ENTREPRENEURIAL ORIENTATION AND THE PERFORMANCE OF MICRO AND SMALL ENTERPRISES IN THE PUBLISHING INDUSTRY IN KENYA

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D86/5051/2004

A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF THE DEGREE OF DOCTOR OF PHILOSOPHY IN ENTREPRENEURSHIP DEVELOPMENT IN THE SCHOOL OF BUSINESS, KENYATTA UNIVERSITY

JUNE 2015
DECLARATION

This is my original work and to my knowledge has not been presented in any other university.

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To God be the Glory for His love, care and guidance. To Wanja, Nyambura, Wangari, Mambo, Xolani and Serita who have been a source of encouragement.
ACKNOWLEDGEMENT

I give all glory and honor to God for his guidance and also express my deepest appreciation to those who supported me in this academic journey. I wish to thank Kenyatta University for granting me an opportunity to undertake doctoral studies in the school of business. My sincere thanks go to the Vice Chancellor, Kenyatta University Prof. Olive Mugenda for her continued support and encouragement throughout the period of my study.

My deepest appreciation goes to my supervisors Dr James M. Kilika and Prof. Charles Ombuki for their patience, academic guidance and wise counsel.

Great appreciation also goes to many others who contributed in one way or another in the completion of this study. To Raphael Gikunda, David Nthiga, Gladys Wambui, I thank you for your assistance. Also to Milka Mathu, Mary Mutungi, Dr. Joyce Gakobo and Dr. Caroline Mutwiri, for their prayers and encouragement and all the respondents in the Publishing MSEs, for the support they gave me during the data collection exercise.

I am greatly indebted to my father, the late Njuguna Kahiu and my mum Lear Nyambura for supporting and encouraging me throughout my academic life.

To my Children for always being there for me, encouraging, supporting and never failing to point out that there is some academic journey I need to complete I say a big thank you.

Sincere thanks to all of you and God bless you.
TABLE OF CONTENT

DECLARATION........................................................................................................... ii
DEDICATION........................................................................................................... iii
ACKNOWLEDGEMENT.......................................................................................... iv
LIST OF TABLES................................................................................................... ix
OPERATIONAL DEFINITION OF TERMS............................................................... xii
ACRONYMS AND ABBREVIATIONS...................................................................... xiv
ABSTRACT............................................................................................................ xv
CHAPTER ONE ..................................................................................................... 1
INTRODUCTION..................................................................................................... 1
  1.1 Background of the Study.............................................................................. 1
    1.1.1 Entrepreneurial Orientation and Firm Performance.......................... 2
    1.1.2 Micro and Small Enterprises (MSEs) in Kenya................................. 4
    1.1.3 Publishing Industry in Kenya.............................................................. 5
    1.1.4 MSEs in the Publishing Industry......................................................... 7
  1.2 Statement of the Problem............................................................................ 9
  1.3 Objectives of the Study............................................................................. 10
    1.3.1 Specific Objectives........................................................................... 10
  1.4 Hypotheses............................................................................................... 10
  1.5 Significance of the Study......................................................................... 11
  1.6 Scope of the Study................................................................................... 12
  1.7 Limitations of the Study.......................................................................... 12
CHAPTER TWO ................................................................................................... 14
LITERATURE REVIEW ...................................................................................... 14
  2.1 Introduction............................................................................................... 14
  2.2 Theoretical Review................................................................................... 14
    2.2.1 Joseph Schumpeter’s Theory............................................................. 14
    2.2.2. Israel Kirzner’s Process Model ....................................................... 15
    2.2.3 Frank Knight’s Risk Taking Theory................................................... 15
    2.2.4 Psychological Based Theories............................................................ 16
    2.2.5 Population Ecology Theory.............................................................. 17
    2.2.6 Covin-Slevin Firm-Behavior Model of Entrepreneurship............ 17
## 2.3 Empirical Review

2.3.1 The Concept of Entrepreneurial Orientation .............................................. 18  
2.3.2 The Entrepreneurial Orientation Construct ................................................. 19  

## 2.4 Firm Performance

2.4.1 The Entrepreneurial Orientation and Firm performance .................................. 22  
2.4.2 Innovation and Performance ................................................................. 27  
2.4.3 Risk-taking and Performance ................................................................. 28  
2.4.4 Autonomy and Performance ....................................................................... 29  
2.4.5 Proactiveness and Performance ................................................................. 29  
2.4.6 Competitive Aggressiveness and Performance ............................................... 29  

## 2.5 Organizational Characteristics

2.5.1 Age and Size of a firm ............................................................................. 30  
2.5.2 Educational level ..................................................................................... 31  
2.5.3 Use of ICT in the Publishing Industry ......................................................... 32  

## 2.6 Summary of Research Gaps

3.2 Research Philosophy

3.3 Research Design

3.4 Study Area

3.5 Population of the Study

3.6 Sampling Design and Sample Size

3.7.1 Data Collection Instrument and Procedures

3.7.2 Validity

3.7.3 Reliability

3.7.4 Measurement of Variables

3.8 Data Management

3.9 Data Analysis and Presentation

3.9.1 Inferential Statistics

3.9.2 Pearson Product-Moment Correlation Coefficient

3.9.3 Multiple Regression Analysis

Source: Author, 2015
LIST OF TABLES

Table 3.1: Distribution of the Respondents .................................................................41
Table 3.2: Reliability Test Results ..............................................................................44
Table 3.3: Measurement of variables ........................................................................46
Table 3.4: Summary of Data Analysis ......................................................................52

Table 4.1: Response Rate for Organizations ..............................................................54
Table 4.2: Response Rate for Respondents ..............................................................55
Table 4.3: Gender of the Respondents .....................................................................56
Table 4.4: Age of the Respondents .........................................................................57
Table 4.5: Education Level of the Respondents ......................................................58
Table 4.6: Age of the Business .................................................................................60
Table 4.7: Categories of Products ............................................................................62
Table 4.8: No of Employees .....................................................................................64
Table 4.9: Application of innovation to boost firm performance .............................65
Table 4.10: Risk taking in publishing sector ..............................................................67
Table 4.11: Entrepreneurial Proactiveness .................................................................68
Table 4.12: Autonomy and performance of MSEs ....................................................69
Table 4.13: Competitive aggressiveness on the performance of MSEs ....................70
Table 4.14: Use of ICT in the firm processes .............................................................71
Table 4.15: Firms with e-books and websites ............................................................72
Table 4.16: Marketing Strategies ..............................................................................73
Table 4.17: Number of titles published in the last three years ..................................74
Table 4.18: Number of copies published in the last three years ................................74
Table 4.19: Performance indicator ..........................................................................75
Table 4.20: Model summary .....................................................................................77
Table 4.21: ANOVA Results ...................................................................................77
Table 4.22: Regression coefficients .........................................................................80
Table 4.23: Correlation analysis between innovation and performance of MSEs ......81
Table 4.24: Correlation analysis between risk taking and performance of MSEs ......82
Table 4.25: Relationship between proactiveness and performance of MSEs ..........83
Table 4.26: Correlation for relationship between autonomy and performance of MSEs ..............................................................................................................84
Table 4. 27: Pearson’s correlation for relationship between competitive aggressiveness and performance of MSEs ................................................................. 85
Table 4. 28: Pearson correlation analysis results between organizational characteristics and performance .................................................................................. 87
Table 4. 29: Model Summary ..................................................................................... 88
Table 4. 30: Regression Coefficients ....................................................................... 89
Table 4. 31: ANOVA results ..................................................................................... 90
Table 4. 32: Model summary ..................................................................................... 90
Table 4. 33: ANOVA results ..................................................................................... 90
Table 4. 34: Regression Coefficients ....................................................................... 90
Table 4. 35: Comparison of the parameters before and after moderation .............. 91
LIST OF FIGURES

Figure 2.1: Conceptual Framework ................................................................. 36

Figure 4.1: Length of Working Period in the Enterprise ........................................ 59
Figure 4.2: Legal Ownership ........................................................................ 61
Figure 4.3: Reasons for choice of product ....................................................... 63
Figure 4.4: Printing rights ............................................................................. 63
Figure 4.5: Overall Performance of MSEs in the Publishing Sector .................... 76
OPERATIONAL DEFINITION OF TERMS

Entrepreneurship: Is defined in this study as a process of managing a business unit by properly utilizing resources and applying entrepreneurial skills with an aim of making a profit.

Publishing firm/business: Refers to an economic entity that is in the business of publishing books.

Entrepreneurial Orientation: Refers to strategy making practices that a firm employs in its on-going processes. It is a mindset that steers a firm to be innovative, competitive, risk-taking, proactive and encourages autonomous teams and creativity.

The Covin-Slevin Scale: Measurement scale of Entrepreneurial Orientation developed by J. Covin and D. P. Slevin.

Micro and Small Enterprises: Defined in this study as those enterprises employing between 1-50 workers including the owner if he/she works there.

Performance: Is indicated by the number of titles and volumes published per year, new titles, total sale, sales growth, increase in market share and ability to fund growth with profits.

Desk top- Publishing: The use of computers and specialized software to create documents e.g. Books, newsletters etc.

E-books: Books which are in electronic form.

E-journals: Journals which are in digital form and are read online or offline.
Individual Publishers: These are publishers/authors who choose to publish their own publications mostly by use of desk top software. They do not use known publishers.

Multinational publishers: Publishers with business interests in many countries.

Government publishing houses: also referred to as state owned publishing houses are the publishing businesses owned by the government.

Innovation This is the willing of a firm to embrace new ideas, experimentation and creativity by staff, and supporting new production methods and processes.

Competitive aggressiveness: This is an entrepreneurial posture where the firm scouts the market so as to know what the competitors are offering and apply price manipulation strategies to counter competition.

Risk taking: As a dimension of Entrepreneurial Orientation is characterized by a firm’s inclination to take calculated risks through funding of risky projects that promises good returns and also funding new ideas and products.

Proactiveness: This is an entrepreneurial posture by a firm that is characterized by a tendency to monitor changes in the market and responding quickly by launching new products thus being the first in such markets ahead of the competitors.

Autonomy: The inclination of a firm’s management to encourage staff to come up with new ideas and rewarding the viable ones.
ACRONYMS AND ABBREVIATIONS

EO  Entrepreneurial Orientation
ICT  Information Communication Technology
MSEs Micro and Small Enterprises
PoD  Print on Demand
R&D  Research and Development
E-books  Electronic Books
E-journals  Electronic Journals
ABSTRACT

Micro and Small Enterprises have been acknowledged as very important in economic development for job creation and poverty reduction. The government of Kenya has also acknowledged that these firms face a lot of challenges and that there is need to enhance their performance and competitiveness. This study examined Entrepreneurial Orientation in the publishing Micro and Small Enterprises in Kenya in relation to their performance. Micro and Small Enterprises in this industry are faced with many problems that include stiff competition by multinationals and government owned publishing houses and this has implication on their performance. With their large resource base and support from their parent organizations and the government, subsidiaries of multinationals and government publishing houses are a force to reckon with in the marketplace. Entrepreneurial Orientation is a strategy that firms can use to gain competitive advantage and enhance their performance. The five dimensions of entrepreneurial orientation construct are; innovativeness, risk-taking, proactiveness, autonomy and competitive aggressiveness. The study was conducted in Nairobi where most of these MSEs are found and the target population was all the MSEs in the publishing industry in Kenya, which have been in existence for 3 or more years. A list of publishers was obtained from the Kenya Publishers’ Association, and Kenya Business directory where 60 firms were selected after cross-checking the 2011 and 2013 directories to ensure that only those firms that are 3 years and above are in the study. The study used the explanatory and descriptive approach to examine the relationship between the dimensions of Entrepreneurial Orientation (innovation, risk-taking, proactiveness, autonomy and competitive aggressiveness) and the performance of Micro and Small Enterprises in the publishing industry in Kenya using a questionnaire. The study established a positive relationship between Entrepreneurial Orientation and the performance of Micro and Small Enterprises in the Publishing industry in Kenya. All the five dimensions of entrepreneurial orientation were positively related to performance and the regression analysis indicated that increase in each of them would result into increase in performance. It is, therefore, imperative for these firms to integrate Entrepreneurial Orientation posture into their strategic behavior so as to be more competitive and improve their performance. The study also established that education, use of information technology, firm size and firm age had moderating influence on the relationship between entrepreneurial orientation and performance. These findings are of importance to policy makers who can come up with different programmes aimed at improving the competitiveness of these firms through creativity, experimentation and development of a wholesome entrepreneurial posture. The Micro and Small Enterprises sector will further be enriched if further research is carried on in the different sectors of the economy as recommended in this study, thus establishing other factors that can increase the competitiveness and performance of these firms.
CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Kuratko, (2009) posit that entrepreneurship is more than mere creation of businesses but a mind-set that is constantly seeking opportunities, taking risks and tenaciously pushing ideas to reality. He goes on to define entrepreneurship as “a dynamic process of vision, change and creation that requires an application of energy and passion toward the creation and implementation of new ideas and creative solutions.” p. 22. Hisrich, Peters and Shepherd (2013), have stated that, “entrepreneurship plays an important role in the creation and growth of businesses as well as in the growth and prosperity of regions and nations” p.12 and that entrepreneurship enables opportunity recognition and is action oriented. Thus, an entrepreneurial firm will put emphasis on situations where new goods, services and processes are introduced to facilitate its performance. The various definitions of entrepreneurship also acknowledge the role of opportunity identification and that of taking the necessary action to exploit such opportunities. This action will involve creation of new products, services or processes and entry into new market.

There is a general belief among researchers and policy makers that, entrepreneurship is good for a country’s economic development and the performance of a firm (Cromie, 2000; Republic of Kenya, Sessional Paper No 2, 2005). It also contributes to the success, growth and competitiveness of a firm (Covin & Slevin, 1991). Small firms do not have capital capabilities, market power and other resources of the larger firms and, therefore, they need to formulate and implement competitive strategies to counter the
challenges posed by the business environment and entrepreneurship has been viewed as a way to help them (Aloulou & Fayole, 2005). It is, therefore, very important for these firms to have a mind-set that is entrepreneurial, and this is what is referred to as Entrepreneurial Orientation (EO).

Empirical studies by Wiklund, (1999); Covin, Green and Slevin, (2002); Kreiser et al, (2002); and Chow, (2006), carried out in manufacturing, construction and services sectors have also shown that Entrepreneurial Orientation as a strategy positively influence firm performance. It puts emphasis on new ideas and creativity that bring about new products and processes which help the firm to competitively remain in the market. Thus, Entrepreneurial Orientation can be taken to be a firm’s posture that encourages innovativeness, risky ventures, and is proactive (Chen, et al. 2011). Such a firm encourages teams to come up with innovative ideas, explores the markets to establish what is needed and embarks on fulfilling that need. Miller, (1983) operationalized the EO concept into three dimensions of innovativeness, proactiveness and risk-taking. Lumpking and Dess (1996) added two more dimensions, namely, autonomy and competitive aggressiveness to the construct. Researchers have, therefore taken these five dimensions as the major constructs of Entrepreneurial Orientation (Rauch et al. 2004; Krauss, et al. 2005, Kreiser et al, 2002).

1.1.1 Entrepreneurial Orientation and Firm Performance

Entrepreneurial orientation as a strategic posture enables a firm to engage in entrepreneurial actions and is also an important measure of the level of entrepreneurship in a firm. A number of empirical studies (Wiklund, 1999; Covin & Slevin 1989; Rauch et al. 2004; Krauss, et al. 2005) have shown that, there is a positive
relationship between Entrepreneurial Orientation (EO) and performance of a firm implying that, those firms with higher entrepreneurial orientation perform better.

Innovativeness enables a firm to remain competitive in the market by coming up with new products and processes, improving existing products by adding new features and entering new markets. Risk taking refers to willingness to take risks by funding ventures that promise high returns. Proactiveness involves scanning the environment to look for emerging opportunities that enable a firm to be first in the market (Miller, 1983). Competitive aggressiveness helps a firm to respond to business threats by putting in place those strategies that will enable it to outperform its rivals (Dess & Lumpkin, 2005). Autonomy encourages employees to exercise their creativity. This in effect will enable such firms to come up with new ideas and products thus countering any competition.

Firm performance is of the utmost importance to any venture large or small and every entrepreneur strives to improve the performance of their firms by employing different strategies. Various researchers and authors have looked at performance from different perspectives. Neely et al., (1995) have suggested that performance could be defined as the efficiency and effectiveness of a venture. Others like Glancey, (1998) have looked at performance in terms of profitability and growth of a business venture. Performance measures on the other hand can be said to be ways of quantifying the performance of a business and due to the complexity of evaluating firm performance use of multiple measures is recommended (Habel & Reichel, 2005). A number of researchers (Covin, Green & Slevin, 2006; Krauss, et. al, 2005; Geogellis, Joyce and Woods, 2000; Richard, 2000; Phillips, 1996;) have used growth, return on investment, sales growth,
market share, number of new products, number of employee/size and increase in customer base as measures of performance in their studies.

1.1.2 Micro and Small Enterprises (MSEs) in Kenya

MSEs are considered to be very important in Kenya's industrialization strategy and the economic survey 2006 stipulates that this sector is crucial in creation of new jobs thus curbing the unemployment problem (Republic of Kenya, 1997). The government of Kenya has shown a positive attitude towards MSEs and a number of policy initiatives have been put in place aimed at increasing their performance and competitiveness.

Sessional Paper No. 2 of 1985 on unemployment noted the importance of MSEs in the economy and sought to encourage its growth. Sessional Paper No. 1 of 1986 and the National Development Plan of 1989-1993 sought to encourage growth of MSEs by seeking to amend the inhibiting rules and regulations (Akoten, 2006; Republic of Kenya, 1989-93 Development Plan; 1986 Sessional Paper; Sessional Paper no 2, 1997). Sessional Paper no 2, 2005 on development of micro and small enterprises notes that the MSEs' performance and competitiveness must be increased for them to respond effectively to the challenges of creating productive and sustainable employment opportunities, promote economic growth and help reduce poverty. It has also noted that many of these MSEs wind up in the first year of operation due to the many challenges they face. The paper also notes that the sector has not been performing well due to the restraining factors such as limited finances, inadequate access to technology, inadequate business skills and limited access to proper information.
Kenya’s long-term national planning strategy, officially known as ‘Vision 2030’ of 2007, has also emphasized the need to exploit opportunities in different industries and creation of Small and Medium Enterprises (SME) industrial parks as a way of enhancing their performance and survival in the market. But despite their importance in the economy and the various government initiatives, past statistics indicate that three out of five businesses fail within the first few years of operation (Bowen, Murara & Mureithi, 2009).

Even with these commendable initiatives by the government of Kenya, the above discussion reveals that much will need to be done to enhance the performance of MSEs in Kenya. Literature on entrepreneurial orientation has shown that, to improve firm performance and competitiveness, entrepreneurial strategies should be employed (Arief, et al. 2013; Rauch et al, 2005). Emphasis on innovative behavior, competitive aggressiveness, risk taking, autonomy and proactiveness will result in the firm bringing in new ideas which will result in new products and processes required in an environment characterized by rapidly changing consumer behaviour. Proactive behavior and competitive aggressiveness will not only enable these firms to recognize changes in the market, but also act rapidly to beat competition and be in the forefront of bringing changes in the industry.

1.1.3 Publishing Industry in Kenya

Christian missionaries in Kenya like other African countries were the first to set up printing presses mainly for translating the Bible and printing Christian materials for their converts. The colonial government later set up the East African Literature Bureau in 1948 to publish books for Africans both for general reading and educational
purposes. The 1950s saw the beginning of the multinational subsidiary companies in Kenya when Longman and Oxford University Press came to the country (Ng’ang’a, 2008). These two scouted for manuscripts and sent them to be published by their main companies in Britain and brought the finished product to the country for sale. They also brought in books published for the European market to the country (Nyariki & Makotsi, 1997). Other foreign multinational publishers that entered the Kenyan market later include Macmillan, Heinemann, Nelson, Evans, Pitman and Cambridge and as Chakava, (1996) notes, even up to the late 1970’s, these companies’ entire revenues consisted of books published outside the country.

Small private indigenous publishing firms were set up in the 1950s after the Second World War by nationalists like Gakaara Wa Wanjau and Henry Mworia to inform and sensitize the Africans on the freedom movement (Chakava, 1996). They concentrated on pamphlets and not books. In 1965, two privately owned publishing firms were founded by Africans namely; East African Publishing House and Equatorial Publishers. Chakava, (1996) observes that, by 1970, the publishing sector in Kenya was largely in the hands of multinationals and privately owned publishing firms like Equatorial were finding it difficult to survive due to the competition from the multinationals and the government owned publishing houses.

The School Equipment Scheme that the government set up at this time did not help the privately owned firms. The government intention was to curtail the multinational activities from the primary school market by giving Jomo Kenyatta Foundation which was government owned the monopoly of this market. Nyariki and Makotsi, (1997) note that although the publishing industry was fairly active in the 1970s, it was text-book oriented and controlled by foreigners.
Today, the publishing sector in Kenya is made up of subsidiaries of multinational publishers; government-supported houses like Jomo Kenyatta Foundation; private publishing firms; desktop individual publishers and firms owned by organizations like University presses. The market is mostly dominated by Government owned publishing houses and multinationals who entered the country during the colonial time when indigenous people were not in a position to start such businesses and even when they did, they were preyed by many problems such that, they either stopped operations or remained small (Chakava, 1996). Even though a number of multinationals have withdrawn their publishing operations from the country, their presence is still felt in the market especially at the tertiary level where majority of the books come from these publishers. A number of them have local representatives who market their books. This study focused on the privately owned MSEs in the publishing industry.

1.1.4 MSEs in the Publishing Industry

MSEs in the publishing industry provide the citizens with information products. A country needs to have a vibrant publishing and book trade industry that will support its information needs otherwise it will be forced to rely heavily on other countries for the supply of its information materials (Altbach, 1992). Since no one country can sufficiently supply another with relevant and appropriate information, it is important for a country to have the local people venture into the publishing and book trade industry. It is equally important for these ventures to employ strategies that will enable them to competitively survive in the market and at the same time meet the information needs of the country.
Chakava, (1996) posits that, Kenyan publishers lack entrepreneurial capabilities while Nyariki and Makotsi (1997), in their study noted that, the performance of Kenyan publishing firms is poor. They attributed the poor performance to stiff competition from the multinationals and state owned houses, poor infrastructure, lack of training, poor reading habit, poverty and inhibiting government policies. Thus, the MSEs in publishing industry have not only to contend with the myriads of problems that all MSEs face but also with the industry problems herein outlined. It is, therefore, imperative that these enterprises employ strategies that will enhance their performance if they are to respond to the challenges of poverty reduction, creation of employment, provision of information to the citizens and also be able to competitively survive in a market dominated by multinationals and government owned publishing houses. This study addressed this concern by looking at the entrepreneurial orientation in this sector and linking it to performance.

Studies by Chen et al. (2011); Razak, (2011); Galetic and Milovanovic, (2008) have shown that entrepreneurship can enhance the performance of small scale enterprises and also their competitiveness in the market. Integrating entrepreneurial strategies will not only improve performance but also ensure a competitive posture that enables the firm to survive in the market. This will involve developing a mindset that is willing to introduce newness and experimentation into the business, being competitively aggressive in the market and funding projects that promise good returns (Dess & Lumpkin, 2005).
1.2 Statement of the Problem

Despite the various policy initiatives that the government has come up with so as to boost the competitiveness and performance of MSEs, Sessional Paper No. 2 of 2005 contends that MSEs in Kenya do not perform well and that they need to come up with strategies that will help them increase their competitiveness and performance and this view has been supported by Bowen, Murara & Mureithi, (2009). With their large resource base and support from their parent organizations and the government respectively, subsidiaries of multinationals and government publishing houses are a force to reckon with in the marketplace. Privately owned MSEs in this industry not only have to contend with the challenges faced by all the MSEs in Kenya as outlined in Sessional Paper 5 of 2005, but also face competition from the multinationals and government owned publishing houses.

Studies by Makotsi and Nyariki, (1997); Chakava, (1996); Nyariki & Makotsi, (1994) have noted that, the publishing industry in Kenya has faced serious challenges over the years. They observe that, the sector is dominated by multinationals and government owned publishing houses that compete with privately owned firms but these studies have not given empirical direction on how to improve the performance and competitiveness of these firms. This study brought in Entrepreneurial Orientation as a strategy that can be used by these firms to achieve competitive advantage and enhance their performance. Also, most researches focusing on the influence of Entrepreneurial Orientation on firm performance have usually focused on large enterprises in manufacturing and services sectors. None have focused on the publishing industry in Kenya despite their importance in the economy.
1.3 Objectives of the Study.

The general objective of this study was to establish the relationship between Entrepreneurial Orientation (EO) and the performance of MSEs in the publishing industry in Kenya.

1.3.1 Specific Objectives

i. To determine the relationship between innovation and the performance of MSEs in the publishing industry in Kenya.

ii. To establish the relationship between risk-taking and the performance of MSEs in the publishing industry in Kenya.

iii. To determine the relationship between proactiveness and the performance of MSEs in the publishing industry in Kenya.

iv. To determine the relationship between autonomy and the performance of MSEs in the publishing industry in Kenya.

v. To determine the relationship between competitive aggressiveness and the performance of MSEs in the publishing industry in Kenya.

vi. To establish the moderating influence of various organizational characteristics in the relationship between entrepreneurial orientation and performance of MSEs in the Publishing industry in Kenya.

1.4 Hypotheses

i. \( H_0_1 \): There is no relationship between innovation and the performance of MSEs in the publishing industry in Kenya.

ii. \( H_0_2 \): There is no relationship between risk taking and the performance of MSEs in the publishing industry in Kenya.

iii. \( H_0_3 \): There is no relationship between proactiveness and the performance of MSEs in the publishing industry in Kenya.
iv. $H_{04}$: There is no relationship between autonomy and the performance of MSEs in the publishing industry in Kenya.

v. $H_{05}$: There is no relationship between competitive aggressiveness and the performance of MSEs in the publishing industry in Kenya.

vi. $H_{06}$: There is no moderating influence of organizational characteristics on the relationship between entrepreneurial orientation and the performance of MSEs in the publishing industry in Kenya.

1.5 Significance of the Study

Empirical studies have shown that embracing entrepreneurial orientation posture can lead to improved performance and this study has supported these findings. Most of these studies have looked at large firm in construction, service and manufacturing. Firms that embrace Entrepreneurial Orientation are always sourcing for new markets and improving their products. Such firms also exhibit proactive and competitive behavior in order to gain advantage in the market. The study has provided empirical basis for identifying those factors that can assist the MSEs in the publishing industry in Kenya to improve their performance and gain competitive advantage.

Despite its importance in provision of information for economic activities, there has been little academic research done in the Book Industry. Therefore, this study has contributed much needed empirical insights in this industry. The industry is also dominated by multinationals and government publishing houses and therefore, the study findings will help the MSEs entrepreneurs to know the entrepreneurial strategies they can employ to counter this competition.
By researching the book publishing sector, this study is therefore, very useful to policy analysts because they will have a broader insight of the factors that explain the performance of these MSEs. The study has also contributed greatly to the much needed literature in this field. Also, despite the evidence supporting a positive and significant association between Entrepreneurial Orientation and firm performance, most of this evidence is confined to Western countries. Therefore, this study has extended the geographical coverage of this type of investigation to Kenya.

1.6 Scope of the Study

The study only focused on privately owned MSEs in Kenya that publish books and have been in existence for more than 3 years, with the study population drawn from Nairobi County. The subjects of the study were the owners, managers, supervisors and marketers of these enterprises since they have the most influence on a firm’s structure and entrepreneurial strategies to be employed and are knowledgeable about the strategies employed in the firm. The study was limited to establishing the relationship between entrepreneurial orientation and the performance of MSEs in the publishing sector in Kenya.

1.7 Limitations of the Study

The study only studied the privately owned MSEs in the Publishing industry in Kenya that are 3 years old and above and concentrated in Nairobi County. The study also presumed the honesty of the respondents to give correct information especially on matters dealing with business performance.

The study would have been enriched by the inclusion of financial and accounting recording from the firms but entrepreneurs are usually unwilling to disclose their
financial figures. But to get a clear picture of the performance of these firms other measures that have been recommended in the literature were used. These are; sales volumes, sales growth, new titles published, volumes published and increase in market share.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews the literature that deals with the subject of the study. The theoretical review has looked at the main theories in entrepreneurship. They include Schumpeter’s theory of innovation, Kirziner’s process model, Knight’s risk taking theory, psychological based theories, population ecology, and the Covin-Slevin firm behavior model of entrepreneurship. The Entrepreneurial Orientation constructs and its relationship to firm performance has also been reviewed before looking at the organizational characteristics and the study gaps.

2.2 Theoretical Review

The field of entrepreneurship is multidisciplinary and as such, various approaches have been used to generate theories that could be used to explain it. This study therefore, used assumptions from different schools of thought. The study has been guided by the Covin-Slevin Model of Firm Behavior model, Joseph Schumpeter’s Innovation theory and Frank Knight’s risk bearing theory.

2.2.1 Joseph Schumpeter’s Theory

To Schumpeter, an entrepreneur does not imitate rivals but applies new methods of production, and seeks new markets. Such an entrepreneur has creative ability and plays the role of a revolutionary in creation of new production processes and products. Schumpeter (1934) brought in the aspect of innovation into entrepreneurship and posed that, entrepreneurs are those individuals who combine resources in new ways, thereby, bringing changes in the market. He stressed on introducing new ways of doing things,
new products, new sources of materials and entry to new markets. An innovative firm will seek to bring newness into the market (Miller, 1983). Without this important dimension of EO, firms risk losing market share and sales. This study has, therefore, taken Schumpeter’s view that, innovation in both process and product will positively affect the performance of a firm.

2.2.2. Israel Kirzner’s Process Model

The Neo-Austrian approach that is connected to Kirzner emphasizes on the entrepreneur being ‘alert’ in the market. Such an entrepreneur will be tuned to any changes in the market and sees opportunities therein. To Kirzner, an alert entrepreneur will see a change in the market and connect it to profit opportunities. Thus, proactiveness is important in enabling the entrepreneur to spot emerging opportunities in the market. An alert entrepreneur will be on the lookout for opportunities by always scanning the market. This study takes this view into consideration because entrepreneurial orientation is related to the entrepreneurial process and usually results in a firm embarking on new methods of production, processes and products and always being on the lookout for new opportunities.

2.2.3 Frank Knight’s Risk Taking Theory

Knight argues that the willingness of an entrepreneur to take risks is a very important contribution to entrepreneurship. Putting ones resources and time in uncertain ventures is a risky action but very crucial in business. Knight puts emphasis on the fact that even venturing to new markets involves some measure of risk taking and an entrepreneur should be willing to take such risks. Knight has focused on the importance of building capabilities to see uncertainties as promise of future profits. Knight posits that the
environment is characterized by uncertainty and one has to take stand and decide how to operate in such uncertain environments (Knight, 1921).

2.2.4 Psychological Based Theories

Psychological based theories focus on the personality, behavior, cognitive and motivation of the entrepreneur. They posit that, success of a firm will depend to a large extent on the psychological makeup of the main entrepreneur, their behavior and cognitive abilities in making decisions (Timmons, 1985). These theories advocate that some of the characteristics or traits associated with entrepreneurs include being more opportunity oriented and are also transformational in nature. The theories also incorporate the works of McClelland, on achievement motivation that stipulates that human beings have a need to succeed, achieve and excel (Simpeh, 2011). These theories posit that entrepreneurs have a strong need for achievement and are driven by this need.

Even though these theories have been criticized by such people as Kao, (1989, p. 99), who posit that traits used to describe entrepreneurs can also be used to describe managers, this study is in agreement with the fact that the lead entrepreneurs and those in the position of influence in a firm are important in making decisions that will ultimately affect the performance of the firm. Entrepreneurial Orientation is concerned with entrepreneurial process and an entrepreneur’s psychological makeup will enable him/her in steering the firm to be more innovative risk-tolerant, proactive and competitive in the market,
2.2.5 Population Ecology Theory

Hannan and Freeman (1977) introduced this theory into the study of organizations and looked at survival of organizations in different environments. They emphasized the fact that environments place demands and challenges on organizations. Advocates of population ecology theory posit that, organizations adapt to changes in the environment and those that adapt well will survive while those that do not will die. But writers like Kanungo, (1998) and Amit, (1993) are of the opinion that, the theory has assumed that all firms in the same sector will react in the same way when faced with environmental challenges and has ignored the abilities of the entrepreneurs to manipulate the firms through innovation and other means so as to adapt to changes. The current study has taken the stand that to competitively survive in their respective industries, firms must embrace entrepreneurial orientation which will enable them to counter threats in the environment. Thus, embracing EO will have an effect on the performance of such firms.

2.2.6 Covin-Slevin Firm-Behavior Model of Entrepreneurship

The firm-behavior model of entrepreneurship by Covin and Slevin (1991) focuses more on the firm strategies rather than the individual entrepreneur’s behavior. The model posits that a firm should be innovative, proactive and take calculated risks. The model suggests that, a firm is not entrepreneurial just because it has changed its technology through imitating others while refusing to take risks. This means that, some proactiveness is essential as well. At the same time risk-taking may enable a firm to have adequate finance but this does not make such a firm entrepreneurial. They must also engage in product and technological innovation. The model therefore, posits that innovation, risk taking and proactiveness are essential for a firm to be entrepreneurial.
and consequently influence their performance. This study took this view and a conceptualization of the Covin-Slevin model was adapted to a publishing firm as shown in figure 2.1 which presents the conceptual framework. The EO constructs of innovation, risk-taking, proactiveness, autonomy and competitive aggressiveness as suggested by Covin-Slevin model have been taken as the independent variables that can influence the dependent variable which is performance.

A firm that embraces EO stresses on looking out for new opportunities in terms of product or services and processes. Such a firm will always monitor the market so as to respond quickly to any changes. By applying innovative strategies, the firm will be ahead of the competition thus gaining competitive advantage leading to improved performance. Proactiveness will enable the firm to bring to the market new products or services before the competitor and also enables the firm to enter into new markets (Wiklund, 1999).

2.3 Empirical Review

2.3.1 The Concept of Entrepreneurial Orientation

The theoretical assumption behind entrepreneurial orientation is that, entrepreneurial firms are quite different from non entrepreneurial firms in that they can be distinguished by the fact that they emphasize product innovation, and risk-taking and apply strong market strategies that give them competitive advantage (Covin & Slevin, 1991; Morris & Lewis, 1995; Lumpkin & Dess, 1996; Rauch et al., 2004). It is therefore, a strategic posture that steers a firm to be continually innovating, taking calculated risks and proactively reaching the market before the competitors (Aloulou & Fayolle, 2005). Entrepreneurial Orientation has been accepted as a useful measure of
entrepreneurship that provides a useful framework for researching a firm’s entrepreneurial activity (Rauch et al 2004). It represents the willingness of an individual or organization to embrace new opportunities and take responsibility for effecting creative change in a firm (Morris & Lewis, 1995).

Covin and Slevin (1989) developed the most widely used operationalization of EO construct, which is based on earlier works of Khandwalla (1977) and Miller and Friesen (1983). There has been some debate in the literature on whether or not the dimensions of EO are independent or co-vary under certain conditions and a number of them agree that they co-vary (Kreiser et al, 2002; Lumpkin & Dess, 1996). This means that, each of these dimensions have a unique contribution to firm performance and should therefore, be measured as individual dimensions.

Kreiser et al., (2002a) randomly sampled 1067 firms in six countries seeking to clarify the psychometric properties of the entrepreneurial orientation measure, and found that, the sub-dimensions of EO are able to vary independently of one another in many situations and also supported the cross-cultural validity of Covin-Slevin EO Scale. They correlated three sub-dimensions of the EO construct i.e. innovation, proactiveness and risk-taking against each other in order to assess the strength of their relationship. The dimensions showed very low correlation with one another.

2.3.2 The Entrepreneurial Orientation Construct

Rauch, et al. (2004) state that, Entrepreneurial Orientation may be viewed as a firm-level strategy making process that enable firms to fulfill their organizational purpose, sustain their vision and have competitive advantage. Early streams of research on Entrepreneurial Orientation posited that, an entrepreneurial firm tended to take more
risks than those that were not. Such firms also ventured proactively in search of business opportunities and strongly emphasized innovation in process and products. (Kreiser, Marino & Weaver, 2002). Thus, a number of researchers (Miller, 1983 Miller & Friesen, 1983; Covin & Slevin, 1989) operationalized the behavior of entrepreneurial firms as consisting of product market innovation, proactiveness of decision making and risk taking. They also posited that, such firms would exhibit high levels of each of these dimensions (Kreiser et al., 2002).

Competitive aggressiveness and autonomy as the other key dimensions of EO construct were later added by Lumpkin and Dess (1996). They posited that, autonomy as a dimension puts emphasis in allowing independent actions by an individual or teams in a firm who are willing to come up with new ideas. They defined competitive aggressiveness as an intense effort to outperform competitors. The later streams of research have, therefore operationalized Entrepreneurial Orientation construct as consisting of these five dimensions, namely; innovation, proactiveness, risk-taking, autonomy and competitive aggressiveness (Hosseini & Eskandari, 2013; Boohen, Marto-yiadom & Yeboa, 2012; Entrialgo, Fenandez & Vasquez, 2000).

Rauch, et al (2004) and Hamel, (2000) argued that, because of the shortening of product and business model life cycles, firms should always seek for new opportunities. They postulate that, firms should embrace newness in process and product, respond to environmental changes and have some degree of boldness. Thus, innovativeness is viewed to be very important in a firm. They add that, future profits may be uncertain with the existing operations and products and so, firms should constantly be seeking new opportunities. Morris and Lewis (1995) posit that, entrepreneurial process has both attitudinal and behavioral components and entrepreneurs or organizations that embrace
new opportunities and choose to bring effective change have the right attitude. Ventakaraman, (1997) contends that, entrepreneurship is the intersection between the individual and opportunities and has defined opportunities as situations in which new goods and services, raw materials or organizing methods can be introduced and sold at greater price than their cost of production. Therefore, in applying the EO strategies, an entrepreneur will be able to steer his or her firm to better performance regardless of the environmental situations (Kreiser, et al. 2002).

2.4 Firm Performance

There is a general belief that, taking an entrepreneurial posture can lead to improved firm performance (Chen, et al. 2011, Mohammad et al. 2013; Pratono, et al. 2013; Covin & Slevin, 1991). Empirical studies on firm performance (Arief, et al. 2013, Krauss, et al. 2005, Rauch et al. 2004; Wiklund, 1999: Covin, Green and Slevin, 2006) in entrepreneurship have given various indicators of performance. These include sales growth, sales level, number of employees, return on investment and gross profit. But many of them advocate growth as an important measure of firm performance. They argue that, growth is a more accurate and easily accessible performance indicator than accounting measures which are difficult to get.

Lumpkin and Dess (1996) are of the opinion that growth and financial performance give a richer description of the actual performance of the firm than taking each separately because taking both growth and profitability allows for a broader, more comprehensive conceptualization of firm performance. But Hoy, McDougall and D'Souza, (1992) as quoted by Wiklund, (1999) emphasizes that sales growth is the best performance measure. They also indicate that it is not easy to get financial information
from entrepreneurs although use of only one measure as they advocate may bring in biased result or leave out important information. It would therefore be prudent to use multiple measures to avoid such an occurrence. Hence, use of multiple measures is thus recommended due to the complexity of evaluating the performance of firms. This study therefore, assumed that it is important to factor in as many performance measures as possible depending on the sector of the study and has thus used sales volume, sales growth, titles published, new titles published, volumes published market share and increase in customers.

2.4.1 The Entrepreneurial Orientation and Firm performance

Entrepreneurial Orientation has been regarded as a major determinant of firm performance (Lumpkin & Lichtenstein, 2005). Current understanding is that, firms should strive to undertake innovative strategies to renew their products/services and aggressively position themselves in the market thus resulting in improved performance (Rauch, et al. 2004). Strategic management theory suggests that a firm’s performance is directly and indirectly related to the environment of the sector in which it competes, the resources it controls and the strategies it applies (Chrisman, 1998).

Entrepreneurial orientation as a strategy has been found to positively influence firm performance by encouraging innovation that enables firms to come with new ideas that result in new products and processes. This enables the firm to remain in the market (Wiklund, 1999; Zahra, 1991; Zahra & Covin 1995; Rauch, et al. 2004). Such firms can be termed as first movers as they are able to bring goods and services to the market ahead of competitors. (Lieberman & Montgomery, 1988). Thus, a firm with high EO will have a forward-looking perspective, encourage creativity, take calculated risks like
funding new projects that promise good returns and have new products in the market thus competitively outperforming rivals.

In an attempt to establish the link between EO and performance in the hotel industry in Croatia, Galetic and Milovanovic (2008) concentrated on three dimensions of entrepreneurial orientation (innovation, proactiveness and risk-taking). Performance was measured by managerial perception and satisfaction under three year’s basis as compared to competitors in terms of sales level, sales growth rate, cash flow, net profit and ability to fund business growth from profits. The three dimensions of EO (innovation, proactiveness and risk-taking) were individually correlated with the measures of performance and the general conclusion was that EO is positively associated with firm performance. The research was, however, limited to testing only three dimensions of EO and left out competitive aggressiveness and autonomy. The current study tested all the five dimensions of EO against firm performance.

The dominant role played by the owner/manager in determining the performance of the firm has also been stressed in the literature (Krauss, et al. 2005; Haber & Reichel, 2005). This, therefore, emphasizes the importance of the owner’s attitude towards the entrepreneurial strategies the firm should take so as to achieve its goals.

In examining the relationship between EO and performance of enterprises, Kreisser, et al. (2002), Yusuf, (2002), Entrialgo et al. (2000) and Covin & Slevin, (1989), identified three sets of variables that can influence this relationship. The first set relates to individual characteristics of the entrepreneur, the second are on the firm strategies and structure and the third set is on environmental factors. The study by Entrialgo, Fernandez and Vazquez (2000), focused on the psychological characteristics of the
managers of MSEs and their entrepreneurial orientation. The study looked at 233 Spanish firms and using Spearman correlation coefficient and regression analysis concluded that, psychological traits influence the strategic process and performance of small firms. They correlated entrepreneurial orientation and the characteristics of managers in these firms. They recommended more research on this area since greater knowledge of psychological dispositions of the management team would help to explain the conflicts between the members thus improving firm performance.

In their study on the relationship between EO, external environment and firm performance Kreiser et al., (2002) found that, the three sub-dimensions of EO – (innovation, proactiveness and risk-taking) exhibit differential relationships with firm performance and that environmental factors moderated this relationship. The study used a sample of 1671 firms seeking to establish the relationship between the three dimensions, external environment and firm performance. Multiple regression models were created with each of the three performance measures (sales level, sales growth and gross profit). Correlations between the three dimensions of EO and firm performance were also tabulated. Innovation and proactiveness were found to be positively associated with firm performance while risk-taking displayed a U-shaped curvilinear relationship. The results indicated that the three sub-dimensions are differentially related to various components of firm performance. Innovative behaviors displayed a positive relationship with sales growth while proactive firm behaviors were found to positively contribute to sales growth and gross profit.

A study by Chow (2006) that sought to establish the relationship between entrepreneurial orientation and firm performance in China, confirmed the positive relationship between these two. The study noted that environmental variable did not
have a significant influence on firm performance but significantly affected EO. Regression analysis was used to examine differential impact of predictors on firm performance. By correlating education and EO, the study also established that higher education has a highly significant correlation with EO. In the absence of objective data, self-reported sales profit was used as a measure of performance.

Covin, et al (2006) explored the moderating effects on the EO-firm, performance relationship of variables reflecting a firm’s strategic decision making process, strategy formation process, and strategic learning process. Firm performance was operationalized as a firm’s sales growth rate relative to its industry and a firm sales growth was measured as the average rate of growth in sales revenue over the most recent three-year period. Entrepreneurial orientation was measured using the Covin and Slevin (1989) scale. The study conclusions indicated that EO appears to be most facilitative of firm growth when firms employ strategy formation processes that match the unique requirements of acting entrepreneurially. Hierarchical regression analysis was used to test the hypotheses.

Zahra and Covin (1995) studied 108 US organizations looking at innovation, risk taking and Proactiveness. Using regression analysis, they concluded that EO has a positive impact on financial performance of firms. Covin and Slevin (1989) studied 161 US manufacturing firms focusing on innovation, risk-taking and proactiveness. They used moderated regression analysis and concluded that performance is related to the fit between EO and organization structure.

Yusuf, (2002) in a study that looked at EO in uncertain environmental situation also established that there is a positive and significant association between EO and firm performance. The study was carried out in Oman with data collected from
manufacturing and commercial sectors. Correlations between the study variables – EO, Government uncertainty, competitive uncertainty, financial uncertainty, technological uncertainty, firm age, size and performance were carried out. Regression analysis was also used to establish the level of association between the independent variable – performance and independent variables that included EO.

Although most studies on EO have been carried out in the West, a number of them (Frese et al. 2002; Krauss et al. 2005; Kiggundu, 1989) have also focused on Africa. Krauss et al. (2005) studied the EO and its effect on business success in 248 Southern African businesses. The study used regression analysis that revealed significant relationship between EO and business performance. Inter-correlations between the different variables of the study were tabulated. Competitive aggressiveness had no significant correlation with business growth. On the other hand, risk-taking correlated significantly with business growth. Performance measures that refer to business growth and size were used in the study. The number of employees was used as a single item indicator of the business growth.

In a study of five African countries, (Tanzania, Uganda, Zambia, South Africa and Zimbabwe), Frese, (2000) found that, entrepreneurial orientation differentiated successful from less successful entrepreneurs. Kiggundu, (1989) on the other hand, found that, African businesses experience serious difficulties when faced by external threats such as new technology and fluctuations in political or macroeconomic environments. In another cross-sectional interview-based study of 87 small-scale firms in Namibia, and using correlation and regression analysis, Frese et al. (2002) found that, a high entrepreneurial orientation positively related to business success. Inter-correlations of the main variables – size, growth, planning strategy, EO, age, etc. were
tabulated and a number of findings were noted among which is that entrepreneurial orientation was positively related to success of a firm. The study measured success of a business by size and growth. The number of employees, sales figures and total business equipment measured ‘size success’, while ‘growth success’ was measured by the increase or decrease of employees, customers, sales and profits.

2.4.2 Innovation and Performance

Pratono et al. (2013) have noted that firms can improve their effectiveness to meet the needs of customers through innovation while Zahra and Bogner, (2000) have further emphasized that firms can achieve highest levels of performance if they frequently develop new products and upgrade others especially in dynamic environments. The studies by Galetic and Milovanovic, (2000) and Krauss, et al. (2005) measured innovativeness by changes in product and service lines, number of innovations and new ideas developed in the firm.

Studies that have looked at innovation as a dimension of EO construct (Kreiser et al. 2002; Zahra, 1993; Chow, 2006; Rauch et al. 2004) have also come up with different insights that suggest the uniqueness and importance of this dimension in an entrepreneurial firm stressing the role ICT and R&D play in a firm. They contend that, this dimension is unique because it brings newness in the firm by introducing new processes and new products. Zahra, (1993) looked at innovation in terms of self-renewal of firms thus emphasizing the importance of innovation in a firm. The study sampled 102 US manufacturing firms and using MANOVA, ANOVA and regression analysis, concluded that the association between corporate entrepreneurship and performance vary by environment.
2.4.3 Risk-taking and Performance

Risk-taking as a dimension of EO emphasizes the act of taking chance when making organizational decisions. Brockhaus, (1980) emphasized on the importance of entrepreneurs to take calculated business risks. The study compared different groups of entrepreneurs with groups of managers and established that, entrepreneurs are moderate risk takers. Bergley and Boyd, (1987) found that, risk taking has a curvilinear relationship with firm performance while Palich and Bagby, (1996) concluded that, entrepreneurs categorize business situations as possessing less risk than non-entrepreneurs. Krauss et al. (2005) found that risk-taking orientation correlated significantly with business growth in South Africa while Galetic and Milovanovic, (2008) found that it is positively correlated with firm performance.

Avlonitis and Salavou (2007) found that firms with strong entrepreneurial behaviour are attracted to projects of higher level of risk so as to get higher returns. On the contrary, a risk-averse firm will avoid doing something that provides uncertain yield to changing environment. This behaviour will result in weaker performance as the firm is not willing to capture market opportunities which are not guaranteed success (Hughes & Morgan, 2007).

Kuratko, Morris and Covin (2011) posit that funding new ideas, equipment and anything new that has not been tried is also a risky venture. They argue that anything new will involve some risks because expected results might differ from the actual results. Thus, risk taking involves a willingness to go for opportunities that have reasonable likelihood of producing losses.
2.4.4 Autonomy and Performance

The autonomy dimension enables the leader/manager to take decisions that he/she feels will steer the firm to higher performance. This dimension also emphasizes giving teams and individuals in a firm freedom to exercise their creativity by encouraging them to come up with ideas and developing them to viable ventures/products. (Dess & Lumpkin, 2005) contend that this dimension of EO enables employees to come up with business ideas/concepts/vision and carry them to completion. In their study on the Southern African business owners, Krauss et al. (2005) found that autonomy as a dimension of entrepreneurial orientation was significantly correlated with firm performance. Madsen, (2007) suggested that autonomy offered by firms would motivate employees to work in a positive manner that could lead to higher performance.

2.4.5 Proactiveness and Performance

Lumpkin and Dess, (1996) felt that, entrepreneurial firms are always faced by environmental threats and entrepreneurs should be proactive and aggressive enough to outperform rivals. In their study of 215 firms, Becherer and Maurer, (1999) found that proactive disposition is significantly related to changes in sales. A study by Kropp et al. (2008) looked at the entrepreneurial orientation and international entrepreneurial business venture start-up focusing on three dimensions of entrepreneurial orientation. Using correlation analysis and chi-square, the study revealed that start-up decision is positively related to the proactiveness.

2.4.6 Competitive Aggressiveness and Performance

Competitive aggressiveness refers to ways a firm can respond to market threats by putting in place those strategies that will enable it to outperform its rivals in the
industry. It is characterized by forceful and aggressive responses to threats in the marketplace. This could either be through entering the market and offering lower prices if one has capitalized on technology to lower cost, or copying the business practices and techniques of successful competitors (Dess & Lumpkin, 2005). Boheen et al. (2012), established that there is a significant positive relationship between competitive aggressiveness and firm performance and stressed the fact that firms with a bold aggressive posture have a tendency to be ahead of others in introducing new ideas and products thus increasing their sales and improving revenue. The study by Lumpkin et al. (2006) looked at the entrepreneurial orientation and new venture performance. It established that, older firms enjoy greater performance benefits from competitive aggressiveness strategy than younger firms.

2.5 Organizational Characteristics

2.5.1 Age and Size of a firm
The age of an enterprise and its size has also been shown to have some impact on firm performance (Hossein & Eskandari, 2013). Lumpkin et al. (2006) studied 689 firms with the average age of 4-3 years seeking to explore EO within the context of young firms and establish how its benefits change depending on the age of a firm. They measured EO using an adaptation of the Covin-Slevin (1989), Miller (1983) and Venkataraman (1989) scales. Using moderated regression, the study found that risk taking may be necessary for initial venture success and both competitive aggressiveness and proactiveness were found to be strongly associated with performance as firm ages. Most studies (Wiklund, 1999; Kreiser et al. 2002; Yusuf, 2002; Rauch et al. 2004) have a consensus that, age and size of a firm affect the performance of a firm and have thus
used these two as control variables. This study used age and size of a firm as moderating variables.

2.5.2 Educational level

Studies by Hosseini and Eskandar (2013), Bowen, et al. (2009), Chow, (2006), have stressed the importance of education in equipping a person with competencies that enable him/her to evaluate different situations critically. It equips one with skills that can be used in work related situations. Agiomirgianakis *et al.* (2002), verify the positive relationship between education and firm performance. Employees with specialized knowledge possess particular capabilities such as communication and decision making, problem solving and team working skills, as well as the ability to adapt to continuously changing environments, thus tending to behave more professionally in their daily tasks. Other empirical studies, (Kisaka, 2006; Dionco-Adetayo, (2004); Harrison & Friedrich, (1994); Trulsson, (1997); Parker, (1995) linking education and entrepreneurial success have shown that education helps entrepreneurs in running their businesses. Harrison and Friedrich, (1994) found that, Zimbabwean entrepreneurs with low educational level were less successful. A study in Tanzania by Trulsson, (1997), found that university education helped one to steer their businesses to success and Parker, (1995) studied MSE owners in Kenya and found that those who had completed primary education were better able to deal with economic fluctuations and lead their businesses to growth.

In a study focusing on entrepreneurial orientation and education in China, Chow, (2006) found that entrepreneurs with higher education have a highly significant correlation with entrepreneurial orientation. Dionco-Adetayo, (2004), regards education as enhancing factors in entrepreneurship. He postulates that, education is an
entrepreneurial capacity factor that equips the manager with abilities to successfully set and accomplish organizational goals.

2.5.3 Use of ICT in the Publishing Industry

Just like the discovery of the printing press, Information Communication Technologies (ICT) have impacted on the publishing sector and as Munene (2008) has observed, "computer based publishing has made it possible for many books to be produced in a year – often in lower costs and in processes that are less tedious and lower error margins" (p. 18). ICT can now be used in the publishing process from the authorship stage, in editing, printing, distribution, promotion, in-house operations and warehousing. The industry has also added new products to the market through the use of ICT. Publishers are digitizing information for easy access through the internet. Electronic resources that include e-books and e-journals are now available both online and offline.

Many publishers are offering information access facilities through subscription and users are now subscribing to e-resources. Print on Demand (PoD) is also possible through the use of ICT. This means that copies of a title are only printed digitally when an order is placed (Kyunguti, 2008). Thus, publishers can now print few copies of a title for test marketing or to reprint slow moving titles and taking them to the market at manageable amounts. Technology capability is therefore very important in publishing and therefore, MSEs in the publishing industry should invest in ICT so as to be competitive in the market. Embracing new technology is one of the ways MSEs in this industry could improve their processes and thus be able to counter the competition.
2.6 Summary of Research Gaps

In their study on the publishing and book trade in Kenya, Makotsi and Nyariki (1997) established that the sector is mostly dominated by multinationals and government owned publishing houses and that Micro and small enterprises in the sector experience many problems. These include inadequate finances, competition from the multinationals and lack of enterprising skills. This was a countrywide study on the publishing sector but it failed to look into the entrepreneurial strategies used by these small publishers to counter the competition by multinationals and government owned houses. The current study has argued that, intensifying entrepreneurial orientation in this industry would enable these firms to competitively survive in a market dominated by multinationals and governments owned publishing houses and also enhance their performance.

Most empirical studies (Mohammad et al. 2013; Pratono et al. 2013; Rauch et al. 2004; Covin, Green & Slevin, 2002) have shown that EO has a positive influence on firm performance. However, the study by Auger et al. (2003) and Smart and Conant (1994) did not find a significant relationship between EO and performance. This study sought to establish the nature of this relationship in the publishing industry in Kenya and contrary to the findings by Auger, et al. (2003), this study has established that entrepreneurial orientation has a positive influence on firm performance in the publishing industry in Kenya.

One is also quick to note that, most of the studies on entrepreneurial orientation are mostly American and European based (Covin & Slevin, 1989; Lumpkin & Dess, 1996; Dess & Lumpkin, 2005; Entriago et al., 2000; Aloulou & Fayole, 2005) and very few
from Africa and Asia. Hossein and Eskandari, (2013) whose study focused on agricultural sector in Iran, recommend that these types of studies should be carried in different countries and sectors.

The study by Kreiser, Marino and Weaver (2002) sought to establish the universality of the widely used Covin-Slevin EO measurement scale. The study supported the cross-cultural use of the scale by using data from Australian, Finnish, Mexican, Dutch, Norwegian and Swedish firms. But of note in this case is that, no African data was used in the study. In addition, although Covin and Slevin (1989) advocated the use of the EO dimensions as a single combination, the psychometric study by Kreiser et al. (2004) concluded that the dimensions have significant contribution to firm performance when taken individually or in varying combinations. This study considered the EO dimensions individually in order to establish their effect on firm performance.

Keh, (1998) noted that the publishing industry in general has not received much attention in academic research, but for a number of books written describing the industry in broad, general terms. In Kenya, literary output in publishing is quite limited. Three prominent books on this area have looked at the problems experienced by the industry and suggested some solutions and although they mention that there is lack of enterprising players, none has suggested entrepreneurial input as one of the solutions (Makotsi & Nyariki, 1997; Chakava, 1996; Altbach, 1992).

Lastly, as Chen et al (2011) have noted, despite the importance of MSEs for most of the world’s economies, very few studies have investigated the influence of EO on these firms. Majority of these studies have however concentrated on large firms in manufacturing and service industries.
2.7 Conceptual model of EO-Performance relationship

The conceptual model below implies that, EO dimensions (innovation, risk-taking, proactiveness, autonomy and competitive aggressiveness) may have significant effect on firm performance. Performance is the dependent variable while Entrepreneurial Orientation dimensions of innovation, risk-taking, proactiveness, autonomy and competitive aggressiveness are independent variables. Innovations in terms of products and technological processes have been shown to have direct relationship with firm performance. Proactive behavior directly affects a firm’s performance since it involves monitoring consumer patterns and anticipating future demand and enabling the firm to be a first mover in the marketplace. Autonomy involves creative ideas from individuals in the firm that may bring about new products and processes and these will definitely affect firm performance. Risk-taking dimension enables one not to shy away from those ventures that could be beneficial to the firm while competitive aggressiveness enables a firm to respond quickly to market changes and threats. Age and size of the firm, use of ICT and education level of the entrepreneur were presumed to have significant effect on the relationship between EO and firm performance and have therefore been taken as moderating variables.
Figure 2.1: Conceptual Framework

Entrepreneurial Orientation

Innovation
- Willingness to support creativity and experimentation
- Venturing into new markets
- Incorporating new ideas into the firm
- Supporting new production methods and processes
- Changes in product both design and投

Risk-taking
- Inclination to risky projects
- Taking loans for projects
- Funding new ideas/products

Proactiveness
- Being first to launch new products ahead of competitors
- Venturing to new markets
- Leading titles in the market
- Monitoring the market changes and responding quickly

Autonomy
- Encouraging research and new ideas
- Number of new ideas from employees
- Reward for new ideas

Competitive Aggressiveness
- Price manipulation to counter competition
- Applying for competitive tenders
- Scouting the market to know what the others are offering

Moderating variables

Organizational Characteristics
- Firm Size
  - Number of employees
- Education
  - Level attained
- Firm Age
  - Number of years since inception
- Use of ICT
  - Number of e-books
  - Print on demand
  - Availability

Firm Performance
- Sales growth
- Titles published
- Volume published
- Increase in market share
- Growth on profits
- Increase in customers
- Asset turnover
- Ability to fund business expansion from profits
- Increase in customers

Independent Variables

Source: Author, 2014

Dependent Variable
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides research strategy that specifies how the research was executed to address the hypothesis posed. The hypotheses were developed as a means to direct the investigation of the variables that were studied and articulate how these measures were carried out. The architecture of the research design stipulates the research methodology as the general implementation and execution plan. This encompasses the data collection design, sampling design and the instrument used. The second last part concentrates on data collection procedures where the data collection instrument is described and its validity and reliability outlined. In the final part, the data analysis procedures are indicated.

3.2 Research Philosophy

The research was guided by the positivism paradigm. According to Henn, Weinstin and Foard, (2006), the central element of positivism paradigm is that social phenomena can be explained by observing cause and effect and that the approach aims at testing an existing theory and the study has followed this method. Under positivism paradigm, a research has four basic purposes that include describing, predicting, controlling and explaining phenomena (Mugenda, 2008).

As guided by positivism paradigm, the study aimed at generating qualitative and quantitative data (Teddlie & Tashakkori, 2009) that helped to address the research questions. This study has ably described the profile of MSEs under investigation and by
use of the correct methods of analysis was able to predict and explain the influence of the independent variables on the dependent variables.

3.3 Research Design

The research designs that were applied for this study were both explanatory and descriptive. Saunders et al. (2012) posit that studies that establish causal relationships between variables may be termed explanatory. The mixed approach applied both quantitative and qualitative data to examine the relationship between the dimensions of entrepreneurial orientation (innovation, risk-taking, proactiveness, autonomy and competitive aggressiveness) and the performance of MSEs in the publishing industry in Kenya. Quantitative approaches emphasize measurement and analysis of the causal relationship between variables, as opposed to processes (Denzin & Lincoln 2003). Brewerton et al., (2001) have pointed out that survey approach is appropriate in examining relationships between phenomena and is also good for collecting primary data from a large population sample.

3.4 Study Area

Nairobi being the capital city of Kenya has many industrial activities. Going through the Kenya Publishers Association list, it was evident that most of the publishing firms are situated in Nairobi. This was also confirmed by the Chief Executive officer of Kenya Publishers Association. It was, therefore, found logical for the study to be done in Nairobi.
3.5 Population of the Study

The population of the study comprised of all MSEs in Book Publishing industry in Kenya. The industry is made up of government owned publishing houses; Multinationals; privately owned firms; Religious affiliated Publishing firms, University owned presses, Public owned and the mushrooming individual publishers.

The three major government owned publishing houses are Government Printer; Jomo Kenyatta Foundation and Kenya Literature Bureau. The major multinational that is currently operating in the country is Oxford University Press since Macmillan and Longman have withdrawn from the country. However multinationals still sell books in Kenya in large quantities through their local agents especially for tertiary levels. The known major religious publishers include, Evangel, Bibilica, Bible Society of Kenya and Paulines Publishers.

Gay, et. al. (2006) stipulates that purposive sampling is used in a situation where the researcher deliberately identifies criteria for selecting the sample. This study wished to deal with privately owned and independent firms that are able to apply entrepreneurial strategies without any influence from a mother organization. Thus, it was deemed right to purposively drop out all the firms attached to the government and/or any other organization. The target population in this study was therefore all privately owned MSEs in the publishing industry in Kenya. According to Kenya Publishers Association, 98% of the publishing MSEs in Kenya are located in Nairobi and therefore it was found prudent to carry out the research in Nairobi County.

The population of this study was therefore, all the book publishing MSEs in Kenya, that have been in existence for 3 years and above. It was deemed necessary to study all
the 60 firms since the number is not too large for the study to accommodate. A list of publishers was obtained from Kenya Publishers’ Association, and Kenya Business directory and 60 firms were selected after cross-checking the 2010 and 2013 directories to ensure that only those that are 3 years and above are in the study. Only the privately owned firms that publish books and employ between 1-50 workers were selected.

3.6 Sampling Design and Sample Size
Antonius, (2003) describes sampling design as the procedure for selecting a sample that specifies the type of sample to be used, the number of units to be selected in the sample as a whole and the method for choosing the units. The concept of sample design is very important since researches involving samples are popular and the quality or value of research is very sensitive to the sample size and the manner in which the sample has been selected. It is for this reason that the following, which is used in this study, becomes of essence in the design of the selected sample (Wisniewski, 2006). The study used purposive sampling method to select the respondents. MSEs in the Publishing industry were selected on the basis of their age and size. The target MSEs are all those aged 3 years and above and have a work force of 1-50 employees.

A sample size of 60 MSEs who met the selection criterion were chosen. Four respondents were chosen from each of the 60 MSEs and, therefore, this translates to 240 respondents. The study specifically selected; an entrepreneur, manager, supervisor and the marketer from each of the 60 firms. The sample size was chosen correctly by ensuring that it is large enough and representative to allow a generalization of the results of.
Table 3.1: Distribution of the Respondents

<table>
<thead>
<tr>
<th>Location</th>
<th>Firms Targeted</th>
<th>Respondents targeted</th>
<th>Actual Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBD</td>
<td>39</td>
<td>156</td>
<td>86</td>
</tr>
<tr>
<td>Thika Road</td>
<td>4</td>
<td>16</td>
<td>10</td>
</tr>
<tr>
<td>Nairobi West</td>
<td>5</td>
<td>20</td>
<td>15</td>
</tr>
<tr>
<td>Westlands</td>
<td>7</td>
<td>28</td>
<td>9</td>
</tr>
<tr>
<td>Ngong Road</td>
<td>2</td>
<td>8</td>
<td>5</td>
</tr>
<tr>
<td>Industrial Area</td>
<td>3</td>
<td>12</td>
<td>6</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>60</strong></td>
<td><strong>240</strong></td>
<td><strong>131</strong></td>
</tr>
</tbody>
</table>

*Source: Kenya Publisher Association (2010); Kenya Business directory 2010 &2013*

3.7.1 Data Collection Instrument and Procedures

Data collection refers to the specific ways of collecting the data and the specific criteria for determining what good data is. Morris, (2003) observes that a questionnaire becomes an instrumental vehicle with which to infuse measurement in quantitative research. The study therefore adopted a questionnaire survey. The study used primary data that was collected through a structured questionnaire which had five main sections. Section A consisted of questions on profile of the respondents while section B was on business information. Section C had questions on entrepreneurial strategies while section D had questions on firm performance. Questions on EO dimensions (innovation, risk-taking, proactiveness, autonomy and competitive aggressiveness) which have been adopted from Covin-Slevin measurement scale were in section E. The instrument was designed in such a way that it collected data from the entrepreneur, manager, operations supervisor and a senior marketer.

The sets of questionnaires were administered by the researcher with the help of a research assistant who had been trained on how to collect data. To ensure the respondents answer the questions correctly, the interviewers recorded the responses as
given where necessary. The researcher was also involved in collecting data and closely supervised the assistant.

3.7.2 Validity

The study notes that validity precipitates the concern of whether the findings are a true and correct representation of what it purports to measure and how accurately it represents what was happening in the situation under observation (Collins & Hussey, 2003). This contribution is incorporated into the study and forms a cornerstone of the research. The study also takes cognizance of the fact that, the major forms of validity stems from internal and external validity.

Cooper and Schindler (2011) indicate that there are various types of validity that can be used to test the goodness of the measures. These are grouped into three broad categories namely content validity, criterion-related validity and construct validity. Content validity is the degree to which a test measures an intended content area. This was made possible by including all the relevant questions required for each variable of the study. Internal validity of the instrument was ensured by adequately covering all the themes and variables of the study. By including those variables that were derived from the literature, construct validity was ensured. Saunders et al. (2012), posit that face validity is whether a questionnaire makes sense in the area under study. A pilot study was conducted to pretest the questionnaire and the observed errors were corrected. This ensured that all the questions were clear and they made sense to the respondents.
3.7.3 Reliability

Reliability is concerned with the consistency, stability or repeatability of a variable being measured and therefore mirrors on the estimates of the degree to which the measurement is free of being random or unstable (Cooper & Schindler, 2011). The study took cognizance of the aspect of reliability in the questionnaire design to ensure that the instrument was free from interference and therefore credible. Consistency, stability and repeatability were therefore observed. To ensure the reliability of the instrument, the variables were drawn from literature and therefore, they had been tested for stability and consistence. This was also enhanced by the adoption of a standardized measure of Entrepreneurial Orientation established by Covin and Slevin (1989).

The data from the pre-test was subjected into statistical analysis using Statistical Package Social Sciences, using Cronbach Alpha to determine internal consistency of the research instruments. As shown in Table 3.2, the reliability coefficient for innovativeness was 0.9537, that of risk taking was 0.8914; that of proactiveness was 0.9437, that of autonomy was 0.9203, competitive aggressiveness was 0.8794, while that of performance of MSEs was 0.8882 respectively; all exceeding the minimum threshold of 0.7 as recommended by Santos and Reynolds (1999) denoting high reliability of the research instrument.
Table 3.2: Reliability Test Results

<table>
<thead>
<tr>
<th>Variables</th>
<th>Number of Items</th>
<th>$\alpha$ Score</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovativeness</td>
<td>9</td>
<td>0.9537</td>
<td>Reliable</td>
</tr>
<tr>
<td>Risk taking</td>
<td>8</td>
<td>0.8914</td>
<td>Reliable</td>
</tr>
<tr>
<td>Proactiveness</td>
<td>7</td>
<td>0.9437</td>
<td>Reliable</td>
</tr>
<tr>
<td>Autonomy</td>
<td>9</td>
<td>0.9203</td>
<td>Reliable</td>
</tr>
<tr>
<td>Competitive aggressiveness</td>
<td>8</td>
<td>0.8794</td>
<td>Reliable</td>
</tr>
<tr>
<td>Performance of MSEs</td>
<td>10</td>
<td>0.8882</td>
<td>Reliable</td>
</tr>
<tr>
<td><strong>Overall</strong></td>
<td><strong>85</strong></td>
<td><strong>0.9127</strong></td>
<td>Reliable</td>
</tr>
</tbody>
</table>

3.7.4 Measurement of Variables

The dependent variable in this study is the performance of MSEs in the publishing industry in Kenya and it was measured by sales volume, sales growth, titles published, new titles, volumes and ability to fund business growth with the profits and increase in customers. The five dimensions of Entrepreneurial Orientation (Innovation, Risk-taking, Proactiveness, Competitive aggressiveness and Autonomy) are the independent variables adapted from Covin and Slevin (1989) scale as modified by Lumpkin and Dess (1996).

As shown in Table 3.3, innovativeness was measured by willingness to support creativity and experimentation, venturing into new markets, incorporating new ideas into the firm, supporting new production methods and processes and changes in product both in design and type. Risk taking was measured by inclination to risky projects, taking loans, funding new ideas and products. Proactiveness on the other hand was measured by being first to launch new products ahead of the competitors, venturing to new markets, the number of leading titles in the market and whether they monitor the
market changes and respond quickly. Autonomy was measured by stating whether they encourage research and new ideas from staff, the number of new ideas from employees a firm has encompassed and whether they reward those who come up with innovative ideas. Competitive aggressiveness was measured by stating whether the firm had been manipulating prices so as to counter competition, if they apply for competitive tenders and scouting the market to know what the competition was offering.

Age of an enterprise, size, education and ICT impact on firm performance and so, these were treated as the moderating variables in this study. Age is shown by the number of years since inception while size is indicated by the number of employees in the firm. Education on the other hand is indicated by the level attained while ICT is measured by use and adoption, number of e-books and availability of print on demand facilities.
<table>
<thead>
<tr>
<th>Variable</th>
<th>Operationalization of variables and indicators</th>
<th>Measurement in the questionnaire</th>
</tr>
</thead>
</table>
| Innovativeness           | • Willingness to support creativity and experimentation,  
• Venturing into new markets,  
• Incorporating new ideas into the firm,  
• Supporting new production methods and processes,  
• Changes in product both design and type                                                                                                                                  | Questions 27-28                   |
| Risk taking              | • Inclination to risky projects,  
• Taking loans for projects  
• Funding new ideas and products                                                                                                                                                                                                 | Questions 29-30                   |
| Competitive aggressiveness| • Whether the firm had been manipulating prices so as to counter competition,  
• Apply for competitive tenders  
• Scouting the market to know what the competition is offering.                                                                                                                                                                    | Questions 31-32                   |
| Proactiveness            | • being first to launch new products ahead of the competitors,  
• Venturing to new markets,  
• Having leading titles in the market  
• Ability to monitor the market changes and responding quickly to these changes quickly.                                                                                           | Questions 33-34                   |
| Autonomy                 | • Encouraging research and new ideas in the firm,  
• Not following old and established schedules  
• Whether they reward those who come up with innovative ideas.                                                                                                                                                                       | Questions 35-36                   |
| Performance of MSEs      | • Sales volume, sales growth, titles published, new titles, increase in market share  
• Ability to fund business growth with the profits  
• Increase in customers.                                                                                                                                                                                                               | Questions 37-40                   |
| Organizational characteristics | • Educational level  
• ICT – ebooks, POD, availability  
• Age – number of years  
• Size – number of employees                                                                                                                                                                                                       | Questions 3, 4, 8, 21-24          |

*Source: Author, 2014*
3.8 Data Management

It is important for a researcher to subject the data collected to a pre analysis test so as to ensure the maintenance of data quality. Saunders, et al. (2009) postulate that, data cleaning is essential in any research because it enables the researcher to correct any errors introduced during data collection.

The quality of the data in this study was maintained by first ensuring that the literature reviewed was from reliable sources and by adopting a standardized scale of entrepreneurial orientation to publishing sector thus ensuring construct validity. Reliability of the instrument was also maintained through the pilot study that helped to correct any ambiguity in the questionnaire and thoroughly checking for discrepancies and incompleteness in the returned questionnaires.

Pre-analysis of data was done so as to detect any discrepancies. Field, (2009) posits that, high levels of multicollinearity is a threat to model estimates. It is therefore important to subject the collected data to a diagnostic test that helps to detect multicollinerity. Multicollinearity is a situation where independent variables correlate with one another and it becomes difficult to determine which one of them is affecting the dependent variable more than the other. The data thus collected will not be trusted since they will be biased. The Variance Inflation Factor was done using SPSS to detect which independent variable had a strong linear correlation with another and the results did not show high levels of multicollinearity.
3.9 Data Analysis and Presentation

Data was analyzed using both descriptive and inferential statistical tools with an aid of statistical package for social sciences version 17. Descriptive statistics enables the researcher to describe and compare variables numerically (Saunders et al., 2000). The objective of the descriptive statistics is to describe a situation by summarising information in a way that it highlights the important numerical features of the data. This process focused on the four aspects of central tendency, location, graphical representation and the measures of relationship.

Data was summarized and presented in percentages and frequencies to show how many times a score occurs and also the probability of occurrence. Thus, frequency distribution tables were used. Means were computed to show the average response of the variable items and standard deviation indicates the extent to which scores deviate from the mean. Graphs, tables and charts were used in presenting the data. According to Saunders et al. (2011) this initial stage of data analysis is important because it helps in understanding the data and may also reveal other relationships that one had not envisaged.

3.9.1 Inferential Statistics

The study aimed at investigating the relationship between the Dependent Variable and Independent Variable under investigation through inferential statistics. Hazelrigg (2004) describes inferences as a process of arriving at a conclusion. In the study, a generalization drawn from evidence obtained from the data set is used to test the hypothesis on the relationship or differences in population using data obtained from the sample. The inferential statistical tools involved the use of Pearson’s Product Moment Correlation and multiple regression analyses.
3.9.2 Pearson Product-Moment Correlation Coefficient

In this study, correlation is used to measure the relationship between variables and the measure obtained determines the degree to which one variable is related to another. Evans and Olson (2000) describe correlation as a measure of strength of linear relationship between two variables. The Pearson Product-moment correlation coefficient is therefore used as a measure of the relationship strength and this is why this study used it since it sought to establish the relationship between the independent variables and the dependent variable. Christensen (2007) states that the Pearson Product-moment correlation coefficient is the most commonly used statistical measure of degree of relationship between two variables. It is computed using the following formulae

\[
 r = \frac{n\sum xy - (\sum x)(\sum y)}{\sqrt{n(\sum x^2) - (\sum x)^2} \sqrt{n(\sum y^2) - (\sum y)^2}}
\]

\( r \) = correlation coefficient
\( x \) = raw scores for one variable
\( y \) = raw score for the second variable
\( \sum \) = sum of the cross products of \( x \) and \( y \)
\( n \) = Number of participants

An acceptable margin of error, or confidence interval, in the social sciences is 95% and a typical confidence level is 5% (Bernard, 2000)

3.9.3 Multiple Regression Analysis

A multiple regression analysis was run to determine the nature of the relationships between the dependent and independent variables. When predictor and moderator variables are interval or continuous, multiple regression analyses are used for testing
moderating effects. In line with other studies in the same area, the study assumed that a continuous moderator variable alters the relationship between the independent variable and the dependent variable in a linear function. This statistical technique was applied to test the relationships between the dependent (performance of MSEs) and independent variables (entrepreneurial orientation) and was therefore used to explain the proportion of variability in dependent variable (Y) that was accounted for by the independent variables (xs) in the equation together. The several statistical models used to determine the regression coefficients were as follows;

Model specification for the direct relationship

\[ y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \beta_5 x_5 + \varepsilon \ldots \text{Model 1} \]

Where;

\( y \) = dependent variable i.e. Performance
\( \beta_0 \) = constant
\( \beta_1, \beta_5 \) are the regression coefficients of the independent variables
\( x_1 \) = innovation, \( x_2 \) = risk taking, \( x_3 \) = competitive aggressiveness, \( x_4 \) = proactiveness, \( x_5 \) = autonomy.
\( \varepsilon \) is the error or other factors that may influence performance.

Model specification for the moderated relationship:

\[ Y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \beta_5 x_5 + \varepsilon \ldots \text{Model 2} \]

\[ Y = \beta_0 + \beta_6 M + \varepsilon \ldots \text{Model 3} \]

\[ Y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \beta_5 x_5 + \beta_6 M_1 + \beta_7 M_2 + \beta_8 M_3 + \beta_9 M_4 + \varepsilon \ldots \text{Model 4} \]

Where:

\( Y \) = dependent variable i.e. Performance under the three situations
\( \beta_0 \) = constant in all the three situations
\( \beta_1, \beta_5 \) = the regression coefficients of the Independent variables
\( X_1-X_5 \) = Independent variables
**$\beta_6, \beta_9$**: Coefficients of the moderating variables

$M_1-M_4$= The Moderating variables

Table 3.4 presents the summary of data analysis. All the research questions were addressed after subjecting the data collected to multiple regression analysis and correlation analysis.
Table 3.4: Summary of Data Analysis

<table>
<thead>
<tr>
<th>Objective</th>
<th>Statistical analysis</th>
<th>Interpretation of results</th>
</tr>
</thead>
<tbody>
<tr>
<td>1: To determine the relationship between innovation as a dimension of entrepreneurial orientation and the performance of MSEs in the publishing sector in Kenya.</td>
<td>Pearson’s Product Moment Correlation Coefficient</td>
<td>□ value</td>
</tr>
<tr>
<td>2: To establish the relationship between risk taking as a dimension of Entrepreneurial Orientation and the performance of MSEs in the publishing sector in Kenya.</td>
<td>Multiple regression analysis model of the form: [ Y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \beta_5 x_5 + \varepsilon ] Where: [ Y = \text{MSE Performance} \quad \beta_0 = \text{constant} \quad \beta_1, \ldots, \beta_5 = \text{beta coefficients of the independent variables} \quad x_1, \ldots, x_5 = \text{independent variables in the study} ]</td>
<td>( R^2 )</td>
</tr>
<tr>
<td>3: To determine the relationship between proactiveness as dimension of Entrepreneurial Orientation and the performance of MSEs in the publishing sector in Kenya.</td>
<td>( p &gt; 0.05 ) accept ( H_0 ) ( p &lt; 0.05 ) reject ( H_0 )</td>
<td>β coefficients</td>
</tr>
<tr>
<td>4: To determine the relationship between autonomy as a dimension of entrepreneurial orientation and the performance of MSEs in the publishing sector in Kenya.</td>
<td>3 Regression analyses models: Model 1: to measure the direct relationship [ Y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \beta_5 x_5 + \varepsilon ] Model 2: to measure the relationship between the moderating variable and the dependent variable [ Y = \beta_0 + \beta_5 M + \varepsilon ] Model 3: to measure the influence of the moderating variable [ Y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \beta_5 x_5 + \beta_6 M + \varepsilon ] Change in: ( R^2 ) when the moderator is introduced</td>
<td>p value</td>
</tr>
<tr>
<td>5: To determine the relationship between competitive aggressiveness as a dimension of entrepreneurial orientation and the performance of MSEs in the publishing sector in Kenya.</td>
<td>3.9.4 Ethical Considerations</td>
<td>F value</td>
</tr>
</tbody>
</table>

Mugenda (2008) postulates that ethics involve the analyses and use of concepts such as right and wrong, good and evil, transparency, accountability and responsibility. He further states that ethical standards in research should be observed in the planning of
the study, data collection, analyses, dissemination and use of results. On the other hand violation of research ethics could occur in any one of these stages. It is therefore recommended that in research certain accepted norms should be followed when conducting research. This includes following the methods articulated in the proposal, having prior knowledge of one's subjects and being sensitive when asking personal questions, following accepted local regulations and ensuring privacy of information.

This study adhered to the norms for conduct in research. Clearance from the National Council of Science, Technology and Innovation was obtained before proceeding to the field to correct data. A formal letter was written to the respondents explaining the nature of the research and the confidentiality of any information obtained was assured. Data was collected and reviewed for inconsistencies and proper methods of coding and analysis were applied in accordance with the accepted rules of research and the report also follows rules of academic studies.
CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the findings of the research on entrepreneurial orientation and the performance of micro and small enterprises in the Publishing Industry in Kenya. The chapter begins by giving the response rate of both the firms and the respondents, followed by their profiles and then the findings on the performance of these firms. Descriptive and inferential statistics are then presented according to the objectives of the study followed by descriptive and inferential statistics of the organizational characteristic and a summary of the contributions of the study. The results are presented using tables, charts and graphs with the intention of developing a pattern.

4.2 Response Rate

The response rate in the study is explained first by the number of organizations in the industry of the study and then by the respondents in each firm.

4.2.1 Response Rate for Organizations

Organizations in the study were arranged into six groups according to their general location as shown in Table 4.1.

<table>
<thead>
<tr>
<th>Location</th>
<th>Targeted firms</th>
<th>Actual</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBD</td>
<td>39</td>
<td>28</td>
<td>71.8</td>
</tr>
<tr>
<td>Thika Road</td>
<td>4</td>
<td>3</td>
<td>75</td>
</tr>
<tr>
<td>Nairobi West</td>
<td>5</td>
<td>4</td>
<td>80</td>
</tr>
<tr>
<td>Westlands</td>
<td>7</td>
<td>5</td>
<td>71.4</td>
</tr>
<tr>
<td>Ngong Road</td>
<td>2</td>
<td>2</td>
<td>100</td>
</tr>
<tr>
<td>Industrial Area</td>
<td>3</td>
<td>3</td>
<td>100</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>60</strong></td>
<td><strong>45</strong></td>
<td></td>
</tr>
</tbody>
</table>

*Source: Survey data 2014*
The study targeted a total of 60 small and micro enterprises in the publishing industry, where 45 MSEs responded. Table 4.1 presents the response rate in terms of organizations in the study. The MSEs in the study were distributed in six regions of the Nairobi County as shown in the table. Central Business District had the majority, with 39 targeted firms of which 28 responded which translates to 71.8%. Ngong Road and industrial Area had 100% response rate while Thika Road, Nairobi West and Westland had 75%, 80% and 71.4% response rate respectively.

4.2.2 Response Rate for Respondents

The respondents comprised of 60 entrepreneurs (owners), 60 managers, 60 supervisors and 60 marketers.

Table 4.2: Response Rate for Respondents

<table>
<thead>
<tr>
<th>Sample Category</th>
<th>Target sample</th>
<th>Actual Response</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>Frequency</td>
</tr>
<tr>
<td>Owner</td>
<td>60</td>
<td>26</td>
</tr>
<tr>
<td>(General) Manager</td>
<td>60</td>
<td>31</td>
</tr>
<tr>
<td>Production/supervisor</td>
<td>60</td>
<td>39</td>
</tr>
<tr>
<td>Marketer</td>
<td>60</td>
<td>35</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>240</strong></td>
<td><strong>131</strong></td>
</tr>
</tbody>
</table>

Source: Survey data 2014

Out of the set of 240 questionnaires distributed to the respondents at their work stations, 131 questionnaires were filled and returned. This translates to an overall response rate of 55% as presented in Table 4.2. Among the categories of employees, supervisors reported the highest response rate (65%) while managers reported the lowest (51.7%). The study achieved high response rates in each category because the typical response rate to surveys is between 20 and 40 % (Nachmias & Nachmias, 2004).
4.3 Profile of the Respondents

To generate the profiles of the respondents in the study, information on gender of the respondents, their age, education level, job titles and the length of working period in their respective enterprises was collected.

4.3.1 Gender of the Respondents

The distribution of the respondents by gender is shown in Table 4.3.

Table 4.3: Gender of the Respondents

<table>
<thead>
<tr>
<th>Gender</th>
<th>Owner/entrepreneur</th>
<th>Manager</th>
<th>Supervisor</th>
<th>Marketer</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>Count</td>
<td>18</td>
<td>21</td>
<td>23</td>
<td>19</td>
</tr>
<tr>
<td>% within Job Title</td>
<td>69.2%</td>
<td>67.7%</td>
<td>59.0%</td>
<td>54.3%</td>
<td>61.8%</td>
</tr>
<tr>
<td>% of Total</td>
<td>13.7%</td>
<td>16.0%</td>
<td>17.6%</td>
<td>14.5%</td>
<td>61.8%</td>
</tr>
<tr>
<td>Female</td>
<td>Count</td>
<td>8</td>
<td>10</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>% within Job Title</td>
<td>30.8%</td>
<td>32.3%</td>
<td>41.0%</td>
<td>45.7%</td>
<td>38.2%</td>
</tr>
<tr>
<td>% of Total</td>
<td>6.1%</td>
<td>7.6%</td>
<td>12.2%</td>
<td>12.2%</td>
<td>38.2%</td>
</tr>
<tr>
<td>Total</td>
<td>Count</td>
<td>26</td>
<td>31</td>
<td>39</td>
<td>35</td>
</tr>
<tr>
<td>% within Job Title</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>% of Total</td>
<td>19.8%</td>
<td>23.7%</td>
<td>29.8%</td>
<td>26.7%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Source: Survey data, 2014

The male respondents constituted 62% of the total with the remaining 38% being female as presented. This would probably explain the predominance of the male gender in small and micro enterprises in Kenya. The results further indicate that 69% of the owners were male while only 31% were female an indication that this is a male dominated sector. Among the managers 68% were male while 32% were female and this may indicate the existence of glass ceiling in the management of MSEs in the Publishing Sector in Kenya. Additionally, 54% of the marketers were male while 46% were female.
4.3.2 Age of the Respondents

The age of the respondents was grouped into categories as presented in Table 4.4 and the respondents were required to tick appropriately.

Table 4.4: Age of the Respondents

<table>
<thead>
<tr>
<th>Age</th>
<th>Owner/entrepreneur</th>
<th>Manager</th>
<th>Supervisor</th>
<th>Marketer</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-35</td>
<td>Count</td>
<td>% within job title</td>
<td>% of total</td>
<td>% within job title</td>
<td>% of total</td>
</tr>
<tr>
<td>18-35</td>
<td>13</td>
<td>50.0%</td>
<td>9.9%</td>
<td>13</td>
<td>50.0%</td>
</tr>
<tr>
<td>36-50</td>
<td>9</td>
<td>34.6%</td>
<td>6.9%</td>
<td>9</td>
<td>34.6%</td>
</tr>
<tr>
<td>51- and above</td>
<td>4</td>
<td>15.4%</td>
<td>3.1%</td>
<td>4</td>
<td>15.4%</td>
</tr>
<tr>
<td>Total</td>
<td>26</td>
<td>100.0%</td>
<td>23.7%</td>
<td>26</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Source: Survey Data, 2014

The results in Table 4.4 indicate that most of the respondents (51%) were aged between 18 and 35 years, 42% were aged between 36 and 50 years old and only 6% were aged 51 and above. Among the owners 50% were aged between 18 and 35 years, 35% were aged between 36 and 50 years and 15% aged 51 years and above. This shows that majority of the entrepreneurs (owners) were relatively young. However, most of the managers (58%) were aged between 36 and 50 years and this could mean that entrepreneurs hired managers with years of experience. Majority of the supervisors were aged between 18 and 35 years and more than two third of the marketers (71%) were aged between 18 and 35 years. According to Grund (2005) younger employees have advantages concerning ability and willingness to learn and also physical resilience and marketing as a career requires such.
4.3.3 Education Level

Respondents were asked to indicate the level of education attained and the results are represented in Table 4.5

<table>
<thead>
<tr>
<th>Level of education</th>
<th>Entrepreneurs</th>
<th>Manager</th>
<th>Production /supervisor</th>
<th>Marketer</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>College</td>
<td>Count</td>
<td>8</td>
<td>3</td>
<td>15</td>
<td>19</td>
</tr>
<tr>
<td></td>
<td>% within job title</td>
<td>30.8%</td>
<td>9.7%</td>
<td>38.5%</td>
<td>54.3%</td>
</tr>
<tr>
<td></td>
<td>% of total</td>
<td>6.1%</td>
<td>2.3%</td>
<td>11.5%</td>
<td>14.5%</td>
</tr>
<tr>
<td>University</td>
<td>Count</td>
<td>18</td>
<td>28</td>
<td>24</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td>% within job title</td>
<td>69.2%</td>
<td>90.3%</td>
<td>61.5%</td>
<td>45.7%</td>
</tr>
<tr>
<td></td>
<td>% of total</td>
<td>13.7%</td>
<td>21.4%</td>
<td>18.3%</td>
<td>12.2%</td>
</tr>
<tr>
<td>Total</td>
<td>Count</td>
<td>26</td>
<td>31</td>
<td>39</td>
<td>35</td>
</tr>
<tr>
<td></td>
<td>% within job title</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td></td>
<td>% of Total</td>
<td>19.8%</td>
<td>23.7%</td>
<td>29.8%</td>
<td>26.7%</td>
</tr>
</tbody>
</table>

Source: Survey Data, 2014

The results indicate that majority of the respondents (66%) have attained graduate level of education while 34% had attained college education. Further, 69% of the entrepreneurs, 90% of the managers, 61% of the supervisors and 46% of the marketers had university degrees. This probably explains the requirement of most organizations in which education is emphasized when it comes to placement. Recent empirical studies (Agiomirgianakis et al., 2002,) verify the positive relationship between education and firm performance. Employees with specialized knowledge possess particular capabilities such as communication and decision making, problem solving and team working skills, as well as the ability to adapt to continuously changing environments, thus tending to behave more professionally in their daily tasks.
4.3.4 Length of Working Period in the Enterprise

Respondents were also required to give details of how long they had worked in their respective firms and the results are represented in categories of ten years as shown in figure 4.1.

Figure 4.1: Length of Working Period in the Enterprise
Source: Survey Data, 2014

The results show that 3% of the respondents had worked in their organization for less than one year, 70% had worked for between 2 and 11 years, 25% had worked between 12 and 23 years, and 0.8% had worked for over 23 years. This shows that most of the entrepreneurs in the study had substantial experience and there is also a considerable measure of staff retention in these MSEs.

4.4. Profile of the Firms

This section gives the findings regarding the different characteristics of the firm which include age, legal ownership, categories of products, reasons for choice of products, printing rights and size of the firm.
4.4.1 Age of the Business Enterprise

Table 4.6 presents the length of period (in categories of five years) the business had been in operation since its inception.

Table 4.6: Age of the Business

<table>
<thead>
<tr>
<th>Age of the business</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-5 years</td>
<td>17</td>
<td>13.0</td>
</tr>
<tr>
<td>6-10 years</td>
<td>20</td>
<td>15.3</td>
</tr>
<tr>
<td>11-15 years</td>
<td>19</td>
<td>14.5</td>
</tr>
<tr>
<td>16-20 years</td>
<td>23</td>
<td>17.6</td>
</tr>
<tr>
<td>Over 20 years</td>
<td>52</td>
<td>39.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>131</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

*Source: Survey Data, 2014*

The results indicate that 13% of the enterprises had been operational for a period of between 1 and 5 years, 15% had operated between 6 and 10 years, 15% between 11 and 15 years, 18% between 16 and 20 years and majority (40%) had operated for over 20 years.
4.4.2 Legal Ownership

Publishing sector like any other have the option to run their businesses as private companies, have group ownership, in partnership or as sole traders and the responses were varied as shown in figure 4.2.

![Figure 4.2: Legal Ownership](image)

Source: Survey data, 2014

The study established that 30% of the MSEs were private companies, 17% were group owned, 31% were partnerships and 23% were sole traders. This shows that MSEs in the Publishing Sector have different legal ownership but the majority preferred the partnership mode of ownership. This could probably be because of the advantage of pooling resources together.
4.4.3 Categories of Product

Respondents were also asked to indicate categories of products published by their firms and the results are as given in Table 4.7.

Table 4. 7: Categories of Products

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Text books (primary and secondary)</td>
<td>17</td>
<td>13.0</td>
</tr>
<tr>
<td>Text books (university and colleges)</td>
<td>20</td>
<td>15.3</td>
</tr>
<tr>
<td>Religious books</td>
<td>11</td>
<td>8.4</td>
</tr>
<tr>
<td>professional books</td>
<td>10</td>
<td>7.6</td>
</tr>
<tr>
<td>Novels and fiction</td>
<td>3</td>
<td>2.3</td>
</tr>
<tr>
<td>Motivational / inspirational</td>
<td>9</td>
<td>6.9</td>
</tr>
<tr>
<td>All</td>
<td>12</td>
<td>9.2</td>
</tr>
<tr>
<td>Text books (primary, secondary, colleges &amp; university)</td>
<td>15</td>
<td>11.5</td>
</tr>
<tr>
<td>Religious and motivational books</td>
<td>11</td>
<td>8.4</td>
</tr>
<tr>
<td>College, university, technical and motivational books</td>
<td>8</td>
<td>6.1</td>
</tr>
<tr>
<td>Text books (primary, secondary, colleges &amp; university) novel and fictions</td>
<td>15</td>
<td>11.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>131</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Source: Survey Data, 2014

The results in Table 4.7 show that 13% of the firms were producing both primary and secondary text books, 15% were producing university and college books, 8% were producing professional books, 2% were producing novels and fiction, 7% were in motivational books, 9% had published text books (primary, secondary, colleges, university, religious, professional, novel and fiction and motivational), 12% were publishing text books (primary, secondary, colleges and university), religious and motivational books, 8% college, university, technical and motivational books. The Kenyan publishing arena has been dominated by textbook publishing and these results have revealed the same trend.
4.4.4 Reasons for Choice of Product

The results further indicate that majority (73%) of the respondents' enterprises had chosen the products due to market demand, 22% chose the product due to ease in publishing and 5% due the uniqueness of the products as shown in Figure 4.3. This shows that most of the enterprises are market oriented and their activities are geared towards meeting the market demand.

Figure 4.3: Reasons for choice of product

Source: Survey Data, 2014

4.4.5 Printing Rights

Figure 4.4 illustrates the percentage of enterprises that had printing rights.

Figure 4.4: Printing rights

Source: Survey Data, 2014
When asked whether their enterprises had acquired printing rights from other publishers, 62% indicated that they had while 38% had not. This indicates that majority of these firms are taking advantage that accrue in having printing rights including and not limited to avoidance of the initial production costs.

4.4.6 Size of the Firm

Size of the firm was measured by the number of employees and the results are presented in Table 4.8.

Table 4. 8: No of Employees

<table>
<thead>
<tr>
<th>Number of employees</th>
<th>At the start of business</th>
<th>Current number of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Full time</td>
<td>Part time</td>
</tr>
<tr>
<td>1-5</td>
<td>49</td>
<td>37.4</td>
</tr>
<tr>
<td>6-10</td>
<td>59</td>
<td>45.0</td>
</tr>
<tr>
<td>11-15</td>
<td>2</td>
<td>1.5</td>
</tr>
<tr>
<td>16-20</td>
<td>1</td>
<td>0.8</td>
</tr>
<tr>
<td>20-50</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>111</td>
<td>84.7</td>
</tr>
<tr>
<td>System</td>
<td>20</td>
<td>15.3</td>
</tr>
<tr>
<td>Total</td>
<td>131</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Survey Data, 2014

The results indicate that 37% began with between 1 and 5 full time employees, and 10% had been engaged on part time basis. Majority of the respondents 45% began with 6 to 10 employees and 6 employees on part time basis. At present, most of the firms (23%) had between 20 and 50 employees.
4.5 Descriptive Statistics

This section gives the descriptive results of the study. The respondents were asked to give information concerning the five dimensions of entrepreneurial orientation (innovation, risk-taking, proactiveness, competitive aggressiveness, autonomy) and organizational characteristics (use of ICT in their firms, availability of e-books and website and the various marketing strategies used in their firms). The study used the measure of central tendency of the mean and that of dispersion of standard deviation to summarize the characteristics of the variables investigated. Each variable is discussed separately and the responses are presented in a table followed by discussions.

4.5.1 Innovation

The first independent variable of the study was innovation. The respondents were asked to rate the extent to which they agreed with statements regarding application of innovation in order to boost performance on a scale of 1 to 5, where 1 is strongly disagree and 5 strongly agree. Table 4.9 presents the mean score of the responses of each attribute of innovation and the respective standard deviation.

Table 4.9: Application of innovation to boost firm performance

<table>
<thead>
<tr>
<th>Application of innovation</th>
<th>Mean</th>
<th>Standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>We prefer to scan the market and come up with new and updated titles to satisfy emerging markets</td>
<td>4.4809</td>
<td>0.79760</td>
</tr>
<tr>
<td>Changes in products have been many both in design and type in the last 3 years to meet market demand</td>
<td>4.2901</td>
<td>0.87256</td>
</tr>
<tr>
<td>The firm encourages and supports research and innovative ideas and always acts on them</td>
<td>4.4885</td>
<td>0.78805</td>
</tr>
<tr>
<td>Our firm encourages use of latest production methods and processes</td>
<td>4.5115</td>
<td>0.77823</td>
</tr>
<tr>
<td>Our firm prefers to retain and produce old and well known titles</td>
<td>4.0763</td>
<td>1.16102</td>
</tr>
<tr>
<td>Aggregate</td>
<td>4.3695</td>
<td>0.87949</td>
</tr>
</tbody>
</table>

Source: Survey Data, 2014
The results indicate that the MSEs preferred to scan the market and come up with new and updated titles to satisfy emerging markets as supported by a mean response of 4.4809. The respondents also confirmed that changes in products have been many both in design and type in the last 3 years to meet market demands (4.2901). They also felt that the firms encouraged, and supported research and innovative ideas and always acted on them (4.4885). It is clear from the findings that among the innovation attribute scanning the market was the most emphasized. They also encouraged use of latest production methods and processes (4.5115). Most of the firms preferred to retain and produce old and well known titles (4.0763). This shows that the MSEs engaged in the process of coming up with new innovations that were later adopted to boost the performance of the enterprises. The standard deviation ranged from 0.77823 to 1.16102. A standard deviation of 0.77823 indicates that the responses were not dispersed from the mean while that of 1.16102 shows that the responses were slightly scattered around the mean. This means that there was a slight variability among publishing firms regarding the retention of old and well known titles; implying a few firms did not retain old titles.

4.5.2 Risk-Taking

The second independent variable was risk taking. The respondents were asked to rate the extent to which they agreed with statements regarding application of risk-taking in order to boost performance on a scale of 1 to 5, where 1 is strongly disagree and 5 strongly agree. Table 4.10 presents the mean score of the responses of each attribute of risk-taking and the respective standard deviation.
Table 4.10: Risk taking in publishing sector

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Mean</th>
<th>Standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our firm has a strong inclination for low risk projects (with normal and certain rates of return)</td>
<td>3.6565</td>
<td>2.77287</td>
</tr>
<tr>
<td>The firm’s management does not hesitate to take loans for new ventures</td>
<td>3.4962</td>
<td>2.82400</td>
</tr>
<tr>
<td>The firm has strong inclination for high risk projects with high rates of return</td>
<td>3.4198</td>
<td>0.98414</td>
</tr>
<tr>
<td>The firm does not shy away from funding new methods and processes even if they have not been tested in the market and could be risky</td>
<td>3.4504</td>
<td>0.97044</td>
</tr>
<tr>
<td>Aggregate</td>
<td>3.5057</td>
<td>1.88786</td>
</tr>
</tbody>
</table>

Source: Survey Data, 2014

The study results in Table 4.10 indicate that the publishing firms had a strong inclination for low risk projects (with normal and certain rates of return) as shown by the mean (3.6565). The firms’ management did not hesitate to take loans for new ventures (3.4962) and had strong inclination for high risk projects with high rates of return (3.4198). Further the results show that the firm did not shy away from funding new methods and processes even if they had not been tested in the market and could be risky (3.4504). There was a slightly high variability with regards to firms’ taking loans for new ventures as shown by the standard deviation of 2.82400 (highest). A standard deviation of 0.97044 (lowest) indicate that the responses were slightly scattered around the mean (3.4504). Generally, most MSEs engaged in risky ventures that promised returns.
4.5.3 Proactiveness

The third independent variable was proactiveness. The respondents were asked to rate the extent to which they agreed with statements regarding application of proactiveness in order to boost performance on a scale of 1 to 5, where 1 is strongly disagree and 5 strongly agree. The descriptive results are given in Table 4.11.

Table 4.11: Entrepreneurial Proactiveness

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Mean</th>
<th>Standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compared to other businesses in the same field we are usually among the first to introduce new products and new methods of production in the market</td>
<td>4.6412</td>
<td>4.55238</td>
</tr>
<tr>
<td>The firm always tries to be among the leading establishments in the market place to change procedures of production and other activities in order to lead the market</td>
<td>4.2824</td>
<td>0.95495</td>
</tr>
<tr>
<td>The firm monitors the market and respond more rapidly to the changes than our competitors</td>
<td>4.3588</td>
<td>0.95328</td>
</tr>
<tr>
<td>We ensure that the firm has a number of leading titles in the market</td>
<td>4.4809</td>
<td>0.79760</td>
</tr>
<tr>
<td>Aggregate</td>
<td>4.4408</td>
<td>1.81455</td>
</tr>
</tbody>
</table>

Source: Survey Data, 2014

The results in Table 4.11 indicate that most MSEs compared to other businesses in the same field were usually among the first to introduce new products and new methods of production in the market as indicated by the mean of 4.6412. The standard deviation (4.55238) is high implying that there was a high variability in the responses and thus some MSEs were not among the first to introduce some products and methods. Some firms also monitored the market and responded more rapidly to the changes than their competitors (4.3588). Most of the firms always tried to be among the leading in the market place to change procedures of production and other activities (4.2824).
However, majority of the firms ensures that they have a number of leading titles in the market (4.4809). The standard deviation of 0.95495, 0.95328 and 0.79760 indicate that there was no high variation in responses from the means. The mean score ranged from 4.2824 to 4.6412, a confirmation that the entrepreneurs in these MSEs were proactive. Thus introduction of new products was the most emphasized attribute among the entrepreneurial proactiveness attribute.

4.5.4 Autonomy

The fourth independent variable was autonomy. The respondents were also asked to rate the extent to which they agreed with statements regarding application of autonomy in order to boost performance on a scale of 1 to 5, where 1 is strongly disagree and 5 strongly agree. Table 4.12 presents the mean score of the responses of each attribute of risk-taking and the respective standard deviation.

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Mean</th>
<th>Standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The firm encourages the staff to come up with new ideas and implement the viable ones</td>
<td>4.3893</td>
<td>0.92464</td>
</tr>
<tr>
<td>The firm encourages development of new ideas from staff instead of insisting on following the old and established work schedules</td>
<td>3.6870</td>
<td>1.46804</td>
</tr>
<tr>
<td>The firm makes sure that we reward staff for new ideas that are implemented in the firm</td>
<td>4.1756</td>
<td>1.02643</td>
</tr>
<tr>
<td>Aggregate</td>
<td>4.0839</td>
<td>1.13970</td>
</tr>
</tbody>
</table>

Source: Research Data, 2014

As shown in Table 4.12, the firms encouraged the staff to come up with new ideas and implemented the viable ones (4.3893). They also encouraged development of new ideas from staff (3.6870). The firms also made sure that they rewarded the staff for new ideas
(4.1756). The standard deviation of 0.92464 shows that there was a slight dispersion from the mean as compared to those of 1.02643 and 1.46804 which indicates more levels of response scatteredness. This means that, among the three attributes of autonomy the respondents had more divergent views about the firms encouraging development of new ideas.

4.5.5 Competitive Aggressiveness

The fifth independent variable was competitive aggressiveness and the results are presented in Table 13. The respondents rated the extent to which they agreed with statements regarding application of competitive aggressiveness in order to boost performance on a scale of 1 to 5, where 1 is strongly disagree and 5 strongly agree.

Table 4.13: Competitive aggressiveness on the performance of MSEs

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Mean</th>
<th>Standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our firm, is very often among the first business to introduce new products</td>
<td>4.1846</td>
<td>1.04016</td>
</tr>
<tr>
<td>or/and processes and operating technologies ahead of competitors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Is very seldom among the first business to introduce new products</td>
<td>3.8846</td>
<td>1.30375</td>
</tr>
<tr>
<td>or/and processes and operating technologies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The firm usually applies price manipulation tactics in order to counter</td>
<td>3.8538</td>
<td>1.40382</td>
</tr>
<tr>
<td>the competition in the market</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The firms always scouts the market to know what the competition is offering</td>
<td>4.6107</td>
<td>4.56841</td>
</tr>
<tr>
<td>Aggregate</td>
<td>4.1334</td>
<td>2.0790</td>
</tr>
</tbody>
</table>

Source: Survey Data, 2014

According to results in Table 4.13, MSEs under study were very often among the first business to introduce new products, processes and operating technologies ahead of competitors (4.1846). They were very seldom among the first businesses to introduce new products or/and processes and operating technologies (3.8846). The firms usually
applied price manipulation tactics in order to counter the competition in the market (3.8538) and always scouted the market to know what the competition was offering (4.6107). The standard deviations ranged from 1.04016 (which indicates a slightly higher departure from the mean) to 4.56841 which show a high dispersion from the mean.

4.5.6 Organizational Characteristics

4.5.6.1 Use of ICT

The first dimension of organizational characteristics measured was the use of ICT. The summary of the descriptive results are presented in Table 4.14.

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Mean</th>
<th>Standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use of ICT in its processes</td>
<td>4.3359</td>
<td>0.80010</td>
</tr>
<tr>
<td>Adoption of new technology in the market</td>
<td>4.1527</td>
<td>1.07039</td>
</tr>
<tr>
<td>Use of print on demand facilities</td>
<td>3.9008</td>
<td>1.26403</td>
</tr>
<tr>
<td>Aggregate mean &amp; standard deviation</td>
<td>4.1298</td>
<td>1.04484</td>
</tr>
</tbody>
</table>

Source: Research Data, 2014

According to the results in Table 4.14, most of the firms used ICT in its processes as supported by mean of 4.3359 and also adopted new technologies in the market (4.1527). Additionally, the firms used print on demand facilities (3.9008). On the basis of the mean scores, use of ICT highly rated as compared other technologies. The standard deviations for the three attributes were 0.80, 1.07 and 1.26 as shown in Table 4.14. A deviation of 1.26 indicates a slightly higher variance in responses as compared to that of 0.8. This means that the entrepreneurs’ had varied opinion regarding use of print as compared to use of ICT in the processes.
4. 5.6.2 Firms with e-books and websites

The second dimension of organizational characteristics was on e-books and websites. The results are shown in Table 4.15.

Table 4.15: Firms with e-books and websites

<table>
<thead>
<tr>
<th>Response</th>
<th>Firms with e-books</th>
<th>Firms with website</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>Percent</td>
</tr>
<tr>
<td>No</td>
<td>64</td>
<td>48.9</td>
</tr>
<tr>
<td>Yes</td>
<td>67</td>
<td>51.1</td>
</tr>
<tr>
<td>Total</td>
<td>131</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Survey Data, 2014

Table 4.15 shows the percentage of firms with e-books and those with websites. The results indicate that majority of the firms (51%) had e-books while 49% did not. It also emerged that 86% of the firms had a website while 15% did not. The findings confirm those of Allen and Kaddu (2014) who found that the adoption and use of information technologies are as on the increase in Africa. However, the question that comes to mind is, “does the growing interest in information technologies imply a growing interest in eBooks. In continents like America, Australia and Europe where many countries are developed, the interest in eBooks and their relative use are higher than Africa and impressive. This is evident in several ways, but especially on production and proliferation of eBooks and sales. However, the amazing growth in interest and use of contemporary mobile technologies, social media and blogs notwithstanding, suffice it to say that eBooks are relatively in their nascent stage in Africa.
4.5.6.3 Descriptive Findings on Marketing Strategies

Responses were sought regarding the different marketing strategies used by the MSEs in the publishing industry and the responses are as analyzed in Table 4.16.

Table 4. 16: Marketing Strategies

<table>
<thead>
<tr>
<th>Marketing Strategies</th>
<th>mean</th>
<th>Standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet as a Promotional Tool</td>
<td>4.1298</td>
<td>0.99535</td>
</tr>
<tr>
<td>Customer service</td>
<td>4.3511</td>
<td>0.94400</td>
</tr>
<tr>
<td>Digital Advertising</td>
<td>4.1374</td>
<td>3.69149</td>
</tr>
<tr>
<td>Flexible pricing and discount</td>
<td>4.0000</td>
<td>0.97665</td>
</tr>
<tr>
<td>Trade fairs</td>
<td>3.9618</td>
<td>0.96400</td>
</tr>
<tr>
<td>Personal selling</td>
<td>4.4885</td>
<td>0.81681</td>
</tr>
<tr>
<td><strong>Aggregate (overall mean and standard deviation)</strong></td>
<td>4.1781</td>
<td>1.39805</td>
</tr>
</tbody>
</table>

*Source: Survey Data, 2014*

Regarding marketing strategies, internet as a promotion tool was widely applied (4.1298), and customer services were highly emphasized (4.3511). Additionally, digital advertising was also extensively used (4.1374), flexible pricing and discount had a mean response of 4.000, trade fairs was the least applied strategy while personal selling was highest applied (4.4885). The strategy that had the highest varied responses was digital advertising with a deviation of 3.69 while customer’s service had a small deviation (0.94).

4.5.7 Performance of MSEs in Publishing Sector

Evaluation of the firms’ performance focused on growth indicators namely; increase in business sales, increase in total assets turnover, increase in number of copies published and overall level of enterprise performance.
4.5.7.1 Number of Titles

Respondents were asked to indicate the number of titles published in their firms as given in Table 4.17.

Table 4.17: Number of titles published in the last three years

<table>
<thead>
<tr>
<th>Number of titles</th>
<th>Year 1 (%)</th>
<th>Year 2 (%)</th>
<th>Year 3 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 – 400</td>
<td>90.7</td>
<td>91.9</td>
<td>91.7</td>
</tr>
<tr>
<td>401 - 800</td>
<td>3.7</td>
<td>1.8</td>
<td>2.8</td>
</tr>
<tr>
<td>800 and above</td>
<td>5.6</td>
<td>6.3</td>
<td>5.5</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

*Source: Survey Data, 2014*

The results further indicate that majority of the firms (91%, 92%, 92%) published between 1 and 400 titles in the first year, second year and third year respectively as shown in Table 4.17. The percentage of firms that published 800 titles and above increased from 5.6 to 6.3% in the second year although there was a slight decline in the third year (5.5%). This shows that the number of new titles had slightly grown particularly during the second year.

4.5.7.2 Copies Published in the Last Three Years

The responses on the number of copies in categories of 5,000, published in the last three years are analyzed in Table 4.18.

Table 4.18: Number of copies published in the last three years

<table>
<thead>
<tr>
<th>Number of copies</th>
<th>Year 1 (%)</th>
<th>Year 2 (%)</th>
<th>Year 3 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1,000</td>
<td>53.6</td>
<td>47.4</td>
<td>43.6</td>
</tr>
<tr>
<td>1001 - 5,000</td>
<td>20.6</td>
<td>17.5</td>
<td>22.4</td>
</tr>
<tr>
<td>5001 – 10,000</td>
<td>17.6</td>
<td>20.7</td>
<td>21.2</td>
</tr>
<tr>
<td>10000 and above</td>
<td>8.2</td>
<td>14.4</td>
<td>12.8</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

*Source: Survey Data, 2014*
Table 4.18 shows the number of book copies in categories of 5000, published in the last three years. The percentage of firms who published 10,000 and above copies increased from 8% to 14% (in the second year) to 13% in the third year. This shows that the number of copies grew in the last three years.

4.6 Performance Indicator

The dependent variable of the research was performance. Six areas were used to measure this variable on a five-point likert scale. The results are presented in table 4.19.

Table 4.19: Performance indicator

<table>
<thead>
<tr>
<th>Performance indicator</th>
<th>Mean</th>
<th>Standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales growth</td>
<td>4.0840</td>
<td>0.84159</td>
</tr>
<tr>
<td>Increase in market share</td>
<td>4.0687</td>
<td>0.88744</td>
</tr>
<tr>
<td>Increase in the number of customers</td>
<td>4.0076</td>
<td>0.88140</td>
</tr>
<tr>
<td>Total asset turn over</td>
<td>3.9692</td>
<td>0.94777</td>
</tr>
<tr>
<td>Growth on profits</td>
<td>3.9538</td>
<td>0.89669</td>
</tr>
<tr>
<td>Ability to fund business expansion from profit</td>
<td>3.9008</td>
<td>1.05151</td>
</tr>
<tr>
<td><strong>Aggregate</strong></td>
<td><strong>3.9974</strong></td>
<td><strong>0.91773</strong></td>
</tr>
</tbody>
</table>

Source: Survey Data, 2014

The results further indicate that most of the publishing firms reported good performance in as presented in Table 4.19. The results indicate that sales growth (4.0840) was the best among the performance aspects while ability to fund business expansion from profit (3.9008). The standard deviations were ranged from 0.84159 to 1.05151 (which indicates a slightly higher departure from the mean).
4.6.1 Overall Performance of MSEs in the Publishing Industry

The overall performance was measured using a likert scale of 1 to 5 where 1 indicated very low and 5 signified very high. As illustrated in figure 4.5, 1% of the respondents who participated in the study rated the performance of their firms as very low, 3% rated their firms low, 17% rated their firms satisfactory, 53% rated their firms high and 26% rated their firms very high. This shows that the overall performance of the firms was high.

Figure 4.5: Overall Performance of MSEs in the Publishing Sector

Source: Survey Data, 2014
4.7 Test of Hypotheses

This section gives the inferential statistics on the effect of the dimensions of entrepreneurial orientation and the organizational characteristics on performance of MSEs in the publishing industry.

4.7.1 ANOVA Test

Table 4.20: Model summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.732a</td>
<td>0.536</td>
<td>0.518</td>
<td>0.71210</td>
</tr>
</tbody>
</table>

Predictors: (Constant) innovation, risk-taking, pro-activeness, autonomy, competitive aggressiveness

ANOVA test was also conducted to determine whether the model works in explaining the relationship among variables as postulated in the conceptual model. The results in Table 4.20 show an F value of 28.898 with a significance level of 0.000 which is far lower than the confidence level of 0.001, hence establishing a significant relationship. The implication is that the independent variable contributes significantly to changes in the dependent variable. This shows that the model works and thus accounts for significantly more variance in the dependent variable than would be expected by chance.

Table 4.21: ANOVA Results

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>73.270</td>
<td>5</td>
<td>14.654</td>
<td>28.898</td>
<td>.000a</td>
</tr>
<tr>
<td>Residual</td>
<td>63.387</td>
<td>125</td>
<td>.507</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>136.656</td>
<td>130</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Predictors: (Constant) innovation, risk-taking, pro-activeness, autonomy, competitive aggressiveness
Dependent Variable: performance of MSEs
The unstandardized coefficients B column, gives the coefficients of the independent variables in the regression equation including all the predictor variables as indicated in Table 4.28. In the regression model, $a$ is a constant, the $\beta_1$, $\beta_2$ are the beta coefficients that indicate the degree of influence the corresponding independent variable has on variations in the dependent variable (the higher the value of $\beta$ the more influential the independent variable). The regression analysis results indicate that an increase in innovation, risk taking, competitive aggressiveness, proactiveness and autonomy by one unit would increase performance of the publishing firms by 0.114, 0.163, 0.346, 0.030 and 0.211 units respectively. Although all the independent variables have a positive contribution towards the dependent variable, the contribution of proactiveness was not significant at 99% level of significance. The p value (0.034) was not significant at 0.01 confidence interval. The beta coefficients are positive (the sign indicates the nature of the relationship). This means that the entrepreneurial orientation and performance of the publishing firms move together in the same directions meaning that an increase in the entrepreneurial orientation leads to an increase in the performance of the MSEs in the Publishing industry in Kenya. This confirms the previous studies by Hossein and Eskandari, (2013); Boohene et al. (2012) and Chen et al. (2011).
4.7.2 Regression Analysis

Regression analysis was run to determining the extent to which the explanatory variables explain the variance in the explained variable. The regression model hypothesized that entrepreneurial orientation (innovation, proactiveness, competitive aggressiveness autonomy and risk-taking) had an influence on performance of MSEs in the publishing industry. The hypothesis was organized in a linear model as shown below.

\[ Y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \beta_5 x_5 + \epsilon \]

Where;

- \( Y \) = dependent variable i.e. Performance
- \( \beta_0 \) = constant
- \( \beta_1, \beta_5 \) are the regression coefficients
- \( x_1 = \) innovation, \( x_2 = \) risk taking, \( x_3 = \) competitive aggressiveness, \( x_4 = \) proactiveness, \( x_5 = \) autonomy.
- \( \epsilon \) is the error or other factors that may influence performance.

In order to test this model multiple regression was run with performance of the MSEs as the dependent variable and entrepreneurial orientation as the independent variables. As shown in Table 4.26, the R Square value of 0.536 and adjusted R square value is 0.518 this means that 53.6% of the variation in performance can be explained by the independent variables. The remaining 46.4% of the variance is explained by other variables not included in this study.
4.7.3 Regression Coefficients

Table 4. 22: Regression coefficients

<table>
<thead>
<tr>
<th>Variables</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B (Std. Error)</td>
<td>Beta</td>
</tr>
<tr>
<td>(Constant)</td>
<td>0.223 (.292)</td>
<td>.765 (.446)</td>
</tr>
<tr>
<td>Innovation</td>
<td>0.114 (.053)</td>
<td>.151</td>
</tr>
<tr>
<td>Risk taking</td>
<td>0.163 (.061)</td>
<td>.212</td>
</tr>
<tr>
<td>proactiveness</td>
<td>0.030 (.055)</td>
<td>.043</td>
</tr>
<tr>
<td>Competitive aggressiveness</td>
<td>0.346 (.090)</td>
<td>.326</td>
</tr>
<tr>
<td>Autonomy</td>
<td>0.211 (.061)</td>
<td>.263</td>
</tr>
</tbody>
</table>

*Source: Survey Data, 2014*

The regression model is hence summarized as;

*Performance of the publishing firms = 0.223 + (0.114) innovation + (0.163) risk taking + +(0.030) proactiveness +(0.346) competitive aggressiveness (0.211) and autonomy.*

The standardized beta coefficient column shows the contribution that an individual variable makes to the model. The beta weight is the average amount the dependent variable increases when the independent variable increases by one standard deviation (all other independent variables are held constant). Thus, the largest influence on the performance of MSEs was from the competitive aggressiveness (0.346) while the least was proactiveness (0.030).
4.7.4 Test of Hypothesis One

The first hypothesis of the study sought to establish the relationship between innovation and the performance of MSEs in the publishing industry in Kenya.

Table 4.23: Correlation analysis between innovation and performance of MSEs

<table>
<thead>
<tr>
<th></th>
<th>Innovation</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation</td>
<td>Pearson Correlation</td>
<td>.456**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.001</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>131</td>
</tr>
<tr>
<td>Performance of enterprise</td>
<td>Pearson Correlation</td>
<td>.456**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.001</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>131</td>
</tr>
</tbody>
</table>

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

Source: Survey data 2014

Correlation and regression analyses were used to establish the relationship between innovation and performance of MSEs. The results in Table 4.23 show positive relationships between innovation and performance of MSEs with a beta coefficient of 0.151. This rejects the null Hypothesis and so there is a significant relationship between innovation and the performance of MSEs in the publishing industry in Kenya. The relationship is significant at 95% level of significance (p=0.034). The correlation coefficient is $r = 0.456$ which is significant at $P<0.001$. The findings confirm the results of previous studies by Kreiser et al. (2002). Pratono, et al. (2013) observed that, firms can improve their effectiveness to meet the needs of customers through innovation while Zahra and Bogner (2000), have further emphasized that firms can achieve highest levels of performance if they frequently develop new products and upgrade others.
4.7.5 Test of Hypothesis Two

The second hypothesis focused on establishing the relationship between risk taking and the performance of MSEs in the publishing industry in Kenya.

Table 4.24: Correlation analysis between risk taking and performance of MSEs

<table>
<thead>
<tr>
<th>Risk taking</th>
<th>Pearson Correlation</th>
<th>Performance of MSEs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>.543**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>1</td>
</tr>
<tr>
<td>N</td>
<td>131</td>
<td>131</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Performance of MSEs</th>
<th>Pearson Correlation</th>
<th>Performance of MSEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sig. (2-tailed)</td>
<td>.543**</td>
<td>1</td>
</tr>
<tr>
<td>N</td>
<td>131</td>
<td>131</td>
</tr>
</tbody>
</table>

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

Source: Survey Data, 2014

In order to address this null hypothesis, both correlation and regression were used to establish the relationship between risk-taking and performance of MSEs. The results in table 4.24 show positive relationship between risk-taking and performance of MSEs with a beta coefficient of 0.212. The relationship is significant at 95% level of significance (p=0.034). The correlation coefficient is r =0.543 which is significant at P<0.001. This rejects the null hypothesis and confirms that there is significant relationship between risk-taking and the performance of MSEs in the publishing industry in Kenya. The finding are in line with those of Avlonitis and Salavou (2007) who found that firms with strong entrepreneurial behaviour are attracted to projects of higher level of risk to get higher level of return. On the contrary, a risk-averse firm will avoid doing something that provides uncertain yield to changing environment. This behaviour will result in weaker performance as the firm is not willing to capture market opportunities which are not guaranteed success (Hughes & Morgan, 2007)
4.7.6 Test of Hypothesis Three

Hypothesis three of the study aimed at determining the relationship between proactiveness and the performance of MSEs in the publishing industry in Kenya.

Table 4.25: Relationship between proactiveness and performance of MSEs

<table>
<thead>
<tr>
<th>Pro-activeness</th>
<th>Performance of MSEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
</tr>
<tr>
<td>N</td>
<td>131</td>
</tr>
<tr>
<td>Performance of MSEs</td>
<td>Pearson Correlation</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
</tr>
<tr>
<td>N</td>
<td>131</td>
</tr>
</tbody>
</table>

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

Source: Survey Data, 2014

Table 4.25 shows the correlation and regression analysis results for the relationship between proactiveness and performance of MSEs. Both correlation and regression were used to establish the relationship between innovation and performance of MSEs. The results show positive relationship between proactiveness and performance of MSEs with a beta coefficient of 0.43. The relationship is not significant at 95% level of significance (p=0.009). The null hypothesis is however rejected since there is some relationship that exists between proactiveness and performance of MSEs in the publishing industry in Kenya. The correlation coefficient is r =0.427 which is significant at P<0.001. The positive relationship also reported between proactiveness and business performance is in line with similar prior studies by Lumpkin and Dess (2001). The findings however, contradict those of Hughes and Morgan (2007) and Coulthard (2007) that found that at the early stage of firm growth, proactiveness was a critical factor in firm performance and that the role of proactiveness was less important once a firm was established.
4.7.7 Test of Hypothesis Four

The fourth hypothesis tested the relationship between autonomy and the performance of MSEs in the publishing industry in Kenya.

Table 4. 26: Correlation for relationship between autonomy and performance of MSEs

<table>
<thead>
<tr>
<th></th>
<th>Autonomy</th>
<th>Performance of MSEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Autonomy</td>
<td>Pearson Correlation 1</td>
<td>0.505**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>131</td>
<td>0.000</td>
</tr>
<tr>
<td>Performance of MSEs</td>
<td>Pearson Correlation 0.505**</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td>131</td>
</tr>
<tr>
<td>N</td>
<td>131</td>
<td>131</td>
</tr>
</tbody>
</table>

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

Source: Survey Data, 2014

This hypothesis was addressed by using both correlation and regression analysis to establish the relationship between autonomy and performance of MSEs. The results in table 4.26 show a positive relationship between autonomy and performance of MSEs with a beta coefficient of 0.263. The relationship is significant at 99% level of significance (p=0.001). The correlation coefficient is \( r = 0.505 \) which is significant at \( P<0.001 \). The null hypothesis is, therefore, rejected since the findings have confirmed that there is a relationship between autonomy and the performance of MSEs in the publishing industry in Kenya. The findings confirm those of previous study by Madsen (2007) that suggested that autonomy offered by firms would motivate employees to work in a positive manner that could lead to higher firm performance.
4.7.8 Test of Hypothesis Five

Hypothesis five of the study sought to establish the relationship between competitive aggressiveness and the performance of MSEs in the publishing industry in Kenya.

Table 4.27: Pearson’s correlation for relationship between competitive aggressiveness and performance of MSEs

<table>
<thead>
<tr>
<th></th>
<th>Competitive aggressiveness</th>
<th>Performance of MSEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitive aggressiveness</td>
<td>Pearson Correlation 1</td>
<td>0.618**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed) .000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N 131</td>
<td>131</td>
</tr>
<tr>
<td>Performance of MSEs</td>
<td>Pearson Correlation 0.618**</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed) .000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N 131</td>
<td>131</td>
</tr>
</tbody>
</table>

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

Source: Research Data, 2014

The relationship between competitive aggressiveness and the performance of MSEs was established through the use of both correlation and regression analysis as shown in table 4.27. The results show that there is a significant positive correlation between competitive aggressiveness and performance of MSEs with a beta coefficient of 0.326. The relationship is significant at 99% level of significance (p = 0.000) which is less than the significance level of 0.01 (99% confidence interval). The correlation coefficient is r = 0.618 which is significant at p<0.01. The null hypothesis is, therefore, rejected since the findings have confirmed that there is a relationship between competitive aggressiveness and the performance of MSEs in the publishing industry in Kenya. The findings confirms those of Dess, Lumpkin, and Eisner (2007) who contend that firms which decide to gain market share often adopt competitive aggressive behaviors by employing marketing strategies such as competing on price, increasing
promotion and/or combating for the distribution channels or imitating the competitors' actions and/or products.

4.7.9 Test of Hypothesis Six

Hypothesis six of the study tested the moderating influence of various organizational characteristics on the relationship between entrepreneurial orientation and the performance of MSEs in the publishing industry in Kenya. Previous studies on the influence of Entrepreneurial Orientation on the performance of firms have also stressed that organizational characteristics can influence this relationship. It was, therefore, found prudent to carry out inferential analysis to establish the influence of these characteristics on the relationship between entrepreneurial orientation and firm performance. The study also investigated the possibility of a moderating influence of the organizational characteristics on the existing relationship.

The test was done using a multiple linear regression in three steps. Step one tested the relationship between the independent variables of the study and the dependent variable as presented in the regression output for the test of hypotheses one to five. Step two tested the relationship between the moderating variable with the dependent variable when the independent variables are absent. Step three tested the relationship between the independent variables and the dependent variable when the moderator is present. The results are interpreted by comparing the values of the various parameters prior to and after moderation and a conclusion drawn on whether there is evidence of a moderating influence.
4.8 Testing the Relationship between the Moderating and Dependent Variables

Both correlation and regression analyses were used to establish whether there exists a relationship between the moderating and dependent variables. The results are summarized in tables 4.28.

Table 4. 28: Pearson correlation analysis results between organizational characteristics and performance

<table>
<thead>
<tr>
<th>Organizational characteristic</th>
<th>Mean</th>
<th>Standard deviation</th>
<th>Sig. (2-tailed)</th>
<th>Pearson’s correlation coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age of the firm</td>
<td>3.5573</td>
<td>1.46319</td>
<td>0.795</td>
<td>0.023</td>
</tr>
<tr>
<td>Size of the firm</td>
<td>3.2294</td>
<td>1.48220</td>
<td>0.003</td>
<td>0.283**</td>
</tr>
<tr>
<td>Educational level</td>
<td>3.6552</td>
<td>0.47737</td>
<td>0.473</td>
<td>0.067</td>
</tr>
<tr>
<td>Use of ICT</td>
<td>4.3721</td>
<td>0.78932</td>
<td>0.010</td>
<td>0.226**</td>
</tr>
</tbody>
</table>

Source: Survey Data, 2014

In order to establish the relationship between age, size of the firm, educational level and use of ICT and the performance of MSEs, Pearson’s product moment correlation was run and the results are presented in Table 4.28. The study has established that age of the firm, size of the firm, educational level of the entrepreneurs and use of ICT were positively correlated with firm performance. However, only the size of the firms ($r = 0.283; p<0.05$) and use of ICT ($r = 0.226; p<0.01$) had a significant correlation. The study findings support consideration of age of an organization as a factor that may affect firm survival and growth and/or organizational decline and death.

New MSEs face a greater risk of survival than older firms in that new firms do not have the experience, access, links, reputation or the legitimacy of the older firms, leading to limited access to external resources (Amyx, 2005). Although there was a weak correlation (0.067) between education level and firm performance, the findings are in
line with those of King and McGrath (2002) who found that those with more education and training are more likely to be successful in the MSEs sector. As such, for small businesses to do well in Kenya, entrepreneurs need to be well informed in terms of skills and management. In addition, use of ICT is also key since the findings indicate that firms that have adopted ICT report better performance than those without. The results confirm the findings of Munene (2008) who observed, that computer based publishing has made it possible for many books to be produced in a year; often in lower costs and in processes that are less tedious and lower error margins.

Regression analysis was run to determine the extent to which the moderating variables explain the variance in the explained variable. The regression model hypothesized that organizational characteristics (Age of the business, size of the firm, Use of ICT and Education level) had an influence on performance of MSEs in the publishing industry. The results of the test of the relationship are presented in tables 4.29 to 4.35.

Table 4. 29: Model Summary

<table>
<thead>
<tr>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.452a</td>
<td>0.204</td>
<td>.172</td>
<td>74723</td>
</tr>
</tbody>
</table>

Predictors: (Constant), Use of ICT, Highest level of education, Age of the firm, Firm size

As shown in Table 4.29 the R Square value of 0.204 means that 20.4% of the variation in performance can be explained by the moderating variables. The remaining 79.6% of the variance is explained by other variables. This shows that the moderating variables contribute a significant percentage in the firm performance.
The regression analysis results indicate that an increase in the organizational characteristics age of firm, size of the firm, education level and use of ICT by one unit would increase performance of the publishing firms by 0.05, 0.285, 0.002 and 0.227 units respectively. Although all the moderating variables have a positive contribution towards the dependent variable, the contribution of age of the firm, and educational levels of entrepreneurs’ were not significant at 99% level of significance. Their p values (0.375) and (0.989) were not significant at 0.01 confidence interval as shown in Table 4.32. The beta coefficients are positive (the sign indicates the nature of the relationship).

<table>
<thead>
<tr>
<th>Organizational characteristics</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>2.266</td>
<td>3.086</td>
</tr>
<tr>
<td>Age of the firm</td>
<td>0.050</td>
<td>0.087</td>
</tr>
<tr>
<td>Firm size</td>
<td>0.285</td>
<td>0.427</td>
</tr>
<tr>
<td>Highest level of education</td>
<td>0.002</td>
<td>0.001</td>
</tr>
<tr>
<td>Use of ICT</td>
<td>0.227</td>
<td>0.284</td>
</tr>
</tbody>
</table>

Dependent Variable: Firm performance

An analysis of the influence of the organizational characteristics revealed an increase in the contribution of the specific characteristics towards the firm’s performance as presented in Table 4.30. For instance the influence of firm’s size increased from 0.014 to 0.285. Likewise R Square value increased from 0.109 before moderation to 0.204 after moderation. This means that 20.4% of the variation in performance can be explained by the moderating variables.
Table 4.31: ANOVA results

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>18.251</td>
<td>4</td>
<td>4.563</td>
<td>6.286</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>64.304</td>
<td>123</td>
<td>.523</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>82.555</td>
<td>127</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Predictors: (Constant), ICT use, Level of education, Age of the firm, Firm size
Dependent Variable: Overall Performance

4.8.1 Regression Analysis for Moderation

Table 4.32: Model summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.884a</td>
<td>.782</td>
<td>.767</td>
<td>.49149</td>
</tr>
</tbody>
</table>

Predictors: (Constant), Autonomy, Firm size, level of education, ICT use, Competitive aggressiveness, Firm age, Innovation, Risk Taking

Table 4.33: ANOVA results

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>105.492</td>
<td>8</td>
<td>13.186</td>
<td>54.589</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>29.470</td>
<td>122</td>
<td>.242</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>134.962</td>
<td>130</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Predictors: (Constant), Autonomy, Firm size, Level of education, ICT use, Competitive aggressiveness, Firm age, Innovation, Risk Taking
Dependent Variable: Overall Performance

Table 4.34: Regression Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>.522</td>
</tr>
<tr>
<td></td>
<td>Level of education</td>
<td>.054</td>
</tr>
<tr>
<td></td>
<td>Firm age</td>
<td>.099</td>
</tr>
<tr>
<td></td>
<td>Firm size</td>
<td>.009</td>
</tr>
<tr>
<td></td>
<td>Use of ICT</td>
<td>.675</td>
</tr>
<tr>
<td></td>
<td>Innovation</td>
<td>.013</td>
</tr>
<tr>
<td></td>
<td>Risk Taking</td>
<td>.056</td>
</tr>
<tr>
<td></td>
<td>Competitive aggressiveness</td>
<td>-.075</td>
</tr>
<tr>
<td></td>
<td>Autonomy</td>
<td>.026</td>
</tr>
</tbody>
</table>

Dependent Variable: Overall Performance
The regression results in the three steps are summarized for comparison and decision making in Table 4.35.

Table 4.35: Comparison of the parameters before and after moderation

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Before</th>
<th>Moderator alone</th>
<th>After</th>
<th>Change</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>B constant</td>
<td>0.223</td>
<td>2.266</td>
<td>0.522</td>
<td>0.299</td>
<td>Hoₜₐ is not supported;</td>
</tr>
<tr>
<td>Innovation</td>
<td>0.114</td>
<td>0.013</td>
<td>-0.101</td>
<td></td>
<td>There is evidence of moderating influence;</td>
</tr>
<tr>
<td>Risk taking</td>
<td>0.163</td>
<td>0.056</td>
<td>-0.107</td>
<td></td>
<td>The explanatory power increases significantly</td>
</tr>
<tr>
<td>Proactivity</td>
<td>0.03</td>
<td>0.011</td>
<td>-0.019</td>
<td></td>
<td>in the moderated model.</td>
</tr>
<tr>
<td>Competitive aggressiveness</td>
<td>0.346</td>
<td>0.077</td>
<td>-0.269</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Autonomy</td>
<td>0.211</td>
<td>0.02</td>
<td>-0.191</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age of firm</td>
<td>0.05</td>
<td>0.008</td>
<td>-0.042</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Firm size</td>
<td>0.285</td>
<td>0.009</td>
<td>-0.276</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Educational level</td>
<td>0.002</td>
<td>0.001</td>
<td>-0.001</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Use of ICT</td>
<td>0.227</td>
<td>0.109</td>
<td>-0.118</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R²</td>
<td>0.536</td>
<td>0.204</td>
<td>0.782</td>
<td>0.246</td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>28.898</td>
<td>6.286</td>
<td>54.589</td>
<td>25.691</td>
<td></td>
</tr>
</tbody>
</table>

As shown in Table 4.35 the β coefficient for the constant increased from 0.223 to 0.522 after moderation, however, the contribution of the independent and moderating variables towards the dependent variable declined after moderation. Even though all the β coefficients were positive, the presence of the various organizational characteristics considered in the study causes the contribution of the components of entrepreneurial orientation to decrease. Only firm age and use of ICT are significant in the moderated relationship. The strength of the relationship however improves significantly by 24.6%. The value of R² increased from 0.536 to 0.782 after moderation meaning that the independent and moderation variables account for 78.2% variation in the dependent variable. The F value also increased from 28.898 to 54.589 after moderation. The higher the F value the higher the level of significance hence establishing a significant relationship between the dependent and independent variables. Thus the null hypothesis is not supported and the study concludes that there is evidence of a moderating
influence of organizational characteristics on the relationship between entrepreneurial orientation and MSEs performance in the publishing industry in Kenya.

4.9 Contributions of the Study to Knowledge

The findings of this study reported in the preceding sections of this chapter have raised several implications for theory and empirical work. The first implication raised by the research touches on the construct of entrepreneurial orientation. The study relied on two models proposed by Miller, (1983) and Lumpkin and Dess (1996) out of which an integrated set of five dimensions of entrepreneurial orientation were adopted for the study. In line with the general objective of the study, the focus of the study was to establish the relationship between the dimensions of EO and performance of MSEs in the publishing industry in Kenya. The findings of the study showed that entrepreneurial orientation has a significant positive relationship with MSEs performance. In addressing this general objective of the study, the research makes a contribution to the existing body of knowledge in entrepreneurship in that it has integrated the five dimensions of EO from the various streams of theoretical models in one single empirical attempt. This research combined the five dimensions and demonstrated that each of them has an influence on firm performance. This makes it possible for both researchers and theorists to model relationships between the determinants of entrepreneurial performance using a more comprehensive set of factors.

The second point of implication raised by the research arises from the industry in which this research was done. Even though previous research had used some of the dimensions of EO in other sectors of the economy, none had attempted to apply the same in the publishing industry. Even though this sector may be unique from other sectors in which the dimensions have previously been applied, the findings of the study
highlight that it shares business commonalities with other sectors. It is observed that despite its uniqueness as a knowledge based industry, entrepreneurial research may be pursued using the same constructs that have been used to model relationships among attendant variables in the MSEs in other industries. In addition to this contribution, by applying and adopting the Covin-Slevin EO Measurement Scale into publishing sector in Kenya, the study has validated this scale in this industry and enhanced the universality of this scale. Thus the scale may be applied in diverse cross-cultural contexts. Earlier research has also noted that the publishing industry has not received much attention in academic research and this study has contributed to the literary output in this area.

The third point of implication is in line with the five objectives regarding the influence of the five dimensions of entrepreneurial orientation on the performance of MSEs in the publishing sector. Research has stressed the importance of each one of these dimensions as they relate to firm performance. This study has also confirmed that innovation, risk-taking, proactiveness, autonomy and competitive aggressiveness positively affect the performance of MSEs in the publishing sector in Kenya. As such, it is important for these firms to engage in scanning the market so as to establish the needs of their clients and to understand emerging markets and how they can satisfy their needs. They need to keep on modifying their products according to the changing needs, support research and innovative ideas among their staff and use new methods of production. It is, therefore, important for these firms to develop a mindset that involves funding new ideas and opportunities and should not shy away from risky ventures which may bring high returns. They should be encouraged to monitor the market and respond to changes in customers tastes and introduce new procedures and products
before the competitors so as to gain the advantage of first movers in the market. The implication is especially important to policy makers who can design ways of enhancing the performance of this important sector.

The fourth implication touches on the moderating effect of organizational characteristics on EO-Performance relationship. Even though earlier research had established that the Level of education, firm size, use of ICT and Age of the firm have some influence on firm performance, they did not show the direction of this influence in a knowledge based industry. This study has established that these characteristics have a moderating effect on EO-Performance relationship.

Lastly, the findings of the study have raised a direct implication on the theories that were used. The study took note of the population ecology theory that stipulates that firms should come up with survival strategies to enable them survive in changing business environment. The study has established that adopting entrepreneurial posture will enable firms to be more innovative, take calculated risks, proactively scan the market and come up with strategies to beat competitors and enjoy first mover’s benefits in the market. The study has also supported the Schumpeterian and Knights assumptions on the roles of innovation and risk-taking in firms.
CHAPTER FIVE
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
This chapter discusses the conclusions and recommendations of the study. For clarity purposes, the conclusions are based on the research objectives of the study. Based on the findings of the study, recommendations are made to owners, operators of MSEs and suggestions for other researchers and policy makers are given.

5.2 Summary of Findings
The purpose of this research was to critically assess the influence of Entrepreneurial Orientation (EO) on the performance of MSEs in the Publishing Sector in Kenya from a purposively selected sample of 60 firms out of which thirty nine (39) MSEs responded. The respondents included owners, managers, supervisors and marketers. Out of 240 questionnaires distributed, 131 were filled and returned and this translates into a response rate of 55%. The male respondents constituted 57% of the total with the remaining 43% being females in which most of the respondents (51%) were aged between 18 and 35 years. Most of the respondents (66%) have attained graduate level of education where majority (70%) of the respondents had worked for between 2 and 11 years.

Looking at the profiles of these firms, it was established that majority of them had operated for over 20 years and this shows that they enjoyed the benefits of older and established firms which include and not limited to established market share. Partnerships were the predominant legal entities and this may suggest that the owners preferred to pool their resources. Market popularity determined the choice of products.
Printing rights enables a firm to print an already established publication without going through the initial processes that requires capital outlay. The study established that majority of the firms, 62% took this advantage.

The study also established that there is a positive relationship between innovation and performance of the MSEs with a correlation coefficient of 0.456. MSEs in the publishing sector prefer to scan the market and come up with new and updated titles to satisfy emerging markets. Innovation also requires that firms change from traditional methods and embrace new methods of production processes and also come up with new products.

Firms that are said to be risk takers are usually willing to seize opportunities in the market without knowing the outcome of such a venture. Such firms usually commit large amounts of resources in new products and venturing into new markets. Risk-taking as a dimension of entrepreneurial orientation was positively correlated with the performance of MSEs in the publishing sector. The firms’ management did not hesitate to take loans for new ventures and did not shy away from funding new methods and processes even if they had not been tested in the market and could be risky.

The results of this study indicated a positive correlation between proactiveness (though not significant) and performance of MSEs. Proactiveness involves launching new products ahead of competitors, venturing into new market, having leading titles and monitoring the market changes and responding accordingly. The results show that most MSEs in the publishing industry strived to be first to introduce new products and new methods of production in the market as indicated by the mean of 4.6412. The
introduction of new products was the most emphasized attribute among the entrepreneurial proactiveness attributes.

Autonomy as a dimension of EO involves encouraging research and new ideas, incorporating new ideas from members of staff into work situations and giving rewards for these ideas. The study has shown a positive relationship between autonomy and performance of MSEs with a correlation coefficient of 0.505. The MSEs also encourage their staff to come up with new idea, implemented viable ones and also rewarded staff for the same.

Competitive aggressiveness as a dimension of entrepreneurial orientation involves putting into place those strategies that will enable a firm to outperform industry rivals. The study has shown that MSEs in the publishing sector usually applied price manipulation tactics in order to counter the competition in the market and always scouted the market to know what the competition was offering. The results have also indicated that, there is a significant positive correlation between competitive aggressiveness and performance of MSEs with a correlation coefficient of 0.618.

Most of the firms used ICT in their processes (4.3359) and also adopted new technologies in the market (4.1527). This means that these firms get the benefits that accrue from the use of technology. Technology capability enables these firms to print on demand, and digitize information for easy access in line with today’s market expectation. Pearson correlation analysis results revealed that the use of ICT had a significant positive relationship with performance of MSEs in the publishing sector.
Generally the performance of MSEs in the publishing sector was found to be relatively high. This was clear because the percentage of firms that published 800 titles and above increased from 5.6 to 6.3% in the second year although there was a slight decline in the third year (5.5%). The percentage of firms who published 10,000 and above copies increased from 8% to 14% (in the second year) to 13% in the third year. The results also indicate that sales growth (4.0840) was the best among the performance aspects. The results further indicate that 54% of the variation in performance can be explained by the independent variables. The regression analysis results indicate that an increase in innovation, risk taking, competitive aggressiveness, proactiveness and autonomy would result in increase of performance of the publishing firms.

The study found the evidence of moderating influence on the relationship between the five dimensions of Entrepreneurial Orientation and MSEs performance. While the relative contribution of each dimension declined in the moderated relationship, the strength of the relationship rose significantly.

5.3 Conclusions

Entrepreneurship has been embraced by many nations as a way of steering economic growth and micro and small enterprises have been cited as a vehicle for doing just that. These are the enterprises that are expected to steer a country’s economy through poverty reduction and job creation. It is, therefore, important for policy makers to take proper measures that will ensure that these enterprises have the required capabilities to offer services and products to the citizens and to remain competitive in the market.

Entrepreneurial Orientation is a strategy that can steer firms to improved performance and has been studied in depth targeting large firms in manufacturing and service sectors
especially in the developed world. This study has established that it can be used to enhance the performance and competitiveness of MSEs in the publishing sector in Kenya.

This study has noted that, entrepreneurial orientation dimensions namely; innovation, risk taking, competitive aggressiveness, proactiveness and autonomy have a positive influence on the performance of the enterprises. All the five dimensions of EO were positively related to performance and the regression analysis indicated that increase in each of them would result into increase in performance. It is, therefore, imperative for these firms to integrate entrepreneurial orientation posture into their strategic behavior so as to be more competitive and improve their performance.

Objective one sought to determine the relationship between innovation and the performance of MSEs in the publishing industry and the study has established that there is a significant relationship. Thus, increase in innovative behavior in the firm will result in increase performance. In seeking to establish the relationship between risk-taking and the performance of MSEs in the publishing firms the study has established that there is a significant relationship, and that risk-taking has a positive relationship with firm performance. Increase in risk-taking will lead to increased performance. Proactiveness was also found to have a positive relationship with performance though not significant while autonomy showed a significant positive relationship which means that increase in autonomous strategies will lead to increase in firm performance.

These findings are of importance to policy makers who can come up with different strategies that can help improve the competitiveness of these MSEs through creativity,
experimentation and development of a wholesome entrepreneurial posture. To be more innovative, these firms should encourage creativity, venture into new markets and support new production methods and processes. They should not shy away from funding risky ventures and taking loans to fund projects that promise good returns. They should always monitor the market to identify emerging needs and have leading titles. It is also important for these firms to encourage their employees to come up with viable ideas and develop mechanism for rewarding them. To develop a competitive posture that can help them overcome competition, they should always scout the market to know what the competition is offering and if need be, apply price manipulation tactics.

5.4 Recommendations

The study findings also have direct implications on entrepreneurship development policy. The findings have established that increase in entrepreneurial orientation could lead to improved performance of MSEs. It is therefore important for the government and policy makers to come up with programmes that could be tailored to helping these firms integrate entrepreneurial orientation strategic behaviour in their management practices.

They should encourage innovative behavior, develop a competitive aggressiveness posture, be risk-takers and proactive and also develop an attitude of encouraging autonomous groups in the work place. This will empower them to excel in competitiveness and reactivity as well as nurture entrepreneurship.

To improve their innovativeness, the MSEs in the publishing sector should encourage creativity, experimentation and also research and development. They should invest in
new technology and always strive on continuous improvement of their processes and products. They should also develop a competitive posture by scouting the market to know what the competition is doing and offering, apply price manipulation and bid for competitive tenders. Through proactiveness, these MSEs will be able to continually monitor the market so as to identify emerging needs and be first movers in such markets. Developing an autonomy posture will involve encouraging independent and creative thinking among staff and also fostering a culture of rewards. Risk-taking posture in these firms can be facilitated by carefully funding projects that may look risky but have prospects of large rewards and also funding new ideas and products with a view of entering into new markets.

The findings have also shown that women are underrepresented in these MSEs and policy makers should come up with inducement so as to attract this group to this industry. It is also important to establish whether there exists a glass ceiling in these MSEs at this day and age when equal opportunity for men and women is being emphasized.

5.5 Suggestions for Further Research

The study mainly focused on the five dimensions (innovation, risk taking, competitive aggressiveness, proactiveness and autonomy) of EO that affect the performance of MSEs in the publishing industry. The MSEs sector as a whole would benefit tremendously if studies like this one could be done in other industries of the economy. The firms in this study included those that were 3 years and above and therefore it would be useful for the MSEs sector if studies focusing on the effect of each dimensions of entrepreneurial orientation were done at different stages of firm age.
This study concentrated on privately owned MSEs in the publishing industry and studies touching on other categories of publishers like public and government owned publishing houses are recommended.
REFERENCES


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Republic of Kenya, *Sessional paper no 2, 2005 on development of micro and small enterprises for wealth creation and employment creation for poverty reduction*


APPENDIX 1: QUESTIONNAIRE

Instructions

This questionnaire is intended to collect data on the Role of Entrepreneurial Orientation on the performance of Micro and Small Enterprises in the Publishing Sector in Kenya. The information you provide will only be used for academic purposes only. Please fill in the questionnaire as accurately as possible and with objectivity.

Part A: Profile of the respondent

1. Gender
   Male ( )  Female ( )

2. Age
   18-35 ( )
   36-50 ( )
   51- and above ( )

3. Highest level of education attained
   Primary ( )
   Secondary ( )
   College ( )
   University ( )

4. Job Title
   Owner ( )
   Manager ( )
   Supervisor ( )
   Marketer ( )

5. How long have you worked in this firm?

6. Indicate whether you have attended any seminars/workshops on publishing and book trade in the last three years  Yes ( ) No ( )
Part B: Enterprise Profile

7. Name of the business .................................................................

8. How old is your business?
   1-5 years ( )
   6-10 years ( )
   11-15 years ( )
   16-20 years ( )
   Over 20 years ( )

9. Legal ownership (tick appropriately)
   Sole trader ( ) Partnership ( ) Group owned ( ) Private Company ( ) Others ( )

10. Category of books you publish (Please tick appropriately)
    Text books (Primary and Secondary) ( )
    Text books (University and Colleges) ( )
    Religious Books ( )
    Professional Books ( )
    Novels/Fiction ( )
    Technical Books ( )
    Motivational/inspirational ( )
    Others (please specify) ..............................................................

11. Please indicate the reason behind the choice of the type of product to publish
    Market popularity ( )
    Easiest to publish ( )
    Others

........................................................................................................

12. Has your firm acquired any printing rights from other publishers? Yes ( ) No ( )

13. If yes for above, how many title are in this category..............................
14. Is there a policy on revising your publications? Yes ( ) No ( )

15. If yes for above, please explain ...........................................................

16. If no, for 16, please give reasons ..........................................................

17. Number of employees you started with

<table>
<thead>
<tr>
<th>Full time</th>
<th>Part time</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-5</td>
<td>( )</td>
</tr>
<tr>
<td>6-10</td>
<td>( )</td>
</tr>
<tr>
<td>11-15</td>
<td>( )</td>
</tr>
<tr>
<td>16-20</td>
<td>( )</td>
</tr>
<tr>
<td>21-50</td>
<td>( )</td>
</tr>
</tbody>
</table>

18. Number of current employees

<table>
<thead>
<tr>
<th>Full time</th>
<th>Part time</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-5</td>
<td>( )</td>
</tr>
<tr>
<td>6-10</td>
<td>( )</td>
</tr>
<tr>
<td>11-15</td>
<td>( )</td>
</tr>
<tr>
<td>16-20</td>
<td>( )</td>
</tr>
<tr>
<td>21-50</td>
<td>( )</td>
</tr>
</tbody>
</table>

19. Is your firm a member of Kenya Publishers Association? Yes ( ) No ( )

20. If No, please indicate why?

Don’t see the need  ( )

Too expensive  ( )

Other reasons .........................................................................................
Part C: Use of ICT and other entrepreneurial strategies

21. Please indicate the extent your firm is engaged in each of the following. 5 denotes very high extent while 1 denotes low extent.

<table>
<thead>
<tr>
<th>Attribute</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use of ICT in its processes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adoption of new technology in the market</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Use of print on demand facilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

22. Do you have e-books Yes ( ) No ( )

23. If yes for above, please state how many titles are in e-format .................

24. Does your firm have a website Yes ( ) No ( )

25. Please indicate the extent to which your firm applies the following marketing strategies. 5 denotes very high extent while 1 denotes very low extent.

<table>
<thead>
<tr>
<th>Marketing Strategies</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet as a Promotional Tool</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer service</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Digital Advertising</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Flexible pricing and discount</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade fairs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal selling</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

26. Please indicate any other strategies you have been applying to enhance the performance of your business.

.................................................................................................................................
**Part D: Entrepreneurial Orientation**

**Innovation**

27. Please indicate the extent to which you agree with the following statements regarding innovation in your firm. 5 denotes strongly agree while 1 denotes strongly disagree.

<table>
<thead>
<tr>
<th>Attribute</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>We prefer to scan the market and come up with new and updated titles to satisfy emerging markets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in product have been many both in design and type in the last 3 years</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The firm encourages and supports research and innovative ideas and always acts on them</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Our firm encourages use of latest production methods and processes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Our firm prefers to retain and produce old and well known titles</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

28. To what extent do you think that innovation influences the performance of your firm?

Very high ( )

High ( )

Low ( )

Very low ( )

Not sure ( )
29. Please indicate the extent to which you agree with the following statement regarding risk taking in your firm. 5 denotes strongly agree while 1 denotes strongly disagree.

<table>
<thead>
<tr>
<th>Attribute</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our firm has a strong inclination for low risk projects (with normal and certain rates of return)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The firm's management does not hesitate to take loans for new ventures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The firm has strong inclination for high risk projects with high rates of return</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The firm does not shy away from funding new methods and processes even if they have not been tested in the market and could be risky</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

30. To what extent do you think that risk taking influences the performance of your firm?

- Very high
- High
- Low
- Very low
- Not Sure
Competitive Aggressiveness

31. Please indicate the extent to which you agree with the following statement regarding competitive aggressiveness in your firm. 5 denotes strongly agree while 1 denotes strongly disagree.

<table>
<thead>
<tr>
<th>Attribute</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our firm, is very often among the first business to introduce new products or/and processes and operating technologies ahead of competitors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Is very seldom among the first business to introduce new products or/and processes and operating technologies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The firm usually applies price manipulation tactics in order to counter the competition in the market</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The firms always scouts the market to know what the competition is offering</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

32. To what extent do you think that competitive aggressiveness influences the performance of your firm?

- Very high  ( )
- High  ( )
- Low  ( )
- Very low  ( )
- Not Sure  ( )
**Pro-activeness**

33. Please indicate the extent to which you agree with the following statements regarding pro-activeness in your firm. 5 denotes strongly agree while 1 denotes strongly disagree.

<table>
<thead>
<tr>
<th>Attribute</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compared to other businesses in the same field we are usually among the first to introduce new products and new methods of production in the market</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The firm always try to be among the leading establishments in the market place to change procedures of production and other activities in order to lead the market</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The firm monitors the market and respond more rapidly to the changes than our competitors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>We ensure that the firm has a number of leading titles in the market</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

34. To what extent do you think that pro-activeness influences the performance of your firm?

- Very high ( )
- High ( )
- Low ( )
- Very low ( )
- Not Sure ( )
**Autonomy**

35. Please indicate the extent to which you agree with the following statements regarding autonomy in your firm. 5 denotes strongly agree while 1 denotes strongly disagree.

<table>
<thead>
<tr>
<th>Attribute</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>The firm encourages the staff to come up with new ideas and implement the viable ones</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The firms does not encourage new ideas from staff but insist on following the old and established work schedules</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The firm makes sure that we reward staff for new ideas that are implemented in the firm</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

36. To what extent do you think that autonomy influences the performance of your firm?

- Very high ( )
- High ( )
- Low ( )
- Very low ( )
- Not Sure ( )
Part E: Firm Performance

37. Indicate the number of titles you have published in the last three years
   Year 1 ..............................................
   Year 2 ..............................................
   Year 3 ..............................................

38. Indicate the number of volumes you have published in the last three years
   Year 1 ..............................................
   Year 2 ..............................................
   Year 3 ..............................................

39. On a scale of 1-5 please rate the level of performance of your firm for the last 3 years. 5 denotes very high while 1 denotes very low.

<table>
<thead>
<tr>
<th>Performance indicator</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales growth</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in market share</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in the number of customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total asset turnover</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth on profits</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ability to fund business expansion from profit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

40. In general, how would you rate the general performance of your enterprise for the last 3 years?
   Very high ( )
   High ( )
   Satisfactory ( )
   Low ( )
   Very low ( )
LETTER OF INTRODUCTION

Manager/ Director

Dear Sir/Madam,

QUESTIONNAIRE ON ENTREPRENEURIAL ORIENTATION IN THE PUBLISHING MSEs IN KENYA

I am a PHD student at Kenyatta University where I also work as the Bookshop Manager. I am carrying out a research study entitled “Entrepreneurial Orientation and the performance of micro and small enterprises (MSEs) in the Publishing Sector in Kenya”

Entrepreneurial Orientation is a mindset that enables one to steer a firm to be innovative, competitive, risk-taking, proactive and encourages autonomous teams and creativity. Your organization is one of the companies selected for the study. I am well aware that you are likely to be very busy but I would be very grateful if you could give me an appointment where you can fill a questionnaire for me which will take approximately 15 minutes. This study is being conducted for academic purpose only and the information obtained from your organization will be treated with utmost confidentiality.

The following are my supervisors
1. Dr. James Mutuku Kilika
   Kenyatta University – School of Business
   P.O. Box 43844 00100 – Nairobi
   KENYA

2. Dr. Charles Ombuki
   South Western University College

Thank you for your support

Yours Faithfully

Grace W. Kimani
NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone: +254-20-2213471, 2241349,310571,2219420
Fax: +254-20-318245,318249
Email: secretary@nacosti.go.ke
Website: www.nacosti.go.ke
When replying please quote

Ref: No.

Date:

27th May, 2014

NACOSTI/P/14/8127/1639

Grace Wambui Kimani
Kenyatta University
P.O.Box 43844-00100
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on "Entrepreneurial orientation and the performance of Micro and Small Enterprises (MSES) in the publishing sector in Kenya," I am pleased to inform you that you have been authorized to undertake research in Nairobi County for a period ending 31st December, 2014.

You are advised to report to the Managers of selected Micro and Small Enterprises, the County Commissioner and the County Director of Education, Nairobi County before embarking on the research project.

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

SAID HUSSEIN
FOR: SECRETARY/CEO

Copy to:

The Managers
Selected Micro and Small Enterprises.

The County Commissioner
The County Director of Education
Nairobi County.