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Accepted: June 9, 2018

ABSTRACT

Micro, Small and Medium Establishments (MSMEs) play a key role in economic growth and industrial development of a country. In Kenya, the sector accounts for 33.8% of the GDP and engages about 14.9 million people. Over 60% of Kenyan Graduates every year miss formal employment opportunities, and it is expected that they would opt to start business as a way of self employment. However only around 9.8% of businesses in Kenya are Graduate owned. The study observed the low rate of Graduate entry into business, coupled with high mortality rate of start-up businesses hence the concern over their performance and survival. This study therefore sought to asses factors affecting the performance of Graduate business start-ups in the rural set-up of Kirinyaga. The four variables proofed individually statistically significant. Collectively the four factors of EO in the study contributed 37.3 % of the performance. Profitability, sales growth and employment growth were prioritised by respondents in that order. Employment creation was the most important objective of the Graduate Business Start-ups. Innovativeness, Proactiveness, Risk taking, and Competitive Aggressiveness were rated first to fourth in that order of importance to the respondents. Similar studies were recommended including investigation into other factors affecting performance of Graduate business start-ups. Provision of support to start-up businesses was highly recommended. University Graduates should be facilitated to start business and teaching as well as training on entrepreneurship should be enhanced to Orient Graduate youths into Entrepreneurial activities and enhance their performance.

Key Words: *Innovativeness, Risk taking Pro-activeness, Competitive Aggressiveness, Start-up Businesses*

INTRODUCTION

Micro, Small and Medium Establishments (MSMEs) play a key role in economic growth and industrial development of a country. A competitive and innovative MSME sector holds out enormous promise particularly for developing countries like Kenya, in terms of: higher income growth; optimal employment of domestic resources; more gainful integration through regional trade and investment; and greater equity in access, distribution and development (KNBS-2016). In Kenya policy papers and blue prints have over time sought to promote Entrepreneurship as a way of accelerating economic development in the country. Blue prints including the Economic recovery strategy for Wealth and Employment Creation 2003-2007, Sessional Paper No. 2 of 2005 on Development of Micro and Small Enterprises for Wealth and Employment Creation for Poverty Reduction, Sessional Paper No. 7 of 2005 on Employment Strategy for Kenya, First Medium term plan (2008-2012), the Kenya Vision 2030, and recently the MSME survey report of 2016 9 (KNBS, 2016), among others highlight importance accorded to the sector by the Kenyan Government through programmes created.

The crucial role of Micro, Small and Medium Enterprises (MSMEs) is underscored in Kenya's key development blueprints including the Vision 2030 and the MSME 2016 survey report. The sector contributed a total 33.8% of Kenya's GDP in 2015 and 28.5% of the total economy in value added outputs (KNBS 2016, KNBS 2017). The Kenyan 2016 MSMEs survey, adopted Kenya's official definition where MSMEs are categorized according to employment size as; Micro enterprises (less than 10 employees); Small enterprises (10 to 49 employees); and Medium sized enterprises (50 to 99 employees). The MSME 2015/16 survey established that there are

about 1.56 million licensed MSMEs and 5.85 million unlicensed MSME businesses both in the formal and informal sectors. Out of the licensed MSMEs, 92.2% are micro, 7.1% Small and 0.7% medium (KNBS 2016, KNBS 2017). With regard to education levels, 9.8% and 1.2% of licensed and unlicensed businesses respectively are owned or operated by University Graduates and post Graduates respectively. In terms of employment MSMEs engage about 14.9 million persons out of which 55.2% are in the micro sub-sector, while 32.3% and 12.5% are in the small and medium sub-sectors respectively. Primary, Secondary and University levels of education constituted 48.2%, 38.2% and 3.0% of employees in the MSMEs respectively (KNBS 2016).

Entrepreneurship as defined generally is the process, capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit (Business Dictionary 2017). The most obvious example of Entrepreneurship is the starting of new businesses. An entrepreneur is therefore an individual or team that undertakes to start, manage and grow a business. From the foregoing, Entrepreneurship is a process, meaning it involves various activities over a period of time and therefore has stages. Having related Entrepreneurship to starting, managing and growing business, researchers will all agree that it is a process. Some will segment it into four, five, seven or more stages along the process.

Citing the nature and challenges of business at distinct stages, wikis paces (2015) provides for four stages including Establishment, Growth, Maturity and post maturity stages. The post maturity stage is further analysed to include optional directions of renewal, leading to plateau, steady state or maintenance, and decline or

cessation. Constance Van Horne (Dr. Connie 2012) gives four basic phases of the Entrepreneurship process as: Recognising opportunities (potential entrepreneur), assembling resources (Nascent entrepreneur), Launch of venture (new entrepreneur/baby business), Harvesting and succeeding (Established entrepreneur).

Entrepreneurial Orientation has been conceptualized as the process and decision making activities used by entrepreneurs that leads to entry and support of business activities (Kropp, Lindsay & Shoham, 2006); and as the strategy making processes that provide organizations with a basis for entrepreneurial decisions and actions (Wiklund & Shepherd, 2003). Lumpkin and Dess (1996, p. 136) suggest that "EO refers to the processes, practices, and decision-making activities that lead to new entry. It involves the intentions and actions of key players functioning in a dynamic generative process aimed at new-venture creation."

Therefore Entrepreneurial Orientation can be perceived as the set of factors that lead to Entrepreneurship, from Business Start-up to growth and other stages of an enterprises life cycle. Entrepreneurial Orientation has been summarized by some scholars as comprising of three key dimensions namely; Innovativeness, Risk taking and Proactiveness (Frank, Kessler & Fink, 2010). Additionally Competitive Aggressiveness and Autonomy are also considered as dimensions of Entrepreneurship Orientation. Thus, Entrepreneurial Orientation (EO) is generally considered as a key ingredient for the start and success of an enterprise. Frank, Kessler and Fink (2010) define EO as a firm's strategic orientation, one which captures the specific entrepreneurial aspects of decision making styles, methods, and practices.

Entrepreneurial Orientation has been acknowledged as a key determinant for a firm's growth and Profitability. It has been related to high firm growth (Brown, Davidson & Wiklund, 2008), superior performance (Mahmood & Hanafi, 2013), and longevity (Soininen, 2013). High adoption of Innovativeness, Risk-taking and Pro-activeness is seen as a key ingredient to success of firms (Frank, Kessler & Fink, 2010). Many MSEs are generally low margin, 'me too' businesses, have very little differentiation and are survival or necessity driven (Mwangi, 2014). This implies that MSEs in Kenya may be lacking EO. Would lack of EO among Kenyan MSEs account for their high mortality rate and stagnation? Available Studies indicate that MSEs are faced by constant threat of failure and most do not graduate into large enterprises (GoK, 2005: World Bank, 2014; KNBS 2016). Past studies indicate that the MSEs sector in Kenya is characterized by high mortality rate (GoK, 2005); three out of five fail within the first few months of operation (Bowen, Morara & Mureithi, 2009; KNBS, 2013, KNBS 2016); over 40% fail each year (KNBS, 2007); and most do not survive to their third anniversary (Ngugi, 2013), which means they do not live beyond start-up . Many African countries, it is noted, are not making full use of their entrepreneurial potential (Bosma et al., 2008), and there is lack of ability among African countries to identify and seize business opportunities (Bokea, Dondo, & Mutiso, 1999; Olawale, 2010). Most studies in the past have found that firms with a more Entrepreneurial Orientation (EO) perform better while some have failed to find this positive relationship raising the question of whether EO is always an appropriate strategic orientation or if its relationship with performance is more complex (Wiklund & Shepherd, 2005, Osoro 2012, Ngugi 2013, Mwangi 2014, Okeyo et al 2016)

According to available statistics 9.8% of licensed business owners or operators in Kenya are University Degree holders. Most of these Graduates work in service; professional, scientific and technical activities; and in education sectors. Micro establishments with between 1 to 9 employees accounted for majority of MSMEs at 92.2% (KNBS 2016, KNBS 2017). This implies that most MSMEs are operated by own account workers with few or no employees engaged and comparatively low levels of education. Michael Bowen et al (2009) took a study on SME's in Kenya which sought to relate education or training and business performance, with the findings that while only about 4.5% respondents had reached University level of education, 44.4% of them were doing well in business against an average of 4 1.9% overall, meaning that compared to others, University Graduates do better in the SME business sectors. The study has concern however of the 56.6% of University Graduates who felt that they were not doing well or whose business were deteriorating; meaning either there was inappropriate orientation through education or other factors were affecting their performance. This study supports the observation that University Graduates have a comparatively low entry rate into business but a better survival or performance upon entry (Bowen et al 2009, KNBS 2016, KNBS 2017).

Statement of the Problem

Many Studies have been carried out that focuses on MSME's performance including such factors as finance, marketing business process, and General Management (Okeyo et al 2016, Mureithi 2015, Mwangi et al 2015, Rauch et al 2008). However not much attention has been given to the area of Entrepreneurial Orientation, more so at the Start-up stage of business, whose performance is

critical to the survival and growth of any MSME.(Nyaga & Omwenga 2017, Mwaura et al 2015, Lumpkin & Des 2001) hence the reason for this study. Three years ago, the Kenyan entry rate to business stood at 5.85% of existing establishments nationally (WB 2016). Only 9.8% per cent of business owners or operators in Kenya are University Degree holders (KNBS, 2016, Njenje 2015 Gichana, 2013,). This raises concern over the low levels of entrepreneurship by youths including University Graduates in a fast expanding Kenyan University education system, hence the concern over their Orientation into entrepreneurial activities (KNBS 2016, KNBS 2017, GOK 2005, GOK 2011) leading to business start-up, and their performance.

A total of 2.2 million MSMEs were closed in the last five years, 2016 inclusive, most of them belonging to the rural household category with over 60 % of the failures being in the first 3 years of business operation (KNBS 2016, KNBS 2017, Gichana 2013). The situation is not different in Kirinyaga according to recent studies (Mwangi and Ngugi 2014, KNBS 2015, KNBS 2016, KNBS 2017, Muriithi 2015, Nyaga and Omwenga 2017). This study identified the problem of low rate of entry into business by University Graduates and therefore concern over their Entrepreneurial Orientation and performance leading to growth and survival at the start-up stage of the Entrepreneurship process. The need to study further the factors affecting the performance of Graduate Business Start-ups, understood as Entrepreneurial Orientation in this study was identified. The choice of a rural set-up (Kirinyaga) compared favourably with similar studies done in the urban set-ups in the recent past. This study identified only a few such research done in a similar set-up in Kenya recently, with none so far focusing on University Graduate owned start-ups in Kirinyaga County.

Study Objectives

Overall this study sought to establish the effects of Entrepreneurial Orientation dimensions on performance of Business Start-up among University Graduates. The specific objectives were :-

- Establish and analyze the effects of Innovativeness on performance of Business Start-up among University Graduates in Kirinyaga
- Analyze the effects of Risk taking on performance of Business Start-ups among University Graduates in Kirinyaga
- Identify and examine the effects of pro-activeness on performance of Business Start-ups among University Graduates in Kirinyaga
- Ascertain and analyze the effects of Competitive Aggressiveness on performance of Business Start-ups among University Graduates in Kirinyaga

LITERATURE REVIEW

Theoretical Framework

Schumpeter's Innovation Theory

Schumpeter (1934-1942) describes a process of "creative destruction" where wealth creation occurs through disruption of existing market structures due to introduction of new goods and/or services that cause resources to move away from existing firms to new ones thus allowing the growth of the new firms. Accordingly, Schumpeter calls innovation the specific tool of entrepreneurs, the means by which entrepreneurs exploit change as an opportunity for a different business or a different service. Schumpeter (1942) stressed the role of entrepreneurs as primary agents effecting creative destruction, and emphasized to the

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

Schumpeterian growth theory supposes that technological progress comes from innovations carried out by firms motivated by the pursuit of profit. That is, each innovation is aimed at creating some new process or product that gives its creator a competitive advantage over its business rivals; it does so by rendering obsolete some previous innovation; and it is in turn destined to be rendered obsolete by future innovations (Schumpeter, 1934). This Continuous innovation can be seen as the cause for starting a business or enterprise, as well as its continuous improvement or growth, and therefore the main factor determining successful Business Start-up.

Subsequently other scholars have supported that Innovation is vital to Entrepreneurship since it is part of a country's economic growth. In the opinion of Ling, et al. (2008), countries with the largest economies can be associated with great commitment to innovation and research. Currie, et al. (2008) posits that in an external setting that is ever changing, innovation and entrepreneurial conduct are processes that are holistic, vibrant and complementary fundamental to an organization's sustainability and success.

This theory also relates to Entrepreneurial pro-activeness which has also been featured as a determinant of entrepreneurial activity and performance. According to Alvearez and Barney (2002), entrepreneurial pro-activeness is the ability of the firm to predict where products/services do not exist or have become unsuspected valuable to customers and where new procedures of manufacturing are unknown to others become feasible. Kirzner (1997) calls it

“flashes of superior insight”. The proactive company focuses on the past, the present and the future with equal zeal, using history to explain and fully understand the present and to challenge and create its own proactive future (Osaze, 2003). Therefore from Schumpeter’s theory of innovation, various studies have related Entrepreneurship to such factors as Innovativeness, Pro-activeness and Risk taking, and Competitive Aggressiveness as catalyst for starting and running business (Osoro 2012, Mwangi 2014, Njagi 2017).

Locus of Control theory and Entrepreneurship

Locus of control theory focus on an individual’s perception about the underlying main causes of events in his/her life. It is a belief about whether the outcomes of our actions are contingent on what we do (internal control orientation) or on events outside our personal control (external control orientation). In this context the entrepreneur’s success comes from his/her own abilities (internal locus of control) and also support from outside (external locus of control). Individuals with internal locus of control are found to be positively associated with the desire to become entrepreneurs which in return means persistence and better performance. They also have a high degree of Innovativeness, Competitive Aggressiveness, autonomy and Risk taking (Bonnett & Furnham, 1991). This theory will help the study ascertain the contributions of both intrinsic factors such as personal interest, ability and therefore natural knowledge to starting of business or practicing of Entrepreneurship. It will also help in understanding extrinsic factors such as the economic environment and interventions such as education, as well as Government support systems to excite Entrepreneurship hence promote Business Start-ups.

Human Capital Theory of Entrepreneurship

Human capital theory advances the argument that Human capital factors are positively related to becoming an entrepreneur, increases opportunity recognition for upcoming entrepreneurs and enhances entrepreneurial success, hence performance. The human capital theory suggests that individuals with more or higher human capital achieve higher performance when executing tasks (Becker 1964). Human capital comprises the stock of knowledge and skills that reside within individuals. Specifically, human capital includes the unique insights, skills, cognitive characteristics and aptitudes of entrepreneurs (Ventakaraman 1997). It also includes achieved attributes, accumulated work and habits that may have a positive or negative effect on productivity (Becker1964).

Underlying this theory are Human resource factors including, education, training and experience whose outcomes are knowledge and skills. The knowledge gained from education and experience represents a resource that is heterogeneously distributed across individuals and in effect central to understanding differences in opportunity identification and exploitation, which is the process of Business Start-up and Entrepreneurship. This theory is very relevant to this study since it seeks to relate education, knowledge and experience to the establishment of enterprises and with developing human capital being the key objective of education generally and more so University education. Human capital attributes - including education and experience, - have long been argued to be a critical resource for success in entrepreneurial firms (Florin, Lubatkin, & Schulze, 2003). However there is disagreement about the relative importance of human capital in Entrepreneurship process, and therefore the need for further research into the significance of

Education and training as a way of promoting Entrepreneurship. This study seeks to relate the process of developing human capital through education and training to the desired outcome of employment, job and wealth creation through entrepreneurial activities.

Theory of the Entrepreneurial Firm and its performance

According to Richard Longlois a firm could be entrepreneurial or not. The Theory of the entrepreneurial firm seeks to understand a particular type of firm: one that is entrepreneurial (Langlois 2005). Longlois concludes that the firm exists because of Entrepreneurship noting that Entrepreneurship starts with venture creation. Similarly Beattie (2016) concluded that successful entrepreneurs transmit their innovative traits to the organization to instill a culture of innovation through which companies will achieve competitive advantage. A firm’s innovation therefore has a causal relationship with growth and profitability. Additionally other individual traits that lead to success of the enterprise are Opportunity Recognition, Need for Achievement, and Risk tolerance (Beattie, 2016). Discussion of Entrepreneurship process should not be limited to individuals, and provided a conceptual Model of Entrepreneurship as a firm behavior (Covin & Selvin, 2001).

According to Gathungu et al (2014), Entrepreneurial Orientation is a multidimensional measure of firm-level entrepreneurship, comprised of Innovativeness, Proactiveness, Risk-Taking, Competitive Aggressiveness and Autonomy. Kruger (2004) advanced the position that there are two domains of Entrepreneurship. Accordingly Entrepreneurship begins with the creation of a new organization, or start-up, the second dimension of the entrepreneurship paradigm being venture performance. According

to Vuuren and Nieman (1999:4), entrepreneurial performance is based on the two pillars of true entrepreneurship, namely, the starting of a business or utilization of an opportunity, and the growth of the business idea.

Conceptual Framework

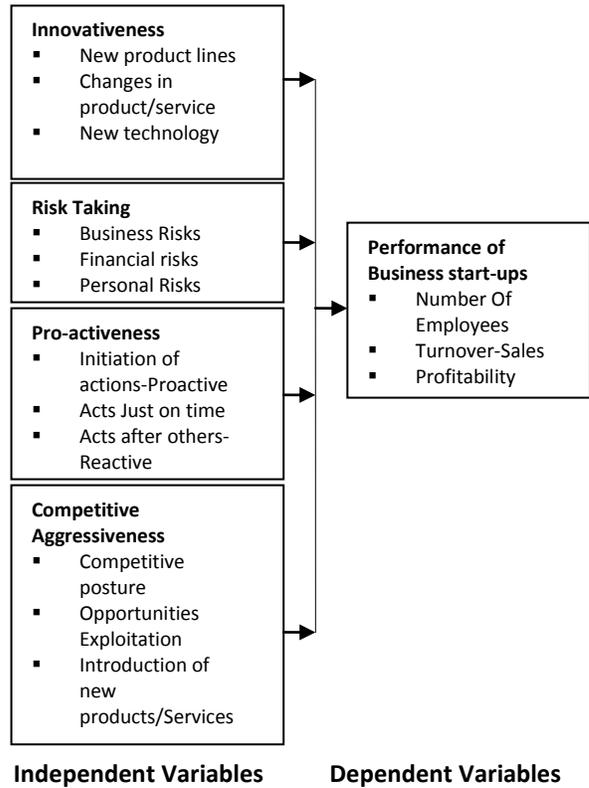


Figure 1: The conceptual framework

Empirical Review

Entrepreneurship Orientation Dimensions

Entrepreneurial Orientation has significant influence on firm performance more so for small and medium firms. Most past studies conceptualize three dimensions of EO as identified and used consistently (Osoro 2012, Mwangi 2014, and Okeyo et al 2016). These are: Innovativeness, Risk taking, and pro-activeness. Innovativeness is the predisposition to engage in

creativity and experimentation through the introduction of new products/services as well as technological leadership via R&D in new processes. Risk taking involves taking bold actions by venturing into the unknown, borrowing heavily, and/or committing significant resources to ventures in uncertain environments. Proactiveness is an opportunity-seeking, forward-looking perspective characterized by the introduction of new products and services ahead of the competition and acting in anticipation of future demand. Some studies identified Competitive Aggressiveness and autonomy as additional components of the EO Construct (Collgan 2012). Competitive Aggressiveness is the intensity of an entrepreneur's effort to outperform rivals and is characterized by a strong offensive posture or aggressive responses to competitive threats. Autonomy refers to independent action undertaken by entrepreneurial leaders or teams directed at bringing about a new venture and seeing it to fruition (Okeyo et al 2016).

Innovativeness

For Schumpeter (2002: 299), the "purest type of entrepreneur genus" is "the entrepreneur who confines himself most strictly to the characteristic entrepreneurial function, the carrying out of new combinations", in a word: 'innovation'. According to Lumpkin and Dess (1996: 142), Innovativeness reflects a tendency for an enterprise "to engage in and support new ideas, novelty, experimentation, and creative processes that may result in new products, services, or technological processes". Innovation is an important means of pursuing opportunities and so is an important component of an Entrepreneurial Orientation (Lumpkin & Dess 1996). Innovativeness therefore plays a significant role in performance and success of a

Business Start-up. Through innovation a potential entrepreneur sees room for new product development or improvement of an existing product in more innovative business system, thereby undertaking to venture into business, adopting new technologies and enhancing performance of business that creates more employment opportunities through increased sales and profits. (Osoro, 2012, Mwangi, 2014, Nyaga 2017)

Proactiveness

Proactiveness is related to initiative and first-mover advantages and to "taking initiative by anticipating and pursuing new opportunities" (Lumpkin & Dess 1996:146). Proactiveness is associated with leadership, and not with following, as a proactive enterprise "has the will and foresight to seize new opportunities, even if it is not always the first to do so", according to Lumpkin and Dess (1996: 147). Proactiveness is considered to differ from Competitive Aggressiveness, relating to market opportunity in Entrepreneurship by "seizing initiative and acting opportunistically in order to shape the environment" (Lumpkin & Dess 1996: 147).

According to Okeyo et al (2016), the creation of demand, and growth willingness, is considered a measure for Proactiveness. From that perspective, Proactiveness of the entrepreneur or enterprise determines its performance and success. The development of market share is considered to represent Proactiveness. Following this line of reasoning, it is predicted that Proactiveness will to some degree be positively and significantly associated with increased earnings and therefore growth or performance of a business in terms of sales turn-over, profitability and increased number of employees. Proactiveness can as such be assessed on the

basis of the entrepreneur's comparative market leadership or taking initiatives, growth willingness, introduction of new products as well as technology and business improvements. (Okeyo et al 2016)

Risk-taking propensity

Methods or styles of management associated with risk-taking are an indication of an entrepreneurial orientation. Citing Dess and Lumpkin (2005), Mwangi (2014) observes that organizations and their executives face three types of risk; business risk, financial risk, and personal risk. Business risk refers to the risk of entering untested markets, or committing to unproven technologies. Financial risk is related to heavy borrowing or committing a significant amount of resources for growth. According to Okeyo et al (2016) it might be predicted that a moderate level of Risk taking propensity would be associated with higher levels of performance. In this study this dimension would connect the need or necessary propensity to take risk as a critical element of Business Start-up and continuous improvement as would be measured through such performance indicators as profitability, sales turn-over and increased number of employees.

Competitive Aggressiveness

Competitive Aggressiveness, for Lumpkin and Dess (1996: 148), "refers to a firm's propensity to directly and intensely challenge its competitors to achieve entry or improve position" and is characterized by responsiveness in terms of confrontation or reactive action. In contrast to Proactiveness, which relates to market opportunities, Competitive Aggressiveness refers to how enterprises "relate to competitors" and "respond to trends and demand that already exist in the marketplace" (Lumpkin & Dess 1996: 147).

According to Lumpkin and Dess (2001) Proactiveness and Competitive Aggressiveness are two separate factors indicating that these two strategy-making modes were perceived differently by the executives in the study. Further tests found that Proactiveness was positively related to performance but Competitive Aggressiveness tended to be poorly associated with performance. Lumpkin and Dess (2001) concluded that a competitively aggressive frame of mind was helpful to firms in more mature stages of industry development while competitively aggressive firms had stronger performance in hostile environments, where competition is intense and resources are constrained. In this study, it is established that this relationship to competitors for a Business Start-up could determine its survival and performance in the market

Performance of Business Start-ups

The life cycle of a business can be broken down into seven stages of Seed or Idea, Start-up, Growth, Established, Expansion, mature and Exit (Thierry Janssen, 2014). Start-up business which is the focus of this study are businesses that are between zero and three years since initiation. Despite their significance in Kenya, past statistics indicate that three out of five businesses fail within the first few months of operation (KNBS, 2007). According to Mwangi (2014) the background information indicates that MSEs are faced by constant threat of failure and most do not graduate into large enterprises (World Bank, 2014; GOK, 2005). Past Studies indicate that the MSEs sector in Kenya is characterized by high mortality rate (RoK,2005); three out of five fail within the first few months of operation (Bowen, Morara & Mureithi, 2009; RoK, 2013); over 60% fail each year (KNBS, 2007); and most do not

survive to their third anniversary (Ngugi, 2013). This implies a general concern over the performance of Start-up businesses in Kenya.

RESEARCH METHODOLOGY

The purpose of a research design is to provide a plan of study that permits accurate assessment of cause and effect relationships between independent and dependent variables. This study adopted a descriptive study design, with a quantitative survey method for data collection, used in establishing the relationship between the Dependent and independent variables. This study focused on a survey of Business Start-ups (1-3years old) by University Graduates within Kirinyaga as its target population. The following was the linear regression model applied to determine the relative importance of Entrepreneurial Orientation dimensions on the firm’s performance

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \mu$$

Where Y = Performance of the Graduate start-up (Dependent variable of the study)

X₁, = Innovativeness (independent variable)

X₂, = Risk taking (independent variable)

X₃ = Pro-activeness (independent variable)

X₄= Competitive Aggressiveness’(independent variable)

β₀ = Constant- is the intercept which represents growth that is insensitive to independent variable

β₁, β₂, β₃, β₄= Coefficients of determination for X₁, X₂, X₃ and X₄ (independent variables)

μ = is the error term

RESULTS AND FINDINGS

Entrepreneurial Orientation

On the effects of new products or services and technology on business performance, Majority of the respondents (79.6%) were of the opinion that the introduction of new products or services and technology affected the performance of their business. However, 20.4% of the respondents were for the contrary opinion.

Table 1: Results and findings on Innovativeness

Statement on Innovativeness	Strongly Disagree	Disagree	Not sure	Agree	Strongly Agree	Mean	Standard Deviation
My firm has marketed many new products or services in the last three years	0	2	2	34.7	61.2	4.551	.6475
In my firm changes in product or services have been quite dramatic in the last three years	12.2	44.9	36.7	4.1	2	2.388	.8371
In general, in my firm, we favour a strong emphasis on Research and Development, technological leadership and innovations	0	2	6.1	36.7	55.1	4.449	.7089

Source: (Survey Data, 2018)

The study sought to establish the extent to which the businesses are innovative. The majority of the respondents (61.2%) strongly agreed, and 34.7 % agreed that their firms had marketed many new products or services in the past three years. This is reflected in the high means score of 4.551 and standard deviation of 0.6475. However, 2% of the respondents disagreed that they had marketed many new products or services in the past three years while 2% were not sure.

The majority (44.9%) of the respondents disagreed, and 12.2% strongly disagreed that their firm had some dramatic changes in product or services over the past three years, while 36.7% were not sure. However, 4.1% agreed, and 2% strongly agreed that their firm had had dramatic changes in products or services over the past three years. The distributions of the responses over the choices are reflected in the low means scores of 2.388 and high standard deviation of 0.8371.

The results showed that majority of the firms had a strong emphasis on Research and Development, technological leadership and innovations. While the majority 55.1% strongly agreed, 36.7 % agreed, 6.1 % were not sure, and 2% disagreed that their firm strongly emphasizes on Research and Development, technological leadership and innovations as indicated by high means scores of 4.449 and high standard deviation of 0.7089.

Effect of management’s risk-taking on business performance

Majority of the respondents (89.8%) were of the opinion that the ability of the management to take risks affected the performance of their businesses. However, 10.2 % of the participants were of the opinion that the ability of the management to take risks did not affect business performance.

Table 2: Results of Risk-taking

Statement on risk-taking	Strongly Disagree	Disagree	Not sure	Agree	Strongly Agree	Mean	Standard Deviation
In general, managers at my firm believe that, depending on the nature of the environment, bold wide-ranging acts are necessary to achieve the firm’s objectives	4.1	0	8.2	40.8	46.9	4.265	.9304
In general, managers at my firm have a strong tendency for high-risk projects (With chances of very high failure returns	10.2	26.5	28.6	24.5	10.2	2.980	1.164
When confronted with decision making situations involving uncertainty, my firm typically adopts a bold, aggressive posture to maximize the probability of exploiting potential opportunities	4.1	2	4.1	44.9	44.9	4.245	.9472

Source: (Survey Data, 2018)

The study also sought to establish the risk-taking propensity of the businesses management. The majority were in agreement that their managers at their firm believe that depending on the nature of the environment, they bold wide-ranging acts necessary to achieve the firm’s objectives. While 46.9% strongly agreed, 40.8 % agreed, but 8.2% were not sure and only 4.1 % strongly disagreed. 28.6% of the respondents indicated that they were not sure that their managers have a strong tendency for high-risk projects, 26.5% disagreed, 10.2% strongly disagreed, but 24.5 % agreed, and 10.2 % strongly agreed that their managers had a strong tendency for high-risk projects. These responses were distributed among the five choices as indicated by low mean scores of 2.980 and high standard deviations of 1.164.

The majority of the respondents agreed that when confronted with decision making situations involving uncertainty, their firm typically adopts a bold, aggressive posture to maximize the probability of exploiting potential opportunities, with 44.9% agreeing and 44.9% strongly agreeing. However, 4.1% strongly disagreed, 4.1% indicated that they were not sure, while 2% disagreed.

Firms Proactiveness in the market

The study sought to establish the Proactiveness of the business in the market. The majority of 85.7% indicated that their firms were proactive in the market and continuously monitors past business trends to identify future customer needs. However, 14.3% were of the contrary opinion about their firms.

Table 3: Results and findings on Proactiveness

Statement on Proactiveness	Strongly Disagree	Disagree	Not sure	Agree	Strongly Agree	Mean	Standard Deviation
Our firm typically initiate actions which competitors then respond to	0	4.1	4.1	36.7	55.1	4.429	.7638
Our firm typically responds to actions which competitors initiate	20.4	40.8	26.5	4.1	8.2	2.388	1.115
Our firm actively seeks out in exploiting opportunities to introduce new products or services in anticipation of future demand	0	2	2	46.9	49	4.429	.6455
Our business continuously monitors market trends and identifies future needs of customers	2	2	0	42.9	53.1	4.429	.7906

Source: (Survey Data, 2018)

The study sought to establish the Proactiveness of the businesses. The majority of the respondents 55.1% strongly agreed and 36.7% agreed that their firm typically initiates actions which

competitors then responds to. The rest 4.1 % were not sure, and 4.1% disagreed that their firms typically initiate such actions. The high means of 4.429 and standard deviation of 0.7638 indicates

these variations in responses. The majority of the respondents 40.8% disagreed and 20.4 strongly disagreed that their firms typically responds to actions which competitors initiate. However, 26.5% were not sure about the same while 4.1 % agreed and 8.2% strongly agreed that their firms respond to actions which competitors initiate.

The Majority of the respondents 49% strongly agreed and 46.9 % agreed that their firm actively seeks out in exploiting opportunities to introduce new products or services in anticipation of future demand. While only 2% disagreed, 2% were not sure about the same. Also, the majority 53.1%

strongly agreed, and 42.9% agreed that their business continuously monitors market trends and identifies future needs of customers. Only 2% strongly disagreed, and 2% disagreed on the same.

Firms boldness and aggressiveness in the market

The study sought to investigate the respondent’s opinions on whether their firms take bold and aggressive approach when competing with other similar firms in the market. The majority 85.7% said yes while the rest 14.3% were of the opinion that their firms do not take a bold and aggressive approach to compete in the market.

Table 4: Results on Competitive Aggressiveness

Statement on Competitive Aggressiveness	Strongly Disagree	Disagree	Not sure	Agree	Strongly Agree	Mean	Standard Deviation
Our firm typically adopts a very competitive, "undo-the -competitors" posture	0	0	2	42.9	55.1	4.531	.544
Our firm typically seeks to avoid competitive clashes, preferring a "live-and -let live posture	16.3	30.6	30.6	10.2	12.2	2.714	1.225
Our firm typically seeks out in exploiting opportunities to introduce new products or services in anticipation of future demand	0	0	4.1	42.9	53.1	4.490	.5818
Our firm is very often the first business to introduce new products/services, administrative techniques, operating technologies, etc.	0	0	4.1	46.9	49	4.449	.5796

Source: (Survey Data, 2018)

The study also sought to establish the extent of Competitive Aggressiveness of the firms. The majority indicated that their respective firms typically adopt a very competitive, "undo-the -competitors" posture, with 55.1% strongly agreeing and 42.9% agreeing. On whether their

firms typically sought to avoid competitive clashes, preferring a "live-and-let-live posture, the respondents gave varied responses as shown by a low mean of 2.714 and a high standard deviation of 1.225. The majority 30.6% disagreed, 30.6% were not sure, and 16.3% strongly disagreed that

their firms take such an approach. However, 10.2% agreed, and 12.2 % strongly agreed that their firms seek to avoid competitive clashes, preferring a "live-and-let-live" posture.

The majority of the respondents 53.1% strongly agreed and 42.9% agreed that their firm typically seeks out in exploiting opportunities to introduce new products or services in anticipation of future demand and rest 4.1 % were not sure. Besides, the majority of the respondents 49% strongly agreed, and 46.9% agreed while 4.1 % were not sure that their firms are very often the first business to introduce new products/services, administrative techniques, operating technologies.

Performance Of Businesses

The study further sought to establish the respondents' views concerning the importance or

significance of various performance indicators including turnover sales growth, number of employee and profitability growth. The majority of the respondents (46.9 %) indicated that they were extremely satisfied and 42.9% were moderately satisfied, while 8.2 % were somewhat satisfied and 2% were slightly satisfied with a turnover sales growth rate of their firms.

42.9 % of the respondents were extremely satisfied, 46.9% were moderately satisfied, 8.2% were somewhat satisfied, and 2% were slightly satisfied with the number of employees' growth. Concerning profitability growth 49 % indicated that they were extremely satisfied, 42.9% indicated that they were moderately satisfied, 6.1% indicated that they were somewhat satisfied and 2% indicated that they were slightly satisfied. The results show that the majority were satisfied with the three performance indicator.

Table 5: Results for Performance scale (Importance /significance)

Performance scale Importance / significance Performance Indicator	Not at all Satisfied	Slightly	Somewhat Satisfied	Moderately Satisfied	Extremely Satisfied	Mean	Standard Deviation
Turnover Sales Growth Rate	0	2	8.2	42.9	46.9	4.347	.7232
Number of employees Growth	0	2	8.2	46.9	42.9	4.306	.7131
Profitability Growth	0	2	6.1	42.9	49	4.388	.7017

Source: (Survey Data, 2018)

Table 6: Results for performance scale (Satisfaction)

Performance scale Satisfaction	Not at all Satisfied	Slightly Satisfied	Somewhat Satisfied	Moderately Satisfied	Extremely Satisfied	Mean	Standard Deviation
Performance Indicator							
Turnover Sales Growth Rate	0	6.1	6.1	42.9	44.9	4.265	.8361
Number of employees Growth	0	4.1	8.2	44.9	42.9	4.265	.7846
Profitability Growth	0	6.1	2	44.9	46.9	4.326	.8007

Source: (Survey Data, 2018)

The study also sought to establish the respondents' views concerning their satisfaction with the turnover sales growth, number of employee and profitability growth. 44.9% indicated that they were extremely satisfied, 42.9% were moderately satisfied, 6.1% were somewhat satisfied, and 6.1% were slightly satisfied with a turnover sales growth rate of their firms. 42.9% were extremely satisfied, 44.9% were moderately satisfied, 8.2% somewhat satisfied and 4.1% were slightly satisfied with the number of employees' growth in their respective firms. About profitability growth, 46.9% were extremely satisfied, 44.9% were moderately

satisfied, 2 were somewhat satisfied, and 6.1% were slightly satisfied with profitability growth in their firms.

Additional comments

The study also sought to establish whether there was anything else that the respondents would like to add about the performance of their business that has not been covered in the questionnaire. 24.5% indicated that they were contented, 10.2% indicated that everything was covered, 10.2% indicated that everything was okay, and 55.1% indicated that they were satisfied.

Inferential Statistics

Table 7: Correlation Matrix

	BP	IN	RT	PR	CA
Pearson Correlation	1				
BP Sig. (2-tailed)					
N	49				

IN	Pearson Correlation	.518**	1			
	Sig. (2-tailed)	.000				
	N	49	49			
RT	Pearson Correlation	.250	.108	1		
	Sig. (2-tailed)	.043	.459			
	N	49	49	49		
PR	Pearson Correlation	.306*	.008	.351*	1	
	Sig. (2-tailed)	.032	.955	.013		
	N	49	49	49	49	
CA	Pearson Correlation	.196	.181	.357*	.470**	1
	Sig. (2-tailed)	.040	.212	.012	.001	
	N	49	49	49	49	49

Source: (Survey Data, 2018)

Table 8: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.611 ^a	.373	.316	3.60646

Source: (Survey Data, 2018)

Table 9: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	340.201	4	85.050	6.539	.000 ^b
Residual	572.289	44	13.007		
Total	912.490	48			

Source: (Survey Data, 2018)

Table 10: Coefficient of determination

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-9.571	7.702		-1.243	.221
1 IN	2.019	.477	.517	4.232	.000
RT	.254	.281	.119	.903	.371
PR	.622	.291	.298	2.138	.038
CA	-.207	.363	-.081	-.571	.571

Source: (Survey Data, 2018)

Multiple regression analysis was conducted as to determine the relationship between the performance of Business Start-ups among University Graduates and the four variables. As per the SPSS generated table above, the equation $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \mu$ becomes.

$$Y = -9.571 + 2.019X_1 + 0.254X_2 + 0.622X_3 - 0.207X_4 + \mu$$

According to the regression equation established, holding all factors constant at zero (Innovativeness, Risk-Taking, Proactiveness, and Competitive Aggressiveness), the performance of Business Start-ups will be -9.571. The findings also shows that taking all other independent variables at zero, a unit increase in Innovativeness will lead to a 2.019 increase in performance of Business Start-ups; a unit increase in risk-taking will lead to a 0.254 increase in performance of Business Start-ups, a unit increase in Proactiveness will lead to a 0.622 increase in performance of Business Start-ups, while a unit increase in Competitive Aggressiveness will lead to 0.207 decrease in performance of Business Start-ups. At 5% level of significance and 95% level of confidence, Innovativeness had a 0.000 level of significance, Risk taking a 0.038 level of significance, Proactiveness showed a 0.035 level of significance, and Competitive Aggressiveness shows 0.571; hence, the most significant factor is Innovativeness, followed by Proactiveness, Risk taking and Competitive Aggressiveness in that order.

The results therefore infers that all the Entrepreneurial Orientation Dimensions considered in this study had effect and significance in business performance, with Innovativeness being the most significant factor, followed by Proactiveness, then Risk Taking and Competitive Aggressiveness as the least

significant factor affecting the performance of businesses studied.

CONCLUSIONS AND RECOMMENDATIONS

There exists a positive and significant correlation between Innovativeness and performance of business start-ups among University Graduates. This supported the observation that Innovativeness plays a significant role in performance and success of a business start-up.

There is a positive correlation between risk-taking and performance of business start-ups among University Graduates. This is in support the argument that it might be predicted that a moderate level of risk taking propensity would be associated with higher levels of business performance.

There exists a positive and significant correlation between Proactiveness and performance of business start-ups among university graduates in Kirinyaga. Accordingly this is in support of the position that Proactiveness of the entrepreneur or enterprise determines its performance and success. Proactiveness is important for the success of any competitive business.

There is a positive and significant correlation between Competitive Aggressiveness and performance of business start-ups among University Graduates.

The majority of the respondents were complacent with their current performance, which was risky for any start up. It was risky because complacence is precursor to business failure especially in competitive environment. The fact that they rated industry growth higher than their firms growth means that they could perform better.

Recommendations

Innovativeness is crucial for the performance, survival and success of start-ups. Therefore, it is recommended that entrepreneurs should be innovative when starting and running their business. While start-ups are established to solve an identified problem, entrepreneurs in start-up stage must come up with unique solutions to existing problems be it a product or service and should sustain cycles of innovativeness in business.

Risk taking is one characteristic of entrepreneurs that differentiate them from businessmen. While risk-taking is crucial, entrepreneurs should take calculated risks to avoid making losses. Therefore, before venturing into a market with a new product or service, it is recommended that thorough market research should be conducted to assess the potential returns on investment to manage business risks that every entrepreneur faces.

It was recommended that entrepreneurs should be proactive as opposed to being reactive in seeking business opportunities. Being proactive in the ever dynamic business environment is crucial to the success of any business. Therefore, entrepreneurs should continually look for new opportunities and new markets through market research and development.

The entrepreneurs were recommended to be aggressive and competitive in the market. Every business faces competition from similar businesses and those that offer alternative products. Therefore, entrepreneurs are recommended to aggressively market their products or services, aggressively seek for new solution for existing problems, and aggressively monitor competitors since it is only by being aware of the competitor's move that they can be

able to make informed decision to avoid being outdone in the market. At the start-up stage where mortality rate is high competitive aggressiveness of the entrepreneur may mean survival or death of the enterprise.

Despite the fact that growth rates seem appropriate, it is recommended that entrepreneurs should not be complacent, but should always aim higher. This may be achieved by continually seeking for new markets and opportunities as well as being innovative actually practicing "creative destruction" cycles and achieve the Entrepreneurial firm status to secure growth beyond start-up stage. It also calls for support systems for entrepreneurs to perform better, more so at the start-up stage of business life cycle. Teaching and training on Entrepreneurship is strongly recommended as a way of Orienting Graduates into Entrepreneurship as they exit University Education. There should also be support to Graduates opting to start-business, including facilitation and provision of start-up capital as well as advisory services to strengthen their Entrepreneurial Orientation and enhance their performance at the Star-up and other stages of the Entrepreneurial process.

Recommendations for further research

This study was carried in Kirinyaga County. It is, therefore, recommended that similar research is conducted in other parts of the country to compare their findings with those of this Study. The research findings showed that Innovativeness, risk-taking, Proactiveness, and Competitive Aggressiveness affect only 37.3% of performance of startups. Therefore, it is recommended that further research should be carried to determine the other factors that contribute to the 62.7% performance of startups. The study also limited itself to a study of four of

the five Entrepreneurial Orientation Dimensions, leaving the fifth dimension, Autonomy which should be included in future studies. Other considerations such as the business operational

environments and moderating factors effects on business performance could be included in more detailed studies.

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