was

strongly oriented towards government control of the development process. Many governments not only decided which industries would be created and financed, but who owned and operated the industries, exercising not only corporate governance responsibility but also operational and managerial responsibility. Havenga (2001) argues that after the success of the private sector in some East Asian and West European countries, African governments have abandoned the centrally controlled policies to opt for free enterprises. Because of this Medium size Enterprises, which are the backbone of the private sector, have been widely recognized at all levels of development and make a significant contribution to economic development in general and in Industry development in particular (Sibanda, 2012).

Most African governments have since recognized Medium size Enterprises as the engine for both Industry and economic development. SMEs make up about 90% of Africa's enterprises (Timmings, 2011). Although and Medium size Enterprises have not been accredited as important components in the development of Africa, they have contributed much to many economies. Most literature on SMEs has proposed the need to create conducive environments that enable these enterprises to contribute to Industry and economic development (Milgo, 2017).

According to economists and researchers, the small-scale enterprise sector plays a crucial role in the Industry and economic development of developing countries. It is widely accepted that they perform a crucial role in the economy as they fill the economic niches left vacant by large enterprises (Abor & Quartey, 2010). SMEs also tend to be located in small urban centres where LSEs cannot operate from, thus they play a role in regional development. A number of donor agencies and developmental analysts are arguing that SMEs development should be a priority in the developmental policies in Africa (Abor & Quartey, 2010). Despite all these positive prospects about SME development in Africa, this sector has not been recognized. This is because most governments in Africa think that LSEs are the faster road to Industrialization. However, they forget that given the limited capital and massive

unemployment in their economies SMEs can offer a better option since they are labour intensive and use limited capital resources (Wink, 2010).

In some countries government policies discriminate against SMEs as is the case of Tanzania where tax, regulatory and financial access constraints decrease as one moves up the hierarchy from small to large enterprises (Kibassa, 2012). Odunayo (2014) argue that SMEs have not been high on the development agenda of many African governments. As will be noted in the following sections, most African governments have realized that SMEs are a crucial part in the development of their economies. It should be noted that there is need to develop laid down procedures to enhance the development of SMEs. African governments should meet and discuss the way forward for SME development.

1.1.4   Industry Experience

The present study focuses on the moderating effect of industry experience on the relationship between entrepreneurial orientation and the growth of mid-sized enterprises in Kenya. As experienced managers are likely to have better insights into future business opportunities, threats, niche markets, products, technologies and market development, managerial experience is generally expected to be positively related to innovative activity and its performance. We argue that managerial experience is especially important in environments with lower institutional developments which are presumably less conducive to innovation activities.

Experiences of managers are part of their human capital and comprise technological, commercial, organizational and managerial skills and knowledge that managers accumulate during their careers (Capozza & Divella, 2018). Such capabilities may serve as an important input factor of a firm. As intellectual assets are not easily imitable by rivals, they presumably result in a competitive advantage of firms possessing them. Knowledge about how to profitably innovate typically requires a good understanding of relevant technologies and evolving markets. As new

6

developments and technologies within an industry often follow a path-dependent pattern, knowledge about past industry conditions enhance managers' capability to understand current and predict future industry dynamics (Sibanda, 2012).

1.1.5   Growth of Enterprises

The SMEs sector in Kenya has occupied an instrumental space towards the development and growth of the economy. The SMEs sector is a key source of job opportunities for both the skilled and unskilled workers as well as a source of revenue for the country. This SME sector gradually increased employment opportunities from 3.7 million people in the year 2005 upto 5.1 million people in the year 2012 (GoK, 2014). Research has shown that the SMEs growth pattern has made a good track record since 1972 when the ILO introduced it and the government of Kenya campaigned for it as from 1992. The role of SMEs in Kenya's development process is significant, particularly in the context of generating employment, wealth creation and income opportunities to thousands of people across the country (KIPPRA, 2014).

Kenya has not been unique to SME challenges faced by business ownership and growth. In Kenya, the SMEs have thrived over decades but still do face challenges of financing, markets, access to loans among others. Vision 2030 incorporates SMEs at the heart of Kenya's economic growth projections. It envisages that if SME financing mechanisms are enhanced and sustainable, SMEs in Kenya have the potential of growing into viable and vibrant businesses that can compete with multinational firms in products and services (Ministry of Planning, National Development & Vision 2030, 2013). The challenge of accessing credit facilities, poor working conditions, high taxation, and lack of business training continue to hinder the growth of SMEs in Kenya (Marlow, 2014). As a result business owners within Kenya find it difficult to grow their businesses. Government interventions through tax incentives, market creation for SMEs have gone a long way in establishing a thriving business

7

condition, SMEs still experienced problems in establishing a foot holds for sustainable growth (Kimuyu, 2014).

1.1.6   Mid-Sized Enterprises in Kenya

The classification of the mid-sized companies in Kenya is based on seven financial indicators. Other than the financial indicators other characteristics are considered. These characteristics include their business confidence outlook, talent policies, peers in terms of revenue growth, profit growth, returns to shareholders and cash generation/ involvement in corporate social responsibility, and the role played by innovation in their operations. The classification also captures their contribution to job creation whilst bearing in mind that not all industries are labour intensive (KPMG, 2014).

Small- and medium-sized enterprises (SMEs) are considered the engines of growth in developing countries. In Kenya, it goes without saying that SMEs have played a significant role in the macro economy. Most of managerial staff that undergoes retrenchment resorts to starting and operating SMEs. SMEs owned by Mid-Sized Enterprises are expected to exhibit high growth rate because of the managerial skill they possesses.

The importance and contribution of SMEs to achieving macroeconomic goals of nations, especially in developing nations, has attracted the attention of scholars in the entrepreneurship discipline in recent years (Sułkowski, 2016). A complex global environment in which SMEs survive, grow and thrive is, therefore, considered an important objective of policy makers in both developed and emerging economies around the world. Small and medium size enterprises are generally known for their labour intensive activities and also for their use of local resources. Support for SMEs is a common theme because it is recognized that SMEs contribute to the national and international economic growth.

In Kenya, the contribution of SMEs to the economic growth has been researched on by many scholars. The findings of these scholars have supported the findings of other scholars in developed and developing countries. However, there is scarcity of research work conducted to establish whether entrepreneurial orientation awareness of managers of Mid-Sized Enterprises help them to grow their SMEs compared to other SMEs owners who don't understand the concept of entrepreneurial orientation.

1.2   Statement of the Problem

The ideal situation is that mid-sized enterprises inclined to entrepreneurial orientation exhibits faster growth compared to those that are not inclined towards entrepreneurial orientation; however, the actual situation is that even those mid-sized enterprises that are inclined towards entrepreneurial orientation experiences poor growth. Despite the benefits, many mid-sized enterprises failed to appreciate the role of industry experience and thus a slow growth hence lacking competitive advantage in the ever changing business environment. Studies have showed that most of the SMEs do not operate beyond their fifth year (Pretorius, Vuuren & Nieman, 2005). Thus the study adopts the concept of entrepreneurial orientation to examine the relationship on the growth of mid-sized enterprises in Kenya. Entrepreneurial orientation composes of five dimensions which formed the study objectives. These included autonomy, innovativeness, risk taking, managerial competence and proactiveness.

Many large companies nowadays are forced to reduce their number of managerial staff either due to technology or as a strategy to cut operation costs. Those individual who lose their jobs ended up starting their own small enterprises. Most of the senior managers in organizations used their entrepreneurial orientation to innovate and create successful businesses for their employing organization. Many studies have indicated positive relationship between entrepreneurial orientation and growth of enterprises. For instance, Sriprasert (2013) examined the effect of entrepreneurial orientation on the success of community enterprise and found that risk taking,

proactiveness and innovativeness play a significant role in effecting job satisfaction of entrepreneurs the study presents conceptual gap. Similarly, Mahmood and Hanafi (2013) conducted a study on entrepreneurial orientation and business performance of women-owned small and medium enterprises in Malaysia and discovered that there existed significant relationships between entrepreneurial orientation and performance, while competitive advantage was found to partially mediate the entrepreneurial orientation and performance relationships. The study presented both conceptual and contextual gaps.

Further, Pérez-Luño, Wiklund and Cabrera (2011) investigated the dual nature of innovative activity and how entrepreneurial orientation influences innovation generation and adoption and found that pro-activity and risk taking influenced the number of innovations generated and the extent to which firms favor generation over adoption and that environmental dynamism moderated one of these relationships The study presented conceptual, contextual and methodological gaps. Despite there being many studies conducted on the topic of entrepreneurial orientation and performance, none of these studies focused on the strategic role of industry experience in the relationship between Entrepreneurial Orientation and growth of mid-sized enterprises in Kenya. This makes this study to be unique as it was conducted to fill the gap.

1.3   Research Objective

1.3.1   General Objective

The study sought to establish the relationship between entrepreneurial orientation and growth of mid-sized enterprises in Kenya and the moderating role of industrial experience.

1.3.2   Specific Objectives

The study was guided by the following entrepreneurial orientation dimensions as the specific objectives.

1. To determine relationship between autonomy and growth of mid-sized enterprises in Kenya

2. To establish relationship between innovativeness and growth of mid-sized enterprises in Kenya

3. To determine the relationship between risk taking and growth of mid-sized enterprises in Kenya

4. To establish the relationship between proactiveness and growth of mid-sized enterprises in Kenya

5. To determine the relationship between managerial competence and growth of mid-sized enterprises in Kenya

6. To establish the moderating effect of industry experience on the relationship between entrepreneurial orientation and the growth of mid-sized enterprises in Kenya

1.4 Hypotheses

The study sought to test the following null hypotheses;

H_{01}: There is no significant relationship between Autonomy and the growth of mid-sized enterprises in Kenya

H_{02}: There is no significant relationship between Innovativeness and the growth of mid-sized enterprises in Kenya

H_{03}: There is no significant relationship between Risk taking and the growth of mid-sized enterprises in Kenya

H_{04}: There is no significant relationship between Proactiveness and the growth of mid-sized enterprises in Kenya

H_{05}: There is no significant relationship between Managerial competence and the growth of mid-sized enterprises in Kenya

H_{06}: Industry experience does not moderate the relationship between entrepreneurial orientation and the growth of mid-sized enterprises in Kenya.

1.5   Significance of the Study

Firstly, the study specifically dealt with the entrepreneurial orientation which small businesses, with their limited financial and manpower resources, can adopt to become successful. This intended to help existing and potential entrepreneurs and small business advisors to consider the different goals and types of success which small business can achieve. Secondly, this study may be useful to other groups involved in the development of small businesses, such as business advisors, counselors and enterprise agencies and to teachers in educational institutions which run management courses for prospective and established entrepreneurs.

Through this study, the government would be able to formulate strategies and policies for improving business conditions, boosting the capacity of SMEs, improving the performance of SME leading to their ultimate success, expending the financial sector and strengthening links firms which will permanently increase SME growth. Lastly, the factors influencing the success of SMEs provided by various authors were to be compared with those provided by the entrepreneurs themselves so as to draw a comprehensive conclusion.

1.6   Scope of the Study

The study sought to establish the influence of entrepreneurial orientation on the growth of mid-sized enterprises in Kenya because such enterprises were the key players in the industry and there was ease of obtaining data for this study. Thus, the study looked at how autonomy, innovativeness, risk, proactiveness and managerial competence influence growth of Mid-Sized Enterprises in Kenya The study assessed the growth of mid-sized enterprises in Kenya in the year 2015.

1.7   Limitations of the Study

The study focused on SMEs feted by mid-sized enterprises in Kenya because such enterprises were the key players in the industry and there was ease of obtaining data for this study. Since most of the respondents were business people, most of the time they were busy serving customers and this meant that a lot of time was used in data collection since the researcher had to wait till all the customers were served. This however, only applied to those enterprises that had the owner as the person attending to the customers.

CHAPTER TWO

LITERATURE REVIEW

2.1   Introduction

This chapter covered the concept of entrepreneurial orientation, innovativeness, proactiveness, risk taking, autonomy, managerial competences, theoretical and empirical literature that is relevant to the area of study. A conceptual framework was also developed. This was followed by critique of the existing literature, research gaps and summary of the empirical literature.

2.2   Theoretical Review

This study is built on the underpinning theories, including the theory of firm growth, theories of entrepreneurial orientation, schumpeterian theory on innovations and scientific management theory.

2.2.1   Theory of the Firm Growth

The theory was propagated by Penrose in 1959. Penrose argued that firms had no determinant long run or optimum size, but only a constraint on current period growth rates (Penrose, 1959). There are two major categories of 'causes' of growth; those external to the firm and those internal. Penrose suggests that external causes, for example raising capital, demand condition and sales increment, while of interest 'cannot be fully understood without an examination of the nature of the firm itself. The problem as she saw it was 'the internal incentives to and limits on growth - a theory of the growth of the firm that does not relate to fortuitous externals events.

The theory of the firm sets out to explain the nature and limitations (or boundaries) of the firm as an economic institution (Phelan & Lewin, 1999). It is founded in economic organization study which attempts to explain the observed diversity of institutional arrangements in the economy and states that firms (corporations) exist

and make decisions in order to maximize profits. Businesses interact with the market ecosystem to determine demand and pricing, then allocate resources according to models that look to maximize profits (Rasmussen, 2007). Existing strategic theories of the firm explain the existence of the firm and strong in their understanding of value creation and the location of firm boundaries (Phelan & Lewin, 1999). Creation and protection of value for owners happens through transactions in markets, others in firms, and still others in hybrid structures such as franchises, joint ventures and strategic alliances.

Geroski (2002) has done the foundational work on the theory of enterprise growth. Based on his theoretical review of growing enterprises, he concluded that enterprises move through five distinguishable stages of growth. Each phase contains a relatively calm period of growth that ends with a management crisis (Masurel & Montfort, 2006). These five phases and crises of growth are creativity, direction, delegation, coordination, and collaboration. He suggests that an enterprise goes through evolution and revolution crises. These crises can be solved by introducing new structures and programs that will help employees to revitalize them. Greiner's phenomena of evolution and revolution became the basis of many studies on enterprise growth cycle. This theory is relevant to this study since it explains drivers to firm growth and performance.

2.2.2 Theories of Entrepreneurial Orientation Theory

Under this section the theories relevant to the study and informs the variables on entrepreneurial orientation were discussed.

a) Theories of Entrepreneurial Orientation Theory at Individual Level

Entrepreneurial theories relate to the individual or the enterprise (Callaghan, 2009). At the individual level of entrepreneurship, the origins of definitions of entrepreneurship go back to Cantillon's definition (circa 1700) of an entrepreneur as

a rational decision maker who assumes the risk and provides management for the firm. The entrepreneur is also seen as an economic actor having a driving force for economic development (Schumpeter, 1934; Kirzner, 1997). Schumpeter (1934) viewed entrepreneurs as revolutionaries of the economy whose economic function is the realization of new combinations in the course of which they are the active element while McClelland's (1961) theory relates to entrepreneurs as having a higher need for achievement (Callaghan, 2009). Callaghan (2009) adds to the Schumpeterian spectrum of EO, two dimensions; Learning and Achievement orientations.

The individual level theoretical basis of entrepreneurship has not been without criticism. For instance, Shapero and Sokol (1982) criticize individual centered perspectives of entrepreneurship and argue against McClelland's (1961) need-for-achievement theory on the deficiency of the theoretical process resulting in what they call "an oversimplification of the subject". As well, Shane (1996) argues that the "trait" approach, whereby an individual's distinguishing characteristics, including personality characteristics, are related to entrepreneurial variables, is often studied according to a flawed approach. However, Mappiagu and Agussalim (2013) report that a number of research studies have argued the need for small firm entrepreneurs to develop entrepreneurial and managerial competencies as proper allocation of these two roles crucially underpin small firm survival.

This theory was relevant to our study in that managerial opt to start up new businesses as opposed to seeking for employment in another firm. In essence they take up the challenge of risk taking by starting up new businesses and thus foster/speed up growth of SMEs and the economic growth in the broader perspective.

b) Entrepreneurial Orientation Theory at Firm Level

At the firm level, Callaghan (2009) notes that the currently prevalent firm level EO was originally developed with the psychological claim to distinguish between

managers and business owners and laments that it was abandoned in a still quasi-psychological stage before individual EO-success relationships were even investigated. According to Covin and Wales (2011) the theoretical foundation of EO research is traceable to Miller (1983) and Lumpkin & Dess (1996).

One of the strategy – making modes put forth by Mintzberg (1973) is the entrepreneurial one which is based on active search for entrepreneurial opportunities and growth. The other modes include planning - concerned with systematic information gathering for situational analysis, generation of alternate and selection of appropriate strategies; and the adaptive mode which focuses on reactive solutions than proactive search for new opportunities. Support for the entrepreneurial mode is given by Khandwalla (1976/1977) who refers to entrepreneurial management style as consisting bold, risky and aggressive approach to decision-making in contrast to a more cautious stability-oriented approach.

According to Miller (1983) an entrepreneurial firm is one that engages in product market innovation, undertakes somewhat risky ventures, and is first to come up with proactive innovations, beating competitors to the punch. On their part, Covin and Slevin (1989) contrast firms operating in hostile competitive environments, characterized by intense rivalry among firms with firms that operate in more benign competitive settings and reported that the former tended to adopt innovations with greater frequency than the latter. Miller (1983) used the dimensions of innovativeness, risk taking and pro-activeness to characterize and test entrepreneurial orientation, while Lumpkin & Dess (1996) expanded the numbers of dimensions to include competitive aggressiveness and autonomy. This theory was relevant to our study in that KPMG Top 100 Enterprises can adopt a strategy of empowering the managers on how to improve their enterprises growth and sustainability.

2.2.3   Schumpeterian Theory on Innovations

Schumpeter's (1934) theory of innovative profits emphasized the role of entrepreneurship (his term was entrepreneurial profits) and the seeking out of opportunities for novel value and generating activities which would expand (and transform) the circular flow of income through risk taking, pro activity by the enterprise leadership and innovation which aims at fostering identification of opportunities through intellectual capital of entrepreneur to maximize the potential profit and growth.

Schumpeterian growth theory goes beyond economist theory by distinguishing explicitly between physical and intellectual capital, and between saving, which makes physical capital grow, and innovation, which makes intellectual capital grow. It supposes that technological progress comes from innovations carried out by firms motivated by the pursuit of profit, and that it involves what Schumpeter called "creative destruction". That is, each innovation is aimed at creating some new process or product that gives its creator a competitive advantage over its business rivals; it does so by rendering obsolete some previous innovation; and it is in turn destined to be rendered obsolete by future innovations (Schumpeter, 1934).

Endogenous growth theory challenges this neoclassical view by proposing channels through which the rate of technological progress, and hence the long-run rate of economic growth, can be influenced by economic factors. It starts from the observation that technological progress takes place through innovations, in the form of new products, processes and markets, many of which are the result of economic activities. For example, because firms learn from experience how to produce more efficiently, a higher pace of economic activity can raise the pace of process innovation by giving firms more production experience. Also, because many innovations result from R&D expenditures undertaken by profit-seeking firms, economic policies with respect to trade, competition, education, taxes and intellectual

property can influence the rate of innovation by affecting the private costs and benefits of doing R&D (Dinopoulos & Thompson, 1998).

Schumpeter, as cited by Swedberg (2000), pointed out economic behavior is somewhat automatic in nature and more likely to be standardized, while entrepreneurship consists of doing new things in a new manner, innovation being an essential value. As economics focused on the external influences over organizations, he believed that change could occur from the inside, and then go through a form of business cycle to really generate economic change. He set up a new production function where the entrepreneur is seen as making new combinations of already existing materials and forces, in terms of innovation; such as the introduction of a new good, introduction of a new method of production, opening of a new market, conquest of a new source of production input, and a new organization of an industry (Casson, 2002). For Schumpeter, the entrepreneur is motivated by the desire for power and independence, the will to succeed, and the satisfaction of getting things done (Swedberg, 2000). He conceptualized 'creative destruction' as a process of transformation that accompanies innovation where there is an incessant destruction of old ways of doing things substituted by creative new ways, which lead to constant innovation (Aghion & Howitt, 1992).

The entrepreneur's crucial significance to the dynamics of the capitalist system flows from the fact that it is the entrepreneur's innovations that disrupt the economy and move it forward from one equilibrium to the other. Rather than adapting to external pressures, the entrepreneur destroys the static equilibrium from within the system by inventing new products, processes or behaviors that contrast the routine systems and activities (McDaniel, 2005; Drejer, 2004). This theory was relevant to this study in that managerial retrenches utilize their intellectual capital to 'creative destruction' whereby they destroy the of old ways of doing things and substitute them with creative new ways. This results to innovation.

2.2.4　Scientific Management Theory

The theory was developed by (Taylor, 1911). The theory has its roots in the Industry revolution which begun in England around 1750 AD. The proponents' main concerns were: increasing the productivity of individuals performing work; and increasing the productivity of organizations within which work was performed (Taylor, 1911). According to the theory, workers should be assigned tasks which are clearly defined and that will take a day's effort to complete, and should be given standard conditions to complete the task. Further, the theory proposes that pay should be based on a worker's productivity; where high productivity is rewarded with high pay and low productivity *is* punished by loss of pay.

The theory consistently sought to overthrow management "by rule of thumb" and replace it with actual timed observations leading to "the one best" practice. The theory also advocated the systematic training of workers in "the one best practice" rather than allowing them personal discretion in their tasks. Hence, the workload would be evenly shared between the workers and management with management performing the science and instruction and the workers performing the labor, each group doing "the work for which it was best suited" (Taylor, 1911).

Taylor's postulations were strongly influenced by his social/historical period (1856-1917) during the Industry Revolution; it was a period of autocratic management that saw Taylor turning to "science" (hence, his principles of scientific management) as a solution to the inefficiencies and injustices of the period. It has to be stated that scientific management met with significant success among which included: the science of cutting metal, coal shovel design that he produced at Bethlehem Steel Works (reducing the workers needed to shovel from 500 to 140), worker incentive schemes, a piece rate system for shop management, and organizational influences in the development of the fields of Industry engineering, personnel, and quality control (Taylor, 1911).

The theory proposed four great underlying principles of management. First, there is need to develop a 'science of work' to replace old rule-of-thumb methods: pay and other rewards linked to achievement of 'optimum goals' – measures of work performance and output; failure to achieve these would in contrast result in loss of earnings. Second, workers to be 'scientifically' selected and developed: training each to be 'first-class' at some specific task. Three, the 'science of work' to be brought together with scientifically selected and trained people to achieve the best results. Finally, work and responsibility to be divided equally between workers and management cooperating together in close interdependence (Taylor, 1911).

The concept of SME growth is concerned with increasing efficiency and productivity. It involves listing key result areas to be achieved under standard conditions within a stipulated period, which relates to the Scientific Management Theory. To achieve efficiency and productivity it is important that employees possess the right competencies required to execute their duties. Thus, possession of the right managerial competencies by the Mid-Sized Enterprises should translate to positive SME growth.

2.3   Conceptual Framework

A conceptual framework is hypothesized model identifying the variables under study and the relationship between the dependent and independent variables. The conceptual framework is a study tool intended to assist a study to develop awareness and understanding of the variables under scrutiny. This study sought to establish the relationship between entrepreneurial orientation and growth of enterprises in Kenya with the moderating role of strategic industry experience. The independent variable for this study was entrepreneur orientation (autonomy, innovativeness, risk taking, managerial competence and proactiveness) while the dependent variable was growth of SMEs in Kenya. Industry experience was used a moderator in this study. Based on the findings in the empirical literature, the study came up with the conceptual framework as shown in Figure 2.1.

```
┌─────────────────────────────┐
│ Autonomy                    │
│ • Self financial discipline │──┐
│ • Self market awareness     │  │
│ • Own managerial skills     │  │
├─────────────────────────────┤  │
│ Innovativeness              │  │       ┌──────────────────────────────────┐
│ • New products or services  │──┤       │ Growth of Enterprises            │
│ • Technological leadership  │  │       │ • Expansion in volume of business│
│ • Research and development  │  │       │ • Value Addition                 │
├─────────────────────────────┤  ├──────▶│ • Revenue Generation             │
│ Risk Taking                 │  │       └──────────────────────────────────┘
│ • New Markets,              │──┤
│ • Borrowing Heavily         │  │                Dependent  Variable
│ • New Ventures              │  │
├─────────────────────────────┤  │
│ Proactiveness               │  │
│ • Opportunity Seeking       │──┤
│ • Future Demand anticipation│  │       ┌──────────────────────────────────┐
│ • Forward-Looking           │  │       │ Industry Experience              │
│    Perspective              │  │       │ • Managers years of              │
├─────────────────────────────┤  │       │   experience in the              │
│ Managerial Competence       │  │       │   industry                       │
│ • Knowledge                 │──┘       │ • Level of management            │
│ • Skills or behavior patterns│         └──────────────────────────────────┘
│ • Personality Characteristics│
└─────────────────────────────┘                  Moderating Variable

         Independent Variables
```

Figure 2.1: Conceptual Framework

2.3.1   Autonomy

Autonomy refers to the ability to make decisions and to proceed with actions
independently, without any restrictions from the organization (Hernández-Perlines,

Moreno-García & Yáñez-Araque, 2017). It also reflects the strong desire of a person to have freedom in the development of an idea and in its implementation (Huang & Li, 2009). Several scholars suggested that giving autonomy to all players in the organization may motivate them to act entrepreneurially, and in turn improve firm performance. Despite the acknowledgement of autonomy's role in enhancing firm performance, some studies were not able to demonstrate a positive effect of this relationship (Hughes, Hodgkinson, Hughes & Arshad, 2018).

Autonomy is an essential entrepreneurial characteristic that is related to other psychological characteristics (Mahohoma, 2018). Margahana and Negara (2019) believe autonomy is a necessary requirement for successful entrepreneurship, since entrepreneurs have a higher degree of self-governance relative to non-entrepreneurs (Mahohoma, 2018). Entrepreneurs that display autonomous behaviour base their feelings on the fact that they can conquer all necessary challenges on their path to success and still attain their desired goal.

Entrepreneurs who possess autonomous behaviour do not believe the success or failure of their new business depends on luck, fate or other external factors, but is confident that their personal control and influence enables them achieve their goals, even when faced with setbacks. Lecuna, Cohen and Chavez (2017) believe that entrepreneurs should have a perceived sense of self-esteem and capabilities in conjunction with his/her business affairs, since they consider self-confidence to be linked to tolerance for ambiguity and creativity (Mahohoma, 2018).

Entrepreneurs are characterized as people who are very independent and have a need to control. They choose to do things on their own and actively seek situations and environments that permit them to "do their own thing" and are ready to take responsibility for the results. These successful entrepreneurs demonstrate preferences for autonomy and self-reliance, independent thoughts and individuality (Neneh, 2011).

It must be noted that autonomy varies in terms of the firm's size, management style and ownership. However, the extent to which autonomy is exercised is largely dependent on the level of centralization, extent of delegation and organizational size (Margahana & Negara, 2019). Also, autonomy is said to be facilitated by flat hierarchies or a high degree of delegation within an organization (Kuckertz, Klumpp, Zelewski & Kollmann, 2010).

Researchers such as Kusumawardhani, McCarthy and Perera (2009) argue that autonomy allows firms to function effectively and entrepreneurially with the delegation of appropriate authority. In addition, they found that autonomy is an important factor that influences the performance of industries irrespective of the products they deal in. This confirms Kusumawardhani et al (2009), assertion that when firms allow autonomy it motivates workers in a positive way, which in turn, leads to higher performance. Additionally, Bulanova, Isaksen and Kolvereid (2016) after reviewing prior studies, posited that firms cannot function entrepreneurially without some level of autonomy and that allowing autonomy among workers in an organization will enhance their entrepreneurial tendencies, which in turn, improves performance.

Locally, Osoro (2012) conducted a study on entrepreneurial orientation effects on business performance of small and medium enterprises in information technology sector in Nairobi. This study utilized data from 160 randomly selected small and medium firms in the information and communications technology sector in Nairobi. To test the firm performance effects of entrepreneurial orientation, the scales for the dimensions of EO and firm performance were adopted from the existing literature. The study findings revealed that contextual factors did potentially shape entrepreneurial orientation and that certain entrepreneurial orientation dimensions and contextual factors were associated with entrepreneurial performance. These

findings suggested that an increase in potential performance is possible through individual behaviour associated with an entrepreneurial orientation.

2.3.2 Innovativeness

Innovation is the specific tool of entrepreneurs, the means by which they exploit change as an opportunity for a different business or a different service. It is capable of being presented as a discipline, capable of being learned, capable of being practiced. Entrepreneurs need to search purposefully for the sources of innovation, the changes and their symptoms that indicate opportunities for successful innovation. And they need to know and to apply the principles of successful innovation (Schillo, 2011).

Innovativeness reflects a firm's ability to engage in new ideas and creative processes that may result in new products, markets, or technological process (Rauch et al., 2009). Covin and Miles (2011) argued that innovation is a crucial part of a strategy and that entrepreneurship cannot exist without it. Naranjo-Valencia, Calderón-Hernández, Jiménez-Jiménez and Sanz-Valle (2018) suggested that innovativeness plays a significant role in solving business problems and challenges regardless of market turbulence, which in turn provides firms with the ability to succeed. Similarly, Otero-Neira, Lindman et al. (2009) emphasized the importance of innovation in creating a firm's competitiveness that will lead to superior performance. By increasing commitment to innovative products or processes, firms can renew their operations in marketplace and improve their profitability (Margahana & Negara, 2019). Nonetheless, the effect of innovativeness on firm performance in the existing literature is inconclusive.

Otero-Neira, Lindman et al. (2009) believed that innovation is an essential part of a strategy and that entrepreneurship cannot exist without it. The innovation ability of firms to renew their market offers becomes crucial when product and business model life cycles are shortening Naranjo-Valencia, Calderón-Hernández, Jiménez-Jiménez

and Sanz-Valle (2018) suggested that innovativeness plays a significant role in solving business problems and challenges, which in turn provides firms with the ability to succeed. Similarly, Otero-Neira, Lindman et al. (2009) emphasized the importance of innovation in creating a firm's competitiveness that will lead to superior performance.

Timmons, Spinelli and Ensign (2010) highlight that successful entrepreneurs believe their achievements lie within their control and power and that they can determine their outcomes. To them, entrepreneurs possess the following characteristics; self-reliant innovator; adaptive and resilient; and have a strong desire to know how well they are performing. Kruger (2004) trying to examine the importance of entrepreneurial qualities amongst small business owners and non- business owners, found creativity to be one of the strongest characteristics that distinguish small business owners from non-small business owners.

According to Mirela (2008), the necessary conditions for accomplishing a successful innovation are: the existence of a clear strategy; the availability of all essential resources for the innovation effort; the realistic evaluation of individual's innovation potential; the detailed knowledge of market demand, the anticipation of future needs; the evaluation of innovation projects criteria; the maintenance of a close contact with beneficiaries; and the settings for limited periods of accurate objectives to which all innovating efforts should be dedicated to.

In the local perspective Mokaya (2012) carried out a study on corporate entrepreneurship and organizational performance theoretical perspectives, approaches and outcomes. His findings suggested that firm performance as a result of corporate entrepreneurship results from development of new products and services, improvement of old ones; new and improved processes and systems which improve efficiencies. The author argued that firms with high corporate entrepreneurial intensity experience better performance in form of growth and profitability.

Small firms have been reputed to be more flexible and non-bureaucratic, hence adopting more quickly to innovation (Nooteboom, 2004). According to Price et al. (2013), large firms recognize the importance of innovation in small firms. This view can be seen in various research supporting the notion that SMEs perform better if they engage in innovative activities (Vermeulen et al. 2005: Westerberg & Wincent, 2008: Qian & Li, 2003: Verhees &Meulenberg, 2004) such as Research and Development (R&D) and increased productivity (Block, 2012). For instance, a prominent study by Bruderl and Preisendorfer (2010) highlighted the importance of innovation in small firms. They discovered that in predicting firm growth, one important factor that cannot be overlooked is innovation. Sirelli (2010) also stated that the underlying rationale of small firm's is to encourage innovation, which in turn will lead to a better economic performance, higher growth, more jobs and higher wages. In this vein, it has become imperative for SMEs to be innovative not only to differentiate themselves but also attain some level of firm success (McGrath, 2011; Zahra et al., 2004). One can, therefore, postulate that innovativeness can lead to SME growth.

2.3.3   Risk Taking

Risk-taking has been historically linked to entrepreneurship since the 1700's. It has been a key characteristic of an entrepreneur. The physiocrat, Richard Cantillon, was one of the first to formally use the term entrepreneurship and also point out the risk propensity of entrepreneurship. He characterized entrepreneurship as the propensity to undertake any venture of which the outcome is shrouded in a state of uncertainty, hence making it risky (Nouskali, 2019). According to Nouskali (2019), producers in the market economy are divided into two classes; hired people (people who receive fixed wages) and entrepreneurs (working for one's own self). He argued that the uncertainty and riskiness of self-employment are major factors that alienate entrepreneurs from hired workers. Therefore, the concept of risk-taking is a quality that is frequently used to describe entrepreneurship (Margahana & Negara, 2019).

Risk-taking refers to a firm's willingness to take calculated business opportunities in the marketplace, even when their outcomes are uncertain (Lumpkin & Dess, 2005). Pursuant to this, Miller and Friesen (2008) defined risk-taking as the degree to which managers are willing to make large and risky resource commitments, that is, those which have a reasonable chance of costly failures. MacCrimmon and Wehrung (2006) also define risk as substantial variance in important outcomes and that the likelihood that an individual will forego a safe alternative with a known outcome in favor of a more attractive choice with a more uncertain reward (Brockhaus, 2008) is what defines risk-taking.

Firms with risk taking behaviour of EO are described as firms that are bold and aggressive in pursuing opportunities, such as incurring heavy debt or making large resource commitments to obtain high returns by taking advantage of opportunities provided by the environment (Margahana & Negara, 2019). Avlonitis and Salavou (2007) added that firms with strong entrepreneurial behaviour are attracted to projects of higher level of risk to get higher level of return. On the contrary, a risk-averse firm will avoid doing something that provides uncertain yield to changing environment. This behaviour will result in weaker performance as the firm is not willing to capture market opportunities (Hughes & Morgan, 2007).

According to Lumpkin and Dess (2001), a firm's stage of development determines its risk tendencies, therefore, risk taking can be at an individual level trait (Sitkin & Pablo, 2002; Brockhaus, 1980) or a firm-level orientation (Baird & Thomas, 2005). Furthermore, Palmer and Wiseman (2009) distinguished between managerial risk, which relates to choices associated with uncertain outcomes, and organizational risks, which involves volatile income streams. Moreover, firms differ in terms of their organizational and governance structures, and risk-taking may be higher in some organizational contexts than in others, as Agency theorists argue (Eisenhardt, 2009; Fama & Jensen, 2003; Wiseman & Gomez-Meija, 2008; Zajac & Westphal, 2004).

Aris and Jalil (2015) note that entrepreneurs will be more willing to take risks in the domains they believe they are experience in them and more risk averse in areas they think they have little knowledge, so as to enable them estimate predictions for different outcomes. Kirby (2004) found that entrepreneurs are more liable to take calculated risks than are other sectors of the general public, and are also more able to deal with the consequent ambiguity and uncertainty than non-entrepreneurs. Other researchers argue that contemporary entrepreneurship literature should include risk-taking/tolerance as an entrepreneurial trait, although it is yet to be confirmed empirically.

On the contrary, Miner and Raju (2004) have shown doubt on the degree to which the risk-taking propensity is being seen as an entrepreneurial characteristic. They proposed that entrepreneurs are no longer risk tolerant, but in some instances, are even more risk avoidant, than other managers and permanent employed persons. Sebora and Theerapatvong, (2010) argue that empirically "no conclusive causal relationships" has been found in regards to risk and entrepreneurs, and that the risk-taking propensity trait does not form an important part of the research on entrepreneurial characteristics.

Siagi, Mukulu and Waititu (2014) study on the effects of management attitude towards guidance and counseling programme on the performance of commercial banks in Kenya revealed that management attitude was found to have a significant linear relationship with the performance of commercial banks in Kenya.

2.3.4 Proactiveness

Proactiveness can be described as "taking initiative by anticipating and pursuing new opportunities related to future demand and by participating in emerging markets" (Lumpkin & Dess, 2005). Being a proactive firm is demonstrated by a firm's awareness and responsiveness to market signals (Hughes & Morgan, 2007). According to Rauch, Wiklund et al. (2009), proactiveness is an opportunity-seeking,

forward-looking perspective characterized by the introduction of new products and services ahead of the competitions and acting in anticipation of future demand. It can also be described as a distinctive entrepreneurial activity to antedate imminent prospects, both in terms of products or technologies as well as in markets and consumer demand (Schillo, 2011). Again, it is the ability to bring about change in an environment by predicting trends through the exploration of opportunities, hence the introduction of new products and services (Boohene et al, 2012). Similarly, proactiveness is viewed by Rauch et al. (2009) as "an opportunity seeking, forward-looking perspective characterized by the introduction of new products and services ahead of the competitions and acting in anticipation of future demand".

Kropp, Lindsay et al. (2008) suggested that proactiveness involves the identification and evaluation of new opportunities, and monitoring market trends. By conducting these activities, some studies discovered that proactive firms introduce new products in the market ahead of their competitors argued that proactiveness is not always being the first mover in the market. Hughes and Morgan (2007) found that at the embryonic stage of firm growth, proactiveness was a critical factor that affected firm performance improvement. The role of proactiveness was less important once a firm was established. The words proactiveness and competitive aggressiveness are often used interchangeably. However, Margahana and Negara (2019) distinguished between them, suggesting that proactiveness reflects a firm's reaction to opportunities in the market place whereas competitive aggressiveness refers to a firm's response to a competitor's challenges.

According to Hughes and Morgan (2007), a firm's awareness and responsiveness to market signals and trends is demonstrated by their proactiveness, therefore, in order to capitalize on market opportunities, it is imperative to be a first mover (Bleeker, 2011). This first mover advantage is usually associated with high profits, as well as a head start in creating brand recognition (Bleeker, 2011). Similarly, this construct is associated with leadership, as such a proactive firm "has the will and foresight to seize new

opportunities, even if it is not always the first to do so" (Margahana & Negara, 2019). In this vein, proactive firms are leaders and not followers; they are pacesetters who are not overwhelmed by new situations in the market or environment.

However, a study by Coulthard (2007) has argued that proactiveness is not always being the first mover in the market. Also, proactiveness has been found to be more active in the introductory stages of a firm, and dwindles as the firm grows. Hence the role of proactiveness being less important once a firm is established (Hughes & Morgan, 2007; Coulthard, 2007).

Proactiveness has also been linked to structural capital by Margahana and Negara (2019). They opine that structural capital is important to proactiveness because it enhances the operations and receptiveness of market signals that make organizations stay ahead of competitors. Therefore, structural capital, such as structures and processes, enables firms to create resources more quickly and at cheaper rates than competitors (Bleeker, 2011). Also, proativeness has been labeled as a vital trait in entrepreneurship due to its forward-looking action approach (Lumpkin & Dess, 2006), thus revealing itself through actions as the formulation of 'stated beliefs' and the implementation of these 'beliefs' (Boohene et al, 2012).

Hughes and Morgan (2007) have posited the construct to be likely valuable in securing superior performance return. This, they believe, is due to it requiring customer focus hence the ability to anticipate and pursue customer need. This assertion has been supported by studies reporting a high correlation between performance and proactiveness (for instance Day & Wensley, 2008; Wright, Kroll, Pray, & Lado, 2005). In view of this, this study argues that there exists a relationship between proactiveness and growth of business.

2.3.5   Managerial Competence

A competency is an individual characteristic that can be measured or counted reliably and that can be shown to differentiate significantly between superior and average performers, or between effective and ineffective performers. Meanwhile, competency can be described as a set of behavior patterns that an incumbent needs to bring to a position in order to perform its tasks and functions in the delivery of desired results or outcomes (Bartram, et. al, 2002). Spencer and Spencer (2009) viewed competency as an underlying characteristic of an individual that is causally related to criterion-referenced effective and/or superior performance in a job or situation.

Spencer and Spencer (2003) identified five types of competency characteristics consisting of motives, traits, self-concept, knowledge and skills. First, motives are the things that an individual consistently thinks about or wants that stimulate action. Motives drive, direct and select behavior toward certain actions or goals and away from others. Second, traits are physical characteristics and consistent responses to situations or information. Third, self-concept is an individual's attitudes, values or self-image. Fourth, knowledge is the information that an individual has in specific content areas. Finally, skill is the ability to perform a certain physical or mental task. Knowledge and skill competencies tend to be visible and relatively surface characteristics, whereas self-concept, traits and motive competencies are more hidden, deeper and central to personality. Surface knowledge and skill competencies are relatively easy to develop and training is the most cost-effective way to secure those employee abilities.

According to Boyatzis (2002), managerial competencies characterize a person who manages a company or a team of workers. These contribute to successful fulfillment of a task. Therefore managerial competencies are understood as observable characteristics such as knowledge, skills or behavior patterns that contribute to the successful fulfillment of managerial tasks (Markman, 2007; Mitchelmore & Rowley,

2010; Talik et al., 2012). Different competencies can be found in the literature; there are also many proposals as to their grouping (Armstrong, 2007; Mitchelmore & Rowley, 2010).

One proposition considers two major groups: general and specific competencies (Armstrong, 2007; Wright & McMahan, 2011). General competencies refer to broader personality characteristics, skills, patterns of behavior and values that are essential for every managerial position, and important also in many other professions. For example, both a creative approach to solving problems and social skills are useful in many different situations. They enable people to adapt to the new situations and circumstances in a flexible way (McClelland, 2003). The specific managerial competencies refer to skills and knowledge of basic principles in the area of SME management. They refer to specific aspects of management such as finance, advertising or logistics. However, competencies such as human capital characteristics can be arranged along a general to specific dimension, and are hardly ever being purely general or purely specific (Wright & McMahan, 2011).

Mitchelmore and Rowley (2010) assert certain managerial competencies are essential factors in the success and growth of the firm. According to the resource-based theory, the resources or competencies of a firm which make it different from others are important for its market success (Hussain et al., 2006). Human capital (competencies) is treated as a key factor explaining why some firms outperform others. Consequently, managerial competencies are considered as important predictors of business success (Markman, 2007; Mitchelmore & Rowley, 2010).

2.3.6   Industry Experience

SME owners with more managerial, sector experience or prior SME experience as owners tend to correlate with greater performance (Storey et al., 2009). A study carried out by Hall (2001) found that SME owner/managers in the UK with little experience at the start-up phase could have problems remaining solvent with an

increase in expenditure in relation to their earnings. Sigh, Reynolds & Muhammad (2001) in their study found no relationship between prior SME experience and firm performance. Storey (2006) found reasonable evidence indicating a negative relationship between being unemployed before starting a business and subsequent business performance.

Cant and Lightelm (2003) in a survey of small business failure maintain that entrepreneurs often have good ideas and are competent but they do not have a clue on how to run a business and have no underlying appreciation of business fundamentals. Professional experience has been cited as an important factor affecting many aspects of entrepreneurial firms. Experience takes many guises and breadth of experience is shown to be an important factor driving the performance of firms, with the number of previous jobs positively related to new firm performance (Lumpkin and Marvel 2007). Kambwale, Chisoro and Karodia (2015) reported that the likelihood of SMEs failure was also found to be associated with the owner/manager's work experience prior to business launch and education.

The ability of the SMEs entrepreneur to motivate affects the performance of a firm. Beaver (2003) makes a distinction between positive and negative motivation. Positive motivation includes the perception of market opportunities for a product or service and the desire to make money while negative motivation encompasses dissatisfaction with an existing employer and threat of actual unemployment. Blackman (2004) showed that the characteristics of the entrepreneur would influence the following: market opportunity, ways of handling business challenges, personal achievement, employment creation, independence, improvement of social status, profit, growth target thereby having effect on the performance of the firm.

2.3.7 Growth of Enterprises

Gredel, Kramer and Bend (2012) note that, despite the large number of SMEs and their diverse range of activities, they do all have one thing in common: in one way or another, they are all striving to be successful. Success in business can be interpreted in many different ways. The most common adopted definition of success is financial growth with a high level of profits. However, other definitions of success are equally applicable and many businesses set themselves alternative goals. Some gain satisfaction and attain success by developing new products. Liao, Welsch and Stoica, (2003) notes that, the leading indicators of business success cannot be found in financial data alone. Quality, customer satisfaction, innovation, market share-metrics like these often reflect a business's economic condition and growth prospects better than it's reported earnings.

Many SMEs owners or managers lack managerial training and experience. The typical owner or managers of small businesses develop their own approach to management, through a process of trial and error (Anderson & Eshima, 2013). As a result, their management style is likely to be more intuitive than analytical, more concerned with day-to-day operations than long-term issues, and more opportunistic than strategic in its concept. Although this attitude is the key strength at the start-up stage of the enterprise because it provides the creativity needed, it may present problems when complex decisions have to be made. A consequence of poor managerial ability is that SME owners are ill prepared to face changes in the business environment and to plan appropriate changes in technology. Majority of those who run SMEs are ordinary lot whose educational background is lacking. Hence they may not well equip to carry out managerial routines for their enterprises (Bowen, Morara & Mureithi, 2009).

Experience shows that innovativeness has little to do with the technology used. Being innovative is a state of mind, a particular way in which a business perceives itself and its surroundings. A strong focus on technologies may even have a negative

influence on innovativeness. No matter how outstanding and ingenious a new technology, in the end it is the market which determines the success or failure of an innovation (Beck & Demirguc-Kunt, 2006). If you are entering a line of business that is already flooded then what additional value are you giving consumers? If you are offering the same product the same way at the same price, why would consumers purchase your products, unfortunately though many businesses go to business without having this in mind and consequently fail. Many obstacles to innovation in SMEs are also stressed in the abundant innovation literature written on the issue of SMEs. The lack of financial resources, inadequacy of management and marketing, lack of skilled workers, weakness in external information and linkages, and difficulty in coping with government regulations, to name a few, are all factors that limit their competitiveness. SMEs may be unable to exploit new products because of the limited organizational and marketing capabilities.

Lack of innovativeness among SMEs has also been due to Personnel problems, where small businesses lack the number of skilled workers needed to realize innovations. This has meant that as an SME you are stuck to your workers who lack skills. Other limiting factors are the funds and the frequently limited access to suiTable sources of financing. The budget available to fund innovations tends to be too small, resulting in a lack of stamina for projects with a long preparatory phase. According to Beck & Demirguc-Kunt, (2006) undersized project portfolio contributes to lack of innovativeness in SMEs. Usually, small businesses can only take on a few innovation projects at a time, which makes it difficult to balance the economic risk. Lastly, Lack of information and knowledge also causes lack of innovativeness in SMES.SME are often undersupplied with information. Furthermore, the systematic information which is available is often fragmentary (Islam, Khan, Obaidulla & Alam, 2011).

According to Dobbs and Hamilton, (2007) entrepreneurial characteristics explain why people starts up new businesses of their own, but whether or not these

businesses are successful, depend upon their integration with a host of other factors. Following this line of discussion, Moreno, Casillas, (2007) also argue that although entrepreneurial characteristics are essential for the success of a business, other critical business practices when integrated with entrepreneurial characteristics will enhance SMEs success and survival. Pasanen (2006) is of the view that owner-managers think the long-term survival of SMEs is equal to success or constitutes a greater part of a firm's success.

2.4   Empirical Review

Pérez-Luño, Wiklund and Cabrera (2011) conducted a study on the dual nature of innovative activity and how entrepreneurial orientation influences innovation generation and adoption. Their findings suggested that 54% of firms adopt innovations of other firms while 7% generate innovations internally whereas 39% combine the two. Pérez-Luño, Wiklund and Cabrera (2011) also find that pro-activity and risk taking influenced the number of innovations generated and the extent to which firms favor generation over adoption and that environmental dynamism moderated one of these relationships.

The study by Ligthelm (2010) primarily aimed at calculating the survival rate of small businesses within the rapidly changing trade environment based on longitudinal empirical surveys, with particular emphasis placed on the role of entrepreneurship in small business survival. The two research questions of the study were the ability of small informal businesses to survive amidst a heightened level of competition from large formal businesses and the variables instrumental in ensuring sustainability of survivors. Findings from longitudinal surveys among a panel of 300 small businesses in Soweto between 2007 and 2009 were modeled through a categorical regression model with business survival as dependent variable. The findings suggested that entrepreneurial acumen and business management skills be classified as the strongest predictors of small business survival. Hence, the ability to adjust one's business model to adapt to changed economic circumstances is an

important characteristic of entrepreneurial conduct that ultimately dictates survival in increasingly competitive economic environments (Ligthelm, 2010).

The study by Fatoki (2014) investigated the entrepreneurial orientation of micro enterprises in the retail sector in South Africa and the results revealed adeptness by micro enterprises at introducing new product lines and also at making changes to the product line, but weakness in research and development, pro-activeness and risk-taking. Ngugi (2013) conducted a study on influence of intellectual capital on the growth of small and medium enterprises in Kenya. The findings of the study revealed that the components of Intellectual Capital such as managerial skills, entrepreneurial skills, and innovativeness of the owner/managers have major positive significance contribution to the growth of SMEs in Kenya.

Muthee-Mwangi and Ngugi (2014) in their study examined the influence of entrepreneurial orientation on growth of Micro and Small Enterprises in Kerugoya, Kenya. The research adopted a descriptive research design. The study targeted 1420 MSEs in Kerugoya town which are registered with Ministry of Trade of the Kirinyaga County. Secondary and primary tools were used for data collection. Analysis was conducted via descriptive and inferential statistics. The study found that the dimensions of EO (innovativeness, risk taking, pro-activeness, and entrepreneurial managerial competence have a significant positive influence on growth of Micro and Small Enterprises. Both regression and correlation results indicated that innovativeness (pvalue=0.000) had an effect on growth of MSEs; results also revealed that risk taking (pvalue=0.000) had an effect on growth of MSEs; pro-activeness (pvalue=0.000) was also statistically significant and entrepreneurial managerial competence (pvalue=0.000) had an effect on growth of MSEs. Innovativeness was the most significant with correlation coefficient of 0.915 elements of Entrepreneurial Orientation influencing growth of small and medium enterprises in Kerugoya. The study recommends that MSE owners should be open and keen to take up EO at higher levels in order to bolster their growth,

competitiveness, profitability and survival. As well, they should innovate to exploit change as an opportunity for different businesses or services. Further, they should strive to identify possible emerging problems and find solutions for them, to gain competitive advantage, as well as seek to acquire entrepreneurial managerial competencies.

2.5   Critique of Existing Literature

The reviewed secondary literature showed that entrepreneurial orientation indeed influenced the growth of SMES. However, no study sought to show the influence of industry experience on the relationship between entrepreneurial orientation and growth of SMEs. This study argued that in as much as entrepreneurial orientation has a direct effect on the growth of SMEs, ones experience in the industry has a multiplicative effect on the growth. This implies that the growth of an SME owned by an experienced person is expected to supersede that of an SME owned by a less experienced person.

A number of available literature (Cowling, 2000; Lin *et al.*, 2000; Davidson, 2006; Grilo and Irigoyen, 2006; Grilo & Thurik, 2008) has either focused on demographic determinants or macroeconomic determinants when explaining the level of entrepreneurship. Moreover, the number of studies explaining EO is very limited often concentrating on the organizational, environmental or demographic (gender, age, level of education) factors that foster entrepreneurial behaviors. Furthermore, in the literature there was a clear need for empirical studies focusing on the personal characteristics of the entrepreneur or top manager as the owner's personality, values and identities are recognized as important, especially in the small firm context (Miller & Le Breton–Miller, 2017). Similarly literature on entrepreneurial orientation such as Brunt and Akingbola (2019); Sułkowski (2016) Cromie, (2000) have not focused on Mid-Sized Enterprises in Kenya in the year 2010 - 2015.

2.6   Research Gaps

Research on EO abounds, and the relationship between EO and firm performance had been studied. Some recent empirical studies include Harms *et al*., (2010); Grande et al. (2011); Lechner and Gudmunddson, (2012); Eggers et al. (2013); Kraus, (2013); Messersmith and Wales, (2013). Therefore, to be able to make a contribution to the literature one needed to identify certain gaps in the literature. Through a comprehensive inspection of the literature, it was possible to identify research gaps for this dissertation. Previous Studies so far have noted that contextual influences affect how successful EO is in performance. In business environments especially, where rapid changes, hostility, uncertainty, and aggressive competition are present, a firm's entrepreneurial posture plays an important role as a performance enhancing factor.

Vij and Bedi (2012) noted that there is no consensus among researchers on the appropriate measures of business growth indicators. This has led to a situation where a wide selection of growth measures such as objective and subjective measures have been used. In this dissertation objective data which is widely accepted by researchers was used as it was fitted to be a more appropriate measure than the subjective measures of growth which are widely used in the EO literature (Baker & Sinkula, 2009; Kraus et al., 2012; Messersmith & Wales, 2013) as objective measures of growth are very difficult to obtain (Vij & Bedi, 2012).

A study by Pérez-Luño, Wiklund and Cabrera (2011) revealed an objective gap since they conducted a study on the dual nature of innovative activity and how entrepreneurial orientation influences innovation generation and adoption while this study is focusing on the influence of entrepreneurial orientation on SME growth. Similarly, a study by Ligthelm (2010) reveals an objective gap as it aimed at calculating the survival rate of small businesses within the rapidly changing trade environment based on longitudinal empirical surveys, with particular emphasis placed on the role of entrepreneurship in small business survival. A study by Fatoki

(2014) reveals a scope gap since it was based in micro enterprises in the retail sector in South Africa while this study focused on Mid-Sized Enterprises in Kenya. Similarly, a study by Ngugi (2013) revealed a scope gap since it focused on small and medium enterprises in Kenya while this focused on Mid-Sized Enterprises in Kenya.

2.7   Summary

This study looked at the theoretical, conceptual and empirical literature of the influence of entrepreneur orientation on the growth of SMEs. Furthermore, criticism of literature is also presented. Some of the theoretical underpinnings reviewed are: growth theory, prospect theory, entrepreneurial choice theory and stakeholders' theory.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1   Introduction

This chapter presented the methods and processes that were followed by the researcher to conduct the study. This section outlined the study's research design, target population and study site, the empirical model, definition and measurement of variables, data collection instrumentation, testing for validity and reliability, data collection procedure and methods of data analysis and presentation of results.

3.2   Research Design

Research design is the scheme, outline or plan that is used to generate answers to research problems (Oradho, 2008). It is the conceptual structure within which research is conducted. It constitutes the blueprint for the collection, measurement and analysis of data (Kothari, 2008).The study employed a descriptive and explanatory research design. Descriptive and explanatory research design is used in preliminary and exploratory studies, to allow researchers to gather information, summarize, presents data and interpret it for the purpose of clarification (Creswell 2003).

According to Orodho and Kombo (2002) descriptive survey design is used when collecting information about people's attitude, opinions and habits. An explanatory survey design shows how variables relate to each other. Explanatory research focuses on why questions. Answering the `why' questions involves developing causal explanations (De Vaus, 2001). The fundamental purpose of research design in explanatory research is to avoid invalid inferences. Descriptive research gives the researcher the opportunity to use both quantitative and qualitative data in order to find data and characteristics about the population or phenomenon that is being studied (Kothari, 2008). Participants answer questions administered through questionnaire.

3.3   Target Population

Burns and Grove (2003) states that population includes all elements that meet certain criteria for inclusion in a study. According to Kothari (2008), a population refers to all items in any field of inquiry and is also known as the 'universe. The target population for the study comprised of the mid-sized Enterprises in Kenya between the years 2010 - 2015. This yielded 287 mid-sized companies after eliminating those that had been repeated (attached in appendix III). The population was heterogeneous since it comprised of SMEs operating in varied industries as per the KPMG Kenya and Nation Media Group awards of 2010 - 2015. These included education, ICT, construction, engineering, health, manufacturing, retail, hospitality, energy, financial, automotive, real estates, services and logistics. The selection of the mid-sized was justified by the fact that there has always been a missing middle in Kenya.

According to Widmer (2010), in developing countries there are many very small companies and a few very large companies and nobody in the middle. Yet the middle is what carries the economy and can result to better economic growth (Widmer, 2010). These mid-sized firms have structures in place; they are the fastest growing medium-sized firms in Kenya. A top mid-sized firm is one which ranks ahead of its peers in terms of revenue growth, profit growth, return to shareholders and cash generation/liquidity. They have appropriate accounting system and internal control and their annual turnover is between Ksh.70million to 1 billion. Have three years audited accounts.

3.4   Sampling Frame

A sampling frame is a list, directory or index of cases from which a sample can be selected (Kothari, 2008). The sampling frame was the mid-sized companies in Kenya in the year 2010 - 2015. The units of observation were a top manager in the mid-sized companies who reported to the CEO. The choice of these companies was due to availability of financial information. The list of the mid-sized companies was

obtained from the KPMG and Nation Media Group Top mid-sized companies award for the year 2010 - 2015.

3.5 Sample Size and Sampling Technique

The major criterion used when deciding on the sample size is the extent to which the sample size represents the population. Different scholars have defined the term "sample" in various ways. For example, Orodho and Kombo (2002) view a sample as a finite and representative number of individuals or objects in a population to be studied. On the other hand, Kothari (2004) describes a sample as a collection of units chosen from the universe to represent it and it should not be too large or too small. Gerstman (2003) state that a sample is needed because a study that is insufficiently precise is a waste of time and money. The sample was determined using the fisher formula 1998 given as;

$$n=Z^2*p*(1-p)/d^2$$

Where:

n = Sample size for large population

Z = Normal distribution Z value score, (1.96)

p = Proportion of units in the sample size possessing the variables under study, where for this study it is set at 50% (0.5)

 d = Precision level desired or the significance level which is 0.05 for the study

The substituted values in determining the sample size for a large population are shown below, 4 cases were added to cater for non-responsiveness.

$$\mathbf{n}= \frac{(1.96)^2*(0.5)(0.5)}{(0.05)^2}= 384$$

Hence, the sample size for this study will be 384. However, since the population is less than 10,000, another formula used to adjust the sample size further.

$n_0 = n/ (1+ ((n -1)/ N))$

$n_0 = 384/ (1+ ((384 -1)/ 287)$

$n_0 =$ 164 Desired sample size.

$n =$ 384 Sample Size when population is more than ten thousand

$N =$ 287 Total population size

% Sample   57.14%

The sample size will be 164 top managers in the mid-sized companies who reports to the CEO.

This study used stratified random sampling technique. Stratified random sampling technique was used as it ensures that all the mid-sized companies were well represented. According to Adejimi, Oyediran and Ogunsanmi (2010), stratified technique is advantageous as it sampled each sector (stratum) independently by grouping members of the population into relatively homogeneous sub-groups before sampling. This improved the representativeness of the sample by reducing sampling error. The target population was stratified into the 2 strata (service sector SMEs and non-service sector SMEs). Further, random sampling was used to select 164 top managers in the mid-sized companies who reports to the CEO. Random sampling will ensure that the study eliminates bias in its choice of respondents.

Equally important is the fact that the researcher must use simple probability sampling within the different strata. With this technique the researcher have a higher statistical precision compared to simple random sampling. This is because the variability within the subgroups is lower compared to the variations when dealing with the entire population. Since this technique has high statistical precision, it also means that it requires a small sample size which can save a lot of time, money and efforts of researchers. Stratification may produce a smaller error of estimation than would be produced by a simple random sample of the same size. Table 3.1 shows the sample size for the study.

Table 3.1:   Sample Size

Sector	Population	Sample (57.14% of population)
Service	172	98
Non- Service	115	66
Total	**287**	**164**

3.6   Research Instruments

The study used primary and secondary data. Primary data, also known as raw or original data, is new data obtained from the sample (respondents) of the research project (Collis & Hussey, 2013). Primary data were collected through questionnaire. Secondary data for the growth (dependent variable) was obtained from the financial statements of the Mid-Sized SMEs. Marshall and Rossman (2006) points out that, 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. They further observe that questionnaires have the added advantage of being less costly, using less time as instruments of data collection and useful in obtaining objective data. According to Schmittmann et al. (2013) questionnaires have advantages over some research instruments in that they are cheap, do not require as much effort from the questioner as verbal or telephone surveys, and often have standardized answers that make it simple to compile data.

The study collected quantitative data through close and open-ended questions. The study kept into consideration, the four types of measuring scales: nominal, ordinal, interval and ratio scales (Cooper & Schindler, 2003). A combination of ratio and nominal scales were used in the questionnaire. Nominal scales were used to provide a demographic profile of the respondents and the organization, while ordinal scale was used in ranking of various entrepreneurial orientation practices. Ordinal scale was also used in rating the influence of various entrepreneurial orientation practices on the growth of SMEs.

The questionnaires were developed into seven different sections. Section one used nominal measurements whereby the respondents were asked to indicate socio-demographic characteristics. The second to seventh sections tackled each research objective/question. Five-point Likert scale, where each item has five response categories, ranging from 'strongly disagree' to a 'strongly agree'. A numeric score was given to each item in order to reflect the degree to which the respondent will agreed or disagreed with the item. The scores were to be totaled to measure the attitude of the respondent and averages generated from the scores.

3.7 Data Collection Procedure

The study sought permission/authorization from the SMEs owner managers to collect data after having acquired the introductory letter from the University. To enhance the response rate, the study kept into consideration the research ethical issues. The researcher explained to the respondent the importance of the study (informed permission). The researcher assured the respondents of the confidentiality and anonymity of their identities, the respondents were debriefed in case of challenging questions, voluntary participation by respondents was enhanced, the data collection method was free from emotional harm to respondents and only respondents competent enough to address the objective was considered. The questionnaire was administered through drop and pick-later method to the sampled respondents. The study will engaged the help of two research assistants appointed by the researcher. The research assistants were also briefed and trained by this researcher on the purpose of this study.

3.8 Pilot Test

Before actual data collection, a pilot study was conducted on 10% of the sample population. This is according to Mugenda and Mugenda (2003), who argued that a pretest sample ranges from 1% to 10% depending on the sample size. For this study, 16 top managers in the mid-sized companies who reported to the CEO were piloted. The 16 managers were selected randomly from the pool of 164 managers. This

means the pilot data was included in the actual study and this allowed for pre-testing of the research instrument. Pre-testing the questionnaire provided the opportunity to refine the questionnaire by revealing errors in the individual questions, sequence and design and see how the questionnaire performs under actual conditions (Churchill & Iacobucci, 2002).

The clarity of the instrument's items was enhanced so as to enhance the instrument's validity and reliability. The pilot study enabled the researcher to be familiar with administration procedures of the instrument as well as identifying items that required modification. The results enabled the researcher to correct inconsistencies arising from the instruments.

3.8.1 Reliability

Reliability and validity are means of evaluation of research instruments (Flick, 2007). Reliability, according to Eriksson and Kovalainen (2008), is the extent to which a measure, procedure or instrument yields the same result on repeated trials. Mugenda and Mugenda (2003) define reliability as a measure of the degree to which a research instrument yields consistent results or data after repeated trials.

In order to test reliability in research, three methods are widely used which are the 'test re-test' method, the 'split-halves' method and the 'internal-consistency' method (Collis & Hussey, 2013). In the 'test re-test' method the same respondents are asked the same questions at two different points in time to ensure reliability (Ibid). This approach was inappropriate for this study, as it was time-consuming and some respondents did not agree to filling-in another questionnaire about the same issue.

The 'split-halves' method divides the gathered questionnaires into two halves and then correlates them to ensure reliability. The 'internal consistency' method correlates all items over the whole sample and the average inter-item correlation is

used to test reliability (Collis & Hussey, 2013). The study used 'split-halves' and 'internal consistency' method to measure reliability. 'Split-halves' method was used by comparing the two halves of the responses to each other and similarities identified. The more similarities between the two halves and each question can be found the greater the reliability. According to Thanasegaran (2009), the 'split-halves' method is the most suiTable and basic method for checking reliability when researchers have a large amount of raw data.

Internal consistency was tested using Cronbach's Alpha. Cronbach's alpha is a measure of internal consistency, that is, how closely related a set of items are as a group. A "high" value of alpha is often used as evidence that the items measure an underlying (or latent) construct. Festinger and DeMatteo (2007) stated that to ensure reliability, a predetermined threshold of 0.7 is needed. That is, values above 0.7 indicated presence of reliability while values below signified lack of reliability. The cronbanch statistics for all the four independent variables and one dependent variable will be tested to reveal internal consistency/reliability.

3.8.2 Validity

According to Turner (2010), validity is the degree by which the sample of test items represents the content the test is designed to measure. Content validity which was employed by this study is a measure of the degree to which data collected using a particular instrument represented a specific domain or content of a particular concept. Mugenda and Mugenda (2003) contend that the usual procedure in assessing the content validity of a measure was to use a professional or expert in a particular field.

To establish the validity of the research instrument, the researcher sought opinions of experience in management matters and SMEs specialists especially the researcher's supervisor and lecturers. This facilitated the necessary revision and modification of the research instrument thereby enhancing validity. Furthermore, the study assessed

the responses and non-responses per question to determine if there is any technical dexterity with the questions asked.

3.9   Operationalization of Variables

The Operationalization framework consists of a systematic elaboration of how the dependent and independent variables will be measured. Table 3.2 shows the operationalization framework.

Table 3.2:   Operationalization of Variables

Variable	Variable Type	Scale and Data Type	Measurement (proxies)	Type of Analysis
SMEs growth	Dependent	ordinal	• Expansion in volume of business • Value Addition • Revenue Generation	Descriptive • Means • Frequencies Inferential statistics • Regression
Autonomy	Independent	Ordinal (continuous)	• Self-financial discipline • Self-market awareness • Own managerial skills	Descriptive • Means • Frequencies Inferential statistics • Regression
Innovativeness	Independent	Ordinal(continous)	• New products or services • Technological leadership • Research and development	Descriptive • Means • Frequencies Inferential statistics • Regression
Risk Taking	Independent	Ordinal(continuous)	• New Markets, • Borrowing Heavily • New Ventures	Descriptive • Means • Frequencies Inferential statistics • Regression
Proactiveness	Independent	Ordinal(continuous)	• Opportunity Seeking • Future Demand anticipation • Forward-Looking Perspective	Descriptive • Means • Frequencies Inferential statistics • Regression
Managerial Competence	Independent	Ordinal(continuous)	• Knowledge • Skills or behavior patterns • Personality Characteristics	Descriptive • Means • Frequencies Inferential statistics • Regression

3.10   Data Processing and Analysis

After data collection, the filled-in and returned questionnaires were edited for completeness, coded and entries made into Statistical Package for Social Sciences (SPSS version 20). Coding consists of technical procedures where symbols, which are normally numerals, are given to the raw data in order to transform it into an easily tabulated and counted format (Churchill & Iacobucci, 2002). It assisted the researcher in reducing the replies to a few categories containing information required for analysis. Thus, codes are given to each individual response. This ensures that the data are accurate, consistent with other information, uniformly entered, complete and arranged to simplify coding and tabulation. With data entry, the data collected is captured and stored.

The dataset was then subjected to a verification process to verify if the captured data correlates with the data-captured into SPSS. Descriptive statistics were conducted in SPSS version 22. Various statistical analytical approaches was used namely; descriptive and inferential statistics.

3.10.1   Descriptive Statistics

Descriptive statistics is a method of presenting data quantitatively and describing it in a manageable form (Babbie & Mouton, 2001). It is the transformation of raw data into a form that can be easily understood and interpreted and usually the first form of analysis where averages are calculated, frequency distributions given and percentage distributions provided. According to Zikmund et al. (2008), it is the most basic form of information but provides an indication of the frequency or the number of times one variable was considered at a time. In this study, the descriptive analysis involved frequencies in their absolute and relative forms (percentage). Mean and standard deviations was also used as measures of central tendencies and dispersion respectively.

3.10.2 Multivariate Statistics

The multivariate regression considered the combined effect of all independent variables. The study used a multivariate regression to show the relationship between the independent and the dependent variables. The justification of the use of the multivariate regression is because it enables the comparison of the magnitude of the probabilities (Twisk, 2003). Put in another way, it enabled the identification of which determinants are stronger than others. In addition, it is useful in estimating the model goodness of fit and overall model significance;

Defining X_i as $X_1, X_2, X_3 \ldots X_n$ as the explanatory indicators, ε is the error term, and β and β_0 as the coefficients, the short form of the multivariate regression is as expressed as follows;

The multi- linear regression model will be as indicated;

$$Y = \alpha_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon$$

Where;

Y = Growth of Mid-Sized Enterprises

α_0 = Constant

X_1 = Autonomy

X_2 = Innovativeness

X_3 = Risk Taking

X_4 = Proactiveness

X_5 = Managerial Competence

ε = error term

In the model α is the constant term while the coefficient β_1 to β_5 will be used to measure the sensitivity of the dependent variable (Y) to unit change in the independent variable (X_1, X_2, X_3, X_4, X_5). ε is the error term which captured the unexplained variations in the model. The results were presented in form of Tables.

Using SPSS version 22, the regression model was tested to depict the relationship between the dependent and independent variables. The significance of each independent variable was also tested. Fischer distribution test called F-test was applied. It refers to the ratio between the model mean square divided by the error mean square. F-test was used to test the significance of the overall model at a 95 percent confidence level. The p-value for the F-statistic was applied in determining the robustness of the model.

The hypothesis was tested on the basis of p value. The rule of thumb is that the null hypothesis of the beta was to be rejected and the alternative accepted if the p value is 0.05 or less. The null hypothesis is accepted and the alternative hypothesis rejected if the p value is greater than 0.05. In other words if the p-value is less than 0.05 then it is concluded that the model is significant and has good predictors of the dependent variable and that the results are not based on chance.

Test for Moderation

A multiple linear regression was used to test the moderating effect of industry exposure on the relationship between entrepreneurial orientation and growth of SMEs.

The multi- linear regression model was as indicated;

$$Y= \alpha_0+\beta_1X_1*M+\beta_2X_2*M+\beta_3X_3* M+ \beta_4X_4*M+ \beta_5X_5*M + \varepsilon$$

$Y=$ Growth of SMEs

$\alpha_0=$ Constant

$X_1=$Autonomy

$X_2=$Innovativeness

$X_3=$Risk Taking

$X_4=$Proactiveness

X_5= Managerial Competence

M= Industry Experience (Moderating Variable)

ε= error term

The significance of moderating effect was evaluated for significance at a p value of 0.05. If reported p value is less than 0.05, then the moderating effect is supported.

3.11 Ethical Consideration

Appropriate measures were taken to ensure participants were not subjected to prejudice, unusual stress, embarrassment, or loss of self-esteem. In this study there were no situations that qualified as harmful and no follow-up was required. Informed consent is critical in the research study. Participants were informed of the nature of the study and given the option to participate or not. In this study, responses were kept confidential in their entirety to maintain the integrity of the data and sources were given when suitable. The plagiarism level was observed and the tested level be reported by attaching the report.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

In the current chapter both descriptive and inferential analysis were applied to analyze the data. The results of the study are guided by the conceptualized relationship in the conceptual framework. In this chapter, response rate, validity, reliability and regression analysis assumptions. Further, descriptive analysis on background information and factors influencing consumer behaviour were presented. Specifically, the study presented results and discussion.

4.2 Response Rate

The sample for the study was 164 out of which 158 were returned and correctly filled representing a response rate of 96.34% as summarized in Table 4.1. This response rate was appropriate since Kothari (2011) argued that 50% response rate is adequate, 60% good and above 70% rated as appropriate for analysis.

Table 4.1 Response Rate

Questionnaires	Frequency	Percentage
Returned	158	96.34
Non returned	6	3.66
Total	**164**	**100**

4.3 Pilot Study Results

Reliability analysis was done to evaluate survey constructs. Reliability analysis was evaluated using Cronbach's alpha was used. Sekaran and Bougie (2013) argued that coefficient greater than or equal to 0.7 is acceptable for basic research.

Table 4.2: Summary of Reliability Coefficient of the Study Variables

Variable	No. of Items	Respondents	α=Alpha	Comment
SMEs Growth	6	16	0.838	Reliable
Autonomy	5	16	0.922	Reliable
Innovativeness	6	16	0.926	Reliable
Risk Taking	4	16	0.803	Reliable
Proactiveness	5	16	0.934	Reliable
Managerial Competence	5	16	0.849	Reliable
Industry Experience	2	16	0.773	Reliable

Bagozzi (1994) explains that reliability can be seen from two sides: reliability (the extent of accuracy) and unreliability (the extent of inaccuracy). The most common reliability coefficient is Cronbach's alpha which estimates internal consistency by determining how all items on a test relate to all other items and to the total test-internal coherence of data. The reliability is expressed as a coefficient between 0 and 1.00. The higher the coefficient, the more reliable is the test.

The findings on Table 4.2 indicated that SMEs Growth, Autonomy, Innovativeness, Risk Taking, Proactiveness, Managerial Competence, Industry Experience had Cronbach alpha of 0.838, 0.922, 0.926, 0.803, 0.934, 0.849 and 0.773 respectively. All variables depicted that the value of Cronbach's Alpha are above value of 0.7 thus the study variables were reliable. This represented high level of reliability. The reliability results agree with those of Saunders *et al*. (2009) that a reliable measurement is one that if it will be repeated for a second time, it will give the same results as in the first case.

4.4 Demographic information analysis

The study sought the background information of the respondents; gender, position in the supermarket, highest level of education, number of years working in the

supermarket, products offered in the supermarket and general age of most of the respondents. Frequency and percentage were used to summarize the data which was presented using figures and Tables.

4.4.1 Gender of the respondents

The study sought to establish gender of the respondents. Results are presented in Table 4.3.

Table 4.3: Distribution of Gender

Gender	Frequency	Percent
Male	91	57.6
Female	67	42.4
Total	158	100.0

The visual presentation in Table 4.3 indicates that majority 57.6% of the respondents were male while 42.4% were female. Male dominance in the enterprises could be attributed to the nature of working environment which are characterized by extended number of hours and in some instances it open early and close late. The results agree with Osunsan (2015) study that gender significantly affects the performance the business and that there is a significant difference in the levels of performance between male owned businesses and females owned businesses. According to Radipere and Dhliwayo (2014), gender plays a significant role in business performance.

4.4.2 Education of the respondents

The respondents were asked to indicate their education level. The result are presented in Table 4.4

Table 4.4: Education of the Respondent

Education	Frequency	Percent
College level	24	15.2
Degree level	54	34.2
Post graduate level	75	47.5
Doctorate level	5	3.2
Total	**158**	**100**

Results in Table 4.4 shows that majority which represented 47.5% of those in operational managerial and mid-level management had post graduate qualifications as their highest level of education; they were followed by 34.2% graduates 15 .2% university graduates and 3.2% doctorate level. This implies that most of the respondents had acquired formal education training. The results agree with Chiliya and Roberts-Lombard (2012) who established that education levels, age of the owner and the length of business operation have a significant impact on the profitability of the business. The results conger with Mmari (2014) who conducted a study on the Influence of education on performance of small and medium garages and found that most of the owner-managers possessed low levels of education and that the majority of their vehicle garages experienced low levels of success.

4.4.4 Position in the Enterprises

The respondents were asked to indicate their position held in the Enterprises. Results are presented in Table 4.6

Table 4.6: Position in the Enterprises

Position	Frequency	Percent
Top management	12	7.6
Mid -level management	20	12.7
Operations manager	109	69
Low level management	17	10.8
Total	**158**	**100**

59

Results in Table 4.6 showed that majority 69% were operational managers, followed by 12.7% mid-level management 10.8% low level management and 7.6% at top level management. This implies that due to the nature of organization structures adopted by enterprises there are chances of many operational managers who may be handling specific activities for example overseeing the production of goods and/or provision of services. Making sure an organization is running as well as it possibly can, with a smooth efficient service that meets the expectations and needs of customers and clients.

4.4.3 Number of Years working in Enterprises

The respondents were requested to indicate the number of years which they have been working in the enterprises. The number of years an individual had worked in the enterprises was categorized into three groups and presented in Table 4.5.

Table 4.5: Number of Years worked

Work duration	Frequency	Percent
Less than 2 years	17	10.8
3 to 5 years	65	41.1
Over 5 years	76	48.1
Total	**158**	**100**

Results in Table 4.5 indicate that majority 48.1% had worked in their current enterprises for over 5 years, followed by 41.1% who had worked for a period ranging from 3 to 5 years the remaining 10.8% indicated to have worked for less than 2 years this implies that they are low attrition rates and they can save on recruitment and training costs if they can promote internal employees to managerial positions as their need arises.

4.5 Descriptive Analysis

This section contains descriptive analysis for mid-sized SMEs' growth, Autonomy, Innovativeness, Risk taking, Proactiveness, Managerial Competence, Managerial Competence and Industry Experience. A Likert scale with options of strongly disagree, disagree, not sure, agree and strongly agree were presented for answering by respondents. The results were presented in form of percentages, mean and standard deviations.

4.6 Growth of Mid-Sized Enterprises in Kenya.

The study sought to determine the growth of top 100 Enterprises in Kenya. To achieve the respondents were requested to indicate their levels of agreement on a five point Likert scale. (1 = strongly disagree, 2 = Disagree 3 = Neutral, 4 = Agree, 5 = strongly agree) was used and the mean response rate from the micro and small enterprise owners calculated. For the purposes of interpretation 4 & 5 (agree and strongly agree) were grouped together as agree, 1 & 2 (strongly disagree and disagree) were grouped as disagree while 3 was neutral. The results of this study are as depicted in Table 4.7.

Table 4.7: Descriptive analysis on Growth Rate

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std Dev
My business has increased profitability since its openings	11.40%	16.50%	11.40%	28.50%	32.30%	3.54	1.39
My business has expanded in the number of customers served	5.70%	22.20%	15.80%	25.90%	30.40%	3.53	1.29
My business has expanded in terms of product/services produced	8.90%	21.50%	17.10%	28.50%	24.10%	3.37	1.30
The quality of products we produce is high.	3.80%	13.90%	16.50%	55.10%	10.80%	3.55	0.99
We have increased access to financial resources	21.50%	22.20%	39.20%	9.50%	7.60%	2.59	1.15
Financial capital of the business has tremendously increased	7.00%	22.20%	29.70%	21.50%	19.60%	3.25	1.20

Results in Table 4.7 shows that majority 60.8 %(32.3%+28.5%) agreed with the statement that my business has increased profitability since its openings. The results had a mean response of 3.54 with a standard deviation of 1.39. This means that there was high variation in the responses from the respondents implying that my business has increased profitability since its openings.

Secondly, majority 56.3% (30.4%+25.9%) agreed that my business has expanded in the number of customers served. The results had a mean response of 3.53 with a standard deviation of 1.29. This implies that the business has expanded in the number of customers served. Moreover, 52.6% (28.5%+24.1%) of the respondent agreed that the business has expanded in terms of product/services produced. The results had a mean response of 3.37 with a standard deviation of 1.30. This means

that there was high variation in the responses from the respondents implying that the business has expanded in terms of product/services produced.

The result further revealed that majority 65.9% (55.1%+10.8%) agreed to the statement that the quality of products we produce is high. The results had a mean response of 3.55 with a standard deviation of 0.99. This implies that the quality of products we produce is high. The result further revealed that majority 43.7 % (21.5%+22.2%) disagreed to the statement that they have increased access to financial resources. The results had a mean response of 2.39 with a standard deviation of 1.15. This implies that there is no increased access to financial resources.

Finally majority of the respondents 41.1 %(21.5%+19.6%) agreed to the statement financial capital of the business has tremendously increased. The results had a mean response of 3.25 with a standard deviation of 1.20. This means that there was high variation in the responses from the respondents implying that financial capital of the business has tremendously increased. The results concur with the findings of GoK (2014) which found that SME sector in Kenya had gradually increased employment opportunities from 3.7 million people in the year 2005 upto 5.1 million people in the year 2012. Research has shown that the SMEs growth pattern has made a good track record since 1972 when the ILO introduced it and the government of Kenya campaigned for it as from 1992.

4.6.1 Sampling Adequacy

To examine whether the data collected was adequate and appropriate for inferential statistical tests such as the factor analysis, multiple linear regression analysis and other statistical tests, two main tests were performed namely; Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and Barlett's Test of Sphericity. For a data set to be regarded as adequate and appropriate for statistical analysis, the value of

KMO should be greater than 0.5 (Field, 2000). The results of the KMO and Bartlett's Test are summarized in Table 4.8.

Table 4.8: Growth Rate KMO Sampling Adequacy and Bartlett's Sphericity

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.678
Bartlett's Test of Sphericity	Approx. Chi-Square	55.972
	df	15
	Sig.	.000

Findings in Table 4.8 showed that the KMO statistic was 678 which was significantly high; that is greater than the critical level of significance of the test which was set at 0.5 (Field, 2000). In addition to the KMO test, the Bartlett's Test of Sphericity was also highly significant (Chi-square = 55.972 with 15degrees of freedom, at $p < 0.05$). These results provided an excellent justification for further statistical analysis to be conducted.

According to Kaiser (1974), factor loading values that are greater than 0.4 should be accepted and values below 0.5 should lead to correction of more data to help researcher to determine the values to include. Values between 0.5 and 0.7 are mediocre, values between 0.7 and 0.8 are good, values between 0.8 and 0.9 are great, and values above 0.9 are superb. Factor analysis was conducted on statements regarding growth and all the indicators attracted a coefficient of more than 0.5 hence were retained for further analysis in regression. Results of the factor analysis are presented in Table 4.9.

Table 4.9: Growth Rate Analysis Component Matrix

Statement	Factor loading
We have increased access to financial resources	0.965
The quality of products we produce is high.	0.871
My business has expanded in terms of product/services produced	0.709
Financial capital of the business has tremendously increased	0.701
My business has expanded in the number of customers served	0.654
My business has increased profitability since its openings	0.564

Results in Table 4.9 revealed that the statement we have increased access to financial resources had a component coefficient of 0.965 , the statement that The quality of products we produce is high had a coefficient of 0.871 the statement my business has expanded in terms of product/services produced had a component coefficient of 0.709 , the statement that financial capital of the business has tremendously increased had a coefficient of 0.701 the statement the business has expanded in the number of customers served had a component coefficient of 0.654 , the statement that my business has increased profitability since its openings had a coefficient of 0.564.

Table 4.10 shows the total variance explained for growth of mid-sized enterprises in Kenya.

Table 4.10: Total variance explained for growth of mid-sized enterprises in Kenya

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.567	26.110	26.110	1.567	26.110	26.110
2	1.235	20.582	46.693	1.235	20.582	46.693
3	1.105	18.416	65.109	1.105	18.416	65.109
4	.850	14.168	79.277			
5	.683	11.384	90.661			
6	.560	9.339	100.000			
Extraction Method: Principal Component Analysis.						

The scree plot results indicated that three components had an eigenvalue that was greater than one. The finding corroborates the total variance explained results for growth of top 100 SMEs. The results are presented in Figure 4.1.
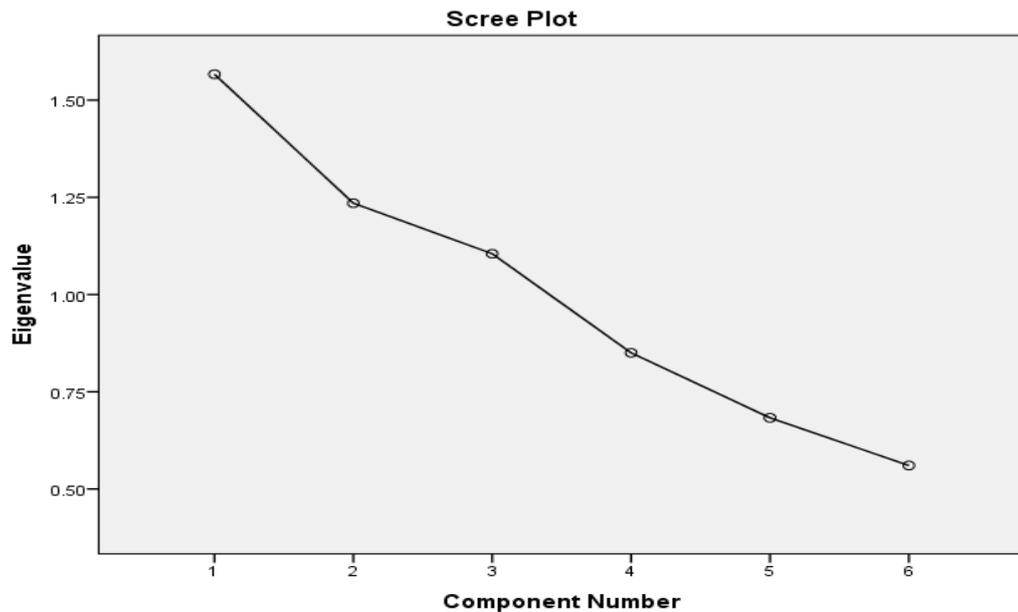
Figure 4.1: Scree Plot for Mid-sized SMEs' Growth

4.7 Autonomy and growth of mid-sized enterprises in Kenya.

The first objective of the study sought to determine the influence of autonomy on the growth of mid-sized enterprises in Kenya to achieve the respondents were requested to indicate their levels of agreement on a five point Likert scale. (1 = strongly disagree, 2 = Disagree 3 = Neutral, 4 = Agree, 5 = strongly agree) was used and the mean response rate from the micro and small enterprise owners calculated. For the purposes of interpretation 4 & 5 (agree and strongly agree) were grouped together as agree, 1 & 2 (strongly disagree and disagree) were grouped as disagree while 3 was neutral. The results of this study are as depicted in Table 4.11.

Table 4.11: Descriptive Analysis on Autonomy

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std Dev
Self-financial discipline is critical to the revenue creation	11.40%	17.10%	44.30%	27.20%	0.00%	2.87	0.94
Self-market awareness is important to the business expansion	3.80%	7.60%	8.90%	51.90%	27.80%	3.92	1.01
Having managerial skills helps entrepreneurs to grow their businesses in term of value addition	3.80%	11.40%	12.70%	36.70%	35.40%	3.89	1.13
SMEs perform better when entrepreneur make own critical decisions	12.00%	3.80%	19.00%	36.70%	28.50%	3.66	1.27
Entrepreneur who respond to change in business dynamics grow their business than those that don't.	7.60%	7.60%	5.10%	59.50%	20.30%	3.77	1.09

Results in Table 4.11 shows that majority (44.30%) indicated that the statement that the self-financial discipline could or could not be critical to the revenue creation. The results had a mean response of 2.87 with a standard deviation of 0.94. This means that there was high variation in the responses from the respondents implying that self-financial discipline is not critical to the revenue creation. Secondly, majority 79.7%% (51.9%+27.8%) agreed that self-market awareness is important to the business expansion. The results had a mean response of 3.92 with a standard deviation of 1.01. This implies that self-market awareness is important to the business expansion.

The result revealed that majority 72.1(35.4% +36.7%) agreed that having managerial skills helps entrepreneurs to grow their businesses in term of value addition. The results had a mean response of 3.89 with a standard deviation of 1.13. This implies that having managerial skills helps entrepreneurs to grow their

businesses in term of value addition. Moreover, 65.2 %(36.7% + 28.5%) agreed that SMEs perform better when entrepreneur make own critical decisions. The results had a mean response of 3.66 with a standard deviation of 1.27. This implies that SMEs perform better when entrepreneur make own critical decisions.

Finally majority 79.8% (20.3% + 59.5%) agreed with the statement that entrepreneur who respond to change in business dynamics grow their business than those that do not. The results had a mean response of 3.77 with a standard deviation of 1.09. This implies those entrepreneurs who respond to change in business dynamics grow their business than those that don't. This finding agrees with that of Koh (1996) who argued that autonomy is a necessary requirement for successful entrepreneurship, since entrepreneurs have a higher degree of self-governance relative to non-entrepreneurs (Ho & Koh, 1992). Entrepreneurs that display autonomous behaviour base their feelings on the fact that they can conquer all necessary challenges on their path to success and still attain their desired goal.

4.7.1 Sampling Adequacy

To examine whether the data collected was adequate and appropriate for inferential statistical tests such as the factor analysis, multiple linear regression analysis and other statistical tests, two main tests were performed namely; Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and Barlett's Test of Sphericity. For a data set to be regarded as adequate and appropriate for statistical analysis, the value of KMO should be greater than 0.5 (Field, 2000). The results of the KMO and Bartlett's Test are summarized in Table 4.12.

Table 4.12: Autonomy KMO Sampling Adequacy and Bartlett's Sphericity Tests

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.543
	Approx. Chi-Square	39.258
Bartlett's Test of Sphericity	Df	10
	Sig.	.000

Findings in Table 4.12 showed that the KMO statistic was .543 which was significantly high; that is greater than the critical level of significance of the test which was set at 0.5 (Field, 2000). In addition to the KMO test, the Bartlett's Test of Sphericity was also highly significant (Chi-square = 39.258 with 10 degree of freedom, at $p < 0.05$). These results provide an excellent justification for further statistical analysis to be conducted.

According to Kaiser (1974), factor loading values that are greater than 0.4 should be accepted and values below 0.5 should lead to correction of more data to help researcher to determine the values to include. Values between 0.5 and 0.7 are mediocre, values between 0.7 and 0.8 are good, values between 0.8 and 0.9 are great, and values above 0.9 are superb. Factor analysis was conducted on statements regarding autonomy and all the indicators attracted a coefficient of more than 0.5 hence were retained for further analysis in regression. Results of the factor analysis are presented in Table 4.13.

Table 4.13: Autonomy factors Analysis Component Matrix

Statements	Factor loading
Self-market awareness is important to the business expansion	0.859
Entrepreneur who respond to change in business dynamics grow their business than those that don't.	0.789
Self-financial discipline is critical to the revenue creation	0.686
Having managerial skills helps entrepreneurs to grow their businesses in term of value addition	0.578
SMEs perform better when entrepreneur make own critical decisions	0.564

Results in Table 4.13 revealed that the statement that Self-market awareness is important to the business expansion had a component coefficient of 0.859, the statement entrepreneur who respond to change in business dynamics grow their business than those that don't. had a coefficient of 0.789, the statement that self-financial discipline is critical to the revenue creation had a coefficient of 0.686, the statement that having managerial skills helps entrepreneurs to grow their businesses in term of value addition coefficient of 0.578, the statement that SMEs perform better when entrepreneur make own critical decisions had a coefficient of 0.564. This finding is consistent with Winsler, Madigan and Aquilino (2005) who believe that entrepreneurs should have a perceived sense of self-esteem and capabilities in conjunction with his/her business affairs, since they consider self-confidence to be linked to tolerance for ambiguity and creativity (Ho & Koh, 1992).

Table 4.14 shows the total variance explained for Autonomy.

Table 4.14: Total variance explained for Autonomy

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.524	30.476	30.476	1.524	30.476	30.476
2	1.170	23.397	53.874	1.170	23.397	53.874
3	.942	18.834	72.707			
4	.742	14.834	87.541			
5	.623	12.459	100.000			

Extraction Method: Principal Component Analysis.

The scree plot results indicated that two component had an eigenvalue that was greater than one. The finding corroborates the total variance explained results for autonomy. The results are presented in Figure 4.2
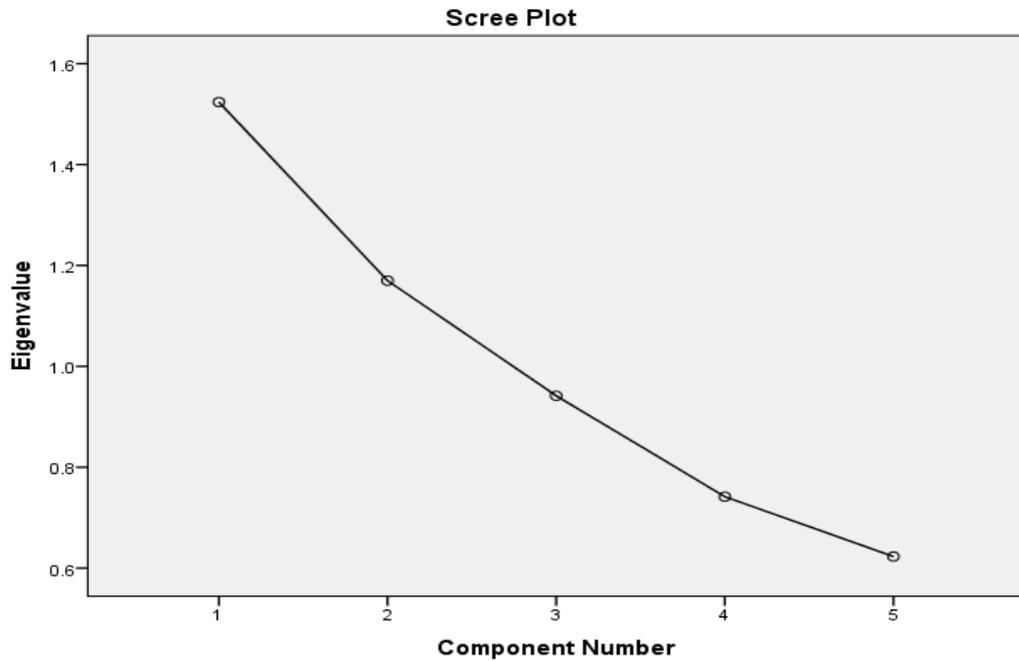
**Figure 4.2: Scree Plot for Autonomy**

4.8 Innovativeness and growth of mid-sized enterprises in Kenya.

The second objective of the study sought to determine effect of innovativeness on the growth of top 100 Enterprises in Kenya to achieve the respondents were requested to indicate their levels of agreement on a five point Likert scale. (1 = strongly disagree, 2 = Disagree 3 = Neutral, 4 = Agree, 5 = strongly agree) was used and the mean response rate from the micro and small enterprise owners calculated. For the purposes of interpretation 4 & 5 (agree and strongly agree) were grouped together as agree, 1 & 2 (strongly disagree and disagree) were grouped as disagree while 3 was neutral. The results of this study are as depicted in Table 4.15.

Table 4.15: Descriptive Analysis on innovativeness

Statement	SD	D	N	A	SA	Mean	Std Dev
Entrepreneurs should be willingness to support creativity in order to increase volume of business	10.10%	13.90%	32.30%	43.70%	0.00%	3.09	0.989
Experimentation and introduction of new products or services lead to increased value addition	19.00%	3.80%	7.60%	12.70%	57.00%	3.85	1.581
Technological adoption is good for entrepreneur	4.40%	15.80%	8.90%	39.20%	31.60%	3.78	1.182
Technological adoption leads to increase of businesses volume	3.80%	4.40%	12.70%	41.10%	38.00%	4.05	1.015
Research and development is key to any business	3.80%	5.10%	7.60%	43.00%	40.50%	4.11	1.009
Research and development is improves profitability of business	5.70%	31.60%	35.40%	15.80%	11.40%	2.96	1.079

Results in Table 4.15 shows that majority 43.7 %(43.7%+0.00%) agreed with the statement that the entrepreneurs should be willingness to support creativity in order to increases volume of business. The results had a mean response of 3.09 with a standard deviation of 0.989. This means that there was high variation in the responses from the respondents implying that entrepreneurs should be willingness to support creativity in order to increases volume of business. Secondly, majority 69.1%% (57%+12.7%) agreed Experimentation and introduction of new products or services lead to increased value addition The results had a mean response of 3.85 with a standard deviation of 1.581. This implies that Experimentation and introduction of new products or services lead to increased value addition. The result revealed that majority 60.8% (39.2% +31.6%) agreed that technological adoption is good for entrepreneur. The results had a mean response of 3.78 with a standard deviation of 1.182. This implies that technological adoption is good for entrepreneur.

Moreover 79.1 %(41.1%% + 38.0%) agreed that technological adoption leads to increase of businesses volume. The results had a mean response of 4.05 with a standard deviation of 1.015. This implies technological adoption leads to increase of businesses volume. The result revealed that majority 83.5% (43.0% +40.5%) agreed research and development is key to any business. The results had a mean response of 4.11 with a standard deviation of 1.009. This implies that agreed research and development is key to any business.

Finally 37.3% (31.6% + 5.7%) disagreed with the statement that research and development is improves profitability of business. The results had a mean response of 2.96 with a standard deviation of 1.079. This implies that research and development is improves profitability of business. This find agree with that of Covin and Miles (2011) who argued that innovation is a crucial part of a strategy and that entrepreneurship cannot exist without it. Hult, Hurley and Knight (2004) suggested that innovativeness plays a significant role in solving business problems and challenges regardless of market turbulence, which in turn provides firms with the ability to succeed.

4.8.1 Sampling Adequacy

To examine whether the data collected was adequate and appropriate for inferential statistical tests such as the factor analysis, multiple linear regression analysis and other statistical tests, two main tests were performed namely; Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and Barlett's Test of Sphericity. For a data set to be regarded as adequate and appropriate for statistical analysis, the value of KMO should be greater than 0.5 (Field, 2000). The results of the KMO and Bartlett's Test are summarized in Table 4.16.

Table 4.16: Innovativeness KMO Sampling Adequacy and Bartlett's Sphericity Tests

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.678
Bartlett's Test of Sphericity	Approx. Chi-Square	58.212
	df	15
	Sig.	.000

Findings in Table 4.16 showed that the KMO statistic was .678 which was significantly high; that is greater than the critical level of significance of the test which was set at 0.5 (Field, 2000). In addition to the KMO test, the Bartlett's Test of Sphericity was also highly significant (Chi-square = 58.212 with 15 degrees of freedom, at $p < 0.05$). These results provide an excellent justification for further statistical analysis to be conducted.

According to Kaiser (1974), factor loading values that are greater than 0.4 should be accepted and values below 0.5 should lead to correction of more data to help researcher to determine the values to include. Values between 0.5 and 0.7 are mediocre, values between 0.7 and 0.8 are good, values between 0.8 and 0.9 are great, and values above 0.9 are superb. Factor analysis was conducted on statements regarding innovativeness and all the indicators attracted a coefficient of more than 0.5 hence were retained for further analysis in regression. Results of the factor analysis are presented in Table 4.17.

Table 4.17: Innovativeness Analysis Component Matrix

Statement	Factor loading
Research and development is key to any business	0.923
Research and development is improves profitability of business	0.805
Experimentation and introduction of new products or services lead to increased value addition	0.789
Technological adoption leads to increase of businesses volume	0.601
Technological adoption is good for entrepreneur	0.541
Entrepreneurs should be willingness to support creativity in order to increases volume of business	0.504

Results in Table 4.17 revealed that the statement that research and development is key to any business had a component coefficient of 0.923 , the research and development is improves profitability of business, had a coefficient of 0.805, the statement that experimentation and introduction of new products or services lead to increased value addition had a coefficient of 0.789, the statement that technological adoption leads to increase of businesses volume had a coefficient of 0.601, the statement that technological adoption is good for entrepreneur had a coefficient of 0.541, the statement that entrepreneurs should be willingness to support creativity in order to increases volume of business had a coefficient of 0.504. These findings agree with that of Otero-Neira, Lindman et al. (2009) who sugggested that innovation is an essential part of a strategy and that entrepreneurship cannot exist without it. The innovation ability of firms to renew their market offers becomes crucial when product and business model life cycles are shortening. Hult, Hurley et al. (2004) suggested that innovativeness plays a significant role in solving business problems and challenges, which in turn provides firms with the ability to succeed.

Table 4.18 shows the total variance explained for Innovativeness.

Table 4.18: Total variance explained for Innovativeness.

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.512	25.205	25.205	1.512	25.205	25.205
2	1.314	21.903	47.108	1.314	21.903	47.108
3	1.052	17.528	64.636	1.052	17.528	64.636
4	.875	14.580	79.216			
5	.741	12.354	91.570			
6	.506	8.430	100.000			
Extraction Method: Principal Component Analysis.						

The scree plot results indicated that three component had an eigenvalue that was greater than one. The finding corroborates the total variance explained results for innovativeness. The results are presented in Figure 4.3.
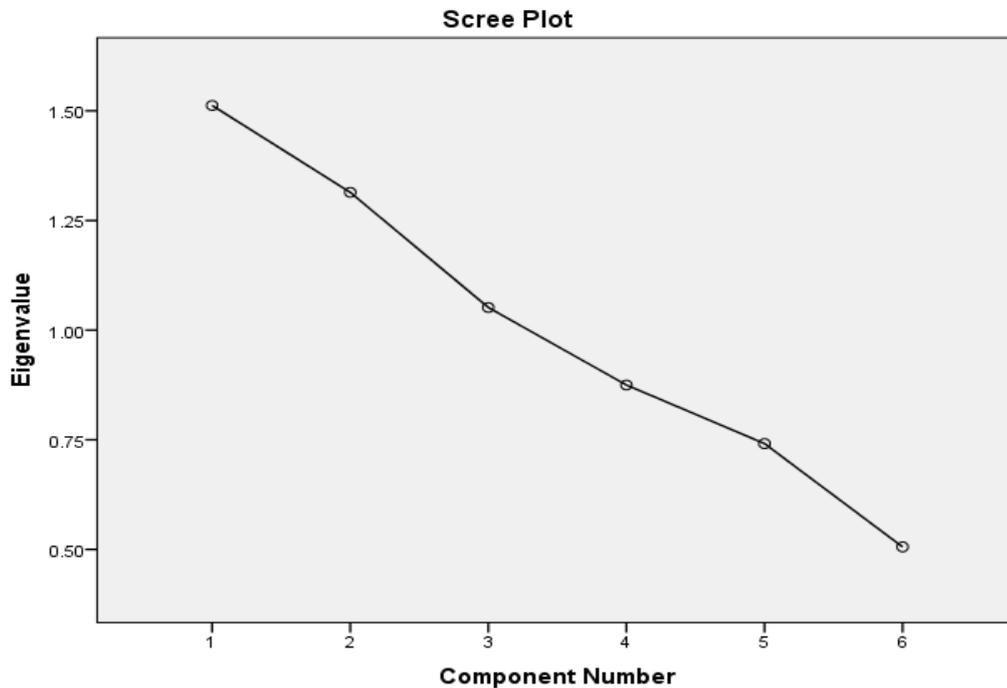
Figure 4.3: Scree Plot for top Innovativeness

4.9 Risk taking and growth of mid-sized enterprises in Kenya.

The third objective of the study sought to determine influence of risk taking on the growth of mid-sized enterprises in Kenya. To achieve the respondents were requested to indicate their levels of agreement on a five point Likert scale. (1 = strongly disagree, 2 = Disagree 3 = Neutral, 4 = Agree, 5 = strongly agree) was used and the mean response rate from the micro and small enterprise owners calculated. For the purposes of interpretation 4 & 5 (agree and strongly agree) were grouped together as agree, 1 & 2 (strongly disagree and disagree) were grouped as disagree while 3 was neutral. The results of this study are as depicted in Table 4.19.

Table 4.19: Descriptive analysis on Risk Taking

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std Dev
Tendency of entrepreneurs to take bold actions can increase volume of business	11.40%	33.50%	27.80%	27.20%	0.00%	2.71	0.99
Entrepreneur who enter unknown new markets are likely to grow their businesses	7.60%	19.60%	3.80%	28.50%	40.50%	3.75	1.36
Entrepreneur who commit a large portion of resources to ventures with uncertain outcomes grow in business	11.40%	11.40%	7.60%	19.60%	50.00%	3.85	1.43
Successful business owner borrow to invest	8.20%	3.80%	16.50%	34.80%	36.70%	3.88	1.19

Results in Table 4.19 shows that majority 44.9 % (11.4%+33.5%) disagreed with the statement that the tendency of entrepreneurs to take bold actions can increase volume of business. The results had a mean response of 2.71 with a standard deviation of 0.99.This means that there was high variation in the responses from the respondents implying that tendency of entrepreneurs to take bold actions cant increase volume of business. Secondly, majority 69.0% (40.5%+28.5%) agreed those entrepreneurs who enter unknown new markets are likely to grow their businesses. The results had a mean response of 3.75 with a standard deviation of 1.36, this implies entrepreneur who enter unknown new markets are likely to grow their businesses. Moreover, the result also showed that, majority 69.6% (50.00%+19.6%) agreed that entrepreneur who commits a large portion of resources to ventures with uncertain outcomes grow in business. The results had a mean response of 3.85 with a standard deviation of 1.43, this implies entrepreneur who commit a large portion of resources to ventures with uncertain outcomes grow in business.

Finally, 71.5% (34.8%+36.7%) of the respondent agreed that successful business owner borrow to invest. The results had a mean response of 3.88 with a standard deviation of 1.19. This means that there was high variation in the responses from the respondents implying that successful business owner borrow to invest. This results agrees with those of to Cantillon (1734), producers in the market economy are divided into two classes; hired people (people who receive fixed wages) and entrepreneurs (working for one's own self). He argued that the uncertainty and riskiness of self-employment are major factors that alienate entrepreneurs from hired workers.

4.9.1 Sampling Adequacy

To examine whether the data collected was adequate and appropriate for inferential statistical tests such as the factor analysis, multiple linear regression analysis and other statistical tests, two main tests were performed namely; Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and Barlett's Test of Sphericity. For a data set to be regarded as adequate and appropriate for statistical analysis, the value of KMO should be greater than 0.5 (Field, 2000). The results of the KMO and Bartlett's Test are summarized in Table 4.20.

Table 4.20: Risk Taking KMO Sampling Adequacy and Bartlett's Sphericity Tests

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.640
Bartlett's Test of Sphericity	Approx. Chi-Square	52.863
	df	6
	Sig.	.000

Findings in Table 4.20 showed that the KMO statistic was .640 which was significantly high; that is greater than the critical level of significance of the test which was set at 0.5 (Field, 2000). In addition to the KMO test, the Bartlett's Test of Sphericity was also highly significant (Chi-square = 52.863 with 6 degrees of

freedom, at $p < 0.05$). These results provide an excellent justification for further statistical analysis to be conducted.

According to Kaiser (1974), factor loading values that are greater than 0.4 should be accepted and values below 0.5 should lead to correction of more data to help researcher to determine the values to include. Values between 0.5 and 0.7 are mediocre, values between 0.7 and 0.8 are good, values between 0.8 and 0.9 are great, and values above 0.9 are superb. Factor analysis was conducted on statements regarding risk factors and all the indicators attracted a coefficient of more than 0.5 hence were retained for further analysis in regression. Results of the factor analysis are presented in Table 4.21.

Table 4.21: Risk factors Analysis Component Matrix

Statement	Factor loading
Entrepreneur who enter unknown new markets are likely to grow their businesses	0.764
Successful business owner borrow to invest	0.752
Entrepreneur who commit a large portion of resources to ventures with uncertain outcomes grow in business	0.694
Tendency of entrepreneurs to take bold actions can increase volume of business	0.654

Results in Table 4.21 revealed that the statement that entrepreneur who enter unknown new markets are likely to grow their businesses had a component coefficient of 0.764 , the statement that successful business owner borrow to invest had a coefficient of 0.752, the statement that Entrepreneur who commit a large portion of resources to ventures with uncertain outcomes grow in business had a coefficient of 0.694, the statement that tendency of entrepreneurs to take bold actions can increase volume of business had a coefficient of 0.654. This results were consistent with those of MacCrimmon and Wehrung (2006) who define risk as substantial variance in important outcomes and that the likelihood that an individual will forego a safe alternative with a known outcome in favor of a more attractive choice with a more uncertain reward.

Table 4.22 shows the total variance explained for Risk taking.

Table 4.22: Total variance explained for Risk taking.

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.717	42.937	42.937	1.717	42.937	42.937
2	.970	24.247	67.185			
3	.720	17.999	85.184			
4	.593	14.816	100.000			
Extraction Method: Principal Component Analysis.						

The scree plot results indicated that one component had an eigenvalue that was greater than one. The finding corroborates the total variance explained results for Risk taking. The results are presented in Figure 4.4.


Figure 4.4: Scree Plot for Risk taking.

4.10 Proactiveness and growth of mid-sized enterprises in Kenya.

The fourth objective of the study sought to determine influence of proactiveness on the growth of mid-sized enterprises in Kenya. To achieve the respondents were requested to indicate their levels of agreement on a five point Likert scale. (1 = strongly disagree, 2 = Disagree 3 = Neutral, 4 = Agree, 5 = strongly agree) was used and the mean response rate from the micro and small enterprise owners calculated. For the purposes of interpretation 4 & 5 (agree and strongly agree) were grouped together as agree, 1 & 2 (strongly disagree and disagree) were grouped as disagree while 3 was neutral. The results of this study are as depicted in Table 4.23.

Table 4.23: Descriptive analysis on Proactiveness

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
Opportunity Seeking entrepreneur generates a lot of revenue for their business	8.20%	11.40%	48.10%	32.30%	0.00%	3.04	0.88
Entrepreneur who anticipates future demand increases value addition for their businesses	3.80%	4.40%	11.40%	33.50%	46.80%	4.15	1.04
Forward-looking perspective of an entrepreneur leads to high profitability	3.80%	8.90%	15.20%	44.30%	27.80%	3.84	1.05
Entrepreneur who evaluate new opportunities, and monitor market trends increases markets base of their businesses	3.80%	11.40%	17.10%	27.80%	39.90%	3.89	1.17
Proactive entrepreneur always remains ahead of their competitors	7.60%	11.40%	12.00%	32.90%	36.10%	3.78	1.26

Results in Table 4.23 show that majority 32.3(32.30%+0.00%) agreed with the statement that opportunity Seeking entrepreneur generates a lot of revenue for their business. The results had a mean response of 3.04 with a standard deviation of 0.88. This means that there was high variation in the responses from the respondents implying that opportunity seeking entrepreneur generates a lot of revenue for their business.

Secondly, majority 80.3% (46.8%+33.5%) agreed that entrepreneur who anticipates future demand increases value addition for their businesses. The results had a mean response of 4.15 with a standard deviation of 1.04. This implies that entrepreneur who anticipates future demand increases value addition for their businesses. Moreover, 72.1% (27.8%+44.3%) of the respondent agreed that forward-looking perspective of an entrepreneur leads to high profitability. The results had a mean response of 3.84 with a standard deviation of 1.05. This means that there was high variation in the responses from the respondents implying that forward-looking perspective of an entrepreneur leads to high profitability.

The result further revealed that majority 67.7 %(27.8%+39.9%) agreed to the statement that entrepreneur who evaluate new opportunities, and monitor market trends increases markets base of their businesses. The results had a mean response of 3.89 with a standard deviation of 1.17. This implies that entrepreneur who evaluates new opportunities, and monitor market trends increases markets base of their businesses.

Finally majority of the respondents 67.0 %(36.1%+32.9%) agreed to the statement that proactive entrepreneur always remains ahead of their competitors. The results had a mean response of 3.78 with a standard deviation of 1.26. This means that there was high variation in the responses from the respondents implying that proactive entrepreneur always remains ahead of their competitors.

4.10.1 Sampling Adequacy

To examine whether the data collected was adequate and appropriate for inferential statistical tests such as the factor analysis, multiple linear regression analysis and other statistical tests, two main tests were performed namely; Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and Barlett's Test of Sphericity. For a data set to be regarded as adequate and appropriate for statistical analysis, the value of KMO should be greater than 0.5 (Field, 2000). The results of the KMO and Bartlett's Test are summarized in Table 4.24.

Table 4.24: Proactiveness KMO Sampling Adequacy and Bartlett's Sphericity Tests

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.545
Bartlett's Test of Sphericity	Approx. Chi-Square	64.637
	df	10
	Sig.	.000

Findings in Table 4.24 showed that the KMO statistic was .545 which was significantly high; that is greater than the critical level of significance of the test which was set at 0.5 (Field, 2000). In addition to the KMO test, the Bartlett's Test of Sphericity was also highly significant (Chi-square = 64.637 with 10 degrees of freedom, at $p < 0.05$). These results provide an excellent justification for further statistical analysis to be conducted.

According to Kaiser (1974), factor loading values that are greater than 0.4 should be accepted and values below 0.5 should lead to correction of more data to help researcher to determine the values to include. Values between 0.5 and 0.7 are mediocre, values between 0.7 and 0.8 are good, values between 0.8 and 0.9 are great, and values above 0.9 are superb. Factor analysis was conducted on statements regarding risk factor and all the indicators attracted a coefficient of more than 0.5

hence were retained for further analysis in regression. Results of the factor analysis are presented in Table 4.25.

Table 4.25: Risk factors Analysis Component Matrix

Statements	Factor loading
Entrepreneur who anticipates future demand increases value addition for their businesses	0.998
Forward-looking perspective of an entrepreneur leads to high profitability	0.854
Proactive entrepreneur always remains ahead of their competitors	0.707
Entrepreneur who evaluate new opportunities, and monitor market trends increases markets base of their businesses	0.697
Opportunity Seeking entrepreneur generates a lot of revenue for their business	0.567

Results in Table 4.25 revealed that the statement that entrepreneur who anticipates future demand increases value addition for their businesses had a component coefficient of 0.998 , the statement that forward-looking perspective of an entrepreneur leads to high profitability had a coefficient of 0.854, the statement that proactive entrepreneur always remains ahead of their competitors had a coefficient of 0.707, the statement that entrepreneur who evaluate new opportunities, and monitor market trends increases markets base of their businesses had a coefficient of 0.697, the statement that opportunity Seeking entrepreneur generates a lot of revenue for their business had a coefficient of 0.567.The results were consistence with the findings of Hughes and Morgan (2007) have posited the construct to be likely valuable in securing superior performance return. This, they believe, is due to it requiring customer focus hence the ability to anticipate and pursue customer need

Table 4.26 shows the total variance explained for proactiveness.

Table 4.26: Total variance explained for Risk taking.

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.708	34.162	34.162	1.708	34.162	34.162
2	1.094	21.880	56.042	1.094	21.880	56.042
3	.972	19.443	75.485			
4	.728	14.567	90.052			
5	.497	9.948	100.000			
Extraction Method: Principal Component Analysis.						

The scree plot results indicated that two components had an eigenvalue that was greater than one. The finding corroborates the total variance explained results for proactiveness. The results are presented in Figure 4.5.
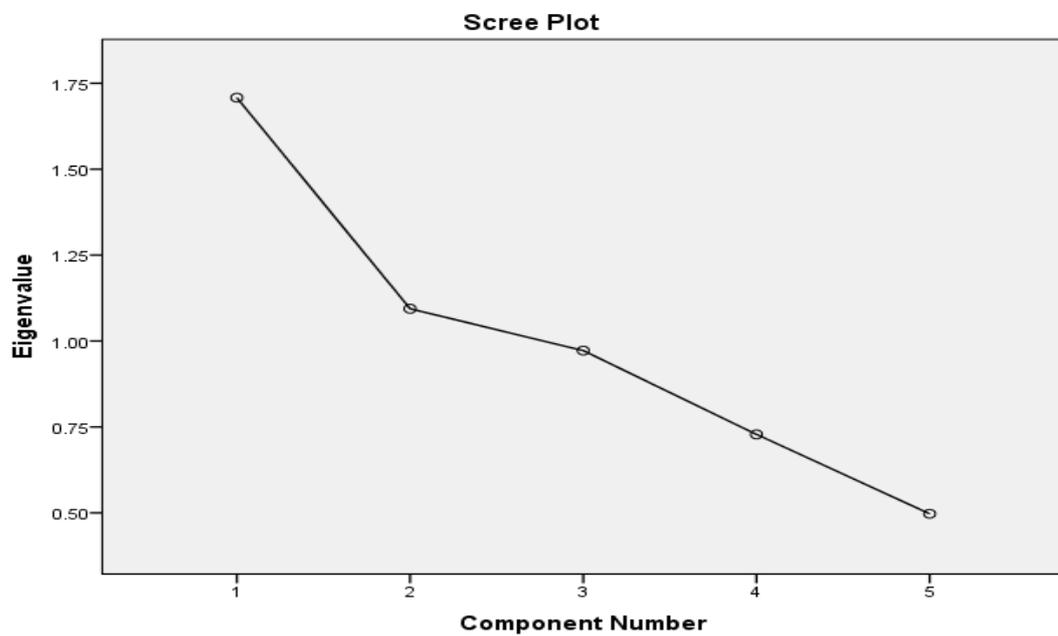
Figure 4.5: Scree Plot for Proactiveness

4.11 Managerial Competence and growth of mid-sized enterprises in Kenya.

The fourth objective of the study sought to determine influence of managerial competence on the growth of top 100 Enterprises in Kenya. To achieve the respondents were requested to indicate their levels of agreement on a five point Likert scale. (1 = strongly disagree, 2 = Disagree 3 = Neutral, 4 = Agree, 5 = strongly agree) was used and the mean response rate from the micro and small enterprise owners calculated. For the purposes of interpretation 4 & 5 (agree and strongly agree) were grouped together as agree, 1 & 2 (strongly disagree and disagree) were grouped as disagree while 3 was neutral. The results of this study are as depicted in Table 4.27.

Table 4.27: Descriptive analysis on Managerial Competence

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std Dev
The knowledge of the owner manager influences the growth of the enterprise.	14.60%	18.40%	22.80%	24.10%	20.30%	3.17	1.34
The conceptual skills of the owner manager influence the growth of the enterprise.	18.40%	19.00%	16.50%	27.20%	19.00%	3.09	1.40
The intellectual skills of the owner manager influence the growth of the enterprise.	13.90%	20.90%	20.30%	25.30%	19.60%	3.16	1.34
The interpersonal skills of the owner manager influence the growth of the enterprise.	15.80%	19.60%	25.30%	18.40%	20.90%	3.09	1.36
The personality characteristics of the owner manager influence the growth of the enterprise.	12.00%	18.40%	21.50%	26.60%	21.50%	3.27	1.32

Results in Table 4.27 shows that majority 44.4 %(20.30%+24.1%) agreed with the statement that the knowledge of the owner manager influences the growth of the

enterprise. The results had a mean response of 3.17 with a standard deviation of 1.34. This means that there was high variation in the responses from the respondents implying that the knowledge of the owner manager influences the growth of the enterprise. Secondly, majority 46.2% (27.2%+19.0%) agreed that the conceptual skills of the owner manager influence the growth of the enterprise.. The results had a mean response of 3.09 with a standard deviation of 1.40. This implies that the conceptual skills of the owner manager influence the growth of the enterprise.

Moreover, 44.9% (25.3%+19.6%) of the respondent agreed that forward-looking perspective of an entrepreneur leads to high profitability. The results had a mean response of 3.16 with a standard deviation of 1.34. This means that there was high variation in the responses from the respondents implying that the intellectual skills of the owner manager influence the growth of the enterprise. The result further revealed that majority 39.3 %(18.4%+20.9%) agreed to the statement that the interpersonal skills of the owner manager influence the growth of the enterprise. The results had a mean response of 3.09 with a standard deviation of 1.36. This implies that the interpersonal skills of the owner manager influence the growth of the enterprise.

Finally majority of the respondents 48.1 %(26.6%+19.6%) agreed to the statement the personality characteristics of the owner manager influence the growth of the enterprise. The results had a mean response of 3.27 with a standard deviation of 1.32. This means that there was high variation in the responses from the respondents implying that the personality characteristics of the owner manager influence the growth of the enterprise. These results agreed with findings of Morgan (2007) who found that at the embryonic stage of firm growth, proactiveness was a critical factor that affected firm performance improvement. The role of proactiveness was less important once a firm was established. The words proactiveness and competitive aggressiveness are often used interchangeably. This agreed with (Bartram, et. al, 2002). Spencer and Spencer (2009) viewed competency as an underlying

characteristic of an individual that is causally related to criterion-referenced effective and/or superior performance in a job or situation.

Further the respondents were asked to give their opinion on managerial competence. The result in Table 4.28 below revealed that majority of the respondents (79.1%) indicated that they agreed that managerial competence influenced growth of Smes. The result also revealed that the remaining (21.9%) indicated that they disagreed on managerial competence influencing growth of top 100 SMEs in Kenya.

Table 4.28: Managerial Competence Opinion

Opinon of Managerial Competence		Frequency	Percent
	Yes	125	79.1
	No	33	20.9
	Total	158	100.0

4.11.1 Sampling Adequacy

To examine whether the data collected was adequate and appropriate for inferential statistical tests such as the factor analysis, multiple linear regression analysis and other statistical tests, two main tests were performed namely; Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and Barlett's Test of Sphericity. For a data set to be regarded as adequate and appropriate for statistical analysis, the value of KMO should be greater than 0.5 (Field, 2000). The results of the KMO and Bartlett's Test are summarized in Table 4.29.

Table 4.29:Managerial Competence KMO Sampling Adequacy and Bartlett's Sphericity Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.789
	Approx. Chi-Square	11.196
Bartlett's Test of Sphericity	df	10
	Sig.	0.003

Findings in Table 4.29 showed that the KMO statistic was .789 which was significantly high; that is greater than the critical level of significance of the test which was set at 0.5 (Field, 2000). In addition to the KMO test, the Bartlett's Test of Sphericity was also highly significant (Chi-square = 11.196 with 10 degrees of freedom, at $p < 0.05$). These results provide an excellent justification for further statistical analysis to be conducted.

According to Kaiser (1974), factor loading values that are greater than 0.4 should be accepted and values below 0.5 should lead to correction of more data to help researcher to determine the values to include. Values between 0.5 and 0.7 are mediocre, values between 0.7 and 0.8 are good, values between 0.8 and 0.9 are great, and values above 0.9 are superb. Factor analysis was conducted on statements regarding managerial competence and all the indicators attracted a coefficient of more than 0.5 hence were retained for further analysis in regression. Results of the factor analysis are presented in Table 4.30.

Table 4.30: Managerial Competence Analysis Component Matrix

Statement	Factor loading
The interpersonal skills of the owner manager influence the growth of the enterprise.	0.652
The knowledge of the owner manager influences the growth of the enterprise.	0.614
The personality characteristics of the owner manager influence the growth of the enterprise.	0.598
The intellectual skills of the owner manager influence the growth of the enterprise.	0.565
The conceptual skills of the owner manager influence the growth of the enterprise.	0.545

Results in Table 4.30 revealed that the statement that the interpersonal skills of the owner manager influences the growth of the enterprise had a component coefficient of 0.652 , the statement that the knowledge of the owner manager influences the growth of the enterprise had a coefficient of 0.614, the statement that the personality characteristics of the owner manager influences the growth of the enterprise, had a coefficient of 0.598, the statement that the intellectual skills of the owner manager influences the growth of the enterprise had a coefficient of 0.565, the statement that the conceptual skills of the owner manager influences the growth of the enterprise had a coefficient of 0.545.This results were consistent with Boyatzis (2002), managerial competencies characterize a person who manages a company or a team of workers. These contribute to successful fulfillment of a task. Therefore managerial competencies are understood as observable characteristics such as knowledge, skills or behavior patterns that contribute to the successful fulfillment of managerial tasks.

Table 4.31 shows the total variance explained for managerial competence.

Table 4.31: Total variance explained for Managerial Competence

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.251	25.020	25.020	1.251	25.020	25.020
2	1.092	21.841	46.860	1.092	21.841	46.860
3	.994	19.883	66.743			
4	.912	18.230	84.974			
5	.751	15.026	100.000			
Extraction Method: Principal Component Analysis.						

The scree plot results indicated that two components had an eigenvalue that was greater than one. The finding corroborates the total variance explained results for managerial competence. The results are presented in Figure 4.6.
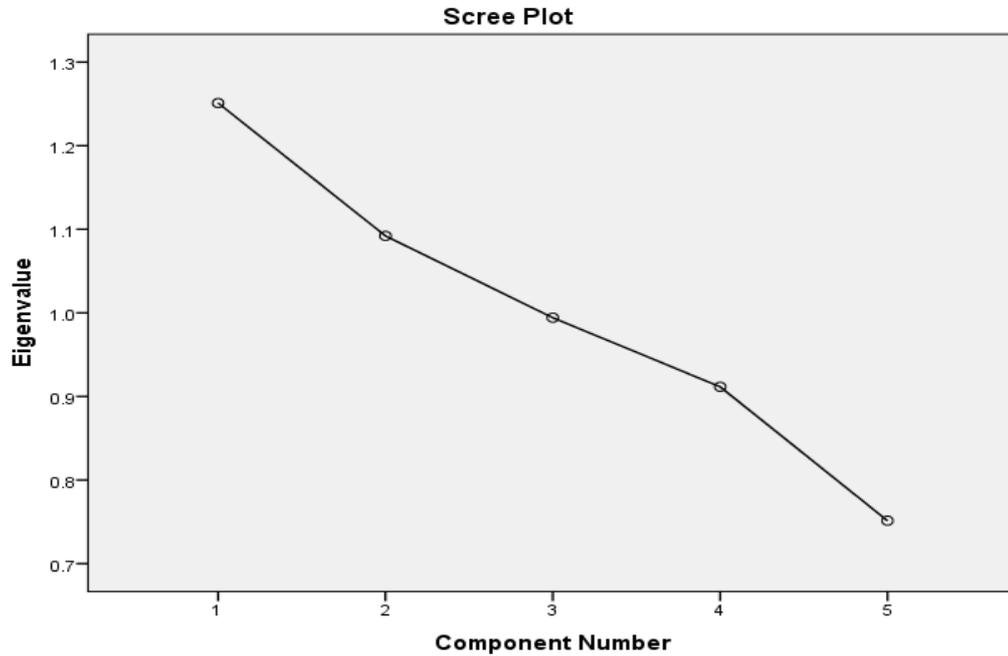
Figure 4.6: Scree Plot for Managerial Competence

4.12 Industry Experience and Growth of Mid-Sized Enterprises in Kenya.

The fifth objective of the study sought to determine influence of industry expert on the growth of top 100 Enterprises in Kenya. To achieve the respondents were requested to indicate their levels of agreement on a five point Likert scale. (1 = strongly disagree, 2 = Disagree 3 = Neutral, 4 = Agree, 5 = strongly agree) was used and the mean response rate from the micro and small enterprise owners calculated. For the purposes of interpretation 4 & 5 (agree and strongly agree) were grouped together as agree, 1 & 2 (strongly disagree and disagree) were grouped as disagree while 3 was neutral. The results of this study are as depicted in Table 4.32.

Table 4.32: Descriptive analysis on Industry Experience

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std Dev
The number of year in the previous employment influences the relationship between entrepreneurial orientation and growth of SMEs.	8.20%	10.10%	17.10%	39.90%	24.70%	3.63	1.20
The level of management in the previous employment influences the relationship between entrepreneurial orientation and growth of SMEs.	3.80%	20.90%	18.40%	34.20%	22.80%	3.51	1.17

Results in Table 4.32 showed that majority 64.8 %(39.90%+24.70%) agreed with the statement that the number of year in the previous employment influences the relationship between entrepreneurial orientation and growth of SMEs. The results had a mean response of 3.63 with a standard deviation of 1.20. This means that there was high variation in the responses from the respondents implying that the number of

year in the previous employment influences the relationship between entrepreneurial orientation and growth of SMEs.

The result further revealed that 57.0% (22.8%+34.2%) agreed that the level of management in the previous employment influences the relationship between entrepreneurial orientation and growth of SMEs. The results had a mean response of 3.51 with a standard deviation of 1.17.This finding is consistent with that of Mitchelmore and Rowley (2010) who assert certain managerial competencies are essential factors in the success and growth of the firm. According to the resource-based theory, the resources or competencies of a firm which make it different from others are important for its market success (Hussain et al., 2006). Human capital (competencies) is treated as a key factor explaining why some firms outperform others. Consequently, managerial competencies are considered as important predictors of business success (Markman, 2007; Mitchelmore & Rowley, 2010).

Further the respondents were asked to give their opinion on Industry. The result in figure 4.7 below revealed that majority of the respondents (63%) indicated that they agreed that Industry expert experience moderated the relationship between entrepreneurial orientation and the growth of Smes. The result also revealed that the remaining (37%) indicated that they disagreed on Industry expert experience moderating the relationship between entrepreneurial orientation and the growth of SMEs.
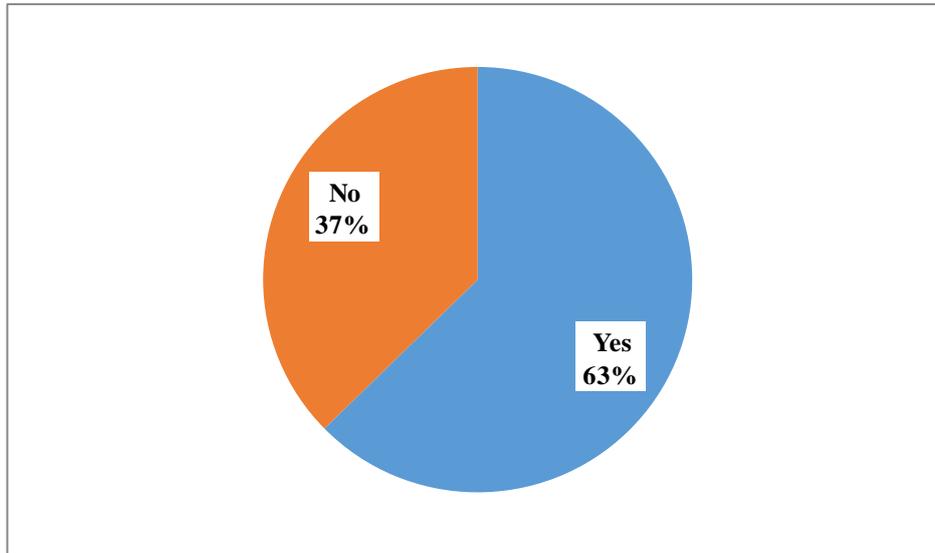
Figure 4.7: Does industry Experience influence the growth of SMEs

4.12.1 Sampling Adequacy

To examine whether the data collected was adequate and appropriate for inferential statistical tests such as the factor analysis, multiple linear regression analysis and other statistical tests, two main tests were performed namely; Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and Barlett's Test of Sphericity. For a data set to be regarded as adequate and appropriate for statistical analysis, the value of KMO should be greater than 0.5 (Field, 2000). The results of the KMO and Bartlett's Test are summarized in Table 4.33.

Table 4.33: Industry Expert KMO Sampling Adequacy and Bartlett's Sphericity

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.786
Bartlett's Test of Sphericity	Approx. Chi-Square	.002
	df	1
	Sig.	.004

Findings in Table 4.33 showed that the KMO statistic was 786 which was significantly high; that is greater than the critical level of significance of the test which was set at 0.5 (Field, 2000). In addition to the KMO test, the Bartlett's Test of Sphericity was also highly significant (Chi-square = .002 with 1 degrees of freedom, at $p < 0.05$). These results provide an excellent justification for further statistical analysis to be conducted.

According to Kaiser (1974), factor loading values that are greater than 0.4 should be accepted and values below 0.5 should lead to correction of more data to help researcher to determine the values to include. Values between 0.5 and 0.7 are mediocre, values between 0.7 and 0.8 are good, values between 0.8 and 0.9 are great, and values above 0.9 are superb. Factor analysis was conducted on statements regarding managerial competence and all the indicators attracted a coefficient of more than 0.5 hence were retained for further analysis in regression. Results of the factor analysis are presented in Table 4.34.

Table 4.34: Industry Expert Analysis Component Matrix

Statement	Factor loading
The number of year in the previous employment influences the relationship between entrepreneurial orientation and growth of SMEs.	0.897
The level of management in the previous employment influences the relationship between entrepreneurial orientation and growth of SMEs.	0.708

Results in Table 4.34 revealed that the statement the number of year in the previous employment influences the relationship between entrepreneurial orientation and growth of SMEs had a component coefficient of 0.897, the statement that the level of management in the previous employment influences the relationship between entrepreneurial orientation and growth of SMEs had a coefficient of 0.708.

Table 4.35 shows the total variance explained for industry experience

Table 4.35: Total variance explained for Industry Experience

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.003	50.172	50.172	1.003	50.172	50.172
2	.997	49.828	100.000			
Extraction Method: Principal Component Analysis.						

The scree plot results indicated that one component had an eigenvalue that was greater than one. The findings corroborate the total variance explained results for industry experience. The results are presented in Figure 4.8.
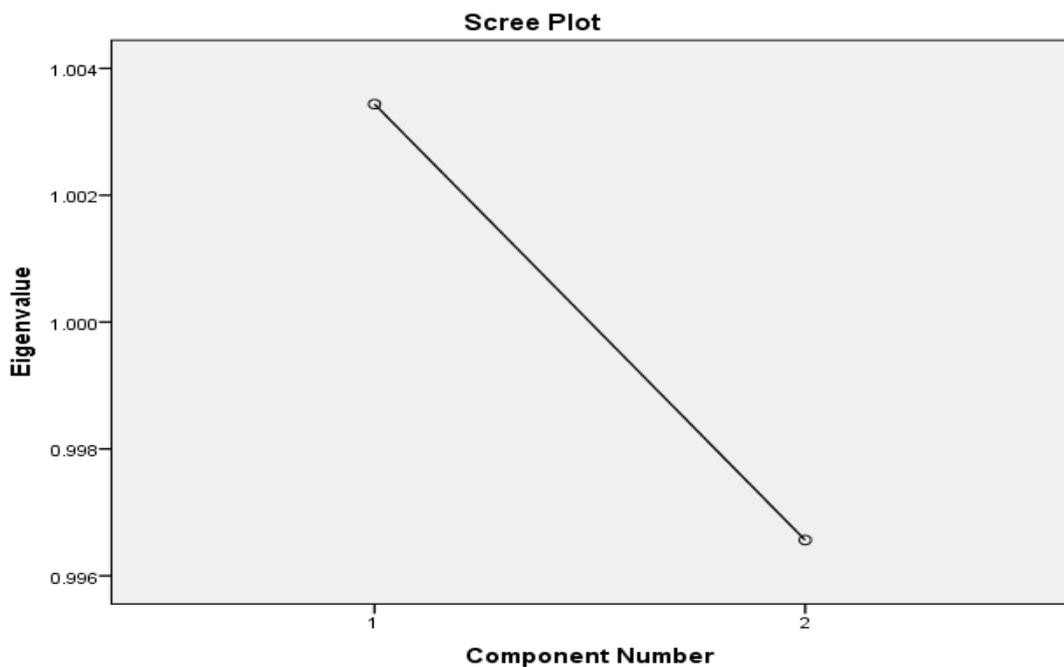

Figure 4.8: Scree Plot for Industry Experience

4.13 Correlation Analysis

Product moment correlation coefficient was used to shown the strength of the relationship between consumer behaviour, social, personal, psychological, temporal and government factors. Results were presented in Table 4.36.

Table 4.36: Correlation Analysis

		Growth	Autono my	Innovativen ess	Risk taking	Proactivene ss	Managerial competence	Industry Expert
Growth	Pearson Correlation	1.000						
	Sig. (2-tailed)							
Autonomy	Pearson Correlation	.328**	1.000					
	Sig. (2-tailed)	0.000						
Innovativeness	Pearson Correlation	.306**	0.027	1.000				
	Sig. (2-tailed)	0.000	0.738					
Risk taking	Pearson Correlation	.343**	.343**	0.039	1.000			
	Sig. (2-tailed)	0.000	0.000	0.628				
Proactiveness	Pearson Correlation	.340**	-0.006	0.125	.258**	1.000		
	Sig. (2-tailed)	0.000	0.938	0.117	0.001			
Managerial competence	Pearson Correlation	.384**	0.120	.163*	0.093	0.078	1.000	
	Sig. (2-tailed)	0.000	0.134	0.041	0.247	0.331		
Industry Expert	Pearson Correlation	.326**	-0.009	0.095	.185*	.359**	-0.065	1.000
	Sig. (2-tailed)	0.000	0.908	0.237	0.020	0.000	0.414	

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

* Correlation is significant at the 0.05 level (2-tailed).

As shown in Table 4.36 there was a positive and significant relationship between growth and autonomy (rho= 0.328, p value <0.05). Secondly, there was a positive and significant relationship between innovativeness and growth (rho = 0.306, p value <0.05). Thirdly, there was a positive and significant relationship between risk taking and growth (rho =0.343, p value <0.05). Further, there was a positive and significant relationship between proactiveness and growth (rho = 0.340, p value <0.05). Managerial competence had a positive and significant relationship with growth (rho = 0.384, p value <0.05).Moreover, there was a positive and significant relationship between industry expert and growth (rho = 0.326, p value <0.05). Further, a close scrutiny revealed that there was no multicollinearity since none of the independents had correlation coefficient greater than 0.7 (Balatngi, 2005). The correlation results are consistent with the findings of Ngugi (2013) which indicated that the components of Intellectual Capital such as managerial skills, entrepreneurial skills, and innovativeness of the owner/managers are positively and significantly associated with the growth of SMEs in Kenya.

4.14 Diagnostic Tests

4.14.1 Test of normality

Normality test was conducted first using histogram representation. Results are shown in Figure 4.9.
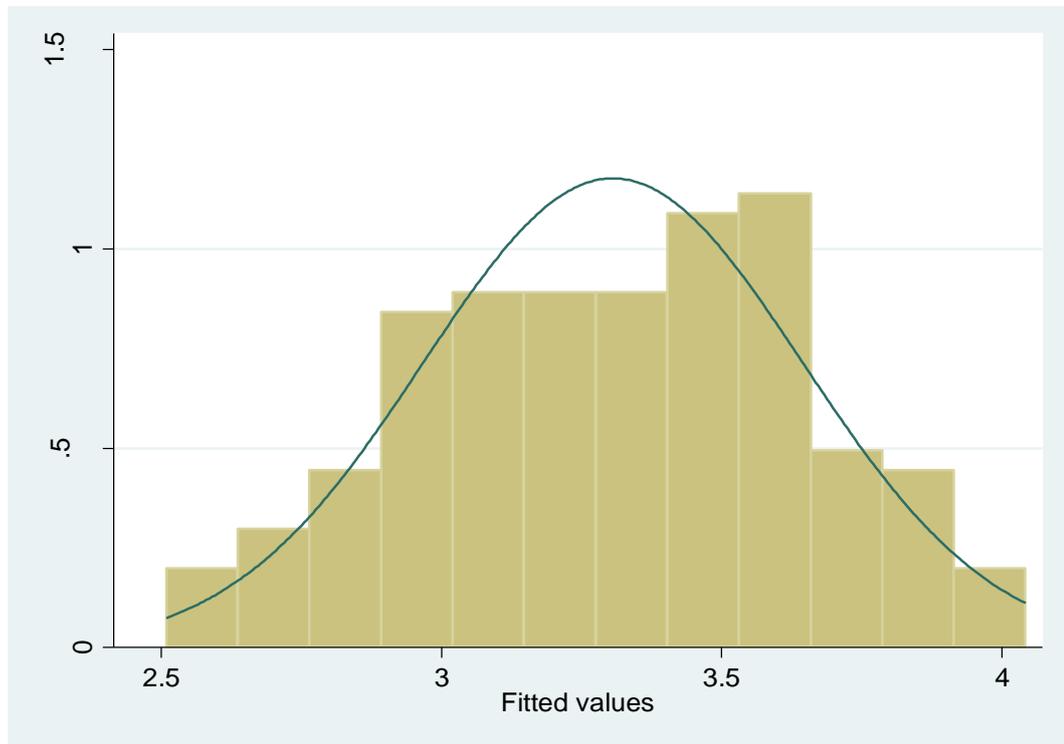
Figure 4.9: Histogram test of normality

The test for normality was examined using the graphical method approach as shown in the Figure 4.9. The results in the figure indicate that the residuals are normally distributed. Further, Skewness/Kurtosis used to check for normality tests. Results of the tests are presented in Table 4.37.

Table 4.37: Test for Normality using Skewness/Kurtosis

Skewness/Kurtosis tests for Normality					
				------ joint ------	
Variable	Obs	Pr(Skewness)	Pr(Kurtosis)	adj chi2(2)	Prob>chi2
Growth	158	0.1851	0.8696	1.81	0.4048
Autonomy	158	0.2826	0.903	1.19	0.5528
Innovateness	158	0.3968	0.2877	1.88	0.3916
Risk taking	158	0.4329	0.2416	2.02	0.365
proactiveness	158	0.016	0.2524	6.71	0.035
Managerial competence	158	0.0624	0.6906	3.69	0.1583
Industry expert	158	0.0504	0.1481	5.76	0.0562

Considering regression analysis was the principle inferential statistics to shows the causal relationship between selected factors and growth, normality test was paramount owing to that regression analysis is based on normality of variables under investigation. According to Baltangi (2005) the data is normally distributed if the p value is greater than 0.05 otherwise there is some departure from normality. Results in Table 4.35 revealed that all the variables were normally distributed.

4.14.2 Test for Multicollinearity Using Tolerance and Variance Inflation Factor

According to William *et al.* (2013), multicollinearity refers to the presence of correlations between the predictor variables. In severe cases of perfect correlations between predictor variables, multicollinearity can imply that a unique least squares solution to a regression analysis cannot be computed (Field, 2009). Multicollinearity inflates the standard errors and confidence intervals leading to unstable estimates of the coefficients for individual predictors. Multicollinearity was assessed in this study using the variance inflation factors (VIF). According to Field (2009) VIF values in excess of 10 and tolerance value less than 0.2 are an indication of the presence of Multicollinearity.

Table 4.38: Test for Multicollinearity Using Tolerance and Variance Inflation Factor

| Variable | Collinearity Statistics | |
	Tolerance	VIF
Autonomy	0.863	1.159
Innovativeness	0.956	1.046
Risk-taking	0.802	1.247
Proactiveness	0.814	1.229
Managerial competence	0.943	1.06
Industry Expert	0.846	1.182

Results in Table 4.38 shows that all the tolerance values were above 0.2 and VIF less than 10 and thus, there were no collinearity among the independent variables.

4.14.3 Heteroscedasticity Test

The error process may be Homoscedastic within cross-sectional units, but its variance may differ across units: a condition known as group wise Heteroscedasticity. The hettest command calculates Breuch Pagan for group wise Heteroscedasticity in the residuals. Heteroscedasticity test was run in order to test whether the error terms are correlated across observation in the panel data. The null hypothesis is that the data does not suffer from Heteroscedasticity since the p-value is greater than the 5%. The null hypothesis was not rejected at a critical p value of 0.05 since the reported value was 0.1806>0.05. Thus the data did not suffer from Heteroscedasticity.

Table 4.39: Heteroscedasticity Results

Breusch-Pagan / Cook-Weisberg test for heteroscedasticity	
Ho: Constant variance	
Variables: fitted values of Mean Growth	
chi2(1)	= 1.79
Prob > chi2	= 0.1806

The results in Table 4.39 indicate that the null hypothesis of constant variance is not rejected as supported by a p-value of 0.1806.

4.15 Inferential Analysis

This section contains inferential analysis for Autonomy, Innovativeness, Managerial Competence, Risk taking, Industry experience, proactiveness and overall regression analysis. A moderating effect of government policies is also discussed in this section. Inferential statistics in this section include model fitness, ANOVA tests, regression coefficients and hypothesis testing.

4.15.1 Regression Analysis for Autonomy

The results presented in Table 4.40 present the fitness of model used of the regression model in explaining the study phenomena.

Table 4.40: Model Fitness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.497[a]	.247	.222	.4485385

Autonomy was found to be satisfactory in explaining growth. This is supported by coefficient of determination also known as the R square of 24.7%. This means that autonomy explain 24.7% of the variations in the dependent variable which is growth. Results of the model fitness back up the study by (Lumpkin & Dess, 2005). It also reflects the strong desire of a person to have freedom in the development of an idea and in its implementation (Huang & Li, 2009).

Table 4.41: Analysis of Variance Autonomy

	Sum of Squares	df	Mean Square	F	Sig.
Regression	10.022	5	2.004	9.963	.000
Residual	30.580	152	.201		
Total	40.603	157			

Table 4.41 provides the results on the analysis of the variance (ANOVA). The results indicate that the overall model was statistically significant. Further, the results imply that the independent variable is a good predictor of growth. This was supported by an

F statistic of 9.963 and the reported p value (0.000) which was less than the conventional probability of 0.05 significance level. Results of the model fitness back up the study characteristics (Ho & Koh, 1992). Koh (1996) believes autonomy is a necessary requirement for successful entrepreneurship, since entrepreneurs have a higher degree of self-governance relative to non-entrepreneurs (Ho & Koh, 1992).

Table 4.42: Model for Autonomy

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.512	0.187		13.419	0.000
Autonomy	0.229	0.053	0.328	4.334	0.000

$Y = 2.512 + 0.229X_1$

Where Y = Growth of top 100 SMEs

X_1 = Autonomy

Regression coefficients matrix in Table 4.42, revealed that there was a positive and significant relationship between autonomy and growth (r=0.229, p=0.000). This was supported by a calculated t-statistic of 4.334 which is larger than the critical t-statistic of 1.96. The results concede with (Ho & Koh, 1992). Entrepreneurs that display autonomous behaviour base their feelings on the fact that they can conquer all necessary challenges on their path to success and still attain their desired goal.

Entrepreneurs who possess autonomous behaviour do not believe the success or failure of their new business depends on luck, fate or other external factors, but is confident that their personal control and influence enables them achieve their goals, even when faced with setbacks. Winsler, Madigan and Aquilino (2005) believe that entrepreneurs should have a perceived sense of self-esteem and capabilities in conjunction with his/her business affairs, since they consider self-confidence to be linked to tolerance for ambiguity and creativity (Ho & Koh, 1992).

Hypothesis testing for Autonomy

The first Hypothesis tested was:

$H_0$1: There is no relationship between Autonomy and the growth of mid-sized enterprises in Kenya.

The hypothesis was tested by using simple linear regression and determined using p-value (Table 4.42). The acceptance/rejection criteria was that, if the p value is greater than 0.05, we fail to reject the Ho_1 but if it's less than 0.05, the Ho_1 is rejected. Therefore the null hypothesis is that there is no significant relationship between Autonomy and the growth of mid-sized enterprises in Kenya. Results in Table 4.42 show that the p-value was 0.000. This was supported by a calculated t-statistic of 4.334 which is larger than the critical t-statistic of 1.96. The null hypothesis was, therefore, rejected.

The study therefore adopted the alternative hypothesis that there is a significant relationship between Autonomy and the growth of mid-sized enterprises in Kenya. The result agrees with those of (Ho & Koh, 1992). Koh (1996) believes autonomy is a necessary requirement for successful entrepreneurship, since entrepreneurs have a higher degree of self-governance relative to non-entrepreneurs (Ho & Koh, 1992). Entrepreneurs that display autonomous behaviour base their feelings on the fact that they can conquer all necessary challenges on their path to success and still attain their desired goal.

Entrepreneurs who possess autonomous behaviour do not believe the success or failure of their new business depends on luck, fate or other external factors, but is confident that their personal control and influence enables them achieve their goals, even when faced with setbacks. Winsler, Madigan and Aquilino (2005) believe that entrepreneurs should have a perceived sense of self-esteem and capabilities in conjunction with his/her business affairs, since they consider self-confidence to be linked to tolerance for ambiguity and creativity (Ho & Koh, 1992).

4.15.2 Regression Analysis for innovativeness

The results presented in Table 4.43 present the fitness of model used of the regression model in explaining the study phenomena.

Table 4.43: Model Fitness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.425a	0.181	0.148	0.46935

Innovativeness was found to be satisfactory in explaining growth. This is supported by coefficient of determination also known as the R square of 18.1%. This means that innovativeness explain 18.1% of the variations in the dependent variable which is growth. Results of the model fitness back up the study by Hult, Hurley and Knight (2004) suggested that innovativeness plays a significant role in solving business problems and challenges regardless of market turbulence, which in turn provides firms with the ability to succeed.

Table 4.44: Analysis of Variance on Innovativeness

	Sum of Squares	df	Mean Square	F	Sig.
Regression	7.339	6	1.223	5.553	.000
Residual	33.264	151	0.22		
Total	40.603	157			

Table 4.44 provides the results on the analysis of the variance (ANOVA). The results indicate that the overall model was statistically significant. Further, the results imply that the independent variable is a good predictor of growth. This was supported by an F statistic of 5.553 and the reported p value (0.000) which was less than the conventional probability of 0.05 significance level.

Table 4.45: Model for innovativeness

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	**Std. Error**	**Beta**		
(Constant)	2.427	0.222		10.909	0.000
Innovativeness	0.243	0.061	0.306	4.01	0.000

$Y = 2.427 + 0.243X_2$

Where Y = Growth of top100 SMEs

X_2 = Innovativeness

Regression coefficients in Table 4.45, revealed that there was a positive and significant relationship between innovativeness and growth (r=0.243, p=0.000). This was supported by a calculated t-statistic of 4.01 which is larger than the critical t-statistic of 1.96. The results were consistent with Mirela (2008), the necessary conditions for accomplishing a successful innovation are: the existence of a clear strategy; the availability of all essential resources for the innovation effort; the realistic evaluation of individual's innovation potential; the detailed knowledge of market demand, the anticipation of future needs; the evaluation of innovation projects criteria; the maintenance of a close contact with beneficiaries; and the settings for limited periods of accurate objectives to which all innovating efforts should be dedicated to.

Hypothesis testing for Innovativeness

The second Hypothesis to be tested was:

H_02: There is no relationship between Innovativeness and the growth of mid-sized enterprises in Kenya.

The hypothesis was tested by using simple linear regression and determined using p-value (Table 4.45). The acceptance/rejection criteria was that, if the p value is greater than 0.05, we fail to reject the Ho_2 but if it's less than 0.05, the Ho_1 is rejected. Therefore the null hypothesis is that there is no significant relationship between Innovativeness and the growth of mid-sized enterprises in Kenya. Results in Table

4.45 show that the p-value was 0.000. This was supported by a calculated t-statistic of 4.01 which is larger than the critical t-statistic of 1.96. The null hypothesis was, therefore, rejected. The study therefore adopted the alternative hypothesis that there is a significant relationship between Innovativeness and the growth of mid-sized enterprises in Kenya. This was consistence with Sirelli (2010) who stated that the underlying rationale of small firm's is to encourage innovation, which in turn will lead to a better economic performance, higher growth, more jobs and higher wages. In this vein, it has become imperative for SMEs to be innovative not only to differentiate themselves but also attain some level of firm success.

4: 15.3 Regression Analysis for Risk Taking

The results presented in Table 4.46 present the fitness of model used of the regression model in explaining the study phenomena.

Table 4.46: Model Fitness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.324	0.105	0.081	0.487399

Risk taking was found to be satisfactory in explaining growth. This is supported by coefficient of determination also known as the R square of 10.5%. This means that risk taking explain 10.5% of the variations in the dependent variable which is growth. Results of the model fitness back up the study by Cantillon (1734), producers in the market economy are divided into two classes; hired people (people who receive fixed wages) and entrepreneurs (working for one's own self). He argued that the uncertainty and riskiness of self-employment are major factors that alienate entrepreneurs from hired workers

Table 4.47: Analysis of Variance on Risk Taking

	Sum of Squares	df	Mean Square	F	Sig.
Regression	4.256	4	1.064	4.479	.002
Residual	36.346	153	0.238		
Total	40.603	157			

Table 4.47 provides the results on the analysis of the variance (ANOVA). The results indicate that the overall model was statistically significant. Further, the results imply that the independent variable is a good predictor of growth. This was supported by an F statistic of 4.479 and the reported p value (0.002) which was less than the conventional probability of 0.05 significance level.

Table 4.48: Model for Risk Taking

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.578	0.164		15.723	.000
Risk taking	0.219	0.048	0.343	4.564	.000

$Y = 2.578 + 0.219X_3$

Where Y = Growth of top 100 SMEs.

X_3 = Risk Taking

Regression coefficients in Table 4.48, revealed that there was a positive and significant relationship between risk taking and growth (r=0.219, p=0.000). This was supported by a calculated t-statistic of 4.564 which is larger than the critical t-statistic of 1.96. The results agree with by Miller and Friesen (2008) defined risk-taking as the degree to which managers are willing to make large and risky resource commitments, that is, those which have a reasonable chance of costly failures.

Hypothesis testing for Risk Taking

The third Hypothesis tested was:

H₀3: There is no relationship between risk taking and the growth of mid-sized enterprises in Kenya.

The hypothesis was tested by using simple linear regression and determined using p-value (Table 4.48). The acceptance/rejection criteria was that, if the p value is greater than 0.05, we fail to reject the H_{o3} but if it's less than 0.05, the H_{o1} is rejected. Therefore the null hypothesis is that there is no significant relationship between risk taking and the growth of mid-sized enterprises in Kenya. Results in Table 4.48 show that the p-value was 0.000. This was supported by a calculated t-statistic of 4.564 which is larger than the critical t-statistic of 1.96. The null hypothesis was, therefore, rejected.

The study therefore adopted the alternative hypothesis that there is a significant relationship between risk taking and the growth of mid-sized enterprises in Kenya. This findings agrees with Lumpkin and Dess (2001), a firm's stage of development determines its risk tendencies, therefore, risk taking can be at an individual level trait (Sitkin & Pablo, 2002; Brockhaus, 1980) or a firm-level orientation (Baird & Thomas, 2005). Furthermore, Palmer and Wiseman (2009) distinguished between managerial risk, which relates to choices associated with uncertain outcomes, and organizational risks, which involves volatile income streams. Moreover, firms differ in terms of their organizational and governance structures, and risk-taking may be higher in some organizational contexts than in others, as Agency theorists argue (Eisenhardt, 2009; Fama & Jensen, 2003; Wiseman & Gomez-Meija, 2008; Zajac & Westphal, 2004).

4.15.4 Regression Analysis for Proactiveness

The results presented in Table 4.49 present the fitness of model used of the regression model in explaining the study phenomena.

Table 4.49: Model Fitness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.523	0.273	0.249	0.44067

Proactiveness was found to be satisfactory in explaining growth. This is supported by coefficient of determination also known as the R square of 27.3%. This means that proactiveness explain 27.3% of the variations in the dependent variable which is growth. Results of the model fitness back up the study by Rauch, Wiklund et al. (2009), proactiveness is an opportunity-seeking, forward-looking perspective characterized by the introduction of new products and services ahead of the competitions and acting in anticipation of future demand. It can also be described as a distinctive entrepreneurial activity to antedate imminent prospects, both in terms of products or technologies as well as in markets and consumer demand (Schillo, 2011).

Table 4.50: Analysis of Variance for Proactiveness

	Sum of Squares	df	Mean Square	F	Sig.
Regression	11.086	5	2.217	11.418	.000
Residual	29.517	152	0.194		
Total	40.603	157			

Table 4.50 provides the results on the analysis of the variance (ANOVA). The results indicate that the overall model was statistically significant. Further, the results imply that the independent variable is a good predictor of growth. This was supported by an F statistic of 11.418 and the reported p value (0.000) which was less than the conventional probability of 0.05 significance level. Results of the model fitness back up the study by Lumpkin and Dess (1996) distinguished between them, suggesting that proactiveness reflects a firm's reaction to opportunities in the market place whereas competitive aggressiveness refers to a firm's response to a competitor's challenges.

Table 4.51: Model for Proactiveness

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	**Std. Error**	**Beta**		
(Constant)	2.405	0.203		11.848	.000
Proactiveness	0.245	0.054	0.34	4.520	.000

$Y = 2.405 + 0.245X_4$

Where Y = Growth of top 100 SMEs

X_4 = Proactiveness.

Regression coefficients matrix in Table 4.51, revealed that there was a positive and significant relationship between proactiveness and growth (r=0.245, p=0.000). This was supported by a calculated t-statistic of 4.52 which is larger than the critical t-statistic of 1.96. The results agrees with Lumpkin and Dess (1996) distinguished between them, suggesting that proactiveness reflects a firm's reaction to opportunities in the market place whereas competitive aggressiveness refers to a firm's response to a competitor's challenges.

Hypothesis testing for Proactiveness

The fourth Hypothesis tested was:

H_04: There is no relationship between risk taking and the growth of mid-sized enterprises in Kenya.

The hypothesis was tested by using simple linear regression and determined using p-value (Table 4.51). The acceptance/rejection criteria was that, if the p value is greater than 0.05, we fail to reject the Ho1 but if it's less than 0.05, the Ho1 is rejected. Therefore the null hypothesis is that there is no significant relationship between risk taking and the growth of mid-sized enterprises in Kenya. Results in Table 4.51 show that the p-value was 0.000. This was supported by a calculated t-statistic of 4.520 which is larger than the critical t-statistic of 1.96. The null hypothesis was therefore rejected.

The study therefore adopted the alternative hypothesis that there is a significant relationship between risk taking and the growth of mid-sized enterprises in Kenya. Kropp, Lindsay et al. (2008) suggested that proactiveness involves the identification and evaluation of new opportunities, and monitoring market trends. By conducting these activities, some studies discovered that proactive firms introduce new products in the market ahead of their competitors argued that proactiveness is not always being the first mover in the market. Hughes and Morgan (2007) found that at the embryonic stage of firm growth, proactiveness was a critical factor that affected firm performance improvement.

4.15.5 Regression Analysis for Managerial Competence

The results presented in Table 4.52 present the fitness of model used of the regression model in explaining the study phenomena.

Table 4.52: Model fitness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.384	0.148	0.142	0.4710072

Managerial competence was found to be satisfactory in explaining growth. This is supported by coefficient of determination also known as the R square of 14.8. %. This means that managerial explain 14.8% of the variations in the dependent variable which is growth. Results of the model fitness back up the study by Boyatzis (2002), managerial competencies characterize a person who manages a company or a team of workers. These contribute to successful fulfillment of a task. Therefore managerial competencies are understood as observable characteristics such as knowledge, skills or behavior patterns that contribute to the successful fulfillment of managerial tasks (Markman, 2007; Mitchelmore & Rowley, 2010; Talik et al., 2012).

Table 4.53: Analysis of Variance of Managerial Competence

	Sum of Squares	df	Mean Square	F	Sig.
Regression	5.994	1	5.994	27.021	.000
Residual	34.608	156	0.222		
Total	40.603	157			

Table 4.53 provides the results on the analysis of the variance (ANOVA). The results indicate that the overall model was statistically insignificant. Further, the results imply that the independent variable is not a good predictor of growth. This was supported by an F statistic of 27.021 and the reported p value (0.000) which was less than the conventional probability of 0.05 significance level. Results of the model fitness back up the study Mitchelmore and Rowley (2010) assert certain managerial competencies are essential factors in the success and growth of the firm. According to the resource-based theory, the resources or competencies of a firm which make it different from others are important for its market success (Hussain et al., 2006). Human capital (competencies) is treated as a key factor explaining why some firms outperform others. Consequently, managerial competencies are considered as important predictors of business success (Markman, 2007; Mitchelmore & Rowley, 2010).

Table 4.54: Managerial Competence

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.43	0.173		14.088	.000
Managerial competence	0.276	0.053	0.384	5.198	.000

$Y = 2.43 + 0.276X_5$

Where Y = Growth of top 100 SMEs

X_5= Managerial Competence

Regression coefficients in Table 4.54, revealed that there was a positive and significant relationship between Managerial Competence and growth (r=0.276, p=0.000). This was supported by a calculated t-statistic of 5.198 which is larger than the critical t-statistic of 1.96. The results agree with Mitchelmore and Rowley (2010) assert certain managerial competencies are essential factors in the success and growth of the firm. According to the resource-based theory, the resources or competencies of a firm which make it different from others are important for its market success (Hussain et al., 2006). Human capital (competencies) is treated as a key factor explaining why some firms outperform others. Consequently, managerial competencies are considered as important predictors of business success (Markman, 2007; Mitchelmore & Rowley, 2010).

Hypothesis testing for Managerial Competence

The fifth Hypothesis tested was:

H_05: There is no relationship between Managerial Competence and the growth of mid-sized enterprises in Kenya

The hypothesis was tested by using simple linear regression and determined using p-value (Table 4.54). The acceptance/rejection criteria was that, if the p value is greater than 0.05, we fail to reject the Ho_5 but if it's less than 0.05, the Ho_1 is rejected. Therefore the null hypothesis is that there is a significant relationship between Managerial Competence and the growth of mid-sized enterprises in Kenya. Results in Table 4.54 show that the p-value was 0.000. This was supported by a calculated t-statistic of 5.198 which is larger than the critical t-statistic of 1.96. The null hypothesis was therefore rejected. The study, therefore, adopted the alternative hypothesis that there is a significant relationship between Managerial Competence and the growth of mid-sized enterprises in Kenya.

These findings are consistence with those of Mitchelmore and Rowley (2010) assert certain managerial competencies are essential factors in the success and growth of the firm. According to the resource-based theory, the resources or competencies of a firm which make it different from others are important for its market success (Hussain et al., 2006). Human capital (competencies) is treated as a key factor explaining why some firms outperform others. Consequently, managerial competencies are considered as important predictors of business success (Markman, 2007; Mitchelmore & Rowley, 2010).

4.15.6 Overall Regression Model

The results presented in Table 4.55 present the overall fitness model used of the regression model in explaining the study phenomena.

Table 4.55: Model Fitness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.627	0.394	0.374	0.402443

Independent variables were found to be satisfactory in explaining growth of mid-sized enterprises in Kenya. This is supported by coefficient of determination also known as the R square of 39.4%. This means that all the independent variables explain 39.4% of the variations in the dependent variable which is growth of mid-sized enterprises in Kenya. The results agree with the study characteristics (Ho & Koh, 1992). Koh (1996) believes autonomy is a necessary requirement for successful entrepreneurship, since entrepreneurs have a higher degree of self-governance relative to non-entrepreneurs (Ho & Koh, 1992

Table 4.56: Analysis of the Variance

	Sum of Squares	df	Mean Square	F	Sig.
Regression	15.985	5	3.197	19.739	0.000
Residual	24.618	152	0.162		
Total	40.603	157			

Table 4.56 provides the results on the analysis of the variance (ANOVA). The results indicate that the overall model was statistically significant. Further, the results imply that autonomy, proactiveness, managerial competence, innovativeness and risk taking are good predictors of growth of mid-sized enterprises in Kenya. This was supported by an F statistic of 19.739 and the reported p value (0.000) which was less than the conventional probability of 0.05 significance level.The results agree with that of Mitchelmore and Rowley (2010) assert certain managerial competencies are essential factors in the success and growth of the firm. According to the resource-based theory, the resources or competencies of a firm which make it different from others are important for its market success (Hussain et al., 2006). Human capital (competencies) is treated as a key factor explaining why some firms outperform others. Consequently, managerial competencies are considered as important predictors of business success (Markman, 2007; Mitchelmore & Rowley, 2010).

Regression of coefficient results is presented in Table 4.57.

Table 4.57: Regression of coefficient

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.460	0.295		1.557	0.122
Autonomy	0.163	0.047	0.233	3.431	0.001
Innovativeness	0.171	0.051	0.215	3.338	0.001
Risk taking	0.104	0.045	0.164	2.338	0.021
proactiveness	0.180	0.048	0.25	3.774	0.000
Managerial competence	0.206	0.046	0.287	4.438	0.000

$Y = 0.460 + 0.163X_1 + 0.171X_2 + 0.104X_3 + 0.180X_4 + 0.206 X_5$

Where Y =Growth of top 100 SMEs.

X_1 = Autonomy

X_2 = Innovativeness

$X_3 =$ Risk Taking

$X_4 =$ Proactiveness

$X_5 =$ Managerial Competence

Regression of coefficients showed that autonomy and growth had a positive and significant relationship (r=0.163 p=0.001). The results agree with that by (Lumpkin & Dess, 2005). It also reflects the strong desire of a person to have freedom in the development of an idea and in its implementation (Huang & Li, 2009).

The results also revealed that innovativeness and growth had a positive and significant relationship (r=0. 171, p=0.001).The results agrees with those of Hult, Hurley and Knight (2004) suggested that innovativeness plays a significant role in solving business problems and challenges regardless of market turbulence, which in turn provides firms with the ability to succeed. Similarly, Otero-Neira, Lindman et al. (2009) emphasized the importance of innovation in creating a firm's competitiveness that will lead to superior performance. By increasing commitment to innovative products or processes, firms can renew their operations in marketplace and improve their profitability (Dess & Lumpkin, 2005).

The results also revealed that risk taking and consumer buying behavior had a positive and significant relationship (r= 0.104, p=0.021). The results agrees with Lumpkin and Dess (2001), a firm's stage of development determines its risk tendencies, therefore, risk taking can be at an individual level trait (Sitkin & Pablo, 2002; Brockhaus, 1980) or a firm-level orientation (Baird & Thomas, 2005). Furthermore, Palmer and Wiseman (2009) distinguished between managerial risk, which relates to choices associated with uncertain outcomes, and organizational risks, which involves volatile income streams. Moreover, firms differ in terms of their organizational and governance structures, and risk-taking may be higher in some organizational contexts than in others, as Agency theorists argue (Eisenhardt, 2009; Fama & Jensen, 2003; Wiseman & Gomez-Meija, 2008; Zajac & Westphal, 2004.

117

Moreover, the results also showed that proactiveness and growth behavior had a positive and significant relationship (r=0.180, p=0.000).The result also agreed with Hughes and Morgan (2007) found that at the embryonic stage of firm growth, proactiveness was a critical factor that affected firm performance improvement.

Lastly, the results also showed that managerial competence and growth behavior had a positive and significant relationship (r=0.206, p=0.000).The results were consistence with study by Boyatzis (2002), managerial competencies characterize a person who manages a company or a team of workers. These contribute to successful fulfillment of a task. Therefore managerial competencies are understood as observable characteristics such as knowledge, skills or behavior patterns that contribute to the successful fulfillment of managerial tasks (Markman, 2007; Mitchelmore & Rowley, 2010; Talik et al., 2012).

Hypothesis testing for moderating role of Industry experience

The sixth Hypothesis tested was:

H_06: Industry experience does not moderate growth of mid-sized enterprises in Kenya.

The sixth objective of the study was to determine the industry experience moderating influence on growth of mid-sized enterprises in Kenya. All the independent variables were moderated by the variable industry expert requirements to give a composite (interaction term). The results presented in Table 4.58 shows model the fitness for a regression model after moderation.

Table 4.58: Model Fitness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	0.738	0.545	0.267	0.435513

The R^2 before moderation was 39.4% but after moderation the R^2 increased to 54.5%. This implies that industry experience increase the growth of mid-sized enterprises in Kenya. Further the moderating term has significance with P value 0.000<0.05. This implies that industry experience moderates the overall effect of explanatory variable growth in top 100 enterprises in Kenya.

Table 4.59: Analysis of Variance

	Sum of Squares	df	Mean Square	F	Sig.
Regression	11.773	5	2.355	12.414	.000
Residual	28.83	152	0.19		
Total	40.603	157			

A regression model was run after moderation. The results are presented in Table 4.58. The regression coefficients of the variables are presented according to the effect on the overall model. Mitchelmore and Rowley (2010) assert certain managerial competencies are essential factors in the success and growth of the firm. According to the resource-based theory, the resources or competencies of a firm which make it different from others are important for its market success (Hussain et al., 2006). Human capital (competencies) is treated as a key factor explaining why some firms outperform others. Consequently, managerial competencies are considered as important predictors of business success (Markman, 2007; Mitchelmore & Rowley, 2010).

Table 4.60: Regression of Coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.412	0.123		19.55	0.000
Autonomy	0.021	0.013	0.182	1.661	0.099
Innovativeness*M	0.007	0.014	0.058	0.492	0.623
Risk taking*M	0.01	0.013	0.087	0.738	0.462
Proactiveness*M	-0.009	0.013	-0.089	-0.709	0.479
Managerial competence*M	0.047	0.014	0.358	3.278	0.001

Y = 2.412 +0.021X$_1$*M+ 0.007 X$_2$*M +0.01 X$_3$*M -0.009X$_4$*M+ 0.047X$_5$*M

Where Y = Growth of top 100 SMEs

X$_1$ = Autonomy

X$_2$ = Innovativeness

X$_3$ = Risk factors

X$_4$ = Proactiveness

X$_5$ = Managerial competence

M= Industry experience (Moderator)

The sixth Hypothesis tested was that Industry experience does not moderate growth in top 100 enterprises in Kenya. Results are presented in Table 4.61.

Table 4.61: Analysis of Variance

	Sum of Squares	df	Mean Square	F	Sig.
Regression	11.773	5	2.355	12.414	.000
Residual	28.83	152	0.19		
Total	40.603	157			

The null hypothesis was that industry experience does not moderate growth in top 100 SMEs in Kenya. Results in Table 4.61 shows that the p-value was 0.000, while F statistics was 12.414. This indicated that the null hypothesis was rejected hence industry experience moderates growth of mid-sized enterprises in Kenya. This finding is consistent with that of Mitchelmore and Rowley (2010) who asserted that certain managerial competencies are essential factors in the success and growth of the firm. According to the resource-based theory, the resources or competencies of a firm which make it different from others are important for its market success (Hussain et al., 2006). Human capital (competencies) is treated as a key factor explaining why some firms outperform others. Consequently, managerial

competencies are considered as important predictors of business success (Markman, 2007; Mitchelmore & Rowley, 2010).

4.16 Summary of Hypotheses

The summary results of the hypotheses are presented in Table 4.62.

Table 4.62: Summary of Hypotheses

Objective No	Objective	Hypotheses	Rule	p-value	Comment
Objective 1	To analyze how autonomy influences the growth of Top 100 Enterprises in Kenya.	Ho: autonomy does not influence growth in top 100 enterprises in Kenya.	Reject Ho if p value <0.05	p<0.05	The null hypothesis was rejected; therefore autonomy influence growth in top 100 enterprises in Kenya
Objective 2	To establish the effect of innovativeness on growth of Top 100 Enterprises in Kenya.	Ho: innovativeness does not influence growth in top 100 enterprises in Kenya.	Reject Ho if p value <0.05	p<0.05	The null hypothesis was rejected; therefore innovativeness influence growth in top 100 enterprises in Kenya
Objective 3	To assess the influence of risk taking on growth of Top 100 Enterprises in Kenya.	Ho: risk taking does not influence growth in top 100 enterprises in Kenya.	Reject Ho if p value <0.05	p<0.05	The null hypothesis was rejected; therefore risk taking influence growth in top 100 enterprises in Kenya
Objective 4	To evaluate the influence of proactiveness on growth of Top 100 Enterprises in Kenya.	Ho: proactiveness does not influence growth in top 100 enterprises in Kenya.	Reject Ho if p value <0.05	p<0.05	The null hypothesis was rejected; therefore proactiveness influence growth in top 100 enterprises in Kenya
Objective 5	To evaluate the influence of managerial competence on growth of Top 100 Enterprises	Ho: managerial competence does not influence growth in top 100 enterprises in Kenya.	Reject Ho if p value <0.05	p<0.05	The null hypothesis was rejected; therefore managerial competence influence growth in top 100 enterprises in Kenya

Objective No	Objective	Hypotheses	Rule	p-value	Comment
	in Kenya. .				
Objective 6	To determine the Industry experience moderating influence on growth of top 100 enterprises in Kenya.	Ho: Industry experience does not moderate the relationship between entrepreneurial orientation and the growth of Top 100 Enterprises in Kenya. .	Reject Ho if p value <0.05	P<0.05	Industry experience moderates the relationship between entrepreneurial orientation and the growth in top 100 enterprises in Kenya

4.17: Model Optimization

All independent variables were found to be significant and thus there was no need of dropping. The independent variables were rearranged in order of their contribution to the dependent variable. Results of the new conceptual framework are presented in Figure 4.10.

Independent Variables

Managerial Competence
- Knowledge
- Skills or behavior patterns
- Personality Characteristics

Proactiveness
- Opportunity Seeking
- Future Demand anticipation
- Forward-Looking Perspective

Dependent Variable

Growth of SMEs
- Expansion in volume of business
- Value Addition
- Revenue Generation

Innovativeness
- New products or services
- Technological leadership
- Research and development

Autonomy
- Self financial discipline
- Self market awareness
- Own managerial skills

Industry Experience
- Managers years of experience in the industry
- Level of management

Risk Taking
- New Markets,
- Borrowing Heavily
- New Ventures

Moderating Variable

Figure 4.10: Revised Conceptual Framework

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a summary of the findings from the analysis, the conclusions and the recommendations. This was done in line with the objectives of the study which were; to determine relationship between autonomy and the growth of mid-sized enterprises in Kenya, to establish relationship between innovativeness and growth of mid-sized enterprises in Kenya, to assess the relationship between risk taking and growth of mid-sized enterprises in Kenya, to evaluate the relationship between proactiveness and growth of mid-sized enterprises in Kenya, to evaluate the relationship between managerial competence and growth of mid-sized enterprises in Kenya and lastly, to establish the moderating effect of industry experience on the relationship between entrepreneurial orientation and the growth of mid-sized enterprises in Kenya.

5.2 Summary of Major Findings

This section contained the summary of the findings which was done per objective. The objectives were; to determine relationship between autonomy and the growth of mid-sized enterprises in Kenya, to establish relationship between innovativeness and growth of mid-sized enterprises in Kenya, to assess the relationship between risk taking and growth of mid-sized enterprises in Kenya, to evaluate the relationship between proactiveness and growth of mid-sized enterprises in Kenya, to evaluate the relationship between managerial competence and growth of mid-sized enterprises in Kenya and lastly, to establish the moderating effect of industry experience on the relationship between entrepreneurial orientation and the growth of mid-sized enterprises in Kenya.

5.2.1 Autonomy

The first objective was to determine relationship between autonomy and the growth of mid-sized enterprises in Kenya. Autonomy was found to be satisfactory in explaining growth of mid-sized enterprises in Kenya. The ANOVA results indicated that the model was statistically significant. Further, results showed that autonomy is a good predictor of growth of mid-sized enterprises in Kenya.

Regression of coefficients showed that self-financial discipline and growth had a positive and insignificant relationship (r=0.229, p=0.000). The results also revealed that self-market awareness and growth had a positive and significant relationship. The results also revealed that managerial skills and growth had a positive and significant relationship. The results also revealed that the entrepreneur's critical decisions and growth had a positive and significant relationship. Finally the results also showed that entrepreneur change in business and growth had a negative and significant relationship.

5.2.2 Innovativeness

The second objective was to establish relationship between innovativeness and the growth of mid-sized enterprises in Kenya. Innovativeness was found to be satisfactory in explaining growth of mid-sized enterprises in Kenya. The ANOVA results indicated that the model was statistically significant. Further, results showed that innovativeness is a good predictor of growth of mid-sized enterprises in Kenya.

Regression of coefficients results showed that entrepreneur creativity and growth had a positive and significant relationship (r=0.243, p=0.000). The results also revealed that experimentation services and growth had a negative and insignificant relationship. The results also revealed that technological adoption and growth had a negative and significant relationship .The results also revealed that increase business volume and growth had a positive and insignificant relationship. The results also

showed that research development and growth had a positive and significant relationship.

5.2.3 Risk taking

The third objective was to assess the relationship between risk taking and the growth of mid-sized enterprises in Kenya. Risk taking was found to be satisfactory in explaining growth of mid-sized enterprises in Kenya. The ANOVA results indicated that the model was statistically significant. Further, results showed that Risk taking is a good predictor of growth of mid-sized enterprises in Kenya.

Regression of coefficients results showed that entrepreneur bold actions and growth had a positive and significant relationship (r=0.219, p=0.000). The results also revealed that new markets and growth had a negative and insignificant relationship .The results also revealed that successful owner and growth had a positive and significant relationship.

5.2.4 Proactiveness

The forth objective was to evaluate the relationship between proactiveness and growth of mid-sized enterprises in Kenya. Proactiveness was found to be satisfactory in explaining growth of mid-sized enterprises in Kenya. The ANOVA results indicated that the model was statistically significant. Further, results showed that proactiveness is a good predictor of growth of mid-sized enterprises in Kenya.

Regression of coefficients showed that opportunity entrepreneur and growth had a positive and significant relationship (r=0.245, p=0.000). The results also revealed that entrepreneur value addition and growth had a negative and insignificant relationship. The results also revealed that forward looking entrepreneur and growth had a positive and insignificant relationship. The results also revealed that proactive entrepreneurs and growth had a positive and insignificant relationship.

5.2.5 Managerial Competence

The fifth objective was to establish the relationship between Managerial Competence and growth of mid-sized enterprises in Kenya. Managerial competence was found to be satisfactory in explaining growth of mid-sized enterprises in Kenya. The ANOVA results indicated that the model was statistically significant. Further, results showed that Managerial Competence is a good predictor of growth of mid-sized enterprises in Kenya.

Regression of coefficients showed that knowledge and growth had a positive and significant relationship (r=0.276, p=0.000). The results also revealed that conceptual skills and growth had a positive and significant relationship .The results also revealed that intellectual skills and growth had a positive and significant relationship.

5.2.6 Industry Experience

The sixth objective was to establish the moderating effect of industry experience on the relationship between entrepreneurial orientation and the growth of mid-sized enterprises in Kenya. All the independent variables were moderated by the variable industry experience to give a composite (interaction term). The R-Square increased after moderation. This implies that industry experience increase the growth of mid-sized Enterprises in Kenya. Further the moderating term was significance. This implies that industry experience moderates the overall effect of explanatory variable on the growth of mid-sized enterprises in Kenya.

5.3 Conclusion

5.3.1 Autonomy

The first objective was to determine relationship between autonomy and the growth of mid-sized enterprises in Kenya. The study concluded that there was a positive relationship between autonomy and growth. Autonomy is an essential entrepreneurial characteristic that is related to other psychological characteristics. It is a necessary

requirement for successful entrepreneurship, since entrepreneurs have a higher degree of self-governance relative to non-entrepreneurs. Entrepreneurs that display autonomous behaviour base their feelings on the fact that they can conquer all necessary challenges on their path to success and still attain their desired goal. The results concede with (Ho & Koh, 1992). Entrepreneurs that display autonomous behaviour base their feelings on the fact that they can conquer all necessary challenges on their path to success and still attain their desired goal.

5.3.2 Innovativeness

The second objective was to establish relationship between innovativeness and growth of mid-sized enterprises in Kenya. The study concluded that that there was a positive relationship between innovativeness and growth. Innovativeness reflects a firm's ability to engage is an essential entrepreneurial characteristic that is related to other psychological characteristics that innovativeness has a positive and significant effect on growth. Innovativeness reflects a firm's ability to incorporate new ideas and creative processes that may result in new products, markets, or technological process. Innovation is a crucial part of a strategy and that entrepreneurship cannot exist without it. It plays a significant role in solving business problems and challenges regardless of market turbulence, which in turn provides firms with the ability to succeed. The results were consistent with Mirela (2008), the necessary conditions for accomplishing a successful innovation are: the existence of a clear strategy; the availability of all essential resources for the innovation effort; the realistic evaluation of individual's innovation potential; the detailed knowledge of market demand, the anticipation of future needs; the evaluation of innovation projects criteria; the maintenance of a close contact with beneficiaries; and the settings for limited periods of accurate objectives to which all innovating efforts should be dedicated to.

5.3.3 Risk Taking

The third objective was to assess the relationship between risk taking and growth of mid-sized enterprises in Kenya. Based on the results of the study it was concluded

that that there was a positive relationship between risk taking and growth. Entrepreneurship is the propensity to undertake any venture of which the outcome is shrouded in a state of uncertainty, hence making it risky .According to Producers in the market economy are divided into two classes; hired people (people who receive fixed wages) and entrepreneurs (working for one's own self). The uncertainty and riskiness of self-employment are major factors that alienate entrepreneurs from hired workers. Therefore, the concept of risk-taking is a quality that is frequently used to describe entrepreneurship. The results agree with by Miller and Friesen (2008) defined risk-taking as the degree to which managers are willing to make large and risky resource commitments, that is, those which have a reasonable chance of costly failures.

5.3.4 Proactiveness

The forth objective was to evaluate the relationship between proactiveness and growth of mid-sized enterprises in Kenya. Based on the study findings, it was concluded that there was a positive relationship between proactiveness and growth. It is taking initiative by anticipating and pursuing new opportunities related to future demand and by participating in emerging markets. Being a proactive firm is demonstrated by a firm's awareness and responsiveness to market signals. It is an opportunity-seeking, forward-looking perspective characterized by the introduction of new products and services ahead of the competitions and acting in anticipation of future demand. It involves entrepreneurial activity to antedate imminent prospects, both in terms of products or technologies as well as in markets and consumer demand. It brings about change in an environment by predicting trends through the exploration of opportunities, hence the introduction of new products and services.

5.3.5 Managerial Competencies

The fifth objective was to establish the relationship between Managerial Competence and growth of mid-sized enterprises in Kenya. The study concludes that there was a positive relationship between Managerial competencies and growth. Managerial

competencies characterize a person who manages a company or a team of workers. These contribute to successful fulfillment of a task. Therefore managerial competencies are understood as observable characteristics such as knowledge, skills or behavior patterns that contribute to the successful fulfillment of managerial tasks.

5.3.6 Industry Experience

The sixth objective was to establish the moderating effect of industry experience on the relationship between entrepreneurial orientation and the growth of mid-sized enterprises in Kenya. The study concluded that Industry experience moderates the relationship between entrepreneurial orientation and growth in mid-sized enterprises in Kenya. All the independent variables were moderated by the variable industry expert to give a composite (interaction term). The R-Square increased after moderation. Therefore, the study concluded that industry experience moderates the relationship between entrepreneurial orientation and growth of mid-sized enterprises in Kenya. This finding is consistent with that of Mitchelmore and Rowley (2010) who asserted that certain managerial competencies are essential factors in the success and growth of the firm. According to the resource-based theory, the resources or competencies of a firm which make it different from others are important for its market success (Hussain et al., 2006). Human capital (competencies) is treated as a key factor explaining why some firms outperform others. Consequently, managerial competencies are considered as important predictors of business success (Markman, 2007; Mitchelmore & Rowley, 2010).

5.4 Recommendations

Every study findings has certain implications on policy and practice. Based on the results, findings and conclusions the following recommendations have been proposed.

5.4.1 Autonomy

It was found out that there was a positive relationship between autonomy and growth. Therefore, the study recommends for mid-sized enterprises to consider autonomy in their enterprises programs since they are very crucial. This will enable entrepreneurs to make decisions and to proceed with actions independently, without any restrictions from the organization. It will also reflect the strong desire of a person to have freedom in the development of an idea and in its implementation.

5.4.2 Innovativeness

It was found out that there was a positive relationship between innovativeness and growth. To tap into higher sales-opportunity by enterprises, the study recommend for the enterprises to understand ability to engage in new ideas and creative processes that may result in new products, markets, or technological process. Innovativeness will play a significant role in solving business problems and challenges regardless of market turbulence, which in turn provides firms with the ability to succeed.

5.4.3 Risk Taking

It was found out that there was a positive relationship between risk taking and growth. Therefore, the study recommends for the enterprises to have a strong entrepreneurial behaviour attracted to projects of higher level of risk to get higher level of return. This behaviour will result in higher performance as the firm is willing to capture market opportunities so as to improve on their revenue performance.

5.4.4 Proactiveness

It was found out that there was a positive relationship between proactiveness and growth. Therefore, the study recommends for enterprises to embrace proactiveness since it is usually associated with high profits, as well as a head start in creating brand recognition .Similarly, this construct is associated with leadership, as such a proactive firm "has the will and foresight to seize new opportunities. The results agrees with

Lumpkin and Dess (1996) distinguished between them, suggesting that proactiveness reflects a firm's reaction to opportunities in the market place whereas competitive aggressiveness refers to a firm's response to a competitor's challenges.

5.4.5 Managerial Competencies

It was found out that there was a positive relationship between Managerial competencies and growth. Therefore, the study recommends for enterprises to embrace managerial competence since it is the most cost-effective way to secure employee abilities and contribute to successful fulfillment of a task. The results agree with Mitchelmore and Rowley (2010) assert certain managerial competencies are essential factors in the success and growth of the firm. According to the resource-based theory, the resources or competencies of a firm which make it different from others are important for its market success (Hussain et al., 2006). Human capital (competencies) is treated as a key factor explaining why some firms outperform others. Consequently, managerial competencies are considered as important predictors of business success (Markman, 2007; Mitchelmore & Rowley, 2010).

5.4.6 Industry experience

Finally, it was found that Industry experience moderates the relationship between entrepreneurial orientation and growth of mid-sized enterprises in Kenya. It is recommended that enterprises should align their internal policies with that of the industry experience. Industry experience is prompted to increase the growth of an enterprises .Since it combine skills necessary for the advancement of the enterprises.

5.4.7 Recommendation for Policy Makers

The study recommends the policy makers should formulate policies that can create awareness on strategic role of industry experience in enterprises as it facilitates growth of the enterprises. From the findings of the study it is important for policy makers in the industrialization sector to ensure that there is alignment in the training

colleges at the national level to enable entrepreneurs acquire the necessary skills during training which may later enable them manage their enterprises.

5.5 Suggestions for Further Research

The study only focused on the determinants of growth of mid-sized enterprises in Kenya. Thus the same study can be conducted in different sectors like bank industry especially in micro banks. The finding obtained will be used for comparison purposes with the findings of the current study.

Further, this study was restricted to autonomy, innovativeness, Risk taking, managerial competence as the only determinants of growth. Thus further studies can include other factors like self-efficacy, integrity and commitment. The study was limited to Kenya only. Further research should focus on the replication of the same study in other countries so as to compare and contrasts the findings.

REFERENCES

Abor, J., & Quartey, P. (2010). Issues in SME development in Ghana and South Africa. *International Research Journal of Finance and Economics*, *39*(6), 215-228.

Acosta, A. S., Crespo, Á. H., & Agudo, J. C. (2018). Effect of market orientation, network capability and entrepreneurial orientation on international performance of small and medium enterprises (SMEs). *International Business Review*, *27*(6), 1128-1140.

Adejimi, A., Oyediran, O. S., & Ogunsanmi, E. B. (2010). Employing Qualitatively Enriched Semi Structured Questionnaire in Evaluating ICT Impact on Nigerian 'Construction Chain Integration'. *The Built & Human Environment Review*, 3(1), 49-62.

Aghion, P. & Howitt, P., (1992). A Model of Growth through Creative Destruction. *Econometrica 60 (3) 323 – 351.*

Anderson, B. S., & Eshima, Y. (2013). The influence of firm age and intangible resources on the relationship between entrepreneurial orientation and firm growth among Japanese SMEs. *Journal of Business Venturing*, *28*(3), 413-429.

Anderson, B. S., Covin, J. G., & Slevin, D. P. (2009). Understanding the relationship between entrepreneurial orientation and strategic learning capability: an empirical investigation. *Strategic Entrepreneurship Journal, 3*(3), 218-240.

Aris, Y. B. W.,& Jalil, N. A. A. (2015). Antecedents in Developing a Risk Culture in Public Listed Companies (PLCs): Introduction to Enterprise Risk Management (ERM). *In Proceedings of the 1st AAGBS International Conference on Business Management 2014* (AiCoBM 2014) (p. 201-208). Springer, Singapore.

Armstrong, M. (2007). *A Handbook of Human Resource Management Practice*. London: Kogan Page.

Avlonitis, G. J., & Salavou, H. E. (2007). Entrepreneurial orientation of SMEs, product innovativeness, and performance. *Journal of Business Research, 60*(5), 566-575.

Ayuso, S., & Navarrete-Báez, F. E. (2018). How does entrepreneurial and international orientation influence SMEs' commitment to sustainable development? Empirical evidence from Spain and Mexico. *Corporate Social Responsibility and Environmental Management*, *25*(1), 80-94.

Ayyagari, M. (2011*).* Small and medium enterprises across the globe. *Small Business Economics, 29* (4), 415-434.

Babbie, E., & Mouton, J. (2001). *The practice of social science research*. Belmont, CA: Wadsworth.

Bartram, D., Robertson, I. T., & Callinan, M. (2002). Introduction: A Framework for Examining Organizational Effectiveness. In I.T. Robertson, M. Callinan, & D. Bartram (Eds.), *Organizational Effectiveness: The Role of Psychology* (p. 1-12). Chichester, UK: Wiley.

Baumol, W. J. (1968). Entrepreneurship in Economic Theory. *The American economic review,* 58 (2), 64-71.

Beaver, G. (2003). Management and the small firm. *Strategic Change*, *12*(2), 63-68.

Beck, T., & Demirguc-Kunt, A. (2006). Small and medium-size enterprises: Access to finance as a growth constraint. *Journal of Banking & Finance, 30*(11), 2931-2943.

Berger, A. N., & Udell, G. F. (2006). A more complete conceptual framework for SME finance. *Journal of Banking & Finance, 30*(11), 2945-2966.

Bernasconi, A. (2005). University entrepreneurship in a developing country: The case of the P. Universidad Católica de Chile, 1985–2000. *Higher Education, 50*(2), 247-274.

Berry, A. J., Sweeting, R., & Goto, J. (2006). The effect of business advisers on the performance of SMEs. *Journal of Small Business and Enterprise Development, 13*(1), 33-47.

Bibu, N., & Sala, D. (2008). The entrepreneur and external environment role in Sme's competitiveness. *Annals of the University of Craiova, Economic Sciences Series, 7(36).*

Blackman, A. J. (2004). *Entrepreneurs: Interrelationships between their characteristics,*
values, expectations, management practices and SME performance. Griffith University.

Bleeker, I. (2011). *The influence of entrepreneurial orientation on the innovation process: an empirical research on manufacturing SMEs*. Master's Thesis. University of Twente.

Boohene, R., Marfo-Yiadom, E., & Yeboah, M. A. (2012). An empirical analysis of the effect of entrepreneurial orientation on firm performance of auto artisans in the Cape Coast Metropolis. *Developing Country Studies*, *2*(9), 77-86.

Borsboom, D., Mellenbergh, G. J., & van Heerden, J. (2004). The concept of validity. *Psychological review, 111*(4), 1061.

Botha, M., Nieman, G. H., & Van Vuuren, J. J. (2006). Evaluating the women entrepreneurship training programme: a South African study. *International Indigenous Journal of Entrepreneurship, Advancement, Strategy, and Education, 2*(1).

Bouchard, V., Fayolle, A., Bouchard, V., Fayolle, A., Adler, P. S., Kwon, D. W., ... & Emery, Y. (2018). Corporate Entrepreneurship, Knowledge and Competence Development. In *Corporate Entrepreneurship* (Vol. 27, No. 1, pp. 1-4). Boston, MA: Chicago University Press.

Bowen, M., Morara, M., & Mureithi, S. (2009). Management of business challenges among small and micro enterprises in Nairobi-Kenya. *KCA journal of Business Management, 2*(1), 16-31.

Boyatzis, R.E. (2002). *The competent manager: a model for effective performance.*

New York: John Wiley and Sons.

Brockhaus, R. H. (2008). Risk taking propensity of entrepreneurs. *Academy of management Journal*, *23*(3), 509-520.

Brunt, C., & Akingbola, K. (2019). How Strategic are Resource-Dependent Organisations? Experience of an International NGO in Kenya. *The European Journal of Development Research*, *31*(2), 235-252.

Bulanova, O., Isaksen, E. J., & Kolvereid, L. (2016). Growth aspirations among women entrepreneurs in high growth firms. *Baltic Journal of Management*, *11*(2), 187-206.

Bwisa, H. M., & Ndolo, J. M. (2011). Culture as a factor in entrepreneurship development: A case study of the Kamba culture of Kenya. *International Journal of Business Management*, *1*(1), 20-29.

Callaghan, C.W. (2009). *Entrepreneurial Orientation and Entrepreneurial Performance. Town: Central Johannesburg Informal Sector Street Traders.* (Unpublished phD thesis).

Cantillon, R. (1734). *Essay on the Nature of General Commerce.* Henry Higgs, Trans.). London: Macmllan.

Capozza, C., & Divella, M. (2018). Human capital and firms' innovation: evidence from emerging economies. *Economics of Innovation and New Technology*, 1-17.

Castillo, J. J. (2009). *Research population*. Retrieved-13/7/2017, from https://www.google.com/search?q=Research+population.+&ie=utf-8&oe=utf-8&client=firefox-b

Churchill, G. A., & Iacobucci, D. (2002). *Test Bank and Transparency Masters to Accompany Marketing Research*: *Methodological Foundation*s. Harcourt College Pub.

Chye Koh, H. (1996). Testing hypotheses of entrepreneurial characteristics: A study of Hong Kong MBA students. *Journal of managerial Psychology, 11*(3), 12-25.

Collis, J., & Hussey, R. (2013). *Business research: A practical guide for undergraduate and postgraduate students*. Town: New York; Palgrave, Macmillan.

Cooper, D. R., & Schindler, P. S. (2003). *Business research methods*. (10th ed.). New York: McGraw-Hill.

Coulthard, M. (2007). *The role of entrepreneurial orientation on firm performance and the potential influence of relational dynamism.* Melbourne; Monash University Faculty of Business and Economics.

Covin, J. G., & Lumpkin, G. T. (2011). Entrepreneurial orientation theory and research: Reflections on a needed construct. *Entrepreneurship Theory and Practice, 35*(5), 855-872.

Covin, J. G., & Slevin, D. P. (1988). The influence of organization structure on the utility of an entrepreneurial top management style. *Journal of management studies, 25*(3), 217-234.

Covin, J.G, & Wales, W.J. (2011). The measurement of entrepreneurial orientation. *Entr and Prac, 1*(1): 1-26.

Covin, J.G. & Miles, M.P. (2011). Corporate entrepreneurship and the pursuit of competitive advantage. *Entrepreneurship Theory and Practice*, 23(3), 47–64.

Cruickshank, P., & Eden, S. (2005). Entrepreneurial gender gap in New Zealand. *Journal of Small Business & Entrepreneurship, 18*(4), 423-436.

Day, G. S, & Wensley R. (2008). Assessing advantage: a framework for diagnosing competitive superiority. *Journal of Marketing*, (52), 1–20.

De Klerk, G. J., & Havenga, J. J. D. (2004). SME networks and clusters and their impact on economic growth: An exploratory overview of Africa. *Value Creation in Entrepreneurship and SMEs/Wertgenerierung durch Unternehmertum und KMU, Rencontres de St-Gall.* North-West University (Potchefstroom Campus), South Africa.

Dess, G. G., & Lumpkin, G. T. (2005). The role of entrepreneurial orientation in stimulating effective corporate entrepreneurship. *The Academy of Management Executive, 19*(1), 147-156.

Dobbs, M., & Hamilton, R. T. (2007). Small business growth: recent evidence and new directions. *International journal of entrepreneurial behavior & research, 13*(5), 296-322.

Eriksson, P., & Kovalainen, A. (2008). *Qualitative methods in business research*. London: Sage.

Fatoki, O. (2014). The Entrepreneurial Orientation of Micro Enterprises in the Retail Sector in South Africa. *J Sociology Soc Anth, 5*(2): 125-129.

Flick, U. (2008). *Managing quality in qualitative research*. London: Sage.

George, B. A., & Marino, L. (2011). The epistemology of entrepreneurial orientation: Conceptual formation, modeling, and operationalization. *Entrepreneurship Theory and Practice, 35*(5), 989-1024.

Georgiadis, M. P., Johnson, W. O., & Gardner, I. A. (2005). Sample size determination for estimation of the accuracy of two conditionally independent tests in the absence of a gold standard. *Preventive veterinary medicine, 71*(1), 1-10.

Geroski, P. (2002). The growth of firms in theory and in practice. Competence, Governance and Entrepreneurship, 10(1), 168-186.

Government of Kenya. (2014).Strategy for Economy Recovery for Wealth and Employment, 2013-2014, April.

Gredel, D., Kramer, M., & Bend, B. (2012). Patent-based investment funds as innovation intermediaries for SMEs: In-depth analysis of reciprocal interactions, motives and fallacies. *Technovation, 32*(9), 536-549.

Hall, P. A. (2001). *Varieties of capitalism*. John Wiley & Sons, Inc.

Hayat, N., & Riaz, M. T. (2011). *The influence of the SMEs top-level managers' leadership styles and their entrepreneurial orientation on the business performance*.

Hernández-Perlines, F., Moreno-García, J., & Yáñez-Araque, B. (2017). Family firm performance: the influence of entrepreneurial orientation and absorptive capacity. *Psychology & Marketing*, *34*(11), 1057-1068.

Ho, T. S., & Koh, H. C. (1992). Differences in psychological characteristics between entrepreneurially inclined and non-entrepreneurially inclined accounting graduates in Singapore. Entrepreneurship, Innovation and Change: *An International Journal, 1*(2), 243-254.

Huang, J. W., & Li, Y. H. (2009). The mediating effect of knowledge management on social interaction and innovation performance. *International Journal of Manpower, 30*(3), 285-301.

Hughes, M., & Morgan, R. E. (2007). Deconstructing the relationship between entrepreneurial orientation and business performance at the embryonic stage of firm growth. *Industry Marketing Management, 36*(5), 651-661.

Hughes, P., Hodgkinson, I. R., Hughes, M., & Arshad, D. (2018). Explaining the entrepreneurial orientation–performance relationship in emerging economies: The intermediate roles of absorptive capacity and improvisation. *Asia Pacific Journal of Management*, *35*(4), 1025-1053.

Hult, G. T. M., Hurley, R. F., & Knight, G. A. (2004). Innovativeness: Its antecedents and impact on business performance. *Industry Marketing Management*, *33*(5), 429-438.

Islam, M. A., Khan, M. A., Obaidullah, A. Z. M., & Alam, M. S. (2011). Effect of entrepreneur and firm characteristics on the business success of small and medium enterprises (SMEs) in Bangladesh. *International Journal of Business and Management, 6*(3) 289.

Kambwale, J. N., Chisoro, C., & Karodia, A. M. (2015). Investigation into the causes of small and medium enterprise failures in Windhoek, Namibia. *Oman Chapter of Arabian Journal of Business and Management Review*, *34*(2603), 1-30.

Kavale, S., Mugambi, F., & Namusonge, G. (2016). The Effects Of Product Differentiation Strategy on Corporate Growth In Selected Microfinance Institutions In Kenya. *International Journal for Research In Business, Management And Accounting (ISSN: 2455-6114)*, *2*(6), 13-28.

Kibassa, F. M. (2012). The Role of Small and Micro Enterprises (SMEs) on Government. *Journal of Economics and Sustainable Development, 3*(8), 1-7.

Kimuyu. P. (2014). Micro level Institutions and Revenue Generations: Insights from

Kingsley, A. C. (2009). *Entrepreneurship and bank credit rationing in Ghana*. Unpublished PhD. thesis, Durham University, UK.

KIPPRA. (2014).Legal Constraints on SME growth and Access to Finances in Kenya: Survey results: Special report. Nairobi: Kenya Institute for Public Policy Research and Analysis

Kirby, D. A. (2004). Entrepreneurship education: can business schools meet the challenge? *Education+ training, 46*(8/9), 510-519.

Kirzner, I. (1997). *Perception, Opportunity and Profile*. Chicago: Chicago University, Chicago Press.

Kitchenham, B., & Pfleeger, S. L. (2002). Principles of survey research: part 5: populations and samples. *ACM SIGSOFT Software Engineering Notes, 27*(5), 17-20.

Knight, G. A. (1997). Cross-cultural reliability and validity of a scale to measure firm entrepreneurial orientation. *Journal of business venturing, 12*(3), 213-225.

Koschke, R. (2018). Industrial experience on code clean-up using architectural conformance checking. In *Proceedings of the 12th European Conference on Software Architecture: Companion Proceedings* (p. 48). ACM.

Krasniqi, B. A. (2007). Barriers to entrepreneurship and SME growth in transition: the case of Kosova. *Journal of Developmental Entrepreneurship, 12*(01), 71-94.

Kropp, F., Lindsay, N. J., & Shoham, A. (2008). Entrepreneurial orientation and international entrepreneurial business venture startup. *International Journal of Entrepreneurial Behavior & Research, 14*(2), 102-117.

Kuckertz, A., Klumpp, M., Zelewski, S., & Kollmann, T. (2010). Firm Level Entrepreneurship and Operations Management: Enabling Flexible Responses to Changing Market Demands, 24. *Research in Entrepreneurship and Small Business Conference,* November 17-19, Maastricht, Niederlande.

Kusumawardhani, A., McCarthy, G., & Perera, N. (2009). *Framework of entrepreneurial orientation and networking: a study of SMEs performance in a developing country*. Retrieved on 13/7/2017 from https://scholar.google.com/scholar?q=Kusumawardhani%2C+A.%2C+McCarth y%2C+G.%2C+%26+Perera%2C+N.+%282009%29.+Framework+of+entrepre neurial+orientation+and+networking%3A+a+study+of+SMEs+performance+in +a+developing+country.&btnG=&hl=en&as_sdt=0%2C5

Lecuna, A., Cohen, B., & Chavez, R. (2017). Characteristics of high-growth entrepreneurs in Latin America. *International Entrepreneurship and Management Journal*, *13*(1), 141-159.

Liao, J., Welsch, H., & Stoica, M. (2003). Organizational absorptive capacity and responsiveness: an empirical investigation of growth oriented SMEs. *Entrepreneurship Theory and practice, 28*(1), 63-85.

Ligthelm, A. (2010). Entrepreneurship and small business sustainability. *Southern African Business Review, 14* (3), 131-153.

Ligthelm, A. A. (2008). A targeted approach to informal business development: the entrepreneurial route. *Development Southern Africa, 25*(4), 367-382.

Lima, S. F. A., Teixeira, R. M., Dantas, C. F., & Almeida, M. A. (2018). Public Entrepreneurship and Entrepreneurial Orientation in Federal Education Institutions/Empreendedorismo Publico E Orientacao Empreendedora Em Instituicoes Federais De Ensino. *Revista de Ciencias da Administracao*, *20*(50), 44-61.

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.

Lumpkin, G. T., & Dess, G. G. (2001). Linking two dimensions of entrepreneurial orientation to firm performance: The moderating role of environment and industry life cycle. *Journal of business venturing, 16*(5), 429-451.

Lumpkin, G. Thomas, and Gregory G. Dess. (2007): "Linking two dimensions of entrepreneurial orientation to firm performance: The moderating role of environment and industry life cycle." *Journal of business venturing* 16, no. 5 429-451.

MacCrimmon, K.R., & Wehrung, D.A. (2006). *Taking Risks: The Management of Uncertainty*. New York: Free Press.

Mahmood, R., & Hanafi, N. (2013). Entrepreneurial orientation and business performance of women-owned small and medium enterprises in Malaysia: Competitive advantage as a mediator. *International Journal of Business and Social Science, 4*(1), 82-90.

Mahohoma, T. (2018). The impact of entrepreneurial competencies on the performance of SMEs in the eThekwini Municipal Region, KwaZulu-Natal, South Africa (Doctoral dissertation).

Mappigau, P., & Agussalim, M. (2013). Human Capital and survival of small scale food processing firms under economic crisi in Central Java, Indonesia. *Journal of Human Resource and Entrepreneurship Development 5* (1): 1-23.

Margahana, H., & Negara, S. T. (2019). Self Efficacy, Self Personality And Self Confidence On Entrepreneurial Intention: Study On Young Enterprises. *Journal of Entrepreneurship Education*, *22*(1).

Markman, G. D. (2007). Entrepreneur's competencies, in *The psychology of entrepreneurship,* eds: Baum, J. R., Frese, M. and Baron, R., A., Mahwah, London: Lawrence Erlbaum Assoc.

Marshall, C., & Rossman, G. B. (2006). *Designing qualitative research Sage*. Thousand Oaks, CA: SAGE.

Marvel, M. R., & Lumpkin, G. T. (2007). Technology entrepreneurs' human capital and its effects on innovation radicalness. *Entrepreneurship Theory and Practice*, *31*(6), 807-828.

Masurel, E., & Van Montfort, K. (2006). Life Cycle Characteristics of Small Professional Service Firms. *Journal of Small Business Management, 44*(3), 461-473.

McClelland, D. (1973). Testing for competence rather than for "intelligence.

American Psychologist, 28(1), 1-14.

McClelland, D. (2003). Testing for competence rather than for "intelligence". *American Psychologist, 28(1), 1-14.*

McCourt, W., & Eldridge, D. (2003). *Global human resource management: managing people in developing and transitional countries.* Manchester: Edward Elgar Publishing, UK.

McGee, J. E., Peterson, M., Mueller, S. L., & Sequeira, J. M. (2009). Entrepreneurial self-efficacy: refining the measure. *Entrepreneurship theory and Practice, 33*(4), 965-988.

Milgo, E. C. (2017). Effect Of The Micro And Small Enterprise Act 2012 On The Growth Of Youth-Owned Smes In Nairobi Cbd, Kenya.

Miller, D. & Friesen, P.H. (2008). Innovation in conservative and entrepreneurial firms: Two models of strategic momentum. *Strategic Management Journal, 3,* 1–25.

Miller, D. (1983). *The correlates of entrepreneurship in three types of firms. Man Sci, 29(7): 770-791.*

Miller, D., & Le Breton–Miller, I. (2017). Sources of entrepreneurial courage and imagination: Three perspectives, three contexts.

Miller, N. J., Besser, T. L., & Sattler Weber, S. (2010). Networking as marketing strategy: a case study of small community businesses. *Qualitative Market Research: An International Journal, 13*(3), 253-270.

Miner, J. B., & Raju, N. S. (2004). *Risk propensity differences between managers and entrepreneurs and between low-and high-growth entrepreneurs: a reply in a more conservative vein.* Retrieved on 13/7/2017 from https://scholar.google.com/scholar?q=Miner%2C+J.+B.%2C+%26+Raju%2C+N.+S.+%282004%29.+Risk+propensity+differences+between+managers+and+entrepreneurs+and+between+low-and+high-growth+entrepreneurs%3A+a+reply+in+a+more+conservative+vein.&btnG=&hl=en&as_sdt=0%2C5

Mirela, B. (2008). Innovation-the characteristic tool of entrepreneurs. *Economic Science Series, 17*(4), 135-138.

Mitchelmore, S. and Rowley, J. (2010). Entrepreneurial competencies: A literature review and development agenda. *International Journal of Entrepreneurial Behaviour & Research, 16(2),* 92-111.

Mokaya, S. O. (2012). Corporate Entrepreneurship and Organizational Performance Theoretical Perspectives, Approaches and Outcomes. *International Journal of Arts and Commerce, 1*(4), 133-143.

Moreno, A. M., & Casillas, J. C. (2007). High-growth SMEs versus non-high-growth SMEs: a discriminant analysis. *Entrepreneurship and Regional Development, 19*(1), 69-88.

Moreno, A. M., & Casillas, J. C. (2008). Entrepreneurial orientation and growth of SMEs: A causal model. *Entrepreneurship Theory and Practice, 32*(3), 507-528.

Mugenda, O. M., & Mugenda, A. G. (2008). *Research methods: Quantitative and qualitative approaches.* Nairobi: ACTS Press.

Muthee-Mwangi, A. M. & Ngugi, K. (2014). Influence of entrepreneurial orientation on growth of micro and small enterprises in Kerugoya, Kenya. *European Journal of Business Management 1,* (2). 1-228.

Namusonge, A., Mukulu, E., & Mokaya, S. (2017). Relationship between Strategic Product Development Practices and Financial Performance of Telecommunication Firms in Kenya. *International Journal of Academic Research in Business and Social Sciences*, *7*(11), 309-326.

Naranjo-Valencia, J. C., Calderón-Hernández, G., Jiménez-Jiménez, D., & Sanz-Valle, R. (2018). Entrepreneurship and innovation: Evidence in colombian SMEs. In *Handbook of Research on Intrapreneurship and Organizational Sustainability in SMEs* (pp. 294-316). IGI Global.

Neneh, B. N. (2011). *The impact of entrepreneurial characteristics and business practices on the long term survival of small and medium enterprises (SMEs).* Unpublished PhD thesis, University of the Free State, Free town, South Africa.

Ngugi, J.K. (2013). *Influence of Intellectual Capital on the Growth of Small and Medium.* Unpublished PhD thesis, University of Nairobi, Nairobi, Kenya.

Nouskali, K. (2019). Entrepreneurial Cognition & Opportunity Scanning In Digital Entrepreneurship.

Odunayo, T. O. (2014). *Challenges Faced by Entrepreneurs and the Performance of Small and Medium Scale (SMEs) in Nigeria: An Intellectual Capital Issue*.

Osoro, W. N. (2012). *Entrepreneurial Orientation Effects on Business Performance of Small and Medium Enterprises in Information Technology Sector in Nairobi.* Unpublished PhD thesis, Jomo Kenyatta University of Agriculture and Technology, Nairobi, Kenya.

Otero-Neira, C., Tapio Lindman, M., & Fernández, M. J. (2009). Innovation and performance in SME furniture industries: An international comparative case study. *Marketing Intelligence & Planning, 27*(2), 216-232.

Pasanen, M. (2006, July). *SME growth strategies: A comparison of young and long-lived firms. In International Conference on Business and Information, Academy of Taiwan Information Systems Research*, Singapore, 12-14.

Penrose, E. T. (1959). *The theory of the growth of the firm*. New York: Sharpe.

Pérez-Luño, A., Wiklund, J., & Cabrera, R. V. (2011). The dual nature of innovative activity: How entrepreneurial orientation influences innovation generation and adoption. *Journal of Business Venturing, 26*(5), 555-571.

Plamen, P. & Salopaju, A. (2011). *Entrepreneurial Competencies Needed by Managers in their Work*. Unpublished Master Thesis within Business Administration, Jönköping University, Eksjö, Sweden.

Puffer, S. M., McCarthy, D. J., & Boisot, M. (2010). Entrepreneurship in Russia and China: The impact of formal institutional voids. *Entrepreneurship Theory and Practice,* 34(3), 441-467.

Rauch, A., & Frese, M. (2009). Psychological approaches to entrepreneurial success: A general model and an overview of findings. *International review of Industry and organizational psychology*, *1(5)*, 101-142.

Rauch, A., Wiklund, J., Lumpkin, G. T., & Frese, M. (2009). Entrepreneurial orientation and business performance: An assessment of past research and suggestions for the future. *Entrepreneurship Theory and Practice, 33*(3), 761-787.

Rauch, A., Wiklund, J., Lumpkin, G.T., & Frese, M., (2009), Entrepreneurial orientation and business performance: an assessment of past research and suggestions for the future, *Entrepreneurship Theory and Practice* 33 (3), 761–778.

Ribau, C. P., Moreira, A. C., & Raposo, M. (2018). Categorising the internationalisation of SMEs with social network analysis. *International Journal of Entrepreneurship and Small Business*, *35*(1), 57-80.

Robertson, M., Collins, A., Medeira, N., & Slater, J. (2003). Barriers to start-up and their effect on aspirant entrepreneurs. *Education+ Training, 45*(6), 308-316.

Russell Merz, G., & Sauber, M. H. (1995). Profiles of managerial activities in small firms. *Strategic Management Journal, 16*(7), 551-564.

Sakai, H., & Takada, N. (2000). *Developing small and medium-scale enterprises in Vietnam*. Tokyo: Nomura Research Institute.

Saunders, M., Lewis, P., Thornhill, A., & Wang, C. (2009). *Analysing qualitative data. Research methods for business students* (5th ed.). Harlow, Essex, UK: Pearson Education.

Sawers, J. L., Pretorius, M. W., & Oerlemans, L. A. (2008). Safeguarding SMEs dynamic capabilities in technology innovative SME-large company partnerships in South Africa. *Technovation, 28*(4), 171-182.

Schillo, S. (2011). Entrepreneurial Orientation and Company Performance: Can the Academic Literature Guide Managers?. *Technology Innovation Management Review*, *1*(2)20-25.

Schmittmann, V. D., Cramer, A. O., Waldorp, L. J., Epskamp, S., Kievit, R. A., & Borsboom, D. (2013). Deconstructing the construct: A network perspective on psychological phenomena. *New Ideas in Psychology, 31*(1), 43-53.

Schumpeter, J.A. (1934). *The Theory of Economic Development.* Cambridge MA. Harvard University.

Sebora, T. C., & Theerapatvong, T. (2010). Corporate entrepreneurship: A test of external and internal influences on managers' idea generation, risk taking, and proactiveness. *International Entrepreneurship and Management Journal, 6*(3), 331-350.

Sekonopo, P., Mapfaira, H., Moalosi, R., & Molwane, O. (2017). Enhancing Small Medium Enterprises Product Innovation Efficiency. *Development And Innovation*.

Shane, S. (1996). Explaining variation in rates of entrepreneurship in the United States: 1899–1988. *Journal of Management*, *22*(5), 747-781.

Shapero, A. and Sokol, L., (1982). The social dimensions of entrepreneurship. In: C. A. Kent, D. L. Sexton & K. H. Vesper, eds. *Encyclopedia of Entrepreneurship.*

Shohibul, A., Sarjiyanto, S., & Sarwoto, S. (2019). Are SME's Product and Local Government Programs (OVOP) Coherent?. *JEJAK: Jurnal Ekonomi dan Kebijakan*, *12*(1), 100-126.

Siagi, A. N., Mukulu, E., & Waititu, G. A. (2014). Effect of management attitude towards guidance and counselling programme on the performance of commercial banks in Kenya. *International Journal of Social Sciences and Entrepreneurship, 1*(9), 165-182.

Sibanda, O. (2012). *An Assessment of the Contribution of Small and Medium Scale Enterprises (SMEs) to the Manufacturing Sector in Small Urban Centres of Zimbabwe: A Case Study of SMEs in Bindura Town*. Retrieved from 13/7/2017 https://scholar.google.com/scholar?q=Sibanda%2C+O.+%282012%29.+An+Ass essment+of+the+Contribution+of+Small+and+Medium+Scale+Enterprises+%2 8SMEs%29+to+the+Manufacturing+Sector+in+Small+Urban+Centres+of+Zim babwe%3A+A+Case+Study+of+SMEs+in+Bindura+Town.&btnG=&hl

Sigh, S. P., Reynolds, R. G., & Muhammad, S. (2001). A gender-based performance analysis of micro and small enterprises in Java, Indonesia.*Journal of Small Business Management*, *39*(2), 174.

Solikahan, E. Z., & Mohammad, A. (2019). Development of Entrepreneurial Orientation. *International Journal of Applied Business and International Management*, *4*(1), 31-37.

Spencer, L. & Spencer, S. (2003). *Competence at Work: Models for Superior Performance*. New York: John Wiley & Sons, Inc.

Sriprasert, P. (2013). The Effect of Entrepreneurial Orientation on the Success of Community Enterprise: A Study of Nakhon Si Thammarat, Thailand. *International Proceedings of Economics Development and Research*, 59, 158.

Storey, J. (Ed.). (2006). *Cultural theory and popular culture: A reader*. University of Georgia Press.

Sułkowski, Ł. (2016). Family Enterprise from the Perspective of Paradigms of Organizational Theory. *Redakcja naukowa: Andrzej Marjański, Marcela Rebeca Contreras Loera*, 31.

Swedberg, R. (2000). *Entrepreneurship. The Social Science View*. Oxford: Oxford University Press.UK.

Talik, E., Laguna, M., Wawrzenczyk-Kulik, M., Talik, W., Wiacek, G., Vingoe, G., Huyghe, P. (2012). The Astra-Manager tool: A method of measuring competencies of micro firm's managers. *Human Resource Management*

Research, 2 (2) 9-14.

Taylor, F.W. (1911). *The Principles of Scientific Management*. London: Harper and Brothers.

Thanasegaran, G. (2009). Reliability and validity issues in research. *Integration &Dissemination, 4*(4) 35-40.

Thornhill, S. (2006). Knowledge, innovation and firm performance in high-and low-technology regimes. *Journal of Business Venturing, 21*(5), 687-703.

Tien, D. N., Aho, A. M., & Uden, L. (2014). Developing Innovative Training for Business Managers: I-SME Project between Finland and Vietnam. In The 8th *International Conference on Knowledge Management in Organizations* (567-578). Springer, Netherlands.

Timming, A. R. (2011). What do tattoo artists know about HRM? Recruitment and selection in the body art sector. *Employee Relations, 33*(5), 570-584.

Timmons, J. A., Spinelli, S., & Ensign, P. (2010). *New venture Creation: Entrepreneurship for the 21st Century* (Canadian Edition). McGraw-Hill Ryerson.

Turner III, D. W. (2010). Qualitative interview design: A practical guide for novice investigators. *The qualitative report, 15*(3), 754.

Urban, B., & Naidoo, R. (2012). Business sustainability: empirical evidence on operational skills in SMEs in South Africa. *Journal of Small Business and Enterprise Development, 19*(1), 146-163.

Vaghely, I. P., & Julien, P. A. (2010). Are opportunities recognized or constructed?: An information perspective on entrepreneurial opportunity identification. *Journal of Business Venturing, 25*(1), 73-86.

Wales, W., Gupta, V. K., Marino, L., & Shirokova, G. (2019). Entrepreneurial orientation: International, global and cross-cultural research. *International Small Business Journal*, *37*(2), 95-104.

Warmbrod, J. R. (2001). *Conducting, interpreting, and reporting quantitative research*. New York: Russell Sage Foundation.

Wiklund, J. (2006). The sustainability of the entrepreneurial orientation–performance relationship. *Entrepreneurship and the growth of firms*,7(3) 141-155.

Wink, R. (2010). Restructuring European aeronautics SMEs: the role of formal examination knowledge. *International Journal of Technology Management, 50*(3/4), 380-392.

Winsler, A., Madigan, A. L., & Aquilino, S. A. (2005). Correspondence between maternal and paternal parenting styles in early childhood. *Early Childhood Research Quarterly, 20*(1), 1-12.

Wright, P. M. and McMahan, G. C. (2011). Exploring human capital: putting 'human' back into strategic human resource management. *Human Resource Management Journal, 21*(2): 93–104.

Wright, P., Kroll, M., Pray, B., & Lado, A. (1995). Strategic orientations, competitive advantage, and business performance. *Journal of Business Research*, *33*(2), 143-151.

Yang, C. W. (2008). The relationships among leadership styles, entrepreneurial orientation, and business performance. *Managing Global Transitions, 6*(3), 257-275.

Zhang, H., Ding, D., & Ke, L. (2019). The Effect of R&D Input and Financial Agglomeration on the Growth Private Enterprises: Evidence from Chinese Manufacturing Industry. *Emerging Markets Finance and Trade*, 1-16.

Zikmund, G.W., Babin, B.J., Carr, C.J. & Griffin, M. (2008). *Business Research Methods* (8th ed.). Free town: South-Western, Cengage Learning.

APPENDICES

Appendix I: Letter of Introduction

Dear Respondent,

<u>RE: RESEARCH DATA COLLECTION</u>

I am a postgraduate student of Jomo-Kenyatta University of Agriculture and Technology (JKUAT) pursuing a Doctor of Philosophy. I am currently collecting data for my research project on **"The strategic role of industry experience on the relationship between Entrepreneurial Orientation and growth of KPMG Top 100 Enterprises in Kenya".** In view of the above, I am humbly requesting you to cooperate in answering the questionnaire/responding to the questions which I will provide in the questionnaires attached here-with. Kindly read the accompanying instructions and respond to the questions as provided for. I also request you to provide me with the necessary documentation and information regarding hedging practices of your firm. This will help me collect the necessary data which will help me in carrying out the analysis, hence, achieve the objectives of the study.

The information that you will provide will remain confidential and will be used exclusively for this research and not for any other purpose whatsoever. Your response and cooperation in this matter will be highly appreciated. Thank you in advance,

Yours Faithfully,

Peris N. Ng'aru

Date _____

Appendix II: Questionnaire

This questionnaire has statements regarding the strategic role of industry experience on the relationship between Entrepreneurial Orientation and growth of Top 100 Enterprises in Kenya. Kindly take few minutes to complete the questionnaire as guided. Your responses will be handled confidentially and ethically.

Thank you for agreeing to participate in this academic study.

SECTION A: GENERAL /DEMOGRAPHIC DATA

1. Kindly indicate your gender
   a) Male ☐
   b) Female ☐

2. Please indicate the highest level of education you have ever attained

   a) Secondary level ☐

   b) College level ☐

   c) Degree level ☐

   d) Post graduate level ☐

   e) Doctorate level ☐

   f) Others (specify)--

3. How many years have you worked as a manager?

   a) Less than 2 years ☐

   b) 3 to 5 years ☐

   c) Over 5 years ☐

4. Kindly indicate the position you are occupying?

   a) Top management ☐

   b) Mid -level management ☐

   c) Operations manager ☐

   d) Low level management ☐

   f) Others (specify) _____

SECTION B: SMEs Growth

This section aims at establishing the levels of growth of SMEs.

1. Please indicate your agreement or otherwise with the following statements using the following likert scale.

No	Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
		1	2	3	4	5
5	My business has increased profitability since its openings					
6	My business has expanded in the number of customers served					
7	My business has expanded in terms of product/services produced					
8	The quality of products we produce is high.					
9	We have increased access to financial resources					
10	Financial capital of the business has tremendously increased					

What is the rate of growth of your enterprise?

High   ( )

Moderate   ( )

Low   ( )

In your opinion, what are the factors that influence growth of your enterprise?…………………………………………………………………………
…

SECTION C: Autonomy and Growth of SMEs

Please indicate your agreement or otherwise with the following statements using the following likert scale.

No	Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
		1	2	3	4	5
1	Self-financial discipline is critical to the revenue creation					
2	Self-market awareness is important to the business expansion					
3	Having managerial skills helps entrepreneurs to grow their businesses in term of value addition					
4	SMEs perform better when entrepreneur make own critical decisions					
5	Entrepreneur who respond to change in business dynamics grow their business than those that don't.					

In your opinion do you think your individual managerial capacity has led to the growth of your enterprise?

    a) Yes   (   )   No   (   )

If Yes, please explain other ways that autonomy can influence the growth of your enterprise……………………………………………………………………………………

……………………………………………………………………………………………

SECTION D: Innovativeness and Growth of SMEs

Please indicate your agreement or otherwise with the following statements using the following likert scale.

No	Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
		1	2	3	4	5
1	Entrepreneurs should be willingness to support creativity in order to increases volume of business					
2	Experimentation and introduction of new products or services lead to increased value addition					
3	Technological adoption is good for entrepreneur					
4	Technological adoption leads to increase of businesses volume					
5	Research and development is key to any business					
6	Research and development is improves profitability of business					

In your opinion, to what extent does innovation influence growth of an enterprise?...

....

How have you incorporated innovation in your business development? Has it influenced   the growth…………………………………………………………………..

How else can innovativeness of entrepreneurs influence the growth of your enterprise………………………………………………………………………………

…………………………………………………………………………………………

SECTION E: Risk taking and Growth of SMEs

Please indicate your agreement or otherwise with the following statements using the following likert scale.

No	Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
		1	2	3	4	5
1	Tendency of entrepreneurs to take bold actions can increase volume of business					
2	Entrepreneur who enter unknown new markets are likely to grow their businesses					
3	Entrepreneur who commit a large portion of resources to ventures with uncertain outcomes grow in business					
4	Successful business owner borrow to invest					

.Are you a risk taker? To what level do you think you can take the risk?...

....

...

To what extend do you think risk taking has contributed to your enterprise growth?...

....

...

How else has your risk taking influenced the growth of your enterprise?…………………………………………………………………………………

……………………………………………………………………………………………

Section F: Proactiveness and Growth of SMEs

No	Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
		1	2	3	4	5
1	Opportunity Seeking entrepreneur generates a lot of revenue for their business					
2	Entrepreneur who anticipates future demand increases value addition for their businesses					
3	Forward-looking perspective of an entrepreneur leads to high profitability					
4	Entrepreneur who evaluate new opportunities, and monitor market trends increases markets base of their businesses					
5	Proactive entrepreneur always remains ahead of their competitors					

Do you consider yourself proactive in your enterprise matters and by what extent?

……………………………………………………………………………………………

………………………………………………………………………………………

If you consider yourself proactive, how does it influence the growth of your

enterprise……………………………………………………………………………………

……………………………………………………………………………………………

………………………………………

Section G: Managerial Competence and Growth of SMEs

No	Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
		1	2	3	4	5
1	The knowledge of the owner manager influences the growth of the enterprise.					
2	The conceptual skills of the owner manager influences the growth of the enterprise.					
3	The intellectual skills of the owner manager influences the growth of the enterprise.					
4	The interpersonal skills of the owner manager influences the growth of the enterprise.					
5	The personality characteristics of the owner manager influences the growth of the enterprise.					

In your opinion, does managerial competence influence the growth of SMEs?

  i. Yes

 ii. No

If Yes, how?...
....
....
...

Section H: Moderating Effect of Industry Experience

Please indicate your agreement to the following statements.

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	1	2	3	4	5
The number of year in the previous employment influences the relationship between entrepreneurial orientation and growth of SMEs.					
The level of management in the previous employment influences the relationship between entrepreneurial orientation and growth of SMEs.					

In your opinion, does industry experience moderate the relationship between entrepreneurial Orientation and the growth of SMEs?

   i. Yes

   ii. No

If Yes, how? ……………………………………………………………………

Appendix III: List of Top 100 Enterprises in Kenya

1	AAR CREDIT
2	ACE AUTOCENTRE LTD
3	AFRICA BIOSYSTEMS LIMITED
4	AFRICA PRACTICE EA Ltd
5	AFRICA TEA BROKERS LTD
6	AIRTOUCH COOLING SYSTEMS
7	ALEXANDER FORBES FINANCIAL SERVICES EA Ltd
8	ALLWIN AGENCIES (K) LTD
9	ALLWIN PACKAGING INTL Ltd
10	ALPHA MEDICAL MANUFACTURES LTD
11	ALPINE COOLERS LTD
12	AMAR DISTRIBUTORS LTD
13	AMAR HARDWARE LTD
14	AMEX AUTO & INDUSTRIES HARDWARE Ltd
15	APEX COMMUNICATION LTD
16	ARAMEX KENYA LTD
17	ARK CONSTRUCTION
18	ASL CREDIT LTD
19	ASLAN ADVENTURE
20	ATLAS PLUMBERS AND BUILDERS
21	AVTECH SYSTEMS LIMITED
22	AXEL ENGINEERING AND MANUFACTURING LTD
23	BBC AUTO SPARES LTD
24	BELL ATLANTIC COMMUNICATION
25	BIODEAL LABORATORIES LTD
26	BISELEX (K) LTD
27	BLUEKEY SOFTWARE SOLUTIONS (K) Ltd
28	BRAND LIMITED
29	BROGIIBRO COMPANY LTD
30	BROLLO KENYA LTD
31	BTB INSURANCE
32	CANON ALUMINIUM FABRICATORS LTD
33	CANON CHEMICALS LTD
34	CAPITAL COLOURS C. D LTD
35	CAPITAL COLOURS CREATIVE DESIGN LTD
36	CARE CHEMISTS
37	CATALYST TRAVELS LIMTED
38	CHARLSTONE TRAVEL LIMITED

39	CHEMICALS & SCHOOL SUPPLIES LTD.
40	CHEMSERVE CLEANING SERVICES LIMITED
41	CHIGWELL HOLDINGS LTD
42	CHUMA FABRICATORS LIMITED
43	CIRCUIT BUSINESS SYSTEMS
44	CLASSIC MOULDINGS LIMITED
45	COAST INDUSTRYS & SAFETY SUPPLIES LTD
46	COMPLAST INDUSTRIES LTD
47	COMPUTER PLANET LTD
48	CONINX INDUSTRIES LTD
49	CONTINENTAL PRODUCTS
50	CONVENTIONAL CARGO CONVEYORS Ltd
51	CREATIVE EDGE LTD
52	CROWN FOODS LTD
53	CUBE MOVERS LIMITED
54	DALCO KENYA LTD
55	DAWA LTD
56	DE RUITER EAST AFRICA LTD
57	DEEPA INDUSTRIES LIMITED
58	DESBRO ENGINEERING LTD
59	DESIGN CORPORATE LTD
60	DEVSONS INDUSTRIES Ltd
61	DHARAMSHI LAKHAMSHI & CO / Dalco Kenya
62	DIGITAL CITY LTD
63	DIGITAL DEN LTD
64	DISTRIBUTED COMMUNICATION SYSTEMS LTD
65	DUNE PACKAGING LIMITED
66	EAST AFRICAN CANVAS CO. LTD
67	EAST AFRICAN ELEVATOR COMPANY LIMITED
68	EGGEN JOINEX LTD
69	ELDOHOSP PHARMACEUTICALS
70	ELITE TOOLS LTD
71	ENDEAVOUR AFRICA LTD
72	EUREKA TECHNICAL SERVICES LTD
73	EUROCON TILES PRODUCTS LTD
74	EXECUTIVE HEALTHCARE SOLUTIONS Ltd
75	EXPRESS AUTOMATION LTD
76	FAIRVIEW HOTEL LTD
77	FAMIAR GENERATING SYS LTD
78	FARAM EA LTD

79	FAYAZ BAKERS LIMITED
80	FLOORING & INTERIORS LTD
81	FURNITURE ELEGANCE LTD
82	FURNITURE RAMA Ltd
83	GANATRA PLANT & EQUIPMENT LTD
84	GAP MARKETING LTD
85	GENERAL ALUMINIUM FAB LTD
86	GENERAL CARGO SERVICES LTD
87	GINA DIN CORPORATE COMMUNICATIONS
88	GLOBAL TRADE MARKET PLACE
89	HAJAR SERVICES Ltd
90	HARDWARE AND WELDING SUPPLIES
91	HEALTHCARE DIRECT (K) LTD
92	HEALTHY U 2000 Ltd
93	HEBATULLAH BROTHERS LTD
94	HERITAGE FOODS KENYA LTD
95	HOTEL WATERBUCK LIMITED
96	IMPALA GLASS INDUSTRIES LTD
97	IMPAX BUSINESS SOLUTIONS
98	INVESTEQ CAPITAL LTD
99	IRON ART
100	ISOLUTION ASSOCIATES
101	JOGIAN INTERLINK LIMITED
102	JUNGLE MACS EPZ LTD
103	KAMILI PACKERS LIMITED
104	KANDIA FRESH PRODUCE SUPPLIER LTD
105	KARNATAKA WATER PUMPS AFRI LTD
106	KEMA (E.A) LTD
107	KENAPEN INDUSTRIES LTD
108	KENBRO INDUSTRIES LTD
109	KENTONS LTD
110	KENYA BUILDERS & CONCRETE CO LTD
111	KENYA BUS SERVICE MANAGEMENT Ltd
112	KENYA HIGHLAND SEED CO LTD
113	KENYA SUITCASE MFG LTD
114	KENYA SWEETS LTD
115	KEPPEL INVESTMENTS LTD
116	KEVIAN KENYA LTD
117	KINPASH ENTERPRISES LTD
118	KISIMA DRILLING (EA) LTD

119	KUNAL HARDWARE AND STEEL
120	KURRENT TECHNOLOGIES Ltd
121	LACHLAN KENYA LTD
122	LANOR HOLDINGS LIMITED
123	LANOR INTERNATIONAL LTD
124	LANTECH (AFRICA) LIMITED
125	LEAN ENERGY SOLUTIONS LTD.
126	LEE CONSTRUCTION LTD
127	LIMELIGHT CREATIONS LIMITED
128	LOTA AUTOMOBILES LTD
129	MACHINES TECHNOLOGIES (2006) Ltd
130	MADHUPAPER KENYA LTD
131	MANJI FOOD INDUSTRIES LTD
132	MARKETPOWER INTERNATIONAL LTD
133	MASTER POWER SYSTEMS LTD
134	MASTERS FABRICATORS LTD
135	MEGA PACK K Ltd
136	MELVN MARSH INTERNATIONAL LTD
137	MERIDIAN HOLDINGS LTD
138	MIC GLOBAL RISKS INSURANCE BROKERS Ltd
139	MICROSKILLS I.T (K) LTD
140	MOMBASA CANVAS LTD
141	MUKURWEINI WAKULIMA DAIRY LTD
142	MURANGA FORWARDERS LTD
143	MURINGA HOLDINGS LTD
144	MUSEUM HILL WINES LTD
145	NAIROBI ENTERPRISES Ltd
146	NAIROBI GARMENTS ENTERPRISE LTD
147	NATIONWIDE ELECTRICALS INDUSTRIES LIMITED
148	NDUGU TRANSPORT COMPANY
149	NIVAS LTD
150	NORTH STAR COOLING SYSTEMS Ltd
151	NOVEL TECHNOLOGIES EA LTD
152	OASIS LTD
153	OFFICE DYNAMICS LIMITED
154	OIL SEALS & BEARINGS LTD
155	ONE WORLD COURIERS LIMITED
156	ONFON MEDIA LTD
157	OPTIVEN ENTERPRISES Ltd
158	OPTIWARE COMMUNICATIONS LTD

159	ORIENTAL GENERAL STORES LTD
160	PACKAGING MANUFACTURERS(1976) LTD
161	PALBINA TRAVEL LIMITED
162	PANESAR'S KENYA LTD
163	PANESARS KENYA LIMITED
164	PARAPET LIMTED
165	PARAPET LTD
166	PELICAN SIGNS LTD
167	PENTAPHARM LTD
168	PEWIN CABS LIMITED
169	PG BISON KENYA LTD
170	PHARMAKEN LIMITED
171	PHILAFE ENGINEERING LTD
172	PHYSICAL THERAPY SERVICES LTD
173	PINNACLE (K) TRAVEL & SAFARIS
174	PLANNING INTERIORS LTD
175	PLENSER LTD
176	POLYGON LOGISTICS Ltd
177	POLYTANKS LIMITED
178	POWER CONTROLS LTD
179	POWERPOINT SYSTEMS (E.A) LTD
180	PRAFULCHANDRA & BROTHERS LTD
181	PREMIER INDUSTRIES LTD
182	PRINT FAST (K) LTD
183	PROFESSIONAL CLEAN CARE LTD
184	PROFESSIONAL MARKETING SERVICES
185	PROPACK KENYA LTD
186	PUNJANI ELECTRICAL AND INDUSTRY HARDWARE LIMITED
187	PWANI CELLULAR SERVICES LTD
188	PWANI CELLULAR SERVICES Ltd
189	R & R PLASTICS LTD
190	RADAR LIMITED
191	RAEREX (EA) LIMITED
192	RANGECHEM PHARMACEUTICALS LTD
193	RAVENZO TRADING LIMITED
194	RELIABLE ELECTRICAL ENGINEERS(NRB) LTD
195	RONGAI WORKSHOP & TRANSPORT LTD
196	RUPRA CONSTRUCTION CO.
197	RUSHAB PETROLEUM LIMITED
198	SAHAJANAND ENTERPRISE LTD

199	SAHAJANAND STORES LIMITED
200	SAI PHARMACEUTICALS LTD
201	SARACEN MEDIA COMPANY
202	SATGURU TOURS & TRAVEL LTD
203	SBO RESEARCH LTD
204	SEASONS RESTAURANTS & HOTELS LIMITED
205	SECUREX AGENCIES(K) LTD
206	SECURITY WORLD TECHNOLOGY LTD
207	SENSATIONS LIMITED
208	SHADE SYSTEMS E.A Ltd
209	SHEFFIELD STEEL SYSTEMS LTD
210	SHIAN TRAVEL
211	SIGHT AND SOUND COMPUTERS LTD
212	SIGMA SUPPLIERS LTD
213	SILVERBIRDTRAVEL PLUS LTD
214	SKYLARK CONSTRUCTION LTD
215	SKYLARK CREATIVE PRODUCTS LTD
216	SMART BRANDS LIMITED
217	SMART PRINTERS LTD
218	SOFTWARE TECHNOLOGIES LTD
219	SOLLATEK ELECTRONICS LTD
220	SPECIALIZED ALUMINIUM RENOVATORS LTD.
221	SPECICOM TECHNOLOGIES LIMITED
222	SPECICOM TECHNOLOGIES LTD
223	SPECICOM TECHNOLOGIES LTD
224	SPICE WORLD LTD
225	SPRY ENGINEERING CO. Ltd
226	STANTECH MOTORS LTD
227	STATPRINT LTD
228	STILE GAS SUPPLIES Ltd
229	STITCH MASTERS Ltd
230	STOIC FLEET WATCH
231	SUNPOWER PRODUCTS LTD
232	SUPERFOAM LTD
233	SUPREME PHARMACY LIMITED
234	SWIVEL MARKETING
235	SYNERMED PHARMACEUTICALS (K) LTD
236	SYNERMEDICA (KENYA) LIMITED
237	SYNERMEDICA PHARMACEUTICALS (KENYA) LTD
238	TABAKI FREIGHT SERVICES

239	THE PHOENIX LTD
240	THIKA WAX WORKS Ltd
241	TIGER BRANDS KENYA LTD
242	TISSUE KENYA LTD
243	TONONOKA ROLLING MILLS LTD
244	TOOLCRAFTS LIMITED
245	TOTAL OFFICE SOLUTIONS EA Ltd
246	TOTAL SOLUTIONS LTD
247	TRANS BUSINESS MACHINES
248	TRANSPORT & LIFTING SERVICES
249	TRAVEL AFFAIRS LTD
250	TRAVEL CARE LIMITED
251	TRAVELSHOPPE COMPANY LTD
252	TRIDENT PLUMBERS LTD
253	TRINITY PETROLEUM LIMITED
254	TROPIKAL BRANDS AFRIKA
255	TRUFOODS LTD
256	TYPOTECH IMAGING SYSTEMS
257	TYREMASTERS LTD
258	ULTIMATE ENGINEERING LTD
259	UNEEK FREIGHT SERVICES LTD
260	UNES LTD
261	UNION LOGISTICS LTD
262	UNIQUE OFFERS LIMITED
263	UPPERHILL EYE & LASER CENTRE
264	VAJRA DRILL LTD
265	VARSANI BRAKELINING LTD
266	VEHICLE & EQUIPMENT LEASING LTD
267	VICTORIA FURNITURES LTD
268	VINEP FORWARDERS LIMITED
269	VINTAGE AFRICA LIMITED
270	VINTAGE TRAVEL & TOURS SERVICES Ltd
271	VIRGIN TOURS LTD
272	VIRO LOCKS Ltd
273	VISH ELECTRIC LTD
274	VITAFOAM PRODUCTS LTD
275	VIVA PRODUCTLINE LTD
276	VIVEK INVESTMENTS Ltd
277	WARREN CONCRETE LTD
278	WARREN ENTERPRISES LTD

279	WARTSILA EAST AFRICA LTD
280	WAUMINI INSURANCE BROKERS LTD
281	WINES OF THE WORLD LTD
282	WOODBRIDGE GROUP Ltd
283	WOTECH KENYA LIMITED
284	XRX TECHNOLOGIES LIMITED
285	XTREME ADVENTURES LTD
286	YOGI PLUMBERS LTD
287	ZAVERCHAND PUNJA LTD

Source: KPMG Report (2015)

Appendix IV: NACOSTI Permit

THIS IS TO CERTIFY THAT: Permit No : NACOSTI/P/18/37007/21562
MISS. PERIS NJOKI NGARU Date Of Issue : 20th February,2018
of JOMO KENYATTA UNIVERSITY OF Fee Recieved :Ksh 2000
AGRICULTURE AND TECHNOLOGY,
2048-100 Nairobi,has been permitted to
conduct research in *All Counties*

on the topic: *STRATEGIC ROLE OF INDUSTRIAL EXPERIENCE IN THE RELATIONSHIP BETWEEN ENTREPRENEURIAL ORIENTATION AND GROWTH OF ENTERPRISES IN KENYA.*

for the period ending:
20th February,2019

....
Applicant's Signature

G.P Kalerwa
....
Director General
National Commission for Science, Technology & Innovation

Ref: No. **NACOSTI/P/18/57607/21302**

Date: **20th February, 2018**

Peris Njoki Ngaru
Jomo Kenyatta University
of Agriculture & Technology
P.O. Box 62000-00200
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on *"Strategic role of industrial experience in the relationship between entrepreneurial orientation and growth of enterprises in Kenya"* I am pleased to inform you that you have been authorized to undertake research in **all Counties** for the period ending **20th February, 2019.**

You are advised to report to**, the County Commissioners and the County Directors of Education, all Counties** before embarking on the research project.

Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit **a copy** of the final research report to the Commission within **one year** of completion. The soft copy of the same should be submitted through the Online Research Information System.
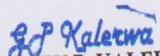
G.P Kalerwa
GODFREY P. KALERWA MSc., MBA, MKIM
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The County Commissioners
All Counties.

The County Commissioners
All Counties.