GREEN ENTREPRENEURIAL PRACTICES AMONG SMALL AND MEDIUM ENTERPRISES IN MOMBASA COUNTY, KENYA

BY

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DECLARATION

I declare that the research project is my original and has never been submitted anywhere for any academic purpose.

SIGNED……. DATE…….

Bakari Ali Mwakambirwa

REG. NO: D61/60866/2011

This research project has been submitted for examination with my approval as university supervisor.

SIGNED…… DATE……...….

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DEDICATION

This project is dedicated to my late father Mr. Ali Suleiman Mwanyere and my late mother Mesalimu Chivhenyu for having laid down a strong academic foundation that has enabled me advance to this level.

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I wish to thank most sincerely all those whose contributions have made this project a success. To my supervisor, Dr. Jackson Maalu for his guidance, assistance and advice. Thank you for your support and encouragement. To my family, for their patience and moral support. I would also like to thank the management of all the SMEs of Mombasa County that were used in this research for sparing their time to contribute and make this study a success.

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ABSTRACT

Environmental issues have influenced all human activities globally, and the world is seeing a growing market for sustainable and socially responsible products and services. Entrepreneurs are now making changes in their ways of doing business so as to address the society's new concerns on environmentalism and other ecological problems as they affect their enterprises. Green entrepreneurs are being called upon to take leading roles in the transition to green economies. World evidence indicates that people are increasingly becoming concerned about the environment and are gradually changing their behaviors accordingly. The objectives of the study were to determine the extent of Green entrepreneurial practices among SMEs and also determining the factors that contribute to green entrepreneurial practices in Mombasa, Kenya. The research design of the study was a descriptive survey. Primary data was collected using self administered questionnaires. The findings of the study were that the SMEs had within their spheres of operation green entrepreneurial practices. This could be attributed to the importance with which green entrepreneurship is regarded in Kenya. With regard to the factors influencing green entrepreneurship, they were found to have variable effects on the practices. Since green entrepreneurial practices by SMEs in Mombasa County were still in nascent stage it was recommended that relevant stakeholders should put in place measures meant to spur adoption and implementation by most entities including SMEs. Also the government through its relevant authorities should enhance support for green product innovation and the investors in green entrepreneurship should form a lobby to enable them have strong negotiating ground with other stakeholders.

CHAPTER ONE: INTRODUCTION

1.1 Background of study

Environmental issues have influenced all human activities globally, and the world is seeing a growing market for sustainable and socially responsible products and services. Entrepreneurs are now making changes in their ways of doing business so as to address the society's new concerns on environmentalism and other ecological problems as they affect their enterprises (Walley, Custance and Parsons, 2000). Green entrepreneurs are being called upon to take leading roles in the transition to green economies. World evidence indicates that people are increasingly becoming concerned about the environment and are gradually changing their behaviors accordingly (Walley, Custance and Parsons, 2000).

The main feature differentiating the green entrepreneur from the traditional entrepreneur is that, the green entrepreneur seeks to create a business model that is both economically profitable and creates environmental and social value. The green entrepreneur does this by engaging in activities such as ecotourism, recycling, energy efficiency, sustainable mobility, organic agriculture and renewable energy among others, and the number of green jobs associated to these new activities (Lacroix and Stamatiou, 2007).

In Kenya, the models of development are changing from the current carbon-intensive non-green model towards low-carbon and more green model. The green models are characterized by integrating and implementing various green strategies on natural capital. In October, 2010 for instance, the Ministry of Environment and Mineral resources installed an inter-ministerial committee to promote the formulation of a national green economy program for the country. The ministry also launched the Green Schools Program aiming to assist schools in the water catchment areas in planting tree seedlings and nurturing them to maturity via the establishment of tree nurseries and roof water catchment harvesting (UNEP, 2009).

The economic environment is generally moving towards "greening" economic activities in Kenya. Entrepreneurs are not left out for they are encouraged to come up with businesses that are "green."

The green businesses are to incorporate activities that are environmentally friendly in their operations and growth strategies, Mombasa, being a city that is next to the marine ecology generating a significant size of Kenya's GDP has to encourage businesses to green through green entrepreneurship.

1.1.1 Green Entrepreneurship

Green is a term that is applicable relatively and absolutely depending on the intended meaning of the user of the term. In popular usage, the expression 'green' is used in both a relative and an absolute sense. "Green" can refer to either a product or a process. "Green is a term used showing moving towards environmental or ecological sustainability (Pearce and Barbier, 2000).

There seems to be no clear definition of entrepreneurship especially with regard to the degree of innovation and size of a particular activity that counts as entrepreneurial. However, entrepreneurs are business people who envisage new business opportunities and ventures by taking risks and converting their ideas into commercial reality. An entrepreneur will introduce innovation, adoptions and new ideas to an economy. Entrepreneurial activities refer to 'creative destruction.' This is because entrepreneurs bring about change in the economy and in the business environment to overtake older ways of operation (Ulijin and Waggeman, 2001). Thornton (1999) defines entrepreneurship as the creation of new organizations, which implies a certain degree of innovation and size. This creation occurs as a context-dependent, social and economic process.

The scarcity of literature on green entrepreneurship makes it difficult to define what "green entrepreneurship" is and how to separate green and non-green entrepreneurship. The earlier terms adopted were "environmental entrepreneur" by Bennet (1991), "green entrepreneur" by Berle (1991) and "eco-entrepreneur" by Blue (1990). Based on their views green entrepreneurs are characterized by undertaking new business opportunities and ventures that are usually risky. Green entrepreneurs also get their motivation intrinsically and their business activities positively affect the natural environment, enhance economic sustainability, and deliberately focus on a more sustainable future.

1.1.2 Green entrepreneurial Practices

The main feature differentiating the green entrepreneur from the traditional entrepreneur is that, the green entrepreneur seeks to create a business model that is both economically profitable and creates environmental and social value. The green entrepreneur does this by engaging activities such as ecotourism, recycling, energy efficiency, sustainable mobility, organic agriculture and renewable energy among others, and the number of green jobs associated to these new activities (Lacroix and Stamatiou, 2007).

According to Ambec and Lanoie, (2008) adopting environmentally friendly practices can reduce the costs or risk or create differentiation from competitors. There are various mechanisms by which firms may address environmental degradation such as selling pollution control technology, risk management and cost reduction. In this study Green Entrepreneurial practices are those activities that are related to products or processes that are involved in reducing, reusing and recycling of resources for economic, environmental and social sustainability. Such practices will include but not limited to energy saving, pollution prevention, waste recycling, green product design or corporate environmental management.

1.1.3 Small and Medium Enterprises in Kenya

A definition of SMEs cannot be easily settled because SMEs can range from fast growing firms to private family firms that have not changed much for decades. SMEs can also range from part time business with no staff to a manufacturer employing hundreds of people or from stand alone businesses to those that are part of technology and that have investment partners based abroad. Many researchers define SMEs in terms of the number of people employed. Storey (1994), for example define micro-enterprises as those with o to 9 employees, those with a workforce of between 10 to 99 as small businesses and 100 to 499 employees as medium sized enterprises. Gunasekaran and Kobu (2000), however, state that SMES have to be defined within the context of the economies in which they operate.

In China, annual sales revenue are used to define the size of an SME, so that small enterprises are those with annual sales revenue less than 5 million RMB and medium enterprises as those with annual sales revenue above 5 million RMB but less than 30million RMB.

In Kenya an SME can be a micro-enterprise, a small enterprise or a medium enterprise. A micro-enterprise is a business organization having a maximum of 10 employees; a small enterprise has a minimum of 11 employees and a maximum of 50 employees; while a medium enterprise has between 50 and 150 employees (Stevenson and St-Onge, 2005). According to Waweru (2007) SMEs in Kenya are characterized by: the ease of entry and exit; the small scale nature of activities; self employment with a high proportion of family workers and apprentices; the little amount of capital and equipment. Further, they have labor intensive technology, low level skills and low level of organization with little access to organized markets. Other observations by Waweru are their unregulated and competitive markets, their limited access to formal credit, the existent low levels of education and training and the limited access to services and amenities.

Kenyan SMEs operate in all sectors of the economy, that is, manufacturing, trade and service sectors. The SMEs range from those unregistered, known as Jua Kali enterprises, to those formally registered small-scale businesses, such as supermarkets, wholesale shops and transport companies. The capital invested in SMEs varies from as little as ten thousand Kenya shillings to about five million Kenya shillings. Almost two-thirds of all SMEs in Kenya are located in the rural areas with only one-third found in the urban areas. About 16 per cent of the SMEs are located in Nairobi and Mombasa (Central Bureau of Statistics, 1999). Close to 70 per cent of the SMEs are in the trade sector, that is, in the buying and selling goods and commodities to generate income. SMEs in the manufacturing sub-sector accounted for 13 per cent, SMEs in the services sub-sector accounted for 15 per cent, the collective group of other service providers, such as bars, hotels and restaurants (Hospitality industry) accounted for 6 per cent. Enterprises in the construction industry accounted for less than two per cent of the total SMEs in the country (Central Bureau of Statistics, 1999).

1.2 Research Problem

Green entrepreneurship is being increasingly considered as the future of business all over the world. The scarcity of literature on green entrepreneurship makes it difficult to define what "green entrepreneurship" is and how to separate green and non-green entrepreneurship. Different views on green entrepreneurs are characterized by undertaking new business opportunities and ventures that are usually risky. Green entrepreneurs also get their motivation intrinsically and their business activities positively affect the natural environment, enhance economic sustainability and deliberately focus on a more sustainable future.

Mombasa County is of strategic importance as the gateway to East Africa. It is a fast growing city that is becoming more and more ridden with the complexities of urbanization. As such, to maintain its ecosystem and sustain human life, the county has to ensure that it blends up green practices in its development plan. This requires the consideration of green entrepreneurship in business practice. This can well be done if a study is conducted to discover the factors that positively or negatively affect green entrepreneurship in Mombasa County.

However, there has been little research on green entrepreneurship in Kenya and the world at large. The earlier terms adopted were "environmental entrepreneur" by Bennet (1991), "green entrepreneur" by Berle (1991) and "eco-entrepreneur" by Blue (1990). The little available literature that focuses on the factors leading to green entrepreneurship in particular provides mixed findings. Baum and Locke (2004) found that entrepreneurs' traits, skills and motivation were significant direct and indirect contributors to green entrepreneurship. Ekpe, Mat and Razak (2010) in the USA found that availability of opportunities had great effect on entrepreneurship activities. In another study by Matshall and Samal (2006) in Indiana, USA, found that financial capital was an important factor for entrepreneurs. Another study by Harju (2012) I Finland showed that lighter taxation led to an increase in entrepreneurial activity. A study by Kim, Aldrich and Keister (2003) found that financial resources were not significantly associated with emerging entrepreneurship. Ahmed, Julian and Mahajar (2006) in Malaysia found that only some incentives contributed to entrepreneurship while others did not.

A meta-analysis study by Collins, Hanges and Locke (2004) showed that achievement motivation was significantly correlated with both choice of an entrepreneurial career and entrepreneurial performance. In Kenya, the study conducted by Omamo (2012) focused on the factors affecting adoption of green technology by firms in Kenya. Findings in the study did not address the factors affecting green entrepreneurship in Mombasa.

The study will address the mentioned knowledge gap by answering the following question: What are Green Entrepreneurial practices among small and medium enterprises in Mombasa County, Kenya?

1.3 Objectives of the Study

The overall objective of the study was to establish the Green Entrepreneurial Practices among Small and Medium Enterprises in Mombasa County, Kenya.

The specific objectives of the study were;

i. Determining the extent of Green Entrepreneurial Practices among SMEs in Mombasa, Kenya.

ii. Determining the factors that influence Green Entrepreneurial Practices among SMEs in Mombasa, Kenya.

1.4 Value of the Study

This study is of significance to scholars and other researchers; to government policy makers and to investors. In the scholarly field, few studies have been done to determine why green entrepreneurship has not taken deep root in Kenya. The findings of this study will provide research findings of the factors that determine green entrepreneurship in Mombasa. This will, therefore, provide an input for further research or discussions that will find the study relevant in the scholarly field.

Designers of government economic policy concerning green entrepreneurship will also find this study useful. It is the objective of the Kenyan government to stimulate economic growth through businesses that will bear in mid the health of the Kenyan green environment.

Policy designers in this aspect need to have precise information that can help them come up with policies that can stimulate economic growth through green entrepreneurship. The policies can produce the greatest results if it is known which factors and challenges to tackle in order to stimulate green entrepreneurship. This study will be significant for it will not only find out the factors that may contribute to green entrepreneurship but also the challenges faced by firms in practicing green entrepreneurship.

This study will be of significance to both local and foreign green investors. Investors are interested in knowing that they will get returns for their investments and that their investments are safe at the least. Further, they will need to know how to blend green entrepreneurship into their activities. They will, therefore, know the challenges to expect and know how to go about them in order to reap benefit from their business ventures while at the same time taking care of the environment they operate in.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter provides the literature review of this study. The chapter discusses three theories behind factors that drive green entrepreneurship. It also discusses the typology of green entrepreneurship, past empirical literature concerning factors affecting green entrepreneurship and ends with a summary of the literature.

2.2 Theoretical Review

Three models are used as the base of this study to explain entrepreneurship and how it relates to green entrepreneurship. The earliest considered theory is the subjectivist theory of entrepreneurship by Penrose's (1959). Other models are: the resource dependence theory by Pfeffer (1981) and the structure-action model by Giddens 91984). The models are discussed below.

2.2.1 Subjectivist perspective on Entrepreneurship

Penrose's (1959) subjectivist approach posits that the productive services of resources must be discovered over time. As managers interact with resources they make subjective decisions about resource allocation, deployment, development and maintenance. Future resource attributes are created as entrepreneurs envision new ways of using resources. Penrose argued that it is not resources themselves that are inputs in the productive process, but the services the resource can render. Extracting different services from similar resources makes firms not only heterogeneous but also defines their uniqueness.

This theory is important to this study since it provides the suggestion that entrepreneurs will go green if they are able to find how the green products and processes can make their businesses unique. This can also be achieved by the ability of products and processes to satisfy more than one need.

2.2.2 Resource Dependence Theory

Organizational success in the resource dependency theory is defined as organizations maximizing their power (Pfeffer, 1981). The resource dependency theory proposes that actors lacking in essential resources will seek to establish relationships with others in order to obtain needed resources.

Organizations also minimize their own dependence on others or increase the dependence of other organizations on them. Within this perspective, organizations are viewed as coalitions alerting their structure and patterns of behavior to acquire and maintain needed external resources. The resource dependency theory assumes that organizations work toward acquiring control over resources that minimize the dependence of other organizations on themselves.

This theory is significant to this study because it suggests that through green entrepreneurship a firm is able to gain independence from other organizations through actions like pollution control, call center based business services and renewable green recyclable projects, for instance bio-compression technology, bio-ethanol technology, algae for biodiesel production, biogas plants, improved cooking stoves, solar thermals, solar lanterns and thermo chemical technologies. This then can explain the behavior of enterprises toward green business based on how they feel they can gain power and independence by participating in green business.

2.2.3 Structure-Action Framework

Under the Structure-Action framework, Giddens (1984) views structure as rules and resources apparent only when they are acted upon. As individuals interact, aspect of one person's way of seeing and doing are interpreted contributing to the notions of structures held by others. Individuals, who are considered skilled actors, continually engage in monitoring their interactions with the world around them. As a result prevailing structures are thus reinforced or changed through the day to day behavior of the individuals. Individuals may, therefore reproduce the status quo or choose to act differently.

This model relates to this study for it explains the motivation behind entrepreneurs deciding on whether or not to go green. It provides the basic explanation as to why as an individual's action might either reproduce prevailing structures or try something new.

To appreciate the greening process, one must make then conceptual leap to see how a mutually-producing model of structure-action would extend across time and space in a manner that is satisfactory.

2.3 Typology of green entrepreneurs

Taylor and Walley (2003) classified green entrepreneurs in to four groups that can help predict the motivations behind green entrepreneurship: the ad hoc enviropreneur, the innovative opportunist, the ethical maverick and the visionary champion. The ad hoc envipopreneur is a kind of accidental green entrepreneur .The motivation of the ad hoc enviropreneur is finance-driven not values-driven. Further, they are mostly influenced by personal networks, family and friends to become green entrepreneurs. The innovative opportunist entrepreneur is generally influenced by motivators such as regulation that may lead to the identification of a green business opportunity .the innovative opportunist is analogous to a financially orientated entrepreneur who spots a green niche or opportunity in the market.

The visionary champion embraces a transformative and sustainable orientation approach to entrepreneurship. This entrepreneur set out to change the rules and operates at the edge and has a vision of sustainable future that envisages hard structural change .The ethical maverick also bases their businesses sustainability values but tend to avoid mainstream businesses; friends, ,networks and previous experience exert great influence for the business formation. These eco-preneurs are not focused on changing the world and have the tendency to set up businesses on the fringes of the market (Taylor and Walley, 2003).

2.4 Factors leading to Green Entrepreneurship

2.4.1 Introduction

There are various factors contributing towards green entrepreneurship and the section discusses how entrepreneurial skills, opportunities in green entrepreneurship, availability of capital for green entrepreneurship, incentives for green entrepreneurship and entrepreneur motivation as evidenced by studies done may contribute towards green entrepreneurship.

2.4.2 Entrepreneurial Skills

Baum and Locke (2004) conducted a study to determine the relationship between entrepreneurial traits and skills and subsequent venture growth. The skills focused on in the study were passion, tenacity and new resource skills.

Data used for the longitudinal study was from 229 entrepreneur-chief executive officers and 106 associates in a single industry obtained over a 6 year period. The study found that specific component variables of entrepreneurs' traits, skills and motivation categories were significant direct or indirect predictors of venture growth for a period of 6 years following initial measurement.

Lee, Chang and Lim (2005) did another study investigating the impact of entrepreneur education on entrepreneurship in Korea and the United States of America. Entrepreneurship education was viewed to provide students with motivation, knowledge and skills essential for launching a successful venture company. A sample of students was divided into four groups: group A (60 students) and group A (102 students) from the University of Nebraska-Lincoln in the United States of America. Group C (102 students) and group D (115 students) from Kyonggi University in South Korea. The students responded to self-administered questionnaires. Analysis was done using factor analysis and MANOVA. The study found a significant difference between the students who took entrepreneurship course and those who did not. This indicated that skills affected entrepreneurship.

Akande (2012) conducted an explorative case study to establish the strategic entrepreneurial skills needed for better performance of SMEs operating in Oyo and Osun in the Western parts of Nigeria. The study collected data on the influence of strategic entrepreneurial skills on service delivery of small businesses in Nigeria. The study used multistage probability technique of selected block making enterprises in Oyo and Osun, western Nigeria. Self-administered questionnaires on 240 block making enterprises were used to collect primary data that was used for the analysis. Chi-square and ANOVA were applied to data collected. Results confirmed a positive relationship existed between the performance and strategic entrepreneurial skills.

The studies cited above generally indicated that there was a positive relationship between the skills of entrepreneurs and their entrepreneurship. However, the findings cannot be generalized to all environments because the skills owned by entrepreneurs vary from one place to place.

None of the studies shows whether the findings were based on particular skills. As a result, the findings may not apply to Mombasa which is the location of this study.

2.4.2 Green Entrepreneurship Opportunities

Ekpe, Mat and Razak (2010) conducted a study whose objective was to examine the mediating effect of opportunity for entrepreneurial activity on credit and women entrepreneurs' performance .The study was a survey which used a self-administered structured questionnaire and in depth interviews to solicit response from women entrepreneurs .Secondary data from microfinance institutions were also used. Descriptive statistics were used in data analysis. The study found that women entrepreneurs had higher opportunities for their activities than the women entrepreneurs.

Giacomin, Janssen, Guyot and Lohest (2011) conducted a study to show the impact of the socio economic characteristics of entrepreneurs on the alignment of their with a necessity or opportunity entrepreneurial dynamics. The study found was a survey based on a sample of 538 entrepreneurs. This study found that entrepreneurs could clearly be classified according to the opportunities they come across. As a result opportunities dictated what type of an entrepreneur one could become.

These studies show that there is a positive relationship between entrepreneurship opportunities. However , the findings may not be generalized since the studies were done out of Kenya .This provides enough reasons that the findings might be different in case the study is done in Kenya .

2.4.3 Availability of Capital for Green Entrepreneurship

In a study Ho and Wong (2006) compared the availability of different types of financing sources and their effects on entrepreneurial propensity. In the study they scrutinized the influence of business cost s by utilizing a composite index using data from the World Bank .Three types of financing, and informal investments. The study showed that informal investments had statistically significant influence on entrepreneurial propensity. Regulatory business costs were found to deter opportunity driven entrepreneurship, but had no impact on necessity entrepreneurship.

Marshall and (2006) did a study in which they aimed gaining insight into the human and financial capital factors that affected entrepreneurs in urban and rural settings. The study was a survey in which data were collected from a self administered questionnaire given to participants attending the workshop in which their findings were to be presented. 84 entrepreneurs volunteered to participate in the survey. The study found that financial capital was an important factor for entrepreneurs as they took on the task of business formation .Entrepreneurs with medium and higher levels of net worth had the greater propensity to be involved in a business start-up .

Kim, Aldrich and Keister (2003) conducted a study to test the theory that personal financial resources were an important factor in becoming an entrepreneur .The study used data from the panel Study of Entrepreneurial Dynamics .They therefore examined the role of financial resources like household income and wealth, among other variables, on the decision to become an entrepreneurship. The study found that financial resources were not significantly associated with becoming an emerging entrepreneur.

These studies show mixed findings on the effect of financial capital on entrepreneurship. While some studies find a positive result others find no relationship.

It is, therefore, reasonable to state that the available literature review concerning the relationship between financial, and entrepreneurship cannot be used to predict how capital affects green entrepreneurship among SMEs in Mombasa. This can only be established by conducting a study.

2.4.4 Incentives for Green Entrepreneurship

A study by Harju (2012) was done with the aim of findings out how the incentive system in an economy affected entrepreneurship. The study focused on the tax incentive in Finland. Specifically they studied the effect of the Finish tax reforms of 1997 and 1998 on the effort decision of the owners of small businesses. The tax reforms were focused on because they reduced the income tax rates of small business owners and applied them only to unincorporated firms.

The results showed that lighter taxation led to an increase in the turnover of the tax reduction was interpreted as an increase in effort exerted by their owners. This meant the tax reduction was an incentive that increased entrepreneurship.

A study by Nandanwar, Surnis and Nandanwar (2006) was conducted in small scale pharmaceutical enterprise located in Taloja industrial area in Mumbai, India. The study was done with the aim of finding out the effect of incentives on the desire to make a firm grow successfully. The study focused on a sample of the 112 workers in the firm. The study used both primary data. Summary statistics were used to conduct the analysis. It was found that monetary and non monetary incentives schemes had a great impacted in achieving organizational success. The nature and mix of incentives affected the entrepreneurial environment in the organization.

Ahmed, Julian and Mahajar (2006) conducted another study which explored the incentives to export that Malaysian entrepreneurs faced when engaging in international business. The study was a survey on 214 Malaysian manufacturing firms. Analysis was done using one way analysis of variance. The study found that only thirteen export incentives tested in the study were deemed to be significant to Malaysian entrepreneurs. These incentives were; reduction of tariffs in target countries, attractive export incentive provided by the home country government, presence of export minded management, expectation of economies of scale resulting from added volume of trade, favorable sales and profit opportunities in foreign market, chance to diversify into new markets, receipt of voluntary orders from foreign buyers, availability of profitable ways to ship to foreign markets, eased product regulations in target countries, opportunity to reduce inventories, moves by domestic competitors to export, decline in the value of currency relative to foreign markets and entry of foreign competitors into the domestic market.

These studies show that the relationship between incentives and entrepreneurship is not automatic and universal. Some incentives can be motivating to entrepreneurs in given contexts while not stimulating entrepreneurs in other contexts. It is therefore, not possible to tell how the incentive systems in Kenya affect green entrepreneurship in Mombasa without conducting a study.

2.4.5 Entrepreneur Motivation

Kiss, Williams and Houghton (2008) conducted a study in which they took cognitive approach to carefully analyze direct and indirect effects of motivation on venture internationalization. Data was collected using online survey administered to small business owners located in a major metropolitan area in the South-eastern United States of America. The data was analyzed using mediated regression analysis which allowed for simultaneous determination of direct and indirect effects of motivation variables on internationalization scope. Though the study showed motivation affected internationalization of entrepreneurial scope, it was also revealed that proactive and reactive motivations have different effects on international scope and that perceived risk has a powerful effect on scope.

Adeyemi (2010) conducted a study to investigate factors that contributed to the success of new ventures in Nigeria. The study used profitability and growth as a proxy of success. This study classified entrepreneurial motivations according to whether the entrepreneurs are internally or externally motivated.

When tested against profitability and growth, the study found that externally motivated entrepreneurs were more likely to achieve a high level of profitability than the internally motivated entrepreneurs. On the other hand, the internally motivated entrepreneurs were more likely to experience a high level of growth than externally motivated entrepreneurs.

Collins, Hanges and Locke (2004) sought to establish relationship between achievement motivation and variables associated with entrepreneurial behavior. This study was a meta-study on various studies done on the relationship between achievement motivation and entrepreneurial behavior. The study found that achievement motivation was significantly correlated with both choice of an entrepreneurial career and entrepreneurial performance.

These studies have shown that there is a relationship between motivation and entrepreneurial behavior. However, they have not shown whether motivation is positively related to entrepreneurship or not. Further, the findings are not to be taken as universal since motivation is a behavioral issue that varies with context and stimulus.

The studies do not provide the explanation that will relate motivation and entrepreneurship within the green context in Mombasa.

2.5 Summary of the Literature Review

The literature review done has strongly shown that there is a link between the independent variables: entrepreneurs' skills; entrepreneurship opportunities; availability of capital; incentives and entrepreneur motivation and entrepreneurship as the dependent variable. However, the findings are case dependent and may not be termed to expressly predict what the situation is among SMEs in Mombasa. This is because the study is focusing on green entrepreneurship which is not the main study issue among some of the studies cited above. This study will be done to fill the gap of explaining whether the identified factors affect entrepreneurship in Mombasa positively or negatively.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the methodology of the study. It also discusses the research design, target population and sample design, data collection and data analysis.

3.2 Research Design

This study is a descriptive survey. Mugenda and Mugenda (1999) indicated that in a survey research the researcher attempts to collect data from members of a population and describes an existing phenomenon by asking individuals about their perception attitudes, behavior or values. In a survey, the researcher explores the existing status of two or more variables at a given point in time. Primary data collected from such a population is more reliable and up-to-date and hence the choice of this method.

This descriptive survey is meant to enhance a systematic description that is as accurate, as valid and as reliable as possible regarding the responses on the factors and challenges facing green entrepreneurship among SMEs in Mombasa. The variables to be studied include green entrepreneurship, entrepreneurs' skills; entrepreneurship opportunities; availability of capital; incentives and entrepreneur motivation.

3.3 Population of Study

The target population is 36,612 SMEs in Mombasa County as obtained from the Mombasa County schedule of licensed firms as at 30th June 2013. Table 1 shows the categories of the SMEs in Mombasa County as at 30th June 2013.

Table 1: Small and Medium Enterprises in Mombasa County

Category	**Number**
General Trade, Wholesale, Retail Stores	21955
Informal Sector	352
Transport, Storage and Communications	1441
Agriculture, Forestry and natural Resources	1470
Accommodation and Catering	2708

Professional and technical Services	4584
Education, Health and Entertainment	1483
Industrial Plants, factories and Workshops	2619
TOTAL	**36612**

Source: Municipal Council of Mombasa

3.4 Sampling Design

The sample of study was 120 SMEs taken within the area bounded by the following streets: Kenyatta Avenue, Tomboya Street, Digo road and Nkrumah Road. There are 35 streets within Mombasa Central Business District and three SMEs will be randomly selected for interview per street. Longer streets will get an extra SME subject to the total being 120 SMEs. Mugenda and Mugenda (1999) posit that a sample of at least 30 from a population can be used to reasonably infer the characteristics of the population. Further, a similar study by Mungaya, Mbwambo, and Tripathi (2012) also used a sample of 120 SMEs. The study was a descriptive study to find out the impact of tax system on the growth of small and medium enterprises SMEs in Shinyanga Municipality in Tanzania.

The 120 SMEs were distributed according to the eight strata shown in Table 2 below. The proportion column shows the fraction of each stratum to the 36,612 SMEs.

Table 2: Sample of the Study

Category	Number	proportion	Sample
General Trade, Wholesale, Retail Stores	21,955	0.59	71
Informal Sector	352	0.02	2
Transport, Storage and Communication	1,441	0.04	5
Agriculture, Forestry and natural resources	1,470	0.04	5
Accommodation and catering	2,708	0.07	8
Professional, and Technical Services	4,584	0.13	15
Education, Health, Entertainment	1,483	0.04	5
Industrial Plants, factories, Workshops	2,619	0.07	9
TOTAL	**36,612**	**1**	**120**

Source: Prepared by Researcher with data from Municipal Council of Mombasa

To get the number of SMEs to respond to the questionnaire, the sample in each category were divided by the 35 streets and the particular SME chosen at random. The SME were also to be guided by location of the respondents. If a particular respondent was not on a given street, the allocation for that street was transferred to another street subject to the total allocation. Only one respondent, preferably the manager, or any other person involved in the daily running of an SME responded to the questionnaire.

3.5 Data Collection

This study utilized primary data. The primary data was collected by use of self-administered questionnaires given to either the manager of the SME or one of the staff involved in the day-to-day management of the business. The questionnaire was dropped at the SMEs premises and collected later after it has been completed.

The questionnaire used for collection of the primary data is divided into two sections: Section A and Section B. Section A was used to collect information concerning the number of workers in the SME's employ; the number of years in operation, the book values of their assets, estimates of their annual turnover, the industry they operate in and the ownership. The second part of the questionnaire focuses on the factors affecting green entrepreneurship. The factors have been grouped into Green Entrepreneur's Skills; Green Entrepreneurship Opportunities; Availability of capital for Green Entrepreneurship; Green Incentives and Entrepreneur motivation. The questionnaire is as shown in Appendix I.

3.5 Data Analysis

Completed questionnaires were edited for completeness and consistency. The data was then coded and checked for any errors and omissions. Descriptive statistics were used to analyze the data collected.

The descriptive statistics used included mean and standard deviation. Percentages were also used to analyze the data from the respondents to establish the relative importance and weight of variables. Factor analysis was used to isolate the most prominent green entrepreneurial practices among small and medium enterprises in Mombasa County.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION OF RESULTS

4.1 Introduction

This chapter discusses the findings, analysis, interpretation and presentation of data. The objectives of the study were to determine the extent of green entrepreneurial practices and the factors that influence green entrepreneurial practices among SMEs in Mombasa, Kenya. A descriptive survey study was undertaken which targeted owners and or managers of various SMEs in Mombasa. Random sampling was used to come up with 120 SMEs selected from various categories as per Mombasa County Schedule of licensed firms as at 30th June, 2013 as shown in appendix II. The response rate was found to be 90% indicating that out of the 120 respondents targeted, 108 of them filled and returned the questionnaires to the researcher. Collected data was analyzed using SPSS version 17 and the output was presented in form of frequency tables. Mean and standard deviation from Likert scale statements were used to interpret the data. Factor analysis was used to isolate the most prominent green entrepreneurial practices among small and medium enterprises in Mombasa County. For ease of analysis the chapter is divided into three parts: demographic information, extent of green entrepreneurial practices and factors influencing its practices.

4.2 Profiles of Respondents' Firms.

This section is on the demographic information of the respondents and their organizations. The researcher was interested in knowing the number of employees the SME business employs, years the business had been in operation, value of assets of the firm and the annual turnover. Interest was also on the industry the firm were in and their ownership.

4.2.1 Size as measured by Number of Employees

The respondents were asked to indicate the number of employees in their firms. According to the study, it was found that most SMEs had between 1 and 10 employees. This is about 89% with 70% employing between 1 and 5 staff.

Only 11% of the SMEs had a workforce of more than 10 employees. This information is summarized by Table 4.1.

Table 3: Number of Employees

No. of Employees	1 - 5	5 – 10	Over 10
Results	78	18	12
Percentage	70	19	11
Cumulative	70	89	100

Source: Research data 2013

4.2.2 Number of years in operation

The respondents were requested to indicate the number of years that their companies had been in operation. According to the study, most of the respondents amounting to 62% reported that their companies had been operating for a period between 1 and 5 years, 16% of the respondents indicated that their companies had been operating for a period between 6 and10 years while 22% of the SMEs are over 10 years old in business. This implies that most of the businesses had been in operation for less than 5 years giving an indication that very few SMEs survive after the 5^{th} year.

Table 4: Number of Years in Operation

1 – 5 Years	5 – 10 Years	Over 10 Years	Total
66	18	24	108
62%	16%	22%	100%
62%	78%	100%	100%

Source: Research Data 2013

4.2.3 Value of Assets

On the value of assets the business is worth, the respondents indicated that 46% of SMEs are worth less than Kshs 500,001.00 and 22% at between Kshs 500,001.00 and Kshs. 1,000,000.00. Between Kshs. 1000,001.00 to Kshs. 3,000,000.00 there are 19%, between Kshs. 3000,001.00 and Kshs. 5,000,000.00 at 5% and above Kshs. 5,000,001.00 with 8%. This means that 68% of SMEs have an asset base of less than Kshs. 1,000,000.00 and that their being small and medium.

4.2.4 Annual Turnover

The study sought to investigate the annual turnover of the businesses. From the study, 57% of the respondents had an annual turnover of up to Kshs. 1,000,000.00. However, it has been established that businesses with a turnover over Kshs. 5,000,001.00 are more than those with between Kshs. 1,000,001.00 and Kshs. 5,000,000.00

4.2.5 Ownership

The respondents were asked to indicate the ownership of the businesses. Of the respondents, 70% of the businesses are sole proprietorship while 27% are partnerships. Only 3% of SMEs are limited liability companies. This gives an indication that Most SMEs are singly owned and could be either side businesses or for people who are just starting business.

4.3 Extent of Green Entrepreneurial Practices among SMEs in Mombasa, Kenya.

The first objective of the study was to inquire on the extent of green entrepreneurial practices among SMEs in Mombasa. An inquiry on green entrepreneurship practices was made using 15 Likert scaled statement. Factor analysis was used to isolate the most significant SMEs green entrepreneurial practices. The results were as is contained in Tables 4.3 and 4.4.

Table 5: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.689
Bartlett's Test of Sphericity	Approx. Chi-Square	1085.970
	Df	105
	Sig.	.000

Table 4.3 which contain the results of KMO and Bartlett's test on the elements show that the correlation (0.689) for the elements was barely adequate for factor analysis. Nonetheless, principal component analysis was carried out on the elements and the table on the results of their communalities showed that none of the elements had particularly very low extraction communalities to warrant removal. Thus further process of analysis was carried out and four components with eigenvalues of 1 or more accounting for about 72% of the total variance were extracted and rotated as is illustrated by the scree plot Figure 4.1.

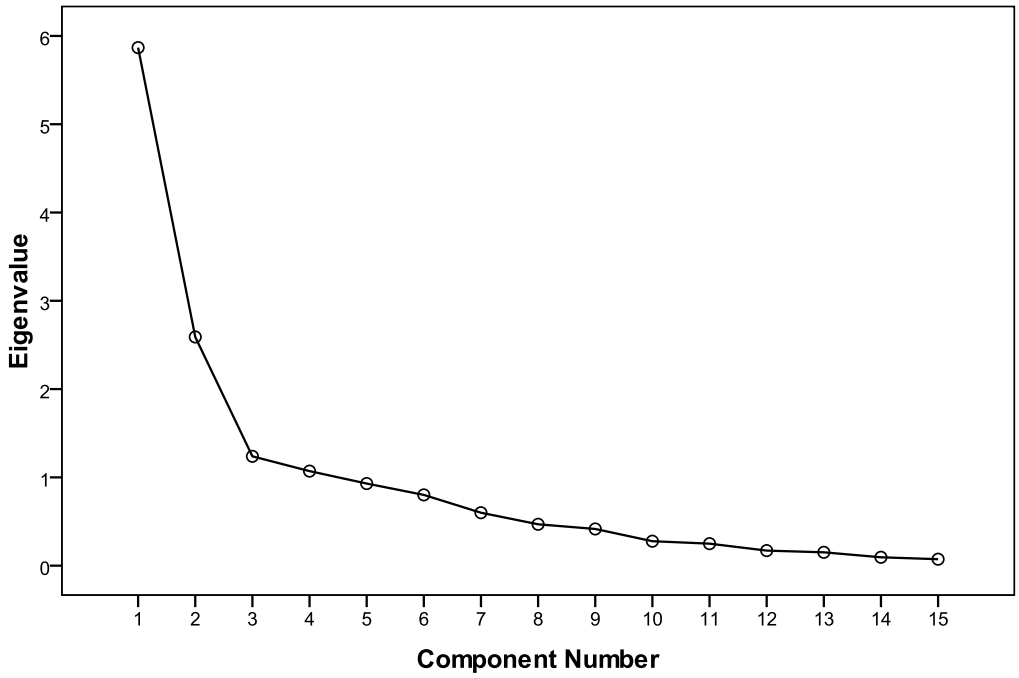

Figure 4.1 Scree Plot.

The process of identification of the most significant indicators of SMEs green entrepreneurial practices was determined based on values of the values of correlations between variables and their components in the un-rotated component matrix summarized in Table 4.4.

Table 6: Component Matrix

Statement	Component			
	1	2	3	4
There is support for green product innovation	.868	-.177	-.027	-.050
Your expenditure on green procurement is growing	.796	-.236	.087	-.030
There is reliable consultancy firms for green business	.769	-.328	-.190	.101
I have access to green technology	.718	-.285	.119	-.223
Your customers needing green product is growing	.625	.542	.245	.165
Expenditure on non-green procurement is reducing	.619	-.442	-.407	.084
Green activity gives my business competitive advantage	.614	-.399	.468	.120
Number of repeat buyers for green product is growing	.582	-.158	.247	.256
There has improved customer satisfaction	.550	.463	.213	.044
I have an access to foreign markets	.545	-.380	.134	.021
Your business has increased pre-tax profit	.383	.655	-.262	.309
Your image as a green business is getting stronger	.526	.556	-.167	.491
Sales due to green activities have increased	.491	.553	-.083	-.473
Number of employees has increased	.634	-.034	-.652	-.273
Relatives production has reduced	.466	.487	.288	-.505

Extraction Method: Principal Component Analysis.

A 4 components extraction.

Table 4.4 which contains the values of the correlations between variables and their components in the un-rotated component matrix shows that the first four elements have correlation values greater that 0.7000 thus constitutes the list of extracted elements.

Further scrutiny shows that three elements have correlation values less than 0.5000. Using a one dimension extraction method of principal component analysis, elements with correlation value of more than 0.5000 which were found to be 12 in number which were correlated were retained while those with correlation values less than 0.5000 were excluded. The table shows that the existence of support for green product innovation, that SMEs expenditure on green procurement is growing, there being a reliable consultancy firms for green business and a majority of the SMEs acknowledging having access to green technology are some of the principal indicators of the prevalence of green entrepreneurial practices in Mombasa County in decreasing order of effect. These predominant factors could be said to be related to green entrepreneurial production and marketing practices.

The remaining set of elements including increasing number of employees, growing customers for green products, reduction in expenditure on non – green products procurement and green activity providing SMEs businesses with a competitive edge as the most prominent seemed to be related to marketing factors of products of green innovations.

4.4 Factors Influencing Green Entrepreneurial Practices

This section presents information on the factors that were perceived to influence SMEs to practice green entrepreneurship in Mombasa County. The factors whose influences were tested included entrepreneur skills, opportunities available, availability of capital, incentives and motivation to green entrepreneurship.

4.4.1 Entrepreneurial Skills

The analysis of influence of the anticipated factors was initiated using a set of six statements to determine how entrepreneurial skill impacted on SMEs green practices. The research findings were as is summarized in Table 4.5.

Table 7: Entrepreneurial Skill

Statement	NE		LE		ME		GE		VGE		Total		Mean	STD
	f	%	F	%	f	%	f	%	f	%	F	%		
I have the training in green business activities	27	25.0	51	47.2	18	16.7	9	8.3	3	2.8	108	100	2.17	0.991
You have skills in green management	24	22.2	27	25.0	36	33.3	9	8.3	12	11.1	108	100	2.61	1.237
You have skills in green team management	27	25.0	27	25.0	27	25.0	15	13.9	12	11.1	108	100	2.61	1.303
You have skills in green business planning	18	16.7	33	30.6	36	33.3	12	11.1	9	8.3	108	100	2.64	1.139
You have skills in green marketing activities	27	25.0	30	27.8	33	30.6	9	8.3	9	8.3	108	100	2.47	1.195
You can easily notice a green business opportunity	12	11.2	15	13.9	24	22.2	24	22.2	33	30.6	108	100	3.47	1.350
Grand Mean													**2.66**	**1.203**

Source: Research Data 2013

Information in Table 4.5 shows that the influence of entrepreneurial skills received an average mean rating from the respondents (mean of 2.66). This could be attributed to the fact that only a minority (11.1%) of the respondents admitted having had training in green business activities as compared to those who had not , only 19.4% of the respondents had skills in green management and only 25.0% of them indicated having skills in green team management. Further, it is just a paltry 19.4% of the respondents who acknowledged having adequate skills in green business planning with only 16.4% of the respondents being equipped with skills in green marketing activities. However, 52.8% admitted that one could easily notice green business opportunity. The results imply that while there could be abundant opportunities for investment in green entrepreneurial practices by the SMEs in Mombasa County, a majority of the SMEs lacked requisite skills that could enable them tap into the readily available potentials.

4.4.2 Opportunities for Green Entrepreneurship

Opportunity for green entrepreneurship was also assessed to determine its influence within the SMEs. The respondents were probed with statement seeking to determine the effects of the various elements of opportunities for green entrepreneurship within their facilities. The results were as is recorded in Table 4.6.

Table 8: Opportunities for Green Entrepreneurship

Statement	SD		D		NS		A		SA		Total		Mean	STD
	f	%	F	%	F	%	F	%	f	%	f	%		
There are no entry barriers into market I serve	39	36.1	12	11.1	24	22.2	15	13.9	18	16.7	108	100	2.64	1.501
There is a high demand for a green production and services	12	11.1	15	13.9	27	25.0	36	33.3	18	16.7	108	100	3.31	1.226
There are wide opportunities for green procurement	6	5.6	12	11.1	24	22.2	42	38.9	24	22.2	108	100	3.61	1.118
The public has support for green activities	6	5.6	6	5.6	48	44.4	30	27.8	18	16.7	108	100	3.44	1.017
You have access to information on green technology	3	2.8	33	30.6	15	13.9	48	44.4	9	8.3	108	100	3.25	1.069
Grand Mean													**3.25**	**1.186**

Source: Research Data 2013

From Table 4.6 which contains the results of effect of elements of opportunities for green entrepreneurship, the respondents indicated that opportunities for green entrepreneurship are relatively prominent given its weighted mean of 3.25. This could be due to the fact that except for fewer respondents (30.6%) scoring for the absence of entry barriers into the green entrepreneurial products market as compared to those who felt there were barriers, the other elements drew relatively more positive rating from the respondents.

For instance, 50% of the respondents were adamant that there is a high demand for a green production and services as compared to 25% who refuted such a suggestion with the rest being not sure, 61.1% indicated that there are wide opportunities for green procurement, 44.5% said that the public supports green activities and 52.7% acknowledged having access to information on green technology.

This tends to corroborate the earlier assertion of the respondents about the existence of opportunities for investments in green practices by the SMEs in Mombasa.

4.4.3 Entrepreneur Motivation

The study, additionally, sought to establish the influence of entrepreneur motivation within spheres of operations of SMEs. The findings were as is presented in Table 4.7.

Table 9: Entrepreneur Motivation

Statement	SD		D		NS		A		SA		Total		Mean	STD
	f	%	F	%	f	%	f	%	f	%	f	%		
Direct contribution to the success of a company	15	13.9	3	2.8	24	22.2	42	38.9	24	22.2	108	100	3.53	1.264
Challenge of starting and growing a business	0	0	18	16.7	24	22.2	39	36.1	27	25.0	108	100	3.69	1.027
Contribute to welfare of my community where I live	0	0	3	2.8	15	13.9	57	52.8	33	30.6	108	100	4.11	0.740
Desire to have high earnings	3	2.8	0	0	12	11.1	36	33.3	57	52.8	108	100	4.33	0.886
There are opportunities to keep learning	0	0	3	2.8	21	19.4	42	38.9	42	38.9	108	100	4.14	0.826
Develop an idea for product/business	3	2.8	6	5.6	33	30.6	27	25.0	39	36.1	108	100	3.86	1.063
Achieve higher position in society	0	0	12	11.1	30	27.8	33	30.6	33	30.6	108	100	3.81	1.000
Freedom to adapt my own approach to work	3	2.8	3	2.8	21	19.4	45	41.7	36	33.3	108	100	4.00	0.947
Follow the example of a person I admire	0	0	3	2.8	33	30.6	45	41.7	27	25.0	108	100	3.89	0.813
Grand Mean													**3.93**	**1.203**

Source: Research Data 2013

Table 4.7 contains the results of the extent of influence of elements of entrepreneurial motivation. The results show that the extent of influence of entrepreneurial motivation is clearly defined as adduced to by its overall mean ranking of 3.93. A greeter percentage of the respondents seemed to be in agreement with most of the elements of this factor. To begin with, 61.1% of the respondents felt that entrepreneurial motivation had a direct contribution to the success of a company, with a similar proportion confessing of the existence of a challenge of starting and growing a business and 83.4% contributing to the welfare of the community where they live while 86.1% had a greater desire to have high earnings. Similarly, 77.8% of the respondents indicated the existence of opportunities to keep learning while 61.1% said they could develop an idea for product/business and 61.2% maintained that they could achieve higher position in society through motivation to invest. Still, 61.1% of the respondents insisted that there was freedom to adapt their own approach to work while 72.3% maintained that one could follow the example of a person they admire. The finding acknowledges the important contribution that motivation could do to enable the SMEs take up more actively the challenge of investing in the green innovations in Mombasa County.

4.4.4 Green Incentives

Then, indicators of green incentives were probed to determine its presence. Table 4.8 presents a summary of the research findings.

Table 10: Green Incentives

Statement	NE		LE		ME		GE		VGE		Total		Mean	STD
	f	%	F	%	f	%	f	%	f	%	f	%		
The taxation system favors green business activity	27	25.0	39	36.1	15	13.9	12	11.1	15	13.9	108	100	2.53	1.350
Attractive incentives provide by the government	15	13.9	48	44.4	30	27.8	9	8.3	6	5.6	108	100	2.47	1.018
Presence of environment-minded management	6	5.6	15	13.9	57	52.8	15	13.9	15	13.9	108	100	3.17	1.019
Expectation of benefits of green business ventures	12	11.1	12	11.1	42	38.9	30	27.8	12	11.1	108	100	3.17	1.123
Benefits from diversify into new market	6	5.6	6	5.6	39	36.1	42	38.9	12	11.1	108	100	3.50	0.991
Gain of expertise to improve green business	3	2.8	12	11.1	39	36.1	42	38.9	12	11.1	108	100	3.44	0.931
Availability of profitable ways of doing green business	3	2.8	15	13.9	36	33.3	39	36.1	15	13.9	108	100	3.44	0.989
Easy product regulations in green business activity	6	5.6	24	22.2	30	27.8	36	33.3	12	11.1	108	100	3.22	1.088
Easily to modify products for green-oriented markets	12	11.1	27	25.0	33	30.6	15	13.9	21	19.4	108	100	3.06	1.274
Closeness to foreign markets needing green products	18	16.7	21	19.4	33	30.6	24	22.2	12	11.1	108	100	2.92	1.239
Grand Mean													**3.09**	**1.102**

The findings as contained in Table 4.8 shows that the influence of elements of green incentives was found to be average as is manifested by its overall weighted mean of 3.09.

A majority of its elements were found to have either average or above average mean rating showing that their influence was a reality. These include benefits to diversify into new market (3.50), availability of profitable ways of doing green business (3.44), gain of expertise to improve green business (3.44) and ease of product regulations in green business activity (3.22). Others include presence of environment-minded management (3.17), expectation of benefits of green business ventures (3.17), ease to modify products for green-oriented markets (3.06) and closeness to foreign markets needing green products (2.92). However, the fact that taxation system favors green business activity (2.53) and that attractive incentives are provided by the government (2.47) had a slightly lesser mean rating meaning they had lesser influence.

4.4.5 Availability of Capital

Lastly for this objective, an inquiry of the effects of availability of capital for coordination of its activities was made. Table 4.9 contains a summary of its findings.

Table 11: Availability of Capital

Statement	**SD**		**D**		**NS**		**A**		**SA**		**Total**		**Mean**	**STD**
	F	**%**	**F**	**%**	**f**	**%**	**f**	**%**	**f**	**%**	**f**	**%**		
Loans for green activities are available	18	16.7	42	38.9	18	16.7	6	5.6	24	22.2	108	100	2.78	1.403
There is a fund set for Green entrepreneurship	12	11.1	48	44.4	24	22.2	21	19.4	3	2.8	108	100	2.58	1.015
Reduced paper work for access to green funding	6	5.6	24	22.2	48	44.4	15	13.9	15	13.9	108	100	3.08	1.069
There are delicate steps taken to governing authority to encourage green entrepreneurship funding	9	8.3	33	30.6	27	25.0	27	25.0	12	11.1	108	100	3.00	1.160
There are subsidies given to green business	12	11.1	24	22.2	33	30.6	27	25.0	12	11.1	108	100	3.03	1.172
There are low interest loans available to green entrepreneurs	12	11.1	48	44.4	21	19.4	18	16.7	9	8.3	108	100	2.67	1.136
There are wide variety of financing programmes	9	8.3	36	33.3	33	30.6	12	11.1	18	16.7	108	100	2.97	1.106
Grand Mean													**2.87**	**1.166**

Information contained in Table 4.9 show that a slightly above average respondents indicated there being capital for green entrepreneurship giving the item an overall weighted mean of 2.87. This is due to the relatively low rating which all the elements of this factor received from the respondents. For instance, only 27.8% of the respondents were convinced that loans for green activities are available, only 22.2% indicated the existence of a fund set for green entrepreneurship and only 27.8% of the respondents said there was reduced paper work for access to green funding as compared to those who contradicted the assertions or those who were not sure. Further, a slightly improved number of respondents, 36.1% said there are delicate steps taken by governing authority to encourage green entrepreneurship funding, and a similar number acknowledging the presence of subsidies given to green business while only 25.0% said that there are low interest loans available to green entrepreneurs with another minority, 28.8% indicating the existence of a wide variety of financing programmes for green entrepreneurs as compared to those who opposed such suggestions or those who were not sure. This means that while a majority of the respondents acknowledged the influence of funds for green entrepreneurship, access to funds to run green entrepreneurial practices were a challenge.

4.5 Discussions of the findings

In this chapter, an attempt has been made to synthesize the information gathered from respondents drawn from various management positions of the SMEs within Mombasa relative to green entrepreneurial practices. The results of the analysis of data obtained from questionnaires administered through drop and pick method isolated various issues. First and foremost, the study established that the SMEs had within their spheres of operation green entrepreneurial practices as was indicated by the favorable weighted mean rating of the items used to assess extent of the SMEs green entrepreneurial practices. Each of the statement used to determine the prevalence of green entrepreneurial practices among the SMEs received average to above average mean rating by the respondents showing a pronounced prevalence of the practices among SMEs in Mombasa. This could be attributed to the importance with which green entrepreneurship as an emerging phenomenon is regarded by the SMEs.

With regard to the factors influencing the practices, they were found to have variable effects on the practices as is shown in Table 4.10.

Table 12: Mean ranking of factor influencing SMEs Green Entrepreneur (N=108)

Factor	Mean Ranking	Standard Deviation
Entrepreneurial skills	2.66	1.203
Opportunities for green entrepreneur	3.25	1.186
Entrepreneur motivation	3.93	0.938
Green incentives	3.09	1.102
Availability of capital	2.87	1.166

Results of the mean ranking of the various factors showed that entrepreneur motivation (3.93) had the greatest influence on the SMEs green entrepreneurial practices followed by opportunities for green entrepreneur (3.25) then green incentives (3.09) followed by availability of capital (2.87) and lastly entrepreneurial skills (2.66) in decreasing order of influence. This could be attributed to the importance with which these factors are to the SMEs. This corroborates the findings of Kiss, Williams and Houghton (2008) who showed that motivation affected internationalization of entrepreneurial scope and that proactive and reactive motivations have different effects on international scope. Adeyemi (2010) found that externally motivated entrepreneurs were more likely to achieve a high level of profitability than the internally motivated entrepreneurs. On the other hand, the internally motivated entrepreneurs were more likely to experience a high level of growth than externally motivated entrepreneurs. Collins, Hanges and Locke (2004) similarly found that achievement motivation was significantly correlated with both choice of an entrepreneurial career and entrepreneurial performance.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of the findings gathered from the analysis of the data collected from selected SMEs in Mombasa County. Conclusions have been drawn from the study and recommendations put forward relative to SMEs green entrepreneurial practices in Mombasa.

5.1 Summary

The study sought to find out the extent of Green Entrepreneurial Practices and the factors that influence Green Entrepreneurial Practices among SMEs in Mombasa, Kenya. The sample consisted of 108 respondents from SMEs in Mombasa. A summary of the finding is illustrated based on the study objectives.

To begin with, the study established that the SMEs had within their spheres of operation green entrepreneurial practices as was indicated by the favorable weighted mean rating of the items used to assess extent of the SMEs green entrepreneurial practices. Factor analysis was used to isolate elements with significant green entrepreneurial practices. Out of the initial fifteen statements analyzed using principle component analysis, three were found to be inadequately correlated with the factor and thus were deleted. All the remaining elements were found to be averagely or strongly correlated to factors of green entrepreneurial practices thus depicting average to above average levels of involvement of the SMEs in green entrepreneurial practices.

Relative to influence of factors on the practices, various factors were found to manifest varying degree of effect on the practices according to a majority of the respondents. Specifically, the findings showed that entrepreneur motivation had the greatest influence on the SMEs green entrepreneurial practices followed by opportunities for green entrepreneur then green incentives followed by availability of capital and lastly entrepreneurial skills in decreasing order of influence.

5.3 Conclusion

Conclusions of the study findings are advanced based on the relationships that were established for each of the different research objectives. From the foregoing summary, it can be concluded that green entrepreneurial practices as an emerging practice is progressively gaining popularity among SMEs in Mombasa and was found to be practiced by an appreciable number of the SMEs.

These practices, the findings established were influenced by several factors among them entrepreneurial motivation, opportunities for green entrepreneur, green incentives, availability of capital and lastly entrepreneurial skills with entrepreneurial motivation manifesting the greatest degree of influence.

5.4 Recommendations

The findings showed that the adoption of green entrepreneurial practices by SMEs in Mombasa were still in nascent stage. Relevant stakeholders should therefore put in place measures meant to spur its adoption and implementation by most entities including the SMEs. Such efforts could for instance begin with massive awareness creation on the relevance of green entrepreneurial practices through sensitization of all stakeholders. This would then open up opportunities of access to green technology, internal and foreign markets and in some cases raw material to spur production.

The Government through its relevant authorities should enhance support for green product innovation. This could be done through provision of attractive incentives in terms of favorable taxation system for green business activity, creation of a fund for green entrepreneurship and negotiating with financial institutions to provide investors in green entrepreneurship with low interest loans among others

The investors in green entrepreneurship should on their part form a lobby to enable them have a stronger negotiating ground with other stakeholders.

5.4 Limitations of the Study

SMEs sector in Mombasa County is comprised of a number of players involved in various entrepreneurial practices, green entrepreneurial practices being an upcoming new innovation. Only a few respondents exhibiting green entrepreneurial tendencies were involved in the study. Since the study involved only a few industry players, the sample may not be representative of all industry players in Mombasa County. The results of the study may also be limited by time and financial constraints

5.5 Suggestions for further research

It is suggested that a study on the perceptions of Mombasa County population on the operations green technology be undertaken to help strengthen the County's policies related to this sector. A study on the factors that promote effective growth of SMEs in green entrepreneurship in Kenya is also worth investing in. Equally significant is a comparative study on challenges that affect SMEs involved in green entrepreneurship in Kenya.

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APPENDICES

Appendix i: Questionnaire

Please answer all questions honestly according to the given instructions

SECTION A: GENERAL INFORMATION

Complete this section by filling in the spaces

1. How many people has your business employed? _____
2. For how many years has your business been operating? _____
3. Which of the following best estimates the value of your asserts

   Less than Ksh 500,001 [ ]

   Between Ksh 500,001 and 1000,000 [ ]

   Between Ksh 3000,001 and 5000,000 [ ]

   Above Ksh 5000,001 [ ]

4. Which of the following best estimates your annual turnover in Ksh? Tick (✓) one

   Less than Ksh 500,001 [ ]

   Between Ksh 500,001 and 1000,000 [ ]

   Between Ksh 1000,001 and 3000,000 [ ]

   Above Ksh 5000,001 and [ ]

5. Which of the following best describes the industry you operate in? Tick (✓) one

1. Food and beverage Manufacturer	
2. Textiles and leather	
3. Wood based Manufacturer	
4. Paper and paper products	
5. Earthenware manufacturer	
6. Hardware Manufacturer	
7. Other manufacturing	
8. Construction	
9. Wholesales trade	
10. Retail trade	
11. Bar/Hotel/Restaurant	
12. Passenger car services	
13. Real estate	
14. Repairs and other services	

6. Tick the best option that describes the ownership of your business

Sole Proprietorship	
Partnership	
Other (Specify)	

SECTION B

Green Entrepreneurial Practices are those activities that are related to products or processes that are involved in reducing, reusing and recycling of resources for Economic, Environmental and Social Sustainability. Such practices will include but not limited to energy saving, pollution prevention, waste recycling, green products design or corporate environmental management.

Indicate your level of agreement with the following statement meant to show the extent to which green entrepreneurship is practiced within your facility

(1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree)

I. Green Entrepreneurship	**1**	**2**	**3**	**4**	**5**
1. Sales due to green activities have increased					
2. Relatives production has reduced					
3. Your business has increased pre-tax profit					
4. Number of employees has increased					
5. Your expenditure on green procurement is growing					
6. Your customers needing green product is growing					
7. Expenditure on non-green procurement is reducing					
8. Your image as a green business is getting stronger					
9. There has improved customer satisfaction					
10. Number of repeat buyers for green product is growing					
11. I have an access to foreign markets					
12. I have access to green technology					
13. Green activity gives my business competitive advantage					
14. There is support for green product innovation					
15. There is reliable consultancy firms for green business					

To what extent do you agree that the following will affect green entrepreneurial practices in your business? Tick the option that best explains your view.

(1=Not At All, 2=Little Extent, 3=Moderate Extent, 4=Great Extent, 5=Very Great Extent)

II.	**Green Entrepreneurial Skills**	**1**	**2**	**3**	**4**	**5**
1.	I have the training in green business activities					
2.	You have skills in green management					
3.	You have skills in green team management					
4.	You have skills in green business planning					
5.	You have skills in green marketing activities					
6.	You can easily notice a green business opportunity					

(1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree)

III.	**Opportunities for Green Entrepreneurship**	**1**	**2**	**3**	**4**	**5**
1.	There are no entry barriers into market I serve					
2.	There is a high demand for a green production and services					
3.	There are wide opportunities for green procurement					
4.	The public has support for green activities					
5.	You have access to information on green technology					

(1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree)

IV.	**Entrepreneur Motivation**	**1**	**2**	**3**	**4**	**5**
1.	Direct contribution to the success of a company					
2.	Challenge of starting and growing a business					
3.	Freedom to adapt my own approach to work					
4.	Contribute to welfare of my community where I live					
5.	Desire to have high earnings					
6.	There are opportunities to keep learning					
7.	Develop an idea for product/business					
8.	Achieve higher position in society					
9.	Freedom to adapt my own approach to work					
10.	Follow the example of a person I admire					

(1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree)

V.	**Green Incentives**	**1**	**2**	**3**	**4**	**5**
1.	The taxation system favours green business activity					
2.	Attractive incentives provide by the government					
3.	Presence of environment-minded management					
4.	Expectation of benefits of green business ventures					
5.	Benefits from diversify into new market					
6.	Grain of expertise to improve green business					
7.	Availability of profitable ways of doing green business					
8.	Easy product regulations in green business activity					
9.	Easily to modify products for green-oriented markets					
10.	Closeness to foreign markets needing green products					

(1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree)

VI. Availability of Capital	**1**	**2**	**3**	**4**	**5**
1. Loans for green activities are available					
2. There is a fund set for Green entrepreneurship					
3. Reduced paper work for access to green funding					
4. There are delicate steps taken to governing authority to encourage green entrepreneurship funding					
5. There are subsidies given to green business					
6. There are low interest loans available to green entrepreneurs					
7. There are wide variety of financing programmes					

Other factors that contribute to you green entrepreneurship (specify)

a) _____

b) _____

c) _____

Appendix ii – Introductory Letter

UNIVERSITY OF NAIROBI

MOMBASA CAMPUS

Telephone: 020-2059161
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsity

P.O. Box 99560,80107
Mombasa, Kenya

20th August, 2013

TO WHOM IT MAY CONCERN

The bearer of this letter, **Bakari Ali Mwakambirwa** of Registration number **D61/60866/2011** is a Master of Business Administration (MBA) student of the University of Nairobi, Mombasa Campus.

He is required to submit as part of his coursework assessment a research project report. We would like the student to do his project on **"Green Entrepreneurial Practices among Small and Medium Enterprises in Mombasa County, Kenya"**. We would therefore, appreciate if you assist him by allowing her to collect data within your organization for the research.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organization on request.

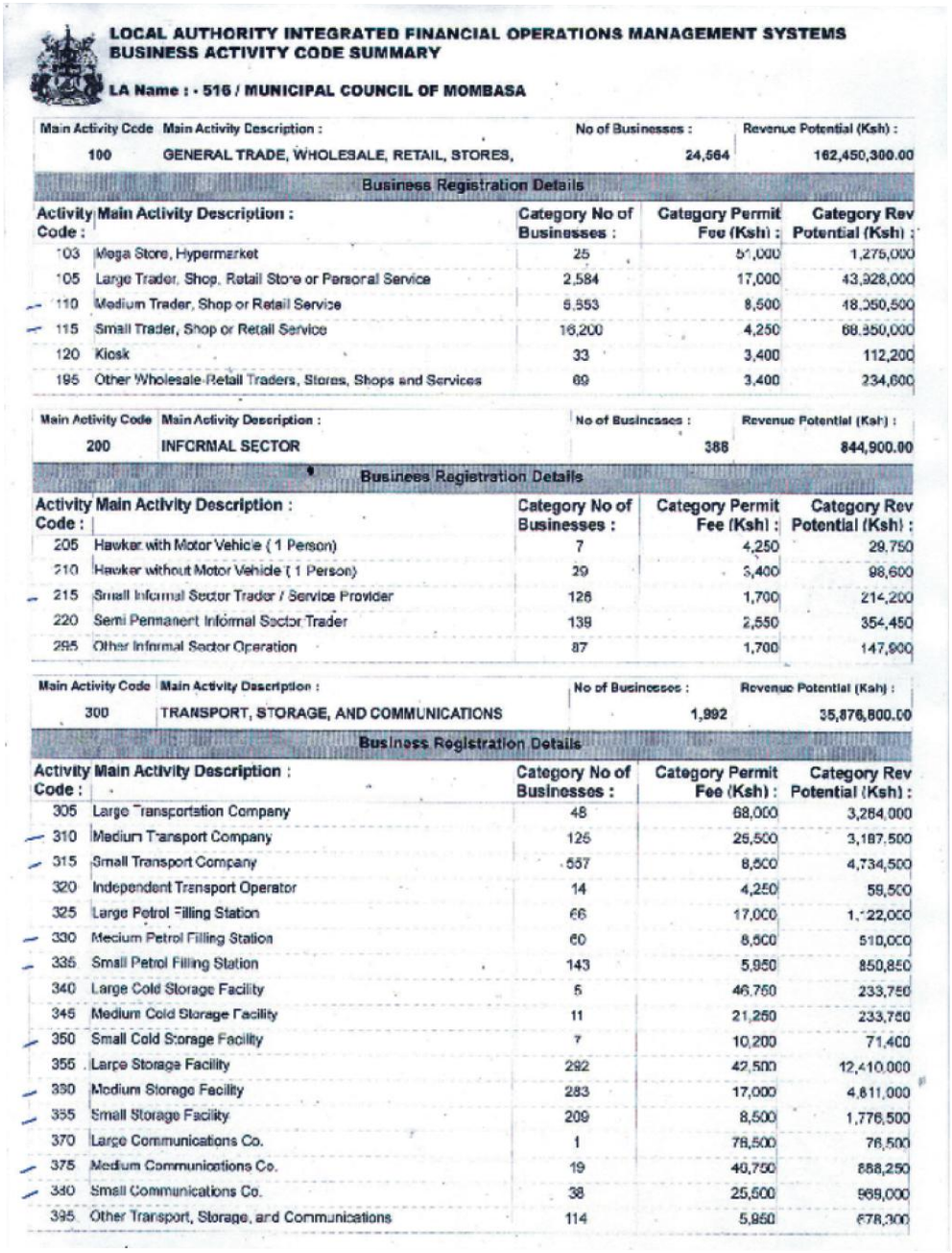
Thank you.

UNIVERSITY OF NAIROBI
ASSISTANT CO-ORDINATOR
21 AUG 2013
SCHOOL OF BUSINESS
MOMBASA CAMPUS

MR. JOB MWANYOTA
ASSISTANT CO-ORDINATOR, MOMBASA CAMPUS

JM/maa

Appendix iii - SMEs List in Mombasa County



LOCAL AUTHORITY INTEGRATED FINANCIAL OPERATIONS MANAGEMENT SYSTEMS
BUSINESS ACTIVITY CODE SUMMARY

LA Name : - 516 / MUNICIPAL COUNCIL OF MOMBASA

Main Activity Code	Main Activity Description :	No of Businesses :	Revenue Potential (Ksh) :
100	GENERAL TRADE, WHOLESALE, RETAIL, STORES,	24,564	162,450,300.00

Business Registration Details

Activity Code :	Main Activity Description :	Category No of Businesses :	Category Permit Fee (Ksh) :	Category Rev Potential (Ksh) :
103	Mega Store, Hypermarket	25	51,000	1,275,000
105	Large Trader, Shop, Retail Store or Personal Service	2,584	17,000	43,928,000
110	Medium Trader, Shop or Retail Service	5,553	8,500	48,350,500
115	Small Trader, Shop or Retail Service	16,200	4,250	68,850,000
120	Kiosk	33	3,400	112,200
195	Other Wholesale-Retail Traders, Stores, Shops and Services	69	3,400	234,600

Main Activity Code	Main Activity Description :	No of Businesses :	Revenue Potential (Ksh) :
200	INFORMAL SECTOR	388	844,900.00

Business Registration Details

Activity Code :	Main Activity Description :	Category No of Businesses :	Category Permit Fee (Ksh) :	Category Rev Potential (Ksh) :
205	Hawker with Motor Vehicle (1 Person)	7	4,250	29,750
210	Hawker without Motor Vehicle (1 Person)	29	3,400	98,600
215	Small Informal Sector Trader / Service Provider	126	1,700	214,200
220	Semi Permanent Informal Sector Trader	139	2,550	354,450
295	Other Informal Sector Operation	87	1,700	147,900

Main Activity Code	Main Activity Description :	No of Businesses :	Revenue Potential (Ksh) :
300	TRANSPORT, STORAGE, AND COMMUNICATIONS	1,992	35,876,800.00

Business Registration Details

Activity Code :	Main Activity Description :	Category No of Businesses :	Category Permit Fee (Ksh) :	Category Rev Potential (Ksh) :
305	Large Transportation Company	48	68,000	3,264,000
310	Medium Transport Company	125	25,500	3,187,500
315	Small Transport Company	557	8,500	4,734,500
320	Independent Transport Operator	14	4,250	59,500
325	Large Petrol Filling Station	66	17,000	1,122,000
330	Medium Petrol Filling Station	60	8,500	510,000
335	Small Petrol Filling Station	143	5,950	850,850
340	Large Cold Storage Facility	5	46,750	233,750
345	Medium Cold Storage Facility	11	21,250	233,750
350	Small Cold Storage Facility	7	10,200	71,400
355	Large Storage Facility	292	42,500	12,410,000
360	Medium Storage Facility	283	17,000	4,811,000
365	Small Storage Facility	209	8,500	1,776,500
370	Large Communications Co.	1	76,500	76,500
375	Medium Communications Co.	19	46,750	888,250
380	Small Communications Co.	38	25,500	969,000
395	Other Transport, Storage, and Communications	114	5,950	678,300

LOCAL AUTHORITY INTEGRATED FINANCIAL OPERATIONS MANAGEMENT SYSTEMS
BUSINESS ACTIVITY CODE SUMMARY

LA Name : - 516 / MUNICIPAL COUNCIL OF MOMBASA

Main Activity Code	Main Activity Description :	No of Businesses :	Revenue Potential (Ksh) :
100	GENERAL TRADE, WHOLESALE, RETAIL, STORES,	24,564	162,450,380.00

Business Registration Details

Activity Code :	Main Activity Description :	Category No of Businesses :	Category Permit Fee (Ksh) :	Category Rev Potential (Ksh) :
103	Mega Store, Hypermarket	25	51,000	1,275,000
105	Large Trader, Shop, Retail Store or Personal Service	2,584	17,000	43,928,000
110	Medium Trader, Shop or Retail Service	6,553	8,500	18,350,500
115	Small Trader, Shop or Retail Service	16,200	4,250	68,850,000
120	Kiosk	33	3,400	112,200
195	Other Wholesale-Retail Traders, Stores, Shops and Services	69	3,400	234,600

Main Activity Code	Main Activity Description :	No of Businesses :	Revenue Potential (Ksh) :
200	INFORMAL SECTOR	388	844,900.00

Business Registration Details

Activity Code :	Main Activity Description :	Category No of Businesses :	Category Permit Fee (Ksh) :	Category Rev Potential (Ksh) :
205	Hawker with Motor Vehicle (1 Person)	7	4,250	29,750
210	Hawker without Motor Vehicle (1 Person)	29	3,400	98,600
215	Small Informal Sector Trader / Service Provider	126	1,700	214,200
220	Semi Permanent Informal Sector Trader	139	2,550	354,450
295	Other Informal Sector Operation	87	1,700	147,900

Main Activity Code	Main Activity Description :	No of Businesses :	Revenue Potential (Ksh) :
300	TRANSPORT, STORAGE, AND COMMUNICATIONS	1,992	35,876,800.00

Business Registration Details

Activity Code :	Main Activity Description :	Category No of Businesses :	Category Permit Fee (Ksh) :	Category Rev Potential (Ksh) :
305	Large Transportation Company	48	68,000	3,264,000
310	Medium Transport Company	126	25,500	3,187,500
315	Small Transport Company	557	8,500	4,734,500
320	Independent Transport Operator	14	4,250	59,500
325	Large Petrol Filling Station	66	17,000	1,122,000
330	Medium Petrol Filling Station	60	8,500	510,000
335	Small Petrol Filling Station	143	5,950	850,850
340	Large Cold Storage Facility	5	46,750	233,750
345	Medium Cold Storage Facility	11	21,250	233,750
350	Small Cold Storage Facility	7	10,200	71,400
355	Large Storage Facility	292	42,500	12,410,000
360	Medium Storage Facility	283	17,000	4,811,000
365	Small Storage Facility	209	8,500	1,776,500
370	Large Communications Co.	1	76,500	76,500
375	Medium Communications Co.	19	46,750	888,250
380	Small Communications Co.	38	25,500	969,000
395	Other Transport, Storage, and Communications	114	5,950	678,300

LOCAL AUTHORITY INTEGRATED FINANCIAL OPERATIONS MANAGEMENT SYSTEMS
BUSINESS ACTIVITY CODE SUMMARY

LA Name : - 516 / MUNICIPAL COUNCIL OF MOMBASA

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Business Registration Details

Activity Code :	Main Activity Description :	Category No of Businesses :	Category Permit Fee (Ksh) :	Category Rev Potential (Ksh) :
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105	Large Trader, Shop, Retail Store or Personal Service	2,584	17,000	43,928,000
110	Medium Trader, Shop or Retail Service	6,353	8,500	48,360,500
115	Small Trader, Shop or Retail Service	16,200	4,250	68,850,000
120	Kiosk	33	3,400	112,200
195	Other Wholesale Retail Traders, Stores, Shops and Services	69	3,400	234,600

Main Activity Code	Main Activity Description :	No of Businesses :	Revenue Potential (Ksh) :
200	INFORMAL SECTOR	388	844,900.00

Business Registration Details

Activity Code :	Main Activity Description :	Category No of Businesses :	Category Permit Fee (Ksh) :	Category Rev Potential (Ksh) :
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Activity Code :	Main Activity Description :	Category No of Businesses :	Category Permit Fee (Ksh) :	Category Rev Potential (Ksh) :
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370	Large Communications Co.	1	78,500	78,500
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