

MANAGERIAL PROFILE AND ORGANIZATION EFFICACY OF SMALL AND MEDIUM ENTERPRISES IN KENYA

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Abstract

The study focuses on determining the effect of managerial profile on organization efficacy of small and medium Enterprises in Kenya and make managerial implications useful for business practitioners and educators. The study utilized the Explanatory research design and a survey of Small and Medium Enterprises in western Kenya namely, Kisumu, Nakuru and Eldoret town in Kenya. The three towns are among, the most growing towns in Kenya and are deemed to have similar entrepreneurial characteristics. A sample size of 267 respondents (owners/managers from Small professional services firms) from a target Population of 900 is derived using a structured questionnaire and systematic random sampling technique. Descriptive statistics, Pearson correlation analysis, factor analysis and multiple regressions is performed in order to analyze the data. The study findings showed that managerial profile positively and significantly affect organization efficacy. The findings indicate that managerial profile is important factor of organization efficacy and therefore, provides insights on the relative importance of managerial profile and its effect on organization efficacy to; entrepreneurs, investors, practitioners, managers and policy makers. The study focuses on the managerial profile of entrepreneurs in order provide an insight understanding of small and medium enterprises' efficacies

Keywords Managerial Profile, Organization Efficacy, Small & Medium Enterprises, Efficacy, entrepreneurial characteristics, business performance,

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Introduction

Small and Medium Enterprises act as a catalyst for entrepreneurial seedbed for industrial transformation (McPherson, 1996). Kenya Vision 2030 recognizes the sector and envisages Small and Medium Enterprises for improved productivity and innovation by enhancing the investment climate, including access to finance. Policy efforts targeted at the Small and Medium Enterprises sector are anchored on the premises that Small and Medium Enterprises are the engine of growth, but market imperfections and institutional weaknesses impede their growth (Beck & Demirguc-Kunt, 2006; Nuwagaba & Nzewi 2013; Nyamwanza, 2014).

Various empirical studies have established that The role of Small and Medium Enterprises can only be maximized by mitigating growth constraints resulting mainly from adverse investment climate, poor infrastructure, credit constraints, insecurity and regulatory burden (Ayyagari *et al.*, 2005 ; KIPPRA, 2008 ; Ernst and Young, 2008).

Today's business world is characterized by increasing competitiveness. Consequently, small businesses have become increasingly sophisticated for investors and entrepreneurs, who want success in their organizations. Some scholars (Aldrich, 1979; Astley & Van de Ven 1983; Lieberman and O'connor, 1977) have argued that top managers have little influence organization performance (Hannan & Freedman, 1977) They contend that since environments set many constraints and limits within which organizations or top executives operate, their discretion is very limited and environments mainly determine organizational outcomes. Therefore, top manager's influence is very limited and thus they do not matter. However, recent emerging theories have argued that organizations and top managers can play significant roles in determining their own outcomes. Resource based theory is one of which supports this argument (Barney, 1991; Castanias & Helfat 1991; Collis & Montgomery 1995; Peteraf 1993). This

perspective centers on the resources that a firm has built and it is argued that organization's outcomes are determined by its resources and one of the resources is top manager (Castanias & Helfat, 1991).

The ultimate goal of managers is to create competitive advantage and achieving high organizational performance. The organizational performance itself can be an important index of how well managers are doing their tasks. Group efficacy predicts group performance (Bandura 1993, 1998; Peterson *et al.*, 1996; Prussia & Kinick 1996). Based on these results, top manager's efficacies beliefs are expected to predict organizational performance since they are directly responsible for organizational performance

Under the devolved governance structure, Small and medium enterprise in Kenya plays a significant in employment and revenue generation for the county governments (KIPPRA ,2013). Mitigating growth constraints resulting mainly from adverse investment climate, poor infrastructure, credit constraints, insecurity, regulatory burden and managerial disposition has been great a challenge to this institutions (KIPPRA, 2013).

It is not known whether small and medium enterprises have the capability to Marshall Resources and organize activities to accomplish ends. It is also unclear whether these institutions are able to persist and overcome constraints and progress or they simply give up. Its argued that organization with high efficacy demonstrate high degree of morale, willing to take on a challenge, believe they are stronger than their competition, with a track record of accomplishments, a substantial vision for the future, and significant evidence of innovation (Buckingham & Coffmann, 1999). No one understand whether the small and medium enterprise demonstrate this values

Nevertheless, organization efficacy has been the subject of many studies (William C. McDowell 2013; Tasa *et al.*, 2007; Gist, 1987; Bohn, 2002; Strauser *et al.*, 2002; Jung & Sosik, 2003; Gully *et al.*, 2002; Tasa & Whyte, 2005; Bandura, 1977, 1986, 1998, 1999, 2006). Most of these argue that efficacy is a strategy consideration in achievements of organization's outcome. Despite this trend, it is unclear in Kenyan context what influences organization efficacy especially in small and medium enterprises. Organization efficacy within small and medium businesses can be achieved when entrepreneurs work in various ways to produce the desired outcomes and prevent undesired outcome.

Accordingly, the effect of managerial profile on organization efficacy is unknown within small and medium enterprises in Kenyan contexts. Thus, the objective of this current study is to extend the existing literature on organization efficacy by determining the effect of managerial profile on organization efficacy in small and medium enterprises in western Kenya.

Thus the study hypothesized that:

H1: Managerial profile has no significance effect on organization efficacy in small and medium enterprises

2.0 Literature review

2.1 Concepts of Organization Efficacy

Organizational efficacy is defined as a generative capacity within an organization to cope effectively with the demands, challenges, stressors, and opportunities it encounters within the business environment (Bohn, 2010). A different definition version by (Gist, 1987; Bohn, 2002) stated Organizational efficacy as cognitive confidence of an organization to perform its responsibilities well. This cognitive confidence consists of the collective internal judgments of

those individuals within the organization that the organization has the capabilities, judgment, and confidence necessary to perform successfully. This should not be confused with construct of Self-efficacy which state Self-efficacy as a super ordinate judgment of performance capability that is induced by the assimilation and integration of multiple performance determinants, (Gist, 1987).

There exists significant literature supporting the notion that efficacy is positively related to performance at the individual and group levels (Bandura,1998; Gist, 1987; Gist *et al.*, 1991; Zellars *et al.*, 2001; Jung & Sosik, 2003; Tasa & Whyte, 2005); however, organization efficacy within small and medium enterprises in developing nations like Kenya is very limited and need to be studied. Self-efficacy affects an individual's ability to overcome obstacles (Bandura, 1986) and perform well (Gist *et al.*, 1991), this same concepts can be extended to the organization level, organizational efficacy, for small and medium businesses as well.

In highly efficacious organizations, people should work differently, and act differently and the outcomes should be different from organizations where organizational efficacy is low and similar to what we would expect from people or groups with low or high levels of self-efficacy (Bohn 2010). Zaccaro *et al.* (1995) define collective efficacy as a sense of collective competence shared among individuals when allocating, coordinating, and integrating their resources in a successful concerted response to specific situational demands this definition supports the statement where people should be able to sense a collective resource to help them accomplish their collective goals in business organizations.

People in an organization with high efficacy would seem to demonstrate a high degree of morale, a desire to be at work, and a desire to do the work; they would be enthusiastic workers who want to be part of an organization workers willing to take on a challenge, workers who believe they

are stronger than their competition, with a track record of accomplishments, a substantial vision for the future, and significant evidence of innovation (Buckingham & Coffmann, 1999).

2.2 Concepts of Entrepreneurial Managerial Profile of Entrepreneurs

Entrepreneurial behavior can accordingly be found in all kinds of enterprises, regardless of their size, age or profit-orientation (Kraus & Schwarz, 2007). According to (McCarthy, 2003; Analoui & Karami, 2003), The Entrepreneur or the SMEs managers are the main strategists and decision makers who develops the vision, mission and strategies for the enterprise and implements them. However, entrepreneurs differ while executing their functions in an enterprise and it has been classified differently by different authors.

Cole (1948) profiled entrepreneurs into three categories namely; Empirical entrepreneur who hardly introduces anything revolutionary and follows the principle of rule of thumb. The second profiling of entrepreneurs is rational entrepreneur, this are entrepreneur who are well informed about the general economic conditions and introduces changes, which look more revolutionary. The Last profile of entrepreneurs according to Cole was Cognitive entrepreneur; this are entrepreneurs who are well informed, draws upon the advices and services of experts and introduces changes that reflect complete break from the existing scheme of enterprise

According to Danhof's (1949) entrepreneurs can be classified as Innovative entrepreneur; this category of Entrepreneur is characterized by small of innovativeness. This type of Entrepreneur, sense the opportunities for introduction of new ideas, new technology, discovering of new markets and creating new organizations. Such Entrepreneur can work only when certain level of development is already achieved and people look forward to change and improve. Such Entrepreneur is very much helpful for their country because they bring about a transformation in life style. Second classifications are Adoptive or imitative entrepreneur are entrepreneurs who

imitate the existing entrepreneur and set their enterprise in the same manner. Instead of innovation, they just adopt the technology and methods innovated by others such types of entrepreneur are particularly suitable for under-developed countries for imitating the new combination of production already available in developed countries. The Third classifications are Fabian entrepreneurs who are characterized by great caution and skepticism, in experimenting any change in their enterprises. They imitate only when it becomes perfectly clear that failure to do so would result in a loss of the relative position in the enterprises. Finally the Drone entrepreneurs are conservative or orthodox in outlook entrepreneurs. They always feel comfortable with their old fashioned technology of production even though technologies have changed. They never like to get rid of their traditional business, traditional machineries and traditional system of business even at the cost of reduced returns

Entrepreneurial success depends on the characteristics of personal profile and motivational factors of the entrepreneurs that lead to superior performance of the entrepreneur (McClelland, 1985). According to (Murthy *et al.*, 1986) entrepreneurs are motivated to start a business because of the factors like ambitious factors, compelling factors and facilitating factors.

According to Chandler and Jansen (1992), Entrepreneurs in small and medium enterprises undertake three main roles: entrepreneurial, managerial, and functional. (Chandler and Hanks, 1994), Argued that an entrepreneur engages in three major tasks: opportunity recognition and exploitation which is risk taking and innovating. Managerial on the other hand is seen also as a critical factor, to small and medium enterprises' survival. According to Yusuf (1995) personal qualities and traits, such as self-confidence and perseverance, have been suggested to affect firm success. It is indicated that failure among small and medium enterprises could be attributed to a lack of management and organization skills (Bickerdyke *et al.*, 2000).

Characteristics of successful entrepreneurs have also been well documented. While there is no agreement among the scholars as to the number and labels of these characteristics, they in general include desire for responsibility, preference for moderates risk, and confidence in personal success, desire for immediate feedback, high level of energy, sufficient emotional stability, objective approach to interpersonal relationships, low need for status, and a comprehensive awareness of total environment (Olm & Eddy, 1985; Zimmerer & Scarborough, 1988)

According to Feather, (1988) successful owner/managers as those who have entrepreneurial characteristics, these successful owner/managers have been identified with a personal value type referred as Entrepreneurial (Cunningham & Lischeron, 1991)

According to (Gaskill *et al.*, 1993) managerial and planning skills are more often inhibit, or enable, business to succeed. Consistent with this, it has been argued that government assistance, although important, should not be seen as the sole remedy for reducing the rate of business failure (Chak, 1998). There are other important factors that small and medium enterprises must attend to in order to ensure continued prosperity. Accordingly, scholars such as Stokes & Blackburn (2002) suggest that it's important to focus on the business owner as the unit of analysis in predicting business success in small and medium enterprises.

According to Joseph singer, (1990), entrepreneurs personality can be identified as: Outer directed and finders, Inner directed - Finder type, Outer directed - Grinder type, Inner-directed - Grinder type, Outer directed - Minder type, Inner directed - Minder type, Outer directed - Binder type and Inner directed - Binder type. Accordingly, his conclusion was that, entrepreneurs differ in what they do best and what they like best to do. They differ in their innovative function, their

interests, values they respond-to and handle interpersonal relations and problems, and how they make decisions which can bring success, through a positive attitude and a goal orientation toward creating something of economic value in use or exchange.

It is argued that entrepreneurial characteristics profile is in a form of continuum. Identified as; the aggressive entrepreneur, the strategic entrepreneur, the adaptive entrepreneur, and imitative entrepreneur, the ASAI model (Cheruiyot *et al.*, 2006). However it is unknown whether these categories of managerial profile relate to organization's belief to perform its tasks successfully; or it influences the relationship between entrepreneurs' risk preference and organization efficacy.

According to Korir and Kibas (2007), entrepreneurial behavior can essentially be viewed as a three stage process beginning from development of entrepreneurial mindset and culminates in post start-up orientations. They noted in post start-up orientations that, entrepreneurs have to orient themselves in a strategic manner for survival and growth of the business.

Kaufmann and Dant (1998) identified a long list of entrepreneurial traits, including: creativity, adaptability, vision, leadership, managerial and organizational skills, ability to make decisions quickly, ability to act in a changing and uncertain environment, and personal integrity. Others have identified a range of cognitive decision-making biases, specific cultural characteristics, and educational background as being associated with successful entrepreneurs (Malach-Pines *et al.*, 2002).

According to Konina *et al.*, (2014) Entrepreneurs behave in a rational manner while running their businesses, contrary to what other individuals may think, under the influence of overconfidence which apparently characterizes human behavior. This entrepreneurial management style includes determination and entrepreneurial style (Konina *et al.*, 2014). In spite of a large number of

studies examining the traits of entrepreneurs in regard to managerial or entrepreneurs characteristics greater attention should be paid to the cognitive processes of entrepreneurs which can affect business performance (Alvarez & Busenitz 2001). Therefore this study sought to determine the effect of managerial profile with the aids of ASAI model as advanced by (Cheruiyot *et al* 2006).

3.0 Methodology

The study adopted explanatory research design to determine the effect of managerial profile on organization efficacy of small and medium enterprises in Kenya. The target sample size of 267 respondents from Small professional services firms drawn from a population of about 900 firms in Kisumu, Nakuru and Eldoret town in Kenya, using systematic random sampling method. The three towns are among, the most growing towns in Kenya. Similarly the towns are deemed to have similar entrepreneurial characteristics since it is located in western Kenya. The Respondents of the study are owners/managers of the business enterprise because they deemed to be the ones who set decisions of the organization as stated by (Lumpkin & Dess, 1996 and Miller, 1983). Small professional services operators' which include firms such as; small insurance firm, Medical diagnostic Labs, security services, audits firm, counseling and training firms were an ideal for the study because respondents were believed to possess necessary skill and knowledge of answering questions of the study without undue influence by the researcher.

Reliability assessment of internal consistency of the items was performed using Cronbach alpha coefficient (Sekeran, 2003; Ventura *et al.*,2013; Waithaka *et al.*,2014; Cooper & schindler, 2001). Validity is concerned with whether the findings are really about what they appear to be about (Cooper &Schindler 2008) was achieved by providing adequate coverage of the investigative questions this was done by reviewing literature related to this study. Criterion-

related validity was achieved through correlation analysis. Convergent Content validity was achieved through factor loading (Waithaka *et al.*, 2014; Cooper & Schindler 2008)

3.1 Data Analysis

Data analysis for this study was performed in five phases. The first phase was to inspect the data using descriptive statistics to provide frequencies distribution and percentages for population description. The second phase was descriptive statistics to provide mean distribution and standard deviations of the variables. The third phase was correlation analysis; Pearson correlation was performed to determine the relationship between the variables as advanced by (Saunders *et al.*, 2009; Rotich *et al.*, 2014; Levesque *et al.*, 2014; The Fourth phase was factor analysis procedure using principle component, Varimax rotation (orthogonal method) with Kaiser Normalization was used to determine which items to be used within the variables.

Prior to factor analysis, Tests of Normality was performed using Shapiro-Wilk, to determine whether all variables were normally distributed. Kaiser –Meyer-Olkin (KMO) and Bartlett’s test of sphericity which test sampling adequacy and the null hypothesis that the original correlation matrix is an identity matrix (Field 2000, 2001 and 2005) were performed. Finally, simple regression analysis was performed. Prior to regression model, preliminary review of normality, validity and reliability of constructs were done

3.2 Measurement of the variables

3.2.1 Dependent Variable

The study measured Dependent Variable using 17 items adapted from Bohn, J.G. (2010). Items were modified to suit the context of the study. Organization efficacy constituted the sense of collective capability or collaboration, organization sense of Mission, Future, or Purpose and

organization sense of resilience were the constructs of Organization efficacy. The items were rated on a point Likert scale as scale varying from 1-“strongly disagree” to 6- “Strongly agree”

3.2.2 Independent Variable

Managerial profile (characteristics) was measured using 10 items of ASAI model adapted from Cheruiyot *et al.*, 2005). With Likert type scale varying from 1-“strongly disagree” to 6- “Strongly agree”

4.0 Results and discussion

4.1 Respondents’ profile

The data was analyzed to provide frequencies, percentages, means and standard deviation to describe the population. Respondents surveyed, were 190 small business owners, men (N135, 71%), women (N 55, 29 %), aged 16-35 years (N 135, 71.1 %) operating mostly young businesses below 10 years (N 163, 86 %).

4.2 Measures and findings

4.1.2 Managerial Profile

Items variable that were used to measure managerial profile were assessed using 10-item scale employed from (cheruiyot *et al.*, 2005). Sample items Include “Growth is important than profit in this business, I prefer to relocate where there are opportunities, profit is importance in this business and I desire to experiment first in this business” Among others. Respondents indicated the degree to which they believed each statement was descriptive of the reality in their organization, marking their responses on a 6-point scale ranging from 1 (Strongly disagree) to 6 (strongly agree). Cronbach’s alpha scale was .856. (M 3.7693, SD.82395) which indicates that majority of entrepreneurs fell around the centre on the continuum exhibiting strategic orientation

and adaptive entrepreneurs. Suggesting that, entrepreneurs who operate small professional firms possess strategic and adaptive behaviors, which can results to high organization efficacy (M 4.3316, *SD* .80411). Descriptive statistic, Std. Deviation and Cronbach's alpha for the independent, moderator and dependent variable are reported in table 4.1 below.

Table 4.1 Descriptive statistic, Std. Deviation and Cronbach's alpha

Variables	mean	Std. Deviation	N	Cronbach Alpha
Managerial profile	3.7693	.82395	190	.856
Organization efficacy	4.3316	.80411	190	.923

Source: Research Data, (2014)

4.1.3 Tests of Normality

To determine whether all variables were normally distributed, Tests of Normality was performed using Shapiro-Wilk. All variables were significance with (P-value >0.05,df 190) which indicates that data came from a normal distribution (Cohen *et al.*,2013; Field, 2000, 2001, 2003, 2005,2010 and 2013) allowing statistical analysis to proceed. Tests of Normality are reported in table 4.2 below

Table 4.2 Tests of Normality

Variables	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	Df	Sig.
Organization Efficacy	.078	190	.007	.979	190	.006
Managerial profile	.076	190	.009	.992	190	.370

a. Lilliefors Significance Correction

Source: Research Data, (2014)

4.1.4 Factor analysis for Entrepreneurs' Risk preference and Managerial profile

Prior to factor analysis the item-variables were tested with Kaiser –Meyer-Olkin (KMO) and Bartlett's test of sphericity which test sampling adequacy and the null hypothesis that the original correlation matrix is an identity matrix (Cohen *et al.*,2013; Field 2000, 2001 and 2005). The sample is adequate if the value of KMO is greater than 0.5 (Cohen *et al.*,2013; Field 2000, 2001,2005 and 2013). KMO of Managerial profile variables were greater than 0.5 Bartlett's test of sphericity were all significance ($p<0.05$) indicating that there were no correlations between the variables, satisfying the assumptions of exploratory factor analysis. Test results are presented in Table 4.3 below.

Table 4.3 KMO and Bartlett's Test for Managerial profile

Kaiser-Meyer-Olkin Adequacy.	Measure of Sampling	.869
Bartlett's Test of Sphericity	Approx. Chi-Square	743.849
	Df	45
	Sig.	.000

Source: Research Data, (2014)

Managerial profile item-variables were subjected to principal component analysis to identify components underlying the variables. The principal axis method was used to extract the components, and this was followed by a Varimax (orthogonal) rotation.

4.1.5 Factor analysis 1: Factor loading for managerial profile

Only the first two components displayed eigen values greater than 1 suggested that only the first two components were meaningful in explaining managerial profile. Therefore, only the first two components were retained for Rotation. Combined, components 1 and 2 accounted for 58.648%

of the total variance which explain organization efficacy. This shows that the constructs measuring managerial profile is valid.

Questionnaire items and corresponding factor loadings are presented in Table below

Table 4.4 Total variance Explained on managerial profile

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.510	45.096	45.096	4.510	45.096	45.096	2.985	29.851	29.851
2	1.355	13.552	58.648	1.355	13.552	58.648	2.880	28.797	58.648

Extraction Method: principle component Analysis

Source: Research Data, (2014)

Table 4.5 Rotated Component Matrix For Managerial Profile Variables

	Component	
	1	2
I do not consult anybody in making decision in this business		.657
when I make loss I forget and move a head		.764
I'm satisfied with the status of this business		.652
Growth is important than profit in this business		.715
I prefer to relocate where there are opportunities		.578
profit is importance in this business	.647	
I desire to experiment first in this business		.543
I believe that hard work would lead to positive outcomes in this business	.777	
I take risk in this business	.797	
I'm cautious when investing in this business	.777	

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

Rotation converged in 3 iterations.

Source: Research Data, (2014)

In interpreting the rotated factor pattern, an item was said to load on a given component factor with an absolute value greater than 0.4 which explain around 16% of variance (Stevens 1992,

Cohen *et al.*, 2013; Field 2000, 2001). Using these criteria, four items which were describing managerial profile were found to load on the first component, which was subsequently labeled profile component 1. The drivers of this component are: “I prefer to relocate where there are opportunities, Profit is importance in this business, I believe that hard work would lead to positive outcomes in this business, I take risk in this business and I’m cautious when investing in this business” with a loading factor of 0.647, 0.777, 0.797 and 0.777 respectively. This indicates that the items Explain 41% to 63.5% of variance on organization efficacy. Six items also loaded on the second component, which was labeled profile component 2. The drivers of this component are: “I do not consult anybody in making decision in this business, when I make loss I forget and move ahead, I’m satisfied with the status of this business, Growth is important than profit in this business and I desire to experiment first in this business” with a loading factor of; 0.657, .764, .652, .715, .578 and .543 respectively. This Indicates that the items Explain 29% to 58% of variance on organization efficacy. Component 1 and component 2 in table 4.7 were coded as managerial profile variable in Regression analysis to test hypotheses of the study.

Prior to testing hypotheses, preliminary review of serial correlation between errors (independent error) and multi-correlation of constructs were done. The absence of multi-collinearity was validated using variance inflation factor (VIF) a recommended a threshold of VIF values less than ten is accepted (Cohen *et al.*, 2013; Lakhal *et al.*, 2006; Hair *et al.*, 2006, 2010; Lawless & Heymann, 2010). The VIF values were all acceptable at score < 2.0, while serial correlation was tested using Durbin-Watson which indicated a positive correlation of 1.567, an acceptable score of between 1 and 2 recommended by Durbin & Watson (1951).

4.1.6 Correlation Analysis

The Pearson correlation was performed to determine the relationship between the variables. Pearson's correlation coefficient (r) is a measure of the strength of the association between the two variables. Pearson's r can range from -1 to 1. An r of -1 indicates a perfect negative linear relationship between variables, an r of 0 indicates no linear relationship between variables, and an r of 1 indicates a perfect positive relationship between variables. An absolute value of 0.1 to 0.3 indicates a weak correlation, 0.3 to 0.5 indicates a moderate correlation while 0.5 to 1.0 indicates a strong correlation between variable (Cohen *et al.*, 2013).

Correlation analysis showed that there is statistically significant but weaker relationship between managerial profile and organization efficacy ($r .484, P < .01$) this shows that there is fairly weak but positive relationship between managerial profile and organization efficacy.

4.1.7 Regression Analysis

Research hypotheses were tested using simple regression model as shown below

Table 4.6 Model Summary of Moderated Regression Result

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
2	.558	.312	.304	.67070	.080	21.862	1	187	.000	1.567

Source: Research Data, (2014)

4.1.8 Determination of Managerial Profile on Organization Efficacy

The relative importance of Managerial Profile on Organization Efficacy indicate $R^2 .312$ and statistically significant at P-value.000, $F 21.86$ as shown in table 4.10 implying that managerial

profile can explain about 31% of the variability on organization efficacy. The unexplained variability could be attributed to random factors and other variables not captured in the model.

Table 4.7 Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
Constant	4.332	.051		84.458	.000		
Managerial profile	.238	.056	.296	4.229	.000	.734	1.363

Source: Research Data, (2014)

4.1.9 Managerial Profile on Organization

The hypothesis of the study stated that Managerial profile has no significance effect on organization efficacy. Results from 4.7 model 3 above shows ($\beta=.296$, $P-.000$) implying that Managerial profile of entrepreneurs has a significance effect on organization efficacy with a model predicting a magnitude of 0.296 this is supported by ($t=4.229$, $P-.000$). Suggesting that Managerial profile is significantly and positively associated with organization efficacy. Therefore, H_{02} is not supported.

5.0 Conclusion

The study found that managerial profile has significance effect on organization efficacy with a weak positive association as indicated by ($\beta=.296$, $t=4.229$, $P-.000$). This finding concurs with the finding of cheruiyot *et al*, (2005) entrepreneurs possesses a mix of managerial characteristics, for example aggressive entrepreneurs are one who want instant result and high need for independence, Strategic entrepreneurs tend to be long-term planners and more willing to change, adaptive entrepreneurs are high in external locus of control and focus on medium term planning and finally, imitative entrepreneurs are task oriented. These managerial attributes relates to

People in an organization high in efficacy, who seem to demonstrate a high degree of morale, a desire to be at work, and a desire to do the work; they would be enthusiastic workers who want to be part of an organization, workers willing to take on a challenge, workers who believe they are stronger than their competition, with a track record of accomplishments, a substantial vision for the future, and significant evidence of innovation (Buckingham & Coffmann, 1999).

Therefore it can be argued that Entrepreneurs have the capabilities, judgment, and confidence necessary to perform successfully in their organization as far as risk and their managerial characteristics are concern.

Small and medium enterprises (SMEs) are critical to the Kenyan economy. Therefore, to achieve more economic growth in Kenyan it is desirable that managerial profile is fostered by Business organizations and Kenyan government as country. It is most likely that positive entrepreneurs' managerial profile could be fostered by creating a culture or environment for managerial characteristics to become attractive.

5.1 Limitation and Recommendations for Further Research

The finding of the study is based on small professional firm in western Kenya. It is suggested that future researchers should explore into other types of small and medium enterprise in Kenya or other part of the world.

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Discussion Questions

What factors influence the efficacy of small and medium enterprises in Kenya?

Discuss various approaches of managerial attributes (profiles) which affect the efficacy of small and medium enterprises

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