

**EFFECT OF MANAGERS' EMOTIONAL INTELLIGENCE ON  
PERFORMANCE OF SMALL AND MICRO - ENTERPRISES IN NAKURU  
EAST SUB-COUNTY, KENYA**

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**A Research project submitted to the Institute of Postgraduate Studies of Kabarak  
University in Partial Fulfillment of the Requirements for the Award of the Master  
of Science in Human Resource Management**

**KABARAK UNIVERSITY**

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## DECLARATION

This research project is my original work and has not been presented in any other institution for any academic award.

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GMHR/NE/0214/01/18

## RECOMMENDATION

To the Institute of Postgraduate Studies:

The research project entitled “*Effect of Managers’ Emotional Intelligence on Performance of Small and Micro Enterprises in Nakuru East Sub-County, Kenya*” and written by **Mwikali Muthembwa** is presented to the institute of Postgraduate Studies of Kabarak University. We have reviewed the research project and recommended it to be accepted in partial fulfillment of the requirement for award of the degree of Master of Science in Human Resource Management.

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## **DEDICATIONS**

I would like to thank the Almighty God for the care, strength and good health during my research period. With utmost love and affection, I dedicate this work to my husband Samuel Mazera and my children David, Favor and Joy for their unending support in my plight to pursue my career as a Human Resource Professional.

## ABSTRACT

Small and micro enterprises (SMEs) have strong influence on the economies of many countries. In Kenya, SMEs play a key role in economic development including job creation. In 2014, eighty percent (80%) of jobs created were dominated by these enterprises. SMEs are the core business units in Kenya, however many of them do not progress to maturity implying poor performance. Performance of any organization is dependent on the competence of its leaders or managers. Studies that have sought to investigate the link between managerial capacities and performance have largely focused on their knowledge and technical skills and the impact of emotional intelligence on the performance of managers with regard to SME's in Kenya has remained unknown. This study thus sought to investigate effects of emotional intelligence of managers on performance of SMEs in Nakuru East Sub-County, Kenya. This study was anchored on the Mixed Model Approach of Emotional Intelligence which is pegged on five dimensions: Self-Awareness, Self-Regulation, Self-Motivation, Social Awareness and Social Skills. The researcher used descriptive design to carry out the study. This study targeted SME's conducting their businesses in Nakuru, East Sub-County, Kenya. The target population was 800 small and micro-sized enterprises' in Nakuru East Sub-County. Systematic random sampling technique was used to obtain a representative sample of 131 managers of SME's. A structured questionnaire was used to obtain primary data from the respondents. A pilot study of twelve SMEs in Free Area, in Nakuru East Sub-County, was carried out to determine reliability of the instrument and Cronbach Alpha was computed. Statistical Package for Social Science (SPSS) was used to aid in the data analysis process. Frequencies and percentages were used to describe characteristics of the sample while the chi-square test of association and goodness of fit were used to establish associations and differences respectively. A multiple linear regression analysis between the five dimensions of entrepreneurs' emotional intelligence and SME performance was carried out. The computed Cronbach's alpha coefficient was found to be 0.799 for self-awareness, 0.776 for self-regulation, 0.813 for self-motivation, 0.756 for social awareness, 0.844 for social skills, 0.787 for SMEs performance and 0.814 for the overall questionnaire. The results show that managers of SMEs have high levels of emotional intelligence and that emotional intelligence has a significant impact on SME performance. The findings of the study revealed that 15.8% of variation in SMEs performance was explained by Self-Awareness score showing that there is a significant effect of self-awareness on SMEs performance. The study also found that 17.5% of variation in SMEs performance was explained by Self-Regulation score and thus there is a significant effect of Self-Regulation on SMEs performance. About 11.9% of variation in SMEs performance was explained by Self-Motivation score suggesting that there is a significant effect of Self-Motivation on SMEs performance. Further, 12.8% of the variation in SMEs performance was explained by Social Awareness and thus there is a significant effect of Social Awareness on SMEs performance. Finally, the study found that 20% variation in SMEs performance was explained by Social Skills score. Thus there is significant effect of Social Skills on SMEs performance. The main conclusions of the study are that self-awareness, self-regulation, self-motivation, social awareness and social skills have a significant impact on the performance of SME. The study recommends that efforts be made to increase managers' levels of emotional intelligence, in particular with a focus on social skills. This can be through sensitization campaigns and encouragement to join groups/association.

**Key words:** *Emotional Intelligence, Performance, Self-Awareness, Self-Regulation, Self-Motivation, Social Awareness, Social Skills.*

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## **ABBREVIATIONS AND ACRONYMS**

<b>CBD</b>	Central Business District
<b>EI</b>	Emotional Intelligence
<b>ESC</b>	East Sub-County
<b>GDP</b>	Gross Domestic Product
<b>GoK</b>	Government of Kenya
<b>NACOSTI</b>	National Council of Science, Technology and Innovation
<b>OECD</b>	Organization for Economic Co-operation and Development
<b>SACCO</b>	Savings and Credit Cooperatives
<b>SME's</b>	Small and Micro Enterprises
<b>SPSS</b>	Statistical Package for Social Sciences

## CONCEPTUAL AND OPERATIONAL DEFINITION OF TERMS

**Emotional Intelligence (EI):** According to Nourizade & Mohseni (2014) Emotional intelligence refers to the ability to identify and express emotions, understand emotions, assimilate emotions in thought, and regulate positive and negative emotions in one's self and others. The researcher has incorporated this definition into the study.

**Manager:** According to Magretta (2003) a manager is someone who assesses the organization's goals and resources and develops a plan to achieve them. The same definition has been used in this study.

**Performance:** This can be defined as how the firm provides value to its stakeholders such as owners, customers, society and even government (Aminu & Shariff, 2015). In other words, it is how the firms' resources are managed. The same definition has been used in this study.

**Small and Micro Enterprises (SME's):** According to the GoK (2012), SMEs are defined as enterprises with employees up to 50 and annual turnover not exceeding 500KES million. Specifically, micro is up to 10 employees and annual turnover not exceeding 0.5 KES million while small enterprise employs between 10 and 50 and has an annual turnover ranging from 5-500 KES million. This definition has been incorporated into the study.

**Self-awareness:** The phenomenon of knowing that one is the experiencer of experiences which take place both internally and externally to oneself and therefore understanding how one experiences oneself (Zahavi & Roepstorff, 2011). In this study, the researcher has used the term self-awareness as the ability to know one's internal states, preferences, resources, and intuitions

**Self-regulation:** This refers to one's ability to control and mitigate one's emotional response to others (Georgiana, 2014). In this study, the researcher has used self-regulation to mean being in control of what you say and do.

**Self-motivation:** According to Robbins, Odendaal & Roodt (2011) self-motivation is a process that accounts for an individual's intensity, direction and persistence of effort towards attaining a goal. In this study the researcher has used the term self-motivation to describe the personal drive to improve and achieve, commitment to our goals, initiative, or readiness to act on opportunities, and optimism and resilience

**Social awareness:** This is person's ability to understand the emotional state of others around them (Peter & John, 1990). The researcher has incorporated this definition into the study.

**Social skills:** Social skills can be defined as the set of skills people use to interact and communicate with one another. They are based on the social norms of our society and they tell us what attitudes and behaviors are considered to be normal, acceptable and expected in a particular social situation (Patrick, 2008). This definition has been used in this study.

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Background of the Study**

The Organization for Economic Co-operation and Development (OECD) estimates that small and macro enterprises account for 90% of firms and employ 63% of the workforce in the world (Munro, 2013). In the fast changing and increasingly competitive global market, small and micro enterprises (SMEs) are found to exert a strong influence on the economies of many countries (Ladzani & Vuuren, 2002). SMEs have played a major role in employment generation, poverty reduction and globally advancing economic development. SMEs are fundamental as part of developing countries' economic fabric and they play a crucial role in furthering growth, innovation and prosperity. Palmarudi & Agussalim (2013), state that SMEs have historically been the main players in domestic economic activities, especially as providers of employment opportunities, and hence generators of primary and secondary sources of income for many households. SMEs have been recognized globally as the engine of the economy's growth and development, providing solutions to the problem of slow economic development among developing countries (Ojokuku & Sajuyigbe, 2014).

SMEs have been regarded as a missing critical component in the development plans of African countries as the emphasis has been on large companies (Parker, Riopelle & Steel, 1995). Small businesses ought to be central in the development strategies as they employ a significant proportion of the labor force (Wambaria, Kibas, & Asienga, 2016; Ongori & Atambo, 2016).

The importance of SMEs in labour employment is normally related to their labor-intensiveness. Because of low capital requirements, SMEs are ideal in the creation of employment opportunities (Liedholm, 2001). SMEs also receive attention as they can do well in small towns and rural areas because of low capital requirements and support infrastructure compared to large businesses. SMEs are also the key in Africa due to their wide distribution in particular where agriculture is a major employer of the labour (World Bank, 2004). SMEs are the key in reducing income inequalities and rural-urban migration.



According to the Small and Micro Enterprise Act of 2012, small enterprises are said to have a maximum annual turnover of KES 500,000 million and are deemed to have a workforce of less than 50 personnel while micro enterprises annual turnover should not exceed 500 thousand shillings and employs less than 10 people. These businesses in most cases are managed by the owners and are family owned. Small businesses are responsible for collecting as well as remitting taxes (Akinboade, 2015; Sumartaya & Hafidiah, 2014). They are important players in the generation of government revenue. In Kenya, SMEs play a key role in the economic development and job creation. In 2014, eighty percent of jobs created were dominated by these enterprises.

SMEs have contributed immensely to the economy in Kenya. They created new job opportunities in 2003 estimated at 3.2 million besides income generation, productivity increasing, technology transfer, and development of market linkages. Nevertheless, information on SMEs in Kenya is limited. The increasing role of the SME sector is confirmed by the recently completed Kenya 2018 Economic Survey (KNBS, 2018).

In recognition of the important role played by the SME sector, the Kenyan government prepared the Economic Recover Strategy for Wealth and Employment Creation. 2003-2007 (ERS) which outlines a recovery centered on a rejuvenated private sector. Reviving the private sector activities and investments in the micro, small, and medium sized enterprises (SME) is pronounced in government strategies for employment and income generation. According to Vision 2030, Kenya aspires to be a globally competitive and prosperous nation by the year 2030. In the Vision, the country plans to create at least five SME industrial parks (GoK, 2007).

SMEs are largely within the informal sector which comprises 98% of the businesses in Kenya, contributing 30% of the jobs and 3% of Kenya's GDP. The informal sector in Kenya is dominant and thus the government strives to incorporate these businesses into the formal sector (GoK, 2007). Kenya would benefit from assimilation and skills development of informal sector. Luckily, Vision 2030 recognizes the importance of supporting the informal sector for raising productivity and distribution, creation of jobs and increasing public revenue. Vision 2030 is the country's development blueprint to transform Kenya into a newly industrialized middle-income country that aims to increase annual GDP growth rates to an average of ten percent (GoK, 2007).

However, SMEs have faced many challenges. One of them is that some of the managers of SMEs lack adequate managerial training. This is reflected in either stagnation or collapse of the SMEs in totality. Good managers tend to raise the morale of employees leading the SMEs to grow in size with regard to revenue obtained, size of sales, size of operation and the number of personnel in the enterprise. Performance by managers may be influenced by educational levels, experience, age and other characteristics such as gender and emotional intelligence (Nyang'ori, 2010). As SMEs continue to survive in today's competitive business world, it is required that they have the qualified managers and employees who understand the importance of emotional intelligence.

Emotional Intelligence (EI) is defined as the ability to identify, assess, and control one's own emotions, the emotions of others, and that of groups. Emotional intelligence of managers is an important factor in the performance of SMEs (Bradberry, 2015). According to Goleman (2017), emotional intelligence plays an important role in the workplace as compared to cognitive abilities such as intelligence or technical skills.

Emotional Intelligence is having an aptitude to identify and comprehend the emotions and the impact it has on behavior and attitudes. People with excessive degrees of emotional intelligence can recognize their own emotions and the emotions of other people whom they come into contact with (Yusoff & Azam, 2013). In the business world, Emotional Intelligence is seen as a more essential tool today as the business world demands more open communication, co-operation, collaboration and mutual respect among employees and their supervisor (Goleman, 2006). As the economy is characterized by scarce labor, it is important for an organization to try and retain good workforce at the workplace.

Managers, who have low emotional intelligence, are bound to fail to understand the feelings and emotions of their employees hence creating a negative impact on the workplace environment (Yusoff & Azam, 2013). A few studies have used emotional intelligence to explain the relationship between positive moods and charismatic leadership, emotional management and transformational leadership, expressing emotions and leader-member exchanges, as well as leader's emotional displays and followership behaviors (Jordan & Troth, 2011).

The importance of emotional intelligence in advancing the status of an organization is increasing. Emotional intelligence can track progress or stagnation and staff predicted failure. Most people in high-level leadership and management depend on emotional intelligence and other cognitive technical skills for their enterprises success. Mayer & Salovey (1997) considered emotional intelligence as the ability to identify true thoughts and emotions of others, appropriate responses to them and to stimulate awareness of snow up and control their emotional responses. Bar-On (1997) specified five components of intrapersonal skills, interpersonal skills, adaptability, impulse control, and general moods to measure the construction of emotional intelligence (Rajai, 2010).

Singer (2000) defined emotional intelligence as using emotions in guiding behavior, thoughts, communicating effectively with colleagues and in use of time and how to improve work. According to Mayer (2000), emotional intelligence is a cognitive and emotional operating systems check. Emotionally intelligent people are said to be considerate, they are good at putting themselves in someone else's shoes and seeing challenges from different perspectives, which can also help them, solve problems. These qualities make them brilliant, respected leaders.

### **1.1.1 Global Perspectives on Emotional Intelligence and performance of SMEs**

Managers with high emotional intelligence are deemed to improve in their overall performance at the workplace. A study on the relationship between emotional intelligence and sales performance conducted in 2015 in Kuwait showed that EI positively correlated with sales revenue (AlDosirya, Alkhadher, AlAqraa & Anderson, 2016). Real estate and insurance sales people with high EI generate high annual sales revenue and are better at retaining customers (Kidwell, Hardesty, Murtha & Sheng, 2011). In a study in Australia, Jennings & Palmer (2007) found that there are improvements in sales revenue resulting from EI training in a large pharmaceutical company. According to a study in Australia by Karimi, Leggat, Donohue, Farrell & Couper (2014), employees with positive moods and mindsets are more likely to make and respond to challenging issues in a more positive and informed manner than those whose judgments are clouded by negative emotions. Emotional knowledge is necessary to better the understanding of service propositions on how it reflects in emotional

response to a customer's matter which would then guide management in identifying or developing a suitable organizational culture (Karimi et al., 2014).

In a study in Greece, Psilopanagioti, Anagnostopoulos, Mourtou & Niakas (2012) stated that emotional intelligence is very important for an organization's service sector outcome. Emotions control peoples' actions and can hence impact or their behaviors thus the need to handle personal emotions and those of others carefully especially when faced with challenging situations (Jonas, 2013). The work environment is usually comprised of people from different ethnic backgrounds, morals, beliefs, profiles and with this kind of diversity, it is bound to reflect on an employee's daily work method and life (Senvucel, 2009).

There is a positive association of emotional intelligence of managers and supervisors and its link to their performance level on the job. This is according to a study by Kulkarni, Janakiram & Kumar (2009) on Automobile Industry in the city of Belgaum, Karnataka, India. Mamun, Ibrahim, Yusoff & Fazal (2018) in a study in Malaysia find that emotional intelligence has positive significant impact on SME performance while accountability, analytical thinking, and micro-enterprise performance displayed a significantly positive influence on sustainability among micro-enterprises owned by low-income households. Kaura (2011) in a study in India, states that to improve and increase in sales volumes and organizational output in general, there is need to put more emphasis on EI. Conflicts can be eliminated, production boosted and organizational output can sky rocket once proper investment in EI development is done according to a study carried out in Pakistan (Baloch, Maimoona, Gohar, & Asma, 2014).

Many studies view emotional intelligence as critical to the workplace (George, 2000). EI also strongly impacts the management of human resources in particular during recruitment (Serrat, 2009). EI assists workers to better understand and respond to emotions in their place of work. Most of the researchers suggest that people having high emotional intelligence are more successful in their activities, make better interpersonal relations and work more effectively than those people having low emotional intelligence (George,2000, Shatali,2011, Serrat, 2009). Research has pointed out that emotional intelligence contributes to eighty percent of success in life and career of an individual while only twenty percent is attributed to cognitive Intelligence quotient. Emotional

intelligence largely shapes the behavior of the leader and determines his or her leadership effectiveness (Shatali, 2011).

In a study in India, Ramanujam, Vidya & Rao (2018) find a positive relationship between entrepreneurial emotions and networking. They also found that networking was positively related to performance. However, as mentioned by Kahtani (2013) in a study in Saudi Arabia, EI helps people to improve their relationship at work, enhances teamwork, and improve their social capital.

### **1.1.2 Regional Perspectives on Emotional Intelligence and Performance of SME's**

Emotional Intelligence (EI) helps people at the work place to recognize their emotions, and appreciate how such emotions can affect the people around them. EI also attributes to the perception one has on others including feelings and helps them manage relationships for effective interactions (Travis & Jean, 2009). Danguah & Wireko (2014) in a study in Ghana mentioned that there is a positive relationship between EI and Customer satisfaction which in turn has a positive relationship with organizational performance.

In a study in South Africa and also in Zimbabwe (Chipfuva, Nzonzo & Muchenje, 2012; Briere, Tremblay & Daou, 2014) argue that entrepreneurial skills are not innate and given that the importance of cultural and economic contexts exists, it is important to adapt support programs that are aimed at promoting culture and context sensitivity of entrepreneurs. Central to this argument is the fact that modern day management practices have led to the realization that understanding the business means there should be multiplicity of information available to make business decisions. Pansiri & Temtime (2008) in a study in Botswana observed that entrepreneurial aspirations play an essential role in the promotion of entrepreneurial motivations, managerial competence, and the ability to take risks, self-competence and in the development of business opportunities. This therefore, highlights the importance of EI as an essential aspect in entrepreneurial success. There is also an enormous benefit to be realized when EI is integrated within the business domain.

EI helps to improve the performance of workers as it enables them to set their emotions in order to cope with stress and thus work well under pressure. EI also enables people adapt well to changes in an organization. Individuals with high levels of EI are likely to

offer their staff more empathic responses to personal and work related problems. Leaders with high emotional intelligence connect with staff at a deeper level by listening to them. By doing so, they are able to anticipate how employees are likely to react to situations. This goes a long way in assisting employees to develop more positive work-related attitudes (Carmeli & Josman, 2006).

Exploring EI in South Africa, Mayer, Rudolf, Oosthizen & Surtee (2017) find that EI is associated with effective leadership qualities, creativity and innovation, as well as empathetic communication which is needed in the challenging workplaces. While Mfikwe and Pelser (2017) in a study of the significance of emotional intelligence and leadership styles of senior leaders in the South African government, find that emotional intelligence and leadership styles do relate to one another.

According to Orziemgbe, Chukwujioko & Aondoaver (2014), managerial competence mediates the relationship between the dimensions of emotional intelligence and entrepreneurial performance. In view of this, enterprises owners should ensure that their managers and employees are emotionally intelligent and managerially competent through a well-planned recruitment and selection process. Okoye & Ahmed (2017) in a study in Nigeria investigated the role of emotional intelligence and social support as determinants of entrepreneurial success among business owners in Onitsha metropolis, Nigeria. The study found that emotional intelligence and social support significantly related with entrepreneurial success. Lastly, Boohene, Gyimah & Osei (2019) in a study in Ghana showed that emotional intelligence has a positive and significant relationship with SME performance.

### **1.1.3 Emotional Intelligence and Performance of SME in Kenya**

In a study in Kenya, Matheri, Karanja & Namusonge (2018) examined the effect of emotional intelligence on employee commitment in the Savings and Credit Co-operative (SACCO) sector. They emphasized the importance of managers in the SACCOs in developing and exploring the concept of emotional intelligence so as to ensure high levels of employee commitment resulting in increased achievement of organizational and individual goals and reducing turnovers.

Another study by Mwathi (2010) on the relationship between emotional intelligence and job performance among service providers in rehabilitation schools in Kenya, found a

significant, moderate and positive relationship between emotional intelligence and job performance among service providers in rehabilitation schools.

According to Gitonga (2012), emotional intelligence and leadership effectiveness in the banking sector in Kenya showed a positive and significant relationship between emotional intelligence and leader effectiveness. Each of the four clusters of emotional intelligence (Self-Awareness, Self-Management, Social Awareness and Relationship Management) was significantly correlated to leader effectiveness.

In a study of Emotional Intelligence and decision making in Private School Enterprises in Nairobi, Kenya, Osieko, Maru & Bonuke (2017), find that emotional intelligence of a manager plays a predictive role in strategic decision making. In a study on leadership style, emotional intelligence and innovative work behavior in microfinance institutions in Kenya, Bii (2016) found a positive and significant relationship between emotional intelligence and innovative work behavior, emotional intelligence and transformational leadership as well as transformational leadership style and innovative work behavior. In a study on the relationship between emotional Intelligence and leadership styles in Kenya, Chepng'eno & Ngui (2017) find out that a positive relationship between EI and contingent reward and transactional leadership. Management skills and adequate working capital were found to have the highest influence on growth of small businesses (Opinya, 2015) in a study focusing on the factors influencing growth of small businesses in Nakuru town, Kenya.

## **1.2 Statement of the Problem**

Small and micro enterprises play a key role in Kenya's economy; Research shows that SMEs contribute significantly to economic development. The 2017 National Economic Survey report released by the Central Bank of Kenya reveals that small-scale traders account for about 98 per cent of all businesses in Kenya. However, many of them fail to progress or grow to become medium and later on large enterprises and many collapse (Muriithi, 2017).

The government, corporate bodies and NGOs through various interventions and initiatives have repeatedly encouraged citizens to start small businesses in a move to ensure job creation. However, three out of every five businesses collapse within their first few months of operation (Kenya National Bureau of Statistics, 2007). One of the

reasons for the poor performance of these SMEs is poor management (Paige & Littrel (2002). Winter, Danes, Koh, Fredericks, Paul (2004) argue that personal factors contribute to failure of family businesses. One of the major factors is emotional intelligence of managers which is critical.

There are also limited studies touching on how emotional intelligence affects the performance of managers. Matheri et al., (2018) examined the effect of emotional intelligence on employee commitment in the Kenyan Savings and Credit Co-operative (SACCO) sector. Another study by Mwathi (2010) found a significant, moderate and positive relationship between emotional intelligence and job performance among service providers in rehabilitation schools. They however, failed to comprehensively investigate the emotional intelligence aspect of managers hence a gap in their study. The effect of emotional intelligence on the performance of managers with regards to SMEs in Kenya is not known. If this knowledge gap is closed, chances of success of the interventions by government and other players will increase.

### **1.3 Purpose of the Study**

The general objective of this study was to examine the effects of managers' emotional intelligence on performance of small and micro- sized enterprises in Nakuru East Sub-County, Kenya.

#### **1.3.1 Specific Objectives of the Study**

This study aimed to achieve the following specific objectives:

- i. To determine the effects of manager's self-awareness on SME's performance in Nakuru East Sub-County, Kenya
- ii. To examine the effects of manager's self-regulation on SME's performance in Nakuru East Sub-County, Kenya.
- iii. To determine the effects of manager's self-motivation on SME's performance in Nakuru East Sub-County, Kenya.
- iv. To assess the effects of manager's social awareness on SME's performance in Nakuru East Sub-County, Kenya.
- v. To investigate the effects of manager's social skills on SME's performance in Nakuru East Sub-County, Kenya.



#### **1.4 Research Hypotheses**

This study was steered by the following research hypotheses:

H<sub>01</sub> There is no significant effect of Manager's Self-awareness on performance of SME's in Nakuru East Sub-County, Kenya.

H<sub>02</sub> There is no significant effect of Manager's Self-regulation on performance of SME's in Nakuru East Sub-County, Kenya.

H<sub>03</sub> There is no significant effect of Manager's Self- Motivation on performance of SME's in Nakuru East Sub-County, Kenya.

H<sub>04</sub> There is on significant effect of Manager's social awareness on performance of SME's in Nakuru East Sub-County, Kenya.

H<sub>05</sub> There is no significant effect of Manager's Social skills on performance of SME's in Nakuru East Sub-County, Kenya.

#### **1.5 Justification of the Study**

Understanding influence of managers' emotional intelligence is critical because they play a central role in the performance of SMEs. As argued earlier, many SMEs collapse or become stagnant instead of growing to medium and finally large enterprises. Although there are other factors such as education level of managers among others, EI is likely to play a major role in affecting the performance of SMEs. EI may lead to dedicated employees as this would improve the work environment with likely good outcomes reflected in higher performance of SMEs.

#### **1.6 Significance of the Study**

The findings from this study will benefit the owners and managers of SMEs by using the information to develop strategies to increase their business performance. The outcome of the study gives insight to owners and managers of businesses on how to manage succession to ensure growth and sustainability of businesses. The study also helps as it has identified challenges that hinder performance of businesses, thereby enabling mitigating measures to be initiated.

The results of this study add to the growing literature on the importance of emotional intelligence on business performance. The results can be used by the County Government of Nakuru to sensitize managers and owners of SMEs on how they can use their EI to improve their businesses.

### **1.7 Scope of the Study**

The scope of this study was small and micro-sized enterprises operating within Nakuru East Sub-County, Kenya. Managers targeted were those of SMEs within the Sub County. The SMEs were those registered by the Nakuru County Government by way of a trading license. This study used these registered SMEs as the target population of the study in 2019 and the survey period was within one month.

In addition, the data was collected in July 2019 focusing on SME performance, Self-Awareness, Self-Regulation, Self-Motivation, Social Awareness and Social Skills.

### **1.8 Limitations and Delimitations of the Study**

There were potential weaknesses in carrying out this study. The first is that there may have been failure by the respondents to disclose information pertaining to performance of the businesses they run. There may also have been some non-response due to the sensitive information relating to personal emotional intelligence. In some cases, some respondents may have been apprehensive about the motive of the study. The respondents were continuously reassured that the data being obtained was just for educational purposes and the information provided was to be treated with utmost discretion and their identities kept anonymous. There may also have been challenges from managers who do not keep records.

### **1.9 Assumptions of the Study**

The study assumes that respondents gave factual information about themselves and also the business that they run such as volume of sales, number of employees and gross annual turnover.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter presents the literature reviewed for this study. Section 2.1 covers a brief introduction section, 2.2 to 2.5 present theoretical review, empirical review, research gaps, and conceptual framework respectively.

#### **2.2 Theoretical Review**

The theories and aspects of emotional intelligence have been extensively covered in past studies. These are briefly presented below.

##### **2.2.1 Ability model**

The ability model as proposed by Mayer and Salovey (1997) view emotional intelligence as an actual domain of intelligence composed of specific emotional and mental abilities. It involves the use of maximum performance tests with accurate and inaccurate responses and concerns primarily to the realm of cognitive ability, which is accordingly most appropriately measured by performance tests (Petrides & Furnham, 2000).

While this model is good, there are difficulties in measurements and that it is not successful in predicting job performance. Some of the studies that have used the ability model include MacCann, Joseph, Newman, and Roberts (2014); Legree, Psozka, Robbins, Roberts, Putka, & Mullins (2014); and Eisenberger,(2015).

##### **2.2.2 Goleman's Emotional Intelligence Theory**

Goleman explained that the concept of Emotional Intelligence is encapsulated by four elements: Self-awareness, self-regulation, social-awareness, social skills and self-motivation. According to Goleman (1998), these Emotional intelligence abilities are considered independent of each other and contribute to job performance inter-dependently each drawing to some extent, strong interactions of Emotional intelligence capabilities that build upon one another but not sufficient to have emotional intelligence that will guarantee the competencies that will be demonstrated at different jobs.

Self-awareness is the first element of Goleman's emotional intelligence theory and is concerned with knowing one's internal states, preferences, resources, and intuitions. It involves knowing your strengths and weaknesses as a person, and a Leader. The Self-

Awareness cluster contains three competencies, these are: Emotional Awareness which involves recognizing one's emotions and their effects, accurate self-assessment which involves knowing one's strengths and limits and lastly self-confidence which involves a strong sense of one's self-worth and capabilities (Goleman, 1998).

Self-regulation is the second element and it is being in control of what you say and do, whilst rejecting the temptation to make rushed decisions. Through it, you can be in charge of your actions and therefore reducing the chance of compromising your values. Other aspects to nurture in this element are to show and actively apply conscientiousness, trustworthiness, leading and adapting to change, complete drive to succeed and the initiative to think fast and act creatively and innovatively to solve problems. The Self-regulation cluster contains six competencies such as: Emotional self-control which is keeping disruptive emotions and impulses in check, transparency which means maintaining integrity, acting congruently with one's values, adaptability, flexibility in handling change, achievement which involves striving to improve or meeting a standard of excellence, initiative which means readiness to act on opportunities and finally optimism which is persistence in pursuing goals despite obstacles and setbacks (Goleman, 1998).

The third element of emotional Intelligence is social awareness. This is the ability for a leader to comprehend the emotions of team members around them and to get a good understanding of their emotional makeup. The ability to treat people according to these emotional reactions is vital. This area is linked to empathy: The ability to understand and see things in other peoples' viewpoints, expertise in building and retaining talent, valuing diversity and appreciating the organizational goals. In essence this part of emotional intelligence then is about understanding and being truly in touch with the complete demands of the environment and acting to suit those conditions. The social awareness cluster contains three competencies which include: Empathy which is sensing others' feelings and perspectives, and taking an active interest in their concerns, organizational awareness which is reading a group's emotional currents and power relationships and service orientation which involves anticipating, recognizing, and meeting customers' needs (Goleman, 1998).

The fifth element from Goleman's emotional intelligence theory is social skills. Goleman describes social skills as "friendliness with a purpose", meaning everyone is treated politely and with respect. Social skills link Leadership and Emotional Intelligence together: Leaders with good Social Skills are often very good communicators. Leaders who are good in this discipline are also good at conflict resolution and communicating the vision to team members, enlightening them and creating motivation and inspiration throughout the team. They are experts at getting their team to support them and also believe in their leadership. They set the example, for others to follow by demonstrating the acceptable behaviors and values (Goleman, 1998).

The final personal skills aspect of emotional intelligence is Motivation. Self-motivation includes our personal drive to improve and achieve commitment to our goals, initiative, or readiness to act on opportunities, and optimism and resilience. Being driven by only money or material rewards is not a beneficial characteristic, according to Goleman. A passion for what you do is far better for your emotional intelligence. This leads to sustained motivation, clear decision making and a better understating of the organization's aims (Goleman, 1998).

However, Goleman's model is specific to the domain of work performance rather than a general theory of social and emotional intelligence.

### **2.2.3 Trait or Mixed model**

In this model, emotional-social intelligence is defined as a set of non-cognitive capabilities, competencies, and skills that influences one's ability to succeed in coping with environmental demands and pressure (Bar-On, 1997). The model expounds why individuals with EI are likely to succeed in life and at work compared to others. Personality characteristics are also described and directly related to life success. They consist of intrapersonal skills, interpersonal skills, adaptability, stress management, and general mood (Bar-On, 1997). This model predicts achievement in the work place, in school and at home. Within the young people, the model has helped reduce rudeness, aggressiveness and leads to enlightened decisions with respect to alcohol, drugs and sex (Goleman, 1995).

The mixed model of EI, represented by the work of Goleman and colleagues Goleman, (1998); Boyatzis, Goleman, & Rhee, (2000), includes emotional abilities, but also a

number of elements that are best described as personality dimensions, as well as some aspects that may have little to do with emotions or personality (for example recognizing the need for change; challenging the status quo, choosing team members based on expertise). The most recent version of the Goleman mixed model measures 20 competencies which can be organized into five dimensions namely: Self-Awareness, Self-regulation, Self-motivation, Social awareness, and Social skills. According to Goleman (1998), these EI abilities are considered independent, each contributes to job performance interdependent each draws to some extent on certain others with strong interactions, hierarchical the EI capabilities build upon one another necessary, but not sufficient having an emotional intelligence does not guarantee that the competencies will be demonstrated and generic different jobs make different competence demands.

Each of the five EI dimensions is discussed below. Self-Awareness concerns knowing one's internal states, preferences, resources, and intuitions. Self-awareness involves emotional awareness, which is deemed as the fundamental core ability of EI, and ability to know one's strength and limits and self-confidence. Self-regulation refers to managing one's internal states, impulses, and resources. The Self-Regulation cluster contains six competencies, including self-control, being trustworthy, conscientious, adaptable, taking initiative, and having a drive to achieve. Social awareness refers to how people handle relationships and awareness of others' feelings, needs, and concerns. Social Skills concerns the skill or adeptness at inducing desirable responses in others, including general communication ability, ability to influence others, manage conflict, inspire others via a vision, recognize and catalyze change, collaborate with others, and promote teamwork

The mixed model, takes a narrow approach to EI combining emotional abilities with elements of personality, motivation, and social skill (Bar-on, 1997, Goleman, 1998). This type of EI pertains to the realm of personality which can be assessed by self-report questionnaires (Petrides and Furnham, 2000). The study relies on mixed model by assessing emotional intelligence using self-reported questionnaires (see appendix 2).

### **2.3 Empirical Review**

In order to find the effect of managers' emotional intelligence has on the performance of small and medium-sized enterprises, a number of research studies have been undertaken

so far by various researchers all over the world. The review of some of these major studies will help in developing a clear understanding about the relationship between emotional intelligence and performance.

### **2.3.1 Self-Awareness and Small and Micro-Sized Enterprises Performance**

Self-Awareness is man's ability of recognizing emotions in themselves (Georgiana, 2014). This consists of detecting the strength of the emotion, body language and triggers and behaviors that bring emotions in people. Thoughts are strong enough to affect how a person feels and reacts. Emotions are powerful and affect a person's thought and actions. Lennick & Keil (2008) state that every emotion, be it fear, anger or optimism has the ability to control man's thoughts leading them to act or not act.

Emotional intelligence is vital to managers and leaders who want to be effective in their businesses and when people feel or show negative emotions, their productivity is likely to reduce (Prosser, 2010). A reduction in productivity ultimately affects the performance of the SMEs. Ashkanasy & Daus (2005) examined the role of emotion in organizational behavior and their research showed that emotional intelligence is an important aspect in organizational behavior and that it relates to how people perceive, understand and manage their emotions.

Groves (2006) found out that leader emotional expressivity was strongly related to his visionary leadership. His research showed that a leaders' emotional expressivity moderated the relationship between visionary leadership and organizational change. Visionary leaders with high emotion expressivity facilitated great changes in their organizations. This shows that leaders who are well aware of their emotions and are able to express them and change their organizations for the better.

Center for Creative Leadership (2003) reports that higher levels of Emotional intelligence is associated with better performance in the following areas: participative management, putting people at ease, self-awareness, balance between personal life and work, straightforwardness and composure, building and mending relations, doing whatever it takes, decisiveness, confronting problem employees and change in management. Sosik & Megerian (1999) found correlations between emotional intelligence aspects, leader behavior, and performance as a function of self-awareness of

managers. The mentioned studies show how self-awareness is an important part of emotional intelligence.

### **2.3.2 Self-Regulation and Small and Micro-Sized Enterprises Performance**

Self-regulation is the capability to control and moderate one's emotional response to other people. This involved the choice of suitable emotional reaction and the strength of that reaction. This is related to behavior and emotional signals of others (Georgiana, 2014).

Anger for example is an emotion that needs to be regulated. It can make an individual indulge in antisocial activities such as violence, damaging property, hurting others physically or verbally etc. Above all it 'destroys interpersonal relationships, affects marital relationships, causes mental illness, impairs judgment, and results in violent crimes, road rage, unsafe driving, and traffic accidents. It can lead to other worrying emotions such as hostility, resentment, bitterness, hatred and other health problems. (Deffenbacher *et al.*, 2002; Deffenbacher *et al* 2003; Saini, 2009).

Anger, hostility and aggression, collectively called the AHA-Syndrome, is the leading cause of physical, physiological, and psycho-logical problems among people of all ages (Tafrate *et al.*, 2002). This can lead to health problems like high blood pressure, diabetes, eating disorders, smoking, drinking, addictive behaviors, and stress related disorders. If emotions are left uncontrolled, then the workplace productivity will ultimately reduce. Some people do not express their anger and feel they are having control over their anger but do not realize that they are harming themselves. If you hold your anger within yourself, you may not hurt others, unless they sense your withdrawal or unspoken irritation, but it will certainly hurt you. Studies show that people who let anger up inside them tend to suffer more health problems than those who have less anger or manage it in productive ways (Kassinove & Tafrate, 2002).

### **2.3.3 Social Skills and Small and Micro-Sized Enterprises Performance**

Managers of SMEs who have great social skills are likely to be good in networking, persuasion, initiating change in organizations and have great leadership skills (Peter & John, 1990). Sjoberg (2008) carried out a study with a sample data of 153 respondents to find the relationship between emotional intelligence and the impact it has on achievement of a successful life and work/family balance. The data was obtained,



including the measurement of artificial intelligence, life/work balance, salary and social skills. The study showed that emotional intelligence was positively related to different levels of educational achievement and salary. It also showed that social skills were related to emotional intelligence.

Al-Balawi (2004) undertook a study that was aimed at finding out the relationship between emotional intelligence, psychological compatibility and social skills. A sample of 290 female students from the Faculty of Education in Tabouk was used in the research. Criterion of psychological compatibility, emotional intelligence and social skills were used and the results showed a positive relationship between emotional intelligence and social skills.

#### **2.3.4 Social Awareness and Small and Micro-Sized Enterprises Performance**

Social awareness is a person's capability to discern the emotional condition of those around them. Managers who are empathetic are likely to keep good workers, have great intercultural communication skills and are outstanding at management of complaints from customers. In other words, empathy is regarded as the predecessor to sympathy, which is related with trying to alleviate any unproductive emotional experiences in the workplace. Thus it is vital to understand that empathy does not inevitably denote to having consideration for others as psychopaths can also be compassionate to their targets (Peter & John, 1990).

Khurram *et al.*, (2011) attempted to show the effectiveness of emotional intelligence in employee performance by specifically examining four aspects of emotional intelligence. It was found that social awareness and relationship management are more associated with the performance of employees compared to self-awareness and self-regulation. Empathy is a form of social awareness that involves the ability to understand people's situations from their point of view and perspective. Empathy is known to contribute greatly to occupational success as proven by various researchers. Rosenthal and his colleagues at Harvard discovered over two decades ago that people who were best at identifying others' emotions were more successful in their work as well as in their social lives.

A survey of retail sales buyers found that apparel sales representatives were valued primarily for their empathy. The buyers reported that they wanted representatives who

could listen well and really understand what they wanted and what their concerns were (Cherniss, 2000). This research clearly shows that a person who is aware of what other people feel is better able to provide better and satisfactory services to their customers. The trait is therefore very important for managers to possess for better performance in the workplace.

Humphrey (2002) carried out a research on empathy and found out that empathy is an important trait that predicts well to leadership emergence. Management of group members' emotions is an important part of the leadership process. Emotional displays have large effects on our perceptions of leaders. The research shows just how emotions act as a perception of what one feels about another person in the workplace. A leader can use this to better understand his/her employees and hence lead them better.

### **2.3.5 Self-Motivation and Small and Micro-Sized Enterprises Performance**

Self-motivation is the ability to managing one's time appropriately. Managers that are motivated are likely to be happier and more self-confident. Self-motivation is what drives people to accomplish their goals (Peter & John, 1990). Employees with high emotional intelligence tend to perform better (Ali, 2013; Grandey, 2003; Grandey, Fisk & Steiner, 2005). Together with their technical skills, employees ought to focus on increasing their emotional intelligence (Bob Wall, 2008). This causes improvement in interaction amongst employees and hence better performance.

In a study in Tunisia, Ezzi, Mouhamed & Anis (2016) found that a CEOs emotional intelligence has a positive and significant effect on financial, social and environmental performance of a firm. In another study in Iran that looked at emotional intelligence on managers' performance in hospitals, found that the relationship is not statistically significant (Gorgi, Ahmad & Hosein, 2015).

A few studies have examined the impact of emotional intelligence on performance of managers. One of them is a study by Cichy (2009) found positive relationship between emotional intelligence score and contextual performance of National Automatic Merchandizing Association members. Another recent study done in Malaysia Shahhosseini, Silong, Ismail, & Uli, (2012), found positive relationship between emotional intelligence and job performance.

Other studies have shown mixed results. Ashworth (2013) found that the quantitative results showed that the relationship between principals' emotional intelligence and school performance was not statistically significant; however, analysis of quantitative data suggested that a relationship between a principal's emotional intelligence and school performance existed. Another study done in Pakistan Ahmed, (2016), established a positive association between emotional intelligence and employee's job performance.

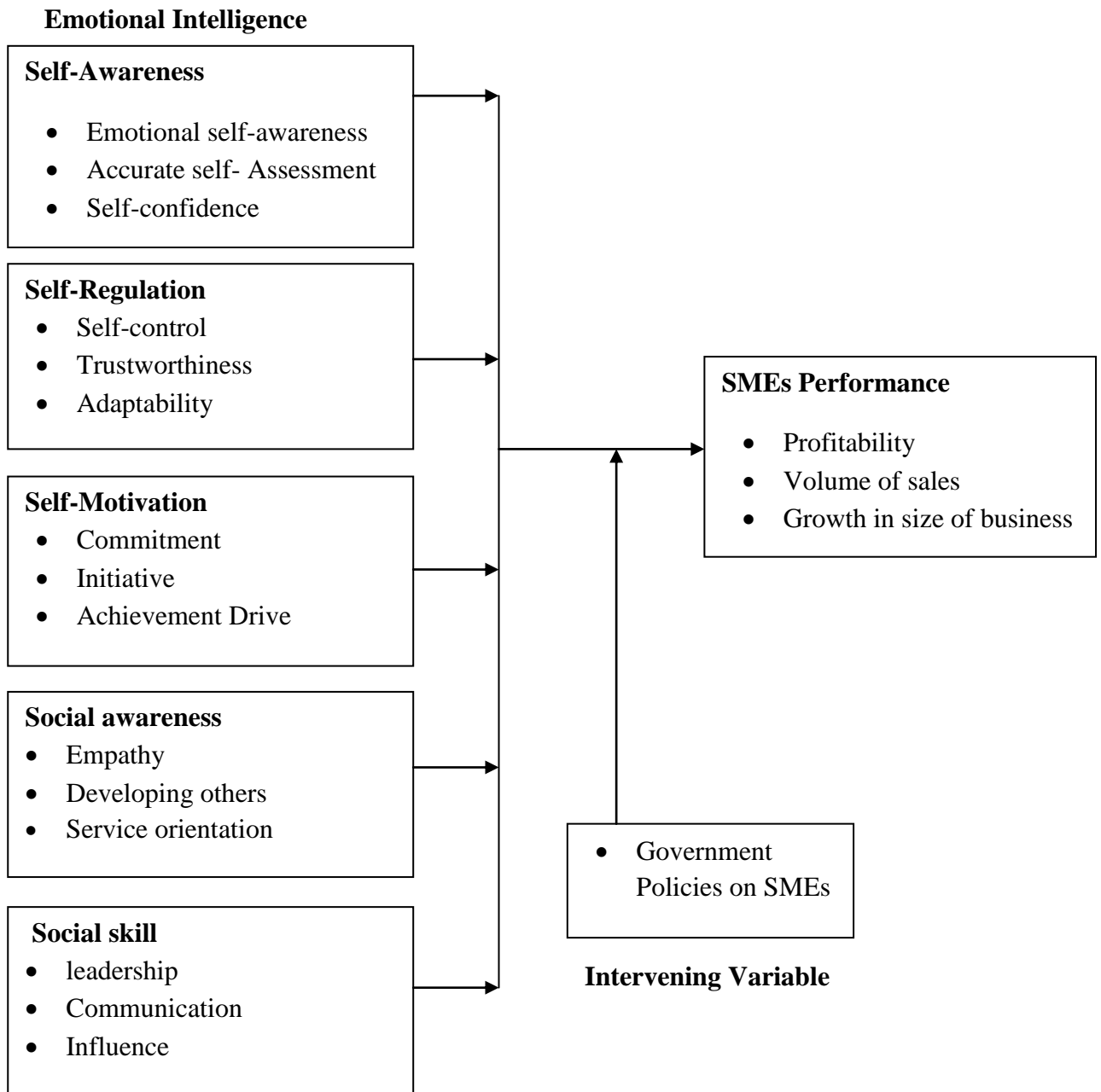
Effective management of emotions may lead to better financial performance in an organization in addition to creating a suitable environment for innovation and shared sense of achievements (Cooper, 1997).

## **2.4 Conceptual Framework**

Figure 1 shows the conceptual frame work adopted for this study. The major components of emotional intelligence such as self-awareness, self-regulation, self-motivation, social awareness and social skills are independent variables. These factors affect the performance of SMEs managers which can be measured by employee turnover rate, sales volume, and the amount of revenue received. The moderating variables are work environment and customer loyalty. Managers with higher EI create better working environments and also attract and retain customers with an ultimate improvement in sales volume, revenue obtained and low employee turnover.

**Independent variables**

**Dependent variables**



**Figure 1: Conceptual framework**

Source: Researcher's own conceptualization (2019)

**2.5 Research gaps**

The research gaps in the literature are presented in Table 1.

**Table 1: Research Gaps**

<b>S/No</b>	<b>Author &amp; Year</b>	<b>Title of the study</b>	<b>Findings</b>	<b>Research gap</b>
1	Igbinovia & Popoola, (2016)	Organizational Culture and Emotional Intelligence as predictors of job performance among Library Personnel in Academic Libraries in Edo State, Nigeria.	the study revealed that there is a high level of job performance, good organizational culture, and high level of emotional intelligence among the personnel	The study does not focus on SMEs
2	Matheri, Karanja & Namusonge (2018)	Effect of emotional intelligence on employee commitment in the Kenyan Savings and Credit Co-operative (SACCO) sector.	They emphasized the importance of managers in the SACCOs in developing and exploring the concept of emotional intelligence so as to ensure high levels of employee commitment resulting in increased achievement of organizational and individual goals and reducing turnovers	They focus on Saccos and not SMEs
3	Mwathi (2010)	Relationship between emotional intelligence and job performance among service providers in rehabilitation schools in Kenya Kathungu Beatrice. Unpublished doctoral dissertation, University of Kenyatta.	found a significant, moderate and positive relationship between emotional intelligence and job performance among service providers in rehabilitation schools	Failed to investigate the emotional intelligence aspect of managers
4	Shahhosseini, Silong, Ismaill & Uli (2012)	Investigated the effect of emotional intelligence on the job performance of the individuals	They considered two variables namely emotional intelligence and job performance	similar study has not been done in Kenya
5	Munshi & Hanji (2015)	Investigate the relationship between Emotional intelligence and work performance of the sales personnel working in the organized retail stores of Karnataka state, India.	sales personnel's emotional Intelligence was significantly related with their work performance. Some of the dimensions of emotional intelligence also showed significant relationship with work performance	They are using four dimensions of Emotional intelligence instead of five dimensions
6	Noel (2016)	The Effect of Emotional Intelligence on Employee Performance in the Private Sector: A Case of Kinyara Sugar Limited	the improved ability of employee's self-management results into improved employee's general performance. the study	They are using four dimensions of Emotional intelligence

			findings indicated that employee's improved social-awareness aspects contribute Positively to their general performance.	instead of five dimensions
7	Asha & Krishan (2016)	An examination of emotional intelligence factors on work related outcome among employees of automobile industry	The study indicate that leaders and superiors can develop and strengthen emotional intelligence and in doing so, can more likely exhibit the use of transformational Leadership behaviors.	Study focuses on large companies not SMEs
8	Karimi et al. (2014)	The role of emotional intelligence and emotional labor on well-being and job-stress among community nurses.	Employees with positive moods and mindsets are more likely to make and respond to challenging issues in a more positive and informed manner than those whose judgments are clouded by negative emotions	Study did not focuses on SMEs
9	Serrat (2009)	Understanding & Developing Emotional Intelligence	EI aids workers to understand and respond better to emotions in their place of work	They focus on workers rather than Managers of SMEs
10	Shatali (2011)	Effect of Emotional Intelligence on Leadership Behavior a case study on UNRWA – GAZA Health Center.	Emotional intelligence largely shapes the behavior of the leader and determines his or her leadership effectiveness	The Study failed to consider Managers of SMEs

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

#### **3.1 Introduction**

This chapter presents the research methodology adopted for this study. It presents the research method procedures used in this study. Section 3.2 to 3.9 presents location of the study, research design, target population, sampling procedure and sample size, data collection instruments, validity and reliability of research instruments, data analysis and presentation and ethical consideration respectively.

#### **3.2 Location of the study**

The study was carried out in Nakuru Central Business District (CBD) within Nakuru East Sub-County, Kenya which covers several areas, namely:-West road, Landie road, Maragoli avenue, Geoffrey Kamau road and Ongiga Odiga avenue within Biashara Ward. Nakuru East Sub County is within Nakuru town in Nakuru County. It has many businesses such as Distributors, Traders, Wholesalers, Department Stores, Supermarkets, Show rooms, Boutiques, Exhibition, Retail shops and Stores, Take away Butcheries, Kiosk, Chemists and Personal services providers including Salons, Barber shops, Car Wash services, Mpesa shop and tailoring businesses. A majority of these businesses are SMEs.

#### **3.3 Research Design**

Kothari and Garg (2014) define research design as the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. This study adopted a descriptive design approach. This design was adopted because of its efficiency in assessing current situations as it makes it possible to study self-reported facts about the respondents, their feelings, opinions and attitudes. Descriptive design is a design that is used to study a wide field of issues, population and activities in order to determine and describe any generalized occurrences.

Kothari & Garg (2014) perceive a descriptive survey as useful in gathering data on a one-shot basis and hence are economical and efficient. It also captures data from both open and closed ended questions and observation schedules. The design provides appropriate information which aided in the success of our study.

### 3.4 Target Population

Kothari & Garg, (2014) define a target Population as all the items under consideration in any field of inquiry. A study population is a group of individuals taken from the general population who share a common characteristic (Sekara & Bougie, 2013). The study targets SMEs conducting business in Nakuru East Sub County. These businesses are usually managed by the owners and family owned. There were 800 small and micro-sized enterprises' in Nakuru CBD, in Nakuru East Sub County (County Government of Nakuru, 2018).

### 3.5 Sampling Procedure and Sample Size

Kothari & Gorg (2014) define a sample design as a definite plan for obtaining a sample from a given population. A list was obtained from the county of all registered SME's in Nakuru East Sub County and from this list random sampling was done to obtain a representative sample of SME's. Normally, it is preferable to collect data from all the Small and micro entrepreneurs in Nakuru East Sub County. However, due to cost, time and logistics constraints, sampling is inevitable. The study used systematic random sampling technique to select SMEs. Sample size formula recommended by Nassiuma (2000) was used in the following formula;

$$n = \frac{NC^2}{C^2 + (N - 1)e^2}$$

Where

n= Sample size

N= Population size.

C= coefficient of variation which is  $21\% \leq CV \leq 30\%$

e= margin of error which is fixed between  $2\% \leq e \leq 5\%$

The study sample was calculated at 30% coefficient of variation and 2.4% of margin of error

Calculating the sample size,

$$n = \frac{800 * (0.3)^2}{((0.3)^2 + (800 - 1)0.024^2)} = 130.8558 \approx 131$$

The sample size of this study was 131 SMEs that were drawn from the study population.



### **3.6 Instrumentation**

Primary data was collected from the owners/managers of SMEs doing business in Nakuru CBD. The data was collected using structured questionnaires consisting of open ended and closed ended questions. Primary data was collected through structured questionnaires which collected views, opinions and attitudes from the respondents and administered to all the respondents using a drop and pick technique. The questionnaire was divided into various sections to adequately cover the objectives of the study and was used to solicit information on the managers' self- awareness, self- regulation, self- motivation, social awareness, social skills and SME performance (see Questionnaire in appendix II). The Likert Scale was used to rate the extent of agreements by respondents from 5-strongly agree; 4-agree; 3-neutral; 2-disagree and 1-strongly disagree.

#### **3.6.1 Pilot Study**

The Pilot Study was conducted in Free Area. It enabled the researcher to be familiar with the research and SMEs procedures as well as identify concepts that required modification. SMEs in Free Area have similar characteristics with SMEs in Nakuru CBD.

#### **3.6.2 Validity of Research Instruments**

Kothari & Garg (2014) describe validity as the degree to which alterations found with measuring instrument reflect true difference among those being tested. In order to ensure validity of the research instrument, content validity was established through expert opinion from the researchers' supervisors. The data collection tool which is a self-administered questionnaire was subjected to critic and discussion by peers and supervisors whose opinion will be deemed sufficient.

#### **3.6.3 Reliability of Research Instruments**

Sekarani & Bougie (2013) state that reliability of a measure indicates the magnitude to which it is without prejudice and guarantees consistent measurement across the various items in the instrument. Kothari (2004) states that reliability is getting the same results over repeated trials. The researcher will use Cronbach Alpha to measure reliability of the instrument used as shown below. Here  $k$  stands for the number of conditions contributing to a total score, and  $s$  is the standard deviation. The tool is deemed reliable when the Cronbach Alpha is 0.7 and above.

$$\left(\frac{k}{k-1}\right)\left(1-\sum\frac{s_i^2}{s_r^2}\right)$$

### 3.7 Data collection procedures

The process of the data collection started with seeking the approval of the University to be allowed to collect data in relation to the study. This was followed by applying for a research permit from the National Council of Science, Technology and Innovation (NACOSTI). Upon the receipt of the permit, the researcher sought the consent of the management of Kabarak. Data was collected by the researcher using self-administered questionnaires where the respondents entered the responses on the spaces provided (see appendix II). The respondents were the managers of the 131 SMEs selected through random sampling from the Nakuru business register. Clarifications on particular questions were made as required by the respondents. The researcher sought to have the questionnaires filled on the spot and where it was not possible, respondents were given a maximum of two days after which the filled questionnaire was collected for analysis.

### 3.8 Data Processing and Analysis

The analysis of the collected data began by sorting and checking returned raw data for accuracy and completeness of the questionnaires. Data was cleaned, organized, coded and analyzed with the aid of the Statistical Package for Social Science (SPSS). Frequencies and percentages were used to describe characteristics of the sample while chi-square test of association and goodness of fit was used to establish associations and differences respectively. The relationships between entrepreneurs' emotional intelligence and SME performance was tested (see table 2) using the multiple linear regression analysis models below.

$$y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon$$

Where;

Y = SME's performance

$\alpha$  = constant

$\beta_1, \dots, \beta_5$  = Regression Coefficients

$X_1$  = Self-awareness

$X_2$  = Self-regulation

X<sub>3</sub>= self- motivation

X<sub>4</sub>= Social awareness

X<sub>5</sub>= Social skills

$\varepsilon$  = the error of term.

**Table 2: Hypotheses Testing Table**

<b>Hypothesis</b>	<b>Independent Variable</b>	<b>Dependent Variable</b>
<b>H<sub>01</sub></b> Self-awareness of manager's does not affect SME performance in Nakuru East Sub-County , Kenya	Self-Awareness	SME's Performance
<b>H<sub>02</sub></b> Self-regulation of manager's does not affect SME performance in Nakuru East Sub-County, Kenya.	Self-Regulation	SME's Performance
<b>H<sub>03</sub></b> Self-Motivation of managers does not affect SME performance in Nakuru East Sub-County , Kenya	Self-Motivation	SME's Performance
<b>H<sub>04</sub></b> Social Awareness of manager's does not affect SME performance in Nakuru East Sub-County, Kenya.	Social Awareness	SME's Performance
<b>H<sub>05</sub></b> Social skills of manager's do not affect SME performance in Nakuru East Sub-County, Kenya.	Social Skills	SME's Performance

### **3.9 Ethical Consideration**

Discretion was observed in the course of this research. The respondents were assured that the information provided will be used solely for academic purposes. No pressure or inducements of any kind was applied to encourage the entrepreneurs to become participants in the research study. The researcher followed the laid down procedures for data collection by the University and other statutory organs (see cover letter in Appendix I, Questionnaire in Appendix II, Kabarak University letter to NACOSTI in Appendix IV, and Research Permit from NACOSTI in Appendix V).

## **CHAPTER FOUR**

### **DATA ANALYSIS, PRESENTATION AND DISCUSSION**

#### **4.1 Introduction**

This chapter presents the analysis, the results and discussions of the study. Section 4.2 presents general and demographic information of the managers and the SMEs while section 4.3 captures determinants of SME performance.

#### **4.2 General and Demographic Information**

##### **4.2.1 General Information**

This includes the response rate and reliability test.

##### **4.2.1.1 Response Rate**

This study sought to investigate effects of emotional intelligence of managers on performance of SMEs in Nakuru East Sub-County, Kenya. To achieve this, a sample of 131 questionnaires were administered to SMEs managers in Nakuru Central Business District. After data entry, cleaning, and validation, all the 131 questionnaires were found complete translating to 100 % response rate. Mugenda & Mugenda (2003) observed that a 50% response rate is adequate, 60% good and above, while 70% rated very well. Based on this assertion, the response rate of 100% in this case is therefore very good and is considered satisfactory to make conclusions for the study.

##### **4.2.1.2 Reliability**

Reliability refers to the measure of the degree to which a research instrument yields consistent results on across time and across the various items of the instrument. Reliability is the extent to which an instrument is predictable, accurate and dependable to yield the same results every time it is administered (Kothari & Garg, 2014). Reliability is the ability of the research instrument to give the same answer in the same circumstances from time to time. If respondents answer a questionnaire the same way on repeated situations, then the questionnaire is said to be reliable (Sasaka *et al.*, 2014). Cronbach's alpha was developed by Lee Cronbach in (1951) to provide a measure of the internal consistency of a test or scale; it is expressed as a number between 0 and 1. Internal consistency describes the extent to which all the items in a test measure the same concept or construct and hence it is connected to the inter-relatedness of the items within

the test. Internal consistency should be determined before a test can be employed for research or examination purposes to ensure validity (Tavakol & Dennick 2011).

This study investigated the reliability of the independent variables (that is self-awareness, self-regulation, self-motivation, social awareness and social skills,) and the dependent variable SMEs performance in order to check for internal consistency. Internal consistency of measures was tested by computing the Cronbach's alpha coefficient as illustrated in Table 3 and Table 4.

**Table 3: Reliability Results**

Item	Cronbach's		
	Alpha	N of Items	Comment
Self-Awareness	.799	6	Accepted
Self-Regulation	.776	5	Accepted
Self-Motivation	.813	4	Accepted
Social awareness	.756	5	Accepted
Social skill	.844	5	Accepted
SMEs Performance	.787	4	Accepted

**Table 4: Reliability Statistics for the Whole Questionnaire**

Cronbach's Alpha Based on Standardized		
Cronbach's Alpha	Items	N of Items
.814	.927	32

The computed Cronbach's alpha coefficient was found to be 0.799 for self-awareness, 0.776 for self-regulation, 0.813 for self-motivation, 0.756 for social awareness, 0.844 for social skills, 0.787 for SMEs performance and 0.814 for the overall questionnaire. As a general rule, this was found to be good reliability according to George and Mallery (2003).

#### **4.2.2 Demographic Data**

These characteristics include gender, education levels and the number of years in business.

#### 4.2.2.1 Gender

Some studies have argued that women have higher emotional intelligence than men Naghavi & Redzuan, (2011) and also that women have less access to resources suggesting that we should expect more male SME managers than women. The results are presented in Table 5.

**Table 5: Distribution of respondents by Gender**

	<b>Frequency</b>	<b>Percent</b>
Male	71	54.2
Female	60	45.8
Total	131	100.0

This study found that majority, 71 (54.2%) of the SMEs managers in Nakuru East Sub-County, Kenya were male while females were 60 (45.8%). This shows that the male managers are dominant. This suggests that men have more access to resources than women. It also reflects that the involvement of women in home care activities constrain them from owning and managing SMEs. Other studies have found similar results with males being dominant (Mwathi, 2010, Mothibi (2015).

#### 4.2.2.2 Education levels

Education tends to improve information flow, better allocation of resources and management capacity of managers. Thus we expect SMEs managed by educated managers to perform better. The findings are presented in Table 6.

**Table 6: Distribution of Respondents by Education**

	<b>Frequency</b>	<b>Percent</b>
Primary	14	10.7
Secondary	20	15.3
College	50	38.2
University	46	35.9
<b>Total</b>	<b>131</b>	<b>100.0</b>

This study found that majority, 50 (38.2%) of the SME managers had attained college education, 46(35.9%) had a University degree while 20 (15.3%) had a secondary education. Only 14 (10.7%) had only a primary school education. This shows that about

74% of the managers' have college/university education. This suggests that sampled SMEs are likely to be better managed and thus better performance. These findings have implications for successful performance of SME suggesting that education is critical in the management of enterprises.

Radipere & Dhliwayo (2014) in a study in South Africa finds that those with higher education have higher business performance. Education level of business owners augments the existing perspectives of the human capital theory (Matama, 2016). Having academically qualified managers is a necessary start for sustainable human capital development in all organizations. Mothibi (2015) also finds that educational qualifications have a positive effect on firm performance.

#### **4.2.2.3 Years in Business**

The number of years in business is a proxy for experience. The more experienced managers are the more likely to have a higher emotional intelligence and the better the SME performance.

The study established that on average, 50% (Median=6) of the managers had been in business for at least 6 years. However, there were others who had been in business for as many as 30 years while others had only been in business for only 1 year. The results show that managers of SMEs in Nakuru have a good amount of experience which is likely to be reflected in higher emotional intelligence and SME performance.

As Kamunge, Njeru & Tirimba (2014) state, management experience is a key factor in business performance of SMEs. Skills which are often gained through experience are needed to run SMEs. Professional experience has been cited as an important factor affecting many aspects of entrepreneurial firms (Kamunge *et al.*, 2014). Experience takes many guises and breadth of experience is shown to be an important factor driving the performance of firms. Mothibi (2015) also finds that experience in work positively influences firm performance.

#### **4.2.3 Summary Statistics of Emotional intelligence components of managers and SME performance**

This study sought to examine the effects of managers' emotional intelligence (that is self-awareness, self-regulation, self-motivation, social awareness and social skills) on performance of small and micro- sized enterprises in Nakuru East Sub-County, Kenya.

The independent variables self-awareness, self-regulation, self-motivation, social awareness and social skills were analyzed to assess the performance of small and micro-sized enterprises in Nakuru East Sub-County, Kenya. The data was collected was Likert type since Likert items were used on each of these constructs. Likert-type items are single questions that use some aspect of Likert response alternatives such as strongly agree to strongly disagree. Several Likert-type items were combined and scored into a Likert scale used to measure each of the study constructs. Likert-type items fall into the ordinal measurement scale. Descriptive statistics recommended for ordinal measurement scale items include a mode or median for central tendency and frequencies for variability since the data is not normally distributed. Likert scale items are created by calculating a composite score (sum or mean) from four or more type Likert-type items; therefore, the composite score for Likert scales should be analyzed at the interval measurement scale. The summary statistics components of emotional intelligence are presented and discussed below.

#### 4.2.3.1 Self-Awareness

This study established that majority, 62 (47.3%) of the respondents strongly agreed that they realize immediately when they lose temper (Table 7).

**Table 7: Self-Awareness of SME managers**

	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
I realize immediately when I lose my temper	3 2.3%	6 4.6%	18 13.7%	42 32.1%	62 47.3%
I can determine bad situations quickly	3 2.3%	3 2.3%	7 5.3%	61 46.6%	57 43.5%
I am able to adapt to a wide range of emotional signals	4 3.1%	8 6.1%	15 11.5%	58 44.3%	46 35.1%
I am able to detect and understand crucial social networks	2 1.5%	13 9.9%	20 15.3%	51 38.9%	45 34.4%
I am able to get along with people of diverse backgrounds	3 2.3%	6 4.6%	7 5.3%	41 31.3%	74 56.5%
I am able to monitor client complaints carefully to ensure that they get what they need	1 .8%	3 2.3%	9 6.9%	59 45.0%	59 45.0%



This is followed by her 42 (32.1%) who agreed with the statement while only 9 (6.9%) of the managers disagreed. The study also found that majority, 61(46.6%) of the managers agreed that they could determine bad situations quickly while 57 (43.5%) strongly agreed. There were 7 (5.3%) managers who were neutral on whether they could determine bad situations quickly while 6 (4.6%) others disagreed on being able to determine bad situations quickly. Those who strongly agreed on being able adapt to a wide range of emotional signals were 46 (35.1%) while those who agreed were 58 (44.3%). Only 12 (9.2%) of the managers were not able to adapt to a wide range of emotional signals. Those who were able to detect and understand crucial social networks accounted for 73.3%. However, there were 20 (15.3%) of the managers who were neutral on being able to detect and understand crucial social networks while 15 (11.4) others disagreed. This study also found that majority, 74 (56.5%) of the managers strongly agreed that they are able to get along with people of diverse backgrounds. About 41 (31.3%) more of the managers agreed with this statement while only 9 (6.9%) disagreed. Majority, 108 (90%) of the managers were also able to monitor client complaints carefully to ensure that they get what they need. Only a few, 4(3.1%) were not able to monitor client complaints carefully to ensure that they get what they need.

On the overall, this shows that managers of SMEs in Nakuru East Sub-County, Kenya have high levels of self-awareness. As earlier stated, self-awareness is one of the elements of emotional intelligence and it enables people to be more effective and form outstanding relationships in the work place. Self-awareness enables one to recognize his or her emotions and their effects. Okpara & Agwu (2015) find a strong relationship between self-awareness and business performance in Nigeria.

#### **4.2.3.2 Self-regulation**

Generally, majority of the managers were able to manage clients disturbing emotions and impulses, to their satisfaction since 57 (43.5%) agreed and 48 (36.6%) strongly agreed with the statement. These findings are presented in Table 8.

**Table 8: Self-regulation of SME managers**

	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
I am able to manage clients disturbing emotions and impulses, to their satisfaction	2 1.5%	6 4.6%	18 13.7%	57 43.5%	48 36.6%
Where necessary I am able to openly admit mistakes and faults	5 3.8%	4 3.1%	15 11.5%	62 47.3%	45 34.4%
I am able to constantly seek performance improvements for myself and employees	2 1.5%	7 5.3%	19 14.5%	41 31.3%	62 47.3%
I am continually learning with an intention of doing things better	1 .8%	5 3.8%	8 6.1%	53 40.5%	64 48.9%
I am able to see an opportunity rather than a threat in a setback	0 0.0%	5 4.1%	19 15.7%	48 39.7%	49 40.5%

However, although small, there were 8 (6.1%) of the managers who disagreed of not being able to manage clients disturbing emotions and impulses, to their satisfaction. The study also found that where necessary, a majority 107(81.7%) of the managers are able to openly admit mistakes and faults. However, there were 9(6.9) managers who could not openly admit mistakes and faults. Managers who were able to constantly seek performance improvements for themselves and employees accounted for 103(78.6%) while 6.8% were not able. This study also found that majority, 117 (89.4%) of the managers were continually learning with an intention of doing things better. A majority, 97 (80.2%) were also able to see an opportunity rather than a threat in a setback.

These results show that managers of SMEs in Nakuru East Sub County have high levels of self-regulation. This is likely to lead to better SME performance.

#### **4.2.3.3 Self-motivation**

The study sought to find out SMEs managers perceptions on self-motivations. The findings are presented in Table 9.

**Table 9: Self-motivation of SME managers**

	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
I am able to motivate myself to do difficult tasks	3 2.3%	4 3.1%	9 6.9%	66 50.4%	49 37.4%
I am able to motivate employees to perform better	3 2.3%	3 2.3%	15 11.5%	57 43.8%	52 40.0%
I reward good performance	2 1.5%	5 3.8%	16 12.2%	52 39.7%	56 42.7%
I am able to reward employees using non-monetary rewards like flexi-time.	5 3.8%	8 6.1%	18 13.7%	62 47.3%	38 29.0%

The results show that majority, 66 (50.4%) of the managers agreed that they were able to motivate themselves to do difficult tasks while 49 (37.4%) strongly agreed. Only 7 (5.4%) of the managers were not able to motivate themselves to do difficult tasks. Majority, 109(83.8%) of the managers were also able to motivate employees to perform better. Those who rewarded good performance accounted for 82.4%. Generally, the managers were also able to reward employees using non-monetary rewards like flexi-time since 62 (47.3%) agreed while 38 (29.0%) strongly agreed with the statement.

The results suggest that most of the managers of SMEs perceive themselves to have high levels of self-motivation. Ncube & Zondo (2018) in a study of the influence of self-motivation and intrinsic motivational factors for small and medium business growth in South Africa finds that self-motivation positively affects business performance. Thus we expect that the performance of SMEs in Nakuru is very high given the high levels of self-motivation among managers. This implies that a self-motivated manager or owner is able to grow the business.

#### **4.2.3.4 Social awareness**

On social awareness, the results show that most, 106 (61.8%), of the managers were often able to see things from other person's view-point (Table 10).

**Table 10: Social awareness of SME managers**

	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
I am often able to see things from the other person's view-point	2 1.5%	2 1.5%	21 16.0%	60 45.8%	46 35.1%
I keenly listen to people when they talk	0 0.0%	3 2.3%	13 9.9%	54 41.2%	61 46.6%
I able to quickly build a team to handle specific business projects	2 1.5%	6 4.6%	17 13.0%	58 44.3%	48 36.6%
I am aware about my customers' needs	1 .8%	5 3.8%	8 6.1%	49 37.4%	68 51.9%
I am aware about my employees needs	5 3.8%	3 2.3%	16 12.2%	58 44.3%	49 37.4%

About 21 (16.0%) were however neutral on the statement while 4 (3%) disagreed. The study also found that majority of the SMEs managers keenly listened to people when they talked since 61 (46.6%) strongly agreed while 54 (41.2%) agreed with the statement. There were only 3 (2.3%) of the managers who did not keenly listen to people when they talk. Those who were able to quickly build a team to handle specific business projects accounted for 80.6% while only 8 (6.1%) disagreed that they were able to quickly build a team to handle specific business projects. The study also established that majority, 117(85.3%), of the SMEs managers were aware about their customers' needs while 107 (81.7%) were aware about their employees' needs.

Again, the overall results suggest that SME managers perceive themselves to have very high levels of social awareness. Managers with high levels of social awareness are likely to grow business performance. This is because such managers are likely to handle customers well and therefore increase their customer base with a consequent increase in SME performance. At the same time, this may lead to an increase in customer satisfaction and hence higher business performance.

#### **4.2.3.5 Social skills**

This study sought to find out SMEs managers perceptions on their social skills. The findings are presented in Table 11.

**Table 11: Social skills of SME managers**

	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
I am often able to prioritize important activities at work	1 .8%	0 0.0%	21 16.0%	49 37.4%	60 45.8%
I am able to direct employees towards performance	0 0.0%	2 1.5%	16 12.2%	55 42.0%	58 44.3%
I am able to resolve disputes between me and customers when they arise	0 0.0%	2 1.5%	15 11.5%	56 42.7%	58 44.3%
I am able to encourage employees whenever they are discouraged	1 .8%	5 3.8%	10 7.6%	62 47.3%	53 40.5%
I have excellent approaches towards customer care	0 0.0%	3 2.3%	21 16.0%	52 39.7%	55 42.0%

The study found that majority, 109 (83.2%) of the managers were often able to prioritize important activities at work. Only one of the managers strongly disagreed that he is often able to prioritize important activities at work. Generally, the managers were able to direct employees towards performance as 58 (44.35) strongly agreed while 55 (42.0%) agreed with the statement. Those who were able to resolve disputes between themselves and customers when they arose accounted for 87.0% while only 1.5% disagreed that they are able to resolve disputes between themselves and customers. Generally, the managers were able to encourage employees whenever they are discouraged since 62 (47.3%) agreed while 53 (40.5%) more strongly agreed on the statement. The study also found that majority, 107 (81.7%) of the managers had excellent approaches towards customer care. However, there were 21(16%) of the managers were neutral on having excellent approaches towards customer care.

Once again, the results suggest that SME managers had high levels of social skills. Social skills play a critical role in work-related relationships. They enable managers to interact with customers and employees with predictability and thus able to understand customers and also be understood better. Strong social skills can thus enhance interpersonal interactions, which can in turn lead to effective job and SME performance (Noel, 2016).

#### 4.2.3.6 SMEs Performance

This study sought to establish how SMEs performance was influenced by managers' emotional intelligence. The study collected the managers' perceptions on SMEs performance. The findings are presented in Table 12.

**Table 12: SMEs Performance**

	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
My total sales have increased in the last 1 year	10 7.6%	10 7.6%	21 16.0%	33 25.2%	57 43.5%
The number of employees in my business have increased in the last 1 year	17 13.0%	16 12.2%	28 21.4%	31 23.7%	39 29.8%
Some employees have left my business in the last 1 year	25 19.1%	16 12.2%	26 19.8%	39 29.8%	25 19.1%
My business has generally been doing well in the last 1 year	10 7.6%	6 4.6%	31 23.7%	47 35.9%	37 28.2%

The results show that for majority, 90 (65.7%) of the managers, their total sales had increased in the last 1 year. However, 20 (15.2%) of the managers disagreed that their total sales had increased in the last 1 year. The study also established that number of employees in most, 70 (53.5%) of the managers' business have increased in the last 1 year. However, there were 33 (25.2%) of the managers who disagreed that the number of employees in their business had increased in the last 1 year. Businesses owned by 84 (73.1%) of the managers had generally been doing well in the last 1 year. However, there were 16 (12.2%) of the managers who disagreed that their business had generally been doing well in the last 1 year.

The results suggest that performance of the sampled SMEs has increased over the last one year. On the overall, the sampled managers perceive that the performance of SMEs has been increasing. This is in contrast to a general perception that the business environment in Kenya has been worsening. Although SMEs have been said to report high rate of failures with many enterprises dying at an infant stage Mwaniki, (2012), it appears that in Nakuru, the situation is different. Many other studies have reported the

importance of emotional intelligence on business performance (Mwathi, 2010, Okpara & Agwu, 2015).

### **4.3 Determinants of SME performance**

This study sought to establish the effect of managers' emotional intelligence on SMEs performance. The independent variables self-awareness, self-regulation, self-motivation, social awareness and social skills and the dependent variable SMEs performance were measured using Likert items which were then scored by summing them into a Likert scale index. This resulted into continuous independent variables and a dependent variable. In order to establish how the independent variables affected the dependent variable, a linear regression model was used. A linear regression model assumes linear association between the dependent and independent variables. To test whether this assumption was met, a correlation analysis was carried out.

#### **4.3.1 Pearson's product moment correlation**

Pearson's product moment correlation was adopted since the variables were continuous. The Pearson's product moment correlation statistic is used to assess the strength and direction of relationship between two variables. The statistic value ranges from -1 to 1 where values ranging from -1 to 0 indicates a negative linear relationship while values from 0 to 1 indicate a positive relationship. The findings are presented in Table 13.

**Table 13: Correlation Analysis**

		SMEs	Conclusion	Direction	Magnitude
		Performance			
Self-Awareness	Pearson	.383**	Significant	Positive	Medium
	Correlation				
	Sig. (2-tailed)	.000			
	N	131			
Self-Regulation	Pearson	.428**	Significant	Positive	Medium
	Correlation				
	Sig. (2-tailed)	.000			
	N	131			
Self-Motivation	Pearson	.344**	Significant	Positive	Medium
	Correlation				
	Sig. (2-tailed)	.000			
	N	131			
Social Awareness	Pearson	.342**	Significant	Positive	Medium
	Correlation				
	Sig. (2-tailed)	.000			
	N	131			
Social Skills	Pearson	.454**	Significant	Positive	Medium
	Correlation				
	Sig. (2-tailed)	.000			
	N	131			

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

After conducting the correlation analysis, this study found a significant ( $r=0.383$ ,  $p=0.00$ ) moderate positive linear relationship between self-awareness and SMEs performance. The study also found a significant ( $r=0.428$ ,  $p=0.00$ ) moderate positive linear relationship between self- regulation and SMEs performance. This study also established a significant ( $r=0.344$ ,  $p=0.00$ ) moderate positive association between self-motivation and SMEs performance in Nakuru East Sub County. There was also a significant ( $0.454$ ,  $p=0.00$ ) positive moderate linear relationship between social awareness and SMEs performance. The strength of this relationship was moderate. Social skills were also found to significantly ( $r=0.454$ ,  $p=0.00$ ) With SMEs performance.



The results show that all the five elements of emotional intelligence namely self-Awareness, Self-Regulation, Self-Motivation, Social Awareness, and Social Skills are significantly associated with increase in SME performance. This suggests therefore if any of these dimensions of emotional intelligence increase, it will lead to an increase in business performance. Therefore, in the overall, the correlation analysis shows positive and significant association of emotional intelligence with SME performance.

### 4.3.2 Regression Analysis

This study conducted regression analysis to measure to what extent managers' emotional intelligence would predict SMEs performance in Nakuru East Sub County. A simple regression was conducted to test each of the hypotheses. The regression to the following form:

$$Y = \beta_0 + B_i * X_i \quad \text{Where } i=1, 2,3,4,5$$

Where the  $X_i$ 's are the variables as stated in each of the study objectives.

The  $B_0$  is the value of SMEs performance when the independent variables are zero. Regression analysis was run and the study established the following findings.

### 4.3.3 Hypothesis 1

Hypothesis 1 stated here is no significant effect of Manager's Self-awareness on performance of SME's in Nakuru East Sub County. This study found that 15.8 % variation in SMEs performance was explained by Self-Awareness score (Table 14).

**Table 14: Self-Awareness Model Summary**

Model	R Square	Adjusted Square	Change Statistics	
			R R Change	Square Sig. F Change
1	.165	.158	.165	.000
2	.174	.145	.009	.752

a. Predictors: (Constant), Self-Awareness

b. Predictors: (Constant), Self-Awareness, How many years have you been in business? Gender, What is your highest level of education?

The models,  $p = 0.00$ , which is less than 0.05, indicates that, overall, the regression model statistically significantly predicted the outcome variable (i.e., it is a good fit for the data).

This study also tested whether this effect was moderated by the control variables; years in business, gender and the level of education. A hierarchical regression model was hence run with the controls and the change in the coefficient of variation assessed. The study found that adding the control variables changed the coefficient of variation by 0.09. However, the change was not significantly ( $p=0.752$ ). Therefore, the study concluded that the controls had no significant effect on the rate at which self-awareness predicted the SMEs performance.

The study also found out that self-awareness significantly ( $B = 0.395$ ,  $\text{Sig.} < 0.05$ ) affected the SMEs performance in Nakuru East Sub-County, Kenya (Table 15).

**Table 15: Self-Awareness Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	4.336	2.127		2.038	.044
Self-Awareness	.395	.084	.383	4.713	.000

a. Dependent Variable: SMEs Performance

The null hypothesis was thus rejected and the hypothesis that there is significant effect of self-awareness on SMEs performance in Nakuru East Sub-County supported. The t test was used to test whether the coefficient was significantly different from zero. Since its p value is less than 0.5, the study concluded that the coefficient was significantly different from zero and hence a unit change in self-awareness resulted into 0.395 units increase on SMEs performance in Nakuru East Sub County. The regression model was as follows:

$$SMEs\ Performance = 4.336 + 0.395 * self\ awareness$$

The results show that an increase of self-Awareness by 1%, will lead to an increase of SMEs performance by 0.395%. Other studies have found similar importance of the effect of self-Awareness on business performance (Okpara & Agwu, 2015, Matheri et al., 2018).

#### 4.3.4 Hypothesis 2

Hypothesis 2 stated there is no significant effect of Self-Regulation on SMEs performance in Nakuru East Sub-County, Kenya. This study found that 17.5% variation in SMEs performance was explained by Self-Regulation score (Table 16).

**Table 16: Self-Regulation Model Summary**

Model	R Square	Adjusted Square	Change Statistics	
			R Change	Sig. F Change
1	.182	.175	.182	.000
2	.189	.161	.006	.825

a. Predictors: (Constant), Self-Regulation

b. Predictors: (Constant), Self-Regulation, How many years have you been in business? Gender, What is your highest level of education?

The models,  $p = 0.00$ , which is less than 0.05, indicated that, overall, the regression model statistically significantly predicted the outcome variable (i.e., it is a good fit for the data). This study also tested whether this effect was moderated by the control variables; years in business, gender and the level of education. A hierarchical regression model was hence run with the controls and the change in the coefficient of variation assessed. The study found that adding the control variables changed the coefficient of variation by 0.006. However, the change was not significant ( $p=0.825$ ). Therefore, the study concluded that the controls had no significant effect on the rate at which self-regulation predicted the SMEs performance.

The study also found out that Self-Regulation significantly ( $B=0.471$ , Sig.  $<0.05$ ) affected the SMEs performance in Nakuru East Sub-County, Kenya (Table 17).

**Table 17: Self-Regulation Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
1 (Constant)	4.584	1.822			2.516	.013
Self-Regulation	.471	.088	.428		5.386	.000

a. Dependent Variable: SMEs Performance

The null hypothesis was thus rejected and the hypothesis that there is significant effect of Self-Regulation on SMEs performance in Nakuru East Sub-County supported. The t test was used to test whether the coefficient was significantly different from zero. Since its p value is less than 0.5, the study concluded that the coefficient was significantly different from zero and hence a unit change in Self-Regulation resulted into 0.471 units increase on SMEs performance in Nakuru East Sub-County, Kenya. The regression model was as follows:

$$SMEs\ Performance = 4.584 + 0.471 * Self-Regulation$$

The results show that a unit increase in self-regulation will lead to a 0.471-unit increase in business performance. This suggests that efforts that would lead to an increase in self-regulation will lead to an increase in SME performance. Managers with high levels of self-regulation are able to constantly seek performance improvements for themselves and the businesses. Other studies have obtained similar findings on the importance of self-regulation in raising business performance (Munshi & Hanji, 2015, Noel, 2016).

#### 4.3.5 Hypothesis 3

Hypothesis 3 stated there is no significant effect of Self-Motivation on SMEs performance in Nakuru East Sub-County, Kenya. This study found that 11.9% variation in SMEs performance was explained by Self-Motivation score (Table 18).

**Table 18: Self-Motivation Model Summary**

Model	R Square	Adjusted Square	Change Statistics	
			R	Sig. F Change
1	.126	.119	.126	.000
2	.135	.105	.008	.772

a. Predictors: (Constant), Self-Motivation

b. Predictors: (Constant), Self-Motivation, Gender, What is your highest level of education? How many years have you been in business?

With cross-sectional data, a figure of 11.9% is considered good. The models,  $p = 0.00$ , which is less than 0.05, indicated that, overall, the regression model statistically significantly predicted the outcome variable (i.e., it is a good fit for the data). This study also tested whether this effect was moderated by the control variables; years in business, gender and the level of education. A hierarchical regression model was hence run with the controls and the change in the coefficient of variation assessed. The study found that adding the control variables changed the coefficient of variation by 0.008. However, the change was not significant ( $p = 0.772$ ). Therefore, the study concluded that the controls had no significant effect on the rate at which Self-Motivation predicted the SMEs performance.

The study also found out that Self-Motivation significantly ( $B = 0.466$  Sig.  $< 0.05$ ) affected the SMEs performance in Nakuru East Sub-County, Kenya (Table 19).

**Table 19 : Self-Motivation Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	6.594	1.868		3.529	.001
	Self-Motivation	.466	.112	.344	4.161	.000

a. Dependent Variable: SMEs Performance

The null hypothesis was thus rejected and the hypothesis that there is significant effect of Self-Motivation on SMEs performance in Nakuru East Sub-County supported. The t test was used to test whether the coefficient was significantly different from zero. Since its p

value is less than 0.5, the study concluded that the coefficient was significantly different from zero and hence a unit change in Self-Motivation resulted into 0.466 units increase on SMEs performance in Nakuru East Sub-County, Kenya. The regression model was as follows:

$$SMEs\ Performance = 6.594 + 0.466 * Self-Motivation$$

The results show that a 1% increase in self-motivation will lead to a 0.466% increase in SME performance suggesting that efforts are needed to increase self-motivation of managers. As Ncube & Zondo (2018) in a study in South Africa, state that self-motivation of managers increases business performance. Self-motivation helps managers to manage change and be flexible to what is critical for success of business. They also have the desire to learn, explore their interests, and engage their curiosity with a focus on novel ideas that help to increase business performance.

#### 4.3.6 Hypothesis 4

Hypothesis 4 stated there is no significant effect of Social Awareness on SMEs performance in Nakuru East Sub-County, Kenya. The findings are presented in Table 20.

**Table 20: Social Awareness Model Summary**

Model	R Square	Adjusted Square	Change Statistics	
			R	Square
1	.136	.128	.136	.000
2	.141	.111	.005	.871

a. Predictors: (Constant), Social Awareness

b. Predictors: (Constant), Social Awareness, Gender, What is your highest level of education? How many years have you been in business?

The results show that 12.8% of the variation in SMEs performance was explained by Social Awareness the models,  $p = 0.00$ , which is less than 0.05, indicated that, overall, the regression model statistically significantly predicted the outcome variable (i.e., it is a good fit for the data). This study also tested whether this effect was moderated by the control variables; years in business, gender and the level of education. A hierarchical regression model was hence run with the controls and the change in the coefficient of variation assessed. The study found that adding the control variables changed the

coefficient of variation by 0.005. However, the change was not significantly ( $p=0.871$ ). Therefore, the study concluded that the controls had no significant effect on the rate at which Social Awareness predicted the SMEs performance.

The study also found out that Social Awareness significantly ( $B=0.450$  Sig.  $<0.05$ ) affected the SMEs performance in Nakuru East Sub-County, Kenya (Table 21).

**Table 21: Social Awareness Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
1 (Constant)	4.805	2.306			2.083	.039
Social Awareness	.450	.109	.342		4.137	.000

a. Dependent Variable: SMEs Performance

The null hypothesis was thus rejected and the hypothesis that there is significant effect of Social Awareness on SMEs performance in Nakuru East Sub-County, Kenya supported. The t test was used to test whether the coefficient was significantly different from zero. Since its p value is less than 0.5, the study concluded that the coefficient was significantly different from zero and hence a unit change in Social Awareness resulted into 0.450 units increase on SMEs performance in Nakuru East Sub-County, Kenya. The regression model was as follows:

$$SMEs\ Performance = 4.805 + 0.450 * Social\ Awareness$$

The results show that one unit change in social awareness will lead to 0.450 unit change in SME performance. Thus measures aimed at increasing social awareness of managers will lead to an increase in business performance. Social awareness makes a manager get along with employees and customers of diverse backgrounds. As Noel (2016) states that employee's improved social-awareness aspects contribute positively to their general performance. High performance is expected from employees or persons with high social connections with employees or colleagues they work with and this is widely due to the ability for these socially aware to seek for advice about issues concerning their jobs from knowledgeable colleagues and are motivated and look forward to going to work daily thus boosting their performance.

### 4.3.7 Hypothesis 5

Hypothesis 5 stated there is no significant effect of Social Skills on SMEs performance in Nakuru East Sub-County, Kenya. This study found that 20% variation in SMEs performance was explained by Social Skills score (Table 22).

**Table 22: Social Skills Model Summary**

Model	R Square	Adjusted Square	Change Statistics	
			R Change	Sig. F Change
1	.207	.200	.207	.000
2	.212	.185	.006	.842

a. Predictors: (Constant), Social Skills

b. Predictors: (Constant), Social Skills, What is your highest level of education? Gender, How many years have you been in business?

The models,  $p = 0.00$ , which is less than 0.05, indicated that, overall, the regression model statistically significantly predicted the outcome variable (i.e., it is a good fit for the data). This study also tested whether this effect was moderated by the control variables; years in business, gender and the level of education. A hierarchical regression model was hence run with the controls and the change in the coefficient of variation assessed. The study found that adding the control variables changed the coefficient of variation by 0.006. However, the change was not significantly ( $p = 0.842$ ). Therefore, the study concluded that the controls had no significant effect on the rate at which Social Skills predicted the SMEs performance.

The study also found out that Social Skills significantly ( $B = 0.607$ , Sig.  $< 0.05$ ) affected the SMEs performance in Nakuru East Sub-County, Kenya (Table 23).

**Table 23: Social Skills Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.304	2.255		.578	.564
Social Skills	.607	.105	.454	5.794	.000

a. Dependent Variable: SMEs Performance

The null hypothesis was thus rejected and the hypothesis that there is significant effect of Social Skills on SMEs performance in Nakuru East Sub-County, Kenya supported. The t



test was used to test whether the coefficient was significantly different from zero. Since its p value is less than 0.5, the study concluded that the coefficient was significantly different from zero and hence a unit change in Social Skills resulted into 0.607 units increase on SMEs performance in Nakuru East Sub-County, Kenya. The regression model was as follows:

$$SMEs\ Performance = 1.304 + 0.607 * Social\ Skills$$

The results indicate that a 1 % increase in social skills will lead to a 0.607 % increase in SME performance. Thus there is a positive and significant relationship between social skills and SME performance. Social skills are key as people can interact with each other with predictability, so that we can more readily understand each other and be understood. Strong social skills can facilitate interpersonal interactions, which can in turn lead to effective job outcomes. Social skills also allow an individual the opportunity to express both positive and negative feelings in interpersonal situations without losing social reinforcement (Noel, 2016).

#### 4.3.8 Combined Model

The study also regressed managers' emotional intelligence (that is self-awareness, self-regulation, self-motivation, social awareness and social skills) jointly on performance of small and micro- sized enterprises in Nakuru East Sub-County, Kenya (Table 24).

**Table 24: Multiple Model Summary**

<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted Square</b>	<b>R Sig.</b>
1	.487 <sup>a</sup>	.237	.206	0.00000

a. Predictors: (Constant), Social Skills, Self-Awareness, Social Awareness, Self-Motivation, Self-Regulation

The study found out that self-awareness, self-regulation, self-motivation, social awareness and social skills jointly explained 20.6 % variation in performance of small and micro- sized enterprises in Nakuru East Sub-County, Kenya. This model was significant since the p value on the F change was less than 0.05.

ANOVA was use to assess whether the regression coefficients of is self-awareness, self-regulation, self-motivation, social awareness and social skills were jointly significant from zero (Table 25).

**Table 25: ANOVA<sup>a</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	501.891	5	100.378	7.763	.000 <sup>b</sup>
Residual	1616.292	125	12.930		
<b>Total</b>	<b>2118.183</b>	<b>130</b>			

a. Dependent Variable: SMEs Performance

b. Predictors: (Constant), Social Skills, Self-Awareness, Social Awareness, Self-Motivation, Self-Regulation

The p value was less than 0.05 hence the study concluded that the coefficients were jointly significant from zero.

Table 26 presents the multiple regression coefficients of the linear regression model.

**Table 26: Multiple Regression Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-.187	2.547		-.074	.941
	Self-Awareness	.102	.117	.099	.872	.385
	Self-Regulation	.183	.147	.167	1.243	.216
	Self-Motivation	-.009	.156	-.007	-.060	.952
	Social Awareness	.027	.141	.020	.189	.850
	Social Skills	.362	.167	.271	2.172	.032

a. Dependent Variable: SMEs Performance

The results indicate that Self-Awareness, Self-Regulation, Social-Awareness and Social Skills are positive while self-motivation is negative although not significant. The results also show that holding Self-Awareness, Social Awareness, Self-Motivation, Self-Regulation, a unit change in Social Skills significantly influenced 0.362 change in performance of small and micro- sized enterprises in Nakuru East Sub-County, Kenya.

The combined regression model was as follows:

$$SMEs \text{ Performance} = -0.187 + 0.102 \text{Self-Awareness} + 0.183 \text{Self-Regulation} - 0.009 \text{Self-Motivation} - 0.027 \text{Social Awareness} + 0.362 \text{Social Skills}$$

However, other aspects of managers' emotional intelligence were not significant. However, this does not mean that the other aspects of emotional intelligence are not important. Other studies have had such mixed results for instance Shahzad et al., (2011) in a study in Pakistan found that social awareness to be significant while the other elements were not. Other studies with mixed results include Mwathi (2010), Okpara & Agwu (2015), AlDosiry, Alkhadher, AlAqraa, & Anderson, (2016) and Noel (2016).

Thus a 1% increase in the level of social skills will increase SME performance by 0.362%. A number of studies have pointed out at the critical importance of social skills Mwathi, (2010) and Noel, (2016). Social skills can shape the relationship between leaders and their subordinates, which can in turn influence career success. Social skill is becoming increasingly important in today's workplace because organizational structures are becoming flatter with more service-oriented positions.

## CHAPTER FIVE

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Introduction

This chapter presents the conclusions and recommendations of the study. Section 5.2 presents the summary, 5.3 presents conclusions, the recommendations are presented on section 5.4 while the suggestions for further research are in section 5.5.

#### 5.2 Summary

The computed Cronbach's alpha coefficient was found to be 0.799 for self-awareness, 0.776 for self-regulation, 0.813 for self-motivation, 0.756 for social awareness, 0.844 for social skills, 0.787 for SMEs performance and 0.814 for the overall questionnaire. The study found that majority, 71 (54.2%) of the SMEs managers in Nakuru East Sub-County were male while the females were 60 (45.8%). With regards to education, about 74% of the managers' have college/university education. This study established that on average, 50% of the managers had been in business for at least 6 years. This shows that managers of SMEs in Nakuru East Sub-County, Kenya have a good amount of experience which is likely to be reflected in higher emotional intelligence and SME performance.

The findings also show that managers of SMEs in Nakuru East Sub-County have high levels of self-awareness, self-regulation, self-motivation, social awareness and social skills. The results suggest that performance of SMEs has increased. The correlation analysis shows positive and significant association of emotional intelligence with SME performance.

Hypothesis 1 stated there is no significant effect of Managers' Self-awareness on performance of SME's in Nakuru East Sub-County, Kenya. This study found that 15.8 % variation in SMEs performance was explained by Self-Awareness score. The null hypothesis was thus rejected and the hypothesis that there is significant effect of self-awareness on SMEs performance in Nakuru East Sub-County, Kenya supported.

Hypothesis 2 stated there is no significant effect of Self-Regulation on SMEs performance in Nakuru East Sub-County, Kenya. This study found that 17.5% variation in SMEs performance was explained by Self-Regulation score. The null hypothesis was

thus rejected and the hypothesis that there is significant effect of Self-Regulation on SMEs performance in Nakuru East Sub-County, Kenya supported.

Hypothesis 3 stated there is no significant effect of Self-Motivation on SMEs performance in Nakuru East Sub-County, Kenya. This study found that 11.9% variation in SMEs performance was explained by Self-Motivation score. The null hypothesis was thus rejected and the hypothesis that there is significant effect of Self-Motivation on SMEs performance in Nakuru East Sub-County, Kenya supported.

Hypothesis 4 stated there is no significant effect of Social Awareness on SMEs performance in Nakuru East Sub-County, Kenya. The results show that that 12.8% of the variation in SMEs performance was explained by Social Awareness. The null hypothesis was thus rejected and the hypothesis that there is significant effect of Social Awareness on SMEs performance in Nakuru East Sub-County, Kenya supported.

Hypothesis 5 stated there is no significant effect of Social Skills on SMEs performance in Nakuru East Sub-County, Kenya. This study found that 20% variation in SMEs performance was explained by Social Skills score. The null hypothesis was thus rejected and the hypothesis that there is significant effect of Social Skills on SMEs performance in Nakuru East Sub-County, Kenya supported.

For multiple regression analysis, the study found out that self-awareness, self-regulation, self-motivation, social awareness and social skills jointly explain 20.6% of the variation in performance of small and micro-sized enterprises in Nakuru East Sub-County, Kenya. The results show that only social skills are positive and significant while Self-Awareness, Social Awareness, Self-Motivation, and Self-Regulation are not. However, this does not mean that the other aspects of emotional intelligence are not important. A 1% increase in the level of social skills will increase SME performance by 0.362%.

### **5.3 Conclusions**

The study was looking at the effect of emotional intelligence on the performance of SMEs in Nakuru East Sub-County. The elements of emotional intelligence are self-awareness, self-regulation, self-motivation, social awareness and social skills. A descriptive design approach was used in the study.

The results show that managers of SMEs in Nakuru East Sub-County, Kenya have high levels of self-awareness, self-regulation, self-motivation, social awareness and social skills and thus emotional intelligence. The overall performance of SMEs has also increased. Moreover, emotional intelligence has a significant effect on SMEs performance. The individual elements of emotional intelligence that include self-awareness, self-regulation, self-motivation, social awareness and social skills have a significant effect on the performance of SMEs. Among these elements of emotional intelligence, social skills appear to be the most important.

#### **5.4 Recommendations**

Several recommendations emanate from the study. Firstly, emotional intelligence is important. This means that efforts should be made towards increasing levels of emotional intelligence. This can be done through training and development programs that may be organized by the Nakuru County Government or the business associations. Secondly, of all the elements of emotional intelligence, social skills are critical. This suggests that more emphasis should be placed on improving social skills perhaps through sensitization workshops and encouragement of managers to join trader groups or associations. Thirdly, given that male managers are dominant, deliberate efforts are needed to encourage increase of female SME managers. These include sensitization campaigns and increased access to finance. The latter can be done through provision of finance for business start-ups and further increase of percentage of government procurements reserved for women.

#### **5.5 Areas for further Research**

Because of the results of the multiple regression model, it may be important to undertake further research to look into the interaction of the various elements of emotional intelligence, in particular self-awareness, self-regulation, self-motivation and social awareness. Further, how demographic variables such as age, sex and experience moderate the effect of emotional intelligence on SME performance.

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## APPENDICES

### Appendix 1: Cover Letter

School of Business and Economics

Kabarak University

**NAKURU**

1<sup>st</sup> August, 2019

Dear Respondent,

**Re: Data Collection for Research Project**

I am student at Kabarak University pursuing a Master of Science course in Human Resource Management at the Nakuru town campus. I am conducting a research in partial fulfillment of the requirements for the award of the degree of Master of Science in Human Resource Management. The title of my research is “*Effect of Managers’ Emotional Intelligence on Performance of Small and Medium-Sized Enterprises in Nakuru Central Business District, Kenya*”

I kindly request you to fill the attached questionnaires. All the information that you will provide will be treated with utmost confidentiality and will be used only for the purpose of this research. Your participation in this research project is completely voluntary. Your responses will remain confidential and anonymous. Data from this research will be reported only as a collective combined total. No one other than the researchers will know your individual answers to this questionnaire.

Thank you for your assistance.

Yours faithfully,

Mwikali Muthembwa

**Researcher**



8	Where necessary I am able to openly admit mistakes and faults					
9	I am able to constantly seek performance improvements for myself and employees					
10	I am continually learning with an intention of doing things better					
11	I am able to see an opportunity rather than a threat in a setback					
<b>III.</b>	<b>Self- Motivation Indicators</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
12	I am able to motivate myself to do difficult tasks					
13	I am able to motivate employees to perform better					
14	I reward good performance					
15	I am able to reward employees using non-monetary rewards like flexi-time.					
<b>IV.</b>	<b>Social Awareness Indicators</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
16	I am often able to see things from the other person's view-point					
17	I keenly listen to people when they talk					
18	I able to quickly build a team to handle specific business projects					
19	I am aware about my customers' needs					
20	I am aware about my employees needs					
<b>V.</b>	<b>Social Skills Indicators</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
21	I am often able to prioritize important activities at work					
22	I am able to direct employees towards performance					
23	I am able to resolve disputes between me and customers when they arise					
24	I am able to encourage employees whenever they are discouraged					
25	I have excellent approaches towards customer care					

**Section C: SMEs performance Indicators**

The following statements relate to the performance of SMEs. On a scale of 1 – 5 where; (Strongly Agree = 5, Agree = 4, Neutral = 3, Disagree = 2, Strongly Disagree = 1) Please tick appropriately your level of agreement with each of the following statements.

<b>SME performance Indicators</b>		<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
1	My total sales have increased in the last 1 year					
2	The number of employees in my business have increased in the last 1 year					
3	Some employees have left my business in the last 1 year					
4	My business has generally been doing well in the last 1 year					

# Appendix III: Nakuru East Sub-County 2018 Business Register



## COUNTY GOVERNMENT OF NAKURU

### NAKURU EAST SUB-COUNTY

#### 2018 Business Register

Jun 7, 2018  
11:24:32 AM



ZIZI I

Name	Biz. No	Physical Address	Ward	Customer	Phone	Brm Code	Price Status
<b>800 - INDUSTRIAL PLANTS, FACTORIES, WORKSHOPS &amp; CONTRACTORS</b>							
811 CTRUS LIMITED	BC232384	BAASHARA	BAASHARA	CTRUS LIMITED	0725971568	835	8,500 PAID 11/05/2018
812 NAFPA LIMITED	BC233708	C B D	BAASHARA	NAFPA LIMITED	0722807793	835	8,500 PAID 15/05/2018
813 LUXUR ENTERPRISES LIMITED	BC233618	KIAMBÉ ROW	BAASHARA	LUXUR ENTERPRISES LIMITED	0721386506	835	8,500 PAID 19/05/2018
814 WIMOS SOLUTIONS LIMITED	BC238619	KENYATTA AVENUE	BAASHARA	WIMOS SOLUTIONS LIMITED	0724799258	835	8,500 PAID 19/05/2018
815 SPLINCOR COMPANY LIMITED	BC238620	MIRIRU GICHUA	BAASHARA	SPLINCOR COMPANY LIMITED	0711644442	835	8,500 PAID 19/05/2018
816 TOTOKUTRA TRADING COMPANY LTD	BC238621	KENYATTA AVENUE	BAASHARA	TOTOKUTRA TRADING COMPANY LIMITED	0720676287	835	8,500 PAID 19/05/2018
817 TUSCON KJ LIMITED	BC238622	MO ROAD	BAASHARA	TUSCON KJ LIMITED	0721644572	835	8,500 PAID 19/05/2018
818 VIMWOOD ENTERPRISES LIMITED	BC238623	TOM MBOYA STREET	BAASHARA	VIMWOOD ENTERPRISES LIMITED	0722419806	835	8,500 PAID 19/05/2018
819 POSHMAC COMPANY LIMITED	BC238624	KENYATTA AVENUE	BAASHARA	POSHMAC COMPANY LIMITED	0726719680	835	8,500 PAID 19/05/2018
820 MACHNA COMPANY LIMITED	BC238116	KENYATTA LANE	BAASHARA	MACHNA COMPANY LIMITED	0726807735	835	8,500 PAID 29/05/2018
821 NANOOTS CONTRACTORS / GENERAL SUPPLIES LIMITED	BC238135	KENYATTA LANE	BAASHARA	NANOOTS CONTRACTORS / GENERAL SUPPLIES LIMITED	07207260735	835	8,500 PAID 21/05/2018
822 ABON MULLI NGWALU	BC238786	NAKURU ELDORLET ROAD	BAASHARA	ABON MULLI NGWALU	0717103893	835	8,500 PAID 23/05/2018
823 JOSEPH KIHARA KAMAU	BC237922	MIRIRU GICHUA	NAKURU EAST	JOSEPH KIHARA KAMAU	0726975104	835	8,500 PAID 24/05/2018
824 ARTHUR OKELLO OTENO	BC7788	LANGALANGA	FLAMINGO	ARTHUR OTENO	0725323955	885	7,000 PAID 23/02/2018
825 SENAND SOLUTIONS LTD	BC238833	GOVERNMENT RD	BAASHARA	SENAND SOLUTIONS LTD	0726252039	885	7,000 NOT PAID
826 EDWARD ENTERPRISES	BC23874	COURT RD	BAASHARA	EDWARD ENTERPRISES	0722868059	885	7,000 NOT PAID
827 MAMMEY SOLUTIONS	BC23702	GOVERNMENT RD	BAASHARA	MAMMEY SOLUTIONS	0722796069	885	7,000 NOT PAID
828 OCCASION ENTERPRISE	BC23706	BAASHARA	BAASHARA	OCCASION ENTERPRISE	0722796069	885	7,000 NOT PAID
829 JAMES MANA KARUKI	BC29885	FREE AREA	NAKURU EAST	JAMES MANA KARUKI	3121215456	885	7,000 NOT PAID
830 PAUL WAMALI KARIMI	BC7399	FREE AREA	NAKURU EAST	PAUL WAMALI KARIMI	0722337389	885	7,000 PAID 28/02/2018
831 EURAC ENGINEERS AND BUILDERS LIMITED	BC7834	BAASHARA	BAASHARA	EURAC ENGINEERS BUILDERS LIMITED	0720887207	885	7,000 NOT PAID
832 ELDIMEX AGENCIES KENYA LIMITED	BC7890	OGONGA ODONGA ROAD	BAASHARA	ELDIMEX AGENCIES KENYA LIMITED	0722785230	885	7,000 NOT PAID
833 TWO D & M CONTRACTORS AND GENERAL SUPPLIES LTD	BC23440	OGONGA ODONGA	NAKURU EAST	TWO SUPPLIES	0722361389	885	7,000 NOT PAID
834 DANIEL KAMANI THEIRI	BC29534	NAKURU EAST	NAKURU EAST	DANIEL KAMANI THEIRI	0725400448	885	7,000 PAID 21/02/2018
835 PETER KARUNA GICHUHI	BC10837	NAKURU EAST	NAKURU EAST	PETER KARUNA GICHUHI	0722827008	885	7,000 NOT PAID
836 JACKTONE ESHIRMA KEVA	BC12817	ELDORLET STREET	NAKURU EAST	JACKTONE ESHIRMA KEVA	0728739894	885	7,000 NOT PAID
837 STEPHEN MIGIN NJOROGE	BC15801	BAHINCO RD	BAASHARA	STEPHEN MIGIN NJOROGE	0721544133	885	7,000 NOT PAID
838 NATION WIDE PLANNERS, CONTRACTORS & ASSOCIATES	BC18977	GEOFFREY KAMAU RD	NAKURU EAST	NATION WIDE ASSOCIATES	0722603599	885	7,000 PAID 26/02/2018
839 EDWARD WANYONYI NASIUMA	BC38292	KENYATTA AVENUE	BAASHARA	EDWARD WANYONYI NASIUMA	0728102360	885	7,000 NOT PAID
840 JAMES WAMITI MANA	BC45838	FREE AREA	NAKURU EAST	JAMES WAMITI MANA	0712325378	885	7,000 NOT PAID





# COUNTY GOVERNMENT OF NAKURU

## NAKURU EAST SUB-COUNTY

Jun 7, 2018

11:24:29 AM

2018 Business Register



### 100 - GENERAL TRADE, WHOLESALE, RETAIL, SHOPS AND SERVICES.

Name	Biz. No	Physical Address	Ward	Customer	Phone	Brim Code	Price Status
1 B K HOLDINGS KENYA LIMITED	BC1493	KENYATTA AVENUE	BASHARA	BERNARD KILELE	0722101210	-	NOT PAID
2 KENYA POWER & LIGHTING	BC1468	MOI ROAD	BASHARA	COKENYAPOWER CO LTD	0722769692	101	135,000 PAID 29/02/2018
3 CHOPPIES ENTERPRISES KENYA LTD	BC1590	KENYATTA AVENUE	BASHARA	CHOPPIES ENTERPRISES KENYA LIMITED	0791334455	101	135,000 PAID 09/02/2018
4 NAKURU WATER & SANITATION SERVICES CO. LTD	BC16026	GOVERNMENT RD	BASHARA	NAKURU WATER SANITATIONSERVICES	0512212289	101	135,000 NOT PAID
5 STAGE MATTRESSES LIMITED	BC17240	BASHARA	BASHARA	STAGE MATTRESSES LTD	0512212972	101	135,000 PAID 10/01/2018
6 NAWAS LIMITED	BC17242	NKRNRB HWAY	BASHARA	NAWAS LIMITED	0710110568	101	135,000 NOT PAID
7 KENYAP MOTORS LIMITED.	BC17898	KENYATTA AVENUE	BASHARA	KENYAP MOTORS LIMITED	0701596836	101	135,000 PAID 26/01/2018
8 NAWAS LIMITED	BC18374	OGINGA ODINGA RD	NAKURU EAST	NAWAS LIMITED	0722424811	101	135,000 PAID 09/02/2018
9 TUSKER MATTRESSES LTD	BC19800	BASHARA	BASHARA	TUSKERMATTRESSES LTD	0512117104	101	135,000 PAID 28/02/2018
10 TUSKER MATTRESSES	BC19804	NKRNRB HWAY	NAKURU EAST	TUSKERMATTRESSES LTD	0512211704	101	135,000 PAID 22/02/2018
11 WOOLMATT SUPERMARKET LIMITED	BC28298	KENYATTA AVENUE	BASHARA	WOOLMATT LIMITED	0721982276	101	135,000 PAID 06/02/2018
12 WOOLMATT LIMITED	BC28274	KENYATTA AVENUE	BASHARA	WOOLMATT LIMITED	0721982278	101	135,000 PAID 09/02/2018
13 DAKATI ENTERPRISES LIMITED	BC213	NRB NK HIGHWAY	NAKURU EAST	DAKATI ENTERPRISES LIMITED	0722313280	102	90,000 PAID 07/02/2018
14 TUSKER MATTRESSES	BC3268	NRNKR HIGHWAY	MEINGAI	TUSKER MATTRESSES	0711223344	102	90,000 NOT PAID
15 HEZRON LTD	BC13091	BASHARA	BASHARA	HEZRON WANJELI	072145879	102	90,000 NOT PAID
16 ERETO BOOKSHOP LTD	BC19814	KENYATTA AVENUE	BASHARA	ERETO BOOKSHOP LTD	0512287790	102	90,000 PAID 09/01/2018
17 CHARLES O. MACHUKU	BC16295	GEOFFREY KAMAU	BASHARA	MACHE HARDWARE	0722108959	102	90,000 PAID 29/01/2018
18 LESILO GRANI HANDLERS LTD	BC16600	OLD MBARUK ROAD - LANET	NAKURU EAST	LESILO GRANI HANDLERS	0720229989	102	90,000 PAID 25/01/2018
19 STAGE MATTRESSES LTD	BC17219	BASHARA	BASHARA	STAGE MATTRESSES LTD	0502218963	102	90,000 PAID 10/01/2018
20 FLAMCO LIMITED.	BC18202	MOSQUE ROAD	BASHARA	FLAMCO LTD LIMITED	0724648111	102	90,000 PAID 12/02/2018
21 PALACE LIMITED	BC69924	KENYATTA AVE	BASHARA		0722566976	102	90,000 NOT PAID
22 H YOUNG CO (EA)	BC146125	MEINGAI	MEINGAI	H YOUNG NAKURU CO (EA)	0209697000	102	90,000 NOT PAID
23 NYAKAKIA HOLDINGS SERVICES LTD	BC1192	KENYATTA LANE	BASHARA	JAMES MWANGI	0722747033	103	72,000 NOT PAID
24 KANINI HARAKA LIMITED	BC1386	BARINGO RD	BASHARA	KANINI HARAKA LIMITED	0710481557	103	72,000 PAID 23/02/2018
25 ISAAC KIKEMBOI TOWETT	BC6463	KENYATTA AVENUE	BASHARA	ISAACKIKEMBOI TOWETT	071834304	103	72,000 NOT PAID
26 GERMANNY KENYA TRAINING INSTITUTE	BC13201	NAKURU	BASHARA	GERMANNYKENYA TRAINING	072363570	103	72,000 NOT PAID
27 KAREBEY VALUD TWO DAVIS (11 TO 12)	BC13242	NAKURU TOWN	BASHARA	PECAOT PRODUCTION	0723603272	103	72,000 NOT PAID
28 JOSEPH MWANGI	BC13685	NAKURU	NAKURU EAST	JOSEPH MWANGI	0723456789	103	72,000 NOT PAID
29 FAMILY BANK NJORO HOUSE	BC13928	NAKURU	NAKURU EAST	FAMILY BANK	0723507849	103	72,000 NOT PAID
30 TUSKYS SUPERMARKET	BC13986	NAKURU	NAKURU EAST	TUSKYS SUPERMARKET	0723555333	103	72,000 NOT PAID

## Appendix IV: University Letter to NACOSTI



# KABARAKUNIVERSITY

Private Bag - 20157  
KABARAK, KENYA

Tel: 0773 265 999  
E-mail: [directorpostgraduate@kabarak.ac.ke](mailto:directorpostgraduate@kabarak.ac.ke) <http://kabarak.ac.ke/institute-postgraduate-studies/>

### BOARD OF POSTGRADUATE STUDIES

4<sup>th</sup> July 2019

The Director General  
National Commission for Science, Technology & Innovation (NACOSTI)  
P.O. Box 30623 – 00100  
NAIROBI

Dear Sir/Madam,

**RE: Mwikali Muthembwa- REG. NO. GMHR/NE/0214/01/18**

The above named is a Master of Science student at Kabarak University in the School of Business and Economics. She is carrying out research entitled “*Effect of Managers Emotional Intelligence on performance of small and micro enterprises in Nakuru Central Business District, Kenya*”. She has defended her proposal and has been authorized to proceed with field research.

The information obtained in the course of this research will be used for academic purposes only and will be treated with utmost confidentiality.

Please provide her with a research permit to enable her to undertake her research.

Thank you.

Yours faithfully,



**Dr. Betty Jeruto Tikoko**  
**DIRECTOR, POSTGRADUATE STUDIES**








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#### Kabarak University Moral Code

*As members of Kabarak University family, we purpose at all times and in all places, to set apart in one's heart, Jesus as Lord. (1 Peter 3:15)*

## Appendix V: Research Permit

 REPUBLIC OF KENYA	 NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION
RefNo: 469808	Date of Issue: 21/August/2019
<b>RESEARCH LICENSE</b>	
	
<p>This is to Certify that Ms.. mwikali muthembwa of Kabarak University, has been licensed to conduct research in Nakuru on the topic: <b>EFFECT OF MANAGERS' EMOTIONAL INTELLIGENCE ON PERFORMANCE OF SMALL AND MICRO - ENTERPRISES IN NAKURU CENTRAL BUSINESS DISTRICT, KENYA</b> for the period ending : 21/August/2020.</p>	
License No: NACOSTI/P/19/1052	
469808 Applicant Identification Number	 Director General NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION
	Verification QR Code 
<p>NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.</p>	