ENTREPRENEURIAL CHARACTERISTICS AND GROWTH OF SMALL AND MEDIUM ENTERPRISES (SMES) IN KAJIADO COUNTY, KENYA

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ABSTRACT

In Kenya SMEs contribute about 70% to GDP. They are a key pillar to the country’s economic undertakings due to their central role. Notwithstanding the role the SMEs play in the economic development, Kajiado County has continually faced a challenge in the growth of its small and medium enterprises. The main objective of this study was to examine entrepreneurial characteristics and growth of SMEs in Kajiado County, Kenya. The target population comprised 1203 SMEs in Kajiado County stratified into manufacturing, trade and services sectors where proportionate samples of 10% were used to give sample size of 92 SMEs. A regression model was applied to determine the relationship between each of the four variables with respect to growth of SMEs. Data was collected using a semi structured questionnaire which was pilot tested for reliability and validity. Correlation analysis was used to test the direction of relationship between the independent variables and dependent variable. Qualitative data was analyzed using content analysis. Descriptive statistics were analyzed using measures of central tendencies and t-tests. Inferential statistical analysis was done using simple linear regression and multiple regressions using SPSS Version 22 software. The study had a 91% response rate. The four independent variables that were studied explained 94.6% of the growth of SMEs in Kajiado County, Kenya as represented by the $R^2$. The data findings showed that demographic characteristics had a positive influence on growth of SMEs with a Beta coefficient of 0.248 where a unit improvement in demographic characteristics lead to a 0.877 increase in growth of SMEs. Entrepreneurial competencies had a positive influence on growth of SMEs with a Beta coefficient of 0.467 where a unit increase in entrepreneurial competencies lead to a 0.588 increase in growth of SMEs. Entrepreneurial experience had a positive influence on growth of SMEs with a Beta coefficient of 0.082 where a unit increase in entrepreneurial experience lead to a 0.705 increase in growth of SMEs. Entrepreneur personal traits had a significant influence on growth of SMEs with a Beta coefficient of 0.216 where a unit increase in entrepreneur personal traits lead to a 0.299 increase in growth of SMEs. On demographic characteristics, the study concluded that demographic characteristics is significant and has a positive relationship with growth of SMEs where education, age, family background and entrepreneurial knowledge were found to be major demographic characteristics and they influenced growth of SMEs. The study concluded that entrepreneurial competencies was positively correlated with growth of SMEs where perseverance, locus of control, self-efficacy and goal setting were found to be critical entrepreneurial competencies and they influenced growth of SMEs. The study also concluded that entrepreneur personal traits was significant and had a positive relationship with growth of SMEs.
INTRODUCTION

Background of the Study
Growth of SMEs is important considering that it can lead to permanent job creation most especially in developing countries (Glancey, Greig & Pettigrew, 2012). Researchers have linked personality characteristics and entrepreneurship by examining those personality characteristics that could determine who was more likely to become a successful entrepreneur (Byers, Kist & Sutton, 2012). Ernst (2012) asserted that entrepreneurs possessed certain personality characteristics than non-entrepreneurs. Ramón-Llorens, Olmedo-Cifuentes and Madrid-Guijarro (2016) acknowledged that the only main difference between entrepreneurs and non-entrepreneurs is that entrepreneurs want to be in control of their own destiny. They argue that anyone wishing to become successful needs to achieve, and that all achievement elements are found not only in entrepreneurs but also in all successful people (Zhang, 2014). Successful entrepreneurs are individuals who possess a personal quality that enables them to make decisions that have far-reaching effects in conditions of uncertainty (Glancey, Greig & Pettigrew, 2012). In some people, the ability to make such decisions can be achieved through training, while in others, it is inborn.

Kenya’s financial sector has expanded rapidly over the last decade and lending to businesses including small and medium size-enterprises has played a big part. As the Kenyan economy is enjoying a period of relatively high growth, the financial sector’s ongoing ability to channel credit affordably and efficiently to SMEs will be needed to underpin inclusive and sustained economic development (Berg, Totolo & Fuchs, 2015). Despite positive developments over the last few years, the cost of credit for Kenyan SMEs remains high, and there is still considerable room for product innovation in the SME finance space. The large majority of SME loans are overdrafts. While overdrafts can be useful in getting money quickly, they expose SMEs to interest rate and liquidity risks, particularly if overdrafts are used to finance long-term investments. SME lending remains very limited as well, representing a small percentage of the total portfolio, even though the sector is the backbone of the Kenyan economy (Whiteley, 2014).

Growth of Small and Medium Enterprises

Despite the fact that SMEs are among the most important contributors to growth and sustainability of an economy, and bearing in mind that countries worldwide create a number of policy measures to assure the success of SMEs, the failure rate is still high. Research shows 50% of enterprises do not survive the first five years of their life, and the yearly average death rate of companies in the EU is 7% (Marjanova & Stojanovski, 2013). It is notable that in most cases, personal traits, inexperience, incompetence leading to inadequate planning, sales and competitive weakness are identified as the most important factors for failure of SMEs (Smith, 2013).

In Kenya, the SMEs sector employs 74% of the labour force and contributes over 70% of the country’s gross domestic product (GDP) (RoK, 2014). According to OECD (2010), and Garikai (2011), SMEs are defined by the number of workers employed, value of assets and sales turnover. Despite the role played by SMEs, research shows that SMEs encounter a range of problems and
even though close to one million small enterprises are established each year, at least 40% of them close within one year and 80% of them will be out of business within 5 years whereas 96% will be closed by their 10th year (Gerber, 2011).

Statement of the Problem
Kajiado County has continually faced a challenge in the growth of its small and medium enterprises. SMEs face a myriad of problems, which has resulted in stagnation, collapse and delayed graduation to the next level (Ngugi, Gakure & Kahiri, 2013). Further, both formal and informal enterprises have failed to evolve into medium sized firms (Muraguri, 2010). Vertical growth of SMEs has been inhibited resulting to a gap between small and large enterprises and this has created a vacuum thus the ‘missing middle’ aspect has come up (Bunyasi, Bwisa & Namusonge, 2014). Because of these challenges, there is a growing population of idle people, which has escalated social problems. This has led to a negative impact on the growth of SMEs in the county resulting in limited potential to drive the national economy as expected. This implies that survival of SMEs in Kenya is threatened.

Imperative to note is that the success or failure of any business venture largely depends on the characteristic of an entrepreneur yet this at times is overlooked as institutional and firm characteristics are prioritized (Kim & Shin, 2012). Several characteristics common to entrepreneurs that have been identified in entrepreneurship literature include personality, attitudes, behaviours, experiences and skills (Yin, 2013). Researchers have been interested in identifying certain common characteristics that can be used to distinguish entrepreneurs from the general population (Rauch & Frese 2007; Chell 2008). Thus, these characteristics are important in distinguishing between successful and unsuccessful entrepreneurs. Can growth of SMEs be attributed to entrepreneurial characteristics?

Locally, Bunyasi, Bwisa and Namusonge (2014) studied the effect of entrepreneurial finance on the growth of small and medium enterprises in Kenya, Kiraka, Kobia and Katwalo, (2013) examined micro, small and medium enterprise growth and Innovation in Kenya while McOrege, Muiru and Ngugi (2011) examined the influence of innovativeness on the growth of SMEs in Kenya. None of the studies focused on the semi-arid County of Kajiado. Stagnation in growth of SMEs that can be pinned to entrepreneurial characteristics accentuates the need for research in this area thus the study aims to ascertain how characteristics of an entrepreneur influence the growth of SMEs in Kajiado County, Kenya.

Research Objective
This study was carried out to examine the relationship between entrepreneurial characteristics and growth of SMEs in Kajiado County, Kenya.

Specific Objectives
i. To determine how demographic characteristics influences the growth of SMEs in Kajiado County.
ii. To assess the influence of entrepreneurial competencies towards the growth of SMEs in Kajiado County.

iii. To ascertain the extent to which entrepreneurial experience influences growth of SMEs in Kajiado County.

iv. To establish the influence of entrepreneurial personal traits influence growth of SMEs in Kajiado County.

LITERATURE REVIEW

Human Capital Theory

The theory of human capital provides support for the view that demographic characteristics such as age, education, experience, and family background influence the growth of SMEs. In fact, a number of studies suggest a significant relationship between these variables. Consistent with these findings, the following hypotheses regarding the relationship between demographic characteristics and the growth of SMEs are articulated. In the demographic approach, the view is held that entrepreneurship is influenced by social-cultural factors such as age, family background, birth orders, role models, marital status, ethnicity, previous experience and education (Shane & Khurana 2003; Unger et al. 2009). This approach has been successfully applied in entrepreneurship research in predicting intentions as well as business outcomes. Many of the studies which have employed this approach have revealed that previous experience, education and family background predict the intention of individuals to perform various activities (Kang & Jin, 2007).

Competency Theory

Competency theory (Kruger & Dunning, 1999) suggests that non-proficient individuals are less likely than proficient individuals to be able to self-assess their skill set accurately. According to Rana and Javed (2017), maximum performance is believed to occur when the person’s capability or competency is consistent with the needs of the job demands (roles and responsibilities) and the organizational environment, systems and structures. Competencies are framed as abilities related to motive and personality constructs that influence the frequency and intrinsic affective value associated with the execution of specific behaviours and cognitive-affective processes (Kyrö, Seikkula-Leino, & Mylläri, 2014). In this way, competencies not only imply what an individual is capable of doing but what they want to do. Thus for effective prediction of work performance, both of these factors have to be taken into account.

Experiential Learning Theory

Experiential Learning Theory (ELT) has been widely used in management learning research and practice. Building on the foundational works of Lewin (1942) and Dewey (1897) and others, experiential learning theory offers a dynamic theory based on a learning cycle driven by the resolution of the dual dialectics of action/reflection and experience/abstraction. ELT defines learning as “the process whereby knowledge is created through the transformation of experience (Kolb, 1984). The ELT model portrays two dialectically related modes of grasping experience—Concrete Experience (CE) and Abstract Conceptualization (AC) -- and two dialectically related modes of transforming experience—Reflective Observation (RO) and Active Experimentation.
(AE) (Kolb & Kolb, 2007). These two dimensions define a holistic learning space wherein learning transactions take place between individuals and the environment.

McClelland’s Need for Achievement Theory

One of the most widely discussed traits is the need for achievement, which was propounded by McClelland (1961). McClelland (1987) suggests that entrepreneurs should be characterised by their need for achievement (N-Ach). N-Ach is a desire to do well for the sake of an inner feeling of personal accomplishment. According to his theory, individuals with a high need for achievement are those who want to solve problems themselves, set targets, and strive to meet these targets through their own efforts (Kirby, 2003). Risk-taking propensity is also attributed to entrepreneurs and is, therefore, important. This is an aspect of personality that measures people’s willingness to engage in risky activities. The theory was developed within classic economic theory and which suggests that entrepreneurs are risk-takers (Kirby, 2003). In fact, venturing into new fields unavoidably involves a certain degree of risk and, as such, entrepreneurs cannot be averse to risk (Schumpeter, 1934).

Cattell’s Personality Framework

Personality traits and attitudes are intensively investigated. In the field of entrepreneurship research, these concepts have been used by other academics as well in a less accurate way. Personality is considered as a system in relation to the environment and seeks to explain the complicated transactions between these as they produce change and sometimes growth in a person (Barrick & Mount, 1991). Personality is that which tells what a person will do when placed in a given situation. The behavioural response of a person is a function of the situation confronted and the individual’s personality. Most traits theorist de-emphasised the role of situational parameters in influencing behaviour. In those cases the traits do not act as predictor (Ajzen & Fishbein, 1980).

Empirical Review

Demographic Characteristics

Isaga (2015) sought to contribute to the understanding of the demographic factors that influence the growth of Small and Medium-sized Enterprises (SMEs) in Tanzania. A survey method was used to gather data from 300 small business owners and managers located in selected cities in Tanzania. Multiple regression analysis was conducted to analyse the influence of owner-manager demographic factors on the growth of SMEs. Three indicators for growth namely employment, sales and assets were used to measure growth. The results suggest that workshop, vocational training, industrial and managerial experience and family background do influence the growth of SMEs. Entrepreneurial experience and level education successfully completed by the owner-manager are not important in explaining SMEs growth. The results suggest that policy measures that promote workshops, role models and previous experiences may have the greatest impact in terms of helping to facilitate SMEs growth in Tanzania. However, the results are limited to a single survey and the data was collected from only one sector (furniture sector) in Tanzania.
Entrepreneurial Competencies

Van Eeden, Viviers & Venter (2003) sought to identify the management competencies possessed by small business owner – managers in the Nelson Mandela Metropole. Specifically, the study sought to establish the existence of any significant relationships between managerial competencies and selected demographic variables, managerial competencies and perceived success, and lastly to establish the existence of any significant relationship between selected demographic variables and perceived success. The study adopted a quantitative research from positivistic approach, which was concerned with seeking the facts and causes of a phenomenon, is associated with measurement, and produces data that is specific, precise and quantitative. The empirical results indicated that the managerial competencies evident in successful small businesses are planning and administration, strategic action and self-management (balance). A series of factor analyses revealed that the items measuring success loaded onto a single factor and the 60 items pertaining to the various managerial competencies loaded onto nine different factors. These were subsequently named communication; planning and administration; financial planning; teamwork (promotion); teamwork (participation); strategic-action; self-management (conduct); self-management (balance) and self-management (drive/adaptability). Management incompetence was revealed as a major challenge facing the small business sector. The study also revealed that the managerial competencies evident in a successful small business were planning and administration, strategic action and self-management (balance). From this study, it is evident that managerial competencies will in the future have a major impact on small business success. The study recommended that the South African government and small business sector alike should realize that without adequate managerial competencies, the small business sector will be unable to realize its full potential. The heightened awareness of the effects of managerial incompetence could result in South Africa experiencing increased economic growth, social stability and job creation or the country as a whole (Van Eeden, Viviers & Venter, 2003).

Entrepreneurial Experience

Experience could either have a positive or negative impact on entrepreneurs (Janssen, 2003). This is because experience can either help the manager to avoid problems or quickly solve previously encountered problems. Experience can also retard the degree of creativity and adaptability of entrepreneurs by pushing them to stick to solutions that have been tried and tested in the past. According to Storey (2004) early experience in the field of marketing stimulates growth and hence survival of SMEs. Dahlqvist, Davidsson, and Wiklund (2009) studied the influence of experience in firm creation and discovered that experience had a positive influence on growth. While on the other hand, Lee and Tsang (2001) suggested that most literature studies confirmed a positive relationship between the entrepreneur’s prior experience and survival of their businesses. Likewise, work experience is also considered an important factor in entrepreneurial success, especially if the experience is in the specific industry sector of the proposed business venture (Henry et al., 2003). By way of contrast, a study by Brush and Changati (1998) does not confirm the influence of previous functional experience on the growth, so does the study by Siegel, Siegel, and MacMillan (1993) which indicated that the number of years of professional experience in a broad sense is not of decisive importance for growth and survival of SMEs.
Entrepreneurial Personality Traits

The relationship between personality traits and the growth of SMEs is addressed controversially in entrepreneurship research. While some research has concluded that there is a positive relationship between personality traits and business growth (Littunen & Virtanen, 2006; Rauch et al. 2009), other scholars (such as Nair & Pandey, 2006) have concluded there is no such relationship. Recently, some scholars have defended the usefulness of studying the link between personality traits and success (Collins, Hanges & Locke 2004; Rauch & Frese 2007). They emphasize that the personality traits matched to entrepreneurship correlate with entrepreneurial behaviour. Examples of these traits are need for achievement, locus of control, risk-taking propensity, innovativeness, self-efficacy and tolerance for ambiguity.

Growth of SMEs

A number of studies have attempted to develop and test different factors that influence the growth of SMEs. For example, Davidsson (2009) developed a model of small firm growth in which the actual growth is seen to be the function of ability, need and opportunity. His findings suggest that need, ability and opportunity can explain variation in the growth rates among small firms. Likewise, Storey (2004) made a substantial contribution in this area by reviewing previous studies on small firm growth and concluded that there are three key influences upon the growth rate in small firms. These include: characteristics of the entrepreneurs and their access to resources, specific firm characteristics and types of strategy associated with growth. Similarly, Hall (2005) identified seven factors that may determine firm growth. These factors include the personal characteristics of the owner, the availability of outside assistance, motivation, strategic management, marketing policy, financial management and market characteristics.

Research Methodology

Research Design
The study adopted a descriptive research design since the study intends to gather quantitative and qualitative data that established the relationship between entrepreneurial characteristics and growth of SMEs in Kajiado County.

Target Population
The target population for the study comprised 1203 SMEs in Kajiado County where the unit of analysis will be the individual(s) owner/managers while the unit of observation will be the SMEs in Kajiado County.

Sampling Technique
According to Hosmer, Lemeshow & May (2008) and Shirgaonkar, Maclver & Patankar (2008), sample size can be established using the formula given below:

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

Where \( n \) = sample size, \( N \) = population and \( e \) = precision error at 0.1.
The sample size was computed using the above formula to give a convenient sample size of 92 small and medium entrepreneurial ventures in Kajiado County.

**Data Collection Tools and Procedure**

The study collected both primary and secondary data. Primary data was gathered using a self-administered semi-structured questionnaire, which is the only way to elicit self-report on people’s opinion, attitudes, beliefs and values while secondary data was collected from past-published scholarly and authoritative document using desk search techniques.

**Data Analysis and Presentation**

Multiple regression was employed in the analysis of data. The regression equation to be used was:

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon \]

Tables were used to summarize responses for further analysis and facilitate comparison. This generated quantitative reports through tabulations, percentages, and measures of central tendency. Cooper and Schindler (2003) note that the use of percentages is important for two reasons; first they simplify data by reducing all the numbers to range between 0 and 100. Second, they translate the data into standard form with a base of 100 for relative comparisons. This was coupled with content analysis on qualitative issues to generalize the results. Analyzed data was presented in form of tables and charts to facilitate comparison.

**Data Analysis, Presentation and Interpretation**

**Response Rate**

84 out of 92 SMEs in Kajiado County filled in and returned the questionnaire contributing to 91% response rate. This response rate was excellent and representative and conforms to Mugenda and Mugenda’s (2009) stipulation, that a response rate of 50% is adequate for analysis and reporting; a response rate of 60% is good and a response rate of 70% and over is excellent.

**Regression Analysis**

The researcher conducted a multiple regression analysis to examine the relationship between entrepreneurial characteristics and growth of SMEs in Kajiado County, Kenya. The researcher applied the statistical package for social sciences (SPSS) to code, enter and compute the measurements of the multiple regressions for the study.
Table 4.1: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.973</td>
<td>.946</td>
<td>.943</td>
<td>.58162</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), demographic characteristics, entrepreneurial competencies, entrepreneurial experience, entrepreneurial personal traits

b. Growth of SMEs

Coefficient of determination explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable (Growth of SMEs) that is explained by all the four independent variables (demographic characteristics, entrepreneurial competencies, entrepreneurial experience and entrepreneurial personal traits). The four independent variables that were studied, explain only 94.6% of the Growth of SMEs as represented by the R2. This therefore means that other factors not studied in this research contribute 5.4% of Growth of SMEs. Therefore, further research should be conducted to examine the relationship between entrepreneurial characteristics and growth of SMEs.

ANOVA

The significance value is 0.0000, which is less than 0.05 thus the model is statistically significant in predicting demographic characteristics, entrepreneurial competencies, entrepreneurial experience and entrepreneurial personal traits. The F critical at 5% level of significance was 7.9. Since F calculated is greater than the F critical (value = 371.662), this shows that the overall model was significant.

Table 4.2: ANOVA (Analysis of Variance)

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>502.902</td>
<td>4</td>
<td>125.725</td>
<td>371.662</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>28.754</td>
<td>83</td>
<td>.338</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>531.656</td>
<td>87</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), demographic characteristics, entrepreneurial competencies, entrepreneurial experience, entrepreneurial personal traits

b. Growth of SMEs
Coefficient of Determination

The researcher conducted a multiple regression analysis so as to determine the relationship between Y and the four variables. The equation \( Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon \) becomes:

\[
Y = 2.976 + 0.877X_1 + 0.588X_2 + 0.705X_3 + 0.299X_4 + \varepsilon
\]

According to the regression equation established, taking all factors (demographic characteristics, entrepreneurial competencies, entrepreneurial experience, and entrepreneurial personal traits) into account to be constant at zero, growth of SMEs will be 2.976. The data findings analyzed also show that taking all other independent variables at zero, a unit improvement in demographic characteristics will lead to a 0.877 increase in growth of SMEs. Demographic characteristics had a positive influence on growth of SMEs with a Beta coefficient of .248.

This is in agreement with a set of studies, which argue that older managers are more likely to be successful in their firms than younger managers since older managers are more experienced and have gone through many challenges, which make them strong and confident (Harada, 2003). Thus, in accordance with the previous findings, it can be said that whilst younger managers may have more energy to work, they lack the entrepreneurial experience. On the other hand, older managers may have much experience, but they lack sufficient energy to work. Cortes, Garcia and Ramon (2008) argued that while older proprietors are likely to be more experienced than younger ones, they may also be less inclined or less able to make their firms grow.

From the study findings, a unit increase in entrepreneurial competencies will lead to a 0.588 increase in growth of SMEs. Entrepreneurial competencies had a positive influence on growth of SMEs with a Beta coefficient of .467. This is in agreement with Van Eeden, Viviers & Venter, 2003 who found that management incompetence to be a major challenge facing the small business sector. The study also revealed that managerial competencies would in the future have a major impact on small business success.

A unit increase in entrepreneurial experience will lead to a 0.705 increase in growth of SMEs. Entrepreneurial experience had a positive influence on growth of SMEs with a Beta coefficient of .082. This is in agreement with Storey (2004) who found that early experience stimulates growth and hence survival of SMEs. Dahlqvist, Davidsson, and Wiklund (2009) also discovered that experience had a positive influence on growth of SMEs.

A unit increase in entrepreneurial personal traits will lead to a 0.299 increase in growth of SMEs. Entrepreneurial personal traits had a significant influence on growth of SMEs with a Beta coefficient of .216. These findings are in agreement with Collins, Hanges and Locke 2004; Rauch and Frese (2007) who have defended the usefulness of studying the link between personality traits and success of SMEs. They emphasize that the personality traits matched to entrepreneurship correlate with entrepreneurial behaviour.
Table 4.3: Coefficient of Determination

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized</th>
<th>Standardized</th>
<th>T</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Standard error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>2.976</td>
<td>0.172</td>
<td>2.985</td>
<td>0.004</td>
</tr>
<tr>
<td>Entrepreneurial competencies</td>
<td>0.588</td>
<td>0.019</td>
<td>0.467</td>
<td>5.796</td>
</tr>
<tr>
<td>Demographic characteristics</td>
<td>0.877</td>
<td>0.018</td>
<td>0.248</td>
<td>3.286</td>
</tr>
<tr>
<td>entrepreneurial personal traits</td>
<td>0.299</td>
<td>0.020</td>
<td>0.216</td>
<td>2.985</td>
</tr>
<tr>
<td>Entrepreneurial experience</td>
<td>0.705</td>
<td>0.012</td>
<td>0.082</td>
<td>2.796</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), demographic characteristics, entrepreneurial competencies, entrepreneurial experience, entrepreneurial personal traits
b. Growth of SMEs

Conclusions

It is clear from the study findings that demographic characteristics is significant and has a positive relationship with growth of SMEs. On the measures of entrepreneurial characteristics, the study concludes that the education level influenced growth of SMEs. Previous research indicates that the entrepreneurs’ level of formal education is a significant determinant of the growth of SMEs. The age of the owner/manager and the period of time that the family been in entrepreneurship were found to be critical factor that influence growth of an enterprise. Entrepreneurial knowledge of the owner/manager was also found to be an important aspect that influences growth of SMEs.

The study also concludes that level of perseverance is significant and has a positive relationship with growth of SMEs. The study concludes that the entrepreneur’s locus of control is an important component of entrepreneurial competence in that it influences growth of SMEs. The entrepreneur’s self-efficacy was found to be a critical factor in entrepreneurial competence and it influences growth of SMEs. Goal setting is a major entrepreneurial competence and it influences growth of SMEs.

In addition, it was also found out that entrepreneurial experience was positively correlated with growth of SMEs. On the measures of entrepreneurial experience, the study concludes that that prior knowledge was positively correlated with growth of SMEs; entrepreneurial leadership was an important practice in entrepreneurial experience that influences growth of the enterprise; marketing was found to influence growth of SMEs; and that adaptability is important in that it influences growth of SMEs.

In particular, this study suggests that entrepreneurs who have previous experience in the industry in which the current business is based as well as managerial experience were more likely to see their business growing in terms of sales, assets, and employment. These results support the findings from previous studies in which work-experience in the same sector seems to create the knowledge
and skills that are needed in order to run a firm successfully. Furthermore, there was no evidence to support the significant influence of entrepreneurial experience on the growth of SMEs. This is because entrepreneurial experience is often a criterion that influences start-up success, rather than something that predicts later performance.

This study is entrepreneurial and the focus of our interest is, therefore, the individual/entrepreneur with his personal characteristics and behavior. Linking the personal characteristics of an individual to the success of a business venture can be very problematic. The success of a business venture is the outcome of many different factors, the personal traits being only one of them. Many traits are frequently associated with the success of an enterprise; however, it is important to be able to demonstrate a cause relationship between the characteristics and entrepreneurial success. Researchers have indicated this matter by measuring the traits of successful entrepreneurs and comparing them with the characteristics of failed entrepreneurs.

On the indicators of entrepreneurial personal traits, the study concluded that innovation, which was measured by the number of new products, is a critical entrepreneurial trait that influences growth of SMEs. The study concludes that risk taking is an important aspect of entrepreneurial personal traits that influences growth of SMEs; Self-efficacy of the entrepreneur influences growth of the enterprise; and that by the entrepreneur being proactive is an important trait that influences growth of SMEs. Growth is a process that needs to be studied over time. Most studies on company growth are survey-based. Survey data are more or less the only alternative if we want to have data on attitudes, perceptions, strategies, and resources from a large number of cases. Unfortunately, this leaves the researcher with several less-than-satisfactory alternatives.

**Recommendations**

In the recent past, there has been numerous attempts to determine the characteristics that define high growth firms and how these characteristics can be replicated amongst a broader group of entrepreneurs. Following the extensive review of the literature undertaken for this review, the following are the principal entrepreneurial skills that need to be developed amongst growth-orientated entrepreneurs: demographic characteristics, entrepreneurial competencies, entrepreneurial experience and entrepreneurial personal traits.

Education is one of the key components of human capital and is the source of knowledge, skills, discipline, motivation and self-confidence. The assumption lies in the notion that individuals with a higher level of education are able to manage their firms better than individuals with a lower level of education. Individuals in the former category are able to manage their firms better because education contributes towards developing the analytical and managerial capabilities needed for a firm to be successful. This study thus recommends that Higher Education Institutions (HEI) should provide access to expertise, technology and resources that could be of assistance to SMEs. Working in partnership with research departments can lead to new commercial developments that an SME could not have achieved on its own. Therefore, we recommend that the government should try to create an enterprising culture among its citizens. This can be achieved through raising awareness of the importance of entrepreneurship to the country’s economy. For example, entrepreneurship education should be provided to young people throughout the education system.
from primary school to university level. This approach is very important because encouraging people to be more enterprising needs to start at an early age.

Unlike the entrepreneurs’ experience, which has a positive effect on the growth of SMEs, the relationship between the age of an entrepreneur and the growth of SMEs has revealed conflicting results. Studies show that younger managers, who are regarded as the active age in the economy of a country, are more likely to be successful in their firms than older managers are because younger managers have more energy, higher aspirations and are more likely to be committed to working long hours, which are generally necessary for a business to be successful. On the other hand, older managers are likely to have reached their final aspirations and thus growth is of little importance. A different set of studies argues that older managers are more likely to be successful in their firms than younger managers given that older managers are more experienced and have gone through many challenges, which make them strong and confident. The study thus recommends that anyone with the intent and will for a startup should go ahead and open the enterprise irrespective of the age.

Regarding the family background, the study recommends that entrepreneurs who came from entrepreneurial families should continue in entrepreneurship since they are more likely to experience growth in their businesses than people without such a background. This is consistent with the contention that children of entrepreneurs are more likely to become successful businesses owners than children of other people.

The findings suggest that the majority of SME owner/managers started to manage their enterprises over the past five years. This is because most SMEs have a short life span of fewer than five years. This implies that SMEs, in this study, are likely to cease operations before the fifth year. The mortality rate of SMEs in Kenya has been a cause for concern. The study recommends more interventions by government and private agencies to reap the desired fruits. Furthermore, the government should take the efforts of SMEs seriously since there is no dedicated SME Department that collects data on SMEs in Kenya. Without a dedicated database of SMEs in Kenya, it is difficult to track the mortality rates of SMEs.

Regarding entrepreneurial experience, this study found a positive link between experience and growth of SMEs. This implies that potential SMEs owners can benefit from prior experience. This study recommends that this experience can be gained by establishing start up SMEs where beginners can gain experience managing the business. Potential SMEs owners/managers can also serve as apprentices in large establishments before managing their own business. The study recommends that since entrepreneurs who have previous experience in the industry in which the current business is based were more likely to see their business growing, entrepreneurs should focus on one business because work-experience in the same sector seems to create the knowledge and skills that are needed in order to run a business successfully. This study also recommends that for many start-up businesses, some form of mentoring is needed in varying degrees to grow business skills. One to one mentoring is effective but expensive and unless economies of scale can be achieved, providing these support services to small enterprises is difficult to sustain. The study recommends enhancement of entrepreneurial leadership, marketing efforts and adapt accordingly to the ever changing business environment.
The study recommends that in order to grow, owner-managers should enhance their entrepreneurial characteristics continuously. Moreover, the SMEs should withstand competition while pursuing availability of customers as a long-term growth objective. The study found out that an individuals’ innovativeness affects SME growth and therefore recommends that the stakeholders should provide funds to enable innovativeness. Entrepreneurs themselves should also recognise that multiple personal characteristics affect the growth of their SMEs. Therefore, they should add the personal characteristics they lack through collaborating or learning.

Recommendations for Further Studies

The study has examined the relationship between entrepreneurial characteristics and growth of SMEs in Kajiado County, Kenya and established that demographic characteristics, entrepreneurial competencies, entrepreneurial experience and entrepreneurial personal traits influence growth of SMEs in Kajiado County. This study recommends that research should be carried out on other entrepreneurial characteristics that influence growth of SMEs but are not included in this study. Therefore, future research should include more types of education and experience in order to have a clearer understanding of the influence of these factors on SMEs growth. Other entrepreneurial characteristics on which further research should be carried out include customer orientation where entrepreneurs must be committed to creating customer value through the provision of innovative products/services; Strategic development where entrepreneurs should learn how to select from a number of market strategies that can influence their chances of success (e.g. Choice of Market, customer driven, constantly innovate, differentiation/focus, highest quality, exporting); Financial Management where entrepreneurs must learn the skills required to access additional venture capital (e.g. how to structure a proposal); and Human Resource Management where entrepreneurs need to understand and appreciate the need to enhance the HR practices of the firm and to offer financial incentives to employees (share the rewards).

References


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