ENTREPRENEURIAL STRATEGIC PLANNING PRACTICES AND FIRM PERFORMANCE AMONG WOMEN-LED SMALL AND MEDIUM ENTERPRISES IN KENYA

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2012

DECLARATION

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

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

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DEDICATION

To John, Joel and Joy.

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ABBREVIATIONS

AMOS	Analysis of MOment Structures
ANOVA	Analysis of Variance
BDS	Business Development Services
CCNA	Cisco Certified Network Associate
CPA	Certified Public Accountant
EEMM	Effects Estimated Marginal Means
EO	Entrepreneurial Orientation
ESPP	Entrepreneurial Strategic Planning Practices
KAM	Kenya Association of Manufacturers
KeS	Kenya Shillings. (I US dollar = KeS 81 (February 2011))
LP	Locus of Planning
MMR	Moderated Multiple Regression
PASW	Predictive Analysis SoftWare
PAWDEP	Pamoja Women Development Program
PESTLE	Political, Economic, Social, Technological, Legal and Ecological
PF	Planning Flexibility
PH	Planning Horizon
R & D	Research and Development
ROA	Return of Assets
ROE	Return on Equity
ROK	Republic of Kenya
SEM	Structural Equation Models
SI	Scanning Intensity
SMEs	Small and Medium Enterprises
UNIANOVA	Univariate Analysis of Variance

DEFINITION OF TERMS

Entrepreneurship	Process of exploitation of opportunity through creativity and innovation (exercise of good business processes) in the management practices to maximize the potential profit and growth (Schumpeter, 1936)
Entrepreneurial Orientation (EO)	The propensity of enterprises to be innovative, proactive and be willing to take risks in taking up and maximizing on opportunities (Lumpkin and Dess, 1996)
Strategic planning practices	Procedures that center on the top management of enterprises, focusing on the enterprises mission, long term goals (time spans of up to 10 years) and effectiveness of the enterprise. The major concerns include competitive position, enterprise values, business success (growth in assets, turnover and profits) and establishing (Audretsch et al, 2009). This was achieved by scanning intensity of the environmental trends, making plans that are flexible to changes in the environment, considerations of the planning periods or horizons, depth in locus of planning by looking at the levels of employee involvement in planning processes (Burke, 2003; Barringer and Bluedorn, 1999).
Entrepreneurial strategic planning	The innovative practices that are viewed to impact the enterprise growth and competitive advantage most as enterprises operate in very dynamic and ever changing

practices (ESPP)	environments. The entrepreneurial strategic planning practices include the integration of entrepreneurial orientation (risk-taking, proactiveness and innovation) and the dynamics of strategic planning (Covin and Slevin, 1991; Barringer and Bluedorn, 1999; Hitt et al, 2001; Alvarez, 2003; Ellis, 2007).
Scanning Intensity (SI)	The degree of rigor in the managerial activity of learning about events and trends in the organization's environment (Hambrick, 1981; Foss et al, 2008) as an entrepreneurial strategy. Scanning intensity was characterized by scanning effort of environment and the scanning comprehensiveness (Miller and Friesen, 1982; Barringer and Bluedorn, 1999 and Foss et al, 2008)
Planning Flexibility (PF)	Capacity of a firm's strategic plan to change as environmental opportunities/threats emerge especially when there are developments and changes in R & D, the changes in technological leadership and innovation (Kukalis, 1989; Poister and Van Slyke 2002). Planning flexibility looks at the way firms make adjustments to environmental changes (Barringer and Bluedorn, 1999 and Bhardwaj et al, 2007)
Planning Horizon (PH)	Length of the future time period that decision-makers consider in planning (Das, 1987, Poister and Streib, 2005). Planning horizon has also been defined as the length of

	planning periods (Slevin and Covin, 1997 and Alvarez and Barney, 2007)
Locus of Planning (LP)	Depth of employee involvement in a firm's strategic planning activities. Organizations can be characterized as having either a shallow or a deep locus of planning (Barringer and Bluedorn, 1999; Ireland et al, 2009). A deep locus of planning denotes a high level of employee involvement in the planning process, including employees from virtually all hierarchical levels within the firm. Conversely, a shallow locus of planning denotes a fairly exclusive planning process, typically involving only the top managers of a firm while a deep locus of planning was team oriented and places a heavy emphasis on employee participation (Reid, 1989 and Donald et al, 2001).
Strategic management	The disciplined effort to produce fundamental decisions and actions that shape and guide what an organization was, what it does, and why it does it (Bryson 1995). It includes the processes of setting of the vision, mission and objectives, determining the management of resources, and monitoring, control, evaluation and enhancing ongoing activities and operations which are the most relevant to the pursuit of competitive advantage and firm performance (Barringer et al, 1999, Coplin, 2002 and Cole, 2004). In other words, it

	provides a systematic process for gathering information about the big picture (setting the enterprise's vision) and using it to establish a long-term direction (mission statement) and then translate that direction into specific goals, objectives, and actions. It blends futuristic thinking, objective analysis, and subjective evaluation of goals and priorities to chart a future course of action that should ensure the organization's vitality and effectiveness in the long run.
Small and Medium Enterprises (SMEs)	The small and medium enterprises (SMEs) that were included in this study were required to have between 10-99 employees. This categorization was based on a report by the World Bank Project Appraisal in Kenya, (June 2004), which categorized micro enterprises as employing fewer than 9 employees; small-sized enterprises, 10 to 49 employees; medium sized, 50 to 99 employees and large enterprises as employing over 100 employees.
Equity	Contributed capital, retained earnings and reserves (Wood and Sangster, 2008).
Assets	Year end value or worth of capital employed or invested (Wood and Sangster, 2008).

ABSTRACT

The purpose of the study was to explore the degree to which women-led SMEs embrace the entrepreneurial strategic planning practices (ESPP) dimensions of EO (Entrepreneurial Orientation), SI (Scanning Intensity), PF (Planning Flexibility), PH (Planning Horizon) and LP (Locus of Planning) for enhanced firm performance. This study was aimed at providing insight and a model that would enable women-led enterprises to be more profitable and achieve sustainable enterprise goals and graduation to large enterprises. This was to be achieved by identifying and employing entrepreneurial growth oriented planning strategies that could reduce constraints brought by the changing environments that these enterprises operate in.

This study was based on the logical positivism philosophy whereby the research design was of an explorative approach combining both qualitative and quantitative research designs, techniques and measures. This mixed approach provided a basis for the study to triangulate the empirical, constructs and the reality approaches. A cross-sectional survey and interviews were used to collect data. The multi-stage sampling technique was used namely, first stage - stratified sampling according to the 4 sectors, that is, agro-based industries, other industries, service and trade and second stage - simple random sampling. The sample size was 128 enterprises drawn from a target population of 226 enterprises distributed across the four sectors – Agro-based Industry (70 enterprises), other industry (38), services (58) and trade (47). The key respondents were top managers, entrepreneurs and 3 employees from each of the 128 enterprises drawn from a 50Km radius of Nairobi and within the Nairobi metropolitan area. The study employed four basic methods to collect data -

three sets of questionnaires, two sets of interview guides, review of secondary data and computer-based data provided by Pamoja Women Development Program (PAWDEP). Cronbach's alpha was used as a measure of reliability, to test the hypotheses developed for the study, appropriate statistical tests such as the F test was used. This was achieved through structural equation modeling, correlation analysis, multiple and step-wise regression analysis, ANOVA and univariate ANOVA. Path analysis was carried out to establish the causal relationships between the various variables using Analysis of MOment Structures (AMOS) Version 16 software.

The research results showed that the attitudes towards entrepreneurial orientation by both the top management and the employees had a positive relationship and played a major role on the average sales growth. However, there was poor enterprise performance, when measured in terms of sales-employee growth and profitability during the 2007-2008 periods as a result of the political volatility and economic instabilities experienced at that period. Two specific variables of planning flexibility, that is, ease at which enterprises are able to adjust to emergence of new technology and the entry of new competition were found to be significantly related to sales growth and levels of performance.

Time periods that were less than one year and over a five year period had significant influence on firms' performance. The entrepreneurs' age and education were important factors to consider when deciding the depth in locus of planning and had a significant impact on return on assets. The results showed that the enterprises' age, size and legal status were significant factors to consider when

deciding the depth of employee involvement in the firms' strategic planning activities (locus of planning), length of planning (planning horizon) and how flexible plans were (planning flexibility). These were however not important in determining the entrepreneurial orientation of the enterprise or scanning intensity for the women-led enterprises in the Kenyan setup. Strategic management process elements had a significant negative moderating influence on ESPP and therefore performance of firms. The research results showed that there was poor enterprise performance, when measured in terms of sales-employee growth and profitability during the 2007-2008 period as a result of the political volatility (pre-election phobia and post election chaos) and economic instabilities experienced at that period.

The predictor planning flexibility influence on the performance of enterprises was negative. The implication of this is that the more inflexible the plans, the better the performance of enterprises. For entrepreneurial orientation, the most important predictor was propensity to take risks. The implication of this is that the influence of the tendency to take risks had a significant part to plays in making it entrepreneurial.

The study concluded with recommendations that further study should be carried out to cover other aspects of entrepreneurial orientation besides risk-taking, innovation and proactiveness; strategic planning practices other than SI, PF, PH and LP as well as other moderating variables or factors. Future studies could also be carried out during periods of low political and economic turbulence.

CHAPTER ONE

1.0. INTRODUCTION

1.1. Background

Scholars in both fields of entrepreneurship and strategic management have been interested in understanding sources of organizational renewal, growth, firm competitive advantage and generation of entrepreneurial rents (Bhardwaj et al, 2007; Foss et al, 2008; Alvarez, 2003 and Audretsch et al, 2001). Effort has been made in seeking an interface between strategic management (which has overlooked entrepreneurial insights and capabilities), specific emphasis being on strategic planning; and entrepreneurship research (which has remained elusive as to the potential advantages resulting from the protection of more valuable entrepreneurial resources and capabilities) as agents of enterprise growth (Alvarez, 2003).

Literature in strategic management and entrepreneurship has been growing to help firms understand the organizational strategic planning practices and strategic management processes and its elements that support competitive advantage and superior enterprise performance (Covin and Slevin, 1991; Hitt et al, 2001; Bhadwaj et al, 2007). These authors continue to argue that a firm's ability to improve its performance and achieve sustainable growth was largely determined by the compatibility of its management practices with its entrepreneurial planning ambitions. Among the management practices believed to facilitate competitive advantage are a firm's chosen strategic management process elements, entrepreneurial orientation and strategic planning practices (Covin and Slevin, 1991; Barringer and Bluedorn, 1999; Hitt et al, 2001; Alvarez, 2003).

The entrepreneurial strategic planning practices viewed to impact the enterprise growth most include being entrepreneurially oriented, the scanning intensity of the environmental trends, making plans that are flexible to changes in the environment, considerations of the planning periods or horizons, depth in locus of planning by looking at the levels of employee involvement in planning and the process of strategic management elements for improved enterprise (Burke, 2003; Barringer and Bluedorn, 1999). Thus a firm's entrepreneurial focus of being innovative, taking risks and being proactive strategic planning and having in place strategic management process elements should be tailored to support its organizational competitive advantage objectives within the environmental context it was operating.

A study by Watson and Robinson (2003) found out that women entrepreneurs are more averse to exploiting entrepreneurial opportunities than men. As a result, women entrepreneurs are destined to be treated as having a low level of influence on their management perspective, strategic thinking, entrepreneurial planning abilities and overall growth. According to these authors, women entrepreneurs are therefore considered more conservative, risk averse and less pro-active. This creates a situation where women's entrepreneurial orientation and strategic position when determined by their ability to recognize opportunity, strategically plan for and manage this opportunity and when using entrepreneurship standards and financial performance measures can be said to be quite low.

This scenario was reflective of the Kenyan situation where though according to the Economic Survey of 2008 (ROK, 2008), there are 34,000 small and medium growth oriented enterprises, employing between 10-99 employees, with an investment

ranging from Kenya Shillings (KeS[1]) 300,000 to 10 million and constituting 3 per cent of the total enterprises in Kenya (KAM, 2008), women-led enterprises make up 48 per cent of all Small and Medium Enterprises (SMEs). Their businesses tend to be smaller, are less likely to grow, have less capital investment than male-owned enterprises and are twice as likely to be operating from home. Female–owned SMEs report 57 per cent of the income earned by their male counterparts. Men outnumber women in the manufacturing sub-sector (65.7 per cent men) and the construction sub-sector (91.2 per cent men) while women outnumber men only in services by a mere 55.7 per cent and their enterprises generate 40 per cent of total SMEs employment. Their enterprises face more severe legal, regulatory and administrative barriers to start and run and this reduces the benefits that the women entrepreneurs gain. The choice of sector also defines the profitability of the enterprises with male-owned SMEs having 75 per cent more income than female-owned enterprises (Ellis et al, 2007).

On the other hand, Burke (2003) argues against this and states that women entrepreneurs are less likely to be "stuck in the past" and thus have a stimulating influence on strategic opportunism, provide strategic input on product/ market issues and direction, processes and deliberations, being more strategic thinking than entrepreneurial orientation. Daily and Dalton (2003) also affirm that women entrepreneurs provide unique perspectives and experiences; their work and communication styles are more participative and process oriented and they consider a wider range of strategic options and practices. This makes these women

[1] 1 US Dollar is equivalent to Kenya Shillings 81 (February 2011)

entrepreneurs more likely to use entrepreneurial planning strategies and practices of scanning the environmental trends, make their plans flexible to changes created by environmental opportunities or threats, make considerations of the planning periods. Women consider the depth in locus of planning by looking at the levels of employee involvement in planning and use the process elements of strategic management for improved enterprise performance.

This being the case, opportunity identification, exploitation of the same using the above strategic perspective and commitment to an ability to measure, encourage and reward risk-taking, which was the distinctive sphere of strategic management by women entrepreneurs, are very important aspects of the day to day running of their enterprises (Kuratko and Hodgetts, 1998; Venkataraman, 1997 and Foss et al, 2008). At the same time innovativeness and creativity geared towards enhancing performance (Bird, 1989) should be core for these women-led SMEs in fostering competitive advantage. This therefore suggests that it was possible to obtain best practices among these enterprises in an attempt to develop approaches for entrepreneurial strategic planning (entrepreneurial orientation, strategic planning dimensions, strategic management processes) and an enterprise performance model.

1.2. Statement of the Research Problem

According to Barringer and Bluedorn, (1999); Hitt et al, (2001); Alvarez, (2003) and Mahogany et al (2007), entrepreneurship involves enterprises being entrepreneurially oriented and the use of strategic thinking for enhanced enterprise growth and performance. Nonetheless, research which had been carried on Small

and Medium Enterprises (SMEs) in Kenya, indicated that these SMEs especially those owned by women entrepreneurs did not graduate to large scale enterprises (Ellis, 2007 and K'Aol, 2008). External factors had been blamed. Such factors included lack of finance (K'Aol, 2008 and Johnson, 2004), markets and infrastructure (Johnson, 2004; Akoten et al, 2006 and Ellis, 2007).

This had been done despite the known fact that businesses operate within external and internal environments. Internal domains of the business environment had not been exhaustively examined. The least investigated aspects of this environment were how dynamics of entrepreneurial strategic planning practices such as entrepreneurial orientation (EO), scanning intensity (SI), planning flexibility (PF), planning horizon (PH) and locus of planning (LP) as well as strategic management process elements had been used to develop and improve enterprise performance, hence a problem for continued research (Barringer and Bluedorn, 1999; Alvarez, 2003 and Mahogany et al 2007) more so among women-led enterprises (Ellis et at, 2007). A key question as a consequence arose – What was the status of EO, SI, PF, PH, LP and was it moderated by the presence of strategic management process elements among women-led SMEs in Kenya? This question constituted the problem for this research.

The purpose of this study was therefore to explore the degree to which women-led SMEs embraced the entrepreneurial strategic planning practices (ESPP) for enhanced firm growth.

1.3. Objectives of the Study

1.3.1. General Objective

The overall objective of the study was to explore how the 5 dimensions (EO, SI, PF, PH and LP) of entrepreneurial strategic planning practices (ESPP) influenced women-led SMEs performance while being moderated by other factors.

1.3.2. Specific Objectives

The specific objectives of the study were to:

1 Explore the extent to which ESPP influence firm performance among women led SMEs in Kenya.

2 Determine the influence of entrepreneurs' age and their education level on ESPP and performance of women led SMEs in Kenya.

3 Determine the influence of enterprises' legal status, age and size on ESPP and performance of women led SMEs in Kenya.

4 Establish the moderating influence of strategic management process elements on ESPP and firm performance among women led SMEs in Kenya.

5 Determine the strength of relationship between existing ESPP and firm performance among women-led SMEs in Kenya.

1.4. Research Questions

1 Did ESPP have significant influence on the performance of women led SMEs in Kenya?

2 Did the entrepreneurs' age and education level significantly influence the use of ESPP and firm performance among women-led SMEs in Kenya?

3 Did enterprises' legal status, age and size significantly influence the use of ESPP and firm performance among women-led SMEs in Kenya?

4 Did enhanced strategic management process elements have a moderating influence on ESPP and firm performance among women-led SMEs in Kenya?

5 Was there significant causal relationship between ESPP and firm performance among women-led SMEs in Kenya?

1.5. Justification of the Study

A sustainable institution both in its operational decision making and strategic performance is able to identify opportunity and support the SMEs sector which in turn benefit in its profitability, operations, and overall performance and creates employment (Njuguna, 2008). Therefore, this study provides insight and a model that should enable women-led enterprises to be more profitable and achieve sustainable organizational goals and graduation to large enterprises by identifying and employing entrepreneurial growth oriented planning strategies that could reduce constraints brought by the changing environments that these enterprises operate in (Barringer and Bluedorn, 1999).

Challenges for the SMEs have increased with the globalization of the economy, growth in competition and the ever changing environmental conditions. Thus these enterprises, despite the fact that they contribute to the economy of the country, women-led SMEs research still lacks a theoretically grounded model of the internal

factors underlying small business success or failure in general (Coplin, 2002) which this study provides.

This study provides insight on how strategic principles can be used to create sustainable competitive advantage and success for women-led SMEs. The government on its part could gain in its policy formulation ensuring that policies formulated articulate the strategic aspects of management usage among SMEs for enhanced profitability. The study aims at making empirical contribution and attempt to bring understanding on the degree to which women-led SMEs embrace the entrepreneurial strategic planning practices of scanning the environmental trends, making their plans flexible to changes in the environmental, considerations of the planning periods, depth in locus of planning by looking at the levels of employee involvement in planning processes for improved enterprise (Burke, 2003 and Barringer et al., 1999). This study therefore serves as a basis for further study, model development and model testing.

1.6. Scope of the Study

Geographical Scope: To provide a desirable degree of homogeneity among the respondents (Cooper and Emory, 2000), the study considered PAWDEPs database on SMEs that were within Nairobi and 50Km radius that is the Nairobi metropolitan area. This was zoned into 6 zones namely, Zone A, Nairobi; Zone B, Kiambu; Zone C, Limuru; Zone D, Ngong; Zone E, Athi River and Zone F, Thika.

Statistical Scope: The study limited itself to 1-level analysis as proposed by Anderson et al, (2007). That is, to achieve the objectives set out in the study,

research questions and hypotheses were developed. To test these hypotheses, the analysis of variance (ANOVA), univariate ANOVA (UNIANOVA) and therein the F-test was carried out. The F-test was based on the statistical significance of the R^2 (as indicator of goodness of fit) of the full models.

1.7. Limitations of the Study

During the study, two main challenges were experienced namely:

Political Instabilities: Data collected for this study covered the 2007-2008 periods when there were political and economic instabilities. This affected the enterprises in that some of the enterprises had to work with low human resource recruited formally. This was because many of the employees had moved out from areas that they had perceived as risky. On the other hand these enterprises engaged informal work force such as family and relatives in production though they had moved in to live with relatives for refuge.

SME Definition: The definition of the SMEs that were included in this study was required to have between 10-99 employees (World Bank Project Appraisal in Kenya, June 2004), which categorized small-sized enterprises as having 10 to 49 employees and medium sized, 50 to 99 employees. However, the definition used by PAWDEP for SMEs was different in that PAWDEP uses ability to finance enterprises as its basis. To achieve the purpose of the study, SMEs definition as used by PAWDEP had to be redefined to employee-based to meet the SMEs definition and objectives of the study.

CHAPTER TWO

2.0. LITERATURE REVIEW

2.1. Introduction

Conditions in the global business environment demand that established firms adopt entrepreneurial strategies (Ireland et al, 2009) as a path to success. This complex and competitive global business environment requires that women-led firms need to search for new sources of competitive advantage and strategic thinking approaches. As such entrepreneurial strategic planning had become increasingly important. This chapter therefore, reviews literature in an attempt to provide a basis for an appropriate conceptual and theoretical framework for the integration of entrepreneurial strategic planning as a source of competitive advantage in the twenty-first century. The chapter is organized under the following themes:

a. Theoretical framework,

b. Conceptual framework

c. Critique of literature

d. Research gap

e. Conclusion of literature review

2.2. Theoretical framework

2.2.1 Schumpeterian Theory of Entrepreneurship

This study focuses on the Schumpeterian theory of entrepreneurship with an emphasis on the process of exploitation of opportunity through strategic risk-taking, pro-activity by the enterprise leadership, creativity and innovation in the

management practice and the entrepreneurial planning theory that aims at fostering identification of opportunities through strategic thinking to maximize the potential profit and growth (Schumpeter, 1936). Though this approach had been in use over the years, later views lay emphasis on the innovation aspect as is seen in the work of Low and MacMillan (1988) who define entrepreneurship as the process of planning, organizing, operating and assuming the risk of a business venture, starting small businesses and growing them into large and successful businesses by incorporating an aspect of "newness" and difference, thus bringing in an aspect of innovation. According to Trott (1998), innovation is the management of all the activities involved in the process of idea generation, technology development, manufacturing and marketing of a new (or improved) product, process, organization, management, production, commercial venture and service.

Entrepreneurs exploit opportunity through creation, provision of leadership and exercising good management practices in order to maximize the potential profit and growth (Schumpeter, 1936). Entrepreneurship has also been described as conceiving and implementing strategies by providing leadership and innovation which is a function of an enterprise's competitive position and improved performance (Alvarez, 2003). Thus, providing pro-active leadership that focuses on calculated risk-taking activities has to embrace leadership in R&D for the adoption of technology, being bold and aggressive in order to maximize the probability of exploiting potential when faced by uncertainty and product development for competitive advantage (Covin and Slevin, 1988 and Hitt et al, 2001).

The interaction of entrepreneurship and strategic planning practices, fosters identification of opportunities that use strategies, guidelines and insights innovatively and creatively, exploit these opportunities, deliver unique value addition to the customers and a commitment to resources and relationships that were adjusted and renewed as time, competition and change erode their value (Alvarez, 2003; Kuratko, 1998 and Venkataroman, 1997). This adjustment and renewal of resources within an enterprise as the unit of analysis and how resources were created, renewed and protected by the enterprise and as opportunities were identified and exploited to give the enterprise sustainable competitive advantage, makes it an indicator that the enterprise requires strategic thinking in the achievement of entrepreneurship growth. Ronstadt's entrepreneurial strategic formulation school of thought, as cited by Kuratko (1998), lays emphasis on management practices for successful creation and development by focusing on unique people, markets, products and resources which lay the foundation for the usage of entrepreneurship and management for superior enterprise performance.

Many authors have argued that superior management, leadership and strategic thinking as organizational practices contribute to firm survival and performance (Covin and Slevin, 1989; Lumpkin and Dess, 1996; Barringer and Bluedorn, 1999 and Bhardwaj et al, 2007). Ireland et al (2009) have gone further and stated that the choice management practices have an organization-wide reliance on entrepreneurial behavior. This purposefully and continuously rejuvenates the organization and shapes the scope of its operations through the recognition and exploitation of entrepreneurial opportunity in environments that were dynamic, therefore calling

for intentional use of creativity and innovation. That is, management practices involve laying strategies, tact, enhancing attitudes and behaviors necessary for firms of all sizes to prosper and flourish in competitive environments by being innovative and recognizing the dynamism in the environment that the enterprise operates in.

2.2.2 X-Efficiency Theory and Entrepreneurship

The X-efficiency theory asserts that certain inputs have been allocated to a firm. These inputs can be used with various degrees of effectiveness within the firm. Under the X-efficiency theory, the basic unit is the individual rather than the firm. The more effectively they were used the greater the output. When an input is not used effectively, the difference between the actual output and the maximum output attributable to that input is a measure of the degree of the X-efficiency (Leibenstein, 1978). This, however, depends on the decisions that were made on how to use inputs and the actual performance based on these decisions.

The entrepreneur operates between markets, transforms entities obtained in one market into entities sold in another. Therefore, entrepreneurs must be able to perceive first, the buying and selling opportunities in different markets, second, the possibility of transforming inputs into outputs and third, determine that the first two were profitable. These perceptions were based on innovations in some or all of the categories. The ability to do so is core to entrepreneurship. Therefore, the entrepreneur must aim at possessing the unique and unusual skills of being a “gap-filler” and an “input completer”, which calls for strategic thinking and strategic planning in an atmosphere that manages its activities strategically. The entrepreneur who had these unique skills, based on this theory had a lot to gain both in monetary

and non-monetary terms since the performance of that firm is enhanced especially in the case where relatively small enterprises were involved (determined by number of employees), sector in which a business operates, age and experience (exposure to the different prevailing market situations), location and the legal framework it operates (sole proprietorship that engages family in its operations or limited company that had formal employment structures in place) (Kenjegalieva et al., 2009).

To achieve the above gains of entrepreneurial opportunities and production possibilities, the entrepreneur must get involved in acquiring knowledge relevant to the enterprise from somewhere at some cost, thus there must be some effort made by the entrepreneur but affected by their personality (gender and age), circumstances (stage in life cycle, education or exposure) and motivation (growth in firm performance). All these, according to the X-efficiency theory, determine whether the entrepreneur had capacity to overcome gaps and obstacles in the market, economy and industry and at the same time take advantage of opportunities provided by the same; is innovative and is strategic in thought (Altman, 2009).

These two entrepreneurship approaches are summarized and represented in the entrepreneurship analytical framework Figure 1 below, whereby:

Entrepreneurship is viewed as the exploitation of opportunity through use of innovative management practices to maximize the potential profit and growth (Schumpeter, 1936)

Entrepreneur is looked as the innovator and strategic thinker as influenced by their profile, in this case their educations and age (Leibenstein, 1978, Alvarez, 2003)

Enterprise – Determines the delivery of unique value addition to the customers and relationships that are adjusted and renewed as time, competition and change erode their value depending on the enterprise's nature, profile and characteristics (Alvarez, 2003; Ireland et al, 2009

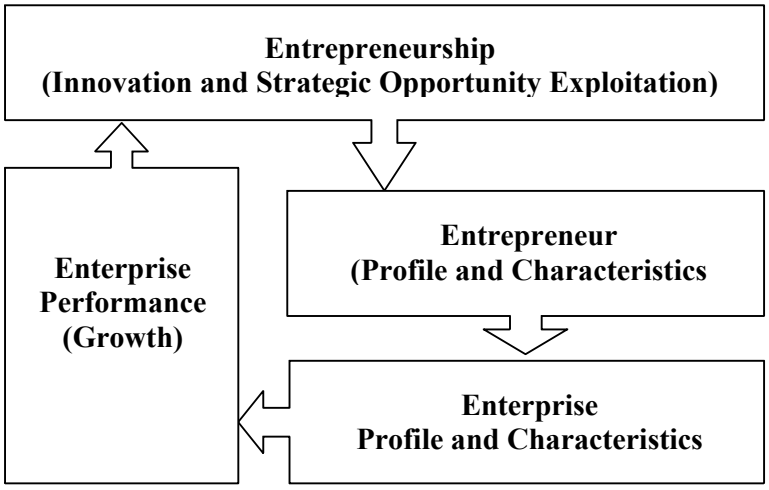


Figure 1:Entrepreneurship Theoretical Model

(Adopted from Schumpeter, 1936; Leibenstein, 1978; Alvarez, 2003 and Ireland et al, 2009)

Firm Performance – which are the outcomes and that lead to entrepreneurial ventures which have competitive advantage and superior performance (Barringer & Bluedorn, 1999 Hitt et al, 2001; Bhadwaj et al, 2007; Foss et al, 2008; Ireland et al, 2009).

In conclusion therefore, it would be correct to state that in the long-run, circumstances, enough internal migration and opportunities for the small entrepreneurs as well as expanded entrepreneurial skills and horizons as well as additional entrepreneurial capacities would increase X-efficiency and long term competitive advantage.

2.3. Conceptual framework

A conceptual framework figure 2 was developed that looked at the following variables and relationships:

Independent variables: The relationship between dimensions of entrepreneurial strategic planning practices of Scanning Intensity (SI) indicators being scanning effort of environment and the scanning comprehensiveness (Barringer & Bluedorn, 1999 & Foss et al, 2008); Planning Flexibility (PF) which looked at the way firms make adjustments to environmental changes (Barringer & Bluedorn, 1999 & Bhardwaj et al, 2007); Planning Horizon (PH) which was defined as the length of planning periods (Slevin & Covin, 1997 & Alvarez & Barney, 2007) and Locus of Planning (LP) which was the degree of involvement of human resource in planning process (Ireland et al, 2009) were selected through literature review as the independent variables (Barringer & Bluedorn, 1999; Cole, 2004; Alvarez & Barney, 2007).

Dependent variable: The purpose of performance measurement as a dependent variable is to make sure that business strategies meet predetermined growth goals and objectives (Barringer and Bluedorn, 1999). Measurement of enterprise

performance or effectiveness was based on profitability, employment growth levels and sales growth levels (Coplin, 2002).

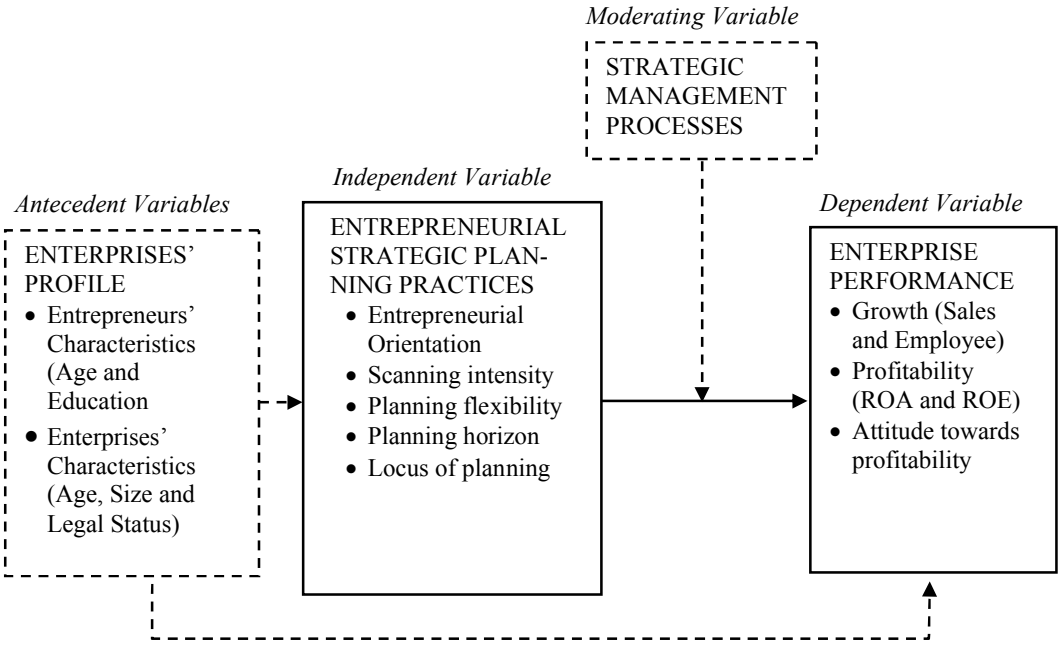


Figure 2:Conceptual Framework on ESPP, Strategic Management, Enterprise Profile and Firm Performance

(Adopted from Abdul-Moyeen, (1997); Barringer and Bluedorn, (1999) and Ireland et al, (2009))

Antecedent variables: Antecedent variables are defined as a specific condition or factor that precede the independent variable and influences a particular outcome or situation to emerge in practice (Mugenda and Mugenda, 2003). Two antecedent variables in this study were considered, women entrepreneurs' profile (Morris et al, 2006; Boden and Nucci, 2000; Langowitz and Minniti, 2007; Sonfield et al, 2001) and women –led enterprises' profile (DeTienne and Chandler, 2007; Manolova et al, 2008; Ellis et al, 2007)

Moderating variable: The entrepreneurial strategic planning practices were moderated by the presence of strategic management process elements for enhanced firm performance. The entrepreneurial strategic planning practices were aggregated from entrepreneurial orientation, scanning intensity, planning flexibility, planning horizon and locus of planning. These were included as they innovatively assist in the exploitation of opportunities and delivery of unique value addition to the customers (Alvarez, 2003). These practices are also tools for survival and competitive advantage and augment superior enterprise performance (Miller & Friesen, 1982). The elements of strategic management process encompassed setting a vision, a statement of the mission and objectives; having determined the management of resources; and having monitored, controlled, evaluated and enhanced ongoing activities and operations which are the most relevant to the pursuit of competitive advantage and firm performance (Barringer et al, 1999 & Coplin, 2002).

These interactions are operationalized in a model (Figure 2) which shows the associations between entrepreneurial strategic planning practices, firms' profile, strategic management process elements and firm performance. Beyond strategic planning, the model seeks to look at how the broader presence or absence of process elements of strategic management as a moderating variable enhance firm performance and entrepreneurial strategic planning practices (Hitt et al, 2001 and Mahoney et al, 2007). Though over the years conventional strategic management had evolved, this study was based on the principles of strategic management approaches developed by Bryson (1995), Nutt and Backoff (1992), Mintzberg

(1994) Poister and Streib (1999 and 2005) and Cole (2004) which typically emphasize on the enterprise having developed a vision of the future, clarified the mission and values, analyzed external challenges and opportunities, assessed internal strengths and weaknesses, developed strategic goals and objectives, identified strategic issues and developed and evaluated alternative strategies that were taken with action plans in place.

2.4. Critique of Literature

2.4.1 Entrepreneurial Strategic Planning Practices and Firm Performance

The literature review below was guided by specific objective 1: Explore the extent to which ESPP influenced firm performance among women led SMEs in Kenya.

Entrepreneurial Orientation

Entrepreneurship and Strategic planning theory involves simultaneous and innovative opportunity-seeking (i.e. innovation) and advantage-seeking and taking aggressive position in order to maximize the probability of exploiting anticipated potential in pursuit of competitive advantage in environments that were unpredictable (i.e. risk taking) and perspectives in developing and taking actions designed to create wealth by initiating actions to which competitors then respond (i.e. pro-activeness) as proposed by Barringer and Bluedorn, (1999) and Hitt et al, (2001). Continued research on the three aspects of entrepreneurship have been interested in understanding as sources of organizational renewal, growth, firm competitive advantage and the generation of entrepreneurial rents (Alvarez, 2003 and Audretsch et al, 2001).

Research had laid emphasis on entrepreneurial insights and capabilities and continued to include potential advantages resulting from the protection of more valuable resources such as entrepreneurial resources and capabilities as agents of enterprise growth. Innovation had been considered as the emphasis laid on research and development, having technological and leadership in number of lines of products. The opposite of innovative enterprises were conservative enterprises that emphasize marketing old and tried products and changes in the enterprise were minor (Barringer and Bluedorn, 1999). Risk taking had been referred to as having management that makes bold decisions when faced with uncertainty of the future that had chances of very high returns and taking an aggressive position in order to maximize the probability of exploiting anticipated potential (Bhardwaj et al, 2007). Enterprises that do not take risks were said to be risk averse and they were characterized by actions and activities that were normal, cautious and minimize the probability of making costly decisions. When an enterprise initiates actions to which competitors respond to and is aggressive in its leadership in seeking competitive advantage, is the first to introduce new products, services and operating technology, it is considered proactive. Enterprises that were not proactive were considered reactive (Foss et al, 2008). They respond to actions of the competitors' initiatives and avoid competitors' clashes. This integration of innovativeness, calculated risk-taking and pro-activity lay the basis for entrepreneurial orientation as used in this study (Alvarez, 2003 and Ireland et al, 2009).

Scanning Intensity

Environmental scanning refers to the managerial activity of learning about events and trends in the organization's environment (Hambrick, 1981; Foss et al, 2008) as an entrepreneurial strategy. Scanning can help managers cope with uncertainty, but only if they realize that uncertainty can only be reduced, not eliminated. Managers must remain vigilant, regardless of the degree of rigor in their scanning practices and a high level of environmental scanning is harmonized with the entrepreneurial process and cannot be separated from the process of strategic management of setting the vision and the mission statement of the firm (Miller and Friesen, 1982; Barringer and Bluedorn, 1999; Alverez and Barney, 2007). As a result, firms develop scanning mechanisms that focus on detecting shifts in environmental trends that provide opportunities for new products and services. Scanning also facilitates the risk-taking dimensions of entrepreneurial behavior.

For less competitive firms or conservative firms, scanning is less likely to be a critical entrepreneurial strategic planning function. Conservative firms were usually located in industries that compete in stable environments (Covin and Slevin, 1991). These environments generate low levels of uncertainty and, consequently, do not require an extensive search process to remain understood (Covin and Slevin, 1989; Poister and Streib, 2005). Thus an overemphasis on environmental scanning for conservative firms may be counterproductive though when strategic management is employed the situation is largely improved since setting the vision and the mission largely buffers these firms.

Planning Flexibility

The notion of planning flexibility was first suggested by Kukalis (1989) to investigate how environmental and firm characteristics affect the design of strategic planning systems. He theorized that firms in complex environmental settings where technology changes drastically maximize performance by adopting 'flexible' planning systems. He argues that firms in highly complex environments need flexible planning systems constant monitoring of the R&D because of the frequency of change in their business environments. Mintzberg (1994) attribute the inflexibility of planning to psychological factors. When an executive prepares a plan, there is a tendency to try to 'make it work' which produces a resistance to change as a result of an established mindset and a fear of loss of face. However, the more clearly articulated the strategy, the greater the resistance to change—due to the development of both psychological and organizational momentum (Bruch et al, 2005) and there is need for increased flexibility in all areas of organizational design due to the increasingly rapid pace of environmental change (Bhardwaj et al, 2007). Therefore, in entrepreneurial strategic planning, it is good practice to be innovative and have a willingness to encompass the likelihood of change and consequent uncertainties (Paton and McMalman, 2008). Cole (2004) states that effective planning necessitates the need for flexibility and innovation as major considerations in the choice of plans, putting into consideration all steps put in place as far as feedback is implemented. Flexible planning allows enterprises strategic plan to remain current and fresh and allows the entrepreneurial initiatives to get planned rather than be impromptu (Barringer and Bluedorn, 1999). Flexibility also sets boundaries within which to operate from as stated in the strategic plan (Gale, 2006).

Thus a planning system in place should be flexible and be designed subject to changes that may remove a potential obstacle to change when it is needed (Drucker, 2005). In contrast, planning flexibility and the process of strategic management in place may undermine the effectiveness of conservative less growth oriented firms. This is because conservative firms were not innovative, do not use R&D and technology to their advantage; they typically seek to obtain a competitive advantage through reliability in executing repetitive transactions and routine activities. In this setting, a flexible planning system runs the risk of disrupting rather than facilitating a firm's business activities (Barringer and Bluedorn, 1999). There is a danger that plans may change too frequently, more as an artifact of the planning system rather than as a result of competitive necessity. As such to enable growth, there is need to keep monitoring, controlling and evaluating which were core aspects of strategic management if these firms were to survive and achieve noticeable levels of competitive advantage (Drucker, 2005).

Planning Horizon

In the strategic planning practices alternative strategies require developing alternative action plans. For most firms, this period corresponds to the length of time necessary to execute the firm's routine strategies. The planning horizon for individual firms can vary from less than one year to more than fifteen years (Das, 1991; Cole, 2004). Therefore, planning horizons should provide a platform that allows both short-term and long-term strategies to run simultaneously. A relatively 'short' average planning horizon (less than 5 years) may be optimal for entrepreneurial firms. These firms typically compete in turbulent environments that

were characterized by short product and service life cycles (Cole, 2004; Alvarez and Barney, 2007).

The adoption of a relatively long planning horizon is not tenable for entrepreneurial firms. A reliance on a long-term planning horizon may create a reluctance to deviate from a long-term view of the future despite short-term environmental change, which runs counter to the proactive nature of the entrepreneurial process (Barringer and Bluedorn, 1999). In addition, entrepreneurial firms operating in turbulent environments must survive the short-term to get to the long-term. As a result, a reliance on long-term planning would not be practical. On the other hand, a relatively 'long' planning horizon (more than 5 years) may be optimal for conservative firms. Less growth oriented firms were not predisposed to continually look for opportunities to introduce new products or services as a result of environmental change (Kotler and Armstrong, 2006). As a result, these firms tend to operate in stable, predictable environments (Covin and Slevin, 1991). In these environmental settings, competitive advantage is usually derived from reliability in production and brand awareness rather than speed of new product introduction. Firms achieve reliability of production in part through long-term planning and forecasting, which were compatible with a relatively long-term planning horizon (Barringer and Bluedorn, 1999; Kotler and Armstrong, 2006).

Locus of Planning

There are several reasons to believe that a deep locus of planning facilitates a high level of entrepreneurial intensity and impacts on strategic management. A high level of employee involvement in planning brings the people 'closest to the customer'

into the planning process (Kotler and Armstrong, 2006). This characteristic of employee participation in planning may facilitate opportunity recognition, which is central to the entrepreneurial process (Schumpeter, 1936). Moreover, a deep locus of planning legitimizes the active participation of middle and lower-level managers in the planning process. Strategic plans do not implement themselves, and they may well be resisted by employees who feel threatened by change or by the institution of additional controls (Franklin 2000) or feel obstructed by labor–management conflicts (Donald et al, 2001). In many instances this problem can be overcome by involving a deeper and more diverse mix of employees in the strategic planning process (Dutton and Duncan, 1987; Mahogany and McGahan, 2007).

Conservative firms have less to gain from a high level of employee participation in planning. Although strategic planning may be just as complex in a conservative firm as it is in an entrepreneurial firm, it does not emphasize opportunity recognition and the pursuit of new ideas to the same extent. As a result, deep participation in planning, which is expensive in terms of managerial time and energy, may not be necessary (Barringer and Bluedorn, 1999). In addition, the same authors state that there are pitfalls associated with a high degree of employee participation in planning that conservative firms can avoid. The diversity of viewpoints considered is necessarily limited when planning is restricted to a firm's top managers, not only by the small number of people involved, but also by the homogeneous nature of many top management teams.

Therefore the hypotheses:

Null hypothesis: *Entrepreneurial strategic planning practices of EO, SI, PF, PH and LP had no significant influence on the performance of women led SMEs in Kenya.*

Alternate hypothesis: *Entrepreneurial strategic planning practices of EO, SI, PF, PH and LP had significant influence on the performance of women led SMEs in Kenya.*

2.4.2 Entrepreneurs' Characteristics, ESPP and Firm Performance

The review of literature below was guided by specific objective 2: Determine the influence of entrepreneurs' age and their education level on ESPP and performance of women led SMEs in Kenya.

The question posed by Morris et al (2006) in their study as to whether women make the growth decision, or whether it is effectively made for them based on environmental conditions and the types of ventures they pursue suggest that growth is a management function which includes deliberate choice, women have a clear sense of the costs and benefits of growth, and that they make careful trade-off decisions. However, these choices may also reflect ongoing socialization processes experienced by women. The contemporary environment remains one where, in spite of encouragement to pursue entrepreneurship, many women were taught not to be risk takers, and not to be competitive or aggressive. On the other hand, as discussed above, strategic management and entrepreneurial strategic planning practices when

used by these women entrepreneurs in the firm, imply that a firm's strategic intent is to continuously and deliberately leverage entrepreneurial opportunities for growth-seeking and advantage-seeking purposes (Barringer and Bluedorn, 1999; Ireland et al, 2009). Therefore, entrepreneurial strategic planning practices and strategic management have been considered core constructs and specific demonstration of firm-level entrepreneurship and were viewed as potential source of firms' competitive advantage, a situation women entrepreneurs should take advantage of to overcome limitations enhanced by the socialization processes (Shane and Venkataraman, 2000; Ireland and Webb, 2007; Ireland et al, 2009).

According to the Harding (1987), liberal feminist theory, men and women were essentially similar. That is, a human is defined by their ability to think rationally. Thus, men and women were seen as equally able and any subordination of women must depend on discrimination or on structural barriers, for example, unequal access to education. Such barriers can be partly or totally eliminated. Women were discussed as having insufficient education or experience (Boden and Nucci, 2000 and Sonfield et al, 2001). Even when structural factors were accounted for, such as access to business education, useful business networks, or managerial experience, problems in these areas were still held to be amended by the individual. Women were advised to enhance their education, to network more efficiently, and to obtain a more business relevant experience (Cromie and Birley, 1992). Related to this were difficulties in accessing technical know-how, which also reflects gender biases in training and education. That is impacting on the subjects that were thought to be appropriate for women to learn, the way these were taught, and more generally on

the very understanding of what constitutes technical know-how (Dela-Giusta and Phillips, 2006 and Sonfield et al, 2001). This therefore limits the extent to which the dimensions of strategic planning were implemented at the firm level among women owned enterprises and as integrated with strategic management, strategic thinking and eventual competitive advantage positioning and overall firm performance of these firms.

A comparative study that considered the roles of uncertainty and risk aversion when assessing the growth of women entrepreneurs in sub-Saharan Africa by UNCTAD (United Nations Conference on Trade and Development), (2001) revealed that these entrepreneurs suffer in many ways from information failure in a wide sense. There were not only limited business opportunities, but also general lack of exposure, education and travel beyond a few kilometers. The aspect of being risk averse had been described as strictly dependent on gender discrimination and not on their ability to use aspects of strategic entrepreneurial planning or their strategic positioning. The study indicated that the majority (over 60 percent) had lower than senior school, relied on friends/family and local gossip for information which had the potential to be inaccurate, incomplete or biased, they kept no accounts or records of business transactions and those who did keep were self taught or taught by parents/ siblings. All these factors as well as lack or inaccurate record of activity affect the approaches to strategic thinking, strategic planning and the way in which strategic management such as this hampers women-led business performance and development.

According to Singh et al, (2001) there were multiple ways to expand business experiences. These include programs of personal coaching and mentoring. Training and education programs to address specific tasks and skills tackle not only increased expertise, but also enhance levels of self-confidence. A broader education helps young women understand their unique situation regarding historical, economic, ethnic, legal and religious contexts. Secondly, they further argue that as the enrollment of women in business schools continues to increase; these young women were provided with the tools and skills so important in empowering their strategic focus and thus the success in their entrepreneurial ventures. Thirdly, education expands their horizon and stimulates aspirations of women entrepreneurs while broadening the perspectives on the essence of planning for growth. In agreement to the above, Ellis et al, (2007) add that education equips women with the knowledge and skills they need to more effectively manage, be more strategic and succeed in their businesses. These authors further argue that there is a strong correlation between a woman's belief in having the knowledge, skills, and experience to start and run a successful formal business, and her likelihood of starting and running it since education does provide basis for greater confidence, better strategic position and broader business management skills. However, these authors found out that for many Kenyan women inadequate education remains the norm.

A study carried out by Langowitz and Minniti, (2007) indicates that for women, the most entrepreneurially active age had been shown to be between 25 and 34 years of age and declining thereafter. This is particularly true for women who tend to be poorer; less educated, and often, for cultural reasons, have reduced access to new

management styles, new ways of doing things and technology. Women at this age bracket were also overwhelmed with the multiple roles of young homemakers, mothers and wives. Beyond this age and coupled with higher education, these entrepreneurs seek for more stable enterprises, become more conservative and were not open to rapidly changing new ways of doing things (DeTienne and Chandler, 2007). As a result, they need not be inclined to changes, leave alone developing strategies of coping with change in highly dynamic environments but would wish to develop strategic plans and strategic management that would enable them cope and enhance steady growth.

In view of the above literature the following hypotheses were developed:

Null hypothesis: *The entrepreneurs' characteristics (age and education) or their interactions had no significant influence on the ESPP and performance of Women-led SMEs in Kenya.*

Alternate hypothesis: *The entrepreneurs' characteristics (age and education) or their interactions had significant influence on the ESPP and performance of Women-led SMEs in Kenya.*

2.4.3 Enterprises' Characteristics, ESPP and Firm Performance

The literature below was guided by specific objective 3: Determine the influence of enterprises' legal status, age and size on ESPP and performance of women led SMEs in Kenya.

A study by Morris et al (2006) indicated that growth orientation and growth realized is higher among ventures that have lasted longer, have more employees, with equity held by larger numbers of investors, and where sales revenue and revenue growth were higher. Findings in this study indicate that while the modest growth entrepreneurs tended to define growth in terms of sales, the high growth entrepreneurs emphasized both sales and employees. DeTienne and Chandler (2007) recognized that women start ventures that grow at a slower rate than those owned by men. Compared to men, women entrepreneurs tend to set lower business size thresholds beyond which they prefer not to expand, and to be more concerned with risks attached to fast growth. Actual growth among these enterprises was measured as a function of the amount of revenues and the number of employees.

According to Manolova et al, (2008), a strong woman's identity and strategic position, focus and thinking were positively associated with growth orientation looking at sales, revenues, equity and number of employees. Hence they were concerned with being identified as a woman owned business, and targeting female suppliers, investors and/or customers and at the same time mixing both social objectives and aggressive growth (Morris et al, 2006). Higher level of sales was associated with a greater desire for high levels of growth, that is, the strong growth orientation produced the higher level of sales (Ellis et al, 2007; DeTienne and Chandler 2007). As a result these women were focused both on within the business and on external opportunities even when they felt alone as business owners. For growth, they strongly believed in their own abilities to surmount whatever challenges arose from both the internal and external environments. To achieve this,

these women entrepreneurs have had to rethink critically on these issues looking for ways to stay longest in the businesses and seeking steady growth and stability. As a result, many of these women entrepreneurs have sought strategic planning practices that engage all employees, strategic thinking and strategic management to achieve greater competitive advantage (DeTienne and Chandler 2007).

The following hypotheses were proposed:

Null hypothesis: *The enterprises' characteristics (size, age and legal status) or their interactions had no significant influence on the entrepreneurial strategic planning practices and performance of Women-led SMEs in Kenya.*

Alternate hypothesis: *The enterprises' characteristics (size, age and legal status) or their interactions had significant influence on the entrepreneurial strategic planning practices and performance of Women-led SMEs in Kenya.*

2.4.4 Strategic Management Process Elements, ESPP and Firm Performance

The literature below was guided by specific objective 4: Establish the moderating influence of strategic management process elements on ESPP and firm performance among women led SMEs in Kenya.

The elements of strategic management as envisaged in this study, was based on the studies of Barringer et al, (1999) and Coplin, (2002). It encompassed having set a vision, a statement of the mission and objectives; having determined the management of resources; and having monitored, controlled, evaluated and enhanced ongoing activities and operations which were the most relevant to the

pursuit of competitive advantage and firm performance. Strategic management is a more holistic and a much more demanding process (Mintzberg, 1994). It blends futuristic thinking, objective analysis, and subjective evaluation of goals and priorities to chart a future course of action that ensures the organization's vitality and effectiveness in the long run.

In the work of Poister and Streib, (2005), they poise that it involves clarifying mission and values, developing a vision of the future, analyzing external challenges and opportunities, assessing internal strengths and weaknesses, developing strategic goals and objectives, identifying strategic issues, developing and evaluating alternative strategies, and developing action plans. Organizations attempt to ensure their process of strategic management drives decisions at all levels by requiring major divisions and subunits to develop and influence their own strategic plans, annual plans, business plans, or action plans that support enterprise-level strategic goals and objectives (Hendrick 2000; Poister and Van Slyke 2002). Poister and Streib (1999 and 2005) further stated that strategic management should foster positive performance by providing direction and control over the work of managers and employees to ensure their efforts were focused on achieving entrepreneurial strategic goals and objectives that promote competitive advantage by providing direction for overall strategic plans and the implementation of the same.

The purpose of strategic management and entrepreneurial strategic planning as Alvarez and Barney, (2007) and Slevin and Covin, (1997) suggest, is to maintain a favorable balance between an organization and its environment over the long run. Cole (2004) adds that this had to improve the enterprises' effectiveness, efficiency

and overall productivity for enhanced competitive advantage. It is the disciplined effort to produce fundamental decisions and actions that shape and guide what an organization is, what it does, and why it does it. It provides a systematic process for gathering information about the big picture and using it to establish a long-term direction and then translate that direction into specific goals, objectives, and actions (Hofer and Schendel, 1986).

As such, entrepreneurial planning strategies suggest ways to revitalize existing organizations and make them more innovative, creative, and responsible for the decisions that they make (Entrialgo, Fernández and Vázquez, 2000). From this viewpoint, therefore, outcomes may be highly advantageous. The reason for this is that distributing strategic capabilities throughout firms and empowering individuals to influence them is the process that is foundational to the successful development and implementation of strategies (Ireland et al, 2009). In summary, strategic management as Cole (2004) indicates, is concerned with deciding in advance what an organization does in the future (setting vision, mission and objectives), determining who does it and how it is to be done (resource management), and monitoring and enhancing ongoing activities and operations (control and evaluation).

Entrepreneurial strategic planning practices as moderated by the presence of strategic management process elements for enhanced firm performance have been included as they innovatively assist in the exploitation of opportunities and delivery of unique value addition to the customers (Alvarez, 2003). These practices were also tools for survival and competitive advantage and augment superior enterprise

performance (Miller and Friesen, 1982). Accordingly, Cole, (2004) alludes that the relationship between dimensions of entrepreneurial strategic planning practices of Scanning Intensity (SI), Planning Flexibility (PF), Planning Horizon (PH), and Locus of Planning (LP) focusing on identifying the moderating effect of the process elements of strategic management does provide competitive advantage.

This therefore led to the following hypothesis:

Null hypothesis: *Enhanced strategic management did not significantly moderate between the aggregated usage of entrepreneurial strategic planning practices and firm performance among women-led SMEs in Kenya.*

Alternate hypothesis: *Enhanced strategic management significantly moderated between the aggregated usage of entrepreneurial strategic planning practices and firm performance among women-led SMEs in Kenya.*

2.5. Research Gap

The existing body of knowledge was not sufficient in explaining specifically the relationship between a firm's entrepreneurial strategic planning practices and its performance among women entrepreneurs in developing countries with Kenya as an example. Instead, the studies that had examined the management of women-led enterprises that facilitate enterprise growth and performance had looked at a broad array of external variables and had not provided extensive insight about the impact of internal variables such as a firm's dimensions of entrepreneurial strategic

planning on its provision of a competitive edge. This was therefore the basis for this study.

2.6. Conclusion of Literature Review

From the literature it is clear that ESPP contributes to firm survival and performance. This stream of research is extremely valuable because a firm's ability to increase its competitive advantage is largely determined by the compatibility of its management practices with its entrepreneurial ambitions (Cole, 2004). The SI which is the scanning effort of environment and its comprehensiveness (Miller and Friesen, 1982; Barringer and Bluedorn, 1999 and Foss et al, 2008); PF which is the way firms make adjustments to environmental changes (Barringer and Bluedorn, 1999 and Bhardwaj et al, 2007); PH which is the length of planning periods (Slevin and Covin, 1997 and Alvarez and Barney, 2007) and LP which is the involvement of human resource in planning (Ireland et al, 2009) were necessary for firms of all sizes to prosper and flourish in competitive environments. As a result, a growing body of literature is evolving to help firms understand the strategic management that facilitate entrepreneurial strategic planning (Covin and Slevin, 1991; Miller, 1982) for enhanced enterprise success and performance. This research is consistent with the general notion that a firm's entrepreneurial strategic planning practices should be tailored to support its organizational objectives and context.

CHAPTER THREE

3.0. RESEARCH METHODOLOGY

3.1. Introduction

This chapter discusses the methods of the study. It describes the research design, study population, sampling frame, sample size determination and sampling techniques, data collection instruments and pilot testing. It also discusses the type of data collected, data collection techniques and methods of data analysis. The statistical measurement model used in the analyses and the tests for hypotheses are also provided in this chapter.

3.2. Research Design

The aim of this study was to explore the level of usage of entrepreneurial strategic planning practices and firm performance among women-led SMEs in Kenya. This study was based on the logical positivism philosophy (Bryman, 2001).To achieve this, the research design was of an explorative approach combining both qualitative and quantitative research designs, techniques and measures (Mugenda and Mugenda, 2003). A cross-sectional survey and interviews were used to collect data. This mixed approach was chosen since as argued by Olsen, (2004), having both quantitative and qualitative techniques as well as surveys and interviews, the study is able to triangulate the empirical, constructs and the reality approaches thereby, bringing about validation of the variables, deepening and widening understanding of this area under investigation.

3.3. Population

This is defined as the population from which a sample was obtained and conclusions based on it. Pamoja Women Development Program (PAWDEP) is a leading microfinance institution that offers solutions to women running micro, small and medium scale enterprises. Since its inception in 2003, the organization had developed a client base of over 40,907[2] women entrepreneurs carrying out income generating activities such as micro, small and medium enterprises. Almost all (99%) of PAWDEP's clients are Women who are spread out in 5 of 8 provinces (Central, Nairobi, Rift Valley, Eastern and Western) of Kenya. At the time, PAWDEP had 5 branches with head office located in Kikinga house, Biashara Street in Kiambu Town.

However, in this study, the population comprised of 1760 women- led small and medium enterprises from Pamoja Women Development Program (PAWDEP).That is, 39,147 women-led enterprises fell under the micro enterprises employing less than 9 employees and were not to be included in the scope of this study. PAWDEP was chosen because of the role it plays as it seeks to empower women through provision of business development services (BDS) to run viable, competitive and rewarding enterprises that were able to strategically compete locally and internationally. PAWDEP was considered as statistically representative of the microfinance institutions in Kenya as it was among those that were representing the Kenya government in the disbursement of the Kenya women fund on the government's behalf Among the business development services provided include

[2] Number of clients as of 31st December 2010 (PAWDEP's data base).

capacity building on management practices with a focus on entrepreneurial strategic planning and strategic management for effective and efficient use of resources for growth of the women enterprises. PAWDEP's vision is to enable the rural and urban women in Kenya to achieve new levels of personal and economic success through innovative and strategic enterprise development. Its mission is to promote sustainable economic growth and autonomy among women by identifying, designing and developing strategies that can be used by women to run profitable and growth oriented enterprises.

On the other hand, from the 1760 enterprises a target population of 226 enterprises was used and they were distributed across the 4 sectors – Agro-based Industry, other industry, services and trade and in the economic activities shown in Table 1. To arrive at the 226 enterprises, the following criteria were used: first, having between 10-99 employees, of which 966 enterprises fell under this category. Second, being independent and autonomous entities that were not branches or multi-national enterprises (1,078 enterprises).

In being independent entities, it ensured that the effects of entrepreneurial strategic planning and strategic management were direct from the enterprise and they had no origins from or mixed with the parent enterprise (Barringer and Bluedorn, 1999). This prevented the variables being studied from being clouded by the effects of the parent enterprise (Njuguna, 2008). Third, to reduce the effect of diversification, the enterprises had to generate 70 percent of their sales (Barringer and Bluedorn, 1999) from a single or dominant line of product, service or economic activity (349 enterprises). The 226 enterprises met the all 3 criteria.

Table 1: Summary of Respondents Sectors

Sector	Enterprise Activities
Agro-based Industry:	Manufacture of animal feeds; Value addition - Fruit juice, jams and marmalades, concentrates; Vegetable canning; Bakery; Brewing; Edible oils; Agricultural implements such as ploughs, shovels, hoes etc.
Other Industry	Manufacture of pesticides, insecticides, detergents and other chemical products; Mining, timber, wood and furniture; Photo processing, paper products (cups, plates, napkins, cartons and recycling etc.); PVC and Rubber products; Metal and steel products; Motor vehicles and accessories; textiles and apparels etc
Services	Hospitality, Health and beauty; Transport and Communication; Financial; Education, Building and Construction etc.
Trade	Wholesaling, Distribution, Warehousing, Retailing of goods/ physical products

Source: Project Finance Data Center, (1997); RoK, (2008); RoK, 2009

3.4. Sampling Frame

The sampling frame (Table 2 below) was drawn from the directory of the women-led SMEs of Pamoja Women Development Program (PAWDEP) with the total of 226 enterprises. This was then zoned into 7 zones, A to G. However, to provide a desirable degree of homogeneity among the respondents, the 13 enterprises in Zone G (Mwea, Naivasha, Narok, North Kinangop, Nyeri) were excluded since they were considered to be beyond 50Km radius from Nairobi and therefore affected by factors that were different from those within the Nairobi metropolitan area, leaving a target population size of 213 enterprises.

Table 2: Sampling Frame

Zone	Area	Outreach	Number of Enterprises
A	Nairobi	Nairobi and its Environs, Ruiru	39
B	Kiambu	Kiambu , Githunguri, Karuri	48
C	Limuru	Limuru, Kikuyu	31
D	Ngong	Ngong, Kiserian, Ongata-Rongai	37
E	Athi River	Athi River, Kitengela	25
F	Thika	Thika, Gatundu, Kalimoni	33
G	Other Areas	Mwea, Naivasha, Narok, North Kinangop, Nyeri	13
		Total	226

Source: PAWDEP Database

3.5. Sample and Sampling Technique

3.5.1 Sample size determination

The sample size determination formulas and procedures for categorical data (Cochran, 1977; Bartlett et al, 2001) was adopted and calculated according to the following formula:

$$\underline{n_o} = \frac{z^2 \times p(1-p)}{e^2}$$

Where: $\underline{n_o}$ = Required sample size

z = Confidence Level at 95% (standard value of 1.96)

p = Estimated adoption rates of the strategic entrepreneurship issues by women-led enterprises

e = Margin of error at 5% (standard value of 0.05)

The study estimated that roughly 70% (0.7) of the women entrepreneurs trained on strategic issues adopted the principles and practices (Magnani, 1997, Barringer and Bluedorn, 1999). A sample size of 128 was arrived at. The calculations of the sample size determination are shown in Appendix 16.

3.5.2 Sampling Technique

The sample was decided on by use of a multi-stage sampling technique where in the first stage, stratified sampling technique was used. The enterprises were stratified according to the 4 sectors and from each stratum, using proportional allocation the proportion of the size for each strata is achieved as indicated in Table 3. This was adapted because it is considered most efficient, optimal and there is no difference in within-stratum variances (Kothari, 2007).

Table 3: Summary of Respondents' Sectors

Stratum	Enterprises	Formula	Stratum Sample Size	Stratum Percentage
Agro-based Industry:	70	128 (70/213)	42	32.81
Other Industry	38	128 (38/213)	23	17.97
Services	58	128 (58/213)	35	27.34
Trade	47	128 (47/213)	28	21.88
Total	**213**		**128**	**100**

In the second stage, each enterprise was given a serial number in its respective category and simple random sampling technique using random numbers (Cooper and Emory, 2000) was used to select the women led enterprises to be involved in the study. This fulfilled the requirements of efficiency, representativeness,

reliability and flexibility taking care of systematic bias that may result from non-respondents (Kothari, 2007).

3.6. Data Collection Instruments

3.6.1 Instruments

The study used 4 basic methods to collect data.

i) Questionnaire - The 3 sets of questionnaires for the entrepreneur, top management and 3 employees for each enterprise had psychometric measures and open ended questions that were used to collect data on the dependent variable (enterprise performance), independent variables (entrepreneurial strategic planning dimensions, enterprise features and demographic factors) and moderating variables (strategic management process elements). This included the management practices on leadership and innovation; identification and determination of the moderating relationship of strategic management process elements, entrepreneurial strategic planning practices and firm performance among women-led SMEs in Kenya.

ii) Interview Guides - 2 sets of interview guides were used to gather in-depth information from the entrepreneurs and the 3 employees from each enterprise on existing management practices, focusing on the types and reasons of training in management, strategic management process elements, entrepreneurial strategic planning practices in place, forms of communication and projected growth goals.

iii) Review of secondary data – Content from historical documents such as newspapers, commentaries, speeches and interviews were used to explain certain

phenomena such as the effect of political and economic environments on the performance of enterprises.

iv) Computer-based data provided by PAWDEP assisted in clustering the enterprises as well as getting and validating the financial performance of the enterprises.

3.6.2 Measurement of variables

The variables and their measurements were based on the philosophy of logical positivism (Flynn, 2007). That is, they did not concern matters of fact but the choice between different frameworks, thus the logical analysis by logical positivism as a major instrument in resolving philosophical problems, an axiomatic system which acquires an empirical interpretation. From these, suitable statements which establish a correlation between real objects or processes and the abstract concepts of the theory were developed as psychometric measures. The psychometric measures in the study included variables on entrepreneurial strategic planning practices and enterprise performance, strategic management process elements, entrepreneurs' characteristics (such as age and their education levels) and enterprise features (legal status, size, and age of enterprise).

Enterprise Performance: This study focuses on strategies in place that bring about growth measurable by degree of satisfaction on levels of profitability (Return on Assets and Return on Equity) and sales turnover (Table 4). In order to avoid the omission of sensitive performance information, a more indirect approach was used. Firm performance was thus measured by objective measures whereby profitability and sales turnover were measured as the degree of satisfaction with enterprises

performance over a period of 5 years to control for any variations (Njuguna, 2008). A five point Likert scale (with 1= Completely dissatisfied, 2= Dissatisfied, 3= Neutral, 4=Satisfied, 5= Completely satisfied) was used for each of the two statements corresponding. The mean score was calculated as the average of the 5 items assessed on enterprises' perceived performance. Therefore, the higher the score, the better its perceived performance.

On the other hand objective measures were also used such as sales growth measured as actual annual percentage growth in total sales and employment levels over a period of 5 years (2005, 2006, 2007, 2008 and 2009). Profitability on financial indicators of return on asset worked out as net profit as a percentage of assets employed, return on equity worked out as net profit as a percentage of ordinary share capital plus all reserves (Wood and Sangster, 2008) was used. As Njuguna (2008), indicates, this was worked out and aggregated as index numbers in relation to sales growth using 2005 as the base year using a mean formula $\text{Index for } 2006 = \left(\frac{\text{Sales in } 2006}{\text{Sales in } 2005} \right) \times 100$ as an example

Dimensions of Entrepreneurial Strategic planning

In order to assess the dimensions of entrepreneurial strategic planning as independent variables included entrepreneurship intensity, planning intensity, locus of planning, planning flexibility and scanning intensity. To measure an enterprise's level of entrepreneurship intensity a 5-item scale was used (Table 4). This scale was developed based on arguments from Hitt et al (2001) and Audretsch et al (2009) and a scale developed by Miller and Friesen, (1982) and modified by Barringer and

Bluedorn, (1999). The scales measured enterprises' risk-taking propensity, pro-activeness and innovation. The mean score, calculated as the average of the 5 item, assesses an enterprise's position on a conservative- entrepreneurial continuum. The higher the score the more the enterprise exhibits an entrepreneurial orientation.

In order to assess the dimensions of strategic planning as independent variables, scales for each of the four dimensions were used some of which was drawn from existing literature. For scanning intensity the extent of use of routine gathering of opinions from clients; explicitly tracking of policies and tactics of competitors; forecasting sales, customer preferences and technology; special market research and surveys (Miller and Friesen, 1982); trade magazines, government publications, news media and gathering of information from suppliers and other channel members on the external environment such as political, economic, social, technological, legal and ecological factors (PESTLE factors) and internal enterprise environment (Barringer and Bluedorn, 1999) was used. A five point Likert scale (1= Never used, 2= Rarely used 3= Used sometimes, 4=Frequently used, 5= Used all the time) were used for each of the statements corresponding to various dimensions.

For planning flexibility, the scale used was to measure the ease with which enterprises were able to modify or alter their strategic plans to adjust to changing PESTLE trends (Barringer and Bluedorn, 1999). A five point Likert scale (1= Extremely difficult, 2=Difficult, 3= Easy, 4=Very easy, 5= Extremely easy) was used for each of the statements corresponding to various dimensions. This was also measured by importance laid on an emphasis on R and D, technology leadership and innovation and controlled by marketing of tried products. Importance laid on

having many new lines of products was controlled by implementation of dramatic changes in products for consistency (Covin and Slevin, 1991). A five point Likert scale (1= Never important to 5= Always Very important) was used for each of the statements corresponding to various dimensions.

The planning horizon was measured by the amount of emphasis laid on the length of the future period that decision-makers consider in planning (Barringer and Bluedorn, 1999). A five point Likert scale (1= No emphasis to 5= Very great emphasis) was used for each of the statements corresponding to various time dimensions. The locus of planning was measured by the extent of involvement of employees in the planning process. A five point Likert scale (1= Never involved to 5= always involved) was used for each of the statements corresponding to various employee categories.

Strategic Management Process Elements: Assesses the extent to which the enterprises use the components of strategic management as a moderating variable. This recognizes the process of strategic management where there was the setting of a vision that states the business's dream and a mission that states what business the enterprise was in, target customers against abilities; business performance objectives that were specific, realistic, measurable and achievable within specified time limits; clear strategies or steps of achieving the objectives (Ireland et al, 2009); A five point Likert scale (1= Never used, 2= Rarely used 3= Used sometimes, 4=Frequently used, 5= Used at all times) was used for each of the statements corresponding to various dimensions (Table 4). Perceptions on the extent of agreement on the implementation plans of the strategies with a clear organizational

structure, budgets, reward structure, motivating environment and clear information and reporting systems and an evaluation system of performance that reviews business processes, adjusts business mission, objectives and strategies and initiates corrective measures (Bhardwaj et al, 2007); A five point Likert scale (1= Strongly disagree, 2= Disagree 3= Do not know, 4=Agree, 5= Strongly agree) was also used.

Entrepreneurs' Characteristics: Age and the education levels of the respondents was used to check whether they have an influence on planning dimensions for enterprise growth and competitive advantage (Venkatesh et al. 2003). Age was measured in years of the respondent while education was measured as the statement of highest level of education attained (Table 4).

Enterprise Features: Enterprise performance can be influenced by the enterprise features such as legal status, size, age and sector it is in Table 4. Older firms have the advantage of experience while younger enterprises were likely to try out new strategies. Larger enterprises were likely to have more resources that they could use in scanning the environment comprehensively and adjust as trends in the environment change. The legal status of the enterprise could influence the planning horizon and the locus of planning (Poister and Streib, 2005). Age of the enterprise was measured by the number of years of operation, size in number of full-time employees; sector was a statement of sub-sector in which the enterprise is operating in while legal status was the type of business ownership (Hitt et al, 2001).

Table 4: Operationalization of Study Variables

Type of Variable	Variable Name	Operationalizing Indicators of Variables
Dependent Variable	Enterprise Performance	• Annual percentage sales and employee growth e.g. $\text{Index for } 2006 = \left(\frac{\text{Sales in } 2006}{\text{Sales in } 2005}\right) \times 100$ • Annual profitability growth (Return on asset - ROA and Return on equity - ROE) • Degree of satisfaction on levels of profitability (Attitude towards ROA and Attitude towards ROE)
Independent Variables		
Dimensions of Entrepreneurial Strategic Planning Practices	**i. Entrepreneurial Orientation**	• Degree of risk-taking • Degree of pro-activeness • Innovativeness - Level of R&D and product development
	ii. Strategic Planning Practices	
	a.Scanning Intensity	• Extent of use of routine gathering of opinions on PESTLE factors and internal enterprise environment
	b. Planning Flexibility	• Extent of ease with which enterprises were able to change their strategic plans to adjust to changing PESTLE trends
	c.Planning horizon	• Extent of amount of emphasis laid on the length of the future period that decision-makers consider in planning

	d. Locus of planning	• Extent of involvement of owner, top management and employees in the planning process
Antecedent Variables		
Enterprise's Profile	**i. Entrepreneur's Characteristics**	
	a. Entrepreneurs' Age	• Years of the respondents
	b. Entrepreneurs' Education	• Highest level of education
	ii. Enterprise's Characteristics	
	a. Enterprises' Size	• Number of full-time employees
	b. Enterprises' Age	• Number of years enterprises have been in operation in Kenya
	c. Legal Status	• Number of enterprises in the various legal forms
Moderating Variable	Strategic management	• Extent to which the enterprises use the components of strategic management (Vision, mission, plans monitoring and evaluation)

3.7. Pilot Test

A pilot study, involving 30 women-led enterprises in manufacturing firms was carried out. This approach was based on the mode used by Barringer and Bluedorn, (1999). The purpose of the pilot study was to assess the reliability of the psychometric measures included in the study. From the feedback obtained, the questionnaires were refined and several of the measures which required revision

were done to make them more theoretically meaningful (Mugenda and Mugenda, 2003; Kothari, 2007). The revised instruments that were used to collect data are included in the appendices 1-5.

3.8. Data Collection

For this study, the survey instruments was administered by the researcher to the 128 enterprises (the enterprise being the sample unit) and for each enterprise, data was collected from the entrepreneur using a questionnaire and an interview guide, from the top management a questionnaire was used and from 3 employees for each enterprise a questionnaire and an interview guide for each employee was used. Before going out to the field, the small and medium enterprises' list was acquired from PAWDEP. This list was used to map out the enterprises into the 7 zones (Table 2).

3.9. Data Processing and Data Analysis

According to Sekaran (2003) as cited by Njuguna (2008), data analysis has three basic objectives: getting a feel for the data, test the goodness of the data and test the hypotheses developed for the research. To achieve the first objective the study used qualitative techniques such as descriptive statistics in this case, response rate, frequency distributions, means and standard deviation for variables included in the study. To achieve the second objective, goodness of data leads to credibility and reliability of data analyzed and was tested using the Cronbach's coefficient alpha.

Cronbach's alpha measures how well a set of items (or variables) measures a single uni-dimensional latent construct that is, it is a coefficient of reliability or

consistency. When data have a multidimensional structure, Cronbach's alpha will usually be low. Cronbach's alpha can be written as a function of the number of test items and the average inter-correlation among the items (Cronbach, 1951; Gliem and Gliem, 2003). The formula for the standardized Cronbach's alpha:

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

Where: N = The number of items

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

$\bar{v}$ = Equals the average variance

Lastly, to test the hypotheses developed for the study, appropriate statistical tests such as the F test. This was achieved through structural equation modeling, correlation analysis, multiple and step-wise regression analysis, ANOVA and univariate ANOVA. Path analysis was carried out to establish the relationship between the various variables using Analysis of MOment Structures (AMOS) Version 16 software. For both the qualitative and quantitative data, PASW (Predictive Analysis SoftWare) version 18 for windows platform was used.

Each of these analyses is discussed in detail below.

3.9.1 Qualitative Analysis

To achieve the qualitative objective, the attitudinal index used was drawn from the attitudinal analysis adopted from the Thurstone's Item-fit Model of 1929, where scale items need both rational and empirical support. This indexing method is designed so as to automatically 'throw-out' the index of any opinion statement

which does belong to its neutral sequence, (Bezruczko, 2000). This approach had also been operationalized in the work of Namusonge, (1998). The psychometric scores were calculated and attached to the different alternatives that specified the level or degree of feeling that characterized the opinion or attitude of the top manager who responded to each question. The study used a scale ranging from 1 to 5 whereby 1 was assumed to be the worst case scenario by the top management and a scale of 5 indicated the best case scenario that the top management had (Table 5 below). The index was calculated by subtracting response percentage from scale 4 plus 5 any given attribute statement the percentage of respondents who responded by scale 1 plus 2. Percentage that fell under scale 3 (neutral) was ignored in index calculation.

Table 5: Operationalization of Attitudinal Psychometric Scores

Scale 1	Scale 2	Scale 3	Scale 4	Scale 5
Strongly disagree	Moderately disagree	Undecided	Moderately agree	Strongly agree
Never	Rarely	Sometimes	Frequently	At all times
Never	Rarely	Sometimes	Frequently	Always
Extremely difficult	Difficult	Easy	Very Easy	Extremely easy
No emphasis	Very little emphasis	Little emphasis	Great emphasis	Very great emphasis
Completely dissatisfied	Dissatisfied	Neutral	Satisfied	Completely satisfied

3.9.2 Tests for Reliability for Observed Variables

Cronbach's coefficient alpha was used to check the internal consistency in responses on a Likert scale and evaluate the reliability of the measures. An alpha level of 0.70 or above was acceptable (Cronbach, 1951). The tests for reliability were aimed at getting the goodness of the data which leads to credibility of the data being analyzed.

3.9.3 Statistical Measurement models

The study applied both linear and non-linear statistical measurement models.

1. **Stepwise Multiple Regression Model**

The stepwise multiple regression Model 1 (Appendix 6) was used for objective 1 to measure the linear relationships that existed between entrepreneurial strategic planning practices and enterprise performance. After running the above model, Step-wise multiple regressions was used to eliminate or retain variables whose effect on the response is insignificant and in this way construct a most appropriate model (Anderson et al, 2007).

2. **Univariate ANOVA Interaction Model**

The Univariate Analysis of Variance (UNIANOVA) procedure in Model 2 (Appendix 7) provides both regression analysis and analysis of variance for one dependent variable by one or more predictor variables (Weinberg and Abramowitz, 2002). For objectives 2 and 3, this univariate ANOVA (UNIANOVA) interaction model with factor interaction was used.

3. Moderated Multiple Regression Model

For objective 4, a moderated multiple regression (MMR) model 3 (Appendix 8) was used to establish the estimate interaction effect and test the moderating effect of strategic management process elements on thw entrepreneurial strategic planning practices and firm performance (Njuguna, 2008).

4. Path Analysis using Structural Equation Models

Path analysis was carried out to establish the causal relationship between dimensions of entrepreneurial strategic planning and firms' performance by identifying the structural model that best fit the data (Vermunt and Magidson, 2005). To achieve this, Analysis of MOment Structures (AMOS) Version 16 software was used. This was because this approach implements the general approach of visual Structural Equation Models (SEM) that incorporates analysis of covariance structures (casual modeling) that uses the general linear model and common factor analysis combined. This software also assesses the models' fit, computes results and develops a graphical output (Arbuckle, 2007).

3.9.4 Tests of Hypotheses

The research questions addressed in this study had hypotheses developed. To test these hypotheses, the analysis of variance (ANOVA) and therein the F-test was carried out. The F-test that constituted the test of the hypotheses was based on the statistical significance of the R^2 (as indicator of goodness of fit) of the full model (the firm performance variables plus the dimensions of entrepreneurial strategic planning associated with the various hypotheses found in research question 1). However, this was only considered when statistical significance was $p<0.05$.

3.9.5 Correlation Analysis

To get the linear relationships between the various independent variables and the dependent variables of firm performance; Spearman's rho correlation was used. The choice of this was made over the Pearson's product moment correlation for various reasons. First, it correlates ranks between two ordered variables; second, Spearman's rho correlation, is used when data has too many abnormalities to correct thus the scores were reduced to ranks and called outliers. Extreme scores that were troublesome before ranking no longer posed a threat since the largest number in the distribution was equalized in the sample size (Cooper and Emory, 2000).

The designation **r** symbolizes the correlation coefficient. This varies over a range of +1 to -1, whereby the sign signifies the direction of the relationship. This coefficient was only true in situations where the significance level was $p<0.05$ and $p<0.01$. The absence of a relationship as was indicated by the null hypotheses of the study was expressed by a correlation coefficient of zero.

CHAPTER FOUR

4.0. RESEARCH FINDINGS AND DISCUSSION

4.1. Introduction

The purpose for this study was to explore and examine how women-led SMEs embrace the entrepreneurial strategic planning practices, as moderated by strategic planning processes for enhanced firm growth. This chapter presents the data analysis results and discusses the key research findings for each specific objective as stated in each section.

4.2. ESPP and Firm Performance

Objective 1: Explore the extent to which entrepreneurial strategic planning practices (EO, SI, PF, PH and LP) influence firm performance among women led SMEs in Kenya.

The entrepreneurial strategic planning practices were each explored on the basis of the qualitative and quantitative analyses against performance measures. The findings were presented and discussed as a) qualitative analysis that focused on the attitudes of the various persons – entrepreneur, top management and other employees engaged in the business; b) firm performance analysis and c) tests of hypotheses (correlation analysis and stepwise multiple regression) as quantitative analysis.

4.2.1 Descriptive Analysis of ESPP and Firm Performance

1. Attitudinal Findings on Entrepreneurial Strategic Planning Practices

Entrepreneurial Orientation: The practice of entrepreneurship focuses on the exploitation of opportunity through creativity and innovation to maximize on potential profits and growth. This study looked at three core aspects of entrepreneurship (risk taking, proactiveness and innovation) laying emphasis on the attitude of the top management and the employees towards these aspects. The reliability test on the entrepreneurial orientation constructs achieved a Cronbach's alpha of 0.700 and higher (Table 6 below) indicating strong internal consistency thus verifying reliability of scale.

The results illustrated on Table 6 (worked out using Thurstone's Item-fit Model of 1929 explained in chapter 3.8.1) reveal that both the top management (index of 83, mean of 4.07 and standard deviation of 0.844) and the employees (index of 90, mean of 4.32 and standard deviation of 0.696) had a good attitude towards the contribution of entrepreneurship to the overall performance of the enterprise thus could be said to be entrepreneurial.

The employees believed that their enterprise leadership took business risks with the hope for very high returns (index of 70) as compared the top management (index of 45) who perceived themselves as more risk averse. On proactiveness, the top management were more proactive and optimistic (index of 74) than the employees (index of 65).

Table 6: Top Management and Employees' attitude towards EO

	Top Management (n = 128)			Employees (n = 384)		
	Index	Mean Rating	Std. Dev	Index	Mean Rating	Std. Dev
The enterprise management favors:						
a. Looking at high risk than low risk business activities with chances of very high returns	45	3.70	0.994	70	3.88	0.931
b. Being proactive than reactive while dealing with competitors	74	3.89	0.906	65	3.84	0.971
c. Being innovative than conservative while implementing change	75	4.01	0.824	64	3.73	0.918
EO strategies have greatly improved the enterprises' sales volumes and profits:	83	4.07	0.844	90	4.32	0.696

Note: Reliability α – Risk taking = 0.794, Proactiveness = 0.724, Innovativeness = 0.705, EO = 0.780

Ranked on ability to be entrepreneurial reported on a 1-5 Scale by SMEs, ranging from 1 less entrepreneurial to 5 most entrepreneurial.

Attitude towards Scanning Intensity: As is indicated on Table 7, the top management's attitude towards the extent to which scanning intensity aspects of routine gathering of clients' opinions and suppliers, tracking of competitor policies and tactics, forecasting, carrying out market surveys and use of various public media reveals the top management as positive (index of 78 percent). Overall, the

attitude towards scanning intensity was positively high (index of 73). The Cronbach's reliability test attained was 0.774 therefore verifying reliability of the measurement tools.

Table 7: Top Management attitude towards Scanning Intensity

Top Management Attitude (n = 128)	Index	Mean Rating	Std. Dev
Scanning Intensity (SI)			
Extent to which aspects of scanning intensity were used in the enterprise to gather information	78.1	3.725	0.619
Frequency in which information is gathered on aspects of scanning intensity.	40.6	3.403	0.625
General consideration on the scanning intensity	72.7	3.524	0.515

Note: Reliability α – Scanning Intensity = 0.774

Ranked on a scale where 1= Never, 2= Rarely, 3= Sometimes, 4=Frequently, 5= At all times

Attitude towards Planning Flexibility: Looking at the attitude of the top management on the ease in which enterprises' management were able to change plans to adjust to various circumstances, Table 8 indicates that of the 128 top managers, an average (index of 52) found it easy to change their plans to cope with new competitors getting into the market and as is indicated by a positive though low index of 35 found it hard to adjust to the shifting needs of the customers. The Cronbach' reliability alpha was 0.736, an indication of strong internal consistency, therefore verifying the measure as reliable.

Table 8: Top Management attitude towards Planning Flexibility

Top Management Attitude (n = 128)		Index	Mean Rating	Std. Dev
Planning Flexibility (PF)				
The ease in which enterprise management is able to change its plans to adjust to:				
a.	Changes in economic conditions	5.5	3.03	0.939
b.	Emergence of a new technology	17.2	3.23	0.992
c.	The emergence of an unexpected opportunity	28.9	3.45	1.093
d.	Shifts in customer needs and preferences	35.2	3.65	1.120
e.	Market entry of new competition	51.6	3.76	1.025
f.	Modification of suppliers strategies	25	3.38	1.066
g.	Changes in government regulations	13.3	3.20	1.022
h.	The emergence of unexpected threats	-19.5	2.83	1.013
i.	Political developments that affect your industry	-9.4	2.94	0.978
j.	Global changes that affect your industry	-6.3	3.01	1.023
k.	General Planning Flexibility	30.5	3.25	0.559

Note: Reliability α – Planning Flexibility = 0.736

Ranked on a scale where 1= Extremely difficult, 2=Difficult, 3= Easy, 4=Very easy, 5= Extremely easy

However, the negative indexes on ease to adjust to global changes (-6.3), political developments (-9.4) and emergence of unexpected threat (-19.5) reflect the complexities in the environment and the difficulties that were encountered in

assessing political changes and dynamics, emergence of unexpected threats and gathering information on global changes to aid in making the adjustments needed. In general the attitude towards planning flexibility by the top management was low (index 30.5). The Cronbach reliability test achieved 0.736.

Attitudes towards Planning Horizon: When asked the question on future time period emphasis based on 4 planning horizons, less than 1 year, 1-3 years, 3-5 years and over 5 years (reliability $\alpha = 0.787$) considered by the owners and the top management when planning for investment, the top managements' attitude was very positive for the 1 to 3 years planning periods as indicated by an index of 83.6% (Table 9). However, planning for the long period (over 5 years), the attitude is relatively low as is indicated by the index of 23.5%.

Table 9: Top Management attitude towards Planning Horizon

Top Management Attitude (n = 128)		**Index**	**Mean Rating**	**Std. Dev**
Planning Horizon (PH)				
Future time period emphasis consideration when planning for investment by the owner and management:				
a.	Less than 1 Year	67.9	4.14	1.159
b.	1 Year to 3 Years	83.6	4.17	0.797
c.	3 Years to 5 Years	48.4	3.50	0.994
d.	Over 5 Years	23.5	3.32	1.007
General consideration on the Planning Horizon		75.0	3.78	0.688

Note: Reliability α – Planning Horizon = 0.787

Ranked on a scale where 1= Never, 2= Rarely, 3= Sometimes, 4=Frequently, 5= Always

Attitudes towards Locus of Planning: A positive index of over 90%, mean rating of 4.11 and Standard deviation of 0.533 was the response for the general attitude (reliability α = 0.826) by the top management towards the extent to which owners, management and employees were involved in planning. The top management thought very highly of their engagement in planning (index 92 and mean of 4.45). The involvement of the other employees besides the top management in the planning process though good is much lower than the involvement of top management by an index difference of 30% (Table 10).

Table 10: Top Management attitude towards Locus of Planning

Top Management Attitude (n = 128)	Index	Mean Rating	Std. Dev
Locus of Planning (LP)			
Extent to which various categories of people were involved in Business vision, mission and goal formulation; Setting of business performance objectives; Strategy formulation; Strategy implementation and Evaluation and control:			
a. Owner	78.9	4.25	0.804
b. Top Management	92.2	4.45	0.619
c. Other Employees	60.9	3.63	0.803
General Locus of Planning	90.6	4.11	0.533

Note: Reliability α – Locus of Planning = 0.826

Ranked on a scale where 1= Never, 2= Rarely, 3= Sometimes, 4=Frequently, 5= Always

2. Findings on Enterprises' Performance

The performance of the enterprises was based on growth rate, profitability and degree of satisfaction on the levels of profitability. This was used as a measure of financial benefits of entrepreneurial strategic planning practices, the related financial inputs and the final financial outcome. This had been assessed bearing in mind that the period and political-economic environments in which the enterprises operated were quite volatile and unpredictable.

Enterprises Growth Rate: In this study, enterprises growth rate was analyzed using the annual percentage of employees and sales growth worked out as an index over the 5 year period, 2005 to 2009. The sales index was calculated as a percentage of sales volumes (in KeS) of current year ÷ sales volumes (in KeS) previous year e.g. $\text{Index for } 2006 = \left(\frac{\text{Sales in } 2006}{\text{Sales in } 2005} \right) \times 100$. The employee index was calculated also as a percentage of the number of full time employees during the current year ÷ number of full time employees during the previous year e.g. $\text{Index for } 2006 = \left(\frac{\text{full time employees in } 2006}{\text{full time employees in } 2005} \right) \times 100$.

Figure 3: Sales Growth Index and Employees Growth Index

An index of 100 for the sales and employees indexes is interpreted to mean that there was no performance change over that period in number of full time employees and sales volumes, thus the performance of the enterprise remained constant, an index of over 100 for the sales and employees indexes is indication that there was an improvement in the enterprises' performance while that index under 100 for the sales and employees indexes indicates that the enterprises performed poorly over that period. A review of Figure 3 indicates that though the enterprises were above the 100 index mark, there was a marked drop of 6 points in growth in the 2005-2006/2006 – 2007 periods for both sales and employees, which increased by 1 point for the employees but remained constant for the sales during the 2006-2007/2007-2008.

Profitability: The profitability of the enterprises looked at the Return on Assets (ROA) and the Return on Equity (ROE) indexes worked out as annual percentage changes. To achieve this, the profit was calculated from the sales volumes (KeS) less costs of sales. The ROA index was then calculated as the percentage of profit÷worth of asset (KeS) for each year over the 5 years, 2005-2009 e.g. $\text{ROE Index for 2006} = \left(\frac{\text{Profit in 2006}}{\text{worth of assets in 2006}} \right) \times 100$. The ROE index was calculated as the percentage of profit ÷ equity (KeS) for each year for the same period e.g. $\text{ROE Index for 2006} = \left(\frac{\text{Profit in 2006}}{\text{Equity in 2006}} \right) \times 100$. An index of 100 for the ROA and ROE indexes is interpreted to mean that there was no change over that period in value of return on capital employed and value of return on owners' equity thus the performance of the enterprise remained constant.

An index of over 100 is an indication that there was an improvement on value of return on capital employed and value of return on owners' equity thus improved enterprises' performance while that index under 100 indicates that the return on assets employed and return on equity was low and therefore interpreted to mean that enterprises performed poorly over that period. A review of Figure 4 below indicates that while the ROE index rose by 6 points the ROA index fell by 1 point for the 2005-2006/2006-2007. The ROA continued to fall by 8 points and the ROE index by 14 points in the 2006-2007/2007-2008 and got lower than ROA index. The two then fell to below the optimal index levels of 100 during that period. During the 2007-2008/2008-2009 periods profitability of the enterprises rose (ROA by 24 and ROE by 29 points) to indexes of 119 and 123 respectively.

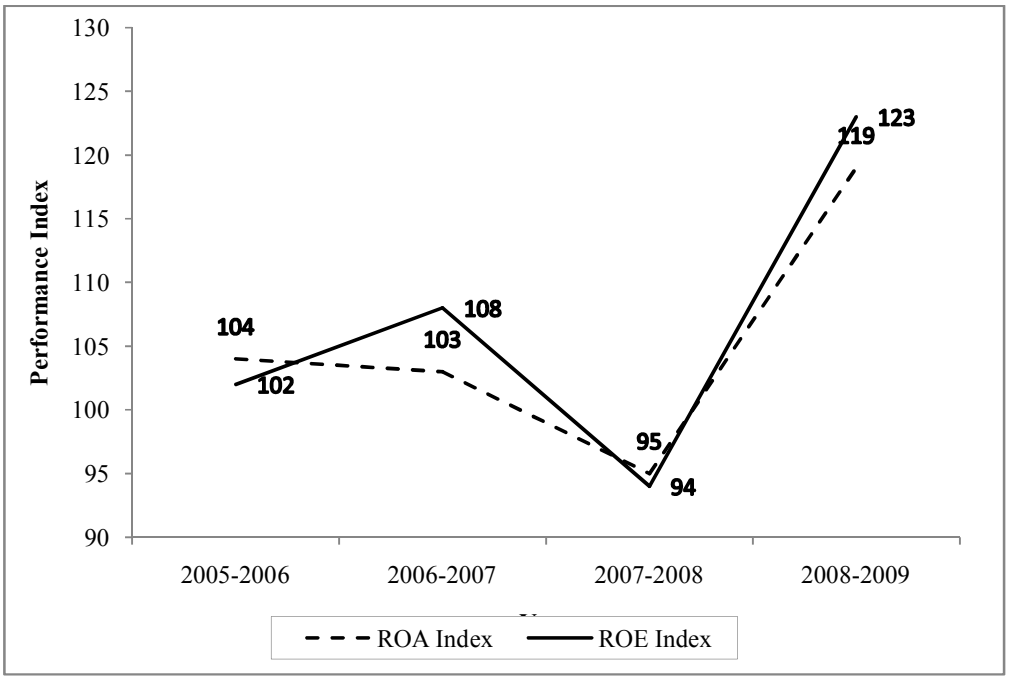


Figure 4: ROA and ROE Growth Index

Attitudes towards Levels of Profitability: When asked about their attitude towards level of profitability, the top management (Table 11), response concerning the extent of importance of evaluation of financial performance was mixed though positive.

Table 11: Top Management attitude towards Levels of Profitability

Top Management Attitude (n = 128)	Index	Mean Rating	Std. Dev
Levels of Profitability			
Extent of importance in the evaluation of financial performance of the enterprises with regards to :			
a. Return on Assets.	83.6	3.97	0.72
b. Return on Equity	69.5	3.98	0.968
General Levels of Profitability	77.6	3.98	0.844

Note: Reliability α – Profitability Levels = 0.779

They were highly positive (index 83.6) as far as the importance laid on the ROA was concerned but fairly good (index 69.5) on the importance laid on ROE. The general levels of profitability were high (index = 77.6). The Cronbach's reliability test attained was 0.779 indicating strong internal consistency, therefore verifying reliability.

4.2.2 Linear Linkages for ESPP and Firm Performance

The main hypotheses that needed to be investigated were spelt out as guided by specific objective 1: Explore the extent to which ESPP influence firm performance among women led SMEs in Kenya.

Detailed hypotheses were developed on the relationships on each of the following, EO (Entrepreneurial Orientation), SI (Scanning Intensity), PF (Planning Flexibility), PH (Planning Flexibility) and LP (Locus of Planning) and how each of these influenced enterprise performance. Firm performance was measured by sales and employee growth, profitability and attitude level of satisfaction towards profitability.

To test hypotheses that are outlined later in this chapter, preliminary linear relationships investigation was carried out between the independent variables of entrepreneurial strategic planning practices and dependent variables of firm performance highlighted above using Spearman's rho correlation analysis. After the relationships above were analyzed, the relationships were then investigated using the hypotheses that were stated for each of the models 4 – 9 using stepwise multiple regression (Appendixes 9 -14).

1. **Linear Relationship between Entrepreneurial Strategic Planning Practices and Firm Performance – Correlation Analysis**

As reported in Table 12, the Spearman's rho correlation coefficient between EO index and average sales' growth index, employee growth index and importance laid on levels of performance were found to be significantly different from zero. That is, r = 0.191, p-value = 0.03 (EO and employees), r = 0.188, p-value = 0.034 (EO and sales) and r = 0.222, p-value = 0.012 (EO and performance levels) at 0.05 levels of significance. The propensity to take risks was found to be significantly and positively related with two variables relating to firm performance, employee growth (r = 0.192, p-value = 0.03) and importance laid on the level of evaluation of return on assets and return on equity (r = 0.193, p-value = 0.029) at 0.05 levels of significance. Level of innovativeness was also found to be significantly related to importance laid on evaluation of performance (r = 0.176, p-value = 0.047) at 0.05 levels of significance.

Flexibility in planning for technology changes and average sales growth index was significantly different from zero (r = 0.201, p-value = 0.023) as well as level of performance (r = 0.184, p-value = 0.037), while flexibility in planning for new competition and average sales growth index was significantly different from zero (r = 0.187, p-value = 0.035) at 0.05 levels of significance so was it for level of performance (r = 0.245, p-value = 0.005) at 0.01 levels of significance.

Table 12: Correlation Analysis Results between ESPP and Firm Performance

		FIRM PERFORMANCE				
		Sales growth	**Employee growth**	**ROA**	**ROE**	**Level of Performance**
1	**EO**	**0.188(*)** *0.034*	**0.191(*)** *0.030*	-0.012	-0.076	**0.222(*)** *0.012*
a.	Risk taking	0.135	**0.192(*)** *0.030*	0.016	-0.096	**0.193(*)** *0.029*
b.	Proactiveness	0.140	0.132	0.010	-0.022	0.165
c	Innovativeness	0.165	0.100	-0.105	-0.100	**0.176(*)** *0.047*
2	**SI**	-0.047	0.117	0.056	0.030	0.064
a.	Information gathering	-0.056	0.008	-0.035	-0.080	0.113
b.	Information frequency	-0.060	0.112	0.024	0.017	0.036
3	**PF**	0.073	0.022	-0.036	0.008	0.075
a.	Technology changes	**0.201(*)** *0.023*	0.066	0.095	0.018	**0.184(*)[a]** *0.037*
b.	New competition	**0.187(*)** *0.035*	0.068	0.080	0.103	**0.245(**)[b]** *0.005*
4	**PH**	0.131	**0.198(*)** *0.025*	-0.068	-0.011	0.064
a.	Less than 1 Year	-0.035	**0.193(*)** *0.029*	-0.002	-0.026	0.132
b.	Over 5 Years	**0.258(**)** *0.003*	**0.222(*)** *0.012*	-0.043	-0.067	0.059
5	**LP**	-0.089	0.005	**-0.177(*)** *0.046*	-0.066	-0.092
a.	Locus of Planning Owner	**-0.212(*)** *0.016*	-0.067	**-0.205(*)** *0.02*	-0.075	-0.056
b.	Locus of Planning Top Mgt	-0.121	-0.089	**-0.188(*)** *0.034*	-0.077	0.014

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

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

Only statistically Correlation Coefficients that were significant were highlighted and in parenthesis.

The p-value is in italics. (a) and (b) significant for levels of satisfaction for Return on Asset.

General planning horizon and average employees' growth index was found to be significantly different from zero (r = 0.198, p-value = 0.025). Thus the future time period emphasis considered by the management had a positive linear relationship on the average sales growth. It was also found that the planning horizon of less than 1 year was significantly related to employee growth (r = 0.193, p-value = 0.029) at 0.05 levels of significance while the planning horizon of over 5 years was significantly related to sales growth (r = 0.258, p-value = 0.003) at 0.01 levels of significance and employee growth (r = 0.222, p-value = 0.012) at 0.05 levels of significance. The locus of planning was found to be negatively related to ROA since the correlation coefficient between the two was significantly different from zero (r = -0.177, p-value = 0.046) at 0.05 levels of significance. The involvement of the owner in the planning process was also found to have significantly negative correlation to sales (r = -0.212, p-value = 0.016), ROA (r =-0.205, p-value = 0.02) and top management involvement to ROA (r = -0.188, p-value = 0.034). This implies that the more the owners and top managements got involved in the planning process the performance of the firms when measured in terms of ROA deteriorated thus acting as platform for a deep locus of planning.

2. **Linear Relationship between Entrepreneurial Strategic Planning and Firm Performance – Multiple Regression (Stepwise)**

Multiple regression (step-wise) models were used to test the relationships found between entrepreneurial strategic planning practices and the performance of the enterprises as hypothesized below.

Entrepreneurial Strategic Planning: The Model 4 (Appendix 9) was used to test the detailed null hypotheses below on the relationships found between the various aspects of entrepreneurial strategic planning practices and firm performance of Women-led SMEs in Kenya.

H_{o1}: The ability to be entrepreneurially oriented had no significant influence on firm performance.

H_{o2}: The ability to intensively scan the environment had no significant influence on firm performance.

H_{o3}: The ability to be flexible in enterprise planning practices had no significant influence on firm performance.

H_{o4}: The ability to consider overall planning horizon had no significant influence on firm performance.

H_{o5}: The ability to involve everyone in the enterprise in planning had no significant influence on firm performance.

As reported in Table 13, enterprises that were generally entrepreneurially oriented, were found to have a linear relationship that was significantly and positively related to sales growth index (β_1=0.191, p= 0.031), employees growth index (β_1= 0.206, p= 0.019) and the top managements' attitude towards ROA (β_1=0.197, p= 0.025).

Table 13: Regression Analysis Results on the Relationship between ESPP and Firm Performance

Dependent Variable	Predictor Variable	Model 1 Standardized Coefficient Beta	R^2	F	P-value
Sales growth	x_1	$\beta_1 = 0.191$	0.037	4.782	0.031
Employee growth	x_1	$\beta_1 = 0.206$	0.043	5.603	0.019
Attitude towards ROA	x_1	$\beta_1 = 0.197$	0.039	5.112	0.025

Note: $p<0.05$

x_1 = *Entrepreneurial Orientation*

The null hypothesis $\mathbf{H_{o1}}$ was rejected up to the extent of performance when measured against sales growth, employee growth and attitude towards ROA.

No linear relationship was found to exist between ability to scan the environment, flexibility in planning, planning horizon and locus of planning. Therefore, the null hypotheses $\mathbf{H_{o2}}$, $\mathbf{H_{o3}}$, $\mathbf{H_{o4}}$ and $\mathbf{H_{o5}}$, were all accepted (Summarized in Table 18). As a result, the study sought to carry out further detailed multiple regression (step-wise) analysis on each of the variables by developing sub-hypotheses for each of the variables, entrepreneurial orientation, scanning intensity, planning flexibility, planning horizon and locus of planning as discussed below.

Entrepreneurial Orientation: To test the hypotheses and relationships found between firm performance of Women-led SMEs in Kenya and entrepreneurial orientation Model 5 (Appendix 10) was used.

H_{o1a}: The ability to take risk had no significant influence on firm performance.

H_{o1b}: The ability to be proactive had no significant influence on firm performance.

H_{o1c}: The ability to be innovative had no significant influence on firm performance.

Multiple regression (stepwise) results in Table 14, confirm a positive and significant linear influence of risk-taking against average sales growth index (β_{1a}= 0.203, p= 0.021). For enterprises that were innovative, a significantly positive linear relationship was found against employee growth index (β_{1c}= 0.180, p=0.042) and top managements' attitude on ROE (β_1= 0.204, p=0.021). However, the linear influence of the predictors was found to be weak as indicated by the goodness of fit of between 3.9% and 4.2%.

Table 14: Regression Analysis Results on the Relationship between EO and Firm Performance

Dependent Variable	Predictor Variable	Model 1 Standardized Coefficient Beta	R^2	F	P-value
Sales growth	x_{1a}	$\beta_{1a} = 0.203$	0.041	5.430	0.021
Employee growth	x_{1c}	$\beta_{1c} = 0.180$	0.032	4.225	0.042
Attitude towards ROE	x_{1c}	$\beta_{1c}=0.204$	0.042	5.492	0.021

Note: $p<0.05$
x_{1a} = Ability to take risks
x_{1c} = Ability to be innovative

Scanning Intensity: To test the hypotheses and the relationships found between enterprises' environment scanning intensity and firm performance of Women-led SMEs in Kenya, the Model 6 (Appendix 11) was used.

H_{o2a}: The ability to intensively gather information had no significant influence on firm performance.

H_{o2b}: The ability to always scan the environment had no significant influence on firm performance.

The extent to which scanning intensity aspects of routine gathering of clients opinions and suppliers, tracking of competitor policies and tactics, forecasting, carrying out market surveys and use of various public media had no linear significant influence on the performance of the enterprises. The frequency in which information was gathered on various trends such as local political and economic, technological, demographic, social, customers, competitors, suppliers and distribution channels, global, ecological and changes within the enterprises as well as the overall scanning intensity were also found to have no linear significant influence on enterprise performance.

Planning Flexibility: Model 7 (Appendix 12) was used to test the hypotheses on the relationships found between enterprises' planning flexibility ability and firm performance of Women-led SMEs in Kenya.

H_{o3a}: The ability to adjust to changes in economic conditions had no significant influence on firm performance.

H_{o3b}: The ability to adjust to new technology had no influence on firm performance.

H_{o3c}: The ability to adjust to unexpected opportunity had no significant influence on firm performance.

H_{o3d}: The ability to adjust to shifts in customer preference had no significant influence on firm performance.

H_{o3e}: The ability to adjust to market entry of new competition had no influence on firm performance.

H_{o3f}: The ability to adjust to modification of suppliers strategies had no influence on firm performance.

H_{o3g}: The ability to adjust to changes in government regulation had no influence on firm performance.

H_{o3h}: The ability to adjust to emergence of unexpected threat had no significant influence on firm performance.

H_{o3i}: The ability to adjust to political developments had no significant influence on firm performance.

H_{o3j}: The ability to adjust to global changes affecting industry had no significant influence on firm performance.

As is indicated by the stepwise multiple regression results in Table 15, the ability of the enterprises to adjust to market entry of new competition was found to have a linearly significant influence on the attitude towards level of satisfaction towards evaluation of enterprise's Return on Assets (β_{3e}= 0.310, p= 0.000). The ability of the enterprises to adjust to emergence of new technology also significantly influence (β_{3b}= 0.237, p= 0.002) average sales growth.

Table 15: Regression Analysis Results on the Relationship between PF and Firm Performance

Dependent Variable	Predictor Variable	Model 1 Standardized Coefficient Beta	Model 2 Standardized Coefficient Beta	R^2	F	p-value
Sales growth	x_{3b}, x_{3j}	$\beta_{3b} = 0.237$	$\beta_{3j} = -0.194$	0.093	6.404	0.002
Attitude towards ROA	x_{3e}	$\beta_{3e} = 0.310$		0.096	13.356	0.000

Note: $p<0.05$
x_{3b} = Ability to adjust to new technological advancements
x_{3e} = Ability to adjust to market entry of new competition
x_{3j} = Ability to adjust to global changes affecting industry

However, the ability of the enterprises to adjust to global changes that affect the industry also found to be linearly significant when run together with the ability of the enterprises to adjust to emergence of new technology influences the average sales growth index, but only so, and the coefficient is negative (β_{3j}= -0.194) which

would indicate that inability to adjust to global changes positively influences the sales growth of enterprises.

Planning Horizon: Model 8 (Appendix 13) was used to test the hypotheses on the relationships found between enterprises' planning flexibility ability and firm performance.

H_{o4a}: The ability to emphasize on future time period of less than 1 year had no significant influence on firm performance.

H_{o4b}: The ability to emphasize on future time period of 1 -3 years had no significant influence on firm performance.

H_{o4c}: The ability to emphasize on future time period of 3 -5 years had no significant influence on firm performance.

H_{o4d}: The ability to emphasize on future time period of over 5 years had no significant influence on firm performance.

Multiple regression results in Table 16, confirm a linear positive and significant influence of future time period emphasis of less than 1 year to performance measured as attitude on ROA (β_{4a}= 0.250, p= 0.004) and future time period emphasis of over 5 years against average employee growth index (β_{4d}=0.223, p=0.011).

Table 16: Regression Analysis Results on the Relationship between PH and Firm Performance

Dependent Variable	Predictor Variable	Model 1 Standardized Coefficient Beta	R^2	F	p-value
Attitude towards ROA	x_{4a}	$\beta_{4a} = 0.250$	0.063	8.416	0.004
Employee growth	x_{4d}	$\beta_{4d} = 0.223$	0.050	6.599	0.011

Note: $p<0.05$
x_{4a} = Ability to emphasize on future time period of less than 1 year
x_{4d} = Ability to emphasize on future time period of over 5 year

Locus of Planning: To test the linear relationships found between enterprises' locus of planning and firm performance, the linear Model 9 (Appendix 14) was used.

H_{o5a}: The ability to involve the owner in planning had no significant influence on firm performance.

H_{o5b}: The ability to involve the top management in planning had no significant influence on firm performance.

H_{o5c}: The ability to involve the employees in planning had no significant influence on firm performance.

The owner involvement in business vision, mission and goal formulation; setting of business performance objectives; strategy formulation; strategy implementation, evaluation and control of the enterprises significantly influence (β_{5a} = -0.215, p=0.015) the average sales growth index though negatively (Table 17).

Table 17: Regression Analysis Results on the Relationship between LP and Firm Performance

Dependent Variable	Predictor Variable	Model 1 Standardized Coefficient Beta	R^2	F	p-value
Sales growth	x_{5a}	$\beta_{5a} = -0.215$	0.046	6.087	0.015

Note: $p<0.05$
x_{5a} = Ability to involve the owner in planning

4.2.3 Discussion of Findings for ESPP and Firm Performance

This section discusses the research findings presented in the previous section and based on the study objective 1 that focuses on the extent to which entrepreneurial strategic planning practices (Entrepreneurial Orientation, Scanning Intensity, Planning Flexibility, Planning Horizon and Locus of Planning) influence firms' performance among women led SMEs in Kenya.

Firms' Performance: The drop in enterprises' growth rate (figure 3) as explained by the sales-employee growth rate could be explained by the political volatility (pre-election phobia and post election chaos) and economic instabilities experienced at that period, which could have stalled employment and the sales and thus the performance of the enterprises. However, the sales index rose by 10 points but that of the employees dropped by 1 point. This could be explained by the improved economic situation experienced at that period; the efficient and effective use of resources and employee immobility. These results are in agreement with the discussions of Foss et al, (2008) in that for an enterprise to perform and reap the benefits of competitive advantage, the environment that it is operating in should be

stable and conducive. As is the case with sales and employee growth, the ROA and ROE (Figure 4) could also have been affected by the unstable political and economic environments prevailing at that time such that return on the investments of the enterprises declined and the return on the worth of the enterprises ebbed. However, during the 2007-2008/2008-2009 periods, as the political-economic environmental improved and entrepreneurs gained confidence in the investment atmosphere, profitability of the enterprises skyrocketed (ROA rose by 24 points and ROE rose by 29 points) indicating that it was a very good time for investment with the prevailing political developments encouraging industrial growth. The case presented by Ireland et al, (2009) does concur with these findings in that the such disruptions there is causal chains of competitive actions and reaction as a result of uncertainty and industrial dynamism that occurs as stability is felt in the industry which could prompt firm-level innovation in a positive feedback cycle.

Entrepreneurial Orientation and Firms' Performance: As poised by Bhardwaj et al, 2007, in their study management of enterprises appreciates entrepreneurial risk taking, innovation and proactiveness when organization has high flexible boundaries and internal factors are reliable. The study findings (Table 6) on the attitude of the top managers, employees and entrepreneurs towards entrepreneurial strategic planning practices indicate that both the top management and the employees appreciated the overall contribution of entrepreneurship to the performance of the enterprise support these arguements. This finding was confirmed by the Spearman's rho correlation analysis which indicated that r=0.191 (EO and employees), r = 0.188 (EO and sales) and r = 0.222 (EO and performance

levels) at 0.05 levels of significance (Table 12). Therefore it could be concluded that entrepreneurial orientation had a significant positive relationship and played a major role in the performance of the enterprises in the study.

The top management was positive concerning the initiatives that they implemented, without fear of competition clashes and the competitor's responses to these initiatives. The fact that they were often among the first enterprises to introduce new products, services and operate technology means that by the time the competitors responded to these initiatives, these enterprises had had a competitive edge as is determined by Alvarez and Barney, (2007). The top manager's attitude (Table 7) towards the frequency in which information was gathered on various trends such as local political and economic, technological, demographic, social, customers, competitors, suppliers and distribution channels, global, ecological and changes within the enterprises was quite low (index 41). This case is maintained by Mahoney and McGahan, (2007).

All the null hypotheses that were developed on entrepreneurial orientation were accepted except for the following:

H_{o1}: The ability to be entrepreneurially oriented had no significant influence on firm performance.

H_{o1a}: The ability to take risk had no significant influence on firm performance.

H_{o1c}: The ability to be innovative had no significant influence on firm performance.

The null hypothesis $\mathbf{H_{o1}}$ was rejected when the relationship between entrepreneurial orientation and firms' performance when measured as employee growth and as attitude towards the return on assets. The null hypothesis $\mathbf{H_{o1a}}$ was rejected when the predictor variable for entrepreneurial orientation was risk-taking and measured against attitude towards return on assets. While null hypothesis $\mathbf{H_{o1c}}$ was rejected when the predictor variable for entrepreneurial orientation was innovation and measured against sales growth (Table 18). These results were supported by the views of Alverez (2003) that entrepreneurship improves the enterprises' growth, competitive advantage and the generation of entrepreneurial rents.

Scanning Intensity and Firms' Performance: The findings on Table 7 indicate that the extent to which routine gathering of information, forecasting, marketing research and media review is carried out is considered very important (index 78). However, the tests of significance did not support the relationship between scanning intensity and firms' performance. These findings did not support the assertions of Foss et al, (2008) on scanning of the environment as a strategy to enhance competitive advantage. Therefore all the null hypotheses for scanning intensity were accepted (Table 18). This implies that Scanning intensity was not of importance to the performance of women-led small and medium enterprises and hence could be considered as conservative enterprises (Poister and streib, 2005).

Planning Flexibility and Firms' Performance: The findings in Table 8, generally, the top managers view planning flexibility as quite difficult as is indicated by an attitudinal index of 31%. For plans to be effect change according to Bruch et al,

(2005) that bring forth competitive advantage and enhanced performance, these plans have to be flexible. This is confirmed by the correlation (Table 12) and stepwise multiple regression (Table 15) analyses, which indicate that there is no significant relationship between planning flexibility and the various measures of performance. The top managers thought it difficult to adapt to emerging unexpected threat (index -19.5), political developments (index -9.4) and global changes (-6.3) that affected the industry. For two specific variables of planning flexibility, that is, ease at which enterprises were able to adjust to emergence of a new technology and the entry of new competition were found to be significantly related to sales growth and levels of performance (Table 12). This was also confirmed by the stepwise multiple regression analyses (Table 15).

All the null hypotheses that were developed on planning flexibility were accepted except for the following:

H_{o3b}: The ability to adjust to new technology had no significant influence on firm performance.

H_{o3e}: The ability to adjust to market entry of new competition had no significant influence on firm performance.

H_{o3j}: The ability to adjust to global changes affecting industry had no significant influence on firm performance.

The Table 18 reveals that the null hypotheses **H_{o3b}** were rejected when the predictor variable for planning flexibility was ability to adjust to new technology and measured against sales growth as the measure for firm performance and **H_{o3e}** when

the predictor variable for planning flexibility was ability to adjust to market entry of new competition and measured against attitude towards return on assets as the measure for firm performance both with significantly positive relationships. The null hypothesis $\mathbf{H_{o3j}}$ was rejected when the predictor variable for planning flexibility was ability to adjust to global changes affecting industry and measured against sales growth as the measure for firm performance but the relationship was significantly negative. The implication of this was that women-led SMEs in Kenya were quite inflexible in planning and refute the assertions by Drucker(2005) that flexible plans remove potential obstacles to change and advanced performance when needed.

Planning Horizon and Firms' Performance: According to Alvarez and Barney, (2007), firms typically compete in turbulent environments that are characterized by short life cycles. The study supported this view as it established that the attitude towards the general time period consideration as indicated in Table 9, emphasis was also quite high (75%), this is confirmed by the correlation analysis especially when related against employee growth (Table 12). The most important time period for planning was 1-3 years periods (index 84%) and the least important was over 5 years (index 23). However when significance testing is carried out on emphasis on various future periods against firms' performance, the significant time periods were less than 1 year and over 5 year period (Table 16). This could imply that the planning horizon considered is long enough to permit planning for expected changes in strategy and at the same time short enough to make reasonably detailed plans available as is pointed out by Das, (1991).

All the null hypotheses that were developed on planning horizon were accepted except for the following:

H_{o4a}: The ability to emphasize on future time period of less than 1 year had no significant influence on firm performance.

H_{o4d}: The ability to emphasize on future time period of over 5 years had no significant influence on firm performance.

The null hypothesis **H_{o4a}** was rejected when the predictor variable for planning horizon was ability to emphasize on future time period of less than 1 year and measured against attitude towards return on assets as the measure for firm performance with significant positive relationship. The null hypothesis **H_{o4d}** was also rejected when the predictor variable for planning horizon was ability to emphasis on future time period of over 5 years and measured against employee growth as the measure for firm performance with significantly negative relationship (Table 18). The in-between periods of 1-5 years were found not to be significant. The owner involvement in planning significantly influenced firm performance, but this is only so, that the standardized coefficient is negative (β_{5a} = -0.215, p=0.015) which would indicate that the lower the engagement of the entrepreneur in the process, the better the sales of enterprises became. As a result, according to Barringer and Bluedorn, (1999) the paramount concern of an entrepreneurial firm is product and service innovation that focuses on the short term rather than the long term to maintain a sustainable competitive advantage which is reflected by the results of this study.

Locus of Planning

Against the background laid by Mahogany and McGahan, (2007) that involving a deeper and more diverse mix of employees in the strategic planning process is characteristic of employee participation and opportunity recognition the study findings were different. The most important player in setting the business vision, mission, goal formulation, performance objectives, strategy formulation, implementation, control and evaluation was the top management (Table 10). This was confirmed by the correlation results (Table 12) whose relationship was significant for return on assets. The owner was significantly important to the performance when measured by sales growth (Table 12 and 17) and return on assets (Table 17).

All the null hypotheses that were developed on locus of planning were accepted except for the following:

H_{o5a}: The ability to involve the owner in planning had no significant influence on firm performance.

The null hypothesis **H_{o5a}** was rejected when the predictor variable for locus of planning was ability to involve the owner in planning and measured against sales growth as the measure for firm performance with significant negative relationship (Table 18).

Bearing in mind that the study was carried out during a period of political and economic instability (Kenyan post-election crisis and the global economic

meltdown of the 2007-2008) and thus the enterprises had to be entrepreneurial, innovative and take risks to survive thus the influence on sales, employee growth, attitude towards ROA and ROE. Accordingly, a deep locus of planning may necessitate providing a large number of employees with access to proprietary information and other sensitive data. This access increases the likelihood of a breach of confidentiality, which may damage a firm's competitive stature.

Table 18: Summary of Results of Hypotheses Tested

Hypo. No.	Hypotheses (Relationship of following measures with the elements of Firm Performance shown in Columns a-f	FIRM PERFORMANCE					
		ROA (a)	ROE (b)	Sales growth (c)	Employee growth (d)	Attitude towards ROA (e)	Attitude towards ROE (f)
H_{o1}	Entrepreneurial oriented	a	a	a	***R***+	***R***+	a
H_{o1a}	Risk taking ability	a	a	***R***+	a	a	a
H_{o1b}	Proactiveness	a	a	a	a	a	a
H_{o1c}	Innovativeness	a	a	a	a	a	***R***+
H_{o2}	Scanning intensity	a	a	a	a	a	a
H_{o2a}	Scanning media	a	a	a	a	a	a
H_{o2b}	Scanning frequency	a	a	a	a	a	a
H_{o3}	Planning flexibility	a	a	a	a	a	a
H_{o3a}	Economic changes	a	a	a	a	a	a
H_{o3b}	New technology	a	a	***R***+	a	a	a
H_{o3c}	Unexpected opportunity	a	a	a	a	a	a
H_{o3d}	Customer needs shifts	a	a	a	a	a	a
H_{o3e}	New competition	a	a	a	a	***R***+	a
H_{o3f}	Suppliers strategies changes	a	a	a	a	a	a
H_{o3g}	Government regulations	a	a	a	a	a	a
H_{o3h}	Unexpected threats	a	a	a	a	a	a
H_{o3i}	Political developments	a	a	a	a	a	a
H_{o3j}	Global changes	a	a	***R-***	a	a	a
H_{o4}	Planning Horizon	a	a	a	a	a	a
H_{o4a}	Less than 1 year	a	a	a	a	***R***+	a
H_{o4b}	1 – 3 years	a	a	a	a	a	a
H_{o4c}	3 – 5 years	a	a	a	a	a	a
H_{o4d}	Over 5 years	a	a	a	***R***+	a	a
H_{o5}	Overall Locus of planning	a	a	a	a	a	a
H_{o5a}	Owner involvement	a	a	***R-***	a	a	a
H_{o5b}	Top management involvement	a	a	a	a	a	a
H_{o5c}	Other employees' involvement	a	a	a	a	a	a

Note: $p<0.05$

a - *Null Hypothesis accepted*

R+ - *Null Hypothesis Rejected, Positive relationship,*

R- - *Null Hypothesis Rejected, Negative relationship*

4.3. Entrepreneurs' Characteristics, ESPP and Firm Performance

Objective 2: Determine the influence of entrepreneurs' age and their education level on ESPP and performance of women led SMEs in Kenya.

4.3.1 Empirical Findings on Entrepreneurs' Characteristics

In this study the largest proportion of women entrepreneurs (76%) were between 22 and 48 years (Figure 5.below). Among the respondents the age of the entrepreneurs ranged from 22 to 69 years with the average age being 42 years and standard deviation of 9.1 years, most (72%) of the women entrepreneurs were married with the remaining 28% being single. Of these single women entrepreneurs, 12% were never married, and the remaining 16% were widowed, separated or divorced.

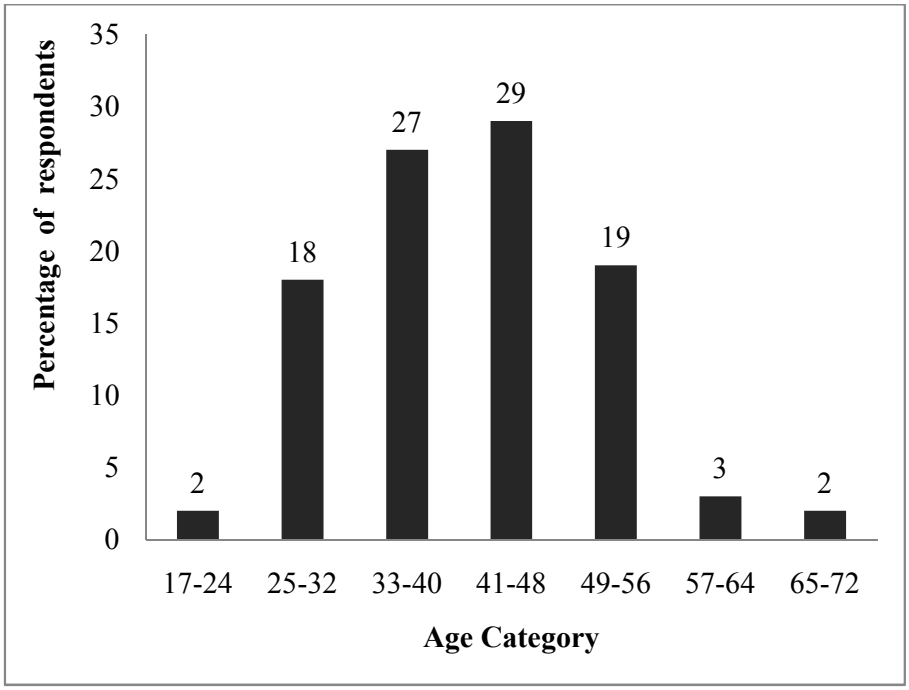


Figure 5: Entrepreneurs' Age

In this study as indicated on figure 6 below, the respondents had attained basic education of at least primary level. The majority (44%) had a college diploma, with 19% having a university education.

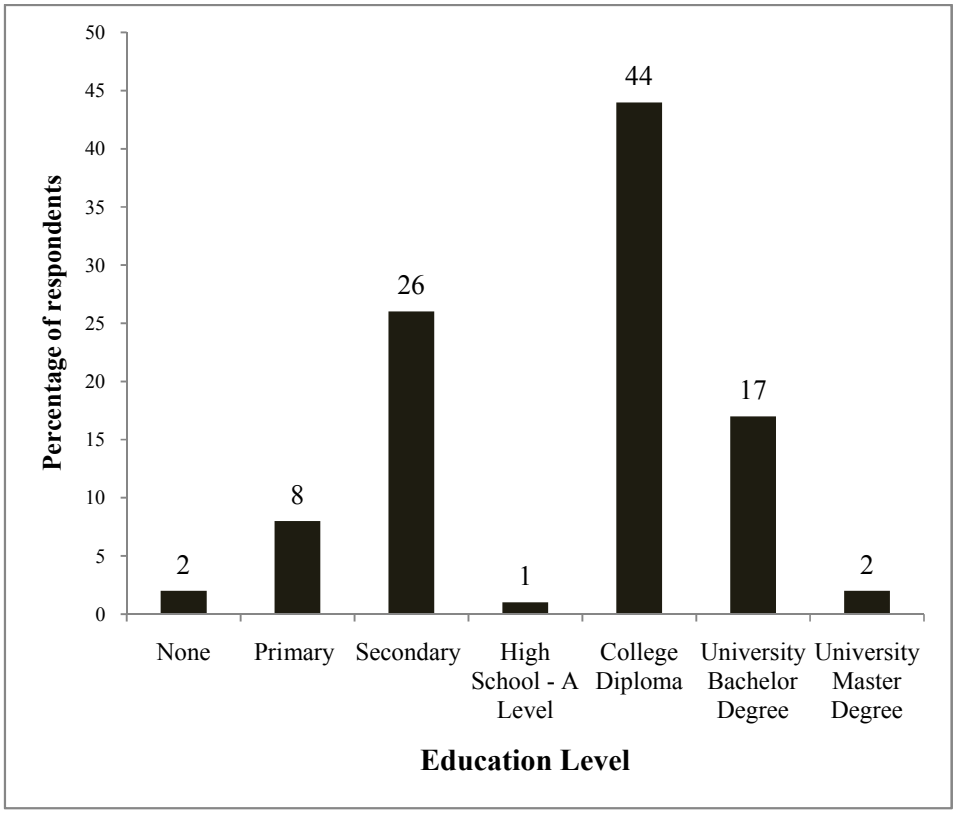


Figure 6: Entrepreneurs' Education Level

4.3.2 Interaction Analysis of Entrepreneurs' Characteristics on ESPP and Firm Performance

To address the specific objective 2, a detailed hypothesis was developed on the relationships on the following; entrepreneurs' characteristics (age and education), entrepreneurial strategic planning practices, that is EO (Entrepreneurial Orientation), SI (Scanning Intensity), PF (Planning Flexibility), PH (Planning

Horizon), LP (Locus of Planning) and enterprise performance. Firm performance was measured by profitability, enterprise growth (sales and employee) over a period of 5 years and attitude towards profitability. Univariate ANOVA (UNIANOVA) analysis model 2 (Appendix 7) with factor interactions was conducted to test the null hypothesis ($\mathbf{H_{o7}}$ below) where relationship interactions were established between entrepreneurs' characteristics, entrepreneurial strategic planning practices and the performance of the enterprises. UNIANOVA procedure provides regression analysis and analysis of variance for the dependent variable (entrepreneurial strategic planning practices and firm performance) by one or more factor interactions of entrepreneurs' characteristics. To analyze the interaction effect of each of the dependent variables, in this case entrepreneurial strategic planning practices and firm performance by the independent variables (entrepreneurs' age and education), the tests of between-subjects effects estimated marginal means (EEMM) was conducted and profile plot graphs used to represent the results.

$\mathbf{H_{o7}}$: The entrepreneurs' characteristics (age and education) or their interactions have no significant influence on the entrepreneurial strategic planning practices and performance of Women-led SMEs in Kenya.

The Table 19 below shows the results of the interaction of the UNIANOVA analysis conducted that examined the effect of entrepreneurs' characteristics namely their age and education levels on the attitudes on the usage of entrepreneurial strategic planning practice. There was significant interaction between the effects of age of entrepreneur on locus of planning as shown by the results (F = 2.709,

p-value= 0.020), education of entrepreneur on locus of planning (F = 5.405, p-value = 0.000), both had a goodness of fit of 68%. Entrepreneurs' education on entrepreneurial orientation had F = 3.075, p-value = 0.033 and goodness of fit of 55%. The interaction that examined the effect of entrepreneurs' characteristics namely their age and education levels on the firm performance revealed that there was a significant interaction between the effects of both age and education on return on assets (F = 2.298, p-value = 0.021 and goodness of fit of 53%), age of entrepreneur on the attitude towards return on equity (F = 2.664, p-value = 0.022 and goodness of fit of 50%) and entrepreneurs' age on attitude towards return on assets. (F = 2.793, p-value = 0.017 and goodness of fit of 46%).

Table 19: UNIANOVA Results for Tests of Between-Subjects Effects for Entrepreneurs' Characteristics, ESPP and Firm Performance

Interaction Variables	Dependent Variable	R^2	F	p-value
Entrepreneurs' Characteristics and ESPP				
Age	Locus of Planning	0.681	2.709	0.020
Education	Locus of Planning	0.681	5.405	0.000
Education	Entrepreneurial Orienta-tion	0.545	3.075	0.033
Entrepreneurs' Characteristics and Firm Performance				
Age x Education	ROA	0.532	2.298	0.021
Age	Attitude towards ROE	0.500	2.664	0.022
Age	Attitude towards ROA	0.462	2.793	0.017

Note: $p<0.05$

Profile plots for effects estimated marginal means (EEMM, significant at 0.05 levels) of overall entrepreneurial strategic planning practices by entrepreneurs' age and education (Figure 7), indicate that despite the fact that the entrepreneurs with primary school education were not represented at the 33-40 years age bracket, their attitude towards entrepreneurial strategic planning practices deteriorated with age, so that the oldest age group (49-56 years) had the lowest (EEMM ≈ drop from 4.0 to 3.0) towards ESPP. However, for entrepreneurs with secondary and A-Level education, the attitude towards ESPP dropped at the 33-40 years of age (EEMM≈ drop from 3.6 to 3.4) but improved as they got older (EEMM ≈ rise from 3.4 at 33-40 years to 3.8 at 49-56 years).

Profile plots for EEMM (significant at 0.05 levels) of firm performance by entrepreneurs' age and education (Figure 8), indicate that firm performance of the entrepreneurs with primary education worsens (EEMM ≈ drop from 78 to 70) as the entrepreneurs get older while compared to those with higher education. The performance of enterprises owned by entrepreneurs with college education is significantly high (EEMM ≈ 80) at the age of 25-32 years but significantly low (EEMM ≈ 72) for those with secondary education at the same age. However, this trend reverses as they get older (33-40 years) since the entrepreneurs with college education perform significantly poorer (EEMM≈ 70) but only so for that age since the performance improves (EEMM≈ 77) during the 41-48 years of age. These firms' performance then converges (EEMM≈ 70) at the age of 49-56 years.

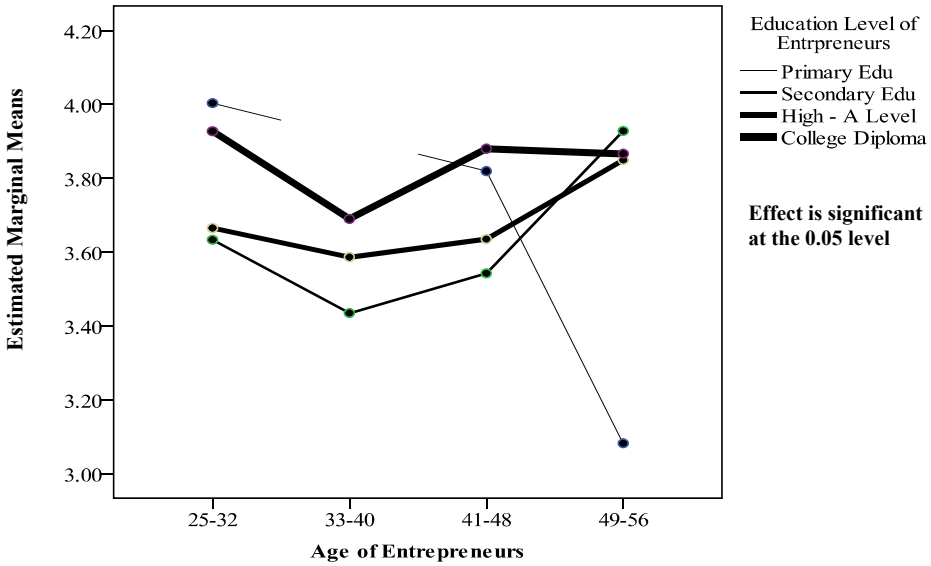


Figure 7: Profile Plots for Effects Estimated Marginal Means of ESPP by Entrepreneurs' Age and Education Level

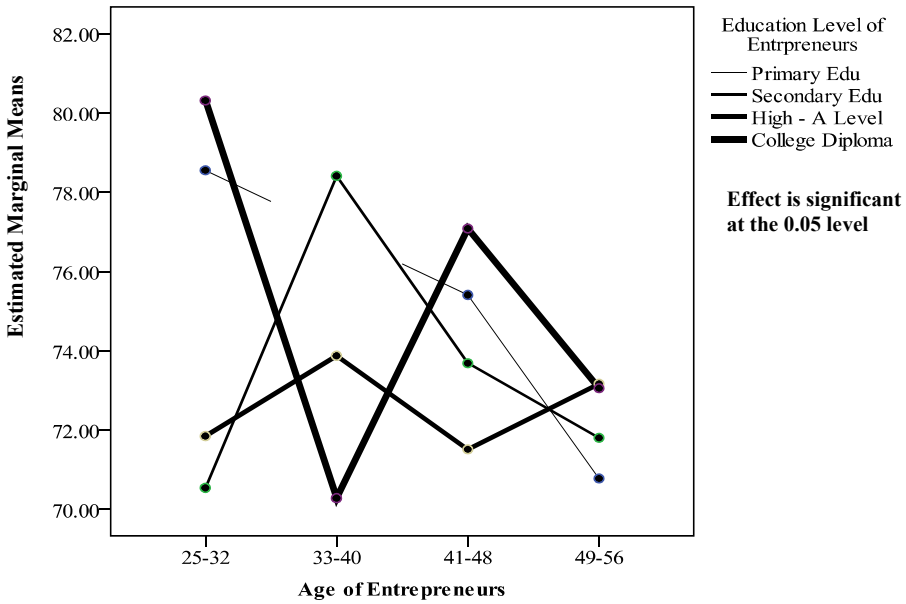


Figure 8: Profile Plots for Effects Estimated Marginal Means of Firm Performance by Entrepreneurs' Age and Education Level

4.3.3 Discussion of Findings for Entrepreneurs' Characteristics, ESPP and Firm Performance

This section discusses the research findings presented in the previous section and based on the study objective 2 that focuses on the influence of entrepreneurs' age and their education on the entrepreneurial strategic planning practices and performance of women led SMEs in Kenya.

According to Langowitz and Minniti, (2007), women are more entrepreneurially active between 25 and 34 years. This study finding concurs with this observation since among the respondents the age of the entrepreneurs ranged from 22 to 69 years. However, the authors indicate that the entrepreneurial vigor when measured by the numbers engaging in entrepreneurship according to their age decreases but this study shows that instead of decreasing the number increases with the average age being 42 years and standard deviation of 9.1 years, (Figure 5). In this study 90% had an education above the basic primary school education (Figure 6) which is an important indicator of the importance laid on education as a basis for growth and as Ellis et al, (2007) indicate, education is vital for the performance of any enterprise since it influences the ability to think critically. This is also supported by the study taken by Swinney et al (2006) who pointed out that female entrepreneurs with a college degree reported highest firm performance and therefore recommended that aspiring women entrepreneurs should be encouraged to take higher education as it translates into higher and stronger future business performance.

The null hypothesis below was developed to test the relationships on entrepreneurs' characteristics, entrepreneurial strategic planning practices and firms' performance.

H_{o7}: The entrepreneurs' characteristics (age and education) or their interactions have no significant influence on the entrepreneurial strategic planning practices and performance of Women-led SMEs in Kenya

When interactions were tested between entrepreneurs' characteristics and entrepreneurial strategic planning practices, the hypothesis was rejected since there was significant interaction between entrepreneurs' age and locus of planning, entrepreneurs' education and locus of planning as well as entrepreneurs' education and entrepreneurial orientation (Table 19). This implies that the respondents' age and education were important factors to consider when deciding the depth of employee involvement in the firms' strategic planning activities (locus of planning) an outcome shared by Singh et al, (2001). When the interactions were tested, entrepreneurs' characteristics and firms' performance, the hypothesis was rejected since there was significant interaction between both entrepreneurs' age and education on return on assets, entrepreneurs' age on both attitude towards return on assets and equity. As poised by Dela-Giusta and Phillips, (2006), this means that both age and education have had a significant impact on the profitability of the enterprises when measured as return on asset and eventual competitive advantage positioning..

Profile plots for effects estimated marginal means (EEMM), of overall entrepreneurial strategic planning practices by entrepreneurs' age and education (Figure 7), indicate that education is significantly important for the implementation of entrepreneurial strategic planning principles. The Profile plots for EEMM of firm performance by entrepreneurs' age and education (Figure 8), indicate that as the

women entrepreneurs get older and mature the difference in performance of their enterprises narrows down and stabilizes. This is exhibited by an EEMM difference ≈ 10 at the younger age (25-32 years) as compared to the EEMM difference ≈ 1 at 49-56 years irrespective of education which is consistent with Langowitz and Minniti, (2007) who indicate that for women, the most entrepreneurially active age had been shown to be between 25 and 34 years of age and declining thereafter..

4.4. Enterprises' Characteristics, ESPP and Firm Performance

Objective 3: Determine the influence of enterprises' legal status, age and size on ESPP and performance of women led SMEs in Kenya.

4.4.1 Empirical Findings for Enterprises' Characteristics

Enterprises' Characteristics: The study results show that out of the 128 enterprises in the survey, 93 enterprises (73%) were small sized enterprises with 10 to 49 full time employees while 35 enterprises (28%) were medium sized enterprises with 50 to 99 full time employees (Table 20). These enterprises were distributed in the following subsectors; agro-based (33%), services (27%), trade (22%) and other industry (18%). Agro-based sub-sector had the largest proportion of enterprises (23%) as small scale enterprises and 10% medium sized enterprises, followed by services (21%) as small scale enterprises and 6% medium sized enterprises and Trade (16%) as small scale enterprises and 6% medium sized enterprises.

Table 20: Sub-Sector and Size

Subsector (n= 128)						
	Agro-based Industry (n=42)	**Other Industry (n=23)**	**Services (n=35)**	**Trade (n=28)**	**Total**	**Total**
Enterprise Size	%	%	%	%	n	%
Small Size Enterprise	23	13	21	16	**93**	**73**
Medium Size Enterprise	10	5	6	6	**35**	**27**
Total	**33**	**18**	**27**	**22**	**128**	**100**

The enterprises were sampled from various zones (Table 21) of which Kiambu had the largest proportion of enterprises drawn from agro-based subsector (14%), followed by Nairobi area with enterprises drawn from the service subsector (9%) followed closely by Ngong also with enterprises drawn from the service subsector (8%). The smallest proportion of enterprises was in Kiambu drawn from service subsector (1%). The largest proportion of small scale enterprises was drawn from Nairobi (16%), Kiambu (15%) and Ngong (13%) while the largest proportion of medium scale enterprises was drawn from Kiambu (8%) and 5% for each of Thika, Ngong and Limuru zones. Most (52%) of the enterprises were largely sole proprietorships with the largest proportion being drawn from the service sector (18%) and being small scale enterprises (34%) while registered limited companies were the least (14%) with other industry subsector having no enterprise in this category.

Table 21: Enterprises' Location, Legal Status and Age

Firm Characteristics	Business Subsector					Enterprise Size		
n=128	Agro-based (%)	Other (%)	Service (%)	Trade (%)	Total (%)	Small Size (%)	Medium Size (%)	Total (%)
1. LOCATION								
Zone A - Nairobi	2	2	9	5	**18**	16	2	**18**
Zone B - Kiambu	14	5	1	3	**23**	15	8	**23**
Zone C - Limuru	5	2	2	5	**14**	9	5	**14**
Zone D - Ngong	6	2	8	2	**18**	13	5	**18**
Zone E - Athi River	2	4	3	2	**11**	9	2	**11**
Zone F - Thika	4	3	4	5	**16**	11	5	**16**
2. LEGAL STATUS								
Sole Proprietorship	13	10	18	11	**52**	34	18	**52**
Partnership	12	8	5	9	**34**	27	7	**34**
Limited Company	8	-	4	2	**14**	12	2	**14**
3. ENTERPRISE AGE (Mean= 15 years, Std Dev= 5.505)								
6-10 Years	5	5	12	6	**28**	21	7	**28**
11-15 Years	12	2	10	6	**30**	22	8	**30**
16-20 Years	8	6	2	9	**25**	18	7	**25**
21-25 Years	5	4	2	1	**12**	9	3	**12**
26-30 Years	2	1	1	-	**4**	2	2	**4**
31-35 Years	1	-	-	-	**1**	1	-	**1**

Only 2% of the enterprises in the survey were limited companies and medium sized. Most (58%) of the enterprises have been in operation in Kenya for between 6 and 15 years with 22% being small scale enterprises and had been in operation for 11-15 years. Majority of these enterprises were drawn from the service and agro-based

subsectors (12% each). Only 1% of the enterprises had been in operation for more than 31 years and was from the agro-based subsector.

Top Management Characteristics: Among the 128 top managers of the enterprises in this study, 41% were drawn from the management department, 34% were owner-managers, and 16% were from the technical department while 9% were business assistants. A majority (73%) of the top managers was women, 74% had attained an education of college diploma and above which is important for the enterprises since the top management can comprehend strategic issues and 66% were married. On capacity building, 70% had received training in management aspects with 60% of them stating that the training had been facilitated by the entrepreneurs. Business administration and leadership (24%), financial management (14%) and entrepreneurship (10%) were the main areas in which skills had been acquired. Other areas of training included resource mobilization, marketing management, business legal issues, technical and technology use, quality management, customer care and human resource management.

Employee Characteristics: Of the 384 employees in this study (3 employees from each of the 128 women-led enterprises), 45% held technical positions and 12% were in sales and marketing while 15% were unskilled support staff. On marital status of the employees, 35% were married while 65% were single. Many (60%) of the enterprises preferred employees who had never married for strategic time management reasons with the remaining 5% having been separated, widowed or divorced. Many of the employees (71%) had been employed for a short period of time (1-4 years) with the longest serving (17-20 years) employees taking a mere

1%. The women entrepreneurs preferred employing women (53%) with a basic primary level education for only 2% had no education. Of the employees, 39% had a college diploma while 37% had attained secondary school education as compared to only 5% who had a university degree. A mere 3% had additional professional achievements in the form of a post graduate diploma, certificates in Certified Public Accountant (CPA) and Cisco Certified Network Associate (CCNA).

As regards capacity building in management skills, 41% of the employees indicated that they had received training while working in their respective enterprises of which 46% of these employees had the training facilitated by their employers with the main reason being that the enterprises needed the skills for enhanced performance. The main areas trained in included product development as a means for Research and Development (R&D), operations and quality management (20%), business administration (16%) and financial management (12%). A majority (80%) of the employees trained, were satisfied with the training received in that it was relevant to the jobs they did, it helped them appreciate the skills and thus perform their duties.

4.4.2 Interaction Analysis for Enterprises' Characteristics, ESPP and Firm Performance

The hypothesis that needed to be investigated is spelt out as guided by the research question 3: Did enterprises' characteristics significantly influence the use of entrepreneurial strategic planning practices and firm performance among women-led SMEs in Kenya?

To answer this question, a detailed hypothesis was developed on the relationships of the following: Enterprises' characteristics (legal status, enterprises' age and size), entrepreneurial strategic planning practices (Entrepreneurial Orientation, Scanning Intensity, Planning Horizon, Planning Flexibility and Locus of Planning) and enterprise performance. Univariate ANOVA (UNIANOVA) analysis model 2 (Appendix 7) with factor interactions was conducted to test the null hypothesis ($\mathbf{H_{o8}}$ below) where relationship interactions were established between enterprises' characteristics (size, age and legal status) as independent variables, entrepreneurial strategic planning practices and the performance of the enterprises as dependent variables. The tests of between-subjects effects estimated marginal means (EEMM) was conducted and profile plots graphs used to represent the results.

H_{o8}: The enterprises' characteristics (size, age and legal status) or their interactions have no significant influence on the entrepreneurial strategic planning practices and performance of Women-led SMEs in Kenya.

Table 22 below reveals that the results of the interaction of the UNIANOVA analysis conducted that examined the effect of enterprises' characteristics namely size, age and legal status on the attitudes on the usage of entrepreneurial strategic planning practice. There was significant interaction between the effects of both age and legal status of enterprises on locus of planning as shown by the results (F = 3.373, p-value = 0.006 and a goodness of fit of 60%) and both age and size of enterprises on planning horizon (F = 3.226, p-value = 0.026 and had a goodness of fit of 47%). All the constructs of enterprises' characteristics that is age, size and

legal status had significant interaction on planning flexibility as highlighted by F = 3.533, p-value = 0.035 and had a goodness of fit of 58%. This implies that 58% of the variation in planning flexibility can be explained by the legal status, age and size of the enterprise.

Table 22: UNIANOVA Results for Tests of Between-Subjects Effects for Enterprises' Profile, ESPP and Firm Performance

Interaction Variables	Dependent Variable	R^2	F	p-value
Enterprises' Characteristics and ESPP				
Legal Status x Age	Locus of Planning	0.596	3.373	0.006
Age x Size	Planning Horizon	0.469	3.226	0.028
Legal Status x Age x Size	Planning Flexibility	0.576	3.533	0.035
Enterprises' Characteristics and Firm Performance				
Size	ROA	0.523	5.308	0.024
Age x Legal Status	Employee Growth	0.527	3.265	0.007

Note: p<0.05

The interaction that examined the effect of enterprises' characteristics namely size, age and legal status on the firm performance revealed that there was a significant interaction between the effects of both age and legal status of the enterprises on employee growth (F = 3.265, p-value = 0.007 and goodness of fit of 53%) and enterprise size on return on assets (F = 5.308, p-value = 0.024 and goodness of fit of 52%).

Profile plots for effects estimated marginal means (EEMM, significant at 0.05 levels) of overall entrepreneurial strategic planning practices by enterprises' size

and age (Figure 9), indicate that medium enterprises with 50-99 employees dropped in their attitude towards entrepreneurial strategic planning practices as they got older (EEMM ≈ drop from 3.9 at 6-10 years to 3.6 at 11-25 years) but improved later to EEMM ≈ 3.8.

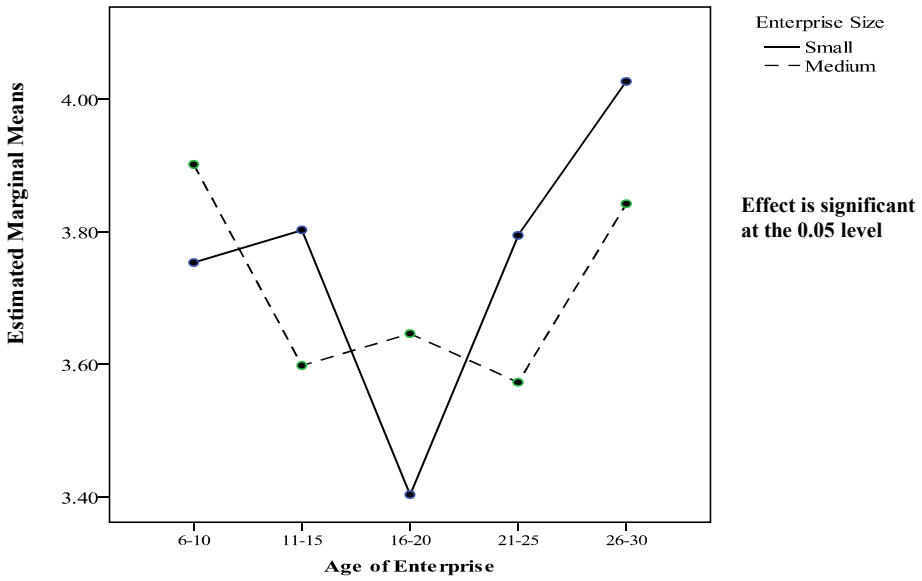


Figure 9: Profile Plots for Effects Estimated Marginal Means of ESPP by Enterprise Age and Size

Small enterprises with 10-49 employees, though at 6-10 years had EEMM ≈ 3.75 attitudes towards entrepreneurial strategic planning practices it rose slightly at 11-15 years but dropped greatly to EEMM≈3.4 at 16-20 years then rose sharply to EEMM ≈ 4.0 at 26-30 years.

Profile plots for EEMM (significant at 0.05 levels) of firm performance by enterprises' size and age (Figure 10), indicate that performance of the medium sized enterprises with 50-99 employees had improved in their performance as they got

older rising in performance from EEMM ≈ rise from 71 at 6-10 years to 82.5 at 21-25 years but dropped slightly to EEMM ≈ 81.0. The performance of the small enterprises with 10-49 employees fluctuated between EEMM ≈70 and 75. Therefore age did not matter much on the performance of the small enterprises.

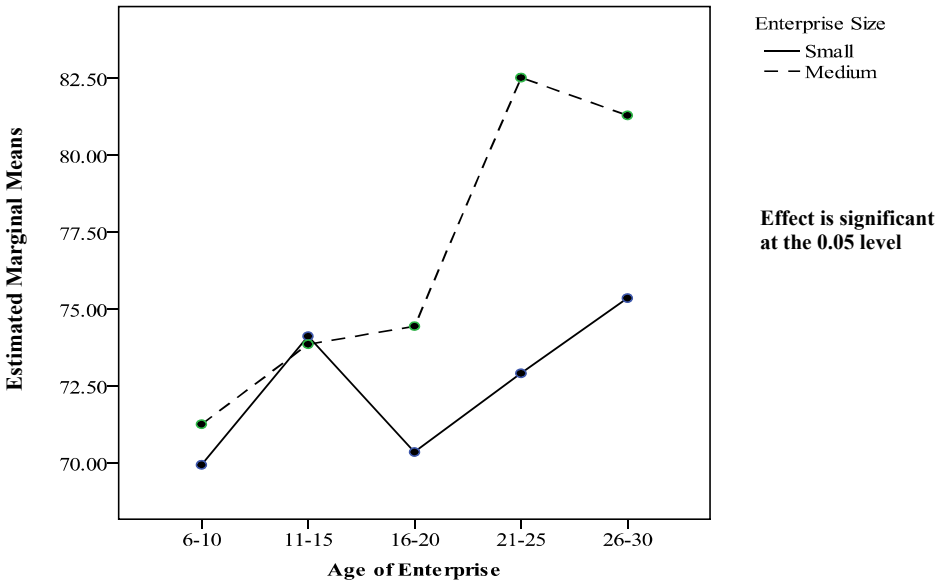


Figure 10: Profile Plots for Effects Estimated Marginal Means of firm Performance by Enterprise Age and Size

Looking at the profile plots for effects estimated marginal means (EEMM, significant at 0.05 levels) of overall entrepreneurial strategic planning practices by enterprises' size and legal status (Figure 11), the attitudes towards entrepreneurial strategic planning practices improved as the enterprises moved from the more informal business formation, that is sole proprietorships EEMM≈3.55, partnerships EEMM≈3.75 and limited companies EEMM≈3.85.

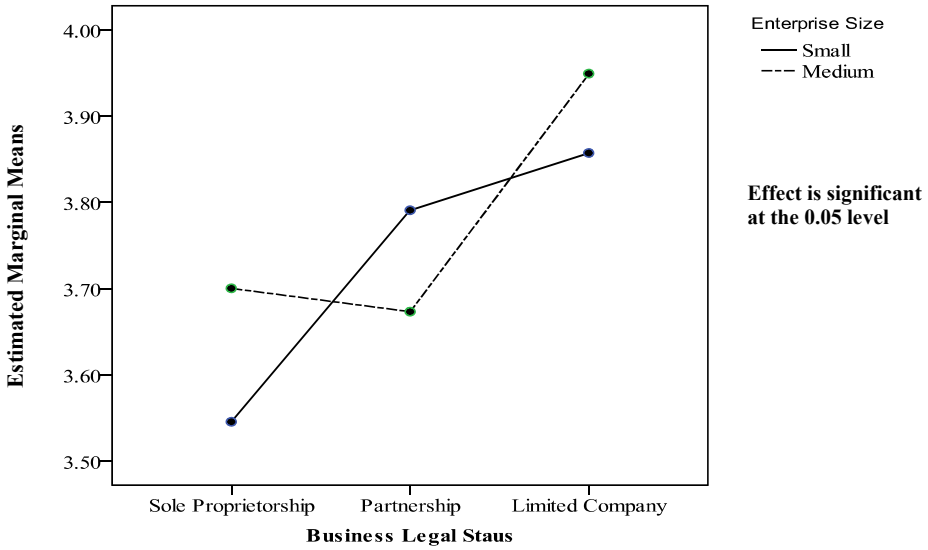


Figure 11: Profile Plots for Effects Estimated Marginal Means of ESPP by Enterprise Size and Legal Status

However, for the medium enterprises with 50-99 employees though the sole proprietorships have a high EEMM≈3.7 when compared to the small enterprises, the partnership drop slightly to EEMM≈3.68 which is lower than the small enterprises. Medium scale enterprises that were limited companies have the highest EEMM≈3.95

The profile plots for effects estimated marginal means (EEMM, significant at 0.05 levels) of enterprises' performance by enterprises' size and legal status (Figure 12), show that the both the small and medium scale enterprises improved in their performance as their legal status became more formal from sole proprietorships to partnerships but this improvement in performance dropped for the limited companies.

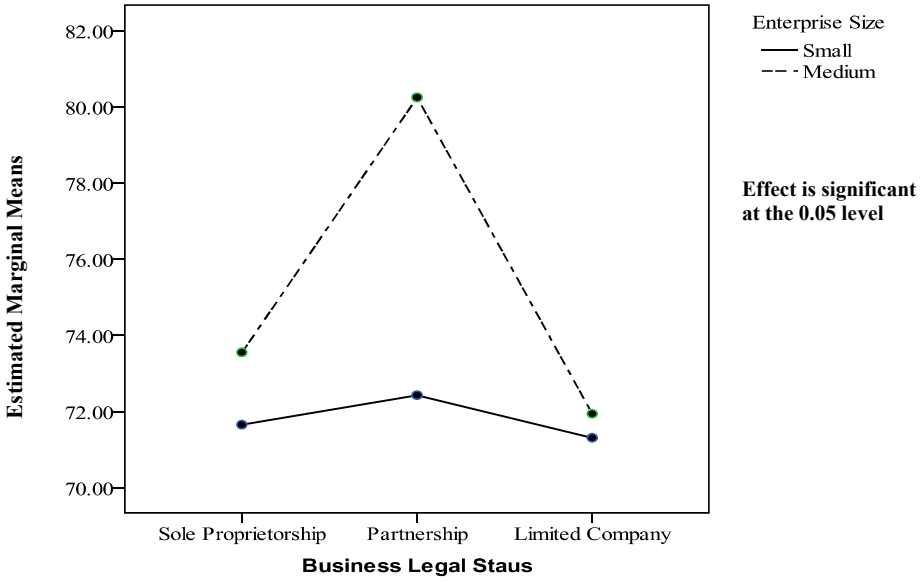


Figure 12: Profile Plots for Effects Estimated Marginal Means of Firm Performance by Enterprise Size and Legal Status

The highest performance is seen among medium sized enterprises with an EEMM≈80. The lowest performance is seen among the small sized sole proprietorships and small sized limited companies both with EEMM≈71.

4.4.3 Discussion of Findings for Enterprises' Characteristics, ESPP and Firm Performance

The following section discusses the research findings presented in the previous section and on the study objective 3 that focuses on the influence of enterprises' age, size and legal status on the entrepreneurial strategic planning practices and performance of women led SMEs in Kenya.

As is indicated in the Kenya Economic Survey Report of 2009 a large number of enterprises in Kenya are small sized, are engaged in agriculture based and this is reflected in the study since of the 128 enterprises involved in this study, 73% were small scale enterprises, 33% were from the agro-based industry, 23% were sampled from Kiambu, 52% were sole proprietorships and 30% had 11-15 years of operation in Kenya. The information also shows that the enterprise mean age was 15 years with a standard deviation of 5.505 years. A majority (73%) of the women entrepreneurs preferred women top managers and 70% had received training in various areas of business management. Most of the enterprises favored a younger workforce where an overwhelming 80% of the employees were aged between 18-32 years (mean age was 28 years) with the oldest being 56 years who are good agents of growth and change in enterprises according to Paton and McMalman (2008). Majority 20% of the 384 employees were trained in product development. However, a small proportion of the employees (only 9%) were trained in entrepreneurship, 8% in technical and technological use, 8% in leadership skills and 5% in marketing management yet these were areas they felt needed further training with the reason given being that the skills were vital for their performance and overall enterprise growth.

The null hypothesis below was developed to test the relationships on enterprises' characteristics, entrepreneurial strategic planning practices and firms' performance.

H_{o8}: The enterprises' characteristics (size, age and legal status) or their interactions have no significant influence on the entrepreneurial strategic planning practices and performance of Women-led SMEs in Kenya.

When interaction was tested for this hypothesis between enterprises' characteristics and entrepreneurial strategic planning practices, the hypothesis was rejected when there was significant interaction between both legal status and age on the locus of planning, age and size on planning horizon and all three, legal status, age and size on planning flexibility (Table 22). These findings are in agreement with the study by Morris et al (2006) that women-led enterprise growth is a result of flexibility in planning which is a product of various enterprise factors such as its legal status, age and its size. The interaction that examined the effect of enterprises' characteristics, namely, size, age and legal status on the firm performance revealed that there was a significant interaction between the effects of both age and legal status of the enterprises on employee growth and size on return on assets which is also reflected by Manolova et al, (2008). This means that enterprises' size, age and legal status have had no significant impact on the profitability of the enterprises when measured as return on equity and sales growth. Profile plots for effects estimated marginal means (EEMM) of overall entrepreneurial strategic planning practices by enterprises' size and age (Figure 9), indicate that there was significant interaction of age and size for entrepreneurial strategic planning practices between 6-10/ 11-16 years, 11-16/16-20 years and 16-20/ 21-25 years which was consistent with the findings of Ellis et al, (2007) that higher level of sales was associated with a greater desire for high levels of growth irrespective of age and size.. However, there was no significant interaction between size and legal status of enterprise (Figure 12) on firms' performance and therefore this hypothesis is accepted.

4.5. Strategic Management Process Elements, ESPP and Firm Performance

Objective 4: Establish the moderating influence of strategic management process elements on ESPP and firm performance among women led SMEs in Kenya.

4.5.1 Descriptive and Empirical Findings on Strategic Management Process Elements and Firm Performance

An index of 91.4 (Table 23) shows that the most of the top management were positive about strategic management processes setting the business vision, mission, objectives, implementation strategies, monitoring and evaluation.

A positive index of 82.2 indicates that the management is in agreement as regards the reasons that necessitate the enterprises to have a vision and a mission. These reasons range from meeting customer needs for quality, advancement in technology, completion both local and international, environmental concerns, emergence of economic trading blocks to business pressure to have one. The attitude of the top management regarding implementation of the vision, mission, objectives and strategies is also positive (index of 85.9).

This laid emphasis on direct supervision with simple centralized organization; standardized work processes, skills and tasks of core staff, outputs and products; and mutual staff support and maintenance culture. Monitoring and evaluation of performance was also found to be very well embraced by the top management (index 94.5).

Table 23: Top Management attitude towards Strategic Management Process Elements

Top Management Statistics (n = 128)	Index	Mean Rating	Std. Dev
Strategic Management Process	91.4	4.1693	0.577
Reasons for Strategic Management	82.8	3.8817	0.638
Implementation of strategic management	85.9	4.1000	0.640
Evaluation of strategic management	94.5	4.1547	0.469
Meeting predetermined objectives of strategic management	78.9	4.1016	0.813
General strategic management	92.2	4.0679	0.446

Note: Reliability α – Strategic Management Process Elements = 0.871

Evaluation was carried out so as identify employee level of job performance with the aim of improvement; enhance service delivery; provide information for future planning; control cost with aim of improving profits and market share; and for training needs assessment.

The entrepreneurs in this study when asked about the vision of the business at the start-up phase gave market and customer related (45%) vision statements as the core to their businesses. These included provision of quality products and services to the customers, getting and maintaining a share in the market, providing products that were affordable to the market as a market entry strategy and being the best among the competitors in the market. Growth related (28%) vision statements were also

cited as a major drive at the start-up. This encompassed wanting to start small and grow, engaging in enterprises that were not labor intensive and growing them into larger enterprises and becoming linkages either backward or forward for other enterprises.

Visions that focused on the financial aspects of the entrepreneur and the business (27%) were also mentioned with the focus on starting businesses that provided sustainable income, meeting financial obligations of the entrepreneur both personal and for the enterprise, providing employment for the entrepreneur, the immediate family and relatives as well as to the community and becoming wealthy by creating wealth through the enterprise to the society. The considerations the entrepreneurs had when they set the above visions at start-up varied; 17% stated that there was rapid growth in their respective industries and expectations of good results, 15% of the entrepreneurs had ready markets for their products and services and were in favorable locations. Other considerations included unfavorable competitors' products and pricing strategies, personal considerations such as getting rich, leaving an inheritance for the children, getting personal subsistence and having what it required to be an entrepreneur in terms of skills, knowledge and right attitude.

Of the 128 entrepreneurs in the study, slightly over half of them (51%) stated that the business vision had changed over time. The instigating reasons for this change were given as rapid changes in the industry (18%); the entrepreneurs had had a better understanding of the business compared to at start-up (16%); the political-economic crisis that faced the country in the 2007-2008 period (14%), profitability

(13%), while scarcity and increases in the prices of raw materials was reported be 10%. Other factors that were mentioned were growth in the market size and stiff competition. With these changes in the statements of vision, the current vision statements were centered on becoming bigger producers (21%), expanding local market share (18%), diversification (16%), improvement on quality of products and services (14%) improvement on prices as a tool for competitive advantage (12%) while others were to sustain current market size and expand into the international market. The entrepreneurs whose vision had not changed over time provided the first reason for this as the old vision still being relevant (58%) and the second that they had seen no need to change the vision.

On recording plans by writing them down, 55% the entrepreneurs indicated that this was carried out routinely. A majority (41%) of these entrepreneurs explained that this assisted the business clarify the business objectives and therefore get focused, 27% stated that this provided a roadmap for goals achievement as well as serve as a tool for prioritizing objectives and 20% indicated that this provided a bench-mark for progress. On the other hand, of the 45% who had not written their plans said they had not seen the need to write them since they had the plans in their minds and thus could implement them without writing (63%), 21% of them never thought about writing the enterprises' plans and 13% had no time to put their plans on paper. However, there was a minority 3% who stated that they lacked in plan writing skills.

Of the 384 employees, 49% stated that that they were aware of the vision and mission statements of the enterprise with 22% stating that the vision was to expand their existing local market share, 21% as production and provision of quality products and services to the market and 17% as enterprises being competition leaders. The remaining 51% that stated that they were not aware of the vision and the mission statements of these, 55% alleged that they had never been told the vision and the mission of the business and they were not proactive in gathering information on the same, 21% stated that they were never interested in getting to know either the vision or the mission statement, 11% were not aware that the two existed and 5% were sure that the enterprise did not have both a vision and mission statement. Communication is core for the implementation of plans and its effectiveness is affected by the method used in communication and communication styles.

Table 24: Most Common Communication Mode as Perceived by the Entrepreneurs and the Employees.

Communication	Entrepreneurs (%)	Employees (%)
Formal meetings	79	53
Informal meetings	89	66
Telephone	98	54
Internet	22	12
Memos	30	20

As indicated in Table 24 above, informal and less structured methods of communication was indicated by 66% of the employees who stated that informal

meetings were the most common method of communication. The study also indicated that 54% of the employees stated that the telephone was the most used commonly mode of communication. This was echoed by the entrepreneurs for almost all the entrepreneurs (98%) stated that they use the telephone and informal meetings (89%) as the favorite modes of communication which are more participative and process oriented and they consider a wider range of strategic options and practices.

4.5.2 Moderation Analysis for Strategic Management Process Elements, ESPP and Firms' Performance

H_{o6}: Enhanced strategic management did not significantly moderate between the usage of entrepreneurial strategic planning practices and firm performance among women-led SMEs in Kenya.

To test the above hypothesis, sequential moderated multiple regression (MMR) model (Model 3) was used to establish the estimate interaction effect and test the moderating effect of strategic management between entrepreneurial strategic planning practices and firm performance.

The MMR statistical model was given as:

$$Y = a + bX + cZ + dX*Z + \varepsilon \quad \text{(Model 3)}$$

Where

Variable ***Y*** was the aggregate enterprise performance response variable which in this case was aggregated from Return on Assets, Return on Equity, Sales growth an Employee growth.

Variable ***X*** was aggregate entrepreneurial strategic planning responses. These were aggregated from EO, SI, PF, PH and LP.

Variable ***Z*** was the hypothesized moderator (Strategic Management process elements) of relationship between variables ***X*** and ***Y***

The equation shows ordinary least squares (OLS) regression equation that tests the model predicting ***Y*** for first order effects of ***X*** and ***Z.***

a is the least squares estimates of the intercept

b is least squares estimates of the population regression coefficient for ***Z***

d is the coefficient of ***X*Z***

ε is the error term.

Using MMR to estimate the effect of a moderator variable ***Z*** on the ***X-Y*** relationship involves a regression equation that includes ***Y*** as a criterion, and ***X*** and ***Z*** as predictors. In addition, the MMR equation includes a third predictor consisting of the ***X*Z*** product. This product term carries information regarding the ***X*** by ***Z*** interaction. Rejecting the null hypothesis that the coefficient of the product term, ***d***= 0 indicates the presence of a moderating or interaction effect.

As is indicated in Table 25 and results in Appendix 15, an addition of the interaction term did significantly increase the R^2, $F_{(1,124)}$ = 2.344 and the R^2 Change = 0.019. The resulting model goodness of fit was 0.020 and the interaction term is significantly different from zero = -0.191.

Table 25: Moderated Regression Analysis

VARIABLE	MODEL 1	MODEL 2	MODEL 3
Entrepreneurial Strategic Planning **(*X*)** *(Standardized coefficient β)*	-0.016 *(0.027)*	0.011 *(0.015)*	-0.033 *(0.013)*
Strategic Management Practices **(*Z*)** *(Standardized coefficient β)*		-0.047 *(0.006)*	-0.151 *(0.007)*
Interaction term (***X**Z***)			-0.191 *(0.005)*
R^2 Change			0.019
R^2		0.002	0.020
F Change			$2.344_{(1,124)}$

Note: p<0.05
Dependent Variable = Enterprise Performance
The p-value is in italics.

4.5.3 Discussion of Findings for Moderating Effect of Strategic Management Process Elements on ESPP and Firms Performance

This section discusses the research findings presented in the preceding section and lays foundation on study objective 4 that focuses on the moderating influence of

strategic management process elements on aggregated entrepreneurial strategic planning practices and firm performance among women led SMEs in Kenya.

Formal meetings between the owner and top management, top management and other employees and measuring performance against subjective principles as means for making sure that enterprise's employees and strategies meet predetermined objectives was also well accepted by the top management as is shown by the index of 78.9.

Of the 128 entrepreneurs in the study, slightly over half of them (51%) stated that the business vision had changed over time. Some of the instigating reasons for this change were given as rapid changes in the industry (18%); the entrepreneurs had had a better understanding of the business compared to at start-up (16%) and the political-economic crisis that faced the country in the 2007-2008 period; 55% indicated that they recorded their plans routinely and informal meetings were considered as an important means of communication by the employees while the entrepreneurs stated that telephone was the most favored communication mode by the entrepreneurs.

The null hypothesis below was developed to test the moderating effect of strategic management on entrepreneurial strategic planning practices and firms' performance.

H_{o6}: Enhanced strategic management did not significantly moderate between the usage of entrepreneurial strategic planning practices and firm performance among women-led SMEs in Kenya.

The final model with all variables standardized was:

Firm Performance = -0.033 *(p-value = 0.013)* (ESPP) -0.151 *(p-value = 0.007)* (Strategic Management) -0.191 *(p-value = 0.005)* (interaction of ESPP * Strategic Management)

Therefore, the null hypothesis was rejected since the interaction term was significantly different from zero. This implies that the strategic management process elements (having vision, mission statement, objectives, implementation strategies and evaluation) had a significant negative moderating influence on the usage of entrepreneurial strategic planning practices and therefore performance of firms. The effect is negative which could be explained by the fact that the environment in which the enterprises operated was volatile thus plans were made on the 'now' basis. This can also be supported by the study carried out by Poister and Streib (2005) though somewhat surprising that performance measured against strategic plans was more common as compared to performance measured against a comprehensive strategic management process. A deep locus of planning facilitates the strategic management process is that it maximizes the diversity of viewpoints that a firm considers in formulating its strategic plan as is indicated by Entrialgo, Fernández and Vázquez, (2000).

4.6. Causal Relationships between Existing ESPP and Firm Performance

Objective 5: Determine the strength of relationship between existing ESPP and firm performance among women-led SMEs in Kenya.

4.6.1 Empirical Findings on Existing ESPP

Entrepreneurial Orientation: Before venturing into business, the women entrepreneurs were drawn from various occupational backgrounds, 35% of them had come from highly specialized fields as science based technical personnel and computer specialists and 26% had come from management and secretarial backgrounds. There were those who had ventured in other businesses (16%) before getting into current businesses while 24% had not been in any form of economic activity having been either housewives or having been fresh graduates from school. Though the entrepreneurs gave varied reasons for getting into their current businesses, entrepreneurs' personal factors (28%) such as use of talents, interests, hobbies, learnt skills; gain personal satisfaction and fulfill a dream; love and passion for business were cited as the main reasons. Other reasons included monetary reasons (24%) such as getting into business as they were perceived to be profitable or simply to earn a living; influence from family and friends (23%) as businesses were inherited or left for the women to run by their families and 9% had reached retirement age or had been retrenched from formal employment. The top management had a better attitude on innovativeness, (index of 75) than the employees (index of 64). This implies that for the enterprises to perform, the leadership had to be confident and laid strong emphasis on R&D, provided

technological leadership and was innovative as new and dramatic lines of products were developed and taken to the market.

To the question on what motivates the entrepreneurs to remain in business, entrepreneurs' personal motivators (50%) such as personal satisfaction and fulfillment, passion for what they were doing, making use of talent, financial independence and need to achieve were cited as the main reasons. Monetary motivators (28%) such as good return in terms of profits and business related (22%) motivators such as customers being loyal, ease in running the business and exploitation of a business opportunity were given as the stimulants to remain in business.

Planning Horizon and Scanning Intensity: The goals set by the entrepreneurs for enterprises were looked at from five planning periods, 1 year, 2 to 3 years, 4 to 5 years, next 10 years and over 10 years.

Very short term goals: Looking at the 1-year period, the three main goals for the enterprises were production based (25%) with an emphasis on increased production volumes and advancement in R&D and technology use, financial based (22%) with a focus on controlling costs and improving profits and market based (21%) that were explained as competing in the local and international markets and increasing the market share.

Short term goals: For the period 2 to 3 years, production based (26%) and financial based goals (18%) were still the major goals. Social based goals (18%) were third

with an emphasis on environmental conservation and protection as well as engagement in corporate social responsibility.

Medium term goals: On the 4 to 5 years goals, focus lay on internal-processes based goals (22%) that regarded advancement in management processes and enhancement of employee performance as important, social based (20%), financial based and production based goals followed closely (17% each).

Long term goals: The goals that focus on the next 10 years, the main concern for the entrepreneurs was market centered with the major focal point being expansion and open new branches and compete effectively in the local market (35% each), expansion in their current localities (29%) and venturing into the international market (12%). This was followed by the goals concerned with production aspects such as diversification (24%) and being employers of choice by creating more employment opportunities (23%). On awareness of the projected goals for the enterprise for this period, 42% of the employees stated that they had no idea about 10 year goals and 25% stated that there were no 10 year goals for the enterprises. However, 32% of the employees were aware of these goals. Of these 16% stated geographical expansion as the main goal, other projected goals from the employees perspective were to meet and satisfy customer needs (8%), addition of stock and inventory (4%), improvement on profitability (3%) and to lead in competition (2%).

Very long term goals: Concerning goals that were looking at over 10 years, the attention was on the aspects of diversification (29%), becoming large producers

(26%), venturing into the international markets (25%) opening new local branches (19%) and maximization of profits (18%). The employees who were aware of the goals of the enterprise 10 for this period were much fewer (16%), with 6% stating the goal to be geographical expansion, market share expansion (4%), addition of stock and inventory (3%), improvement on profitability (2%) and meeting and satisfying customer needs (2%). However, 52% of the employees stated that they had no idea about these goals, 32% stated that there were no goals for the enterprises.

Planning Flexibility and Locus of Planning: When the employees were asked about their participation in the planning process, 49% responded that they had been involved. Of these 48% had been involved in setting performance objectives, 31% in setting implementation plans, 12% in monitoring and evaluation plans and 9% in setting the vision and mission of the enterprises. 51% of the employees were not involved in the planning process thus hindering their participation. 69% of these stated that they lacked an opportunity get involved in planning, 14% of the employees indicated that were not interested in the planning process, 13% indicated that planning was a core responsibility of the top management and 4% were convinced that planning was held as a secret by the top management and therefore the employees never got to participate in planning.

The frequency of employees' involvement in the planning process varied with 56% having been involved every 6 months, 23% were involved every year, 15% in less than 6 months, while 6% were involved every 2 years. An overwhelming majority

(92%) indicated a desire to get involved in planning more often of which 89% of these wished they could get more involved in periods shorter than 6 months. The minority that showed no desire of wanting to get more involved in planning stated that they were simply not interested in getting involved in the planning process. They felt that the management of the enterprises had done a good job in planning, they had no ownership in the enterprise and therefore needed not get bothered in the planning process as others felt that they would not be heard.

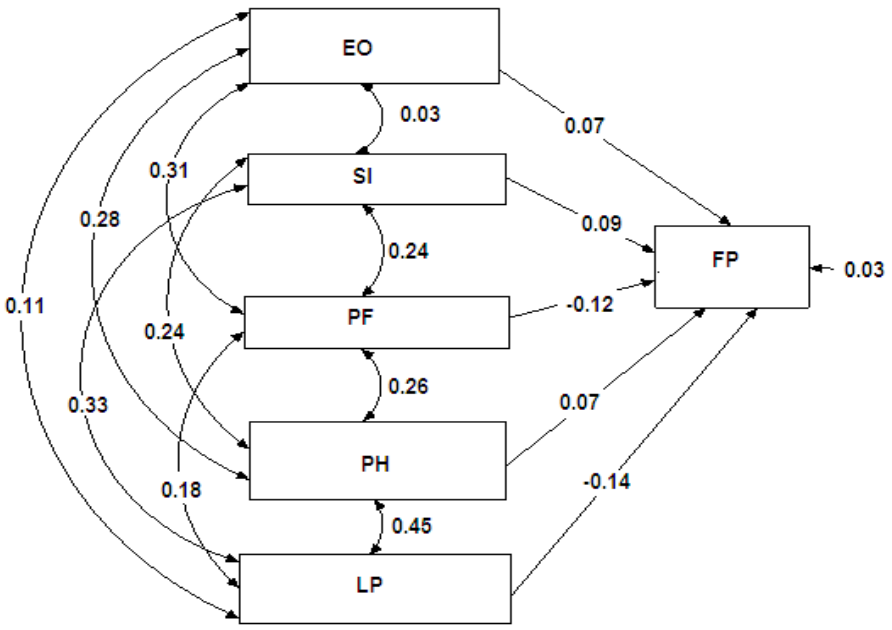
When asked how deep they would like to get involved in the planning process, 65% stated that they would wish to get involved in setting performance objectives, 57% in setting implementation plans, 24% in setting monitoring and evaluation programs while 19% wished to get involved in setting the enterprises' vision and mission statement.

4.6.2 Contributory Linkages for ESPP and Firm Performance

The causal linkages among latent variables as guided by the research question 5 (whether there were significant causal relationships between entrepreneurial strategic planning practices and firm performance among women-led SMEs in Kenya). The study used structural equation modeling (SEM) for estimating the measurement and structural models developed from procedures by AMOS version 16. This procedure was used as a combination of correlation and regression or path analysis. It lays emphasis on path coefficients between the factors/ variables. This was chosen since it takes a confirmatory approach, provides clear estimates of these

variables and uses SEM procedures that incorporate both observed and unobserved variables at 0.05 levels of significance (Arbuckle, 2007).

The extent to which the individual predictors of entrepreneurial strategic planning practices influence each other and how they were of influence to the firms' performance is presented on the path analysis structural model Figure 13. When considering the entrepreneurial strategic planning practices predictors and how they influence each other, correlation coefficient was used as the measure of the relationship. The greatest relationship is found between planning horizon (PH) and locus of planning (LP) with correlation coefficient of 0.45 followed by scanning intensity (SI) and locus of planning (LP) with correlation coefficient of 0.33.



Note: $p<0.05$

Figure 13: Contributory Linkages for ESPP and Firm Performance

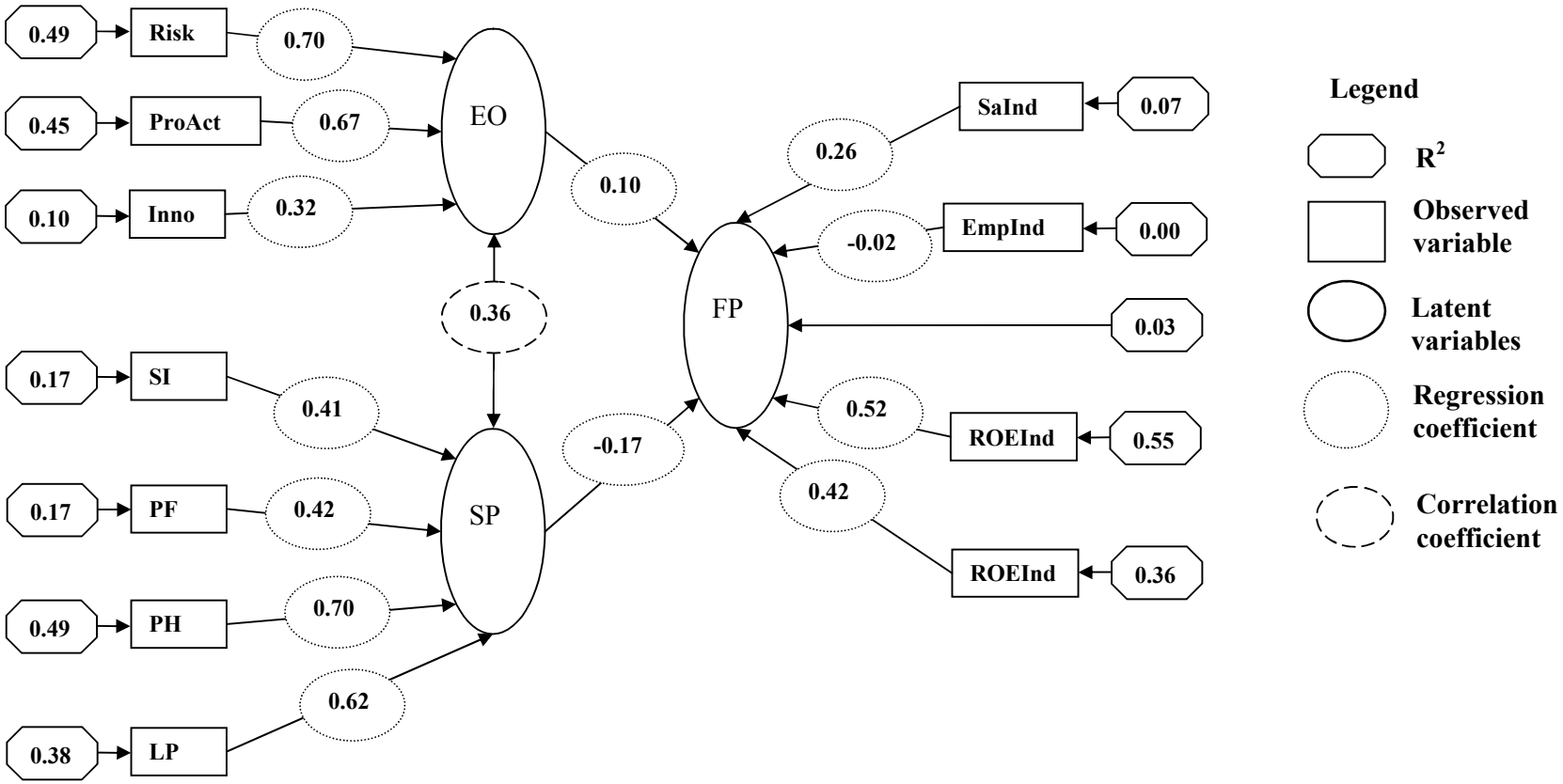
The weakest relationship was found between entrepreneurial orientation and scanning intensity with correlation coefficient of 0.03. On the other hand, the most important predictor of firms' performance is locus of planning with standardized coefficient β=-0.14. This implies that the less the engagement of those in the enterprises in the planning processes the poorer the performance of the firms.

The basic structural model Figure 14, shows the relationship between the latent variables (unobserved variables) that is, entrepreneurial orientation (EO); strategic planning practices (SP); and firm performance (FP) and their directly observed variables' that is, ability to take risks (Risk), ability to be proactive (ProAct) and ability to be innovative (Inno); scanning intensity (SI), planning flexibility (PF), planning horizon (PH) and locus of planning (LP); and sales growth index (SaInd), Employee growth index (EmpInd), Return on Assets growth index (ROAInd) and Return on Equity growth index (ROEInd). The value of each critical measurement was calculated as an arithmetic mean of the items used that relate to it. This model shows how each of the dimensions is related to its observed variables and how the measures were related to one another using arrows and the associated path coefficients.

As is indicated in Figure 14, entrepreneurial orientation as an unobserved variable is explained as propensity to take risk, be proactive and innovation being the observed variables; strategic planning practices is explained by scanning intensity, planning flexibility, planning horizon and locus of planning and firms' performance as sales

growth index (SaInd), employees growth index (EmpInd), return on assets index (ROAInd) and return on equity index (ROEInd). The figure represents the model that converged after running AMOS Version 16. Innovation had the least contribution (standardized coefficient β=0.32 at 10% goodness of fit), therefore playing the least role.

When considering strategic planning as unobserved variable, the predictors with significant influence were planning horizon (standardized coefficient β=0.70 at 49% goodness of fit) and locus of planning (standardized coefficient β=0.62 at 39% goodness of fit. For firm performance as unobserved variable, return on assets index had the most significant influence (standardized coefficient β=0.52 at 55% goodness of fit) while employee growth index had the least significant influence (standardized coefficient β=-0.02 at 0% goodness of fit).This implies that improvement in firms' performance is least affected by increase in employees. The predictors strategic planning had standardized coefficient β=-0.17 and entrepreneurial orientation standardized coefficient β=0.10 of firms' performance. This means that the more emphasis that was laid on strategic planning the poorer the performance of the enterprises.



Note: p<0.05

Figure 14: Contributory Linkages for Unobserved Variables for ESPP and Firm Performance

4.6.3 Discussion of Findings for Contributory Linkages and Path Analyses

The following section discusses the research findings presented in the previous section and on the study objective 5 that focuses on the determination of the strength of relationship between existing entrepreneurial strategic planning practices and firm performance among women-led SMEs in Kenya.

The main motivators for the entrepreneurs to get into entrepreneurship and remain in it focused on personal and monetary factors. The main very short term goals (less than 1 year) and short-term goals (2-3 years) were production based. The medium–term (4-5 years) were internal processes based while the long-term goals (6-10 years) the main concern for the entrepreneurs was market centered and the very long-term was concerned with aspects of diversification a view that is shared by Alvarez and Barney, (2007).

Path analysis to establish the relationship between entrepreneurial strategic planning practices and firms' performance by identifying the structural model that fits the data was used. The predictor Planning flexibility (Figure 13) with standardized coefficient β=-0.12 influence on the performance of enterprises were entrepreneurial orientation was negative a view that is refuted by Bhardwaj et al, (2007). The author argues that plans should be flexible when there is increasingly rapid pace of environmental change as was the case during the period that this study was carried out. The predictors with the least influence on the performance of enterprises were entrepreneurial orientation and planning horizon with standardized coefficient β=0.07 each. These, however, have a weak goodness of fit of 3% and

supported by Alvarez and Barney, (2007) in that the product and service cycles were shorter a characteristic of planning horizon during periods of instabilities. Figure 14 reveals that for entrepreneurial orientation, the most important predictor is propensity to take risks with a standardized coefficient $\beta=0.70$ at 49% goodness of fit a finding that is shared by Foss et al, (2008). The implication of this is that the influence of the tendency to take risks plays a significant part in making it entrepreneurial as a measure of survival during periods of uncertainty as well as a key determinant of sustained growth.

CHAPTER FIVE

5.0. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1. Introduction

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

5.2. Summary

The purpose of this study was to explore the degree to which women-led SMEs embrace the entrepreneurial strategic planning practices (ESPP) for enhanced firm growth. In particular the study was designed to explore the degree to which women-led SMEs embrace the entrepreneurial strategic planning practices (ESPP) dimensions of EO, SI, PF, PH and LP for enhanced firm growth among women-led enterprises in Kenya.

Specific Objective 1: Explore the extent to which ESPP influence firm performance among women led SMEs in Kenya.

Entrepreneurial orientation is the tendency for enterprises to be innovative, proactive and take risks so as to remain competitive in the market place (Lumpkin and Dess, 1996). This study attempted to find out whether the enterprises were influenced by their position of being proactive, innovative and risk-taking. Environmental scanning being the managerial activity of learning about events and trends in the organization's environment is an entrepreneurial strategy. Scanning

could facilitate managers to cope with uncertainty for enhanced firm performance (Hambrick, 1981; Foss et al, 2008). According to Kukalis (1989), flexible planning systems allow firms to adjust their strategic plans quickly to pursue opportunities and keep up with environmental change and thus may enhance the competitive advantage of the firm and overall performance. The planning horizons adopted by firms should provide a platform that allows both short-term and long-term strategies to run simultaneously as is advocated by Barringer and Bluedorn, (1999). At the same time being concerned about product and service innovation and being able to maintain a sustainable competitive advantage (Cole, 2004). A deep locus of planning denotes a high level of employee involvement in the planning process, including employees from virtually all hierarchical levels (Entrialgo, Fernández and Vázquez, 2000). Thus, firm employee participation in planning facilitates opportunity recognition, which is central to the entrepreneurial process and therefore superior market penetration and overall firm performance (Barringer and Bluedorn, 1999; Ireland et al, 2009). Therefore, the research sought to find out if all the above practices influence performance of firms.

The research results showed that there was poor enterprise performance, when measured in terms of sales-employee growth and profitability during the 2007-2008 period as a result of the political volatility (pre-election phobia and post election chaos) and economic instabilities experienced at that period. The results were reflective of the statements by Hadley, (2007) that political and economic instabilities create a chaotic and pressured situation, with practical difficulties in which the businesses operated therefore affecting the performance of the firms

negatively. However, the positively high attitude by the top management on the levels of profitability despite poor performance reveals that the top management had confidence and had identified with the financial benefits for both the enterprises and the entrepreneurs as owners and investors even under the hostile political circumstances and environment they were operating.

The firms' performance improved greatly during the 2008-2009 periods, as the political-economic environment improved and entrepreneurs gained confidence in the investment atmosphere, profitability of the enterprises rose, indicating that it was a very good time for investment with the prevailing political and economic developments encouraging industrial growth. The study findings reveal that entrepreneurial orientation had a significant positive relationship and played a major role in the performance of the enterprises while scanning intensity had no significant influence on firms' performance. Two specific variables of planning flexibility, that is, ease at which enterprises were able to adjust to emergence of a new technology and the entry of new competition were found to be significantly related to sales growth and levels of performance. Time periods that were less than 1 year and over 5 year period had significant influence on firms' performance and the owner was significantly important to the performance when measured by sales growth and return on assets.

Specific Objective 2: Determine the influence of entrepreneurs' age and their education level on ESPP and performance of women led SMEs in Kenya.

Women entrepreneurs with enhanced education and appropriate skills (Sonfield et al, 2001), who network more efficiently , accessing technical know-how, within an entrepreneurially active age (Swinney et al, 2006) and who obtain more relevant experience may have their enterprises influenced so as to experience better performance due to enhanced planning practices (Ellis et al, 2008). The study sought to find out if this assertion held true.

The majority of the women entrepreneurs were between 22-48 years. This age bracket is considered as the most entrepreneurially active age which contributes positively to the performance of enterprises. The respondents' age and education were important factors to consider when deciding the depth locus of planning and had a significant impact on return on assets. In accordance with the findings of Langowitz and Minniti (2007), the findings of the study were in agreement in that age played an important role in shaping the attitudes of the entrepreneurs towards both return on assets and return on equity. The study indicates that as the women entrepreneurs get older and mature the differences in performance of their enterprises narrows down and stabilizes irrespective of their educational background.

Specific Objective 3: Determine the influence of enterprises' legal status, age and size on ESPP and performance of women led SMEs in Kenya.

According to Morris et al (2006), growth orientation and growth realized is higher among ventures that have formal structures, have lasted longer, have more employees, with equity held by larger numbers of investors, and where sales revenue and revenue growth were higher, which were indicators of enhanced performance. The study sought to find out whether this was accurate.

Of the 128 enterprises, the majority were small scale enterprises, sole proprietors and preferred women top managers. Most of the enterprises favored a younger workforce since out of the 384 sampled employees an overwhelming 80% of the employees were aged between 18-32 years (mean age was 28 years) with the oldest being 56 years. This is in agreement with the findings of DeTienne and Chandler, (2007) in that the enterprises' age, size and legal status were important factors to consider when deciding the depth of employee involvement in the firms' strategic planning activities (locus of planning), length of planning (planning horizon) and how flexible plans should be (planning flexibility). These were, however, not important in determining the entrepreneurial orientation of the enterprise or in scanning intensity.

Specific Objective 4: Establish the moderating influence of strategic management process elements on ESPP and firm performance among women led SMEs in Kenya.

The elements of the strategic management process include having a vision and mission for the enterprise that blend futuristic thinking, entrepreneurial strategic planning practices; having objective analysis, and subjective evaluation of goals and priorities to chart a future course of action that ensures the firm's strength and success in the long run (Mintzberg, 1994 and Coplin, 2002). The study went out to enquire whether the usage of strategic management process elements moderated the relationship between entrepreneurial strategic planning and firm performance.

The top management's attitude towards the overall strategic management process elements was found to be very good as indicated by index of 92.2%. This could imply that strategic management practices within enterprises that were entrepreneurial identify various opportunities and performances of these enterprises. The top management was positive about the usage of strategic management processes elements of setting the business vision, mission, objectives, implementation strategies, monitoring and evaluation (Table 23). The finding concurs with the views of Entrialgo, Fernández and Vázquez, (2000) and Poister and Van Slyke (2002) in that for the firm to compete effectively and efficiently there is need for the firm to include strategic management process elements that look and aim at developing strategic goals and objectives, identifying strategic issues, developing and evaluating alternative strategies to be taken and developing

action plans that fit within the changing business environments. Strategic management process elements (having vision, mission statement, objectives, implementation strategies and evaluation) had a significant negative moderating influence on the usage of entrepreneurial strategic planning practices and therefore performance of firms. The volatile environment that the enterprises operated in could explain the effect that is negative thus plans were made on the 'now' basis.

Specific Objective 5: Determine the strength of relationship between existing ESPP and firm performance among women-led SMEs in Kenya.

The rationale of entrepreneurial strategic planning practices of leadership and innovation is to sustain a positive relationship and equilibrium between an organization and its environment over the long run to improve the enterprises' effectiveness, efficiency and overall productivity for enhanced competitive advantage. It is the disciplined effort to produce fundamental decisions and actions that shape and guide what an organization is, what it did, and why it did it (Alvarez and Barney, 2007; Slevin and Covin, 1997 and Cole, 2004). Thus the study sought to identify these relationships and measure their strengths.

The predictor planning flexibility influence on the performance of enterprises was negative. The implication of this is that the more inflexible the plans, the better the performance of enterprises. For entrepreneurial orientation, the most important predictor was propensity to take risks. The implication of this is that the influence

of the tendency to take risks had a significant part to plays in making it entrepreneurial.

5.3. Conclusions

The attitudes towards entrepreneurial orientation by both the top management and the employees could be concluded that entrepreneurial orientation (propensity to take risks, be proactive and innovative) had a positive relationship and played a major role on the average sales growth. The innovations that were actualized by both entrepreneurship and strategic planning were manifest in either the basis by which a firm differentiates itself competitively from its competitors and/ or business model as demonstrated by its capacity to manage its resources effectively and efficiently to enhance its productivity through entrepreneurial mindset, entrepreneurial culture, entrepreneurial leadership and entrepreneurial management processes as well as the practices (Audretsch et al, 2009).

The high score on scanning intensity could imply that these aspects of scanning intensity have been used as a means of uncertainty absorption that may lower the perception of risk linked with the environment that the ventures operate in increasing the likelihood that the firm remains competitive. Scanning intensity involves information gathering and analysis is critical to the development and maintenance of competitive advantage strategies and to remain understood (Covin and Slevin, 1991) especially in environments where the industry is changing too fast and products and services that have relatively short life cycles (Foss et al, 2008).

Because product and service life cycles were longer in stable vs. turbulent environments, scanning activities typically focus on subtle shifts in environmental trends, quality improvements, and opportunities to gain market share (Foss et al, 2008). In addition, there is a considerable cost of environmental scanning in terms of both managerial time and cash outlays (Jennings and Seaman, 1994). Flexible planning systems allow firms to adjust their strategic plans quickly to pursue opportunities and keep up with environmental change. The low involvement of the employees in the planning process, should not be the case and the gap in involvement of the entrepreneur and the top management should be narrowed since if not done it prevents the potential of good ideas being overlooked simply because managers were not involved in the planning process (Burgelman, 1988) and at the same time the vision of the entrepreneurs and their ideas were internalized, actualized and implemented by those managing the enterprises on their behalf.

The employees believed and were confident that the leadership of the enterprises made bold decisions when the enterprises were faced with future uncertainties and that they took aggressive position to maximize on the probability of exploiting anticipated potential profits and growth. This could imply that the confidence the employees had on their leaders contributed to their belief in the enterprise and thus their contribution to the performance of the enterprise. The linear relationship significance (Table 13) results suggest that during periods of political instabilities, enterprises strategic planning practices were not detailed so as to intensively scan the environment, make plans that were flexible or long term or engage the deep locus of planning when considering the performance of the enterprises. Even so, the

performance variables considered as most important for the enterprises touched on immediate results of sales, employee growth and attitudes towards performance. The return on assets and return on equity, at that time did not seem to matter.

There lacked a linear relationship between scanning intensity and firm performance. This was an expected outcome since the inherent objective during a crisis period is to focus on the symptoms of the crisis, coupled with the need for expediency, create an emergency mindset that often prevents private enterprises from scanning the environment but deal more with the immediate needs of the crisis-affected populations than the increased likelihood of moving forward with renewed growth (Hadley, 2007).

In conclusion, these observations were supported by the statements made by Ndungu (2008), on the effects of the political violence in Kenya on the economy when he stated:

> "… political violence comes with persistent economic shocks and loss of property and it slows down production activities in the affected areas and in some sectors.... However, the disruption (in Kenya) lasted only a short period and thus not expected to have a major impact on the GDP."

He farther stated that:

> "During periods of political instability, prices become volatile and when prices were volatile for a long period; this affects the planning horizon and hence prevents long term decisions. This in turn creates

> market collapse, so that prices become unpredictable.... but since it will not persist, there will be a dip or blip in the growth profile of trajectory… the reconstruction of those affected areas will be a boost to growth fundamentals."

This observation was reflected by the performance findings during 2008-2009 period when there was a marked improvement in the sales growth, return on assets and return on equity. These results were supported by the statement made by Kang'aru (2010) that there was a 5.4% GDP growth in 2009 powered by agriculture, construction, manufacturing and financial sectors as a result of good political and economic climate that moved to stimulate recovery after the 2007-2008 slump caused by post-election crisis and pummeled further by the global economic recession.

5.4. Recommendations

a. Women Entrepreneurs' Education, Age and Training

Looking at the performance of enterprises against the women entrepreneurs' education level and age, it is clear that the performance of those with a lower education have poorer performance especially as the entrepreneurs get older. It is therefore recommended that women with higher education more so at a younger age be encouraged and motivated to get into entrepreneurship as opportunistic entrepreneurs since they have wider networks, more choice and better understanding of a wider environment and are therefore destined to have better performing enterprises as is suggested by Bird,(1989).

From the findings of this study, the performance of the enterprises was greatly affected by the uncertainty of the political and economic environment of that period. It is therefore recommended that the women entrepreneurs are trained on strategic planning skills that would enable them scan the environment that the enterprises are operating in, taking into consideration the planning horizon and at the same time being proactive and not reactive under these given harsh environments.

b. Women-Led Enterprises' Legal status and Size

Looking at the number of women-led enterprises under sole proprietorships and partners (86%) and those that are Limited Companies (14%), more of the enterprises need to be encouraged to register as Limited Companies to accrue the benefits of being as such more so among the medium sized enterprises.

c. Strategic Issues Intervention

Despite the fact that women entrepreneurs have been targeted in the various interventions that the government has taken such as the Women Fund, the Youth Development Fund, and the Economic Stimulus Program more needs to be done especially in developing risk and insurance programs that are able to buffer these entrepreneurs. These should be ingrained into the planning process as a strategy that ensures good locus of planning, horizon of planning, flexibility in planning and ensuring a thorough scanning of the environment. This in turn should boost the return on asset, return on equity, improved sales and growth in employee levels.

5.5. Suggestions for Further Study

The findings of the study, as summarized in the previous section have several implications for theory, methodology and practice.

a. Theoretical Studies and Academic Implications

The findings have contributed to the existing stock of knowledge in the literature of entrepreneurial strategic planning in small and medium businesses by relating this to the experience of SMEs in a developing country. Despite this known fact of the importance of entrepreneurial strategic planning in SMEs, there had been a gap in empirical knowledge in developing countries, in this case Kenya, about the practice and effects of entrepreneurial strategic planning particularly in SMEs owned by women. Therefore, the findings of this study have contributed in filling this knowledge gap.

This study laid its emphasis on the definition of entrepreneurial strategic planning practices as entrepreneurial orientation (propensity to take risks, proactiveness and innovation), scanning intensity (degree of rigor in the managerial activity of learning about events and trends in the organization's environment), planning flexibility (Capacity of a firm's strategic plan to change as environmental opportunities/threats emerge especially when there were developments and changes in R and D, the changes in technological leadership and innovation), planning horizon (length of the future time period that decision-makers consider in planning) and locus of planning (depth of employee involvement in a firm's strategic planning activities). A Study should be carried out that covers other aspects of

entrepreneurial orientation besides risk-taking, innovation and proactiveness and strategic planning practices other than scanning intensity, planning flexibility, planning horizon and locus of planning.

This study had taken into account the moderating effects of strategic management process elements. Other studies could be undertaken that look at other moderating factors related to the firm, environment or the entrepreneurs. Based on this study, both statistical and structural models have been used and developed in relation to the performance of the enterprises. Future studies should recognize different types of firms, capital intensity, industry experience and environmental uncertainty (both economic and political) as all these variables have been found to be important in understanding the entrepreneurial strategic planning practices-performance relationship in SMEs.

b. Studies on Methods and Methodology Implications

This study was explorative in design utilizing both qualitative and quantitative approaches. Though qualitative results disclosed that entrepreneurial strategic planning practices helps many firms meet their performance objectives with significant effect, unavailability of reliable financial data had to be confirmed from the PAWDEP data base to establish the actual and true performance. Attempting to examine effect of any variable on performance should not be depended upon solely on reported quantitative financial information when provided qualitatively.

Structural models have been developed in this study; future studies could test all parameters and develop further models using all constructs used in this study as well as all other parameters relevant to the study.

c. Practice Implications

The findings indicate that SMEs can improve their performance through entrepreneurial strategic planning, but only if it is based on an understanding of the opportunities/ threats of the environments the SMEs were operating within and the strengths/ weaknesses of internal operations and systems that impact on their performance. Future studies could evaluate this opportunities/threats-strengths/weaknesses relationship as a means of establishing entrepreneurial strategic planning practices as an approach.

d. Policy Intervention

This study was carried out during a period when there was political and economic instability (2007-2008). Future studies could focus on periods of low political and economic turbulence. These kinds of comparative studies could help policy makers and implementation arms understand the planning behavior of entrepreneurs and thus reduce the effects of such instabilities on performance. The study findings reveal that only 18% of the enterprises were in non-agriculture industrial manufacturing. This may require policy attention. If Kenya is to industrialize by the year 2030, then a policy to increase manufacturing business should be looked into.

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APPENDICES

APPENDIX 1: QUESTIONNAIRE FOR ENTREPRENEUR

Name of Business: _____

Location: _____

Contact: _____

Would you like a copy of the research findings? _____

Please answer all questions

1. What is the legal status of your business?

   Sole Proprietorship__ Partnership__ Limited Company__ Any other: _____

2. What is the number of years the business has been in operation in Kenya? __

3. In what sub-sector is your business?

   Agro-based Industry____, Other Industry_____, Services____, Trade_____

4. What is your year of birth? _____

5. a) How many dependents do you have? _____

   b) How old is the youngest dependent? _____ Oldest dependent? _____

6. What is your highest academic qualification? _____

7. What is your marital status? _____

8. What are the 3 main goals for your business for the next 1 year, 1 -3 years and 4 -5 years?

	1 year	1 - 3 years	4 - 5 years
a) Compete in the local and international market			
b) Increase market share			
c) Increase product volumes			
d) Advance in technology			
e) Environmental conservation and protection			
f) Be engaged in corporate social responsibility			
g) Control costs			
h) Improve profits			
i) Advance in management processes			
j) Enhance employee performance			
k) Be an employer of choice			
l) Meet customers need for quality and variety in products and services			
Any other (Specify)			

THANK YOU

APPENDIX 2: INTERVIEW GUIDE FOR ENTREPRENEUR

1. Training in management

a) Have you received any training on management?
b) If yes, in which 2 areas of management have you been trained?
c) Why did you train in this area?
d) What benefits have you accrued from this training as: An entrepreneur? An Enterprise?

2. Impetus of entrepreneurship

a) What was your occupation before venturing into this business?
b) Why did you get into the business?
c) What motivates you to remain in this business?

3. Strategic management

a) What was your vision when you started your business?
b) What were your considerations when you set this vision for your business?
c) Has this vision changed over time? If yes why? If no, why?
d) What is the current vision for your business?

4. Strategic Planning

a) What plans do you have in place for the short term (1 year), medium term (1 to 3 years), long term (3 to 5 years)?
b) What are your considerations when you are preparing these plans?
c) Have you written these plans? If no. why not? If yes, why?
d) What methods do you use to communicate these plans to your employees? Why do you choose these methods
e) Where do you project your business to be in: The next 10 year? Over 10 years?

THANK YOU

APPENDIX 3: QUESTIONNAIRE FOR EMPLOYEE

Please answer all questions

1. What is the number of years you have served in the company? _____
2. What is your current position? _____
3. What is the number of years you have held this position? _____
4. Have you held another position previously? *(Specify)* _____
5. What is your gender? _____
6. What is your year of birth? _____
7. a) What is your highest academic qualification? _____

   b) Do you have any other academic achievement? *(Specify)* _____
8. What is your marital status? _____
9. On a scale of 1 (strongly disagree) – 5 (strongly agree), do you agree with the following statements concerning the business entrepreneurship practices?

a.	It seeks high risk business activities with chances of very high returns	1 2 3 4 5
b.	It Makes bold decisions when faced with uncertainty of the future	1 2 3 4 5
c.	It takes aggressive position in order to maximize the probability of exploiting anticipated potential	1 2 3 4 5
d.	It typically initiates actions to which competitors then respond	1 2 3 4 5

e.	It typically adopts a very competitive position	1 2 3 4 5
f.	It is very often the first enterprise to introduce new products, services and operating technology	1 2 3 4 5
g.	It seeks to identify the counties affected by high sea piracy	1 2 3 4 5
h.	It has a strong emphasis on R & D, technological leadership and innovation	1 2 3 4 5
i.	It has marketed many lines of products in the past 5 years	1 2 3 4 5
j.	The enterprise has implemented changes in product lines that have been usually dramatic	1 2 3 4 5

10. The above strategies have greatly improved the enterprise's sales volumes and profits.

1 = I strongly disagree	2 = I moderately disagree	3 = I am undecided	4 = I moderately agree	5 = I strongly agree

THANK YOU

APPENDIX 4: INTERVIEW GUIDE FOR EMPLOYEE

1. Training in management
   a) Have you received any training on management? If yes, in which areas of management?
   b) Was this training facilitated by your current employer? Why?
   c) In your opinion has it been of assistance in your work?
   d) Is there an area of management that you would wish to be trained in to make you more strategic?
2. Strategic management
   a) Are you aware of the vision and mission of the business?
   b) If yes, what is the vision for the business?
   c) If no, why are you not aware?
3. Strategic planning
   a) Have you ever participated in planning and in the setting of the business goals?
   b) If yes, what was your participation? How often have you participated?
   c) If no, why?
   d) Would you like to participate more often in setting the business goals?
   e) If yes, how often would you like to participate?
   f) In what areas would you like to be more involved in setting the business strategic plan?
   g) If no, why would you not wish to be more involved?

h) In your opinion what would you like put into consideration during the planning process?

i) What methods are used to communicate business plans to you? Are they effective? *(Specify)*

4. Are you aware of the set business goals for:

a. The next 10 years? If yes what is it?

b. Over 10 years? If yes what is it?

5. In your opinion why do you think the leadership prefers these:

a) Management strategies?

b) Planning strategies?

THANK YOU

APPENDIX 5: SURVEY QUESTIONNAIRE FOR TOP MANAGEMENT

Please answer all questions by putting a tick (√) in the box that closely matches your views or alternately write in the space provided

I. Business and Personal Data

1. Number of years served in the company: ___
2. Current Position held: _____
3. Number of years the Position is held: ___
4. Previous Position(s) held (If any): _____
5. Gender: Male ____Female _____
6. Your year of birth _____
7. Your highest academic qualification _____

   Any other academic achievement, Specify: _____
8. Marital Status

   Married _Single (Never Married) _Widow/ Widower _Separated _Divorced __

   Any other, Specify: _____

II. Management Practices

9. a) Have you received any training on management? Yes ____ No____.

   b) If yes, in which areas of management?

      i) _____

      ii) _____

   c) Was this training facilitated by current employer? _____

III. Entrepreneurship

i. Risk Taking

1. In general the enterprise management favors:

a.	Looking at low-risk business activities with normal and certain returns	1 2 3 4 5 ☐ ☐ ☐ ☐ ☐	Looking at high risk business activities with chances of very high returns
b.	Making cautious decisions when faced with uncertainty of the future	1 2 3 4 5 ☐ ☐ ☐ ☐ ☐	Making bold decisions when faced with uncertainty of the future
c.	Taking 'wait and see' position in order to minimize the probability of making costly decisions	1 2 3 4 5 ☐ ☐ ☐ ☐ ☐	Taking aggressive position in order to maximize the probability of exploiting anticipated potential

2. The enterprise believes that owing to the nature of the environment, it's best:

To explore gradually and be cautious before making any major decision	1 2 3 4 5 ☐ ☐ ☐ ☐ ☐	To be bold and take a wide-range of activities that are necessary

ii. Pro-Activeness

3. While dealing with competitors, the enterprise:

a.	Typically responds to actions which competitors initiate	1 2 3 4 5 ☐ ☐ ☐ ☐ ☐	Typically initiates actions to which competitors then respond
b.	Typically seeks to avoid competition clashes	1 2 3 4 5 ☐ ☐ ☐ ☐ ☐	Typically adopts a very competitive position
c.	Meeting with friends and discussing serious current issues	1 2 3 4 5 ☐ ☐ ☐ ☐ ☐	Completely does nothing
d.	Is very seldom the first enterprise to introduce new products, services and operating technology	1 2 3 4 5 ☐ ☐ ☐ ☐ ☐	Is very often the first enterprise to introduce new products, services and operating technology

4. Why do you prefer these leadership strategies? (Give two reasons)

a) _____

b) _____

5. This has greatly improved the enterprise's sales volumes and profits (Circle your response)

1 =	2 =	3 =	4 =	5 =
I strongly disagree	I moderately disagree	I am undecided	I moderately agree	I strongly agree

iii. Innovation

1. In general, the management favors:

A strong emphasis on marketing of old and tried products	1 2 3 4 5 ☐ ☐ ☐ ☐ ☐	A strong emphasis on R&D, technological leadership and innovation

2. How many lines of products has your enterprise marketed in the past 5 years?

No new lines of products	1 2 3 4 5 ☐ ☐ ☐ ☐ ☐	Many lines of products

3. The enterprise has implemented changes in product lines:

That have been mostly of a minor nature	1 2 3 4 5 ☐ ☐ ☐ ☐ ☐	That have been usually dramatic

4. Why do you prefer these leadership strategies? (Give two reasons)

a) _____

b) _____

5. This has greatly improved the enterprise's sales volumes and profits

(Circle your response)

1 =	2 =	3 =	4 =	5 =
I strongly disagree	I moderately disagree	I am undecided	I moderately agree	I strongly agree

IV. Strategic Management

1. To what extent are the following processes used in your enterprise?

(1= Never, 2= Rarely, 3= Sometimes, 4=Frequently, 5= At all times)

		1	2	3	4	5
a.	A vision and mission that states the business's dream	☐	☐	☐	☐	☐
b.	Business performance objectives.	☐	☐	☐	☐	☐
c.	Clear strategies or steps of achieving the above objectives.	☐	☐	☐	☐	☐
d.	Implementation plans of the strategies with budgets.	☐	☐	☐	☐	☐
e.	Monthly monitoring system of performance.	☐	☐	☐	☐	☐
f.	Publicly punishing employees who are on the wrong	☐	☐	☐	☐	☐
g.	Yearly Evaluation system of performance.	☐	☐	☐	☐	☐

2. To what extent do you agree with the following statement about the enterprise over the past 5 years?

(1= Strongly disagree, 2= Disagree 3= Do not know, 4=Agree, 5= Strongly agree)

It has been necessary to have a business vision and mission statement because of:

		1	2	3	4	5
a.	Increased customers need for quality and variety	☐	☐	☐	☐	☐
b.	Advanced technological and management processes	☐	☐	☐	☐	☐
c.	Competition local and international	☐	☐	☐	☐	☐
d.	Environmental protection concerns	☐	☐	☐	☐	☐
e.	Consumer protection and rights	☐	☐	☐	☐	☐
f.	Trade and economic blocks	☐	☐	☐	☐	☐
g.	Business pressure to have one	☐	☐	☐	☐	☐

3. To what extent do you agree with the following statement about the enterprise over the past 5 years?

(1= Strongly disagree, 2= Disagree 3= Do not know, 4=Agree, 5= Strongly agree)

During the implementation of the vision, mission, objectives and strategies the enterprise has been dominated by:

	1	2	3	4	5
a. Direct supervision with simple centralized organization for implementing enterprise goals	☐	☐	☐	☐	☐
b. Standardization of work processes and technological advances.	☐	☐	☐	☐	☐
c. Standardization of skills and tasks of core staff	☐	☐	☐	☐	☐
d. Standardization of skills of output and products	☐	☐	☐	☐	☐
e. Mutual support of staff and maintenance of a culture	☐	☐	☐	☐	☐

4. To what extent do you agree with the following statement about the enterprise over the past 5 years?

(1= Strongly disagree, 2= Disagree 3= Do not know, 4=Agree, 5= Strongly agree)

The enterprise has been evaluating its performance so as to:

	1	2	3	4	5
a. Identify employee level of job performance and improve their performance	☐	☐	☐	☐	☐
b. Enhance sales and service delivery	☐	☐	☐	☐	☐
c. Provide information for future planning	☐	☐	☐	☐	☐
d. Control costs, improve market share and profits	☐	☐	☐	☐	☐
e. Identify training needs and gaps	☐	☐	☐	☐	☐

5. How important is each of the following in making sure that your enterprise's employees and strategies meet predetermined objectives?

   (1= Never important, 2= Rarely important, 3= Sometimes important, 4=Frequently important, 5= Always important)

	1	2	3	4	5
a. Formal meetings between proprietor and top management	☐	☐	☐	☐	☐
b. Formal meetings between top management and other employees	☐	☐	☐	☐	☐
c. Measuring performance against subjective criteria such as improvements in customer satisfaction or progress on product innovations	☐	☐	☐	☐	☐

V. Strategic Planning Practices

i. The Scanning Intensity

1. To what extent are the following used in your enterprise to gather information?

   (1= Never, 2= Rarely, 3= Sometimes, 4=Frequently, 5= At all times)

	1	2	3	4	5
a. Routine gathering of opinions from clients	☐	☐	☐	☐	☐
b. Explicitly tracking of policies and tactics of competitors	☐	☐	☐	☐	☐

c. Forecasting sales, customer preferences, technology etc ☐ ☐ ☐ ☐ ☐

d. Special market research and surveys ☐ ☐ ☐ ☐ ☐

e. Gathering information from suppliers ☐ ☐ ☐ ☐ ☐

f. Trade magazines, government publications, news media ☐ ☐ ☐ ☐ ☐

2. How often do you gather information on the following in your enterprise?

(1= Never, 2= Rarely, 3= Sometimes, 4=Frequently, 5= Always)

	1	2	3	4	5
a. Local economic trends	☐	☐	☐	☐	☐
b. Technological trends	☐	☐	☐	☐	☐
c. Demographic and social trends	☐	☐	☐	☐	☐
d. Customer needs and preferences	☐	☐	☐	☐	☐
e. Competitor strategies	☐	☐	☐	☐	☐
f. Suppliers and other channel members	☐	☐	☐	☐	☐
g. Earthquakes in Latin and Central America	☐	☐	☐	☐	☐
h. Local political trends	☐	☐	☐	☐	☐
i. Global trends	☐	☐	☐	☐	☐
j. Ecological changes	☐	☐	☐	☐	☐
k. Changes within the enterprise	☐	☐	☐	☐	☐

ii. The Planning Flexibility

3. How difficult is it for your enterprise to change its plans to adjust to each of the following possible changes?

(1= Extremely difficult, 2=Difficult, 3= Easy, 4=Very easy, 5= Extremely easy)

	1	2	3	4	5
a. Changes in economic conditions	☐	☐	☐	☐	☐
b. Emergence of a new technology	☐	☐	☐	☐	☐
c. The emergence of an unexpected opportunity	☐	☐	☐	☐	☐
d. Shifts in customer needs and preferences	☐	☐	☐	☐	☐
e. Market entry of new competition	☐	☐	☐	☐	☐
f. Modification of suppliers strategies	☐	☐	☐	☐	☐
g. Changes in government regulations	☐	☐	☐	☐	☐
h. The emergence of unexpected threat	☐	☐	☐	☐	☐
i. Political developments that affect your industry	☐	☐	☐	☐	☐
j. Global changes that affect your industry	☐	☐	☐	☐	☐

iii. The Planning Horizon

4. What future time period emphasis do you consider at the two levels when planning for investment?

(1= No emphasis, 2= Very little emphasis, 3= Little emphasis, 4=Great emphasis, 5= Very great emphasis)

	1	2	3	4	5
a. Owner					
Less than 1 year	☐	☐	☐	☐	☐
1 year to 3 years	☐	☐	☐	☐	☐
3 years to 5 years	☐	☐	☐	☐	☐
Over 5 years	☐	☐	☐	☐	☐
b. Management					
Less than 1 year	☐	☐	☐	☐	☐
1 year to 3 years	☐	☐	☐	☐	☐
3 years to 5 years	☐	☐	☐	☐	☐
Over 5 years	☐	☐	☐	☐	☐

iv. <u>Locus of Planning</u>

5. To what extent is each of the following categories of people involved in each of the phases?

(1= Never, 2= Rarely, 3= Sometimes, 4=Frequently, 5= Always)

	1	2	3	4	5
a. Business vision, mission and goal formulation					
Owner	☐	☐	☐	☐	☐
Top management	☐	☐	☐	☐	☐

Other employees ☐ ☐ ☐ ☐ ☐

b. Setting of Business performance objectives

Owner ☐ ☐ ☐ ☐ ☐

Top management ☐ ☐ ☐ ☐ ☐

Other employees ☐ ☐ ☐ ☐ ☐

c. Strategy formulation

Owner ☐ ☐ ☐ ☐ ☐

Top management ☐ ☐ ☐ ☐ ☐

Other employees ☐ ☐ ☐ ☐ ☐

d. Strategy implementation

Owner ☐ ☐ ☐ ☐ ☐

Top management ☐ ☐ ☐ ☐ ☐

Other employees ☐ ☐ ☐ ☐ ☐

e. Evaluation and control

Owner ☐ ☐ ☐ ☐ ☐

Top management ☐ ☐ ☐ ☐ ☐

Other employees ☐ ☐ ☐ ☐ ☐

VI. Enterprise Performance

1. What has been the enterprise's sales volume and total number of full time employees for the past 5 years?

Year	Full time employees	Sales Volume (in KeS)	Cost of Sales (in KeS)	Assets (in KeS)	Equity (in KeS)
2005					
2006					
2007					
2008					
2009					

2. How important have each of the following factors been in evaluating the financial performance of the enterprise in the past 5 years?

(1= Completely dissatisfied, 2= Dissatisfied, 3= Neutral, 4=Satisfied, 5= Completely satisfied)

	1	2	3	4	5
a. Return on assets $= \frac{\text{Net income}}{\text{Assets}} \times 100$	☐	☐	☐	☐	☐
b. Return on equity $= \frac{\text{Net income}}{\text{Equity}} \times 100$	☐	☐	☐	☐	☐

THANK YOU

APPENDIX 6: MODEL 1 – STEPWISE MULTIPLE REGRESSION MODEL

$$y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \beta_5 x_5 + \varepsilon \quad \text{(Model 1)}$$

Where:

y is the performance response variable which in this case were:

1. Return on assets expressed as net profit as a percentage of assets employed,
2. Return on equity worked out as net profit as a percentage of ordinary share capital plus all reserves
3. Sales growth was measured as actual annual percentage growth in total sales over a period of 5 years
4. Employee growth was measured as actual annual percentage growth in number of employees over a period of 5 years.
5. Attitude towards level of satisfaction towards evaluation of enterprise's Return on Assets.
6. Attitude towards level of satisfaction towards evaluation of enterprise's Return on Equity.3

β_0 is the constant.

β_i is the coefficient of x_i for i = 1, 2, 3, 4, 5

x_1 is the ability to be entrepreneurially oriented (EO),

x_2 is the ability to intensively scan the environment (SI),

x_3 is the ability to be flexible in enterprise planning (PF),

x_4 is the ability to consider overall planning horizon (PH),

x_5 is the ability to involve everyone in the enterprise planning process(LP),

ε is the error term.

APPENDIX 7: MODEL 2 – UNIVARIATE ANOVA INTERACTION MODEL

The formal model underlying UNIANOVA, with 2 treatments y and x_7 (for objective 2) and x_8 (for objective 3) where the univariate, non-linear interaction is observed when the model needs to take into account not just an additional treatment factor x_7 to y, but also a multiplicative factor $y * x_7$ (for objective 2) and $y * x_8$ (for objective 3) that explains how the efficacy of one factor chances in the presence of the other.

$$\mathbf{X} = \mu + y + x_7 + y*x_7 + \varepsilon$$ two-factor model with interaction term

(Model 2)

Where:

X is the 128th replicate of Treatment x_7 (Entrepreneurs' Characteristics) level and treatment y level

y (performance response variable) is the effect of the 128th level of treatment y (= difference between μ and mean of all data in this treatment).

Which in this case were:

1. Return on assets expressed as net profit as a percentage of assets employed,
2. Return on equity worked out as net profit as a percentage of ordinary share capital plus all reserves
3. Sales growth was measured as actual annual percentage growth in total sales over a period of 5 years

4. Employee growth was measured as actual annual percentage growth in number of employees over a period of 5 years.
5. Attitude towards level of satisfaction towards evaluation of enterprise's Return on Assets.
6. Attitude towards level of satisfaction towards evaluation of enterprise's Return on Equity.

x_7 (Entrepreneurs' Characteristics) is the effect of the 128th level of treatment

x_7 (= difference between μ and mean of all data in this treatment.)

x_8 (Enterprises' Profile) is the effect of the 128th level of treatment

x_8 (= difference between μ and mean of all data in this treatment.)

ε is the error term.

Note that $\Sigma x_7 = \Sigma y = \Sigma \varepsilon = 0, \Sigma y^* x_7 = 0$

APPENDIX 8: MODEL 3 – MODERATED MULTIPLE REGRESSION MODEL

The MMR statistical model was given as:

$$Y = a + bX + cZ + dX*Z + \varepsilon \quad \text{(Model 3)}$$

Where

Variable ***Y*** was the aggregate enterprise performance response variable which in this case it was aggregated from Return on Assets, Return on Equity, Sales growth an Employee growth.

Variable ***X*** was aggregate entrepreneurial strategic planning responses. These were aggregated from EO, SI, PF, PH and LP.

Variable ***Z*** was the hypothesized moderator (Strategic Management process elements) of relationship between variables ***X*** and ***Y***

The equation shows ordinary least squares (OLS) regression equation that tests the model predicting ***Y*** for first order effects of ***X*** and ***Z.***

a is the least squares estimates of the intercept

b is least squares estimates of the population regression coefficient for ***Z***

d is the coefficient of ***X*Z***

ε is the error term.

Using MMR to estimate the effect of a moderator variable ***Z*** on the ***X-Y*** relationship involves a regression equation that includes ***Y*** as a criterion, and ***X*** and ***Z*** as predictors. In addition, the MMR equation includes a third predictor consisting of the ***X*Z*** product. This product term carries information regarding the ***X*** by ***Z*** interaction.

APPENDIX 9: MODEL 4 – ESPP AND FIRM PERFORMANCE

$$y = \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_2 + \beta_5 x_5 + \varepsilon \quad \text{(Model 4)}$$

Where: y is the performance response variable which in this case were:

1. Return on assets expressed as net profit as a percentage of assets employed,
2. Return on equity worked out as net profit as a percentage of ordinary share capital plus all reserves
3. Sales growth was measured as actual annual percentage growth in total sales over a period of 5 years
4. Employee growth was measured as actual annual percentage growth in number of employees over a period of 5 years.
5. Attitude towards level of satisfaction towards evaluation of enterprise's Return on Assets.
6. Attitude towards level of satisfaction towards evaluation of enterprise's Return on Equity.3

β_i is the coefficient of x_i for i = 1, 2, 3, … 5

x_1 is the ability to be entrepreneurially oriented (EO),

x_2 is the ability to intensively scan the environment (SI),

x_3 is the ability to be flexible in enterprise planning (PF),

x_4 is the ability to consider overall planning horizon (PH),

x_5 is the ability to involve everyone in the enterprise planning process(LP),

ε is the error term.

Model Summary for EO and Attitude towards ROA

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.197[a]	0.039	0.031	0.709

a. Predictors: (Constant), EO Dependent Variable: Attitude towards ROA

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.569	1	2.569	5.112	0.025[a]
	Residual	63.306	126	0.502		
	Total	65.875	127			

a. Predictors: (Constant), EO b. Dependent Variable: Attitude towards ROA

Coefficients [a]

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	3.165	0.361		8.765	0.000
	EO	0.209	0.092	0.197	2.261	0.025

a. Dependent Variable: Attitude towards ROA

Model Summary for EO and Sales Growth

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.191[a]	0.037	0.029	12.663

a. Predictors: (Constant), EO Dependent Variable: Sales Growth

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	766.775	1	766.775	4.782	0.031[a]
	Residual	20205.710	126	160.363		
	Total	20972.486	127			

a. Predictors: (Constant), EO b. Dependent Variable: Sales Growth

Coefficients [a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	96.955	6.451		15.031	0.000
	EO	3.608	1.650	0.191	2.187	0.031

a. Dependent Variable: Sales Growth

Model Summary for EO and Employee Growth

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.206[a]	0.043	0.035	7.668

a. Predictors: (Constant), EO Dependent Variable: Employee Growth

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	329.486	1	329.486	5.603	0.019[a]
	Residual	7409.412	126	58.805		
	Total	7738.898	127			

a. Predictors: (Constant), EO b. Dependent Variable: Employee growth

Coefficients [a]

Model		Unstandardized Coef-ficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	98.648	3.906		25.254	0.000
	EO	2.365	0.999	0.206	2.367	0.019

a. Dependent Variable: Employee Growth

APPENDIX 10: MODEL 5 – EO AND FIRM PERFORMANCE

$$y = \beta_{1a} x_{1a} + \beta_{1b} x_{1b} + \beta_{1c} x_{1c} + \varepsilon \quad \text{(Model 5)}$$

Where: y is the performance response variable which in this case were:

1. Return on assets expressed as net profit as a percentage of assets employed,
2. Return on equity worked out as net profit as a percentage of ordinary share capital plus all reserves,
3. Sales growth was measured as actual annual percentage growth in total sales over a period of 5 years,
4. Employee growth was measured as actual annual percentage growth in number of employees over a period of 5 years,
5. Attitude towards level of satisfaction towards evaluation of enterprise's Return on Assets
6. Attitude towards level of satisfaction towards evaluation of enterprise's Return on Equity.

β_i is the coefficient of x_i for i = 1a, 1b and 1c

x_{1a} is the ability to take risk,

x_{1b} is the ability to be proactive and

x_{1c} is the ability to be innovative.

ε is the error term.

Model Summary for Innovativeness and Attitude towards ROE

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.204[a]	0.042	0.034	0.951

a. Predictors: (Constant), Innovativeness Dependent Variable: Attitude ROE

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.967	1	4.967	5.492	0.021[a]
	Residual	113.962	126	0.904		
	Total	118.930	127			

a. Predictors: (Constant), Innovativeness b. Dependent Variable: Attitude ROE

Coefficients [a]

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	3.014	0.419		7.188	0.000
	Innov	0.240	0.102	0.204	2.343	0.021

a. Dependent Variable: Attitude ROA

Model Summary for Risk Taking and Sales Growth

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.203[a]	0.041	0.034	12.632

a. Predictors: (Constant), Risk Taking Dependent Variable: Sales Growth

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	866.433	1	866.433	5.430	0.021[a]
	Residual	20106.053	126	159.572		
	Total	20972.486	127			

a. Predictors: (Constant), Risk Taking b. Dependent Variable: Sales Growth

Coefficients [a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	101.140	4.313		23.452	0.000
	Risk Taking	2.625	1.127	0.203	2.330	0.021

a. Dependent Variable: Sales Growth

Model Summary for Innovativeness and Employee Growth

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.180[a]	0.032	0.025	7.709

a. Predictors: (Constant), Innovativeness Dependent Variable: Employee Growth

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	251.108	1	251.108	4.225	0.042[a]
	Residual	7487.791	126	59.427		
	Total	7738.898	127			

a. Predictors: (Constant), Innovativeness b. Dependent Variable: Employee Growth

Coefficients [a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	100.909	3.399		29.689	0.000
	Innov	1.706	0.830	0.180	2.056	0.042

a. Dependent Variable: Employee Growth

APPENDIX 11: MODEL 6 – SI AND FIRM PERFORMANCE

$$y = \beta_{2a} x_{2a} + \beta_{2b} x_{2b} + \varepsilon \qquad \text{(Model 6)}$$

Where:

y is the performance response variable which in this case were:

1. Return on assets expressed as net profit as a percentage of assets employed,
2. Return on equity worked out as net profit as a percentage of ordinary share capital plus all reserves,
3. Sales growth was measured as actual annual percentage growth in total sales over a period of 5 years,
4. Employee growth was measured as actual annual percentage growth in number of employees over a period of 5 years,
5. Attitude towards level of satisfaction towards evaluation of enterprise's Return on Assets and
6. Attitude towards level of satisfaction towards evaluation of enterprise's Return on Equity.

β_i is the coefficient of x_i for i = 2a and 2b

x_{2a} is the ability to use various media to gather information and

x_{2b} is ability to always scan the environment.

ε is the error term.

APPENDIX 12: MODEL 7 – PF AND FIRM PERFORMANCE

$$y = \beta_{3a} x_{3a} + \beta_{3b} x_{3b} + \beta_{3c} x_{3c} + \beta_{3d} x_{3d} + \beta_{3e} x_{3e} + \beta_{3f} x_{3f} + \beta_{3g} x_{3g} + \beta_{2h} x_{3h} + \beta_{3i} x_i + \beta_{3j} x_{3j} + \varepsilon$$

(Model 7)

Where: y is the performance response variable which in this case were:

1. Return on assets expressed as net profit as a percentage of assets employed,
2. Return on equity worked out as net profit as a percentage of ordinary share capital plus all reserves,
3. Sales growth was measured as actual annual percentage growth in total sales over a period of 5 years,
4. Employee growth was measured as actual annual percentage growth in number of employees over a period of 5 years,
5. Attitude towards level of satisfaction towards evaluation of enterprise's Return on Assets and
6. Attitude towards level of satisfaction towards evaluation of enterprise's Return on Equity.

β_i is the coefficient of x_i for i = 3a, 3b 3c… 3j

x_{3a} is the ability to adjust to changes in economic conditions,

x_{3b} is ability to adjust to new technology,

x_{3c} is the ability to adjust to unexpected opportunity,

x_{3d} is ability to adjust to shifts in customer preference,

x_{3e} is the ability adjust to market entry of new competition,

x_{3f} is ability to adjust to modification of suppliers strategies,

x_{3g} is the ability to adjust to changes in government regulation,

x_{3h} is ability to adjust to emergence of unexpected threat,

x_{3i} is the ability to adjust to political developments and

x_{3j} is ability to adjust to global changes affecting industry.

ε is the error term.

Model Summary for Ability to Adjust to New Competition and Attitude towards ROA

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.310[a]	0.096	0.089	0.688

a. Predictors: (Constant), New Competition Dependent Variable: Attitude towards ROA

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.314	1	6.314	13.356	0.000[a]
	Residual	59.561	126	0.473		
	Total	65.875	127			

a. Predictors: (Constant), New Competition b. Dependent Variable: Attitude towards ROA

Coefficients [a]

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	3.152	0.232		13.600	0.000
	Innov	0.217	0.060	0.310	3.655	0.000

a. Dependent Variable: Attitude towards ROA

Model Summary for Ability to Adjust to New Technology, Global Changes and Sales Growth

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.237[a]	0.056	0.049	12.535
2	0.305[b]	0.093	0.078	12.336

a. Predictors: (Constant), New Technology b. Predictors: (Constant), New Technology, Global Changes

Dependent Variable: Sales Growth

ANOVA[c]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1175.592	1	1175.592	7.482	0.007[a]
	Residual	19796.894	126	157.118		
	Total	20972.486	127			
2	Regression	1949	2	974.663	6.404	0.002[b]
	Residual	19023.159	125	152.185		
	Total	20972.486	127			

a. Predictors: (Constant), New Technology b. Predictors: (Constant), New Technology, Global Changes

c. Dependent Variable: Sales Growth

Coefficients [a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	100.926	3.792		26.615	0.000
	New Technology	3.067	1.121	0.237	2.735	0.007
2	(Constant)	107.020	4.608		23.226	0.000
	New Technology	3.453	1.117	0.267	3.092	0.002
	Global Changes	-2.441	1.083	-0.194	-2.255	0.026

a. Dependent Variable: Sales Growth

APPENDIX 13: MODEL 8 – PH AND FIRM PERFORMANCE

$y = \beta_{4a} x_{4a} + \beta_{4b} x_{4b} + \beta_{4c} x_{4c} + \beta_{4d} x_{4d} + \varepsilon$ (Model 8)

Where: y is the performance response variable which in this case were:

1. Return on assets expressed as net profit as a percentage of assets employed,
2. Return on equity worked out as net profit as a percentage of ordinary share capital plus all reserves,
3. Sales growth was measured as actual annual percentage growth in total sales over a period of 5 years,
4. Employee growth was measured as actual annual percentage growth in number of employees over a period of 5 years,
5. Attitude towards level of satisfaction towards evaluation of enterprise's Return on Assets and
6. Attitude towards level of satisfaction towards evaluation of enterprise's Return on Equity.

β_i is the coefficient of x_i for i = 4a, 4b, 4c and 4d,

x_{4a} is the ability to emphasis on future time period of less than 1 year,

x_{4b} is the ability to emphasis on future time period of 1 -3 years,

x_{4c} is the ability to emphasis on future time period of 3 -5 years and

x_{4d} is ability to emphasis on future time period of over 5 years.

ε is the error term.

Model Summary for Planning Horizon Less than 1 Year and Attitude towards ROA

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.250[a]	0.063	0.055	0.700

a. Predictors: (Constant), Planning Horizon < 1 Year Dependent Variable: Attitude towards ROA

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.125	1	4.125	8.416	0.004[a]
	Residual	61.750	126	0.490		
	Total	65.875	127			

a. Predictors: (Constant), Planning Horizon < 1 Year b. Dependent Variable: Attitude towards ROA

Coefficients [a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	3.152	0.230		14.459	0.000
	< 1 Year	0.155	0.054	0.250	2.901	0.004

a. Dependent Variable: Attitude towards ROA

Model Summary for Planning Horizon Over 5 Years and Employee Growth

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.223[a]	0.050	0.042	7.640

a. Predictors: (Constant), Planning Horizon > Years Dependent Variable: Employee Growth

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	385.118	1	385.118	6.599	0.011[a]
	Residual	7353.780	126	58.363		
	Total	7738.898	127			

a. Predictors: (Constant), Planning Horizon > 5 Years b. Dependent Variable: Employee Growth

Coefficients [a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	102.014	2.334		43.702	0.000
	> 5 Years	1.729	0.673	0.223	2.569	0.011

a. Dependent Variable: Employee Growth

APPENDIX 14: MODEL 9 – LP AND FIRM PERFORMANCE

$$y = \beta_{5a} x_{5a} + \beta_{5b} x_{5b} + \beta_{5c} x_{5c} + \varepsilon \quad \text{(Model 9)}$$

Where: y is the performance response variable which in this case were:

1. Return on assets expressed as net profit as a percentage of assets employed,
2. Return on equity worked out as net profit as a percentage of ordinary share capital plus all reserves,
3. Sales growth was measured as actual annual percentage growth in total sales over a period of 5 years,
4. Employee growth was measured as actual annual percentage growth in number of employees over a period of 5 years,
5. Attitude towards level of satisfaction towards evaluation of enterprise's Return on Assets and
6. Attitude towards level of satisfaction towards evaluation of enterprise's Return on Equity.

β_i is the coefficient of x_i for i = 5a, 5b and 5c

x_{5a} is the ability to involve the owner in planning,

x_{5b} is the ability to involve the top management in planning and

x_{5c} is the ability to involve the employees in planning.

ε is the error term.

Model Summary for Owner Engagement and Sales Growth

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.215[a]	0.046	0.039	12.601

a. Predictors: (Constant), Owner Engagement Dependent Variable: Sales Growth

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	966.488	1	966.488	6.087	0.015[a]
	Residual	20005.998	126	158.778		
	Total	20972.486	127			

a. Predictors: (Constant), Owner Engagement b. Dependent Variable: Sales Growth

Coefficients [a]

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	125.413	6.008		20.874	0.000
	Owner	-3.431	1.391	-0.215	-2.467	0.015

a. Dependent Variable: Sales Growth

APPENDIX 15: MODERATED REGRESSION ANALYSIS RESULTS

Model Summary for Moderation Effect of Strategic Management Practices

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics	
					R Square Change	F Change
1	0.016(a)	0.000	-0.008	1.003	0.000	0.034
2	0.042(b)	0.002	-0.014	1.007	0.001	0.183
3	0.142(c)	0.020	-0.003	1.002	0.019	2.344

a Predictors: (Constant), Entrepreneurial Strategic Planning (X)

b Predictors: (Constant), Entrepreneurial Strategic Planning (X), Strategic Management (Z)

c Predictors: (Constant), Entrepreneurial Strategic Planning (X), Strategic Management (Z), Interaction (X*Z)

ANOVA [d]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	0.340	1	0.034	0.034	0.027(a)
	Residual	126.966	126	1.008		
	Total	127.000	127			
2	Regression	0.219	2	0.109	0.108	0.023(b)
	Residual	126.781	125	1.014		
	Total	127.000	127			
3	Regression	2.571	3	0.857	0.854	0.014(c)
	Residual	124.429	124	1.003		
	Total	127.000	127			

a Predictors: (Constant), Entrepreneurial Strategic Planning (X)

b Predictors: (Constant), Entrepreneurial Strategic Planning (X), Strategic Management (Z)

c Predictors: (Constant), Entrepreneurial Strategic Planning (X), Strategic Management (Z), Interaction (X*Z)

d Dependent Variable: Enterprise Performance

Coefficients(a)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	7.447E-16	0.089		0.000	0.003
	X	-0.016	0.089	-0.016	-0.183	0.027
2	(Constant)	8.675E-16	0.089		0.000	0.004
	X	0.011	0.110	0.011	0.103	0.015
	Z	-0.047	0.110	-0.047	-0.427	0.006
3	(Constant)	0.051	0.095		0.541	0.008
	X	-0.033	0.114	-0.033	-0.289	0.013
	Z	-0.151	0.129	-0.151	-1.170	0.007
	Interaction (X*Z)	-0.088	0.057	-0.191	-1.531	0.005

a Dependent Variable: Enterprise Performance

APPENDIX 16: SAMPLE SIZE DETERMINATION

Using the standard values and formula provided above the sample size was calculated as follows:

$$\underline{\mathbf{n}}_o = \frac{1.96^2 \times 0.7(1-0.7)}{0.05^2}$$

$$\underline{\mathbf{n}}_o = \frac{3.8416 \times 0.49}{0.0025}$$

$$\underline{\mathbf{n}}_o = \frac{0.8068}{0.0025}$$

$$\underline{\mathbf{n}}_o = 322.72 \sim \textbf{323 Enterprises}$$

However, since this sample size exceeds the study population size (213 enterprises), Cochran's (1977) correction formula was used to calculate the final sample size. These calculations were as follows:

$$\underline{\mathbf{n}}_1 = \frac{n_o}{(1 + \underline{n}_o/\text{Population})}$$

$$\underline{\mathbf{n}}_1 = \frac{323}{(1 + 323/213)}$$

$$\underline{\mathbf{n}}_1 = \textbf{128 Enterprises}$$