ENTREPRENEURIAL SKILLS AND PERFORMANCE OF MICRO, SMALL AND MEDIUM ENTERPRISES: A CASE OF YOUTH ENTREPRENEURS IN MATISI SUB-LOCATION, TRANS-NZOIA COUNTY, KENYA.

BY

WASILWA SIMIYU WEKESA

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DECLARATION

Declaration by Student

I declare that this research project is my original work and has not been presented for a degree award in any other university for examination or any other reward. No part of this project may be reproduced without the prior written permission of the author and or that of Moi University.

Sign:_____   Date:_____

Wasilwa Simiyu Wekesa

SBE/PGM/013/18

Declaration by the Supervisors

This research project has been submitted for examination with our approval as university supervisors.

Sign:_____   Date:_____

Dr. Pamela Chebii

Department of Management Science & Entrepreneurship

School of Business and Economics

Moi University

Sign:_____   Date:_____

Dr Andrew Kimwolo

Department of Management Science & Entrepreneurship

School of Business and Economics

Moi University

DEDICATION

I dedicate this project to my lovely wife Jedidah Muthoni and my children; Yunia Wasilwa, Grace Mutonyi and David Wasilwa for their relentless love, inspiration and support in my scholarly endeavor. To my mother Grace Mutonyi, your wish has been granted. I hope you are happy. To my late father Patrick Wekesa, thank you for laying the scholarly foundation for me.

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ABSTRACT

Performance of Micro Small and Medium Enterprises (MSMEs) immensely contributes to the economic development of a country and is also a critical source of employment to the populace. The significance of MSMEs in Kenya has attracted various studies that have aimed at ascertaining appropriate factors that necessitate their performance and survivability. However, the continued poor performance and subsequent closure of MSMEs shortly after being set up, called for further studies. This study sought to find out how entrepreneurial skills among youths entrepreneurs influenced performance of MSMEs in Matisi Sub-location, Trans-Nzoia County, Kenya. This research was guided by three objectives; to establish how technical skills among youth entrepreneurs influences performance of MSMEs in Matisi Sub-location, Trans-Nzoia County, Kenya, to determine how innovation skills among youth entrepreneurs influences performance of MSMEs in Matisi Sub-location, Trans-Nzoia County, Kenya and to assess how management skills among youth entrepreneurs influences performance of MSMEs in Matisi Sub-location, Trans-Nzoia County, Kenya. This study was underpinned by theories; Resource Based View and Balanced Score Card. Data was collected through self administered questionnaires. The study adopted explanatory research designs that sampled 293 MSMEs from the target population of 1322 MSMEs. Stratified proportionate random sampling was utilized. Collected data was analyzed descriptively (mean, percentage, standard deviation, kurtosis, skewness) and inferentially (Pearson Correlation and Multiple linear regression model) using SPSS application, version 23.Pearson Correlation analysis was used to test the linear relationship between entrepreneurial skills and performance of MSMEs while multiple linear regression analysis was used to test research hypotheses. The research results indicated that Technical skills had $\beta=0.218$ and P-value=0.004, Innovation skills had $\beta=0.303$ and p-value=0.000 while Management skills had $\beta=0.472$ and p-value=0.000.Thus the study concluded that entrepreneurial skills have positive and significant relationship to performance of MSMEs. The study recommends that entrepreneurs ought to acquire and continuously update their technical skills. They should also continue to be innovative to remain relevant in the ever changing market. They should not assume managerial roles more at the expense of remaining entrepreneurs.

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ABBREVIATION AND ACRONYMS

ADB	-	Asian Development Bank
B.O.J	-	Bank of Japan
CISME	-	China Institute of Small and Medium Enterprises
CSBRC	-	Cambridge Small Business Research Centre
GDP	-	Gross Domestic Product
GEM	-	Global Entrepreneurship Monitor
G.O.I	-	Government of India
GOK	-	Government of Kenya
IFC	-	International Finance Corporation
ITC	-	International Trade Centre
ISTAT	-	Institute of National Statistics
K-REP	-	Kenya Rural Enterprise Program
KMAP	-	Kenya Management Assistance Program
KNBS	-	Kenya National Bureau of Statistics
KNCCI	-	Kenya National Chamber of Commerce and Industries
MSMEs	**-**	Micro, Small and Medium Enterprises
NBS	-	National Bureau of Statistics
NYEF	-	National Youth Empowerment Fund
OECD	-	Organization of Economic Co-operation and Development
OSMEP	-	Office of Small and Medium Enterprises Proportion
RoK	-	Republic of Kenya
SBA	-	Small Business Association
SMBA	-	Small and Medium Business administration

SMEDA - Small and Medium Enterprises Development Authority

SPSS - Statistical Program for Social Sciences

TSC - Teacher Service Commission

UNIDO - United Nations Industrial development Organization

URSB - Uganda Registration Service Bureau

YDF - Youth Development Fund

WDF - Women Development Fund

WEDF - Women Enterprise Development Fund

OPERATIONAL DEFINITION OF TERMS

Entrepreneurial skills skills utilized by an entrepreneur in analyzing situations and opportunities in the environment, in order to establish a business enterprise, stimulate innovation, organize or manage and assume the risks to earn profit from a business venture (Gakure et al., 2013).

Innovation skills the ability to convert ideas into new product, process or organization (Sarooghi et al., 2015).

MSMEs is an acronym for micro, small and medium sized business entities. Micro sized businesses are entities with less than 10 workers whose turnover does not exceed 500,000 shillings. Small businesses are these with workers between 10 and less than 50 with a turnover of between 500,000 and 5 million shillings. Medium sized businesses are these with between 50 and less than 100 workers whose turnover is less than 30 million.(MSMEs Act 2012,GOK 2013).

Management skills the capability to plan, organize, lead, supervise, communicate, control and manage time(Adeoye and Ebenezer-Nwokeji 2016).

Performance of MSMEs the ability of an enterprise to attain both financial and non-financial goals. Financially, MSMEs performance focuses on sales, profitability and return on investment (Phihela 2014). Non-financially; is the ability of an

enterprise to survive for a considerable period of time, grow, directly or indirectly, create employment, customer satisfaction, increase market share, contribute to GDP and alleviate poverty (Phihela, 2012)

Technical skills   a combination of knowledge and capability necessary in performing specific task(s) through manipulation in order to achieve an objective (Noordin et al., 2011).

-skills that enable an entrepreneur identify or recognize opportunity(s) that can be exploited (Olaitan et al., 2015).

Youth   all individuals in the Republic of Kenya who have attained the age of 18 years but are below 35 years of age (G.o.K, 2015)

CHAPTER ONE

INTRODUCTION

1.1 Overview

This chapter establishes the background of the study and the statement of the problem. It also presents the general objective, specific objectives, hypothesis, the significance and the scope of the study.

1.2 Background Information of the Study

Micro, Small and Medium Enterprises (MSMEs) performance play a paramount role in economic, political and social development in any country. It contributes towards GDP, increased production, employment, equitable distribution of resources, empowering the marginalized, enhanced export and poverty reduction (ITC, 2015; WTO, 2016).According to Elbeltagi et al., (2016),MSMEs in the United States of America, account for 99% of the entire business enterprises. Of all MSMEs, youths own 12.3%. MSMEs offer employment to 50% of all employees in the private sector and create 65% of new jobs yearly (Elbeltagi et al., 2016). MSMEs produce 98% of all the products that USA exports (Elbeltagi et al., 2016; Thomas 2014). In Europe, MSMEs are recognized as invaluable economic pillar (OECD, 2016). In the United Kingdom, 91.8% of the companies are classified as MSMEs (OECD, 2017).Performances of MSMEs creates 85% of the jobs and employ 53% of all the workers (OECD, 2017).Youth owned MSMEs in United Kingdom forms 6.5% (GEM, 2019).In Italy, MSMEs account for 99.7% of all the country's firms. Performance of MSMEs employs 99.2% of all the labour force (ISTAT, 2013).

MSMEs in Japan play an invaluable role to the economy. The performance of MSMEs account for 70% of the county's labour force, contribute 50% to GDP and value addition (B. O.J 2018; OECD, 2017). In South Korea, 97.8% of the firms are

MSMEs, producing 46.4% of the country's overall production and making up to 49.2% of the country's value addition. 61.95% of the work force is employed in MSMEs (SMBA, 2012). In China, 99% of industries are MSMEs. The performance of MSMEs contributed 50% of tax revenue, 60% to the GDP and more than 70% of technological innovations. They also employ 80% of country's labour force. China's foreign trade is dominated by MSMEs at 68% (NBS, 2016; CISME, 2019).MSMEs in India make up to 99.98% of all the firms. Performance of MSMEs in India, offer employment to 99.88% of the labour force and contribute 28.77% to GDP. They also contribute 31.60% to value addition (G.O.I, 2018).10% of MSMEs in India are owned by youth entrepreneurs (WTO, 2019).Thailand is a country that embraces MSMEs too. In Thailand, MSMEs make up to 99.26% of the total firms, 14% are owned by youths (WTO, 2019) .They employ 80.30% of the country's total population and contribute 39.6% to GDP (OSMEP, 2015).

In Africa the paramountcy of MSMEs cannot be over emphasized. MSMEs in Nigeria constitute 97% of all business setups. Youth owned MSMEs form 24.5% (WTO, 2019). Performances of MSMEs in Nigeria employ 70% of the country's population and contribute 50% to GDP (Eniola & Ektebang 2014). In Ghana, MSMEs account for 92% of all the businesses and contribute 70% to GDP. Performance of MSMEs employed 80.1% of the total workforce outside the public sector (Oppong et al, 2014; ITC, 2015; Zafar &Mustafa, 2017). In South Africa, youths own 40% of MSMEs (WTO, 2019). MSMEs in South Africa constitute 91% of all formal businesses. Performance of MSMEs provides employment to 61% of the population and contributes between 52% and 57% to the country's GDP (Rabie et al., 2016; Asah, et al., 2015).In Zambia, MSMEs make up 97% of all the firms. They employ 88% of the country's workforce outside the public sector and contribute 70% to the country's

GDP (Nuwagaba, 2015).In Rwanda; MSMEs compose 98% of all business establishments. Performance of MSMEs offer employment to 84% of the workforce (UNIDO, 2012; Robu, 2013; Frimpong, 2013).Performance of MSMEs in Tanzania, offer employment to 45% of urban and suburban population and 55% to the rural population. They contribute 40% to the country's GDP (Gamba, 2019).In Tanzania 47% of MSMEs are owned by youth (WTO, 2019).

MSMEs in Kenya constitute 98% of all business ventures, 37% are owned by youths (WTO, 2019; KNBS, 2019).Performances of MSMEs create 80% new jobs yearly (KNBS, 2018). 80% of the Kenya's population is employed in MSMEs (KNBS, 2018). In 2016, performance of MSMEs contributed 34% to GDP (KNBS, 2017). The importance of MSMEs has attracted so many studies; on performance. For example in the year 2013,a study in Nairobi showed positive relationship between entrepreneurial skills and growth of MSMEs in Industrial Area of Nairobi, Kenya (Makori, 2013).In the year 2017 another study in Nairobi, showed that performance of MSMEs is enhanced by entrepreneurial drive (Mbugua,2017).In Limuru Town Market, Kiambu County, Kenya, a study indicated that availability of finance, business education, managerial skills, infrastructure, favourable policies and regulations improve performance of MSMEs (Tirimba et al., 2014). In Bungoma County, Kenya, a research pointed out positive relationship between entrepreneur's skills and growth of MSMEs in relation to return on investment, market share and profit (Atandi, 2021).A study by Namusonge et al., (2016) in Kitale Town, Trans-Nzoia County Kenya, showed that women owned MSMEs within Kitale Town contributed immensely to the economy of Kitale Town and its hinterland when policies and regulations are favourable.

Different researchers have come up with varied reasons for the poor performance of MSMEs; lack of access to finance, lack of entrepreneurial knowledge, poor infrastructure, huge import of substitute products, lack of entrepreneurial skills and poor management(KNBS,2016;Ngugu et al., 2013;Wamoto et al.,2016;Tirimba et al., 2014). It is however worrisome that despite extensive and intensive studies and interventions by governments and non-governmental organizations, MSMEs performance has remained dismal (KNBS, 2016; Njenga, 2019).Garcia-Zambrano et al., 2014 and Undiayaundeye 2015 noted that most MSMEs owner-managers do not give significance importance to the relevance of entrepreneurial skills. Equally, Lee (2018) emphasizes on the need for entrepreneurial skills for optimum performance of MSMEs. There are limited studies on the significance of entrepreneurial skills among youths in relation to MSMEs performance in Kenya more so in Matisi Sub-location, Trans-Nzoia County, Kenya. A study along Enterprise Road in Nairobi and in Industrial Area of Thika, Kenya, showed the need for entrepreneurship skills on the sustainability of MSMEs after the exit of the founders (Gakure et al., 2013). Wamoto et al., (2016) identified entrepreneurial skills as very important factors for the MSMEs performance in Turbo Sub-County, Uasin-Gishu County, Kenya. Atandi (2021) emphasized that entrepreneur's competence is paramount for the performance of MSMEs in Bungoma County, Kenya.

1.3 Statement of the Problem

The significance of MSMEs cannot be underestimated by any economy; developing and developed. MSMEs create jobs, enhance innovations, alleviate poverty, and contribute to governments' revenue. Due to their paramount importance, the government of Kenya and non-governmental organizations came up with interventions in augmenting their performance (GOK 2015). Such interventions

included funding through YDF, Uwezo Fund, WEDF, NYEF, K-rep bank and WDF (Berg et al., 2015).Business infrastructures have also been set up by central government through KIE and by county governments. Management knowledge is continuously imparted to entrepreneurs by the Kenya government through KMAP and by non-government organization such as KNCCI. Formulation of favourable policies have also been looked into through sessional papers e.g. Sessional paper no.2 of 2005 on development of MSMEs for creation of wealth and employment(G.O.K 2016).Commercial Banks and other financial institutions in Kenya have also come up with loans tailored for MSMEs (Berg et al., 2015).

However, despite all these interventions recent studies showed dismal performance and limited survival of MSMEs. In Kenya, KNBS carried out a survey on 50,000 MSMEs all over the country between 2012 and 2016.The survey revealed that 46% of MSMEs did not survive beyond the first year after their initiation while 61% of the remaining, did no operate beyond the second year (KNBS 2016).

Therefore, it is for these reasons that performance of MSMEs has attracted numerous studies. Omare and Kyongo (2017) did a research in Kawangware division, Nairobi, Kenya, on the effects of entrepreneurial skills in relation to competitive advantage among MSMEs. The findings showed that entrepreneurial skills lead to creation of competitive advantage among MSMEs. Wamoto et al., (2016) carried out a study in Turbo Sub-County of Uasin-Gishu County, Kenya. The findings showed that entrepreneurial skills were very important factors for the enhanced performance of MSMEs. In Bungoma, Atandi (2021) found out that there was a positive significant relationship between entrepreneur's competence and growth of MSMEs. These studies have majored on how entrepreneurial skills among heterogeneous population affect performance of MSMEs. They did not consider youths who own 37% of

MSMEs (KNBS 2019, WTO 2019), form 29% of Kenya's population whose unemployment rate is at 65% (World Bank 2020). Thus, with limited studies on the significance of entrepreneurial skills among youth entrepreneurs in the performance of MSMEs in Kenya more so in Matisi Sub-location, Trans-Nzoia County, this study is deemed necessary.

1.4 General Objective

The overall objective for this study was to establish the need for entrepreneurial skills among youth entrepreneurs and performance of MSMEs in Matisi Sub-location, Trans-Nzoia County, Kenya.

1.4.1 Specific Objective

 (i).   To establish how technical skills among youth entrepreneurs influences the performance of MSMEs in Matisi Sub-location, Trans-Nzoia County, Kenya.

 (ii).   To determine how innovation skills among youth entrepreneurs influences the performance of MSMEs in Matisi Sub-location, Trans-Nzoia County, Kenya.

(iii).   To assess how management skills among youth entrepreneurs influences the performance of MSMEs in Matisi Sub-location, Trans-Nzoia County, Kenya.

1.5 Research Hypothesis

  (i). H_{01}There is no significant relationship between technical skills among youth entrepreneurs and the performance of MSMEs in Matisi Sub-location, Trans-Nzoia County, Kenya.

 (ii). H_{02}There is no significant relationship between innovation skills among youth entrepreneurs and the performance of MSMEs in Matisi, Sub-location, Trans-Nzoia County, Kenya.

(iii). **H$_{03}$**There is no significant relationship between management skills among youth entrepreneurs and the performance of MSMEs in Matisi, Sub-location, Trans-Nzoia County Kenya.

1.6 Scope of the Study

This study looked into entrepreneurial skills among youth entrepreneurs and performance of MSMEs in Matisi, Sub-location, Trans-Nzoia County, Kenya. The use of technical, innovation and management skills and their relevance to performance of MSMEs among youth owned or managed enterprises were determined. The research targeted MSMEs that are managed and or owned by youths and registered by the County Government of Trans-Nzoia. The MSMEs should have been in operation for more than one year. The MSMEs were categorized into eatery, service, building and construction, transport, processing and financial sectors. The target population was 1322 MSMEs.

1.7 Justification and Significance of the Study

MSMEs are very important entities in producing products and services, reducing poverty, contributing to tax base, driving innovation and more importantly curbing unemployment especially among youths in Kenya (WTO 2016).Therefore closure of 46% of MSMEs within one year (KNBS 2016) or 75% within two years (Kilonzo and Ouma 2015) is detrimental economically, politically and socially to Kenya. This study aims to assist the youth entrepreneurs in identifying the appropriate skills that necessitate optimum performance of MSMEs to secure and sustain employment. Youths in Kenya constitute 29% (13,777,600) of the total population (KNBS 2019) and own 37% of all MSMEs in the country (WTO 2019, KNBS 2019). 65% of

Kenyan youths are unemployed. This makes Kenya among the countries with the highest rate of youth unemployment in the world.

The Kenya Institute of Curriculum Development can also find this study informative in pinpointing essential skills that are to be taught to students in the Competency Based Curriculum, in order to foster competency in performance of tasks, develop self employment skills, attitudes and behaviours. The Ministry of Industrialization, Trade and Enterprise Development through KMAP and KNCCI will impart the right skills that empower entrepreneurs in the successful running of their MSMEs. Lastly this study will provide additional knowledge and literature for future scholars interested in entrepreneurial skills and performance of MSMEs.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter covers a review of empirical literature on entrepreneurial skills among youth entrepreneurs and performance of MSMEs in Matisi Sub-location, Trans-Nzoia County, Kenya. Entrepreneurial skills are examined under the sub-topics; technical skills, innovation skills and management skills. Theories, Resource Based View and Balanced Score Card were used to underpin this study. Conceptual framework and research gaps are also highlighted.

2.2 The Concept of Performance of MSMEs

MSMEs attract varied definitions depending on a country or region (Miller &Nyauncho, 2014; Katua, 2014). However, irrespective of the variations, majority of the definitions capture the number of employees, annual turnover and or the value of assets (KIPPRA, 2014). In Britain, a firm is classified as micro enterprise when the number of employees is less than 10 with an annual turnover of less than or equal to 2 million Euros. A small enterprise is categorized as one with employees between 10 and 49 with annual turnover of equal or less than 10 million Euros, while Medium enterprise are firms with equal or less than 250 employees with an annual turnover of equal or less than 50 million Euros (Charle &Bebatunde, 2012; KIPPRA, 2014).In India, the Indian Ministry of Small and Medium Enterprises (MSME, 2017) classifies Micro and Small Enterprises basing on either manufacturing or service industry sectors. In manufacturing sector, micro enterprises are business ventures with a total investment of less than 2,500,000 rupees, while small enterprises are these with between 2,500,000-50,000,000 rupees. Medium enterprises have a total investment of between 50,000,000-100,000,000 rupees. Under the service industry, Micro

enterprises are these with less than 10,000,000 rupees, while small enterprises are these with between 10,000,000-20,000,000 rupees. Medium enterprises are firms with between 20,000,000-50,000,000 rupees. In Africa, Nigeria classifies Micro enterprises as these with less than 10 workers with total asset value of less than 5,000,000 Nairas. Small enterprises have between 10 and 49 employees, with assets valued at between 5,000,000 and 50,000,000 Nairas, while medium sized enterprises have employees between 50-199 and a total asset worth between 50,000,000-500,000,000 Nairas (Adebisi & Gbegi, 2013; SMEDAN, 2012). In Kenya MSMEs enterprises are defined based on the Micro and Small Enterprises Act 2012.Micro enterprises are firms, trade, service, industry or business activity with less than 10 employee whose turnover does not exceed 500,000 shillings. On the other hand small enterprises are firms, trade, service, industry or business entity with workers between 10 and less than 50 and a turnover of between 500,000 and 5 million (MSEA, 2013;Kippra, 2016). Medium sized enterprises are firms with employees between 50 and less than 100 and capital investment of less than 30 million (GOK, 2013, Kippra 2016).

Similarly, performance of MSMEs does not have distinct definition among scholars (Simpson et al., 2012; Mahmudova & Kovacs 2018). Traditionally, performance of MSMEs was defined basing on the financial aspect of an enterprise (Gupta & Batra 2016; Al-Hakim and Lu 2017).It focused on sales, profitability and return on investment. Gupta and Batra (2016) and Al-Hakim and Lu (2017) asserted that business goals are the paramount reason businesses are formed, thus holding onto to the claim that profit making, market share, sales, productivity, liquidity, return on investment, cost of production and expansion are key factors in analyzing performance of MSMEs. Zimon (2018) came up with growth in sales, profit, return on investment and increased market share as the best basis on which performance of

MSMEs should be defined. However, with more and more studies, definition of performance of MSMEs basing on only financial perspective was seen to be limited (Piabou et al., 2015). This paved way for the co-opting of non financial factors in defining performance of MSMEs. The non-financial aspect of performance of MSMEs focuses on the ability of an enterprise to survive for a considerable period of time, grow, directly or indirectly, create employment, customer satisfaction, employee learning and development, increased market share, contribution to GDP and alleviation of poverty (Khatri & Marri 2017). Khatri and Marri (2017) emphasizes that performance of MSMEs should be anchored on sufficient working capital, quality of the products, successful operations, increased profit, enterprise reputation, expanded outlet, level of production, prompt order delivery, customer satisfaction, sales, and increased number of employees. Therefore modern perspective of defining performance of MSMEs should combine both financial and non-financial aspects of a business entity (Piabou et al., 2015). Piabou et al., (2015) strongly agree that financial performance indicators such as sales, return on investment and profit may not vividly reflect the broad picture of performance of MSMEs. Sharma et al., (2016) further states that, the performance of MSMEs should encompass financial and non-financial approaches in order to gain a wider perspective of their competitiveness against large scale and government enterprises, ineffectiveness and inefficiency in resource utilization and ability to survive internal and external turbulences. In conclusion Sharma et al., (2016) insinuate that considering both financial and non-financial factors is a better approach of looking at performance of MSMEs. Martineau and Pastoriza (2016) put it that, capturing both financial and non financial aspect of performance of MSMEs is conclusive as compared to capturing only financial perspective.

2.3 Concept of Entrepreneurial Skills

Entrepreneurial skills entail two words; entrepreneurial and skill. Entrepreneurial is what is related, engaged, involved or interested in recognizing a business opportunity, creating a business venture and being innovative to create value (Prince.,2019) .A skill is the ability acquired through deliberate, systematic and sustained effort to carry out activities or tasks involving ideas, things and people i.e. cognitive skills, technical skills and interpersonal (Groves., 2019). Entrepreneurial skills are skills utilized by an entrepreneur in analyzing situations and opportunities in the environment, in order to establish a business enterprise, stimulate innovation, organize or manage and assume the risks to earn profit from a business venture (Gakure et al., 2013). Entrepreneurial skills are capabilities that make youth entrepreneurs better or superior in executing entrepreneurial roles (Gakure et al., 2013). According to Rezaei-Zadeh et al., (2014) entrepreneurial skill(s) is not limited to the ability of an individual(s), but it includes demonstrating the appropriate entrepreneurial behavior; identifying opportunities, startup, maintenance and growing of a business. Moska (2013) puts it that entrepreneurial skills are abilities which occur as a result of combining both the inherent characteristics and the acquired values. Afolabi and Macheke (2012) assert that entrepreneurial skills are essential for the performance of MSMEs. Performance of MSMEs requires entrepreneurial skills to navigate through a competitive market and an ever changing business environment (Lee, 2018). A skilled youth entrepreneur is not only motivated but is also empowered to steer a business venture survive tough unpredictable situations, expand market share, create employment and grow profit (Sarwoko et al., 2013). Thus entrepreneurial skills directly enhance performance of MSMEs (Salman et al., 2016).

There is no scholarly agreement on the specific entrepreneurial skills that enhance performance of MSMEs (Salman et al., 2016; Lee, 2018).There are enormous number of entrepreneurial skills as there are diverse scholarly views and findings. Additionally, most of these skills tend to overlap others i.e. other skills are classified as subsets of others. For example Wamoto et al., (2016), came up with technical skills, resource gathering skills, financial management skills, resource management skills and marketing skills as entrepreneurial skills necessary for performance of MSMEs in Turbo, Uasin Gishu County, Kenya. Afolabi and Macheke (2012) cited motivation, ability to gather resources, financial management, human resource management, marketing and technical skills as entrepreneurial skills essential for the performance of MSMEs in Eastern Cape Province, South Africa. Khamis and Gumawa (2020) came up with opportunity recognition, willingness to act on opportunities, alignment of available resources and use of prior customer needs as entrepreneurial skills necessary in MSMEs performance in Sabon Gari Market, Kano, Nigeria.

In order to remove the ambiguity and streamline the number of entrepreneurial skills necessary for the performance of MSMEs, this study has aligned some skills under others. It has also considered the most mentioned skills as paramount skills in the performance of MSMEs. Literatures of renowned scholars Schumpeter (1938), Drucker (1985), Kirzner and Knight (1921) have extensively been considered in coming up with an inclusive and conclusive view of what entrepreneurial skills entail. The entrepreneurship schools of thought and theories of entrepreneurship also make a significant part of literature that contributed highly to the decision that resulted in the selection of technical skills, innovation skills and management skills as

entrepreneurial skills that determine performance of MSMEs (Kwabena & Simpeh 2011; Putsom et al., 2017).

2.3.1 Concept of Technical skills

Technical skill is a combination of knowledge and capability necessary in performing specific task(s) through manipulation in order to achieve an objective (Aida et al., 2015).Aida et al.,(2015) further stated that technical skills are specialized skills that a worker possesses to competently perform duties related to a specific job, occupation or profession. Kose and Sencan's (2016) posits that technical skill depicts a manager's/owner's specialized knowledge, analytical ability and any other abilities over the area he / she is responsible for. MSMEs need employees with specialized skills to execute tasks with competency and develop innovative solutions that give competitive advantage to an entity in which they work. Technical skills empower youth entrepreneurs to improve their productivity and redesign business processes by taking advantage of opportunities that provide process, technologies, product and information.

Technical skills are necessary for the production of goods and or services. It is technical skills that facilitate youth entrepreneurs to carry out a particular task that require knowledge, intellectual ability, skill and analytical ability within a given specialty and the use of tools (Olaitan et al., 2015). Padhi (2014) clarifies that technical skills include technical procedures or practical tasks that are teachable, observable, quantifiable and measurable. Technical skills are typically easy to observe, quantify and measure (Padhi 2014). Technical skills can be acquired formally or informally.

Technical skills enable youth entrepreneurs to identify or recognize opportunities that can be exploited (Olaitan et al., 2015).Technical skills are associated with opportunity alertness, recognition and subsequent exploitation. Olaitan et al., (2015) asserted that technical skills empower a youth entrepreneur to recognize an opportunity related to the information, knowledge, skills and attitudes that he/she already posses. This is because an entrepreneur can only discover opportunities through recognition rather than through search (Olaitan et al., 2015).In recognizing and exploiting of an opportunity MSMEs gain competitive edge in the market (Kamis and Bakar 2014).Technical skills empower youth entrepreneur to be competent in his or her field of work, job, task or profession, thus giving quality services or products that meet the market needs (Bonnardel, 2012). In a study done in Northwestern Nigeria, Olaitan et al., (2015) discovered that technical skills are core skills for the performance of MSMEs.

2.3.2 Concept of innovation skills

Innovation skill is the ability to convert ideas into new product, process or organization (Sarooghi et al., 2015). Amabile and Pratt (2016) define innovation skills as the ability to convert new original ideas into new product(s), process(s) or organization. Innovation entails the coming up with new or novel thing(s), or coming up with an old thing through new strategies in order to enhance sales, reduce cost, increase profit and improve market performance (Abdilahi et al., 2017).Innovation can manifest as a new product or service, a new technological process in production, a new administrative structure or system, a new program or plan.

Innovation is highly associated with risk taking. Risk taking is a tendency or propensity of coming up with an activity that can be potentially dangerous to the business i.e. may result in financial loss, but might equally provide opportunities for

rewards (Wales et al., 2013; Man et al., 2015).In executing innovation, risks are highly likely. Entrepreneurial mindset is positively related with risk taking tendencies which is very essential in innovation (Schepers et al., 2014).It is through innovation skills that MSMEs can gain competitive advantage in the market i.e. through unique combination of existing resources (Kraus, 2013; Gudmundson & Lecher, 2014).Risk taking propensity is usually interconnected to innovative approaches that enhance performance of MSMEs through production of new quality products that are affordable. And as Kraus (2013) puts it, new or quality low cost products attract customers, which in turn increase sales, profit, market share and enterprise survival, thus enhancing performance of MSMEs. Therefore risk taking and innovativeness have a strong positive relationship to performance of MSMEs (Wang & Yen, 2012; Kraus, 2013). Youth entrepreneurs who are innovative, have high tolerance to risks and willingness to embrace new knowledge, thus are more likely to enhance performance of MSMEs (Blackburn et al., 2013;Laforek, 2013).MSMEs performance is highly enhanced when the youth entrepreneurs continuously embraces innovation, adopts new technology, takes calculated risk(s), and are always taking proactive approaches in running of an enterprise (Soininen et al., 2012).Therefore a calculated risk taking propensity is positively associated with performance of MSMEs (Anderson & Eshima, 2013).Creative innovation through technology and risk taking enable MSMEs attain more sales, survive, make profit, create employment and increase market share (Henker et al., 2015).Study by Antonio et al., (2014) showed that technological oriented innovation improves the performance of MSMEs.

Innovation capability of MSMEs is highly tied to research and development. Research and development leads to the generation of newer knowledge which MSMEs translate to innovation(Zimmerman, 2017).Zimmerman (2017) asserts that MSMEs which

regularly conduct research and development are likely to acquire newer knowledge and thus able to come up with new products, processes or organization. Innovation among MSMEs is necessitated by customer needs and expectations, opportunities, investment attractiveness, intensity of competition, company size and origin of ownership (Minna, 2013).There are three major types of innovations; process, product and organization innovations (Kijkasiwat & Phuensane, 2020; Braunerhjelm et al., 2016).

Process innovation is the implementation of new or improved production or delivery procedure(s) (Kijkasiwat & Phuensane, 2020).Process innovation involves the adoption of a procedure which leads to improved quality and increased quantity. Process innovation is intended to decrease per unit cost of production (Yamamoto & Bellgran, 2013).Yamamoto and Bellgran (2013) states that process innovation can be attained through putting up an effective and efficient production procedure(s). In case of an existing production process, innovation can involve its improvement or facing it out altogether, especially if it is obsolete, and then coming up with a new one. Process innovation improves product quality, reduces cost of production and increases production capacity of MSMEs, implying enhanced performance (Kijkasiwat & Phuensane, 2020).

Product innovation is a cost effective production of new quality products (Kijkasiwat & Phuensane, 2020). Product innovation allows MSMEs to cope up with the rapid evolution of technology and reduced product life on the market, which is attributed to the ever changing customer tastes and preferences (Chang et al., 2015).Introduction of new products, facilitates the ability of MSMEs to respond to the market needs, tastes and preferences implying increased sales and market share thus enhanced performance (Sok & O'Cass, 2015).Product innovation insinuate enhanced production

of quality products at a reduced cost .This leads to attainment of competitive advantage and increased profit (Merono-Cerdan & Lopez-Nicolas, 2017). Berends et al., (2014) stated that product innovation is key factor for enhanced performance of MSMEs.

Organization innovation entails restructuring of an organization's administrative structure resulting to the development of slim and efficient management team that brings forth new ideas, products and processes cost effectively (Braunerhjelm et al., 2016). Research, development and adoption of technology are perceived as the major forces behind the MSMEs adoption of organization innovation (Zimmerman, 2017). As new generation of well educated owner-managers setup MSMEs, the management model has moved from the traditional bloated bureaucratic, supervisory or autocratic style, to a more open, communicative and team-based leadership (Braunerhjelm et al., 2016).

2.3.3 Concept of management skills

Management skills are abilities that enhance efficiency and effectiveness in executing management tasks (Okoli & Ezewanfor, 2015). Anumnu(2014) defined management skills as the ability of defining goals and objectives, planning and stimulating strategies to organize, motivate, direct and control resources in order to achieve set objective(s). Adeoye and Ebenezer-Nwokeji (2016) defines management skills as the capability to plan, organize, lead, supervise, communicate, control and manage resources. Adeoye and Ebenezer-Nwokeji (2016) states that management skills empower youth entrepreneur steer MSMEs gain competitive advantage.

Management skills are paramount for the mobilization of resources; men, materials, minutes, mean and machines. It is through the mobilization of resources that MSMEs

can achieve its objectives, goals, mission and vision (Adeyemi & Titiloye 2014; Adeoye & Ebenezer-Nwokeji 2016).Thus management skills are extremely very important in enabling youth entrepreneurs successfully operate MSMEs. Management skills lead to enhanced performance of MSMEs (Bosire & Nzaramba, 2014). Bosire and Nzaramba (2014) asserts that management skills enhance effective and efficient allocation and utilization of resources for increased sales, profit, market share and survival of MSMEs. Resource management is a very important skill in the performance of MSMEs.

In his argument, Musengi (2012) states that management should be able to efficiently and effectively utilize available resources, through cost effective production process in order to best meet the enterprise's goals. This is important for the management to avoid losses that might curtail the performance MSMEs (Musengi, 2012). Senge (2012) asserts that the owner-manager of an enterprise should be able to have comprehensive knowledge of the organization in which he/she is working (Senge, 2012). This view is supported by Fatoki (2014) who says it is important for the owner-manager to understand the enterprise's operational techniques and current policies for effective and efficient operations in line with the set objectives, vision, mission and strategic goals.

MSMEs are owned and managed by the same person; owner-manager (Afrifa, 2013). Therefore, for excellent execution of management tasks, the youth entrepreneur should be able to have knowledge of the enterprise, manage resources efficiently, communicate effectively and provide leadership (Botha & Musengi, 2012). It demands the management to be able to understand these factors under which the management skills are anchored to empower the youth entrepreneur steer MSMEs achieve set goals. This is so because MSMEs are structured in a manner where the

owner-manager does all the management tasks (Afrifa, 2013). Therefore it is paramount that youth entrepreneur possess all the necessary skills for improved performance of MSMEs (Botha & Musengi, 2012; Afrifa, 2013).Afrifa (2013) names knowledge of an organization, resource management, effective communication and effective leadership as paramount skills necessary to execute management roles.

Effective communication is vital in efficient flow of information. Failed communication is no communication. Communication failure directly curtails performance of MSMEs (Afrifa, 2013). Afrifa (2013) asserts that the owner-manager of MSMEs is tasked with ensuring clear communication to and from all stakeholders. MSMEs do not have bureaucratic communication structure(s) (Afrifa, 2013). Therefore, communication through all channels should be utilized by the management to ensure smooth flow of information. The management should have the ability to listen (receive information) and give feedback (communicate back) effectively and efficiently to avoid communication breakdown.

Effective leadership provides direction. Fatoki (2014) emphasizes that there is need for the management to provide direction of the business operation(s) for the satisfaction of fellow employees and customers. The management should be able to develop a collaborative environment that promotes initiatives. This can be achieved through team building, customer relationships and performance evaluation (Fatoki, 2014).

2.3.4 Concept of control variable

The years a firm has been in operations represents the period a firm has successfully been in contact with the market (Gunu and Adamade 2015). Witell and Valtakoski (2018) define the years a company has been in operation as the difference in years

between the founding year and the year survey was carried out. On the other hand Samosir (2018) defined the years a company has been in operation as the difference in years between the company's year of inception and the earliest date it was registered on the stock exchange. Years a firm has been in operation signify accumulated experience and is a reflection of learning (Olumide 2010).It is continuous length of time often in years a firm has been in its current business from when it was incepted, incorporated or it was listed on the stock market.

Different scholars posit different opinions on the relationship between firm age and performance. Theoretically there are two different views on the relationship between firm age and performance. One theory(Resource based Theory) supports the view that firms learn by doing and therefore their performances improves cumulatively with age (Penrose 1959).That continuous operation equips a firm with knowledge and competence hence improved performance. Another theory (Theory of firm-learning) states that firms gain efficiency as they operate in a given industry and that these that gain efficiency survive and grow while those that fail to attain, decline in their operation and fail (Jovanovic 1982). Jovanovic (1982) further alludes that age is prone to inertia. And that those firms that survive become rigid in decision making, their assets become obsolete and die. Similarly scholars are also divided on the concept of firm age and performance. Some scholars have argued that firm performance improves as they age (Akinyomi and Olaguju 2012;Merry 2013).On the other hand Teruel 2013 and Tatikonda et al., (2013) emphasizes that firms performance deteriorates as they age due to rigidity in its way of operation and inertia.

The more the years a firm is in operation the more they establish their customer base and network with other businesses. Building a good reputation and trust in the market requires years of operation (Lipuma et al., (2011). Lipuma et al., (2011) further asserts

that performance of newly established firms is also hampered by restrictive regulatory policies and barriers to market entry (Gunu and Adamade 2015).Firms adapt with time as they responds dynamically and deliberately to threats and opportunities in the market. Organizations' death rates decrease with age, this is because they learn and adapt from experience.

Unlike established firms, young ones have no stable customer base (Coad et al., 2013). This is because customers become well informed about the service or the good being offered by a firm after some experience with the product. That a firm operates for some time in a specific industry to gain capability, build customer base, earn and increase revenue. With the firm understanding customers' tastes and preferences it can subsequently adapt and specialize in order to increase its efficiency (Coad et al., 2013).

2.4 Theoretical Review

2.4.1 Overview

This study is underpinned by two theories; Resource Based View and Balanced Score Card. It is from these theories that this study is grounded.

2.4.2 Resource based view theory

Resource Based View Theory by Barney was formulated in 1991 .This theory is based on an assumption that every business enterprise possesses unique resources which if properly utilized gain competitive advantage. According to Barney (1991) a business entity can gain competitive advantage over its rivals if it posses unique resources (assets and capabilities) that it can utilize uniquely (Barney, 1991).This theory stipulates that enterprise's resources are the main drivers of performance if uniquely utilized and equitably distributed across the firm (Barney, 1991). Such resources

include knowledge, skills, money, building, machines, land, technology, patent, good reputation and employees (Barney et al., 2011). This theory works on the assumption that MSMEs with enough resources are bound to do better than these with limited resources (Simpeh, 2011).Under the Resource Based View Theory, resources are regarded as the pillars of a business from which they can gain competitive advantage (Mensah et al., 2013).Barney et al., (2011) states that MSMEs that are endowed with resources that are frequently updated to match changing needs are bound to gain competitive edge over its rivals.

Barney (1991) goes ahead to state that not all resources can propel an enterprise to gain competitive advantage over its rivals. He asserts that only MSMEs with inimitable, non-substitutable and rare resources are the ones that can gain and sustain competitive advantage. Therefore enterprises performances differ as a result of their distinct resources and their capabilities of uniquely utilizing them (Barney, 2001; Elsenhardt & Martin, 2000).MSMEs can also gain competitive advantages through unique combination of resources. Unique combination of resources can be achieved through technology (Mensah et al., 2013).Every MSMEs do not have similar resources; each enterprise possesses unique resources and capabilities. The way MSMEs acquire, develop, maintain, combine and apply these resources in production and or other process(s) leads to superior performance (Black and Boal 1994).

Resources are classified into tangible, intangible and external (Barney et al., 2011; Derozier & Hunt, 2004). Barney et al., (2011) and Wilk and Fensterseifer (2003) defines tangible resources as these that are physical, can be seen, be felt and accounted for. They include plant, machine, land, stocks and finance. Intangible resources are these that are non-physical and cannot be touched or quantified; knowledge, skills, technology, good reputation, process, routine, patent, trade mark

and information (Barney et al., 2011;Wilk & Fensterseifer, 2003).External resources are defined by Wilk and Fensterseifer (2003) and Barney et al., (2011) as resources that are acquired from outside an enterprise. External resources are resources that are not possessed by an enterprise (Avarez & Barney, 2007). Averez and Barney (2007) states that an enterprise cannot be self sufficient due to the ever changing market needs and opportunities thus the need for outsourcing some of the resources. External resources include relationships (social connections) and knowledge acquired from suppliers, customers, competitors and education institutions like universities and colleges (Barney et al., 2011; Wilk & Fensterseifer, 2003).The relevance of Resource Based View Theory in this study, is its ability to depict entrepreneurial skills (technical skills, innovation skills and management skills) as intangible resources critical in the performance of MSMEs.

2.4.3 Balanced score card theory

The Balanced Score Card (BSC) Theory was propounded by Robert Kaplan and David Norton in 1992.This theory advocates for multi-dimensional view of measurement of performance of an enterprise. It emphasizes on both financial and non-financial view of performance of an enterprise.BSC theory advocates for the need to measure performance of a firm beyond financial perspective (Kaplan & Norton 1992). This is because basing on only financial view, provide past information but does not provide the current nor future information on performance of an enterprise (Kaplan & Norton, 1996).Kaplan &Norton(1996) came up with four views of measuring performance of an enterprise; financial view, customer view, internal business process view and learning and growth view.

Although Kaplan & Norton (1992) criticized financial view as a measure of business performance, they did not disregard it. They instead emphasized the need to consider

other modes of measurements, in order to come up with an inclusive view of performance of an enterprise(Olson &Slater, 2002).Financial view uses return on investment, profit, sale, revenue and cash flow as a measure of performance of an enterprise.

Under the customer view, Kaplan & Norton (1996) emphasized the necessity for the management to focus on the needs and satisfaction of customers (Chabrow, 2002; Holloway, 2002).Kaplan &Norton (1996) noted that, dissatisfied customer will look for an alternative supplier where his/her needs and demands are satisfied. Therefore it is necessary to continuously consider customer satisfaction for enhanced future performance of an enterprise. Performance measurements under the customer view are market share, customer satisfaction and percentage of customer retention (Needleman, 2003).Internal business process view, focuses on the process(s) within an enterprise that are critical in satisfying customers needs and wants. For an enterprise to enhance performance, it should have unique process(s) or procedures that produce unique goods and or services that cannot be imitated or replicated by rivals. Under this view, performance of an enterprise is measured using innovation process, operations process and after sales service(s) (Sharma, 2003).Lastly Kaplan &Norton (2007) came up with learning and growth view as a measure of performance. This view focuses on learning and growth of employees within an enterprise (Kaplan & Norton, 2007).Learning here include training of employees, mentoring and imparting in them organization culture and attitude geared towards betterment of technical skills, interpersonal skills and use of tools that leads to improved performance of an enterprise. Since employees are resources Kaplan &Norton (2007) emphasizes that they should continuously learn to remain productive.

Learning and growth of an employee is measured using employee capabilities, information system, motivation and empowerment (Kaplan & Norton, 2007).

2.5 Empirical Literature Review

2.5.1 Overview

In this topic we are going to review, evaluate, summarize, clarify and integrate the previous primary studies (Cooper 1998) in relation to performance MSMEs. It is from these empirical studies that this research will be grounded, justified and research gap identified (Bruce 1994).

2.5.2 Entrepreneurial skills and performance of MSMEs

In Indonesia, Hurriyati et al., (2016) carried out a study on the relationship between entrepreneurial skills and performance of MSMEs in Narogong and Bekasi, Indonesia. The study looked at technical skills, management skills, entrepreneurship skills and personal maturity skills as variables under entrepreneurial skills, while sales, capital growth, growth in the workforce, market growth, marketing and profit as indictors of performance of the MSMEs. The research adopted descriptive and explanatory research designs on 30 MSMEs owner-managers. The collected data was analyzed using the simple linear regression analysis model. The findings showed that there was strong positive influence of entrepreneurial skills against performance of MSMEs in Narogong and Bekasi, Indonesia (Hurriyati et al., 2016). Entrepreneurial skills influenced performance of MSMEs at 38.05%.

Khamis and Musa (2015) carried out a study on the effects of entrepreneurial skills on micro, small and medium scale enterprises registered with the local authority in Sabon Gari Market, Kano, Nigeria. The study employed descriptive survey research design. The targeted population was 303 MSMEs that were registered by the local authority

to carry out business. A sample size of 172 MSMEs was reached at using the Yamane (1967) formula. Probability sampling technique was adopted under which simple random sampling method was used to get specific respondents. The findings showed that there was a significant positive relationship between entrepreneurial skills and performance MSMEs in Sabon Gari Market, Kano, Nigeria. Khamis and Musa (2015) concluded that business owners with entrepreneurial skills were more likely to enhance performance, demonstrating that the higher the entrepreneurial skills the higher the MSMEs performance.

In 2017, Omare and Kyongo (2017) conducted a study which aimed at establishing the effects of entrepreneurial skills on competitive advantage among small and medium sized enterprises in Kawangware Division, Nairobi, Kenya. The study used a descriptive research design. The targeted population was 107 MSMEs out of which 75 participated in the study. Both descriptive and inferential statistics were used to analyze data. The study discovered that entrepreneurial skills lead to creation of competitive advantage among MSMEs (Omare and Kyongo (2017).

A study by Astuti et al., (2019) looked into entrepreneurial skills and performance of MSMEs in culinary business, in Malang City of Indonesia. The objective of the study was to find out the association between variables; technical skills, managerial skills, leadership skills, entrepreneurship skills, personal maturity skills and performance of MSMEs in culinary business in Malang City, Indonesia. The target population was owner-managers of food and beverage sub-sector in Malang City, Indonesia. The study used descriptive research design to ascertain the frameworks and the techniques of carrying out the research. The study targeted a population of 300 MSMEs, out of which simple random sampling technique was used to get 171 MSMEs as the sample size. Descriptive and inferential research statistics were used to analyze the data. The

findings showed that there was positive insignificant relationship between entrepreneurial skills and performance of MSMEs in culinary business (Astuti et al., 2019). It further showed that there was positive insignificant association between managerial skills and performance of MSMEs. However, the association between personal maturity and performance of MSMEs was positively significant (Astuti et al., 2019).

2.5.3 Technical skills and performance of MSMEs

Aliyu et al., (2021) carried out a study on the relationship between entrepreneurial skills (technical skills, generic skills, conceptual skills) and the performance of MSMEs operating in the federal capital territory of Abuja, Nigeria. The study used survey research design to collect data from the respondents. The target population for the research was 427 MSMEs. The respondents were owner-managers of the MSMEs. Questionnaires with closed-ended questions were used as tools for the collection of data. The findings showed that conceptual skills and generic skills had positive significant association with performance of MSMEs in Federal Capital Territory of Abuja, Nigeria (Aliyu et al., 2021). Furthermore the study discovered that technical skills have positive insignificant effect to the performance of MSMEs in Federal Capital Territory of Abuja, Nigeria (Aliyu et al., 2021).

In Kwazulu-Natal, South Africa, Lekhanya and Ngibe (2020) did a study to identify critical factors affecting business innovative leadership among manufacturing SMEs. To achieve the objectives of the study, the researchers adopted quantitative research approach. Through convenient sampling method the study identified a sample size of 384 participants. The study used questionnaires with closed ended questions as the convenient tool for collecting data. The data was analyzed using descriptive and inferential statistics with the help of SPSS software. The findings showed that lack of

technical skills, limited information Communication knowledge and poor organizational vision and mission are critical factors that curtail the performance of SMEs involved in manufacturing in KwaZulu-Natal, South Africa (Lekhanya and Ngibe 2020).

Gimi and Lawal (2018) carried out a research titled 'Technical Skills a Panacea to Entrepreneurial Development for Effective Small and Medium Enterprises: A Study of Makarfi and Ikara Local Governments'. The study was done in Makarfi and Ikara States of Nigeria. The objective of the study was to determine the effects of technical skills among entrepreneurs on the growth of SMEs within Makarfi and Ikara local government areas. Self administered questionnaires were used to collect data from respondents; managers and or owners. The target population was 100 SMEs owners and or managers, out of which a sample size of 30 managers and or owners was reached at using the sample size determination table. Then simple random sampling was employed to get specific respondents. Data was analyzed descriptively and inferentially. The nexus between technical skills and growth of SMEs was determined using simple linear regression model. The findings showed that technical skills among managers and or owners lead to the growth of SMEs; technical skills attributed to 55.5% of SMEs growth (Gimi and Lawal 2018).

2.5.4 Innovation skills and performance MSMEs

Osei et al., (2016) carried out a study on the antecedents of process innovation and performance of shoe manufacturing MSMEs located in Ashanti region of Ghana. The population size which doubled up as the sample size was 25 shoe manufacturing MSMEs. The study looked at process innovation from three perspectives; new process, improved process and new and improved distribution process. Data was purposively collected from MSMEs manufacturing shoes in Ashanti region, Ghana. In

determining the relationship between process innovation and performance of MSMEs, structural equation model was employed. The research results indicated that the adoption of new and improved distribution strategy impacted positively on the performance of MSMEs, by reducing the cost of operations and increasing customer satisfaction. This was followed by the adoption of improved process strategy, where the productivity saw a massive improvement in the area of quality and quantity. However, there was no significance in the reduction of the cost of production. The adoption of new process strategy saw an increase in production, but it was associated with high cost of production which negated the performance of MSMEs involved in shoe manufacturing in Ashanti, Ghana. This meant that though adoption of process innovation brought significant positive effect on performance of shoe manufacturing MSMEs in Ashanti, Ghana, the benefit is negated by the high cost associated with it (Osei et al., 2017).

Mugogo (2020) carried out a research on the association between innovation and performance of manufacturing MSMEs in Harare CBD, Zimbabwe. The study targeted all MSMEs involved in manufacturing of non-alcoholic beverages, drinks, clothes, shoes and soaps in Harare CBD, Zimbabwe. The study adopted convergent parallel design between the years 2013-2017.Purposive sampling technique was used to get a sample size of 161 respondents (owner-managers) from the population size of 176.The objective of the study was to establish the level of MSME's innovation and cost of business operation and also verify the relationship between the level of MSMEs innovation and business annual revenues. The study relied on the primary data collected from the owner-manager and secondary data from relevant authorities.

It was discovered that most MSMEs in Harare CBD, Zimbabwe, adopt low level innovations in their business activities because most of them were new or young

businesses and the owner-managers claimed that innovation raised operation costs hence eating into their profit (Mugogo 2020). The findings showed that there was positive significant relationship between both product innovation and process innovation towards performance of manufacturing MSMEs in Harare CBD in Zimbabwe. The study further showed that product innovation was more beneficial compared to process innovation (Mugogo 2020).

2.5.5 Management skills and Performance MSMEs

Ruhiu et al., (2014) carried out a study on the effects of managerial skills to the growth of incubated micro, small and medium enterprises in Kenya. The aim of the study was to highlight the effects of managerial skills offered by incubators on the growth of MSMEs in Kenya. Since the research was interested in both qualitative and quantitative data, descriptive research design was used. The target population was 189 governments, private and institutional incubator businesses in Nairobi County, from which a sample population of 128 incubators were selected using systematic random sampling method. Data was analyzed using multiple regression analysis to show the relationship between the managerial skills and growth of MSMEs whose owner-managers underwent through business incubators with the help of SPSS software application. The study findings showed that MSMEs owner managers who did not get managerial training and experience lack proper management style and are likely to make decisions spontaneously. The research further showed that lack of professional managerial skills account for 90% of MSMEs stagnation and or failure (Ruhiu et al., 2014).

Tarwirei (2015) conducted a study in South Africa to examine the impact of managerial skills on the performance of MSMEs in Buffalo City Municipality in the Eastern Cape Province of South Africa. The objectives of the study were, to

investigate the relationship between managerial competencies and performance of MSMEs, to explore the extent to which human skill impact on MSMEs performance, to establish whether business skills possessed by owner-managers promote high performance in MSMEs and finally, to establish whether technical skills inherent among owner-mangers have an impact on MSMEs performance. The target population was 350 MSMEs out of which stratified random sampling technique was employed to get 184 MSMEs, as the sample size. Self administered questionnaires were used as tools for data collection. The collected data was statistically analyzed using t-test and chi-square to get the research findings and conclusions. Empirical findings indicated that, 80% of the MSMEs were in existence for a period of five years or less, while further 40% were in existence for less than two years. The findings concluded that high performance of MSMEs was found to be heavily linked to managers' technical and business skills (Tarwirei 2015).

2.5.6 Control variable and Performance of MSMEs

Landier et al., (2018) carried out a study on American Corporates listed on the stock market between the years 1992 and 2019.The study aimed to find out the relationship between the internal organizations of the top management team of a firm and corporate performance. The firm age was included in the study as a control variable. The firm age was the years the firm had been trading on the country's stock market. The finding indicated that the firm age had a negative correlation to the firm performance.

Between 2008 and 2016 a study titled 'The effect of age on firm's performance: Evidence from family-owned companies.' was carried out in Turkey (Haykir and Calik 2015).The study used 38 non-financial family-owned companies. The study adopted ordinary least squares estimation method to analyze data. Firm profitability

was used as an indicator for firm performance. The finding showed that firm age had a negative significant relationship to profitability. In conclusion Haykir and Calik (2015) stated that young family-owned companies have a higher return on asset as compared to aged ones.

Akben-Secuk (2016) carried out a study on 302 non-financial firms in Turkey. The research took place between 2005 and 2014.The study employed panel data analysis method to find the relationship between firm age and performance. The findings showed that there was negative relationship between firm age and performance. That, young firms earn a higher profit than older ones

Drogan (2013) carried out a study between 2008 and 2011 on 200 firms that were listed on Turkish Stock Market. The study targeted to find out the effect of firm size on firm performance while using firm age as a control variable. Using regression analysis the findings showed that firm age had a negative significant relationship to firm performance.

Ghafoorifard et al., (2014) carried a study on 94 firms which were listed on Tehran Stock Exchange. The findings showed that firms' performance improved as they got older. The findings were similar with these carried out in Uganda and Tanzania (Osunsan et al., (2015).

Samosir et al., (2018) carried out a study on the effects of cash conversion cycle, firm size and firm age to profitability. The study was done between 2012 and 2014.The sample size was 101 out of a population size of 303 manufacturing companies that were listed on Indonesia Stock Exchange (BEI).The study utilized quantitative research design. Data was collected using purposive sampling method. Data was analyzed using panel data regression using chow test, Hausman test and langrange

multiplier. The findings showed that the variables; cash conversion cycle, firm size and firm age had positive effect on return on asset (Samosir 2018).

2.6 Conceptual Framework

Conceptual framework is a diagrammatic presentation that illustrates the association between independent and dependent variables (Mugenda and Mugenda 2003).Under this study the influence of entrepreneurial skills as independent variable was analyzed against the performance of MSMEs as dependant variable. The components of entrepreneurial skills are technical, innovation and management skills.

INDEPENDENT VARIABLE

ENTREPRENEURIAL SKILLS

TECHNICAL SKILLS

- Opportunity recognition
- Task performance
- Use of tools

DEPENDENT VARIABLE

PERFORMANCE OF MSMSEs

- Sales
- Profit
- Increased number of employees

INNOVATION SKILLS

- Production of unique products
- Embrace challenges
- Risk taking

MANAGEMENT SKILLS

- Effective communication
- Keeping Financial records
- Handling finances

Control variable

Years the business has been in operation
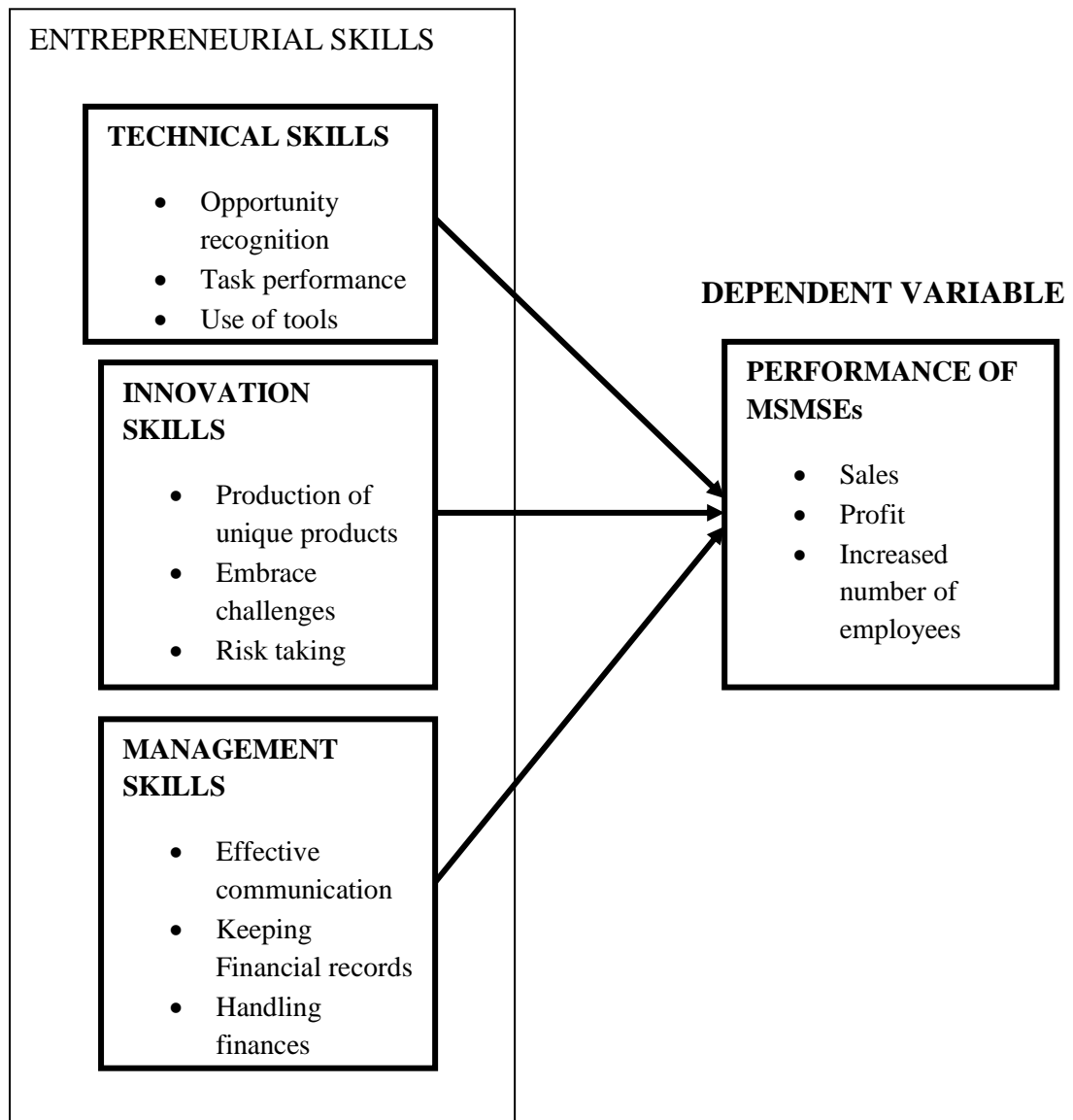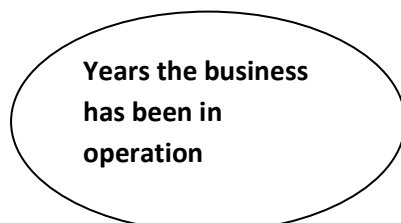
Figure 2.1: Conceptual Framework

Author: Researcher 2022

2.7 Research Gap

There are numerous studies that have been done on the performance of MSMEs both internationally and locally; Tran and Nguyen (2019) studied the effect of policy and infrastructure, internal factors and external factors as major factors affecting performance of MSMEs involved in manufacturing in Vietnam. In Kenya, Kinyua (2013) identified availability of funds, managerial skills, macro-environment and infrastructure as major factors affecting performance of MSMEs in Jua kali sector in Nakuru Town. These studies looked at the general factors influencing the performance of MSMEs; financial and or non-financial factors, macro and or micro factors.

This research is specifically looking at micro factors (entrepreneurial skills); factors that are within the entrepreneurs capability. Studies that have also been carried out locally on entrepreneurial skills and MSMEs performance; Omare and Kyongo (2017) carried out a study on effects of entrepreneurial skills in the performance of MSMEs within Kawangware Division, Nairobi County, Kenya. Atandi (2021) did a research on the need for entrepreneurial skills in the performance of MSMEs in Bungoma County, Kenya. The target population for both studies was heterogeneous. This study aims at specifically the youth entrepreneurs. This is because 37 % of MSMEs are owned by youths (WTO 2019) and a big chunk of unemployed population (65%) in Kenya consists of the youth (ILO, 2015).This gap translate to Matisi Sub-location, Trans-Nzoia County too; the area under study.

2.8 Summary of Literature Review

This chapter looked into previous studies on the influence of entrepreneurial skills and performance of MSMEs. Conceptual framework was also used to show how entrepreneurial skills (Technical skills, innovation skills and management skills)

influence performance of MSMEs in relation to sales, Return on Investment and increased number of employees. The theories; Resource Based View Theory and Balanced Score Card Theory were used as a basis on which this study was founded. The research gap has also been presented.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Overview

This chapter constitute research design, description of the study area, target population, sampling design, sample size, data collection procedures, pilot study, data processing, data analysis, data presentation, measurement of study variables, limitation of the study and ethical considerations in carrying out research.

3.2 Research Design

The research design that was considered appropriate for this study was explanatory research design. It was viewed as suitable to explain the casual-effect relationship between entrepreneurial skills and performance of MSMEs. Explanatory research design is employed to develop a hypothesis that can explain the occurrence of a specific phenomenon that has attracted various studies whose finding(s) has not been consistent or conclusive (Nyaribo et al., 2012). It is therefore fit for a study that intend to get a better understanding of a phenomenon in order to come up with a better or new idea that can be done to improve the current situation (Awino 2011;Creswell 2013). Creswell (2013) further emphasizes the importance of explanatory research design in carrying out quantitative research which entails use of questionnaires on a sample, whose findings is in form of mean, standard deviation, frequency and percentages. Therefore explanatory research design was used to explain the relationship between entrepreneurial skills and performance of MSMEs in Matisi Sub-location, Trans-Nzoia County, Kenya.

3.3 Description of the Study Area

This study was carried out in Matisi Sub-location, Trans-Nzoia County, Kenya. Matisi Sub-location constitutes the Western part of Kitale Town (Headquarter for Trans-

Nzoia County).This area is highly populated and has many MSMEs. It was previously owned by large scale farmers. But due to increased population, serious land fragmentation took place. The area is now characterized by very high number of MSMEs that serve the high population in the many informal settlements that are dotted all over the area (Statistical Abstract (2013).

3.4 Target Population

The targeted population under this study were youth owned and or managed MSMEs operating within Matisi Sub-location, Trans-Nzoia County that were registered to carry out business by the County Government of Trans-Nzoia. They should have been in operation for more than one year. This is because the existing MSMEs would be presumed to be embracing entrepreneurial skills.

Table 3.1: Population of youth owned/managed MSMEs in Matisi Sub-Location, Trans-Nzoia County

MSMEs Category	MSEs Population
Eateries	170
Trading	851
Service	213
Building and Construction	31
Transport	14
Processing	29
Financial	14
Total	**1322**

Source: KNCCI, Kitale (2021).

3.5 Sampling Design and Sample Size

This study used stratified proportionate random sampling design. This is because the target population was heterogeneous in nature (Cooper and Schindler 2014). Stratification was employed to get specific population size in each stratum (Cooper

and Schindler 2014).The sample size in each stratum was arrived at by taking a fraction of the population multiplied by the sample size (Diaz-Cardenas and Diaz-Furlong 2019). This was repeated in all the strata. Then simple random sampling technique was applied to each cluster to get the specific respondents to be involved in the research (Cooper and Schindler 2014).

The sample size was computed by employing the Yamane (1967) simplified formula.

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

Where;

n   -   Sample size

N   -   Population size.

e   -   the level of precision (0.05)

1   -   Constant

This formula assumes a degree of error to be 5% and the level of confidence of 95% (Yamane 1967).

From table 3.1 above, the target population was 1322.Using the Yamane (1967) simplified formula the sample size will be

$$n = \frac{1322}{1 + 1322(0.05)^2}$$

$$n = 307$$

Table 3.2: Sample size of youth owned/managed MSMEs in Matisi Sub-Location, Trans-Nzoia County

MSEs Category	Youth owned MSEs Population	Youth owned MSEs Sample Size
Eateries	170	**40**
Trading	851	**198**
Service	213	**49**
Building and Construction	31	**7**
Transport	14	**3**
Processing	29	**7**
Financial	14	**3**
Totals	**1322**	**307**

Source: Researcher 2022.

3.6 Data Collection Instrument

This study solely utilized primary data. Questionnaires were be used to collect the primary data. This is because questionnaires are cost effective i.e. questionnaires are self administered (Cooper and Schindler 2011). The questions were closed-ended with provided answers ranging from a very great extent, a great extent, some extent, a low extent and not at all, that were ordinally represented from 5-1 respectively. The information that led us to collect data was for the month of August 2021, from KNCCI offices, Kitale Branch.

3.7 Data Collection Procedure

In order to collect data, the researcher had an approval from the School of Business and Economics, Moi University; through issuance of introductory letter. The researcher was also accorded permission from National Commission for Science, Technology and Innovation (NACOSTI).This too was necessary in order to collect data from owners and or managers of MSMEs in Matisi Sub-Location,Trans-Nzoia

County, Kenya. The questionnaires were dropped and later picked (drop and pick later method) after two to seven days depending on the agreed time for the literate respondents. This was necessary to allow respondents to answer questionnaires at relatively flexible time frame. For these who were unable to answer the questionnaires on their own, the researcher and or the assistant assisted them.

Rate of response is the percentage of questionnaire duly filled and returned to the researcher. There is no scholarly consensus on the rate of response (Kamel and Lloyd 2016). Baruch and Holton (2008) suggest that a response rate of between 50% and 80% in Business and Management research is acceptable. However, according to Kamel and Lloyd (2019) a response rate of between 16%-91% is appropriate. The unwritten rule is that the higher the response rates the better; it provides confidence to the stakeholders (Kamel and Lloyd 2016). For this study we targeted to collect over 75% of duly answered questionnaires; 230 questionnaires.

3.8 Pilot Study

This was a trial study, done in preparation for the main study (Morin 2013).Cooper and Schilder (2014) advises that respondents used in the pilot study should be excluded in the actual data collection exercise. Therefore our pilot study for this research was conducted within Makutano market, West Pokot County, Kenya. This is because dominant business enterprises in Makutano market are MSMEs. The pilot study was done to ascertain the validity and reliability of the questionnaires and also discover the unforeseen challenges that we might have encountered during the actual data collection exercise (Saunders et al., 2012).Cooper and Schilder (2014) guided on how a pilot study was to be conducted. They suggest that a pilot study should be

carried out on between 5%-10% of the sample size. For our case, we used 10%.Therefore 31 respondents were used in our pilot study.

3.8.1 Validity of research instrument

Validity is the ability of a research instrument to measure accurately what it is meant to measure (Krysik and Finn, 2013, Zikmund et al., 2010). The following basic approaches were considered vital in evaluating the validity of the questionnaire; content validity, construct validity, criterion validity and face validity. Content validity and face validity are associated with ensuring that the instrument includes all the items that are essential and eliminates unnecessary items (Lewis et al., 1995;Boudreau et al., 2001).To establish content validity, literature was reviewed to determine the traits of the study concepts and variables as used by other researchers (Hamed 2016).In addition, the research instrument (questionnaire) was subjected to thorough examination by the researcher and the supervisors then adjusted as per their recommendations (Oluwatayo 2012;Hamed 2016). Construct validity refers to how well a research instrument measures the abstract concepts and traits; ability, knowledge and attitudes (Booth et al., 2008). This study looked at the concept of casual relationship thus the causes and effects of variables should be highlighted by the research instrument. To meet the construct validity, factor analysis was done and items with factor loading of more than 0.5 were retained while these with less than 0.5 were dropped from the study (Garver & Mentzer, 1999; Liao et al 2007). Criterion or concrete validity is the extent to which a measure is related to an outcome. Comparison was made between how past similar concept(s) was measured in relation to current accepted measures of the same concepts (Booth et al., 2008).

3.8.2 Reliability of research instrument

Reliability is the consistency of a research instrument in measuring similar variables every time it is utilized under the same conditions (Cronbach 1951).It is the extent to which an instrument yields the same results on repeated trials. There are several options of conducting reliability of a research instrument. For this study, Cronbach Alpha model was used to measure the consistency of the questionnaire. In the use of Cronbach Alpha model, value of items included in the study should not be lower than 0.8 (Taber 2018).On the other hand Golafshani (2003) emphasizes that when using Cronbach Alpha model, values of variables should not be lower than 0.7 i.e. the more the coefficient the more reliable the instrument. His view is supported by Gliem and Gliem (2003).But Sekaran and Bougie (2013) asserts that for studies in social sciences, 0.6 and above is appropriate to test reliability of an instrument. For this case we shall use Cronbach Alpha coefficient of 0.7 and above to test for the reliability of our instrument (Cronbach Alpha 1951).

3.9 Data Processing, Analysis and Presentation

Table 3.3 Summary of data possessing, analysis and presentation

STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6	STEP 7
Data Processing	Testing Regression Assumptions	Reliability Tests	Validity Tests	Descriptive Statistics	Tests of Regression Assumptions	Data Presentation
Data screening and entry	Normality Linearity Homogeneity of Variance Multicolinearity Homoscedasticity	Cronbach alpha of above 0.7	-Content validity -Construct validity -Criterion validity -Face validity	Means, Frequency, Std deviation, Percentage,	Multiple linear regression	Tables, Charts, Graphs, Discussions, Descriptions

3.9.1 Data processing

Data processing entails coding of responses, screening and cleaning. Since the questionnaires were coded, data coding was not necessary. Data cleaning and screening were critical in ensuring the accuracy of the data, identification of missing values and outliers. Missing values were filled with the mean value as advised by Tabachnick and Fidell (2001). Accuracy of the data was checked through proof reading of data and filings them against the original data on the questionnaires. The proof read data was then entered into the Statistical Packages of Social Sciences (SPSS) version 23 for analysis; generation of quantitative report.

3.9.2 Data analysis

The data was analyzed using descriptive and inferential statistics. The descriptive statistics was used to summarize data into understandable forms; mean, standard deviation, percentage and frequency. The mean or average is an important measure of Central tendency; it depicts the general picture of the variables under study. The demography of the sample population and profile of MSMEs under this study was

shown in percentages, while the rate of occurrence of specific responses was shown in form of frequencies. The standard deviation was used to show how varied the responses were from the mean or the most common response. Thus descriptive statistics was important in getting quantitative characteristics of respondents/outcomes and the profile MSMEs.

Inferential statistics; Pearson correlation analysis and multiple linear regression analysis were paramount in making deductions from the sample to the entire population. Correlation analysis was also conducted because of the need to find out the association between entrepreneurial skills and performance of MSMEs. This was reached through the use of Pearson Correlation analysis. This is because it is an appropriate tool for finding out the relationship between variables (Venderstoep and Johnson 2009) i.e. between entrepreneurial skills and performance of MSMEs. Venderstoep and Johnson (2009) asserts that the closer the correlation(r) is to +1.0 or to -1.0 the greater the degree of association between the two variables. Pearson Correlation analysis was conducted at 95% confidence level and 5% significance level. There was also the need to conduct multiple linear regression analysis. Multiple linear regression analysis is utilized in predicting the unknown value of variables from the known value of more than one variable (Hair et al., 2006; Osborne, 2000).

For this study, Multiple linear regression analysis was used in predicting the strength of change in MSMEs performance from the known values of specific entrepreneurial skills (technical skill, innovation skill and management skill).Hair et al., (2006) and Osborne (2000), states that multiple linear regression analysis is the most appropriate tool in predicting unknown value of a variable from known values of more than two variables. Statistically the appropriateness of using multiple linear regression analysis was determined using the coefficient of the determination; R-square in the ANOVA.

R-square lies between 0 and 1. The closer it is to 1, the fit the analysis model for this study.

$Y= \beta_0+C+\varepsilon$ ………………………………….…………..Model 3.1

$Y= \beta_0+\beta_1X_1+\beta_2X_2+ \beta_3X_3+C+\varepsilon$.…………………………….…..Model3.2

Y- Performance of MSMEs

β_0- Constant

$\beta_1, \beta_2, \beta_3$ - Regression Coefficient

X_1 -   Technical skills

X_2 -   Innovation skills

X_3 -   Management skills

C   -   Control variable (Years MSMEs has been in operation)

ε -   Error term

3.9.3 Assumptions of the regression Model

Before running the multiple linear regression analysis it was critical to test for assumptions (Osborne and Waters, 2002).According to Osborne and Waters(2002) there are five major assumptions that should be considered in multiple regression analysis model; normality, linearity, multicolinearity, homogeneity of variance and homoscedasticity.

This is necessary since most statistical tests rely upon certain assumptions about the variables used in the analysis (Osborne and Waters, 2002). When these assumptions are overlooked the results may cause type 1 or type 2 error from over or under estimation of the significance (Osborne and Waters, 2002).

3.9.3.1 Variables are normally distributed

Regression analysis assumes that variables are normally distributed. Non-normally distributed variables (highly skewed or kurtotic variables with substantial outliers) can distort relationship and significance of the tests. This assumption was ascertained through visual inspection of data plots; skewness and kurtosis. Skewness helped to examine the symmetry of data distribution, while kurtosis was used to check the peakedness or flatness of data distribution (Tabachnick and Fidell 2013).

3.9.3.2 Linearity of relationship between the independent and dependent variable

Multiple Regression analysis can accurately estimate the relationship between dependent and independent variables; when the relationship is linear (Osborne and Waters 2002). This is because there are many instances in social sciences where non-linear relationships occur. Non-linear relationship between the independent and dependent variable can lead to increased chances of type 1 or 2 error due to overestimation or under estimation of the true relationship respectively.

3.9.3.3 Homogeneity of variance

This is an assumption that variables are measured without error(s).As mentioned earlier, measurement of variables in social sciences are prone to error(s) (Osborne and Waters, 2002).In multiple linear regression analysis, the more the independent variable the less the accuracy of the relationship between them and dependent variable. Thus leading to type 1 or type 2 error (Osborne and Waters, 2002).Homogeneity of variance can be checked using Levene test. The errors can be corrected by the reduction of the number of independent variables.

3.9.3.4 Assumption of homoscedasticity

Homoscedasticity means that the variance of error is the same across all levels of the independent variables. Slight homoscedasticity has insignificance effect on the results but high homoscedasticity can lead to serious distortion of the findings resulting to type 1 error (Berry and Feldman, 1985; Tabachnick and Fidell, 1996). Homoscedasticity was checked by visual examination of the scatter plot of the standardized residuals (the errors) by the regression standardized predicted value. Where residuals are randomly scattered around 0 i.e. the horizontal line, then there is homoscedasticity, whereas heteroscedasticity is characterized by uneven distribution around 0 or the horizontal line. In case of heteroscedasticity, Box-Cox transformation can be utilized to normalize the data (Box and Cox, 1964).This is possible by the use of SPSS.

3.9.4 Data presentation

The analyzed data will be presented in form of tables, charts, graphs, descriptions and discussions.

Table 3.4: Measurement of study variables

Objectives	Variables	Indicators	Scale of measurement	Data collection tools	Tools of analysis
To establish how technical skills among youth entrepreneurs influence the performance of MSMEs in Matisi Sub-location, Trans-Nzoia County, Kenya.	-Technical skills	-Opportunity recognition and exploitation -Task performance -Quality product/service. -Use of tools	-Ordinal	-Questionnaire	-Percentage -Frequency -Mean -Std deviation
To determine how innovation skills among youth entrepreneurs influence the performance of MSMEs in Matisi Sub-location, Trans-Nzoia County, Kenya.	-Innovation skills	-Unique products/Service -Unique business operations -Embrace changes/challenges -Risk taking	-Ordinal	-Questionnaire	-Percentage -Frequency -Mean -Std deviation
To assess how management skills among youth entrepreneurs influence the performance of MSMEs in Matisi Sub-location Trans-Nzoia County, Kenya.	Management skills	-Handling finances -Preparing financial records -Employee supervision -Involving others in decision making -Business planning	-Ordinal	-Questionnaire	-Percentage -Frequency -Mean -Std deviation
Performance of MSMEs in Matisi Sub-location Trans-Nzoia County, Kenya.	Performance of MSMEs	-Sales -Profit -Increased Number of Employees -Increased pay	-Ordinal	-Questionnaire	-Percentage -Frequency -Mean -Std deviation

3.10. Limitation of the Study

In conducting this research, questionnaires with closed-ended questions were used. These types of questions limit the freedom of the respondents; their answers are confined to the options given by the researcher (Hyman and Sierra, 2016). The researcher needed two research assistants to carry out the data collection exercise; it was costly. Lastly some respondents objected participating in this research. They cited time constraint as the reason for their decision. This forced the researcher and his assistants to allocate more time to such respondents than the rest. Thus data collection exercise period was extended. For those that objected to take part in the exercise for reasons that could not be remediated, further random sampling was done to get the next respondent.

3.11 Ethical Considerations

Upon getting introductory letter from the department of Management Science and Entrepreneurship, the researcher acquired research permit from NACOSTI and the county government of Trans-Nzoia. The researcher vividly informed the respondents the nature and purpose of the study. That it was solely meant for academic purpose. The respondents were given the liberty to participate in the research without being coerced. According to Akaranga and Makau (2016) the respondents were at liberty not to undertake a research exercises if they were unwilling and were also allowed to withdraw from the exercise even if they had earlier agreed to participate. In case of unwillingness or withdrawal of respondent(s) another random sampling was done to find another respondent(s). The other ethical issue was plagiarism. According to Randhawa et al., (2014), plagiarism refers to claiming credit to literature that belongs to someone else. It also involves taking and using another person's thought as if they were their own. Randhawa et al., (2014) emphasizes that it is ethical to acknowledge

other scholars work. This was highly considered. The researcher collected, analyzed and presented data to fulfill the objectives of this study without any sort of manipulations.

CHAPTER FOUR

DATA ANLYSIS PRESENTATION AND INTERPRETATION

4.1 Overview

This chapter covers data analysis, presentation and interpretation of the research findings. It captures response rate, data screening, demographic characteristics of respondents, variable reduction, descriptive statistics of the study variables, testing of multiple linear regression assumptions, testing of hypothesis and discussion of the study findings.

4.2 Response Rate

A total of 307 questionnaires were issued, out of which 293 were collected after having been duly filled. Thus representing a response rate of 95.4%.Although there is no specific response rate that is considered as a benchmark (Kamel and Lloyd 2016), Kamel and Lloyd (2016) suggested that a response rate of between 50% and 80% is acceptable. Since the target was 75% yet the achieved target was 95.4%. This was considered an excellent response rate for this study.

4.3 Data Screening

Data screening is essential to get rid of coding error(s). This is because such errors adversely affect the mean and standard deviation of descriptive statistics such as this. Therefore screening involved checking data for missing values and outliers. There was no outlier but there were three missing values which were corrected by the use of mean as advised by Tabachnick and Fidell (2013).

4.4 Demographic Characteristics of Respondents

This section discusses the gender, age and academic qualifications of respondents. The information is not only necessary for understanding the profile of respondents but for also making inferences.

4.4.1 Gender of respondents

The results in table 4.1 indicate that 53.6% of respondents were males while 46.4% were females. This implied that majority of MSMEs owners and or managers were males. Although there was gender imbalance but it's not substantial to warrant concerns based on two-thirds gender rule.

Table 4.1: Gender of respondent

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	136	46.4	46.4	46.4
	Male	157	53.6	53.6	100.0
	Total	293	100.0	100.0	

4.4.2 Age of respondents

The results in Table 4.2 show that most of the respondents were between the ages of 30-34 signifying 36.5%. Moreover, 30.7% of the respondents were aged between 26-29 years. Additionally, those respondents with ages between 22-25 years of age were 24.9%. The lowest age group of the respondents was aged between 18-21 representing 7.8 %.

Table 4.2: Age of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-21 years	23	7.8	7.8	7.8
	22-25 years	73	24.9	24.9	32.8
	26-29 years	90	30.7	30.7	63.5
	30-34 years	107	36.5	36.5	100.0
	Total	293	100.0	100.0	

4.4.3 Academic qualification of respondents

This study was also interested in finding out the level of academic education among entrepreneurs in relation to starting and or running of MSMEs.

The results as per table 4.3 shows that the highest respondents were these with form four education and below representing 48.1% .The second highest respondents were these who had attained certificate level of academics education signifying 23.5%.Next were these with diploma level of education at 18.4%.The last cadre of respondents were these with degree, they represented 9.9% of the sample size.

Table 4.3: Education level of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Form 4 and below	141	48.1	48.1	48.1
	Certificate	69	23.5	23.5	71.7
	Diploma	54	18.4	18.4	90.1
	Degree	29	9.9	9.9	100.0
	Total	293	100.0	100.0	

4.5 Descriptive Statistics

Entrepreneurial skills were conceptualized as independent variable comprising three constructs, namely; technical skills, innovation skills and management skills. A five point likert scale was used to measure the parameters ranging from 1-not at all, 2-to a low extent, 3-to some extent, 4-to a great extent and 5-to a very great extent. The respondents were asked to indicate their agreement or disagreement with each construct. The descriptive statistical analysis captured the mean and standard deviation of each construct.

4.5.1 Descriptive statistics for technical skills

Six items were used to measure technical skills. Table 4.4 shows that respondents who performed tasks competently were the majority with a mean of 3.63, followed by

these that produced quality products with a mean of 3.54, then these that produce products efficiently with a mean of 3.53.Respondents that used appropriate tools/formulas/procedures in doing business had a mean of 3.41.These who were able to identify business opportunity and exploit it/them had a mean of 3.24 and these that had necessary skills for the performance of tasks in their businesses were last with the mean of 3.15.

Table 4.4: Descriptive Statistics for technical skills

	N	Minimum	Maximum	Mean	Std. Deviation
I have identified business opportunity and exploited it	293	1	5	3.24	1.090
I perform tasks competently	293	1	5	3.63	.983
I produce products efficiently	293	1	5	3.53	1.058
I produce quality goods/provide quality services	293	1	5	3.54	1.080
I use necessary tools/formulas/ procedures appropriately in doing business	293	1	5	3.41	1.055
I have necessary skills for performing tasks in my business	293	1	5	3.15	1.136
Valid N (listwise)	293				

Source: Research Data (2022)

4.5.2 Descriptive statistics for Innovation skills

Innovation skills were measured using eight constructs. Table 4.5 reveals that most respondents agreed that they conduct their businesses uniquely/differently compared to their competitors. This is evidenced by a mean of 3.54.The next popular statement was 'I consider gains and losses before undertaking risky business decision' with a mean of 3.37.The statement 'I embrace challenges in running my business' came in third with a mean of 3.35. Ability of the managers/owner to look for information /ways of improving their businesses came in fourth with a mean of 3.20.

This was followed by the use of technology in conducting business; with a mean of 3.14.Next was adoption to changes with a mean of 3.10. The statement 'I came up with new or unique product(s) or service(s)' was second last with a mean of 2.97 .The

last item was 'I rarely depend on others to solve challenges in my business,' with a mean of 2.74.

Table 4.5: Descriptive Statistics for Innovation skills

	N	Minimum	Maximum	Mean	Std. Deviation
I came up with a new or unique product(s) or service(s) for sale	293	1	5	2.97	1.206
I look for information/ ways on how to improve my business	293	1	5	3.20	1.184
I conduct my business uniquely/differently from my competitors	293	1	5	3.54	1.028
I embrace challenges in running my business	293	1	5	3.35	1.018
I adapt to changes	293	1	5	3.10	1.179
I rarely depend on others to solve challenges in my business	293	1	5	2.74	1.215
I use technology in conducting my business	293	1	5	3.14	1.155
I consider gains and losses before undertaking a risky business decision	293	1	5	3.37	1.038
Valid N (listwise)	293				

Source: Research Data (2022)

4.5.3 Descriptive Statistics for management skills

The management skills were measured in eight dimensions. Table 4.6 reveals that majority of respondents agreed with the dimension 'I keep my business finances' which had a mean of 4.00. 'Providing guidance to employees' followed with a mean of 3.98.Then owner/managers understanding all business operations that take place in their business all the time, followed with a mean of 3.96.Next dimension was the keeping of business financial records with a mean of 3.87.Having management skills came in fifth with a mean of 3.55.Then followed the item 'I made a viable business plan(s) for my business' with a mean of 3.39.The statement 'We work as a team'

came in seventh with a mean of 2.80.It was closely followed by the construct 'I supervise my employees' with a mean of 2.78.Provision of conducive working environment for employees came in ninth with a mean of 2.40 and last was the involvement of other stakeholders in decisions making with a mean of 2.39.

Table 4.6: Descriptive Statistics for management skills

	N	Minimum	Maximum	Mean	Std. Deviation
I handle my business finances	293	1	5	4.00	1.112
I keep my business financial records	293	1	5	3.87	1.070
I understand all operations that take place in my business all the time	293	1	5	3.96	1.018
I work as a team	293	1	5	2.80	1.296
I provide guidance to my employees	293	1	5	3.98	1.008
I supervise my employees	293	1	5	2.78	1.298
I involve other stakeholders in making decisions in my business	293	1	5	2.39	1.277
I made a viable business plan(s) for my business	293	1	5	3.39	1.141
I have management skills	293	1	5	3.55	1.174
I provide conducive working environment for my employees	293	1	5	2.40	1.274
Valid N (listwise)	293				

Source: Research Data (2022)

4.5.4 Descriptive statistics for performance of MSMEs.

Performance of MSMEs was described using nine items. From table 4.7, majority of respondents indicated that improved performance of their businesses was characterized by increased sales, it had a mean of 3.44.Expanded market base was the next item that revealed improved performance of MSMEs. It had a mean of 3.25.It was closely followed by the statement 'I increase employee's pay often' with a mean of 3.24.The next dependent construct was futurity of the business. It had a mean of 3.21.The fifth dimension to describe performance of MSMEs was earning profit. It

had a mean of 3.20.It was followed by automation of key business operations with a mean of 3.15.The next item was being on the right track to achieving set objective or having achieved it. It had a mean of 3.14.The second last dependent construct that signified performance of MSMEs was increased profit with a mean of 3.00.The item that was last in describing performance of MSMEs was increased number of employees. It had a mean of 2.35.

Table 4.7: Descriptive Statistics for performance of MESMEs

	N	Minimum	Maximum	Mean	Std. Deviation
Sales have grown	293	1	5	3.44	1.060
Market base for my products/services has expanded	293	1	5	3.25	1.075
I earn profit from this investment	293	1	5	3.20	1.146
Profit has been increasing	293	1	5	3.00	1.106
Number of employees has increased	293	1	5	2.35	1.378
I have automated key business operations	293	1	5	3.15	1.126
I increase employee's pay often	293	1	5	3.24	1.087
I see a bright future for your business	293	1	5	3.21	1.087
I have achieved my objective/am on the right track to achieving it.	293	1	5	3.14	1.159
Valid N (listwise)	293				

Source: Research Data (2022)

4.6 Test for Reliability

Reliability is the ability of a measurement instrument to give similar/same results each time it is utilized (Ahlstrom et al., 2014;Cronbach 1951)Reliability is expressed as a coefficient between 0.00 and 1.00.The higher the coefficient the more reliable the instrument (Wong and Hiew 2005). To ascertain the degree of reliability of the research instrument for this study   Cronbach Alpha Statistical instrument was used. Golafshani (2003) asseverates that Cronbach Alpha coefficient of 0.7 and above signifies reliability of an instrument. His argument is supported by Tavakol and

Dennick (2011).From table 4.8 the overall Cronbach Alpha coefficient was 0.95, signifying that the questionnaire was reliable.

Table 4.8: Test results for reliability

Construct	Number of items	Cronbach's Alpha
Technical skills	6	0.827
Innovation skills	8	0.830
Management skills	10	0.871
Performance of MSMEs	9	0.940
Overall item and their reliability	**33**	**0.953**

Source: Research Data (2022)

4.7 Factor Analysis

The construct validity of the research instrument was tested using factor analysis. Factor analysis reduces the number of constructs to manageable level that is clearer to the researcher. It also determines the ability of the research instrument to measure what it is designed to (Zikmund et al., 2010;Krysik and Finn 2013).Basing on Kim et al.,(2005) items with factor loading value of less than 0.5 are not considered in factor analysis i.e. should be discarded. This is further emphasized by Tabachnick and Fidell (2011) and Field (2005) who asserted that items with factor loading of less than 0.5 on Kaiser-Meyer-Olkin and Bartletts tests should not be considered.

To determine the factor analysis all study variables were run through Principle Component Analysis (PCA) extraction with Varimax (orthogonal) rotation and Keizer Meyer Olkins (KMO) Normalization.

4.7.1 Factor analysis for Technical skills

To determine construct validity for technical skills all the six items were run through principle component analysis extraction with varimax (orthogonal) rotation. From table 4.9 the overall results shows that the Kaizer Meyer Olkins value was 0.717,

Bartlett's test results had a chi-square of 797.830 and a significance value of 0.000.As depicted in table 4.9 all the items had factor loadings of between 0.532 and 0.825 meaning that they were all above the minimum acceptable value of 0.5.Therefore they were all appropriate in measuring technical skills. All the six items loaded on one factor which accounted for 54.7% of variance.

Table 4.9: Principle Component Analysis for Technical skills

Items (N= 293)	Factor Loadings	% Variance
I have identified business opportunity and exploited it	.532	54.696
I perform tasks competently	.689	
I produce products efficiently	.825	
I produce quality goods/provide quality services	.818	
I use necessary tools/formulas/procedures appropriately in doing business	.825	
I have necessary skills for performing tasks in my business	.703	
Meyer – Olkins (KMO)	**.717**	
Chi-Square	**797.830**	
Significance	**0.000**	

Source: Research Data, (2022)

4.7.2 Factor Analysis for Innovation Skills

To ascertain factor analysis for innovation skills, all eights constructs were used. The constructs were subjected to principle component analysis extraction with varimax (orthogonal) rotation that resulted to Kaiser Meyer Olkin statistic value of 0.693 as shown in table 4.10. The Bartlet test of sphericity had chi-square of 1229.868 and the significant value was 0.000. The eight items loaded on two factors. Variance explained by factor 1 was 46.419 and factor 2 was 21.58 (Appendix 3) .Meaning factor 1 determined 46.419 of the variance while factor 2 determined 21.58 of the variance. All the items had a factor loading of between 0.606 and 0.915.This is above the required minimum value of 0.5.

Table 4.10: Principle Component Analysis for Innovation skills

Items (N= 293)	Factor Loadings	% Variance
I came up with a new or unique product(s) or service(s) for sale	0.815	46.419
I look for information/ways on how to improve my business	0.915	21.587
I conduct my business uniquely/differently from my competitors	0.835	
I embrace challenges in running my business	0.646	
I adapt to changes	0.819	
I rarely depend on others to solve challenges in my business	0.821	
I use technology in conducting my business	0.797	
I consider gains and losses before undertaking a risky business decision	0.606	
Meyer – Olkins (KMO)	**0.693**	
Chi-Square	**1229.868**	
Significance	**0.000**	

Source: Research Data, (2022)

4.7.3 Factor Analysis for Management Skills

In determining the factor analysis for management skills, all the ten items under management skills were subjected to principle component analysis extraction with varimax (orthogonal) rotation. The factor loading was between.700 and .968 (table 4.11) signifying that all the items have correlation with the variable management skills. The Kaiser Meyer Olkin statistic had a measure of 0.771 and Bartlett's test had a chi-square of 4690.080 while the significance value was 0.000. Therefore this meant that the sample data was adequate and appropriate for principle component analysis. The items were loaded on three factors. Factor 1 had a variance of 48. 490, factor 2 had 23.844 and factor 3 had 11.471(Appendix 3).Meaning factor 1 determined 48.5% of the variance.

Table 4.11: Principle Component Analysis for Management Skills

Items (N= 293)	Factor Loadings	% Variance
I handle my business finances	0.798	48.490
I keep my business financial records	0.876	23.844
I understand all operations that take place in my business all the time	0.944	11.471
We work as a team	0.953	
I provide guidance to my employees	0.940	
I supervise my employees	0.950	
I involve other stakeholders in making decisions in my business	0.968	
I made a viable business plan(s) for my business	0.729	
I have management skills	0.700	
I provide conducive working environment for my employees	0.966	
Meyer – Olkins (KMO)	**0.771**	
Chi-Square	**4690.080**	
Significance	**0.000**	

Source: Research Data, (2022)

4.7.4 Factor Analysis for Performance of MSMEs

All the nine (9) items were run through principle component analysis extraction with varimax (orthogonal) rotation to get factor analysis for performance of MSMEs. Kaiser Meyer Olkins statistical value was 0.866 and Bartlet test of sphericity had a chi-square of 2332.592 with a significance value of 0.000.All the factor loadings ranged between 0.681 and 0.880 meaning they were all above the minimum acceptable value of 0.5.All the items loaded on one factor. The variance was 69.116, meaning the total variance explained by the single factor was 69.116 %.

Table 4.12: Principle Component Analysis for Performance MSMEs

Items (N= 293)	Factor Loadings	% Variance
Sales have grown	0.880	69.116
Market base for my products/services has expanded	0.865	
I earn profit from this investment	0.873	
Profit has been increasing	0.776	
Number of employees has increased	0.681	
I have automated key business operations	0.795	
I increase employee's pay often	0.886	
I see a bright future for this business	0.878	
I have achieved my objective/am on the right track to achieving it	0.825	
Meyer – Olkins (KMO)	**0.866**	
Chi-Square	**2332.582**	
Significance	**0.000**	

Source: Research Data, (2022)

4.8 Correlation Analysis

To get the relationship between entrepreneurial skills and performance of MSMEs in Matisi Sub-location Trans-Nzoia County Kenya, Pearson Correlation Analysis was conducted at 95% confidence level and 5% significance level. Correlation is significant when it ranges from -1 to +1.The closer the correlation factor is to -1 or +1 the stronger the association /relationship (Tabachnick et al., 2007; 2013).

Table 4.13 shows that correlation between entrepreneurial skills (technical skills, innovation skills and management skills) and performance of MSMEs at significant level 0.01.

Table 4.13: Correlations between entrepreneurial skills and performance of MSMEs

		Zscore(Perf)	Zscore(Techsk)	Zscore(InnoSk)	Zscore(MgtSK)
Zscore(Perf)	Pearson Correlation	1	.652**	.636**	.702**
	Sig. (2-tailed)		.000	.000	.000
	N	293	293	293	293
Zscore(Techsk)	Pearson Correlation	.652**	1	.748**	.673**
	Sig. (2-tailed)	.000		.000	.000
	N	293	293	293	293
Zscore(InnoSk)	Pearson Correlation	.636**	.748**	1	.635**
	Sig. (2-tailed)	.000	.000		.000
	N	293	293	293	293
Zscore(MgtSK)	Pearson Correlation	.702**	.673**	.635**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	293	293	293	293

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

The relationship between management skills and performance of MSMEs was the strongest with r=0.702 at p-value 0.000.This was followed by the relationship between technical skills and performance of MSMEs with r=0.652 at p-value 0.000.The correlation between innovation skills and performance of MSMEs had a range of 0.636 with a significance level of 0.000.In conclusion, results from table 4.13 shows that the relationship between entrepreneurial skills and performance of MSMEs fell within the acceptable range, this is because the significant level was p<0.01.

4.9 Tests for regression assumptions

Testing for regression assumptions was necessary to ascertain the appropriateness of multiple linear regression models in analyzing data for this study. Without

considering these assumptions possibility of occurrence of type I or type II errors is likely thus compromising the results.

4.9.1 Testing for normality

Data was checked for normality through visual inspection of the graph; skewness and kurtosis. The histogram and graph indicated normal curve meaning data was normally distributed. This is shown in figure 4.1 where kurtosis was between -0.897 and 0.1 which was well within acceptable range of -2 and 2 .Skewness was from -0.308 to 0.439 which was within acceptable range of between -1.96 and 1.96 (Garson 2012).

Normality test
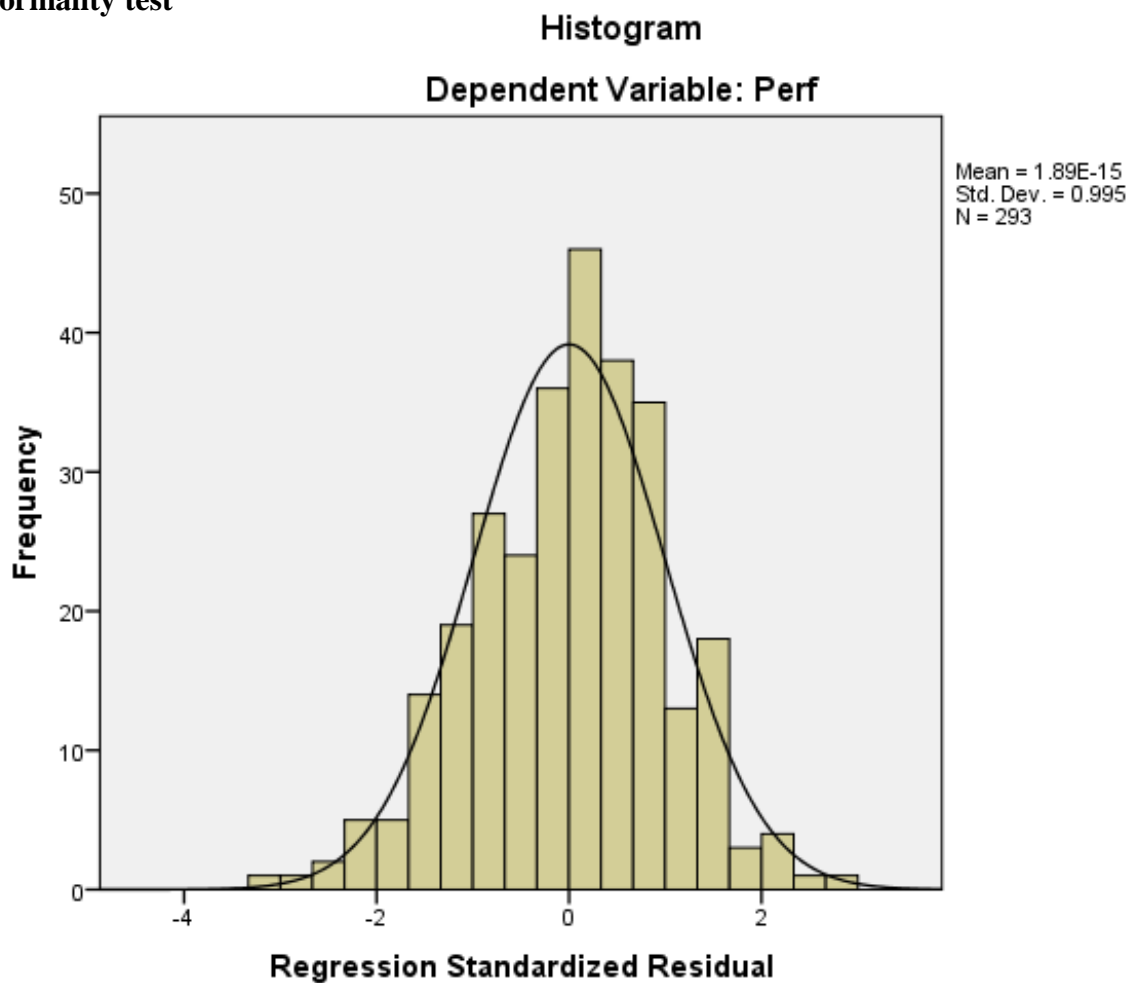
Figure 4.1: Normality

4.9.2 Testing for linearity

In testing for linearity, P-P plot of regression standardized residual shows R^2 linear=0.997 implying that 99.7% of the performance of MSMEs is determined by entrepreneurial skills (technical skills, innovation skills and management skills).The relationship between entrepreneurial skills and performance of MSMEs was linear because the R^2 (0.997) is short of 0.003 to get to 1 as shown in figure 4.2
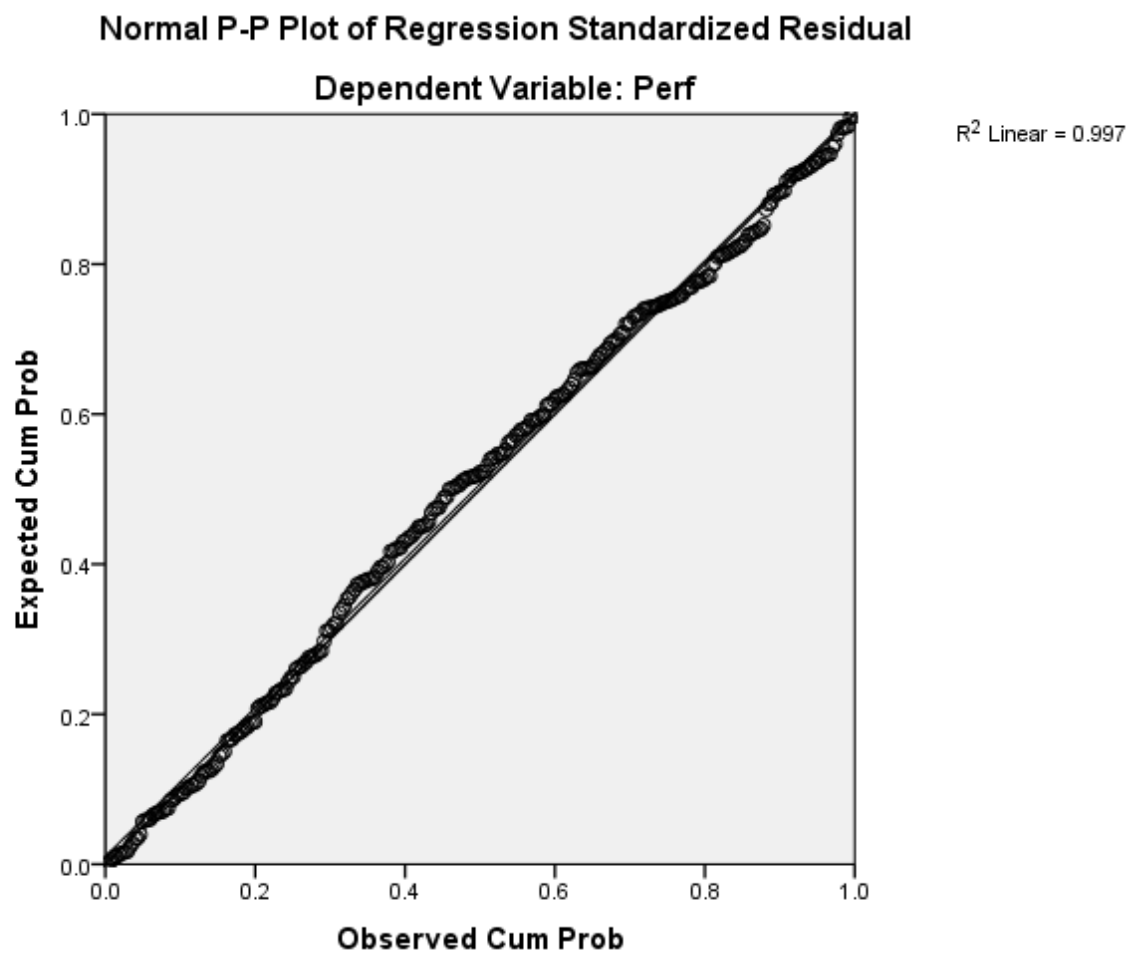
Figure 4.2: Linearity test

4.9.3: Testing for homogeneity of variance

The assumption that variables are measured without error(s) was tested using Levene statistic test. Martin and Brigmon (2012) suggests that variables are measured without

errors if p-value is more than 0.05.From the table 4.14 all independent variables have p-value of more than 0.05,meaning all the variables have equal variance.

Table 4.14: Test of Homogeneity of Variances

	Levene test	**Df 1**	**Df 2**	**Sig**
Technical skills	1.155	230	62	0.275
Innovation Skills	1.084	230	62	0.413
Management Skills	1.565	230	62	0.264

Source: Research Data, (2022)

4.9.4 Test for Homoscedasticity

The assumption for homoscedasticity was tested using the scatter plot. Figure 4.3 shows that observed values are randomly scattered around 0 (imaginary horizontal line) depicting that there was relatively even distribution of variables. The distribution occurred between -3 and +3.Basing on Osborne and Waters (2002) the assumption of homoscedasticity was met. Therefore the model was fit to measure the association of variables.

Scatterplot
Dependent Variable: Perf
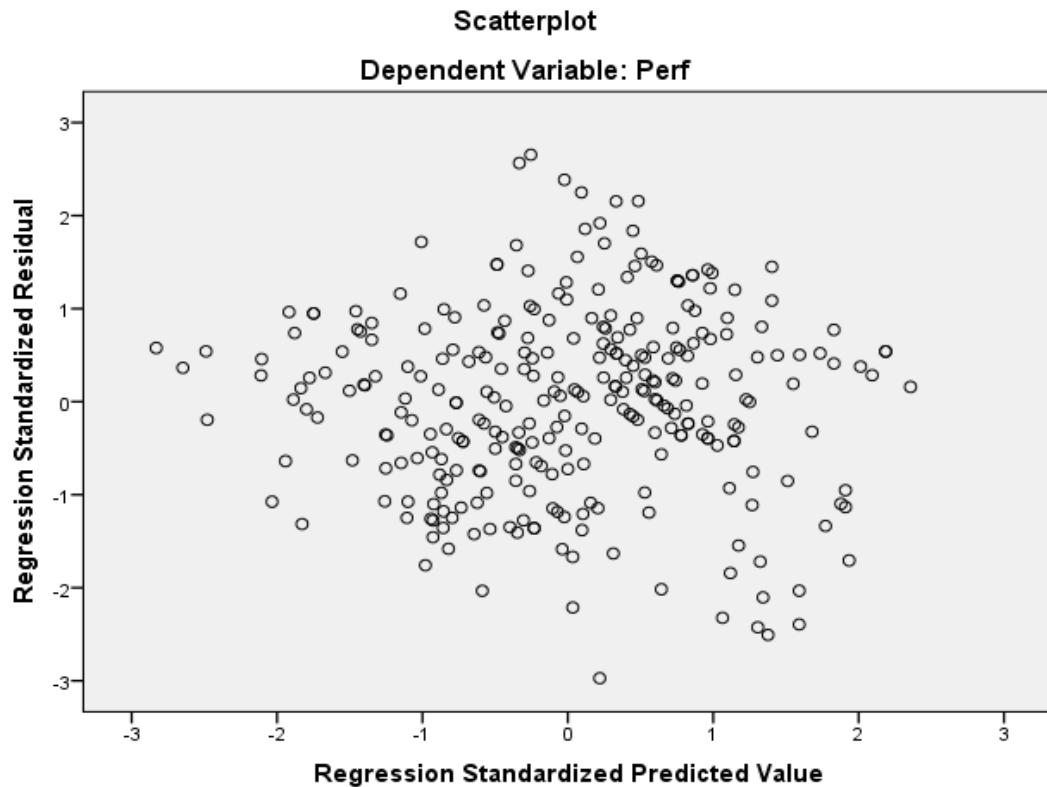
Figure 4.3: Homoscedasticity

4.9.5 Multicolinearity test

Multicolinearity is a statistical situation where two or more independent variables are highly correlated thus impairing the contribution of each variable to the variance explained in the dependent variable. Multicolinearity also limits the fitness of multiple linear regression model in analyzing the relationship between independent and dependent variables. Garson. D (2012) asserts that condition indices of over 15 indicate mild multicollinearity which does not have serious implication on study findings. However condition indices of over 30, signifies serious multicollinearity problems. Table 4.15 below indicates that indices for all independent variables were 11.104, 13.820 and 17.560 implying that there was no serious multicollinearity between or among the variables.

Table 4.15: Condition Indices Table

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions			
				(Constant)	Techsk	InnoSk	MgtSK
1	1	3.935	1.000	.00	.00	.00	.00
	2	.032	11.104	.99	.04	.08	.06
	3	.021	13.820	.00	.05	.31	.89
	4	.013	17.560	.00	.91	.61	.06

a. Dependent Variable: Perf

Multicolinearity can also be checked using Variance Inflation Factor (VIF), where values of less than 10 signify absence of multicolinearity (Heir *et al.,* 2005). From table 4.16 all the VIF values are less than 10, meaning there was no multicolinearity.

Table 4.16: Variance Inflation Factor (VIF) and Tolerance Table

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	T	Sig.	Tolerance	VIF
1	(Constant)	-.226	.176		-1.282	.201		
	Techsk	.245	.076	.205	3.246	.001	.374	2.672
	InnoSk	.257	.074	.210	3.470	.001	.409	2.447
	MgtSK	.507	.064	.431	7.957	.000	.508	1.969

4.10 Regression Analysis

Multiple linear regression analysis was employed as an appropriate model for this study. To determine the fitness of regression model in testing the relationship between entrepreneurial skills controlled by years MSMEs has been in operation and performance of MSMEs in Matisi Sub-Location of Trans-Nzoia County, Kenya, R^2 in ANOVA was conducted and the results are shown in table 4.17.

Table: 4.17: Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | | |
					R Square Change	F Change	df1	df2	Sig. F Change
1	.208[a]	.043	.040	.97970361	.043	13.224	1	291	.000
2	.761[b]	.579	.573	.65365652	.535	121.902	3	288	.000

a. Predictors: (Constant), Years the business has been operating
b. Predictors: (Constant), Years the business has been operating, Zscore(InnoSk), Zscore(MgtSK), Zscore(Techsk)

4.10.1 Hypotheses testing

Testing of hypothesis was done by running regression analysis on all the three null hypotheses that guided this study. The hypotheses were tested at 95% confidence level and 5% significance level.

4.10.2 Results for direct effect of control variable and hypotheses for H01, H02 and H03

Table 4.17 model 1 shows that years the business has been operating has an $R^2 = 0.043$ and an adjusted $R^2 = 0.040$, implying that years the business has been in operation explains 4.3% of variations in the performance of MSMEs at significant level of 0.000.It also shows the model fitness F-statistics $= 13.224$ (Appendix 7, ANOVA table) at significance level of 0.000%.Table 4.18 shows years the business has been in operation had β= 0.154 and the p-value =0.000,meaning for every 1% change in the years the MSMEs was in operation there was 15.4%.change in its performance.

Table 4.17 further shows the fitness of regression model 2 in explaining the relationship between controlled independent variables and dependent variable. The coefficient of determination (R^2) is .579 and when adjusted R^2 is .573. This implies that technical skills, innovation skills and management skills controlled by years the

business has been in operation determine 57.9% of the variations in the performance of MSMEs. ANOVA table (Appendix 7) indicates an F-statistics of 98.853 at significance level of 0.000%, meaning the model is significant in explaining 98.9% of the relationship between the controlled predictor variables; technical skills, innovation skills and management skills and performance of MSMEs.

Table: 4.18: Regression Analysis Results

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.619	.145		18.030	.000
	Years the business has been operating	.154	.042	.208	3.636	.000
2	(Constant)	-.401	.188		-2.136	.034
	Years the business has been operating	.075	.030	.101	2.515	.012
	TechSkill	.218	.076	.182	2.886	.004
	InnSkill	.303	.076	.247	4.007	.000
	MngmtSkill	.472	.065	.401	7.289	.000

a. Dependent Variable: Perf

Model 2 in table 4.18 above shows the direct effect for the years MSMEs have been in operation (control variable), technical skills, innovation skills ,management skills(independent variables) to the performance of MSMEs (dependent variable) as reflected in the hypotheses $H0_1$, $H0_2$ and $H0_3$.

From table 4.18 the independent variables have the following results; technical skills; $\beta=0.218$, $p=0.004$, innovation skills; $\beta=0.303$, $p=0.000$ and management skills; $\beta=0.472$, $p=0.000$.The years the business has been in operation had $\beta=0.075$ and $p=0.012$.Since the three hypotheses were tested at $p<0.05$, it means all independent variables positively and significantly affected performance of MSMEs in Matisi Sub-location, Trans-Nzoia County, Kenya.

The researcher thus rejected all the null hypotheses; $H0_1$, $H0_2$ and $H0_3$ and concluded that entrepreneurial skills among youth entrepreneurs positively and significantly determined the performance of youth owned and or managed MSMEs in Matisi Sub-Location, Trans-Nzoia County, Kenya.

4.10.3 Summary of Hypotheses Test Results

	Hypothesis	Beta	p-values	Results
Hypothesis	H_{01}: There is no significant relationship between technical skills among youth entrepreneurs and the performance of MSMEs in Matisi Sub-Location, Trans-Nzoia County, Kenya.	0.218	0.004	**Rejected**
Hypothesis	H_{02}: There is no significant relationship between innovation skills among youth entrepreneurs and the performance of MSMEs in Matisi Sub-Location, Trans-Nzoia County, Kenya.	0.303	0.000	**Rejected**
Hypothesis	H_{03}: There is no significant relationship between management skills among youth entrepreneurs and the performance of MSMEs in Matisi Sub-Location, Trans-Nzoia County, Kenya.	0.472	0.000	**Rejected**

Source: Research Data, (2022) ***Note***: *sig at p<0.01*

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the summary of the study findings, draw conclusions and suggest relevant recommendations based on the study objectives and hypotheses.

5.1 Summary of Research Findings

The primary objective of the study was to determine the relationship between entrepreneurial skills (technical skills, innovation skills and management skills) and performance of MSMEs in Matisi Sub-location, Trans-Nzoia County, Kenya.

5.2 Technical Skills and Performance of MSMEs

The proposed null hypothesis; $H0_1$: There is no significant relationship between technical skills among youth entrepreneurs and performance of MSMEs in Matisi Sub-location, Trans-Nzoia County Kenya. The study findings in table 4.18 showed $\beta=0.218$, t-statistic $=2.886$ and $P=0.004$. With a p-value <0.05 and calculated t-statistics of 2.886 it was enough evidence to reject the null hypothesis and accept the alternative hypothesis. Meaning technical skills among youth entrepreneurs positively and significantly influenced the performance of MSMEs in Matisi Sub-location, Trans-Nzoia County, Kenya. These findings are alike to these of a study done in Makarfi and Ikara local governments in Northern Nigeria, where technical skills were responsible for 55.5% of SMEs performance (Gimi and Lawal 2018).Similar findings were found by Lekhanya and Ngibe (2020) in Kwazulu Natal.

5.3 Innovation Skills and Performance of MSMEs

The second null hypothesis; H0$_2$: 'There is no significance relationship between innovation skills and performance of MSMEs in Matisi Sub-Location, Trans-Nzoia County, Kenya.' The study results in table 4.18 showed β=0.303,t-statistics= 4.007 and p=0.000 .Since the p-value was less than the 0.05 and calculated t-statistic was more than the critical t-statistic (1.96) we reject the null hypothesis and accept the alternative hypothesis. Our conclusion is that innovation skills among youth entrepreneurs positively and significantly influence performance of MSMEs in Matisi Sub-Location, Trans-Nzoia County, Kenya. These results are similar to those of Osei et al., (2016) on shoe manufacturing in Ashanti Ghana. Similar results were also found by Mugogo (2020) among SMEs that were manufacturers of non-alcoholic beverages, drinks, clothes, shoes and soaps in central business district in Harare Zimbabwe.

5.4 Management Skills and Performance of MSMEs

Hypothesis H0$_3$ stated; 'There is no significant relationship between management skills and performance of MSMEs among youth entrepreneurs in Matisi Sub-Location, Trans-Nzoia County, Kenya.' From table 4.18 the study results revealed that β=0.472, t statistic =7.289 and p=0.000.The outcome shows that calculated t-statistic in higher than the critical-t statistic (1.96) and the p-value is less than the significance value; 0.05. These are strong evidences against null hypothesis. Thus null hypothesis was therefore rejected and alternative hypothesis accepted. These results are comparable with these got from a research carried out in Buffalo City Municipality in Eastern Cape Province of South Africa (Tarwirei 2015).Likewise a study in Nairobi County among business incubators showed that 90% of MSMEs

stagnation and or failure was as a result of absence of management skills (Ruhiu et al., 2014).

5.5 Conclusions

This research was empirically carried out to examine the relationship between entrepreneurial skills (technical skills, innovation skills and management skills) and performance of MSMEs in Matisi Sub-Location, Trans-Nzoia County Kenya. The correlation results indicated that the association between technical skills and performance of MSMEs was r= 0.652 while that of innovation skills and performance of MSMEs was r= 0.636 and the relationship between management skills and performance of MSMEs was r= 0.702 .This was prove enough to conclude that entrepreneurial skills are positively associated with performance of MSMEs in Matisi Sub-Location of Trans-Nzoia County Kenya.

The study chose three predictor variables that were statistically and significantly used as indicators of MSMEs performance in Matisi Sub-Location, Trans-Nzoia County Kenya. Technical skills had β=.218 and p= 0.004, innovation skills indicated β= .303 and p= 0.000 while management skills showed β= .472 and p= 0.000.The outcome points out that all the three predictor variables had positive and significant relationship to performance of MSMEs in Matisi Sub-Location Trans-Nzoia County, Kenya. These results are similar to those of previous studies by Aiyu et al., 2012, Olaitan et al 2015 and Abdilahi et al., 2017.

5.6 Theoretical Implications

The research finding on the significance of entrepreneurial skills and performance of MSMEs has a huge contribution to the theory; Resource Based View. As Barney (1991) firmly puts it, resources are the main drivers of firm performance .Resources have the capability to propel MSMEs to not only gain competitive advantage but

sustain it. Entrepreneurial skills are intangible resources (Barney et al., 2011; Wilk & Fensterseifer, 2003), which can be made rare, inimitable and non-substitutable (Barney 2011; Mensah et al., 2013). MSMEs owner-manager can use entrepreneurial skills (intangible resources) to uniquely combine other resources they own to enable enterprises produce market demanded goods and also adapt to changes. Entrepreneurs produce market demanded goods through recognizing of opportunities in the market and exploiting them. To avoid resource wastage entrepreneurs should practice prudent utilization of resources i.e. management.

As Henry Mintzberg (1973) alludes, not all managers are entrepreneurs but all entrepreneurs are endowed managers (Langlois 2002). From the study there is limited utilization of technical skills and innovation skills compared to management skills, yet these two are core skills that distinguish an entrepreneur (Schumpeter 1950 and Kirzner 1973).The continued ailment of MSMEs might be attributed to MSMEs owner managers giving much attention to management skills at the expense of the innovation and technical skills.

Simpeh (2011) emphasizes that a firm endowed with enough resources is bound to do better than these with limited resources. Therefore youth entrepreneurs require being more of market satisfiers through technical and innovation skills as opposed to being managers. Thus this study makes contribution to literature by pin-pointing the critical role of an entrepreneurial owner manager (s) beyond the conventional view in ensuring performance of MSMEs.

5.7 Suggestions for further studies

The study was determined to look into factors that enhance performance of MSMEs in Matisi Sub-Location, Trans-Nzoia County, Kenya. Further studies should be done

to determine the relevance of entrepreneurial skills in performance of MSMEs in other areas. This is because each geographical area has its own unique characteristics. Findings from this study however depict a scenario where most of entrepreneurs in MSMEs are people of low level academic qualifications. Further study that will include education as a moderating factor is necessary.

It would be very interesting to include culture in future studies. Rather than investing heavily in formal education which is very expensive yet minimally found among entrepreneurs owning and or managing MSMEs, culture should be included in future studies as a moderator variable to check its significance in performance of MSMEs. This study adopted cross sectional research method in determining performance of MSMEs. Longitudinal research would be more appropriate to provide in-depth answers on the nature and level of entrepreneurial skills necessary in performance of MSMEs

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APPENDICES

Appendix 1: Questionnaire

INTRODUCTION LETTER

Dear Respondent,

My name is WASILWA SIMIYU, a master's student at the School of Business and Economics, Moi University. I am carrying out this research as part of the requirement for the award of Masters Degree. This study is focusing on "Entrepreneurial skills among youth entrepreneurs and performance of MSMEs in Matisi Sub-location, Trans-Nzoia County, Kenya."

I kindly request you to complete the attached questionnaire. Your responses are **solely for academic** purposes and will be kept **confidential** .For your anonymity you are not required to write your identity anywhere on the questionnaire.

Your voluntary participation in this study is highly appreciated.

Yours sincerely,

Wasilwa Simiyu

PHONE No.0718788531

PART I: **General information** (tick [✓] in an appropriate blank space)

1) **Gender :**   Female   ☐   Male   ☐

2) **Age**   18 – 21 years   ☐   26 – 29 years   ☐

    22 – 25 years   ☐   30 – 34 years   ☐

3) **Education Level** Form 4 and Below   ☐   Diploma   ☐

    Certificate   ☐   Degree and above   ☐

4) **Years the business has been in Operation**

    1 – 2 years   ☐   3 – 4 Years   ☐   5 years and above   ☐

    2 – 3 years   ☐   4 – 5 Years   ☐

PART II: **Entrepreneurial skills**

Below are statements to establish that entrepreneurial skills enhance performance of MSMEs. Indicate the extent you have performed the following tasks within your business/agree with the statement(s) using the following scale;

1=not at all, **2=to a low extent,** **3=to some extent, 4=to a great extent, 5=to a very great extent**

a)	Technical skills and performance of MSMEs	1	2	3	4	5
1	I have identified business opportunity and exploited it					
2	I perform tasks competently					
3	I produce products efficiently					
4	I produce quality goods/provide quality services					
5	I use necessary tools/formulas/procedures appropriately in doing business					
6	I have necessary skills for performing tasks in my					

		1	2	3	4	5
	business					
b)	**Innovation skills and performance of MSMEs**	**1**	**2**	**3**	**4**	**5**
1	I came up with a new or unique product(s) or service(s) for sale					
2	I look for information/ways on how to improve my business					
3	I conduct my business uniquely/differently from my competitors					
4	I embrace challenges in running my business					
5	I adapt to changes					
6	I rarely depend on others to solve challenges in my business					
7	I use technology in conducting my business					
8	I consider gains and losses before undertaking a risky business decision					

c)	**Management and performance of MSEs**	**1**	**2**	**3**	**4**	**5**
1	I handle my business finances					
2	I keep my business financial records					
3	I understand all operations that take place in my business all the time					
4	We work as a team					
5	I provide guidance to my employees					
6	I supervise my employees					
7	I involve other stakeholders in making decisions in my					

	business					
8	I made a viable business plan(s) for my business					
9	I have management skills					
10	I provide conducive working environment for my employees					

PART III*:* **Performance of MSMEs**

Below are statements signifying performance of your business.

Kindly indicate the extent of your agreement with each of the statement on a scale of **1=not at all, 2=to a low extent, 3=to some extent, 4=to a great extent, 5=to a very great extent.**

	Performance indicator	1	2	3	4	5
1.	Sales have grown					
2.	Market base for my products/services has expanded					
3.	I earn profit from this investment					
4.	Profit has been increasing					
5.	Number of employees has increased					
6.	I have automated key business operations					
7.	I increase employee's pay often					
8.	I see a bright future for this business					
9.	I have achieved my objective/am on the right track to achieving it.					

Estimate the initial capital of your business ………………………………..
Estimate how much worth is your business currently……………………………………..

Appendix 2: Reliability Test

	No. of Items	Cronbach's Alpha
Reliability Statistics for technical skills	6	.827
Reliability Statistics for innovation skills	8	.830
Reliability Statistics for Management skills	10	.871
Reliability Statistics for MSMEs performance	9	.940

Appendix 3: Factor Analysis

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.866
Bartlett's Test of Sphericity	Approx. Chi-Square	2332.582
	Df	36
	Sig.	.000

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.220	69.116	69.116	6.220	69.116	69.116
2	.765	8.503	77.619			
3	.565	6.282	83.900			
4	.411	4.572	88.472			
5	.288	3.197	91.669			
6	.246	2.736	94.405			
7	.222	2.466	96.871			
8	.189	2.097	98.968			
9	.093	1.032	100.000			

Extraction Method: Principal Component Analysis.

Component Matrix[a]

	Component
	1
PS1	.880
PS2	.865
PS3	.873
PS4	.776
PS5	.681
PS6	.795
PS7	.886
PS8	.878
PS9	.825

Extraction Method:
Principal Component
Analysis.

a. 1 components
extracted.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.717
Bartlett's Test of Sphericity	Approx. Chi-Square	797.830
	Df	15
	Sig.	.000

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.282	54.696	54.696	3.282	54.696	54.696
2	.973	16.223	70.919			
3	.744	12.397	83.316			
4	.541	9.012	92.327			
5	.291	4.846	97.174			
6	.170	2.826	100.000			

Extraction Method: Principal Component Analysis.

Component Matrix[a]

	Component
	1
TS1	.532
TS2	.689
TS3	.825
TS4	.818
TS5	.825
TS6	.703

Extraction Method:
Principal Component
Analysis.
a. 1 components
extracted.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.693
Bartlett's Test of Sphericity	Approx. Chi-Square	1229.868
	Df	28
	Sig.	.000

Total Variance Explained

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	3.714	46.419	46.419	3.714	46.419	46.419	2.814	35.175	35.175
2	1.727	21.587	68.006	1.727	21.587	68.006	2.626	32.830	68.006
3	.752	9.395	77.401						
4	.704	8.797	86.199						
5	.464	5.802	92.000						
6	.285	3.568	95.569						
7	.187	2.336	97.905						
8	.168	2.095	100.000						

Extraction Method: Principal Component Analysis.

Rotated Component Matrix[a]

	Component	
	1	2
IS1		.815
IS2		.915
IS3		.835
IS4	.646	
IS5	.819	
IS6	.821	
IS7	.797	
IS8	.606	

Extraction Method: Principal

Component Analysis.

Rotation Method: Varimax with

Kaiser Normalization.[a]

a. Rotation converged in 3

iterations.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.771
Bartlett's Test of Sphericity	Approx. Chi-Square	4690.080
	Df	45
	Sig.	.000

Total Variance Explained

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	4.849	48.490	48.490	4.849	48.490	48.490	4.258	42.584	42.584
2	2.384	23.844	72.334	2.384	23.844	72.334	2.065	20.651	63.234
3	1.147	11.471	83.804	1.147	11.471	83.804	2.057	20.570	83.804
4	.602	6.016	89.821						
5	.469	4.691	94.512						
6	.334	3.335	97.848						
7	.182	1.823	99.670						
8	.023	.230	99.901						
9	.008	.079	99.980						
10	.002	.020	100.000						

Extraction Method: Principal Component Analysis.

Rotated Component Matrix[a]

	Component		
	1	2	3
MS1	.798		
MS2	.876		
MS3	.944		
MS4		.953	
MS5	.940		
MS6		.950	
MS7			.968
MS8	.729		
MS9	.700		
MS10			.966

Extraction Method: Principal Component Analysis.
 Rotation Method: Varimax with Kaiser Normalization.[a]
a.   Rotation converged in 5 iterations.

Appendix 4: Correlation

Correlations

		Zscore(Perf)	Zscore(Techsk)	Zscore(InnoSk)	Zscore(MgtSK)
Zscore(Perf)	Pearson Correlation	1	.652**	.636**	.702**
	Sig. (2-tailed)		.000	.000	.000
	N	293	293	293	293
Zscore(Techsk)	Pearson Correlation	.652**	1	.748**	.673**
	Sig. (2-tailed)	.000		.000	.000
	N	293	293	293	293
Zscore(InnoSk)	Pearson Correlation	.636**	.748**	1	.635**
	Sig. (2-tailed)	.000	.000		.000
	N	293	293	293	293
Zscore(MgtSK)	Pearson Correlation	.702**	.673**	.635**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	293	293	293	293

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

Appendix 5: Collinearity

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	-.226	.176		-1.282	.201		
Techsk	.245	.076	.205	3.246	.001	.374	2.672
InnoSk	.257	.074	.210	3.470	.001	.409	2.447
MgtSK	.507	.064	.431	7.957	.000	.508	1.969
a. Dependent Variable: Perf							

Appendix 6: Homogeneity of Variance

Levene's Test of Equality of Error Variances[a]

	F	df1	df2	Sig.
I have identified business opportunity and exploited it	1.184	230	62	.217
I perform tasks competently	1.193	230	62	.207
I produce products efficiently	1.099	230	62	.337
I produce quality goods/provide quality services	.999	230	62	.518
I use necessary tools/formulas/procedures appropriately in doing business	1.311	230	62	.103
I have necessary skills for performing tasks in my business	1.144	230	62	.269
I came up with a new or unique product(s) or service(s) for sale	1.198	230	62	.201
I look for information/ways on how to improve my business	1.330	230	62	.092
I conduct my business uniquely/differently from my competitors	1.190	230	62	.211
I embrace challenges in running my business	1.281	230	62	.124
I adapt to changes	.811	230	62	.863
I rarely depend on others to solve challenges in my business	.852	230	62	.799
I use technology in conducting my business	1.011	230	62	.495
I consider gains and losses before undertaking a risky business decision	.997	230	62	.521
I handle my business finances	1.524	230	62	.025
I keep my business financial records	1.054	230	62	.413
I understand all operations that take place in my business all the time	.914	230	62	.686
I work as a team	2.154	230	62	.000
I provide guidance to my employees	.892	230	62	.729
I supervise my employees	2.285	230	62	.000
I involve other stakeholders in making decisions in my business	2.281	230	62	.000
I made a viable business plan(s) for my business	1.464	230	62	.038
I have management skills	.879	230	62	.753
I provide conducive working environment for my employees	2.206	230	62	.000

Tests the null hypothesis that the error variance of the dependent variable is equal across groups.

a. Design: Intercept + PS1 + PS2 + PS3 + PS4 + PS5 + PS6 + PS7 + PS8 + PS9

Appendix 7: Regression Analysis

Model Summary

| Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.208[a]	.043	.040	.97970361	.043	13.224	1	291	.000
2	.761[b]	.579	.573	.65365652	.535	121.902	3	288	.000

a. Predictors: (Constant), Years the business has been operating

b. Predictors: (Constant), Years the business has been operating, Zscore(InnoSk), Zscore(MgtSK), Zscore(Techsk)

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	12.693	1	12.693	13.224	.000[b]
	Residual	279.307	291	.960		
	Total	292.000	292			
2	Regression	168.947	4	42.237	98.853	.000[c]
	Residual	123.053	288	.427		
	Total	292.000	292			

a. Dependent Variable: Zscore(Perf)

b. Predictors: (Constant), Years the business has been operating

b. Predictors: (Constant), Years the business has been operating, Zscore(InnoSk), Zscore(MgtSK), Zscore(Techsk)

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	T	Sig.
1	(Constant)	2.619	.145		18.030	.000
	Years the business has been operating	.154	.042	.208	3.636	.000
2	(Constant)	-.401	.188		-2.136	.034
	Years the business has been operating	.075	.030	.101	2.515	.012
	Techsk	.218	.076	.182	2.886	.004
	InnoSk	.303	.076	.247	4.007	.000
	MgtSK	.472	.065	.401	7.289	.000

a. Dependent Variable: Perf)

Appendix 8: Study Area (Matisi Sub-Location)
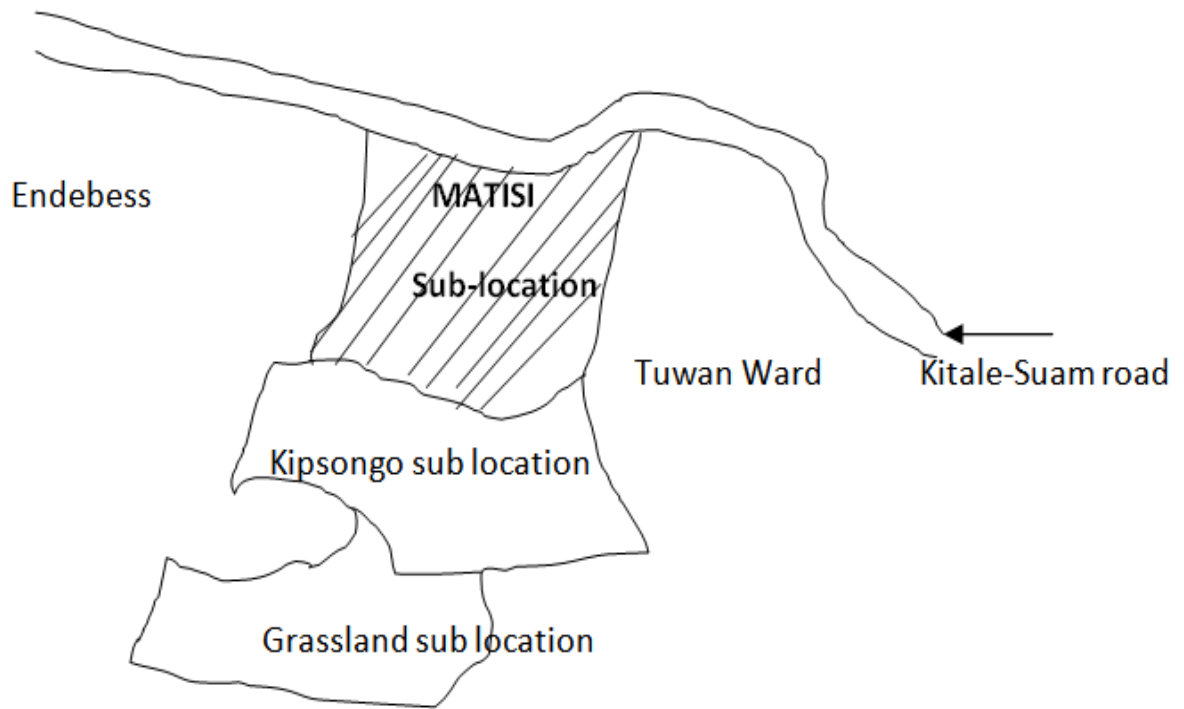
Appendix 9: Research Permits

REPUBLIC OF KENYA

TEL: 054-30301;
054-30302

E-mail: countyoftransnzoia@gmail.com

P.O BOX 4211-30200
KITALE.

COUNTY GOVERNMENT OF TRANS-NZOIA

OFFICE OF THE CHIEF OFFICER EDUCATION, INFORMATION COMMUNICATION

OUR REF: CGTN/EDICT/2/3

DATE: 28th July, 2022

TO WHOM IT MAY CONCERN

RE: MR.WASILWA SIMIYU WEKESA–REG. NO.SBE/PGM/013/1.

Reference is made to the above named student.

Mr. Wasilwa is a student of Moi University. He wishes to do research on the **TOPIC: Entrepreneurial skills and performance of Micro, Small and Medium Enterprises: A case of Youth Entrepreneurs in Matisi Sub-Location, Trans-Nzoia County, Kenya.**

Any assistance accorded to him will be highly appreciated.

Susan N. Ngera
CHIEF OFFICER EDUCATION & ICT.
COUNTY GOVERNMENT OF TRANS-NZOIA.

REPUBLIC OF KENYA

**NATIONAL COMMISSION FOR
SCIENCE, TECHNOLOGY & INNOVATION**

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Date of Issue: 11/August/2022

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