

**INFLUENCE OF ENTREPRENEURIAL ORIENTATION ON FIRM
PERFORMANCE AMONG SMALL AND MEDIUM ENTERPRISES IN THE
AUTOMOBILE INDUSTRY IN NAIROBI COUNTY, KENYA**

BY

KITHAKA JOHNSTONE NJAGI

**A RESEARCH PROJECT REPORT SUBMITTED IN PARTIAL
FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF
THE DEGREE OF MASTER OF ARTS IN PROJECT PLANNING
AND MANAGEMENT OF THE UNIVERSITY OF NAIROBI**

2016

DECLARATION

This research project report is my original work and has not been presented for academic purposes in the University of Nairobi or any other University.

Signed Date

KITHAKA JOHNSTONE NJAGI

L50/72292/2008

This research project report has been submitted for examination with my approval as the University Supervisor.

Signed Date

Professor Harriet Kidombo

School of Continuing and Distance Education

University of Nairobi

DEDICATION

This research project is dedicated to my family; my wife Margaret Njeri, my daughter Cynthia Karimi and my sons Caleb Ngugi and Collins Munene for her prayers and support.

ACKNOWLEDGEMENT

I wish to thank the university of Nairobi; all the staff of The university of Nairobi for giving me the opportunity to pursue the Masters program and the second-hand motor vehicle importers operating within Nairobi region for allowing me to collect data and use its information for this project Special thanks to my supervisor Prof. Harriet Kidombo who tirelessly ensured that this proposal is of the required standards and for being there for me whenever I requested for clarifications and for his wise counsel. I am also indebted to my lecturers for their support in preparing me towards undertaking this project and the whole masters program as well. Heartfelt gratitude to my wife Margaret Njeri for the sacrifice, endurance and encouragement that she gave me while undertaking this course. I cannot forget to thank my friends, colleagues and group members at the university; Edward, Lilian, Petro, Carol, Dorothy, Lincoln, James and Joseph for their support and cooperation throughout the course. Most of all I wish to acknowledge the almighty God for the good health, opportunity and the strength to complete this course.

TABLE OF CONTENTS

DECLARATION	ii
DEDICATION	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENTS	v
LIST OF TABLES	ix
LIST OF FIGURES	x
ABBREVIATIONS AND ACRONYMS	xi
ABSTRACT	xii
CHAPTER ONE: INTRODUCTION	1
1.1 Background of the Study	1
1.2 Statement of the Problem	3
1.3 Purpose of the Study	5
1.4 Objectives of the Study	5
1.5 Research Questions	5
1.6 Significance of the Study	6
1.7 Delimitation of the Study	6
1.8 Limitations of the Study	7
1.9 Assumptions of the Study	7
1.10 Definition of Significant Terms	7
1.11 Organization of the study	8
CHAPTER TWO: LITERATURE REVIEW	9
2.1 Introduction	9
2.2 Entrepreneurial Orientation and Performance of Small and Medium Enterprises.....	9
2.2.1 Innovativeness and SMEs Performance	11
2.2.2 Autonomy and SMEs Performance	11
2.2.3 Pro-activeness and SMEs Performance.....	12

2.2.4 Risk Taking Propensity and SMEs Performance	13
2.2.5 Competitive Aggressiveness and SMEs Performance	13
2.3 Theoretical Review	14
2.3.1 Schumpeter’s Innovation Theory	14
2.3.2 Traits Model of Entrepreneurial Orientation.....	15
2.3.3 Social Cultural Theory of Entrepreneurial Orientation.....	17
2.4 Conceptual framework	17
2.5 Summary of the Literature Reviewed	18
2.6 Research Gap.....	19
CHAPTER THREE: RESEARCH METHODOLOGY	21
3.1 Introduction.....	21
3.2 Research Design.....	21
3.3 Target Population.....	21
3.4 Sample Size and Sampling Procedure.....	22
3.5 Data Collection Instruments.....	23
3.6 Pilot Study.....	24
3.6.1 Validity of Instruments	24
3.6.2 Reliability of Instruments.....	24
3.8 Data Collection Procedure	25
3.9 Data Analysis and Presentation.....	25
3.10 Ethical Issues.....	26
3.11 Operationalization of Variables	27
This section contains the variables of the study, their indicators and measurement scale for each of the variables, the tool of analysis and finally the type of data analysis to be used. .	27
CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND INTERPRETATIONS	29
4.1 Introduction.....	29
4.1.1 Questionnaire Return Rate	29

4.2 Demographic Information.....	29
4.2.1 Designation of the Respondent	29
4.2.2 Highest Level of Education of the Respondents	30
4.2.3 Duration that the Respondents had Worked in the Institution	30
4.3 Entrepreneurial Orientation and Performance of Small and Medium enterprises	31
4.3.1 Influence of Innovativeness on Firm Performance	31
4.3.2 Influence of Risk Taking on Firm Performance	32
4.3.3 Influence of Pro-activeness on firm Performance.....	33
4.3.4 Influence of Autonomy on firm Performance.....	35
4.3.5 Influence of Competitive Aggressiveness on firm Performance	36
4.4 Influence of Firm Characteristics on Firm Performance.....	37
4.5 Performance of Small and Medium Enterprises in the Automobile Industry.....	38
4.6 Regression Analysis.....	39
CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS.....	42
5.1 Introduction.....	42
5.2 Summary of Findings.....	42
5.2.1 Innovativeness.....	42
5.2.2 Risk Taking.....	42
5.2.3 Pro-activeness	42
5.2.4 Autonomy.....	43
5.2.5 Competitive Aggressiveness	43
5.2.6 Firm Characteristics	43
5.2.7 Performance of Small and Medium Enterprises	43
5.3 Conclusions.....	44
5.4 Recommendations	44
5.5 Suggestions for Further Studies	45

REFERENCES 47

APPENDICES 52

 APPENDIX 1: INTRODUCTION LETTER.....52

 APPENDIX II: RESEARCH QUESTIONNAIRE53

 APPENDIX III: RESEARCH PERMIT57

 APPENDIX IV: RESEARCH AUTHORIZATION.....58

LIST OF TABLES

Table 3. 1 Target Population.....	21
Table 3. 2 The Sampling Matrix	23
Table 3. 3: Reliability of the Instrument	25
Table 3. 4: Operationalization of variables	27
Table 4.1: Response rate	29
Table 4. 2: Designation of the Respondents	29
Table 4. 3: Highest level of Education of the Respondents	30
Table 4.4: Duration that the Respondents had Worked in the Institution.....	30
Table 4.5: Influence of Innovativeness on Firm Performance	31
Table 4.6: Innovativeness and firm Performance	32
Table 4.7: Extent to Which Risk Taking Influence firm Performance	32
Table 4.8: Risk Taking and Firm Performance	33
Table 4.9: Extent to which pro-activeness influence firm performance	34
Table 4.10: pro-activeness and firm performance.....	34
Table 4.11: Extent to which autonomy influences firm performance.....	35
Table 4.12: Autonomy and firm performance.....	36
Table 4.13: Competitive Aggressiveness	36
Table 4.14: Competitive Aggressiveness and firm Performance.....	37
Table 4.15: Firm Characteristics on Firm Performance.....	37
Table 4.16: Performance of Small and Medium Enterprises	38
Table 4.17: Model Summary without moderating variable	39
Table 4.18: Model Summary with moderating variable	39
Table 4.19: Summary of One-Way ANOVA ^a	40
Table 4.20: Table of Coefficients	40

LIST OF FIGURES

	Page
Figure 1: Conceptual framework	18

ABBREVIATIONS AND ACRONYMS

EO- Entrepreneurial Orientation

Gov - Government of Kenya

MSME- Micro, Small and Medium Enterprises

OECD- Organization for Economic Co-operation and Development

RoK- Republic of Kenya

SMEs- Small and Medium Enterprises

SPSS- Statistical Packages for Social Sciences

UK - United Kingdom

WB - World Bank

ABSTRACT

Entrepreneurial Orientation (EO) has become a central concept in research on entrepreneurship and strategy and has received considerable attention, both theoretically and empirically. Entrepreneurial Orientation is defined as the dimensions of Entrepreneurial behaviour along which opportunity is pursued, these consists of Pro-activeness, Innovativeness, Competitive Aggressiveness, Autonomy and Risk Taking Propensity. Research indicates that small and medium enterprises are faced by constant threat of failure and most of them never grow into large enterprises. Past studies indicate that the SMEs sector in Kenya is characterized by high mortality rate. That is in every five SMEs three of them will fail within the first few months of operation, over 60% fail each year and most do not survive to their third anniversary. The objective of this study was to evaluate the relationship between entrepreneurial orientation and performance of small and medium enterprises in the automobile industry in Kenya. This study adopted a descriptive survey research design and the target population was all the 225 second-hand motor vehicle importers operating within Nairobi region. A total number of 172 respondents were selected from all the regions. Primary data was collected using self-administered questionnaires from the respondents. In order to effectively analyze the primary quantitative data, descriptive statistics including percentages, frequencies, means and standard deviation was used. Presentation of quantitative data was done using frequency tables. Presentation of qualitative data was done in prose form, involving explanations. Regression analysis was conducted to determine how innovativeness, risk, pro-activeness, autonomy and competitive aggressiveness affect performance of small and medium enterprises in the automobile industry in Kenya. 143 respondents out of the targeted 172 responded and returned their questionnaire making a return rate of 83.14%. The study found that innovativeness influence firm performance, risk taking and competitive aggressiveness positively influence firm performance to a great extent, pro-activeness positively influence firm performance to a very great extent while autonomy of the management negatively influence firm performance to a great extent. The study further found that competitive aggressiveness had the highest influence on Performance followed by innovativeness, then Pro-activeness, Autonomy, while risk taking had the least influence on Performance. The study therefore recommends that management and proprietors should be innovative, proactive, risk taking and competitively aggressive. However, the study recommends that Autonomy should be regulated.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Entrepreneurial Orientation (EO) has become a central concept in research on entrepreneurship and strategy and has received considerable attention, both theoretically and empirically (Covin, Green & Levin, 2006). The original contributions of Miller (2011), Miller and Friesen (1982) and Lumpkin & Dess (1996) have been some of the pillars in the research on EO, however, many questions remain unanswered around this concept. Entrepreneurial orientation covers the behavior of the entrepreneurs like innovation, proactive and risk taking (Muenjohn & Armstrong, 2008). EO has since evolved to include five dimensions: autonomy, pro-activeness, risk-taking, innovativeness and competitive aggressiveness (Schillo, 2011). Entrepreneurial Orientation is defined by Lumpkin and Dess (1996) as the dimensions of Entrepreneurial behaviour along which opportunity is pursued, these consists of Pro-activeness, Innovativeness, Competitive Aggressiveness, Autonomy and Risk Taking Propensity: the processes of entrepreneurial.

Innovativeness in this case refers to provision of solutions to both routine and non-routine problems. It is the firm's ability to engage in new ideas or thinking creatively that an idea can generate future economic benefits to the firm (Hayat & Riaz, 2011). Being innovative can take many forms like welcoming new ideas, providing support for research and development and trying new product into market by use of new technology enabling the firm to gain benefits (Wiklund and Shepherd 2003). Pro-activeness, is the ability to foresee before the actual occurrence of events and taking action for problems that are likely to occur in the future. Proactiveness is an opportunity-seeking, forward-looking perspective involving introducing new products or services ahead of the competition and acting in anticipation of future demand to create change and shape the environment. Risk taking is generally understood as entering in the fields previously not exploited or new ventures. It is the tendency to take bold actions such as venturing into unknown new markets, committing a large portion of resources to ventures with uncertain outcomes, and/or borrowing heavily.

Competitive aggressiveness refers to the organization's way of engaging with its competitors, distinguishing between companies that shy away from direct competition with other companies and those that aggressively pursue their competitors' target markets.

While innovativeness is aimed at introducing new products, which is a type of competitive action, competitive aggressiveness is more rival focused. It is a firm's propensity to directly and intensely challenge its competitors to achieve entry or improve position, that is, to outperform industry rivals in the marketplace. competitive aggressiveness focuses on threats imposed by competitors and battles over existing customers (Lumpkin & Dess (1996). In addition, competitive aggressiveness involves a high speed of action as well as the ability to simultaneously conceive of multiple attacks using varied repertoires (Ferrier et al., 2002). This dimension is propelled by awareness, motivation and capabilities. Autonomy refers to the independent action of an individual or a team in bringing forth an idea or a vision and carrying it through to completion (Lumpkin & Dess, 1996) without being held back by overly stringent organizational constraints. Studies conducted previously show direct relationship between EO and firm performance (Covin & Slevin, 1991; Lumpkin & Dess, 1996; Wiklund, 1999; Krieser, Marino & Weaver, 2002). However, this relationship is also affected by other factors both within the organization and without organization.

This study recognizes the role played by small and medium enterprises (SMEs) in the growth and development of a country especially in the developing countries such as Kenya. The Kenya's sessional paper number two (RoK, 2005) clearly show that this sector is not only a provider of goods and services but also a driver in promoting competition, innovation and enhancing the enterprise culture which is necessary for private sector development and industrialization. SMEs have been variously defined depending on the criteria used in classification. The European Union defines SMEs as enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding 50 million euro, and/or an annual balance sheet total not exceeding 43 million euro. In the United Kingdom (UK) a organization is defined as being an SME if it meets two out of three criteria: it has a turnover of less than £25m, it has less than 250 employees, it has gross assets of less than £12.5m (Gov.Uk, 2015). In Kenya, the definition of SMEs depends on the number of employees, MSME stands for micro, small and medium enterprises referring to an organization having a Maximum number of 10,000 employees. An enterprise with less than ten (10) employees is referred to as micro; those with ten to fifty (10-50) employees are referred to as small while medium enterprises have between one hundred and fifty and one thousand (150-1000) employees. The terms small business and SME are sometimes used interchangeably since SMEs share many of the

characteristics of their smaller counterparts such as fewer number of employees, low turnover and low asset base.

In Kenya, the automotive industry is primarily involved in the retail and distribution of motor vehicles. There are a number of motor vehicle dealers operating in the country, with the most established being Toyota (East Africa), Cooper Motor Corporation, General Motors, Simba Colt and DT Dobie. There are also three vehicle assembly plants in the country, which concentrate on the assembly of pick-ups and heavy commercial vehicles. In a report by PricewaterhouseCoopers (2015), the established dealers face intense competition from imported second-hand vehicles, mainly from Japan and United Arab Emirates. These imports now account for about 70% of the market. The last decade witnessed a significant decline in the number of new vehicles sold in the country. The corporate participants in the motor industry have been lobbying hard to reverse this trend. On their part, the importing companies themselves have become more innovative in responding to customer needs. This has been necessitated by implementation of strict criteria on importation of second hand vehicles and incentives to promote local assembling of commercial vehicles by vehicle manufacturers. This study sought to evaluate the influence of entrepreneurial orientation on the performance of the firm in the automobile industry.

1.2 Statement of the Problem

Research indicates that small and medium enterprises are faced by constant threat of failure and most of them never grow into large enterprises (World Bank, 2014; RoK, 2005). Past studies indicate that the SMEs sector in Kenya is characterized by high mortality rate (RoK, 2005); that is in every five SMEs three of them will fail within the first few months of operation (Bowen, Morara & Mureithi, 2009; RoK, 2013); over 60% fail each year (KNBS, 2007); and most do not survive to their third anniversary (Ngugi, 2014). Many SMEs are generally low margin, have very little differentiation and are survival or necessity driven (The Guardian, 2014). This implies that SMEs in Kenya are lacking EO.

Various studies have been conducted worldwide in the last few decades trying to explain the relationship between EO and other variables such as performance, innovative capacity, market orientation and firm growth (Frank, Kessler, & Fink, 2010; Mahmood & Hanafi,

2013; Campos & Valenzuela, 2013). Research has indicated that there is a strong relationship between creativity and innovation. Creativity considered as an antecedent of the innovation, EO and business performance (Al Swidi & Mahmood, 2011). Similarly, other scholars such as (Haroon Hafeez et al., 2012) concluded that there is a linear relationship between EO, innovation, branding and firm performance. However, these relationships have also been seen to be affected by other factors either within or outside the organization. Such factors include, tome orientation, market orientation and motivation Haroon Hafeez, *et. al.*, 2012).

The automotive industry today is facing new and pressing challenges ranging from globalisation, individualisation, digitalisation and increasing competition (Kinoro, 2013). Second-hand Motor vehicle importers in Kenya create enormous opportunities for jobs through value addition like in Motor Garages and spare parts. However, despite the enormous role they play in the economy, this industry is faced by numerous challenges that affect their performance. These include competition, lack of skills in Management and regulatory framework. According to (Kenya motor industry report, 2015) many second-hand Motor Vehicle dealers have closed down due to stiff competition in the market brought about by market liberalization. This study will seek to evaluate the influence of entrepreneurial orientation on the performance of these firms.

Locally, entrepreneurial orientation and performance has also been studied by scholars such as Osoro (2012) who studied the effects of entrepreneurial orientation of business performance in the manufacturing sector. Others include; Otieno, Bwisa, and Kihoro (2012) studied effect of entrepreneurial orientation on kenya's manufacturing firms operating under east African regional integration, Mwangi, and Ngugi (2014) studied the affect of entrepreneurial orientation on growth of micro and small enterprises in Kerugoya, Kenya, Mwaura, Gathenya, and Kihoro (2015) evaluated dynamics of entrepreneurial orientation on the performance of women owned enterprises in Kenya while Ali and Ali (2015) conducted a study on entrepreneurial orientation and performance of women owned enterprises in Sub-Saharan African context in Somalia. Further, Okeyo (2014) studied the impact of business development services on entrepreneurial orientation and performance of small and medium enterprises in Kenya and Gathungu, Aiko, and Machuki (2014) studied entrepreneurial orientation, networking, external environment, and firm performance. However, none of the above scholars has considered the influence of

entrepreneurial orientation on performance of small and medium enterprises in the automobile industry. This study therefore sought to evaluate the influence of entrepreneurial orientation on organization performance among small and medium enterprises in the automobile industry in Nairobi County.

1.3 Purpose of the Study

The purpose of this study was to evaluate the influence of entrepreneurial orientation on performance of small and medium enterprises in the automobile industry in Nairobi County.

1.4 Objectives of the Study

The researcher also sought to achieve the following objectives;

- i. To determine the influence of innovativeness on performance of Small and medium enterprises in the automobile industry in Nairobi County,
- ii. To evaluate the extent to which risk taking influence performance of Small and medium enterprises in the automobile industry in Nairobi County,
- iii. To assess the influence of pro-activeness on performance of Small and medium enterprises in the automobile industry in Nairobi County,
- iv. To explore the influence of autonomy on performance of Small and medium enterprises in the automobile industry in Nairobi County,
- v. To establish the influence of competitive aggressiveness on performance of Small and medium enterprises in the automobile industry in Nairobi County,

1.5 Research Questions

To achieve the above objectives the researcher also sought to answer the following questions;

- i. What is the influence of innovativeness on performance of Small and medium enterprises in the automobile industry in Nairobi County?
- ii. To what extent does risk taking influence performance of Small and medium enterprises in the automobile industry in Nairobi County?
- iii. In what ways does pro-activeness influence performance of Small and medium enterprises in the automobile industry in Nairobi County?

- iv. What is the influence of autonomy on performance of Small and medium enterprises in the automobile industry in Nairobi County?
- v. To what extent does competitive aggressiveness influence performance of Small and medium enterprises in the automobile industry in Nairobi County?

1.6 Significance of the Study

The findings of this study would help inform policy makers on key issues that have implications on entrepreneurial orientation and performance of small and medium enterprises in the automobile industry. Policy makers will further be in a better position to formulate, design and implement policies that would create enabling environments for implementation of entrepreneurial orientation.

The study would also help provide critical feedback to entrepreneurs. It would inform decision-making process to the various stakeholders involved in the management of infrastructure projects. The adoption of better decisions to improve on the implementation of other projects to help save on time and money.

The findings of study would also be important to the Kenyan government through the relevant Ministries to invest heavily in business education to enhance understanding of the role of entrepreneurial orientation in the country. This may be done through the relevant government organs such as the chamber of commerce

The findings of this study may also be of great importance to small business owners who would have an insight on the increasing importance of entrepreneurial orientation in the business environment and how it affects performance of small and medium enterprises. This study would also be relevant to other scholars who would use the findings of this study to explore further on the subject.

1.7 Delimitation of the Study

This study sought to evaluate the affect of entrepreneurial orientation on firm performance among small and medium enterprises in the automobile industry in Nairobi County. The research evaluated the influence of innovativeness, risk taking, pro-activeness, autonomy and competitive aggressiveness on performance of Small and medium enterprises in the automobile industry in Nairobi County for a period of five years from 2011 to 2015. The researcher carried out a survey of the registered automobile dealers in Nairobi County.

1.8 Limitations of the Study

This main objective of the study was to evaluate the relationship between entrepreneurial orientation and performance of small and medium enterprises in the automobile industry in Kenya. The researcher was therefore limited to establishing the relationship that exists between entrepreneurial orientation and performance of small and medium enterprises in the automobile industry in Nairobi County. The study could therefore evaluate other factors that were beyond the scope of the study such as management style.

Data was collected from top management and the proprietors of the automobile outlets who are generally rather busy due to the nature of their work. This made it difficult for the researcher to collect data from them. Although the researcher prior arrangements to deliver and pick questionnaire some were not filled in time, which made data collection period longer than expected.

1.9 Assumptions of the Study

In the course of the study, the researcher assumed that the respondents gave truthful and objective responses. The researcher also assumed that the sample selected as a true representative of the population at large.

1.10 Definition of Significant Terms

Entrepreneurial Orientation is defined as the dimensions of Entrepreneurial behaviour along which opportunity is pursued, these consists of Pro-activeness, Innovativeness, Competitive Aggressiveness, Autonomy and Risk Taking Propensity.

Innovativeness in this case refers to provision of solutions to both routine and non-routine problems. It is the firm's ability to engage in new ideas or thinking creatively that an idea can generate future economic benefits to the firm. Being innovative can take many forms like welcoming new ideas, providing support for research and development and trying new product into market by use of new technology enabling the firm to gain benefits

Autonomy refers to independent action in terms of bringing forth an idea or a vision and carrying it through to completion, including the concept of free and independent action and decisions taken.

Pro-activeness is acting in anticipation of future problems, needs, or changes

Risk taking relates to a business readiness to pursue opportunities despite uncertainty around the eventual success. It entails acting boldly without knowing the consequences.

Competitive Aggressiveness refers to the efforts a business makes to outperform its rivals. It is the firm's propensity to directly and intensely challenge its competitors to achieve entry or improve position.

Organizational performance encompasses three specific areas of firm outcomes: (a) financial performance (profits, return on assets, return on investment); (b) product market performance (sales, market share); and (c) shareholder return (total shareholder return, economic value added). This study focuses on financial performance and product market performance.

1.11 Organization of the study

The study is organized into five chapters. Chapter one contains the introduction to the study. It presents background of the study, statement of the problem, purpose of the study, objectives of the study, research questions, significance of the Study, delimitations of the study, limitations of the Study and the definition of significant terms. On the other hand, chapter two reviews the literature based on the objectives of the study. It further looked at the conceptual framework and finally the summary. Chapter three covers the research methodology of the study. The chapter describes the research design, target population, sampling procedure, tools and techniques of data collection, pre-testing, data analysis, ethical considerations and finally, the operational definition of variables. Chapter four presents analysis and findings of the study as set out in the research methodology. The study closes with chapter five, which presents the discussion, conclusion, and recommendations for action and further research.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This section consists of the theoretical framework for the study, review of the literature on variables, the conceptual framework, and empirical review, critique of the existing section provide the theories that support the variables under investigation.

2.2 Entrepreneurial Orientation and Performance of Small and Medium Enterprises

In order to emphasize the theoretical context of Entrepreneurial Orientation in this study, the relationship of Entrepreneurial Orientation to Entrepreneurship is briefly revisited as follows. The definition of Entrepreneurship is taken to be the pursuit of opportunity (Shane & Venkataraman, 2010). Entrepreneurial Orientation is defined as the dimensions of Entrepreneurial behaviour along which opportunity is pursued, these consists of Pro-activeness, Innovativeness, Competitive Aggressiveness, Autonomy and Risk Taking Propensity: the processes of entrepreneurial behaviour as developed by Lumpkin and Dess (1996). Lumpkin and Dess (1996) argue that any enterprise that engages in an effective combination of Autonomy, Innovativeness, Risk Taking, Pro-activeness, and Competitive Aggressiveness is entrepreneurial. For Miller (2011), entrepreneurship is the process by which organisations renew themselves and their markets by pioneering, innovation and risk taking, and it is this conception that Lumpkin and Dess (1996) developed into the larger construct through the inclusion of autonomy and competitive aggressiveness.

In this case, Entrepreneurial Orientation is taken to represent the process of pursuing and Seizing opportunity along defined dimensions. Entrepreneurial Orientation supports opportunity recognition in new markets and according to Lumpkin and Dess (1996), an Entrepreneurial Orientation refers to the Processes, practices, and decision making activities that lead to the essential act of Entrepreneurship, involving intentions and actions which are helpful and contributes towards the Business Performance and makes the entrepreneur satisfied with the overall performance (Razzaq, 2013).

Financial measures include profits, revenues, returns on investment (ROI), and returns on sales and returns on equity, sales growth, and profitability growth. Non-Financial measures include overall performance of the firm relative to competitors, employment of additional employees, performance, employee satisfaction, customer loyalty, brand

awareness and owner's satisfaction with the way the business is progressing. The combinations of these two measures (Financial and Non-financial) help the owners-managers to gain a wider perspective on measuring and comparing their performance. Mwaura et al (2014) agrees that this is a holistic approach and Balanced Scorecard approach to performance evaluation for SMEs.

Small and medium enterprises that are innovative have the ability and willingness to support creativity, new ideas and experimentation, which may result in new products/services (Lumpkin & Dess, 1996; Mwaura, *et. al.*; Gathenya, *et. al.*, 2011; Pearce & Robinson, 2009). Proactive firms anticipate and act on future wants and needs in the market, which would enable them to gain first mover advantage ahead of the competition. According to Drucker (1995), entrepreneurs involve themselves in maximizing opportunities.

A number of studies conducted in this area have established that there is a positive relationship between Entrepreneurial Orientation and Performance (Mahmood & Hanafi, 2013). For small and medium enterprises to have a competitive advantage, there is need to increase their level of Entrepreneurial Orientation to survive the dynamic, fast faced and complex business environment which is characterized by short life cycles, globalization and continuous improvement in technology. Entrepreneurial Orientation is considered as a mechanism for survival and success of SMEs.

Callaghan (2009) in South Africa concluded that Entrepreneurial Orientation played a significant role in the informal sector, in that it was found to be associated with increased earnings for Informal Street Traders. Learning related factors were shown to increase Earnings. The findings suggested that factors such as education provided some way that individual Informal Street Traders could experience improvement through increased earnings and satisfaction in the business context. An implication of the findings was that practitioners in local or national government, and others that have an interest in the improvement of these individuals involved in Street Trading, might be able to increase the earnings of street traders through the increased Provision of training courses and educational opportunities.

2.2.1 Innovativeness and SMEs Performance

Innovativeness is a central component in an entrepreneurial orientation (Deakins & Freel, 2012). Lumpkin and Dess (1996) credited Schumpeter with being amongst the first to emphasize the role of innovation in the entrepreneurial process, in the form of a process of creative destruction, by which wealth was created when existing market structures were disrupted by the introduction of new goods or services reallocating resources from existing firms to new firms and growth.

As discussed earlier Schumpeter, held that the purest type of entrepreneur genus is the entrepreneur who confines himself most strictly to the characteristic entrepreneurial function, the carrying out of new combinations or innovation. According to Lumpkin and Dess (1996), innovativeness reflects a tendency for an enterprise to engage in and support new ideas, novelty, experimentation, and creative processes that may result in new products, services, or technological processes. Innovation is an important means of pursuing opportunities and so is an important component of an Entrepreneurial Orientation (Lumpkin & Dess, 1996).

Innovation in businesses can be classified into; product market innovation and technological innovation (Lumpkin & Dess, 1996; Callaghan, 2009). Innovation represents a continuum ranging from willingness to try new innovations to a serious commitment to innovation. Firms that are highly innovative grow, however researches have reported that an innovative strategy is essentially speculative, with returns unknowable in advance, innovators run the risk of wasted resources if investment does not yield the hoped for results. Innovations that become successful also risk imitation. However alertness to and investment in new ways to create and capture value are key characteristics of businesses that pursue entrepreneurial strategy (Deakins & Freel, 2012; Callaghan, 2009). Drucker (2007) introduced the concept of knowledge based innovation as the super star of entrepreneurship. Such innovations could be scientific, technical or social in nature. Knowledge Based Innovation require careful analysis of all the necessary factors and clear focus on the strategic position which entails developing systems, market focus and occupying the strategic position for effective business performance.

2.2.2 Autonomy and SMEs Performance

The success of a firm has been seen to be dependent on the level of autonomy exhibited by the Entrepreneurs. Autonomy refers to independent action in terms of bringing forth an

idea or a vision and carrying it through to completion, including the concept of free and independent action and decisions taken (Lumpkin & Dess, 1996). Entrepreneurs are associated with more of a degree of freedom in combining and organizing resources (Bird,1988). With reference to entrepreneurship in the context of strategy formulation, two types of autonomy are referred to by scholars (Lumpkin & Dess, 1996). The first type of autonomy refers to decisive decision making where a vision is driven to implementation through individual leadership while the second type of autonomy refers to the individual autonomy that enables entrepreneurial activities and decision making at lower levels of an enterprise. These types of autonomy are consistent with the concept of Entrepreneurial Orientation, according to Lumpkin and Dess (1996).

In Micro and Small Enterprises, the levels of autonomy may depend on the firm size, management style or ownership. In a firm in which the primary decision maker is the owner/manager, autonomy is implied by the rights of ownership (Lumpkin & Dess, 1996; Callaghan (2009). The level of autonomy in this research is tested with regard to the Individual entrepreneur, who is autonomous to a certain extent by definition, since the enterprise is made up of the individual alone.

2.2.3 Pro-activeness and SMEs Performance

Pro-activeness is related to initiative and first-mover advantages and to taking initiative by anticipating and pursuing new opportunities (Lumpkin & Dess, 1996). The oxford dictionary defines pro-activeness as acting in anticipation of future problems, needs, or changes. Lumpkin and Dess (1996) argued that pro-activeness may be crucial to an Entrepreneurial Orientation because it suggests a forward-looking perspective that is accompanied by innovative and entrepreneurial activity. Pro-activeness relates to market opportunity in entrepreneurship by seizing initiative and acting opportunistically in order to shape the environment, that is, to affect trends and, perhaps, even to create demand. The characteristics of a Proactive enterprise involve aggressiveness and unconventional tactics towards rival enterprises in the same market segment, such enterprises shape their environments by actively seeking and exploiting opportunities. Proactive firms introduce new products, technologies, administrative techniques to shape their environment and not react to it (Callaghan, 2009).

2.2.4 Risk Taking Propensity and SMEs Performance

Risk taking relates to a business readiness to pursue opportunities despite uncertainty around the eventual success (Deakins & Freel, 2012). It entails acting boldly without knowing the consequences. Risk taking, may also be viewed as a firms management knowingly devoting huge amount of resources to projects in anticipation of high returns but may also entail a possibility of higher failure (Mahmoud & Hanafi, 2013). The psychological theories of locus of control and need for achievement entail a moderate level of risk taking propensity (Deakins & Freel, 2012). Callaghan (2009) has also been associated with higher performance by individuals. This might predict that a moderate level of risk taking propensity would be associated with higher levels of performance. However, in terms of different contexts, the effects of the dimensions of Entrepreneurial Orientation, including risk taking, were expected to differ in terms of their effect on performance according to the specific context.

Lumpkin and Dess (1996) identified three types of risks that businesses face in pursuing entrepreneurial activities; business risks associated with entering new markets or supporting unproven technologies; financial risks relating to the financial exposure required and the risk/return profile of the new venture. It may include borrowing heavily or committing large proportions of their resources and Personal Risks referring to the reputation effects of success or failure in the business. Success to the business entails giving the entrepreneur considerable affect over the future direction of the firm and failure can have the opposite effects. Risk taking is commonly associated with entrepreneurial behaviour and the general successful entrepreneurs are risk takers. Callaghan (2009) argued that entrepreneurs are not typically risk seekers rather like any other rational individuals, they take steps to minimize risks, and this may involve developing strategies that entail a higher tolerance for risk, but the calculation of risks.

2.2.5 Competitive Aggressiveness and SMEs Performance

Competitive Aggressiveness refers to the efforts a business makes to outperform its rivals. It is the firm's propensity to directly and intensely challenge its competitors to achieve entry or improve position: to outperform industry rivals in the marketplace, this is characterized by responsiveness in terms of confrontation or reactive action (Deakins & Freel, 2012). Competitive Aggression as a dimension of an Entrepreneurial Orientation refers to the type of intensity and head-to-head posturing that new entrants often need to

compete with existing rivals. In contrast to pro-activeness, which relates to market opportunities, Competitive Aggressiveness refers to how enterprises relate to competitors and respond to trends and demand that already exist in the marketplace with regard to competitors (Deakins & Freel, 2012; Lumpkin & Dess, 1996.). Lumpkin and Dess (1996) stressed that Competitive Aggressiveness is an important dimension of an Entrepreneurial Orientation. Miller (2011), however, considers only Proactiveness, Innovativeness, and Risk Taking as the only dimensions of an Entrepreneurial Orientation. Lumpkin and Dess (1996) developed the construct further from Miller's (2011) original theory by incorporating competitive aggressiveness and autonomy.

From the original theory of Entrepreneurial Orientation: An entrepreneurial firm is one that engages in product-market innovation, undertakes somewhat risky ventures, and is first to come up with proactive innovations, beating competitors to the punch. A non-entrepreneurial firm is one that innovates very little, is highly risk averse, and imitates the moves of competitors instead of leading the way. This tentatively views entrepreneurship as a composite weighting of these three variables. (Miller, 2011; Mahmood & Hanafi, 2013; Deakins & Freel, 2012). Entrepreneurship Scholars have argued that more aggressiveness is not always positive, that businesses may damage their reputation and lose goodwill by being too aggressive and that competitive aggressiveness is a strategy best used in moderation.

2.3 Theoretical Review

This section reviews theories relevant to the study. These theories are: Schumpeter's innovation theory, traits approach to entrepreneurship orientation and social cultural theory of entrepreneurial orientation.

2.3.1 Schumpeter's Innovation Theory

The Schumpeter's theory of innovation highlights the role of innovation in the entrepreneurial process. Schumpeter describes a process of creative destruction where wealth creation occurs through disruption of existing market structures due to introduction of new goods and/or services that cause resources to move away from existing firms to new ones thus allowing the growth of the new firms. Accordingly, Schumpeter calls innovation the specific tool of entrepreneurs, the means by which entrepreneurs exploit change as an opportunity for a different business or a different service. Schumpeter (1965) stressed the role of entrepreneurs as primary agents effecting creative destruction, and

emphasized to the entrepreneurs the need to search purposefully for the sources of innovation, the changes and their symptoms that indicate opportunities for successful innovation; as well as their need to know and to apply the principles of successful innovation.

This Schumpeterian line of thinking has been carried forward by successive scholars and researchers (Drucker 1985; Lumpkin & Dess, 2005). On his part, Drucker (1985) held out the entrepreneur always searching for change, responding to it, and exploiting it as an opportunity, and engaging by this means in purposeful innovation. Lumpkin and Dess (1996) saw the process of creative destruction as initiated by an entrepreneur, which makes innovation an important success factor within EO. Furthermore, the link between entrepreneurship and innovativeness is supported by the results of Shane, Kolvereid (2006), who found that innovation is among the key motives to start Entrepreneurial pro-activeness can also be seen as alertness of the organization. According to Alvearez and Barney (2012), entrepreneurial pro-activeness is the ability of the firm to predict where products/services do not exist or have become unsuspected valuable to customers and where new procedures of manufacturing are unknown to others become feasible. Kolvereid (2006) calls it flashes of superior insight. The proactive organization focuses on the past, the present and the future with equal zeal, using history to explain and fully understand the present and to challenge and create its own proactive future (Osaze, 2003).

Innovation is vital to entrepreneurship since it is part of a country's economic growth. Countries with the largest economies can be associated with great commitment to innovation and research. Currie (2008) posits that in an external setting that is ever changing, innovation and entrepreneurial conduct are processes that are holistic, vibrant and complementary fundamental to an organization's sustainability and success.

2.3.2 Traits Model of Entrepreneurial Orientation

The traits model assumes that personality traits are the basis for individual differences. Personality traits are defined as characteristics of individuals that exert pervasive affect on a broad range of trait-relevant responses (Ajzen, 2005). The trait approach to entrepreneurship has been pursued by many researchers in an attempt to separate entrepreneurs from non-entrepreneurs and to identify a list of character traits specific to the entrepreneur. For instance Rauch and Frese (2009) suggest that need for achievement should be higher in people who start a business. Similar result appears for locus of control

Innovativeness, competitive aggressiveness, and autonomy, protestant work ethic beliefs and risk taking (Begley & Boyd 2007), among others.

In the trait model, personality traits are seen as the determining factors of behaviour that make a person perform in a relatively consistent way across various circumstances. (Bird, 2009) observed that traits are significantly associated with entrepreneurial motivation and intentions. The traits models rely on the assumption that entrepreneurs possess certain traits that distinguish them from others. These psychological traits, also called entrepreneurial characteristics, include achievement motivation, locus of control, risk-taking propensity, tolerance of ambiguity, self confidence, innovation, energy level, need for autonomy and independence, etc. There is no agreement however on the number of traits, specific to the entrepreneur, or their validity.

An individual's risk-taking propensity can be defined as their inclination to accept risk comfortably. Stewart and Roth (2011) looked at the risk propensity differences between entrepreneurs and managers in a meta-analysis of twelve studies of entrepreneurial risk-taking propensity. Five of the studies showed no significant differences, with the remaining seven supporting the notion that entrepreneurs are moderate risk-takers.

Entrepreneurs have been found to have a higher need for independence and autonomy, which arises from fear of external control from others (Kirby, 2013). They dislike rules and tend to work out how to get around them. They are therefore considered deviants who desire to be independent of everyone and in total control. They value individualism and freedom more than the general public or managers even if those values imply some inequalities in society (Stewart & Roth 2011). The need for autonomy has been stated by entrepreneurs as one of the most frequent explanations for new venture creation and has been supported in studies by several authors (Lawrence & Hamilton, 2007; van Gelderen & Jansen, 2016). Thus, desire for autonomy is a central feature of entrepreneurship although its causal order is difficult to explain.

Need for achievement in relation to entrepreneurs refers to their need to achieve as a motivational factor. Past evidence suggests that entrepreneurs see profits as a measure of success and not just as a goal. It is the prospect of achievement (not money) that drives them. In his study, McClelland found that entrepreneurs rated high on need achievement and were very competitive when their results were measured. Individuals demonstrating a high need for achievement are focused, committed, and have a real desire to do well in all they do in life

(Kirby, 2013). This is important and relevant for entrepreneurship educators to understand in the development of entrepreneurship pedagogy. Notwithstanding the significant contribution made by McClelland to the psychological traits in entrepreneurship research, as with other entrepreneurial characteristics, consistent causal associations are yet to be proven (Brockhaus, 2012).

In summary, the trait approach to entrepreneurial orientation has made an important contribution even though generally speaking, weak direct relationships have been found between the traits of entrepreneurs and non-entrepreneurs in the past research (Brockhaus, 1982; Begley & Boyd, 2007).

2.3.3 Social Cultural Theory of Entrepreneurial Orientation

The Social Cultural Theory of Entrepreneurship theory was first developed by (Begley & Boyd, 2007) on the assumption that certain persons are endowed with creative ability in any cultural or social group and they develop different attitudes while practicing social conduct. Entrepreneurial orientation can be developed in a society in which cultural norms permit variability in the choice of paths of life and in which the relevant processes of socialization of the individual are not so completely standardized. The entrepreneurs develop their attitudes in the direction of productivity and creative integration. The proponent of the social cultural theory point out that entrepreneurial orientation is a product of culture (Stewart & Roth, 2011).

Entrepreneurial talents come from cultural values and cultural systems embedded into the cultural environment. In a society where entrepreneurship traits such as innovation, creativity, risk taking, innovative, aggressiveness and competitiveness is promoted, and where social processes are not rigid then such personalities become interested with starting and operating their own enterprises (Mwaura, *et. al.*, 2014). The theory therefore, presents a holistic view of entrepreneurial orientation by considering the affect of factors such as innovation, managerial skills, social class, leadership skills and personal traits (Brockhaus, 2012) on Business Performance in.

2.4 Conceptual framework

The study developed the following conceptual framework based on reviewed literature review and study findings.

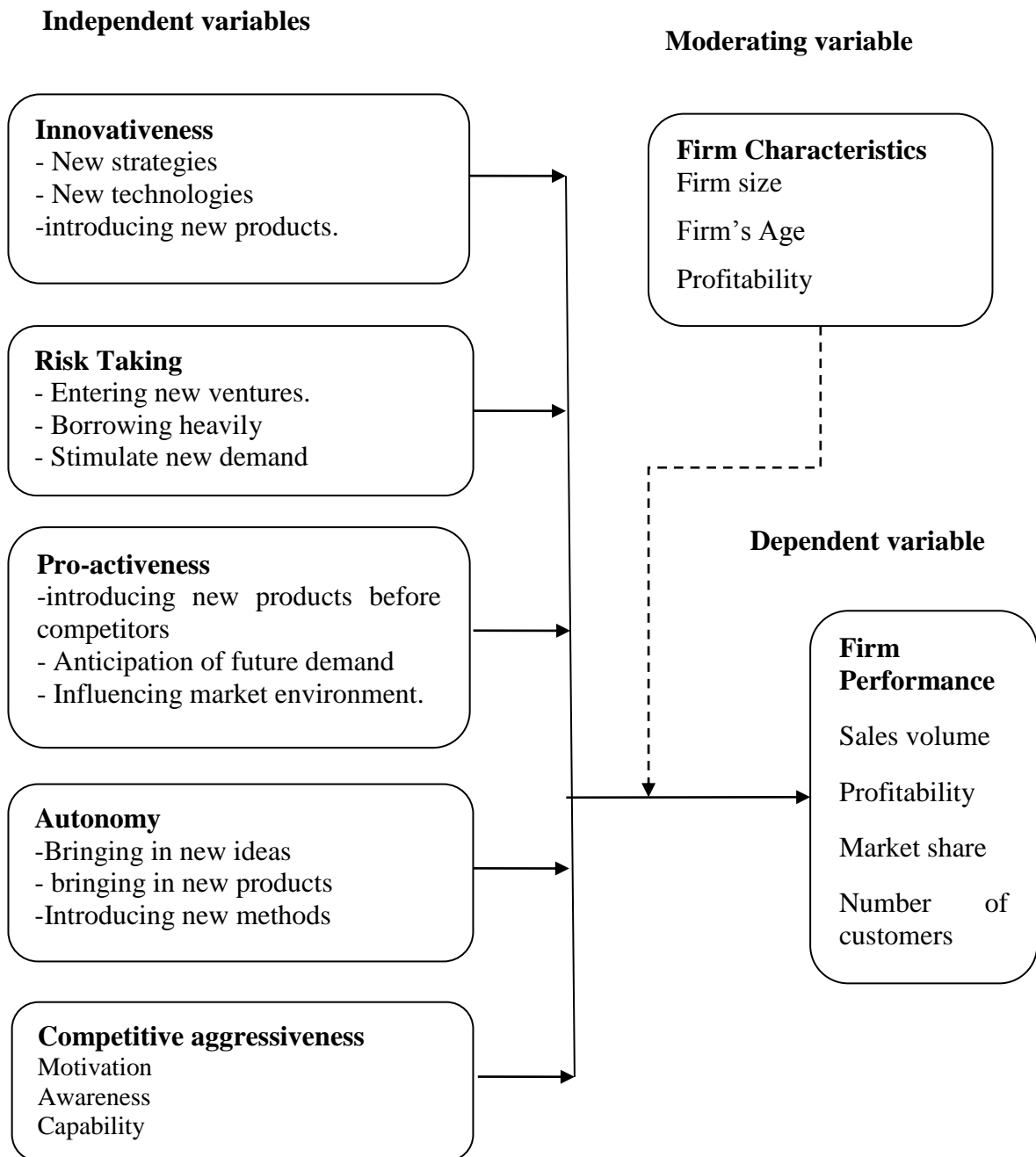


Figure 1: Conceptual framework

2.5 Summary of the Literature Reviewed

Innovation represents a continuum ranging from willingness to try new innovations to a serious commitment to innovation. Firms that are highly innovative grow, however researches have reported that an innovative strategy is essentially speculative, with returns unknowable in advance, innovators run the risk of wasted resources if investment does not yield the hoped for results. Innovations that become successful also risk imitation. With reference to entrepreneurship in the context of strategy formulation, two types of

autonomy are referred. The first type of autonomy refers to decisive decision making where a vision is driven to implementation through individual leadership while the second type of autonomy refers to the individual autonomy that enables entrepreneurial activities and decision making at lower levels of an enterprise. These types of autonomy are consistent with the concept of Entrepreneurial Orientation. Pro-activeness is related to initiative and first-mover advantages and to taking initiative by anticipating and pursuing new opportunities. Pro-activeness may be crucial to an Entrepreneurial Orientation because it suggests a forward-looking perspective that is accompanied by innovative and entrepreneurial activity. Risk taking relates to a business readiness to pursue opportunities despite uncertainty around the eventual success. It entails acting boldly without knowing the consequences. Risk taking, may also be viewed as a firm's management knowingly devoting huge amount of resources to projects in anticipation of high returns but may also entail a possibility of higher failure.

2.6 Research Gap

Several studies have been conducted in the area of entrepreneurial orientation such as a study by Fatoki (2014), who investigated the entrepreneurial orientation of micro enterprises in the retail sector in South Africa and the results revealed adeptness by micro enterprises at introducing new product lines and also at making changes to the product line, but weakness in research and development, pro-activeness and risk-taking. Ngugi (2014) conducted a study on affect of intellectual capital on the growth of small and medium enterprises in Kenya. The findings of the study revealed that the components of Intellectual Capital such as managerial skills, entrepreneurial skills, and innovativeness of the owner/managers have major positive significance contribution to the growth of SMEs in Kenya. Others include; Mungai (2013), who studied the socio-cultural factors and entrepreneurial intentions of undergraduate students in public universities in Kenya, Mwangi, and ngugi (2014), studied the affect of entrepreneurial orientation on growth of micro and small enterprises in Kerugoya, Kenya. In addition, Mwaura, Gathenya and Kihoro (2015) assessed the dynamics of entrepreneurial orientation on the performance of women owned enterprises in Kenya while, Ndung'u (2014) evaluated the moderating role of entrepreneurial orientation on the relationship between information security management and firm performance in Kenya.

In view of the literature reviewed, there has been no single study that has been conducted on the affect of entrepreneurial orientation on performance of small and medium

enterprises in the automobile industry in Kenya. This study therefore sought to fill this gap by evaluating the affect of innovativeness, risk taking, pro-activeness, autonomy and competitive aggressiveness on performance of small and medium enterprises in the automobile industry in Nairobi County.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter explains the methodology that was used by the researcher to find answers to the research questions. In this chapter, the research methodology is presented in the following order, research design, target population, sampling procedure, data collection methods, instruments of data collection and the pilot study. The section also explains how data was analyzed to produce the required information necessary for the study. Finally, the chapter provides the ethical issues and operationalization of the variables.

3.2 Research Design

The study adopted a descriptive survey research design. This design was adopted because it describes the state of affairs, as it exists at present in the study (Kothari, 2003). The researcher applied this design is to evaluate the relationship between entrepreneurial orientation and performance of small and medium enterprises in the automobile industry in Kenya. This design is very useful in studying the inter-relations between the variables already mentioned in the conceptual framework Mugenda and Mugenda, (2003). A survey approach is appropriate because the population of the study is scattered in different geographical regions within Nairobi, Kenya.

3.3 Target Population

Target population as a well-defined / specified set of people, group of things, households, firms, services that are being investigated (Ngechu, 2006). This study was based in Nairobi County. The target population was all the 225 secondhand motor vehicle importers operating within Nairobi region according to the registrar of businesses (2015). The study targeted the Importers or their Managers in this region.

Table 3. 1 Target Population

CATEGORIES	TOTAL NO.	PERCENTAGE
Central Business District (upper hill, Nyayo stadium, railways and town centre)	25	11.11
Eastlands and Nairobi south (Jogoo road, Juja road, Outer ring, Mombasa road and Lang'ata road)	56	24.89
Nairobi North (Muthaiga, Limuru road, Kiambu road, and Thika road)	46	20.44
Westlands (Ngong road, Lavington, Waiyaki way, west lands and Parklands)	58	25.78

Total	225	100.00
--------------	------------	---------------

Source: Registrar of businesses (2015)

3.4 Sample Size and Sampling Procedure

The sampling plan describes the sampling unit, sampling frame, sampling procedures and the sample size for the study. The sampling frame describes the list of all population units from which the sample was selected (Cooper & Schindler, 2003). According to Orodho (2003), sampling involves selecting a given number of subjects from a defined population so as to represent the entire population. Any statements made about the sample should also be true representative of the population. Four geographical regions/ zones have been identified namely; Central Business District, Eastlands, Nairobi North and Westlands. A list of all the registered secondhand motor Vehicle importers in Nairobi have been obtained from the registrar of businesses office as at 31st December, 2015.

The physical verification of the business by the researcher was made to assist the researcher to locate the business for sampling process. Stratified and simple random sampling technique was used in this study. Stratified sampling was used to group the target population into categories or strata based on the geographical location of the business. From each category, representative samples were drawn through simple random methods. This method ensured that all the individuals in the target population have an equal chance of being included in the sample to eliminate the biasness.

A sample population of 172 firms was arrived at by calculating the target population of 225 with a 95% confidence level and an error of 0.05 using the below formula taken from Kothari (2004).

$$n = \frac{z^2 \cdot N \cdot \hat{p}^2}{(N - 1)e^2 + z^2 \hat{p}^2}$$

Where; n = Size of the sample,

N = Size of the population and given as 225,

e = Acceptable error and given as 0.05,

\hat{p} = The standard deviation of the population and given as 0.5 where not known,

Z = Standard vitiate at a confidence level given as 1.96 at 95% confidence level.

Table 3. 2 The Sampling Matrix

CATEGORIES	TOTAL NO.	SAMPLE SIZE
Central Business District (Upper hill, Nyayo stadium, Railways and town centre)	25	19
East Lands and Nairobi south) (Jogoo road, Juja road, Outer ring, Mombasa road and Lang'ata road)	56	43
Nairobi North (Muthaiga, Limuru road, Kiambu road, and Thika road)	46	35
Westlands (Ngong road, Lavington, Waiyaki way, west lands and parklands)	58	44
Total	225	172

From the 172 firms, one respondent from each firm was selected purposively. The operations manager, general manager or the director was picked since they are most likely to have the reliable information sought by the study.

3.5 Data Collection Instruments

Primary data was collected using questionnaires from the respondents. A questionnaire is a pre-formulated written set of questions to which respondents record their answers, usually within rather closely defined alternatives, which is very valuable method of collecting a wide range of information from a large number of respondents (Sekaran, 2006). Kothari (2007) terms the questionnaire as the most appropriate instrument due to its ability to collect a large amount of information in a reasonably quick span of time. It guarantees confidentiality of the source of information through anonymity while ensuring standardization (Chandran, 2004). It is for the above reasons that the questionnaire is chosen as an appropriate instrument for this study.

The questionnaire was structured to provide respondents with easy fill-in the data. The questionnaire contained both open ended and close-ended questions. The questionnaire has

two sections. Section one collected information on the bio data of the respondents while the second section focused on the study variables. Secondary data was obtained from organization's brochures, their websites, journals, periodicals, and other relevant sources that were available to the researcher using a checklist.

3.6 Pilot Study

A pilot study was carried out to determine the validity and reliability of the questionnaires. The pilot study involved 25 second-hand motor vehicle importers in Kiambu County. Reliability analysis was subsequently done using Cronbach's Alpha, which measures the internal consistency by establishing if certain item within a scale measures the same construct.

3.6.1 Validity of Instruments

According to Golafshani (2012), validity is the accuracy and meaningfulness of inferences, based on the research results. One of the main reasons for conducting the pilot study is to ascertain the validity of the questionnaire. The study used both face and content validity to ascertain the validity of the questionnaires. The researcher sought assistance from the supervisor and other lecturers as well as experts in the field of study to ascertain the validity of the questionnaires. Content validity draws an inference from test scores to a large domain of items similar to those on the test. Gillham (2011) stated that the knowledge and skills covered by the test items should be representative to the larger domain of knowledge and skills.

3.6.2 Reliability of Instruments

Instrument reliability on the other hand is the extent to which a research instrument produces similar results on different occasions under similar conditions. It is the degree of consistency with which it measures whatever it is meant to measure (Bell, 2010). Reliability is concerned with the question of whether the results of a study are repeatable. A construct composite reliability co-efficient (Cronbach alpha) of 0.7 or above, for all the constructs, was considered adequate for this study (Rousson, Gasser & Seifer, 2012). Reliability of the research instrument was assessed using Cronbach's alpha (α) which is computed as follows:

$$\alpha = \frac{k}{k-1} \times \left[1 - \frac{\sum (S^2)}{\sum S^2 \text{sum}} \right]$$

Where:

α = Cronbach's alpha

k = Number of responses

$\sum (S^2)$ = Variance of individual items summed up
 $\sum S^2_{sum}$ = Variance of summed up scores

Cronbach Alpha was established for every objective and the results shown in table 3.3 below. From the table, the results showed that pro-activeness had the highest reliability ($\alpha = 0.851$), followed by competitive aggressiveness ($\alpha = 0.836$), innovativeness ($\alpha = 0.812$), autonomy ($\alpha = 0.798$) while risk taking had the least reliability ($\alpha = 0.774$). This illustrates that all the five variables were reliable as their reliability values exceeded the prescribed threshold of 0.7.

Table 3. 3: Reliability of the Instrument

Scale	Cronbach's Alpha
Innovativeness	0.812
Risk taking	0.774
Pro-activeness	0.851
Autonomy	0.798
Competitive aggressiveness	0.836

3.8 Data Collection Procedure

The questionnaires were self-administered. Self-administered questionnaire enabled one to clarify the questions or probe for more answers. This makes it clear and is likely to yield relevant responses. In instances where self-administered questionnaire was not applicable, the researcher dropped the questionnaire to be picked later. To increase the response rate, an introduction letter from the University was attached to assure the respondents of their safety, trust and confidentiality. The researcher also obtained a research permit from the National Commission for Science, Technology and Innovation (NACOSTI) to be allowed to carry out the research.

3.9 Data Analysis and Presentation

Data obtained from the field in raw form must be cleaned, coded into a computer and analyzed. It is the result of such analysis that researchers are able to make sense of the data (Mugenda & Mugenda, 2003). The study gathered both primary qualitative and primary quantitative data. Data was coded and entered into Statistical Packages for Social Sciences (V. 21). In order to effectively analyze the primary quantitative data, descriptive statistics including percentages, frequencies, means and standard deviation was used. Presentation

of quantitative data was done using frequency in tables. Presentation of qualitative data was done in prose form, involving explanations. This study also carried out inferential analysis using correlation and regression analysis. A correlation analysis was conducted to establish the relationship and the strength of the relationship between the variables in the study. Regression analysis was conducted to show how innovativeness, risk, pro-activeness, autonomy and competitive aggressiveness affect performance of small and medium enterprises in the automobile industry in Kenya.

The regression model was: $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + \varepsilon$

Where: Y = Performance of Small and Medium Enterprises

β_0 = Constant Term;

$\beta_1, \beta_2, \beta_3$ and β_4 = Beta coefficients;

X_1 = Innovativeness;

X_2 = Risk taking;

X_3 = Pro-activeness;

X_4 = Autonomy;

X_5 = Competitive aggressiveness

X_6 = Firm characteristics

ε = Error term

3.10 Ethical Issues

The researcher collected sensitive information and therefore had a moral obligation to treat the information with utmost care. The researcher assured the respondents confidentiality of the information given to ensure that the respondents are not reluctant to give the information as sought by the study. This was done by using the transmittal letter indicating that the data collected was only for academic purposes.

3.11 Operationalization of Variables

This section contains the variables of the study, their indicators and measurement scale for each of the variables, the tool of analysis and finally the type of data analysis to be used.

The operationalization of variables is shown in Table 3.3.

Table 3. 4: Operationalization of variables

Objective	Variable	Indicators	Measurement scale	Tools of analysis	Type of data analysis
To determine the influence of innovativeness on performance of Small and medium enterprises in the automobile industry in Nairobi County	Independent: Innovativeness	-New strategies -New technologies - Stimulate new demand	Ordinal Ordinal Interval Ordinal	Mean Percentage	Descriptive Regression
To evaluate the extent to which risk taking influences performance of Small and medium enterprises in the automobile industry in Nairobi County	Risk taking	-Entering new ventures. - Borrowing heavily -venturing in new markets with new products.	Ordinal Ratio Ordinal Ordinal	Mean Percentage	Descriptive Regression
To assess the influence of pro-activeness on performance of Small and medium	Pro-activeness	Anticipation of future demand. -Influencing market	Nominal Ordinal	Mean Percentage	Descriptive Regression

enterprises in the automobile industry in Nairobi County		environment	Ordinal Interval		
To explore the influence of autonomy on performance of Small and medium enterprises in the automobile industry in Nairobi County	Autonomy	-Bringing in new ideas. - bringing in new products. -Introducing new methods	Ordinal Ratio Interval Ordinal	Mean Percentage	Descriptive Regression
To establish the influence of competitive aggressiveness on performance of Small and medium enterprises in the automobile industry in Nairobi County	Competitive aggressiveness	-Motivation -Awareness -Capability			
	Dependent: Performance of Small and medium enterprises in the automobile industry in Nairobi County	-Sales volume -Profitability -Market share -Number of customers	Ordinal Ordinal Interval	Mean Percentage	Descriptive Regression

CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND INTERPRETATIONS

4.1 Introduction

This chapter discusses the findings of the study data presentation and the interpretation thereof. The chapter also presents the findings. More precisely the chapter presents analysis of the influence of entrepreneurial orientation on performance of small and medium enterprises in the automobile industry in Nairobi County and the results of the study.

4.1.1 Questionnaire Return Rate

The study targeted a sample size of 172 respondents from which 143 respondents filled in and returned their questionnaires making a return rate of 83.14%. According to Mugenda and Mugenda (2003) a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent. This return rate was therefore excellent and representative.

Table 4.1: Response rate

	Frequency	Percent
Response	143	83
Non response	29	17
Total	172	100

4.2 Demographic Information

The study sought to establish the background information of the respondents including respondents' designation, highest level of education and how long the respondent had worked in the institution.

4.2.1 Designation of the Respondent

The researcher sought to determine if the respondent was the owner or the manager. The findings are as shown in table 4.3 below.

Table 4. 2: Designation of the Respondents

	Frequency	Percent
Owner	51	35.7
Manager	92	64.3
Total	143	100.0

The findings in Table 4.3 above shows that majority of respondents were managers as shown by 64.3% while owners were 35.7% of the respondents. This shows majority of the second hand motor vehicle businesses are managed by managers as opposed to owners.

4.2.2 Highest Level of Education of the Respondents

The study sought to determine the highest level of education of the respondent and the results are as shown in table 4.4 below.

Table 4. 3: Highest level of Education of the Respondents

	Frequency	Percent
Post graduate	5	3.5
Under graduate	46	32.2
Diploma	44	30.8
Certificate	31	21.7
Other	17	11.9
Total	143	100.0

From the study findings, the results showed that most of the respondents as shown by 32.2% had a bachelor' degree, 30.8% indicated diploma level, 21.7% indicated certificate level, 11.9% had other qualification such as O' level and A' level while only 3.5% had post graduate qualification. From these findings, we can conclude that most of the second hand motor vehicle businesses are managed by under graduate (degree holders) level as their highest level of education.

4.2.3 Duration that the Respondents had Worked in the Institution

The study sought to establish the duration that the respondents had worked in the institution. The findings are as shown in the table below.

Table 4.4: Duration that the Respondents had Worked in the Institution

	Frequency	Percent
1-4 years	43	30.1
5-8 years	52	36.4
9-12 years	29	20.3
13- 16 years	15	10.5
17 years and above	4	2.8
Total	143	100.0

From the study findings, the results showed that most of the respondents as shown by 36.4% had worked in the institution for 5-8 years, 30.1% indicated that they had worked in the institution for between 1-4 years, 20.3% indicated they had worked in the institution for between 9-12 years, 10.5% indicated they had worked in the institution for between 13-16 years while 2.8% indicated they had worked in the institution for 17 years and above. From these findings, we can observe that most of the respondents had worked in the institution for between 5-8 years. This means they had reliable information about the businesses.

4.3 Influence of Entrepreneurial Orientation on Performance of Small and Medium enterprises

4.3.1 Influence of Innovativeness on Firm Performance

The study sought to determine the extent to which the respondents believed innovativeness influence firm performance. The results were as shown in the table below.

Table 4.5: Influence of Innovativeness on Firm Performance

	Frequency	Percent
Very low extent	5	3.5
Low extent	6	4.2
Moderate extent	8	5.6
Great extent	71	49.7
Very great extent	53	37.1
Total	143	100.0

From the table above, the results show that most of the respondents as shown by 49.7% believed that innovativeness influence firm performance to a great extent, 37.1% to a very great extent, 5.6% indicated moderate extent, 4.2% indicated low extent while 3.5% indicated very low extent. From these findings, we can observe that most of the respondents innovativeness influence firm performance to a great extent. This means that innovativeness is a key element in the performance of secondhand motor vehicle businesses. Deakins and Freel (2012) also concluded that firms that are highly innovative grow, however, innovators run the risk of wasted resources if investment does not yield the hoped for results, innovations that become successful also risk imitation.

The study also sought to establish the influence of the various aspects of innovativeness on performance of the firm. The results are as shown in the table below.

Table 4.6: Innovativeness and firm Performance

	Mean	Std. Deviation
New products.	4.6923	.47812
New technologies	3.9161	.51041
New strategies	3.4881	.51873

From the findings on the aspects of innovativeness and the extent that they influence firm performance, the respondents indicated that introducing new products influenced firm performance to a very great extent as shown by a mean score of 4.6923. These results are consistent with Deakins and Freel (2012) findings, who concluded that firms that are highly innovative and keep introducing new products into the market are on the highway to profitability and growth. New technologies influenced firm performance to a great extent as shown by a mean score of 3.9161 while new strategies influenced firm performance to a moderate extent as shown by a mean score of 3.488. Callaghan (2009) also observed that innovativeness reflects a tendency for an enterprise to engage in and support new ideas, novelty, experimentation, and creative processes that may result in new products, services, or technological processes. Innovation is an important means of pursuing opportunities and so is an important component of an Entrepreneurial Orientation.

4.3.2 Influence of Risk Taking on Firm Performance

The study sought to determine the extent to which the respondents believed risk taking influence firm performance. The results were as shown in the table below.

Table 4.7: Extent to Which Risk Taking Influence firm Performance

	Frequency	Percent
Very low extent	2	1.4
Low extent	7	4.9
Moderate extent	26	18.2
Great extent	69	48.3
Very great extent	39	27.3
Total	143	100.0

From the table above, the results show that most of the respondents as shown by 48.3% believed that risk taking influence firm performance to a great extent, 27.3% to a very

great extent, 18.2% indicated moderate extent, 4.9% indicated low extent while 1.4% indicated very low extent. From these findings, we can observe that most of the respondents risk taking influence firm performance to a great extent. This implies that risk taking influence the performance of secondhand motor vehicle businesses. These results concurred with Mahmoud and Hanafi (2013) who stated that risk taking may be viewed as a firm's management knowingly devoting huge amount of resources to projects in anticipation of high returns but may also entail a possibility of higher failure.

The study also sought to determine the influence of the various aspects of risk taking on performance of the firm. The results are as shown in the table below.

Table 4.8: Risk Taking and Firm Performance

	Mean	Std. Deviation
Stimulate new demand	4.8371	.44748
Entering new ventures	4.4448	.72400
Borrowing heavily	3.2126	.56079

From the findings on the aspects of risk taking and the extent that they influence firm performance, the respondents indicated that Stimulating new demand influenced firm performance to a very great extent as shown by a mean score of 4.8371. Entering new ventures influenced firm performance to a great extent as shown by a mean score of 4.4448 while Borrowing heavily influenced firm performance to a low extent as shown by a mean score of 3.2126. These results concurred with Mahmoud and Hanafi (2013) who stated that risk taking may be viewed as a firm's management knowingly devoting huge amount of resources to projects in anticipation of high returns but may also entail a possibility of higher failure. Deakins and Freel (2012) also concluded that the psychological theories of locus of control and need for achievement entail a moderate level of risk taking propensity. Callaghan (2009) also concluded that risk taking has also been associated with higher performance by individuals. This might predict that a moderate level of risk taking propensity would be associated with higher levels of performance. Risk taking is commonly associated with entrepreneurial behaviour and the general successful entrepreneurs are risk takers.

4.3.3 Influence of Pro-activeness on firm Performance

The study sought to assess the extent to which the respondents believed pro-activeness influence firm performance. The results were as shown in the table below.

Table 4.9: Extent to which pro-activeness influence firm performance

	Frequency	Percent
Very low extent	2	1.4
Low extent	7	4.9
Moderate extent	11	7.7
Great extent	59	41.3
Very great extent	64	44.8
Total	143	100.0

From table Table 4.10 above, the results show that most of the respondents as shown by 44.8% believed that pro-activeness influence firm performance to a very great extent, 41.3% to a great extent, 7.7% indicated moderate extent, 4.9% indicated low extent while 1.4% indicated very low extent. From these findings, we can conclude that most of the respondents viewed pro-activeness to have a very great influence on performance of secondhand motor vehicle businesses. Similarly, Mwangi, and Ngugi (2014) found that Proactive firms introduce new products, technologies and administrative techniques to shape their environment and not react to it. They concluded that pro-activeness highly influences organization performance.

The study also ought to establish the influence of the various aspects of pro-activeness on performance of the firm. The results are as shown in the table below.

Table 4.10: pro-activeness and firm performance

	Mean	Std. Deviation
Introducing new products before competitors	4.8559	.91756
Anticipation of future demand	4.5797	.45044
Influencing market environment	3.0629	.83258

From the findings on the aspects of pro-activeness and the extent that they influence firm performance, the respondents indicated that Introducing new products before competitors influenced firm performance to a very great extent as shown by a mean score of 4.8559. Anticipation of future demand influenced firm performance to a great extent as shown by a mean score of 4.5797 while influencing market environment influenced firm performance to a low extent as shown by a mean score of 3.0629. Lumpkin and Dess (1996) argued that pro-activeness is crucial to a firm because it suggests a forward-looking

perspective that is accompanied by innovative and entrepreneurial activity. They also concluded that the characteristics of a Proactive enterprise involve aggressiveness and unconventional tactics towards rival enterprises in the same market segment, such enterprises shape their environments by actively seeking and exploiting opportunities. Mwangi, and Ngugi (2014) found that Proactive firms introduce new products, technologies and administrative techniques to shape their environment and not react to it

4.3.4 Influence of Autonomy on firm Performance

The study sought to assess the extent to which the respondents believed autonomy influences firm performance. The study findings are as shown in the table below.

Table 4.11: Extent to which autonomy influences firm performance

	Frequency	Percent
Low extent	13	9.1
Moderate extent	40	28.0
Great extent	71	49.7
Very great extent	19	13.3
Total	143	100.0

From table Table 4.12 above, the results show that most of the respondents as shown by 49.7% believed that autonomy of the management influence firm performance to a great extent, 28.0% indicated to a moderate extent, 13.3% indicated to a very great extent while 9.1% indicated low extent. From these findings, we can conclude that most of the respondents viewed autonomy to have a great influence on performance of secondhand motor vehicle businesses. Callaghan (2009) also noted that in Micro and Small Enterprises, the levels of autonomy might depend on the firm size, management style or ownership. In a firm in which the primary decision maker is the owner/manager, autonomy is implied by the rights of ownership.

In addition, the study sought to determine the influence of the various aspects of autonomy on performance of the firm. The results of the study are as shown in the table below.

Table 4.12: Autonomy and firm performance

	Mean	Std. Deviation
Bringing in new ideas	4.4259	.72059
Bringing in new products	4.3958	.60815
Introducing new methods	3.1748	.69520

From the findings on the aspects of autonomy and the extent that they influence firm performance, the respondents indicated that having the freedom of Bringing in new ideas influenced firm performance to a great extent as shown by a mean score of 4.4259. Bringing in new products influenced firm performance to a moderate extent as shown by a mean score of 4.3958 while Introducing new methods influenced firm performance to a low extent as shown by a mean score of 3.1748. According to Callaghan (2009) In Micro and Small Enterprises, the levels of autonomy may depend on the firm size, management style or ownership. In a firm in which the primary decision maker is the owner/manager, autonomy is implied by the rights of ownership. However, Lumpkin and Dess (1996) concluded that the success of a firm has been seen to be dependent on the level of autonomy exhibited by the Entrepreneurs.

4.3.5 Influence of Competitive Aggressiveness on firm Performance

This study sought to establish the influence of competitive aggressiveness on performance of Small and medium enterprises in the automobile industry. The study findings are as shown in the figure below.

Table 4.13: Competitive Aggressiveness

	Frequency	Percent
Very low extent	4	2.8
Low extent	3	2.1
Moderate extent	4	2.8
Great extent	70	49.0
Very great extent	62	43.4
Total	143	100.0

From the figure above, the results show that most of the respondents as shown by 49% indicated that competitive aggressiveness influence firm performance to a great extent, 43% indicated to a very great extent, 3.5% indicated to a moderate extent, 2.5% indicated low extent while 2% of the respondents indicated very low extent. From these findings, we

can conclude that competitive aggressiveness influence performance of secondhand motor vehicle businesses to a great extent.

The study also sought to determine the influence of the various aspects of competitive aggressiveness on performance of the firm. The results of the study are as shown in the table below.

Table 4.14: Competitive Aggressiveness and firm Performance

	Mean	Std. Deviation
Capability	4.5455	.54031
Motivation	4.0420	.78610
Awareness	3.9371	.98020

From the findings on the aspects of competitive aggressiveness and the extent that they influence firm performance, the respondents indicated that Capability influenced firm performance to a great extent as shown by a mean score of 4.5455. Motivation and Awareness influenced firm performance to a moderate extent as shown by a mean score of 4.0420 and 3.9371 respectively. These findings are in agreement with Miller’s (2011) who observed that an entrepreneurial firm is one that engages in product-market innovation, undertakes somewhat risky ventures aggressively, and is first to come up with proactive innovations, beating competitors to the punch. Mahmood and Hanafi (2013) also argued that more aggressiveness is not always positive, that businesses may damage their reputation and lose goodwill by being too aggressive and that competitive aggressiveness is a strategy best used in moderation.

4.4 Influence of Firm Characteristics on Firm Performance

The study sought to determine the moderating role of firm characteristics on the relationship between entrepreneurial orientation and performance of small and medium enterprises in the automobile industry. The study results are as shown below.

Table 4.15: Firm Characteristics on Firm Performance

	Mean	Std. Deviation
Firm size	4.6923	.47812
Firm’s Age	3.8601	1.17246
Profitability of the firm	3.8322	.58123

From the table above, the study finds that, Firm size has the greatest influence on firm performance as shown by a mean score of 4.6923 followed by firm's age and profitability of the firm as shown by a mean score of 3.8601 and 3.8322 respectively.

4.5 Performance of Small and Medium Enterprises in the Automobile Industry in Nairobi County

The study sought to establish the trend of performance among Small and Medium Enterprises in the Automobile Industry in Nairobi County.

Table 4.16: Performance of Small and Medium Enterprises

	Mean	Std. Deviation
Number of customers	4.7713	.73902
Sales volume	4.6427	.92770
Market share	4.4133	.55185
New products	4.1748	.69520
Profitability	3.7552	.67362

From the findings, the respondents indicated that the number of customers and Sales volume have greatly improved in the last five years as shown by a mean score of 4.7713 and 4.6427 respectively. In addition, the respondents indicated that market share has improved as shown by a mean score of 4.4133; the number of products in the market has remained constant as shown by a mean score of 4.1748 while Profitability has decreased as shown by a mean score of 3.7552. These findings are consistent with World Bank (2014) who observed that small and medium enterprises are faced by constant threat of failure and most of them never grow into large enterprises. They concluded that SMEs sector in Kenya is characterized by high mortality and that is in every five SMEs three of them will fail within the first few months of operation. Bowen, Morara and Mureithi (2009) found that over 60% of SMEs fail each year and most do not survive to see their third anniversary. This may be partly explained by lack of entrepreneurial orientation on the side of the management.

4.6 Regression Analysis

Table 4.17: Model Summary without moderating variable

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.809 ^a	.6545	.641	.2687

a. Predictors: (Constant), (Constant), Competitive aggressiveness, Risk taking, Innovativeness, Pro-activeness, Autonomy

The table above shows the model fit without the moderating variable, which establishes how the model equation fits the data. The correlation coefficient (R) is observed as 0.809, which means that there is strong positive correlation between the independent variables and firm performance. The adjusted R² was used to establish the predictive power of the study model and it was found to be .641 implying that 64.1% of the variations in performance are explained by competitive aggressiveness, risk taking, innovativeness, pro-activeness and autonomy. It also implies that 35.9% of variations in performance are explained by other variables other than the variables in the model. Therefore, further studies should be done to establish the influence of the moderating variable on the model fit. When firm characteristics were introduced in to the model the following results were obtained as shown in the table 4.19.

Table 4.18: Model Summary with moderating variable

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.9286 ^a	0.862	.8521	.084

a. Predictors: (Constant), Firm characteristics, Competitive aggressiveness, Risk taking, Innovativeness, Pro-activeness, Autonomy

Table 4.18 above show the model fit, which establish how fit the model equation fits the data. The adjusted R² was used to establish the predictive power of the study model and it was found to be 0.8521 implying that 85.21% of the variations in performance of small and medium enterprises in the automobile industry in Nairobi County are explained by Firm characteristics, competitive aggressiveness, risk taking, innovativeness, pro-activeness and autonomy, leaving 14.79% unexplained. It also implies that 14.79% of variations in performance are explained by other variables other than the variables in the model. Therefore, further studies should be done to establish the other factors (14.79%) affecting

performance. The study observes that firm characteristics have a significant influence on the relationship between entrepreneurial orientation and firm performance.

Table 4.19: Summary of One-Way ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	112.7765	6	18.80	144.615	.000 ^b
Residual	17.985	136	0.13		
Total	130.7615	142			

a. Dependent Variable: Performance

b. Predictors: (Constant), firm characteristics, autonomy innovativeness, pro-activeness, competitive aggressiveness, risk taking

From the summary of ANOVA table, the probability (P) value of 0.000 shown in table 4.19 indicates that the regression relationship was highly significant in predicting how firm characteristics, autonomy innovativeness, pro-activeness, competitive aggressiveness and risk taking influence Performance. The F calculated at 5 percent level of significance was 144.615. Since F calculated is greater than the F critical (table value = 2.16), this shows that the overall model was significant and adequate to predict the dependent variable.

Table 4.20: Table of Coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.272	.925		1.374	.102
Innovativeness	.652	.070	.075	.933	.004
Risk taking	.129	.061	.183	2.115	.000
Pro-activeness	.194	.083	.019	2.337	.018
Autonomy	-0.193	.094	-.192	-2.053	.002
Competitive aggressiveness	.736	.089	.036	8.2696	.006
Firm characteristics	.424	.115	.297	3.687	.000

a. Dependent Variable: Performance

The regression findings in table 4.20 have established that holding all factors (firm characteristics, autonomy, innovativeness, pro-activeness, competitive aggressiveness and risk taking) constant, performance of small and medium enterprises in the automobile industry in Nairobi County was 1.272. The findings presented also show that taking all other independent variables constant, a unit increase in Innovativeness would lead to a 0.652 increase in Performance and a unit increase in risk taking would lead to a 0.129 increase in the Performance. Further, the findings shows that a unit increase in Pro-activeness would lead to a 0.194 increase in Performance, a unit increase in Competitive aggressiveness would lead to a 0.736 increase in the Performance and a unit increase in Firm characteristics would lead to a 0.424 increase in the Performance. However, the study has noted that, a unit increase in Autonomy would lead to a 0.193 decrease in the Performance of small and medium enterprises in the automobile industry in Nairobi County.

In terms of magnitude, the findings indicated that competitive aggressiveness had the highest influence on Performance followed by innovativeness, then Pro-activeness, Autonomy, while risk taking had the least influence on Performance. All the variables were significant as their P-values were less than 0.05.

The established model for the study was:

$$Y = 1.272 + 0.652X_1 + 0.129X_2 + 0.194X_3 - 0.193X_4 + 0.736X_5 + 0.424X_6$$

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the discussions of key data findings, conclusions drawn from the findings highlighted and recommendations made there-to. The conclusions and recommendations drawn were focused on addressing the objectives of the study.

5.2 Summary of Findings

This section provides a summary of the findings on the influence of innovativeness, risk taking, pro-activeness, autonomy and competitive aggressiveness on Performance of small and medium enterprises in the automobile industry in Nairobi County.

5.2.1 Innovativeness

From the findings, the results show that most of the respondents as shown by 49.7% believed that innovativeness influence firm performance to a great extent, 37.1% to a very great extent, 5.6% indicated moderate extent, 4.2% indicated low extent while 3.5% indicated very low extent. Introducing new products influenced firm performance to a very great extent as shown by a mean score of 4.6923. New technologies influenced firm performance to a great extent as shown by a mean score of 3.9161 while New strategies influenced firm performance to a moderate extent as shown by a mean score of 3.488.

5.2.2 Risk Taking

With regard to risk taking, the results show that most of the respondents as shown by 48.3% believed that risk taking influence firm performance to a great extent, 27.3% to a very great extent, 18.2% indicated moderate extent, 4.9% indicated low extent while 1.4% indicated very low extent. It was also observed that, Stimulating new demand influenced firm performance to a very great extent as shown by a mean score of 4.8371. Entering new ventures influenced firm performance to a great extent as shown by a mean score of 4.4448 while Borrowing heavily influenced firm performance to a low extent as shown by a mean score of 3.2126.

5.2.3 Pro-activeness

On pro-activeness, the results show that most of the respondents as shown by 44.8% believed that pro-activeness influence firm performance to a very great extent, 41.3% to a great extent, 7.7% indicated moderate extent, 4.9% indicated low extent while 1.4%

indicated very low extent. Introducing new products before competitors influenced firm performance to a very great extent as shown by a mean score of 4.8559. Anticipation of future demand influenced firm performance to a great extent as shown by a mean score of 4.5797 while influencing market environment influenced firm performance to a low extent as shown by a mean score of 3.0629.

5.2.4 Autonomy

In this regard, the results show that most of the respondents as shown by 49.7% believed that autonomy of the management influence firm performance to a great extent, 28.0% indicated to a moderate extent, 13.3% indicated to a very great extent while 9.1% indicated low extent. Having the freedom of Bringing in new ideas influenced firm performance to a great extent as shown by a mean score of 4.4259. Bringing in new products influenced firm performance to a moderate extent as shown by a mean score of 4.3958 while Introducing new methods influenced firm performance to a low extent as shown by a mean score of 3.1748.

5.2.5 Competitive Aggressiveness

The results show that most of the respondents as shown by 49% indicated that competitive aggressiveness influence firm performance to a great extent, 43% indicated to a very great extent, 3.5% indicated to a moderate extent, 2.5% indicated low extent while 2% of the respondents indicated very low extent. In addition, Capability influenced firm performance to a great extent as shown by a mean score of 4.5455. Motivation and Awareness influenced firm performance to a moderate extent as shown by a mean score of 4.0420 and 3.9371 respectively.

5.2.6 Firm Characteristics

On the moderating role of firm characteristics on the relationship between entrepreneurial orientation and performance of small and medium enterprises in the automobile industry, the study finds that, Firm size has the greatest influence on firm performance as shown by a mean score of 4.6923 followed by firm's age and profitability of the firm as shown by a mean score of 3.8601 and 3.8322 respectively.

5.2.7 Performance of Small and Medium Enterprises

With regard to Performance of Small and Medium Enterprises in the Automobile Industry in Nairobi County, the study found that the number of customers and Sales volume have greatly improved in the last five years as shown by a mean score of 4.7713 and 4.6427

respectively. In addition, the market share has improved as shown by a mean score of 4.4133; the number of products in the market has remained constant as shown by a mean score of 4.1748 while Profitability has decreased as shown by a mean score of 3.7552.

5.3 Conclusions

This study concludes that innovativeness, risk taking and competitive aggressiveness positively influence firm performance to a great extent, pro-activeness positively influence firm performance to a very great extent while autonomy of the management negatively influence firm performance to a great extent. Introducing new products and technologies influence firm performance to a very great extent while new strategies influence firm performance to a moderate extent. Stimulating new demand and entering new ventures influence firm performance to a very great extent but borrowing heavily influenced firm performance only to a low extent. In addition, Introducing new products before competitors influenced firm performance to a very great extent, Anticipation of future demand influenced firm performance to a great extent while influencing market environment influence firm performance to a low extent.

The study further concludes that, having the freedom of bringing in new ideas influence firm performance to a great extent, bringing in new products influence firm performance to a moderate extent while Introducing new methods influence firm performance to a low extent. Capability influence firm performance to a great extent while motivation and awareness influenced firm performance to a moderate extent. The study also concludes that there is a positive correlation between innovativeness, risk-taking pro-activeness positively, competitive aggressiveness and performance. However, there is a negative correlation between autonomy and performance. Finally, Firm size has the greatest influence on firm performance followed by firm's age and profitability of the firm.

5.4 Recommendations

This study concludes that innovativeness influence firm performance influence firm performance to a great extent. This study therefore recommends that the management of Small and Medium Enterprises in the Automobile Industry to invest heavily on research and development so as to improve on innovation. This will lead to increased performance of the firms.

The study also concludes that risk taking positively influence firm performance to a great extent. The management and proprietors of these Small and Medium Enterprises should

increase their risk horizon. This is in line with the risk return trade off theorem, which holds that there is a higher return for higher risk undertaken.

Competitive aggressiveness also positively influences firm performance to a great extent. The study therefore recommends that the management and the proprietors of Small and Medium Enterprises should therefore be competitively aggressive by first assessing their capability, motivation their employees and finally enhance their awareness of the market dynamics and the new products introduced.

The study found that pro-activeness positively influence firm performance to a very great extent and therefore recommends that, the proprietors and the management of Small and Medium Enterprises in the Automobile Industry should adopt a proactive approach to their businesses. This may be achieved by introducing new products before competitors, anticipation of future demand and influencing market environment respectively.

Finally, the study observed that, autonomy of the management negatively influence firm performance to a great extent. This study therefore recommends that the proprietors should limit the level of autonomy of the management. The study further recommends that there should be constructive consultation between the owners of the businesses and the managers.

5.5 Suggestions for Further Studies

This study sought to evaluate the affect of entrepreneurial orientation on firm performance among small and medium enterprises in the automobile industry in Nairobi County. the study was therefore limited to small and medium enterprises in the automobile industry in Nairobi County. This study recommends that other studies be conducted in other counties to determine if the results would be similar. The study also recommends that another study be conducted in other industries such as the agricultural sector to determine if the same results would be obtained.

The study sought to determine the influence of innovativeness, risk taking, pro-activeness, autonomy and competitive aggressiveness on performance of Small and medium enterprises in the automobile industry in Nairobi County. The study was therefore limited to innovativeness, risk taking, pro-activeness, autonomy and competitive aggressiveness as the independent variables. The study recommends that other studies be conducted to determine other variables that affect firm performance.

Finally, the study utilized data for a period of five years only. The study recommends that another study be conducted for a longer duration of say more than ten years and compare the results for correlation.

REFERENCES

- Ajzen, G. (2005). *Attitudes, Personality and Behaviour*, Milton Keynes, Open University Press.
- Ali, A. Y. S., & Ali, A. H. (2015). *Entrepreneurial Orientation and Performance of Women Owned Enterprises In Sub-Saharan African Context: Case of Somalia*. Retrieved From https://www.researchgate.net/profile/Ali_Sheikh_Ali/publication/260198123
- Al-Swidi, A. K., & Mahmood, R. (2011). How Does Organizational Culture Shape the Relationship Between Entrepreneurial Orientation and the Organizational Performance of Banks? *European Journal of Social Sciences*, 20(1), 28-46.
- Barney, J. B. (2012). Strategic Factor Markets: Expectations, Luck, and Business Strategy. *Management Science*, Vol. 32, No. 10, pp. 1231-1241.
- Begley, T.M. & Boyd, D. P. (2007). Psychological Characteristics Associated with Performance in Entrepreneurial Firms and Smaller Businesses, *Journal of Business Venturing*, 2, 79-93.
- Bird, B.J. (2009). *Entrepreneurial Behaviour*. Glenview, Illinois: Scott, Foresman.
- Bokea, C., Dondo, A., & Mutiso, J. (2007). Physical Infrastructure. In M. A, & C. Bokea, *Micro and Small Enterprises in Kenya: Agenda for Improving the Policy Environment* (pp. 57- 80). Nairobi: International Centre for Economic Growth.
- Bowen, M., Morara, M., & Mureithi, S. (2009). Management Of Business Challenges Among Small And Micro-Enterprises In Nairobi, Kenya. *KCA Journal of Business Management*, 1-16.
- Brockhaus, R. H. (2012). Risk Taking Propensity of Entrepreneurs. *Academy of Management Journal* 23(3) 509 – 520.
- Callaghan, C.W. (2009). *Entrepreneurial Orientation And Entrepreneurial Performance Of Central Johannesburg Informal Sector Street Traders*.
- Campos, H. M., & Valenzuela, F. A. A. (2013). The Relationship Between Entrepreneurial Orientation, Time Orientation and Small Business Performance: an Evidence From Mexico. *Revista Da Micro E Pequena Empresa*, 7(1), 48–63.
- Chandran, E. (2004). *Research Methods*. Nairobi: Starbright services limited.
- Cooper, D. R. & Schindler, P. S. (2003). *Business Research Methods* (8th edn), McGraw-Hill: New York.
- Covin, J. G., Green, K. M., & Slevin, D. P. (2006). Strategic Process Effects on the Entrepreneurial Orientation–sales Growth Rate Relationship. *Entrepreneurship Theory and Practice*, 30(1), 57-81.
- Currie, G. (2008). Entrepreneurial Leadership in the English Public Sector: Paradox or Possibility? *Public Administration*, 86(4), 987-1008.

- Deakins L.A. & Freel A.V. (2012). Entrepreneurial Orientation, Access to Financial Resources, and Product Performance in the Greek Commercial TV Industry. *The Ser Ind Journal*, 31(6): 897-910.
- Dess, G. & Lumpkin G.T. (2005). Linking Two Dimensions of Entrepreneurial Orientation to Firm Performance. The Moderating Role of Environment and Industry Life Cycle. *Journal of Business Venturing*, 16: 429-451
- Drucker, P. F. (1985). Entrepreneurship in Business Enterprise. *Journal of Business Policy*, 1,10-11
- Fatoki, O. (2014). The Entrepreneurial Orientation of Micro Enterprises in the Retail Sector in South Africa. *J Sociology Soc Anth*, 5(2): 125-129.
- Frank, H., Kessler, A., & Fink, M. (2010). Entrepreneurial Orientation and Business Performance-a Replication Study. *Schmalenbach Business Review*, 62, 175–198.
- Gathungu, J. M., Aiko, D. M., & Machuki, V. N. (2014). Entrepreneurial Orientation, Networking, External Environment, and Firm Performance: A Critical Literature Review. *European Scientific Journal*, 10(7). Retrieved from <http://search.proquest.com/openview/7f9af11c918188ae94bff090b85bba80/1?pq-origsite=gscholar>
- Haroon H., M., Noor M. S., M. & bin Mad L., H. (2012). Relationship Between Entrepreneurial Orientation, Firm Resources, SME Branding and Firm's Performance: Is Innovation the Missing Link? *American Journal of Industrial and Business Management*, 02(04), 153–159. <http://doi.org/10.4236/ajibm.2012.24020>
- Hayat, N., & Riaz, M. T. (2011). The Affect of the SMEs Top-Level Managers' Leadership Styles and their Entrepreneurial Orientation on the Business Performance. Available at SSRN 1884069. Retrieved from http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1884069.
- Kinoro, A. J. (2013). Factors Affecting New Vehicle Sale in the Kenya Motor Industry: A Case of General Motors (East Africa) Limited. *International Journal of Social Sciences and Entrepreneurship*, Vol.1, Issue 2, 2013, 1 (2), 664-687
- Kirby, (2013). *Hunting the Heffalump, in Entrepreneurship and Economic Development*. The Free Press, New York.
- Kolvereid, L. (2006). Prediction of Employment Status Choice Intentions. *Entrepreneurship Theory and Practice*, 20 (3), 47–56.
- Kothari C.R., (2003). *Research Methodology*. New Delhi, New Age International (p) Ltd.
- Kreiser, P, Marino, L. & Weaver, M. 2012. Assessing the Relationship Between Entrepreneurial Orientation, the External Environment, and Firm Performance. *Frontiers of Entrepreneurial Research*, retrieved on 21 September 2012 from: http://www.babson.edu/entrep/fer/Babson2002/X/X_P3.htm.

- Lawrence, N. & Hamilton, L. (2007). New Wrinkles in the Theory of Age: Demography, Norms, and Performance Ratings *The Academy of Management Journal*, 31(2), 309-337.
- Lumpkin, G. T., & Dess, G. G. (2001). Linking two Dimensions of Entrepreneurial Orientation to Firm Performance: The Moderating role of Environment and Industry life cycle. *Journal of Business Venturing*, 16(5), 429-451.
- Mahmood, R. & Hanafi, N. (2013). Entrepreneurial Orientation and Business Performance of Women-Owned Small and Medium Enterprises in Malaysia: Competitive Advantage as a Mediator. *International Journal of Business and Social Science* 4(1) 82-90.
- Makembo, G. (2013). *Factors Affecting the Performance of Secondhand Motor Vehicle Importers in Nairobi, Kenya* (Doctoral dissertation).
- Miller, D. (2011). Miller (1983) Revisited: A Reflection on EO Research and Some Suggestions for the Future. *Entrepreneurship Theory and Practice*, 35(5), 873-894.
- Miller, D., & Friesen, P. H. (1982). Innovation in Conservative and Entrepreneurial firms: Two Models of Strategic Momentum. *Strategic Management Journal*, 3(1), 1-25.
- Muenjohn, N., & Armstrong, A. (2008). Evaluating the Structural Validity of the Multifactor Leadership Questionnaire (MLQ), Capturing the Leadership Factors of Transformational-Transactional Leadership. *Contemporary Management Research*, 4(1).
- Mugenda O. & Mugenda A. (2003). *Research Methods: Quantitative and Qualitative Approaches*. Act Press: Nairobi.
- Mungai, E. N. (2013). *Socio-Cultural Factors and Entrepreneurial Intentions of Undergraduate Students In Public Universities In Kenya*. Retrieved from http://chss.uonbi.ac.ke/sites/default/files/chss/esther%20N.%20mungai%20D80-80961-2009_1.pdf
- Mwangi, M. M. A & Ngugi, K. (2014). Affect of Entrepreneurial Orientation on Growth of Micro and Small Enterprises in Kerugoya, Kenya. *European Journal of Business Management*, 1 (11), 417-438.
- Mwaura, A. T. W., Gathenya, J. W., & Kihoro, J. (2015). Dynamics of Entrepreneurial Orientation on the Performance of Women Owned Enterprises in Kenya. *International Journal of Academic Research in Business and Social Sciences*, 5(9). <http://doi.org/10.6007/IJARBSS/v5-i9/1794>
- Ndung'u, S. I. (2015). *Moderating Role of Entrepreneurial Orientation on the Relationship Between Information Security Management and Firm Performance in Kenya* (Doctoral dissertation).
- Ngechu M (2006). *Understanding the Research process and Methods*, First edition.
- Ngugi, J. K. (2014). Influence of Intellectual Capital on the growth of small and Medium Enterprises in Kenya.

- OECD (2004). 2nd OECD Conference of Ministers Responsible For Small and Medium-Sized Enterprises (SMEs). *Promoting Entrepreneurship and Innovative SMEs in a Global Economy: Towards a more Responsible and Inclusive globalization*. Istanbul, Turkey. <http://www.oecd.org/sti/smes>.
- Okeyo, W. O. (2014). The Impact of Business Development Services on Entrepreneurial Orientation and Performance of Small and Medium Enterprises in Kenya. *International Journal of Business and Social Research*, 4(7), 38–49.
- Orodho AJ (2003). *Essentials of Educational and Social Science Research Method*.
- Otieno, S., Bwisa, P. H. M., & Kihoro, D. J. M. (2012). Affect of Entrepreneurial Orientation on Kenya's Manufacturing Firms Operating under East African Regional Integration. *International Journal of Learning and Development*, 2(1). <http://doi.org/10.5296/ijld.v2i1.1326>
- Osaze, E.B. (2003). Corporate Proactive Management Lagos Centre for Management Development. *Performance – A Replication Study*, 175-198
- Rauch, A., Wiklund, J., Lumpkin, G. T., & Frese, M. (2009). Entrepreneurial orientation and Business Performance: An Assessment of Past Research and Suggestions for the future. *Entrepreneurship Theory and Practice*, 33(3), 761–787.
- Razzaq C. (2013). *Financial Performance Impacts of Corporate entrepreneurship in Emerging Markets: A Case of Turkey*. Euro J of Econ, Fin and Admin Sciences, 12: 69-79.
- Republic of Kenya (2005). *Sessional Paper No.2 of 2005 on the development of SMES*, Nairobi – Government Printer.
- Schillo, R. S. (2011). Entrepreneurial Orientation and Organization Performance: Can the Academic Literature Guide Managers? *Technology Innovation Management Review*, 1(2). Retrieved from <http://timreview.ca/article/497>
- Schumpeter, J.A. (1965). *Capitalism, Socialism and Democracy*. London:Allen and Unwin.
- Sekaran, U. (2006) *Research Methods for Business-A Skill Building Approach*.4th ed. Singapore, John Wiley & Sons.
- Stewart, W.H. Jr. & Roth, P.L. (2011). Risk Propensity Differences Between Entrepreneurs and Managers: a Meta-Analytic Review, *Journal of Applied psychology*, 86(1), 145.
- The Guardian.www.theguardian.com/global-development-Professionals_Network_/2014/jul/04-help/African-entrepreneurs-roundtable.
- Van Gelderen & Jansen, (2016). Explaining Entrepreneurial Intentions by means of the theory of planned behavior. *Career Development International*, 13(6), 538 - 559.
- Venkataraman, S. (2010). The Promise of Entrepreneurship as a Field of Research. *Academy of Management Review*, 25(1), 217-226.

World Bank (2011). *The International Bank for Reconstruction and Development*.
Washington, DC: World Bank.

APPENDICES

APPENDIX 1: INTRODUCTION LETTER



UNIVERSITY OF NAIROBI
COLLEGE OF EDUCATION AND EXTERNAL STUDIES
SCHOOL OF CONTINUING AND DISTANCE EDUCATION
DEPARTMENT OF EXTRA-MURAL STUDIES
NAIROBI EXTRA-MURAL CENTRE

Your Ref:

Our Ref:

Telephone: 318262 Ext. 120

Main Campus
Gandhi Wing, Ground Floor
P.O. Box 30197
N A I R O B I

6TH July, 2016

REF: UON/CEES//NEMC/23/464

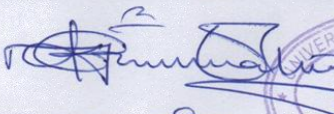
TO WHOM IT MAY CONCERN

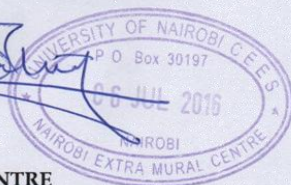
RE: KITHAKA JOHNSTONE NJAGI - REG NO-L50/72292/2008

This is to confirm that the above named is a student at the University of Nairobi, College of Education and External Studies, School of Continuing and Distance Education, Department of Extra- Mural Studies pursuing Master of Arts in Project Planning and Management.

He is proceeding for research entitled "influence of entrepreneurial orientation on firm performance among small and medium enterprise in the automobile industry in Nairobi County, Kenya".

Any assistance given to him will be appreciated.


CAREN AWILLY
CENTRE ORGANIZER
NAIROBI EXTRA MURAL CENTRE



APPENDIX II: RESEARCH QUESTIONNAIRE

Kindly answer the following questions by writing a brief answer or ticking in the boxes provided.

PART A: BACKGROUND INFORMATION

1. What is your designation in the organization?.....
2. Which is your highest level of education?
 - Post Graduate []
 - Undergraduate []
 - Diploma []
 - Certificate []
 - Any other (specify).....
3. How long have you worked in this institution?
 - 1-4 years []
 - 5-8 years []
 - 9-12 years []
 - 13- 16 years []
 - 17 years and above []

PART B: Innovativeness

4. To what extent do you think innovativeness influence firm performance?
 - Very great extent [5] Moderate extent [3] Very low extent [1]
 - Great extent [4] Low extent [2]

5. To what extent do the following influence firm performance?

	Very great extent	Great extent	Moderate extent	Low extent	Very low extent
New strategies					
New technologies					
Introducing new products.					

6. In your opinion, how does the stated innovativeness influence firm performance in your organization?

.....

.....

PART C: Risk Taking

To what extent does risk taking influence firm performance in your organization?

Very great extent [5] Moderate extent [3] Very low extent [1]
 Great extent [4] Low extent [2]

7. To what extent does the following influence firm performance in your organization?

	Very great extent	Great extent	Moderate extent	Low extent	Very low extent
Entering new ventures.					
Borrowing heavily					
Stimulate new demand					

8. In your own opinion, how does risk taking influence firm performance in your organization?

.....

PART D: Pro-activeness

9. To what extent does pro-activeness influence firm performance?

Very great extent [5] Moderate extent [3] Very low extent [1]
 Great extent [4] Low extent [2]

10. To what extent do the following affect firm performance in your organization?

	Very great extent	Great extent	Moderate extent	Low extent	Very low extent
Introducing new products before competitors					
Anticipation of future demand					
Influencing market environment.					

11. In your own opinion, how do the facets of pro-activeness above influence firm performance in your organization?

.....

PART E: Autonomy

12. To what extent does autonomy influence firm performance in your organization?

Very great extent [5] Moderate extent [3] Very low extent [1]
 Great extent [4] Low extent [2]

13. To what extent do the following affect firm performance in your organization?

	Very great extent	Great extent	Moderate extent	Low extent	Very low extent
Bringing in new ideas					
Bringing in new products					
Introducing new methods					

PART F: Competitive aggressiveness

14. To what extent does competitive aggressiveness influence firm performance in your organization?

Very great extent [5] Moderate extent [3] Very low extent [1]
 Great extent [4] Low extent [2]

15. To what extent do the following affect a firm performance in your organization?

	Very great extent	Great extent	Moderate extent	Low extent	Very low extent
Motivation					
Awareness					
Capability					

16. In your own opinion, how do the facets of competitive aggressiveness above influence firm performance in your organization?

.....

PART G: Firm Characteristics, Entrepreneurial Orientation and Performance of Small and Medium Enterprises

17. To what extent do the following aspects of firm characteristics influence the relationship between entrepreneurial orientation and performance in your organization?

	Very great extent	Great extent	Moderate extent	Low extent	Very low extent
Firm size					
Firm's Age					
Profitability					

PART H: Performance of Small and Medium Enterprises

18. To what extent is your organization rated in the following aspects of Performance for the last five years?


	Greatly Improved	Improved	Constant	Decreased	Greatly decreased
Sales volume					
Profitability					
Market share					
Number of customers					
Number of products					

THANK YOU FOR YOUR PARTICIPATION

APPENDIX III: RESEARCH PERMIT

THIS IS TO CERTIFY THAT:
MR. JOHNSTONE NJAGI KITHAKA
of UNIVERSITY OF NAIROBI, 0-506
Nairobi, has been permitted to conduct
research in Nairobi County
on the topic: INFLUENCE OF
ENTREPRENEURIAL ORIENTATION ON
FIRM PERFORMANCE AMONG SMALL
AND MEDIUM ENTERPRISES IN THE
AUTOMOBILE INDUSTRY IN NAIROBI
COUNTY, KENYA
for the period ending:
25th July 2017

Permit No. : NACOSTI/P/16/67806/12485
Date Of Issue : 25th July 2016
Fee Received :Ksh 1000



[Signature]
Director General
National Commission for Science, Technology & Innovation

CONDITIONS

- 1. You must report to the County Commissioner and the County Education Officer of the area before embarking on your research. Failure to do that may lead to the cancellation of your permit**
- 2. Government Officers will not be interviewed without prior appointment.**
- 3. No questionnaire will be used unless it has been approved.**
- 4. Excavation, filming and collection of biological specimens are subject to further permission from the relevant Government Ministries.**
- 5. You are required to submit at least two(2) hard copies and one(1) soft copy of your final report.**
- 6. The Government of Kenya reserves the right to modify the conditions of this permit including its cancellation without notice**


REPUBLIC OF KENYA

National Commission for Science, Technology and Innovation

RESEARCH CLEARANCE PERMIT

Serial No. A10292

CONDITIONS: see back page

APPENDIX IV: RESEARCH AUTHORIZATION



NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone: +254-20-2213471,
2241349,3310571,2219420
Fax: +254-20-318245,318249
Email: dg@nacosti.go.ke
Website: www.nacosti.go.ke
when replying please quote

9th Floor, Uthiri House
Uhuru Highway
P.O. Box 30623-00100
NAIROBI-KENYA

Ref. No.

Date:

NACOSTI/P/16/67806/12485

25th July, 2016

Johnstone Njagi Kithaka
University of Nairobi
P.O. Box 30197-00100
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on "*Influence of entrepreneurial orientation on firm performance among Small and Medium-Enterprises in the automobile industry in Nairobi County, Kenya,*" I am pleased to inform you that you have been authorized to undertake research in **Nairobi County** for the period ending **25th July, 2017**.

You are advised to report to **the County Commissioner and the County Director of Education, Nairobi County** before embarking on the research project.

On completion of the research, you are expected to submit **two hard copies and one soft copy in pdf** of the research report/thesis to our office.


BONIFACE WANYAMA
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The County Commissioner
Nairobi County.

The County Director of Education
Nairobi County.