FIRM, ENTREPRENEURIAL INTENSITY AND PERFORMANCE OF HOTEL ENTERPRISES IN UASIN GISHU COUNTY, KENYA

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DECLARATION

Declaration by Candidate

This thesis is my original work and has not been presented for a degree in any other university or any other award.

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DEDICATION

I dedicate this thesis to my beloved wife, Gloria Jemutai Matelong and our sons, Reagan Kibet Cherus and Ronald Kiprotich Matelong for their support and patience even when it seemed I had taken too long to pull through.

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ABSTRACT

The development of entrepreneurial intensity in an enterprise is important in accelerating the innovation of new products and services. This study examined the influence of the enterprise profile and external environment on enterprise performance through entrepreneurial intensity in the hotel enterprises in Uasin Gishu County, Kenya. The specific objectives were to determine; the influence of the enterprise profile on entrepreneurial intensity, the relationship between external environment and entrepreneurial intensity, the influence of entrepreneurial intensity on enterprise performance; relationship between enterprise profile and performance through entrepreneurial intensity and the influence of the external environment on enterprise performance through entrepreneurial intensity. The objectives of this study were achieved through developing an entrepreneurial intensity and performance model. This study was guided by the psychological, behavioral and social cognitive theories of entrepreneurship. The study was anchored on a realist ontology and a postpositivist epistemology. The research design was a survey. From a target population of 4465, a sample of 450 respondents consisting of 297 hotel enterprise employees and 153 hotel enterprise owners participated in the study. Questionnaires were the main data collection instruments. Data was analyzed using the Structural Equation Modelling (SEM) technique. Exploratory Factor Analysis (EFA) was used to explore possible underlying factor structure of observed variables before Confirmatory Factor Analysis (CFA) was undertaken to verify the factor structure. SEM was used to test the study hypotheses. The results of this study show that the enterprise profile influenced entrepreneurial intensity ($\beta=0.822$, $p<0.001$); external environment had a significant relationship with entrepreneurial intensity ($\beta=0.214$, $p<0.001$). There was a positive influence of entrepreneurial intensity on enterprise performance ($\beta=0.900$, $p<0.001$). However, there was no relationship between enterprise profile ($\beta=0.003$, $p>0.05$), external environment ($\beta =0.032$, $p>0.05$) and enterprise performance through entrepreneurial intensity. The findings of this study indicate that the enterprise profile and external environment influenced entrepreneurial intensity which enhanced enterprise performance. Enterprise performance is derived from entrepreneurial intensity influenced by the enterprise profile and external environment. This study concludes that entrepreneurial intensity is industry specific. Hence, enterprises that wish to be entrepreneurial should cultivate organizational conditions conducive to the development of entrepreneurial intensity. This study recommends a reward and recognition system with its related bonus scheme which are appropriate for incremental entrepreneurial activities at the individual and team levels. Hotel enterprises should monitor the external environment and develop appropriate strategies to counter environmental threats which may arise. Hotel enterprise owners should encourage entrepreneurial behaviour through recognition and acting as role models to employees. They should also embrace failure and success to enhance entrepreneurial behaviour within their enterprises.

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OPERATIONAL DEFINITION OF KEY TERMS

The following terms were operationally used in this study;

Endogenous Variable: Refers to the dependent variables and included entrepreneurial intensity and enterprise performance constructs.

Enterprise Performance: Refers to changes in such indicators as sales, growth, owner's financial expectations, profits, turnover, customer attraction and retention, satisfaction and number of employees in the hotel enterprises.

Exogenous Variables: Refers to the independent variables that included enterprise profile and the external environment constructs.

External Environment: Refers to anything outside the hotel enterprise and includes measures such as dynamism, threats and heterogeneity.

Entrepreneurial Intensity: Refers to the level of entrepreneurial activities and events in the hotel enterprises and includes the following indicators frequency and degree of entrepreneurship, innovation, proactiveness, risk taking, competitive aggressiveness and autonomy. Entrepreneurial intensity can also be termed to as entrepreneurial orientation, entrepreneurial posture and strategic renewal

Enterprise Profile: Refers to hotel enterprise owners managerial characteristic and firm characteristic in the present study

Firm Characteristic: Refers to hotel enterprise business unit characteristic involving risk and includes the following measures age of the enterprise, number of employees, location and nature of the hotel enterprise.

Firm, Entrepreneurial Intensity: Refers to firm entrepreneurship and entrepreneurial intensity. The term was created by combining two related terms firm entrepreneurship and entrepreneurial intensity

Firm Entrepreneurship: Refers to drivers and a process through which formal and informal creative activities are encouraged in the hotel enterprises that are aimed to creating new products, services, innovation, processes, strategies and business units, with the aim of enhancing performance. Firm entrepreneurship can also be termed as corporate entrepreneurship, intrapreneurship and includes enterprise profile and external environment.

Mediating Variable: Refers to a third variable and a mechanism through which entrepreneurial intensity influences the dependent. Equally a mediator can be a dependent variable to the independent variables and be an independent variable to the criterion variable (Baron and Kenny, 1986). In this study entrepreneurial intensity was treated as a mediating variable.

ABBREVIATIONS AND ACRONYMS

AGFI	Adjusted Goodness-of-fit index
AMOS:	Analysis of Moment Structures
AVE:	Average Variance Extracted
CBD:	Central Business District
CBS:	Central Bureau of Statistics
CEDGG:	Centre for Enhancing Democracy & Good Governance
CFA:	Confirmatory Factor Analysis
CFI:	Comparative Fit Index
EAC:	Economic Council for Africa
EFA:	Exploratory Factor Analysis
EI:	Entrepreneurial Intensity
GFI	Goodness-of-fit index
HEs:	Hotel Enterprises
IFI:	Incremental Fit Index
ILO:	International Labour Organization
MI:	Modification Index
ML:	Maximum Likelihood
MSEs:	Micro and Small Enterprises
NFI:	Normed Fit Index
OECD:	Organization for Economic Co-operation and Development
RMSEA:	Root Mean Square Error of Approximation
ROK:	Republic of Kenya
SEM:	Structural Equation Model
SPSS:	Statistical Package for Social Sciences
SMEs:	Small & Medium Enterprises
U-G:	Uasin Gishu

CHAPTER ONE

INTRODUCTION

This chapter highlights the background to the study, statement of the problem, research objectives and hypotheses, scope and limitations of the study, rationale and significance of the study, assumptions of the study and structure of the study.

1.1 Background to the Study

Enterprise performance is hinged on the creation of value which form a unique combination of resources to exploit an opportunity (Morris *et al.,* 2008). Entrepreneurship as a process entails the combination of entrepreneurial and environmental potential into an undertaking. Entrepreneurial activities result in improved economic activities, building wealth and provision of jobs (Wickham, 2006; Sandberg, 1992). An entrepreneur is not necessarily someone who puts up the initial capital or invents a new product, but the person with the new idea (Mintzberg, 1998).

Significantly, entrepreneurs should not necessarily be owners or founders, but could be employees as well (Lilla, 2012). The view that ownership is required for entrepreneurship was challenged by Murphy, *et al.,* (2006). Entrepreneurial activity refers to new activities in an enterprise hence, the emergence of new goods or services can occur within new or established enterprises through different methods of use (Davidsson (2003). The entrepreneurial continuum include firm entrepreneurship as well (Stevenson & Jarillo, 1990; Zahra *et al.,* 1999). A firm entrepreneur is someone particularly rich in initiative within an enterprise, who struggles to realize an idea often at the expense of current rules and norms (Sundbo, 1998).

Entrepreneurial thinking refers to infusing the enterprise with innovative behaviour's as a means to achieve such thinking (Schindehutte *et al.*, 2000). While Morris and Kuratko (2002) refers to this mix as firm entrepreneurship with a managerial approach that will encourage innovation and 're-energize employees'. Furthermore, firm entrepreneurship has been referred to as starting innovative management (Khandwalla, 1987), firm level entrepreneurship (Covin, 1999); entrepreneurship management (Stevenson & Jarillo, 1990). Three situations can be viewed as firm entrepreneurship according to (Covin 1999), individual or individuals developing new products and services in an established enterprise; an entrepreneurial thinking that infuses the whole enterprise operations; and lastly, an enterprise entering new business for instance diversification. The first example is a situation where employees act in ways described as entrepreneurial. Entrepreneurial decision making is affected by cognitive and environmental variables (Hindle, 2004). He further observes that, this compares well with the earlier suggestions on the relationship between performance and the entrepreneurial potential and environmental constraints.

Entrepreneurial environment" constitutes a combination of factors that play a role in the performance of entrepreneurship (Fogel, 2001). Studies in various countries on entrepreneurial environment in various countries suggest those which keep rules and regulation to the minimum create greater space for entrepreneurial activity (Dana 1987, 1990). In addition, poor access to infrastructure thus discourages mobility, reduces the scope for additional investment, and exposes entrepreneurs to greater risks and denial of assistance (Nassiuma, 2011). He further notes that basic infrastructure provides certainty in the operation of an enterprise as well as poor access to infrastructure and especially land has several consequences to the income and productivity of enterprises.

Kuratko and Hodgets (1998) perceive today's enterprise environment to be characterised by a rapid growth of new and sophisticated competitors and a need to improve efficiency and productivity. Mokaya (2012) terms this as firm entrepreneurship which is a response strategy to realise competitive advantage in the turbulent and hostile enterprise environment. On the other hand, Cole (1959) allude that for enterprises to survive, they need to continually create an emphasis on firm entrepreneurship as a source of discontinuous innovation that alter rules of completion in their favour. Discontinuous innovation could imply entrepreneurial intensity by firms engaging in the component of newness in running their routine activities.

Entrepreneurial opportunities in a country (Bwisa, 2002) could be affected by access to resources, markets, land, basic infrastructure, skills, traits, knowledge, and, culture could affect performance of enterprises. Some of the facilities required by hotels include appropriate physical infrastructure, access to technology, market, sources of assistance and a favourable legal and regulatory environment (Gichira, 1991). Enterprise culture could result in the development of negative attitudes towards certain enterprises, hence poor enterprise performance (ROK, 1992). The hotel enterprises are confronted with a hostile political, social, economic and institutional environment, which hinders this sector's ability to participate effectively in development (Naituli, 2003; ILO, 2014).

Innovation and dynamism in the enterprise sector demands low barriers to entry, effective guarantees for property rights and access to finances in order for the enterprises to perform at optimum (World Bank, 2006). However, as observed by Illy (1986) there is a gap between policy formulation and implementation in developing countries. This could thus effectively hinder the hotel enterprise performance in Uasin Gishu County, Kenya .The study of entrepreneurship is still in its infancy (Brazeal

and Herbert, 1999). Entrepreneurial strategy was once considered mainly a focus on the individual innovator and risk taker, but has now branched into other areas of interest which includes the organizational and environmental interface (Brizek, 2003). Within the realm of organizational theory, the study of firm entrepreneurship is also relatively new to the idea of theory development.

Firm entrepreneurship focuses on the culture within an enterprise to become more entrepreneurial in nature in order to compete in the turbulent enterprise environment (Das, 1987). Literature indicates, firm entrepreneurship as the managerial process of enterprise creation (Vesper, 1984). However, current literature indicates facets of firm of entrepreneurship such as the analysis of the managerial process of firstly; the birth of new business within existing enterprises, either through joint venturing or internal innovation (Guth and Ginsberg, 1990). Secondly, the transformation of enterprises through strategic regeneration, this means the creation of new wealth over the combination of resources is as a result of entrepreneurial activities.

Triggering events seem to occur faster than expected (Morris *et al.,* 2008). As suggested by Drucker (1958), the only constant thing in business is change and the fact that changing the enterprise environment and rule of competition are becoming part of life in most enterprises and view this as requirements for staying on business. Thus enterprises need to establish competitive advantage through continuous innovation, whether related to the creation of new product and services, production and business models (Mokaya, 2012). Equally he suggests that this needs adaptability, speed, aggressiveness, determination, boldness and innovativeness that he refers to all leading to one word “firm entrepreneurship”.

In the current enterprise framework, entrepreneurs are undecided in their desire to make employees and enterprises more entrepreneurial (Herbert and Brazeal, 1999).

The task is to create an enabling environment that fosters, motivates, attracts and retains entrepreneurial employees, instil and enhance an entrepreneurial culture of innovation where employees can pursue entrepreneurial events and to fail without being punished, rather rewarded for them to engage in entrepreneurial activities. Enterprise performance is related to firm entrepreneurship in terms of financial performance (Rauch *et al.*, 2004). The result of enterprise performance is linked with firm entrepreneurship and entrepreneurial intensity (Mokaya, 2012). A point worth noting is that firm entrepreneurship outcomes includes new entrepreneurial events such as services, products, markets, systems, process that could improve and enhances enterprise performance.

1.2 Statement of the Problem

The problems facing enterprises such as non-customer satisfaction, rising cost, the accelerated development of new technologies, uncertain profit, rapid product obsolescence, shortening product life cycles, difficulty in protecting intellectual property, decreasing market size, poor image and threats from competitors has raised the need for enhancing entrepreneurial intensity. Enterprises face stiff competition, high employee turnover and a host of legal and regulatory challenges. The inability of managers to create an entrepreneurial environment and failure to respond to triggering events for firm entrepreneurship has made enterprises to seek new opportunities in the market where they can develop and maintain competitive advantage, hence outperform competitors. Entrepreneurial intensity leads to higher performance in some environment and thus enterprises need to be entrepreneurial. However, enterprises, regardless of their resource bases, are not likely to achieve optimal performance unless firms develop drivers of entrepreneurial intensity. Failure to address the influence of firm entrepreneurship on entrepreneurial intensity in the hotel enterprises may affect their performance. Thus the research question was formulated

as follows: What is the influence of enterprise profile and external environment on enterprise performance through entrepreneurial intensity in the hotel enterprises in Uasin Gishu County, Kenya?

1.3 Research Objectives

1.3.1 Broad Objective

The broad objective of this study was to determine the influence of enterprise profile and external environment on enterprise performance through entrepreneurial intensity in hotel enterprises in Uasin Gishu County, Kenya.

1.3.2 Specific Objectives

The specific objectives that guided this study sought to determine the:

i. Influence of enterprise profile on entrepreneurial intensity.
ii. Relationship between external environment and entrepreneurial intensity.
iii. Influence of entrepreneurial intensity on enterprise performance.
iv. Relationship between enterprise profile and performance through entrepreneurial intensity.
v. Influence of external environment on enterprise performance through entrepreneurial intensity.

1.4 Research Hypotheses

To address the objectives as set out above, the following research hypotheses were formulated:

H_{O1}: Enterprise profile has no significant relationship with entrepreneurial intensity.

H_{O2}: External environment has no significant relationship with entrepreneurial intensity.

H_{O3}: Entrepreneurial intensity has no significant relationship with enterprise performance.

H_{O4}: Enterprise profile has no significant relationship with performance through entrepreneurial intensity.

H_{O5}: External environment has no significant relationship with enterprise performance through entrepreneurial intensity.

1.5 Scope of the Study

This study was limited to hotel enterprises in Uasin Gishu County, Kenya as defined by the respective boundaries (Appendix 8 and 9 respectively). The study area was identified and selected because of firstly; Uasin Gishu County was accessible and had a high number of hotel enterprises. Secondly, issues pertaining enterprise profile, external environment, entrepreneurial intensity and enterprise performance were determined and discussed. Thirdly, employees and enterprise owners while could have provided different results if all the categories were included in the sample.

Fourthly, the unit of analysis of the study were employees and owners of hotel enterprise. However, hotel enterprise employee's data was used to test the study hypthesis. The pilot study was done during July 2015, while the main survey took place between August and October 2015. Lastly, the sample size of 297 respondents (hotel enterprise employees) for the study met the requirements of Structural Equation Modelling (SEM) technique which specifies that a sample of 200 and above is large and adequate for a given study.

1.6 Rationale and Significance of the Study

This study examined enterprise profile, external environment, entrepreneurial intensity and determine the extent to which they contribute to hotel enterprises performance in Uasin Gishu County, Kenya. The study is justified for the following reasons: Research on firm entrepreneurial intensity and enterprise performance in Kenya is long overdue; given that the country is now creating an enterprising culture.

In addition, courses on entrepreneurship are now being taught at different levels in the education system with limited relevant materials. Owing to non-Kenyan studies on firm entrepreneurial intensity and enterprise performance, which do not represent the exact environment, is being used in entrepreneurship classes. Which most do not capture the Kenyan enterprise environment as it is currently, hence the need for the study so as to provide the basis for effective training and learning materials.

The results of this study are expected to complement results of existing studies on the influence of enterprise profile and external environment on enterprise performance through entrepreneurial intensity in the hotel enterprises. In addition, other researchers may use the methodology employed in this study to investigate issues on the influence of enterprise profile and external environment on enterprise performance through entrepreneurial intensity in the hotel enterprises in other Counties in Kenya and other parts of the world. Equally, the study findings will provide more valuable information for the policy makers towards entrepreneurship development; increase knowledge about the influence of enterprise profile, external environment on performance of hotel enterprises through entrepreneurial intensity. Overall, the study findings will provide literature for use by scholars, practitioners and other stakeholders.

1.7 Assumptions of the Study

The assumptions in this study were; firstly, the respondents had enough knowledge of the study constructs and that their responses were truthful and honest to all items and represented views of their enterprise. Secondly, all the enterprises that responded are registered hotel enterprises in Uasin Gishu County Kenya, and the questions asked in the questionnaire are only applicable to hotel enterprises. Thirdly, the sampled population was a representative of the entire population.

1.8 Structure of the Study

This study comprises of five chapters. Chapter one provides the background to the study, statement of the problem, research objectives, research hypotheses, scope of the study, justification of the study, and assumptions of the study. The second chapter presents existing literature of each study construct. It also conceptualizes a model that was proposed for testing. Chapter three presents the methods that were utilized in pursuing this study, which includes the study area, research paradigm, research strategy, population and sample size determination and selection, type and sources of data and questionnaire design, pilot test, data processing and levels of measurement, measurement of variables, testing validity, testing reliability, data analysis, statistical methods and ethical issues. Chapter four presents the findings of the study. The demographic characteristics of the respondents, descriptive and inferential statisitcs of each study constructs the SEM, analysis and results of hypothesis testing. Chapter five presents summary of the contributions of this study to the body of knowledge in the area, conclusions, recommendations, limitations and implications of the study.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter reviews literature relevant to the research problem under investigation. Literature review was divided into two parts, firstly the theoretical evidence on the development of entrepreneurship and secondly, empirical evidence on enterprises. The literature review for this study was drawn from developed and developing countries. Equally, the literature review presented in this chapter shows the approaches to defining entrepreneurship in the operational sense and covers the primary concepts that are usually used and are considered useful in describing entrepreneurship. Moreover, reviewing the literature of entrepreneurship served the following purposes: it laid the basis for more discussion of the events of entrepreneurship within established enterprises (Firm entrepreneurship), the review also identified the behaviour of individuals that should be targeted to foster firm entrepreneurship, and gave attention on the activities and or behaviour of the entrepreneurs rather than on the traits of the entrepreneur.

The theoretical discussion of literature focused on the psychological, behavioural and social cognitive theories of entrepreneurship, which have contributed to the explanation of entrepreneurial behaviour and its role in entrepreneurship development. Empirical evidence included: Enterprise profile, external environment, entrepreneurial intensity and enterprise performance.

2.1 Theoretical Development of Entrepreneurship

This section examined the approaches to entrepreneurship. In a broad view, the approaches best explain entrepreneurship behaviour. It includes the psychological, behavioural and social cognitive theories of entrepreneurship that were used in guiding and interpreting the present study findings.

2.1.1 The Psychological Theory of Entrepreneurship

This approach is also referred to as the trait approach. The approach asks the question who is an entrepreneur; observes them and define them based on their characteristics as persons and on what they do as entrepreneurs while trying to establish the causal relationship between the characteristics and the actions (Carton *et al.*, 1998; Gantsho, 2006). Findings reveal the following characteristics of entrepreneurs need for independence, locus of control, risk taking, creativity and innovation (Dollinger, 2003). It is worth noting that these characteristics have to do with the individual mind and includes passion, desire to achieve, patients and self-confidence (Gantsho, 2006), equally, the characteristics are dependent on the opportunity, a person's background and the society. He concludes that, entrepreneurs are not necessarily born with these traits but can acquire them through experience, coaching, education and training.

Psychological approach asks questions such as: are entrepreneurs born or made? Is there a gene for running a performing business? Is it about nurture or nature (Gantsho, 2006)? He continues by saying entrepreneurs come from different backgrounds with different qualities and that one has to be determined to succeed. Smith (2000) alludes that psychology is part of the process and entrepreneurs need the skills and the environments to complete the process. This could imply that the entrepreneurial process consists of the entrepreneur who perceives the opportunity, mobilises the required resources and establishes the enterprise with a goal of achieving rewards and

or profits. From the above review, it's evident that the psychological approach is useful in pointing that entrepreneurial abilities can be developed through education, coaching, education and training (Gantsho, 2006). The result of these interventions is the accumulation of entrepreneurial competencies that includes knowledge and skills that are required to carry out the entrepreneurial process (Gantsho, 2006, Smith, 2000). The psychological approach was considered in this study indicating that entrepreneurial intensity can be developed in the hotel enterprises in Uasin Gishu County, Kenya through education, training, coaching and past experience in the sector.

2.1.2 The Behavioural Theory of Entrepreneurship

The approach asks the question what is entrepreneurial activity (Gantsho, 2006). Then define entrepreneurs as those who engage in such activities. The approach focuses on the entrepreneurial process and not on the characteristics of the entrepreneur (Carton *et al.,* 1998). Basing on the entrepreneurial process, entrepreneurship is defined to as actions associated with the perceiving of new opportunities, attracting and managing resources and creating of enterprises to pursue them (Bygrave and Hofer, 1992; Wickham, 2006). Furthermore, other researchers for instance Nieman *et al.,* (2003) view entrepreneurship as actions of people who perceive opportunities, take risks, combine resources, create and grow enterprises meet market needs for profits.

Early pioneers in the field of entrepreneurship looked at what entrepreneurs did as opposed to what traits they possessed (Gantsho, 2006). For instance entrepreneurship was viewed from the perspective of Economics and Business Management (Nieman *et al.,* 2003). Cantillon showed the role of an entrepreneur as taking risks such as the uncertainty of buying goods at certain prices and selling them at uncertain prices, and bringing about equilibrium of supply and demand that includes combining the factors

of production (Gantsho, 2006). One is an entrepreneur only when one carries out new combinations and loses that status as soon as the establishment phase is complete and when one settles down to run ones business routinely (Schumpeter, 1934). Behavioural theory of entrepreneurship was considered relevant in this study because the variable entrepreneurial intensity is a behaviour. Furthermore, it is an outcome of the enterprise profile and external environment, which could influence hotel enterprise performance.

2.1.3 Social Cognitive Theory of Entrepreneurship

Social cognitive theory is concerned with two pairs of factors (Fiske and Taylor, 1991). The first pair is related to person in the situation and the second pair is related to cognition and motivation. Most important, understanding how people behave in entrepreneurship is determined by how they perceive and interpret the situation. Thus the theory is related to how people think about themselves and about others in the environment. According to Fiske and Taylor, social cognitive theory has basically two themes; the cognitive point of view that depends on learning and rational thinking and common sense that relies on intuition.

Overall, social cognitive theory explains psychological functioning in terms of behaviour and external environment such that cognition and other personal factors and environmental events interact in a bidirectional manner as observed by Wood and Bandura (1989). This imply the environment and people are both products and by products of each other as shown in Figure 2.1.

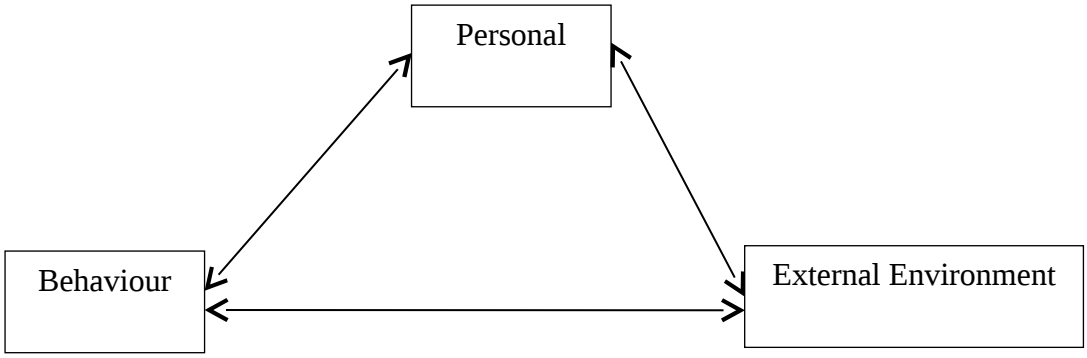

Figure 2.1: Relationship between Behaviour, Personal and the External Environment
Source: Wood and Bandura, 1989

The relationship between behaviour, personal and the external environment imply firstly, what people feel, think and belief affects how they behave and equally these beliefs are affected and modified by behavioural experience through the process of learning (Bandura, 1989). Secondly, the relationship between personal characteristic and external environment, personal traits are developed and modified through social manipulation such as instructions and persuasion. At the same time influenced by their characteristics, people select what they see and perceive in their environments before acting. Thirdly, the relationship between external environment and behaviour, behaviour influences environmental events and as the environment changes, behaviour is altered. These could imply that through people's actions, the environmental conditions that affect their behaviour is produced. In other words, self-regulation and self-reflection are embedded in Bandura's social cognitive theory.

According to Linan and Chen (2006) in view of social cognitive theory in understanding entrepreneurial behaviour, they suggest that exogenous variables do not directly influence behaviours. Rather they operate through influencing one or more endogenous variables. This study concentrated on enterprise profile and external environment as exogenous variables while entrepreneurial intensity and enterprise

performance were the endogenous variables. Thus social cognitive theory was considered relevant because it recognizes the external environment and behaviour that could influence entrepreneurial intensity and performance of hotel enterprises in Uasin Gishu County, Kenya.

2.2 The Concept of Enterprise Performance

In today's environment, enterprise performance is a critical issue for entrepreneurs (Zulkiffli and Parera, 2011). This implies that performance is the operational ability of an enterprise to satisfy its stakeholders and must be assessed to measure an enterprise accomplishment. In addition, performance can reflect the means by which an organization achieves organizational goals and as a source of direction in helping organizations to appropriate resources in the future (Lin, 2005). That is, all conceptualization of organizational properties are related to the essence of SME performance and it is the final goal of the rationality of organizational design

In addition, performance can reflect the means by which an organization achieve organizational goals and as a source of direction in helping organizations to appropriate resources in the future (Lin, 2005). In organizational behavior, performance is the core of organizational theories (Yin *et al.,* 2014). That is, all conceptualization of organizational properties are related to the essence of SME performance and it is the final goal of the rationality of organizational design (Lin, 2005). Enterprise performance is a measurement of the degree of the organizational goal achievement. The indicators used to measure enterprise performance are many; however the measures used in this study comprised of financial and non-financial performance measures that incudes sales, growth, owner's financial expectations, profits, turnover, customer attraction and retention, satisfaction and number of employees measured subjectively (Hughes & Morgan, 2006).

Non-financial performance reflects sustainable development capability for achieving enterprise strategic goal and strengthening enterprise competitive advantages (Ban and Ren 2008). Non-financial indices which generally are measured from aspects of operational efficiency, growth trend and activation subscription can predict commercial perspective through reflecting process performance of firm operation (Murphy *et al.*, 1996). Non-financial performance could be measured from three dimensions such as the achievement of initial objective, the stability of working environment, the satisfactory degree of performance, product reputation, product quality, customer loyalty degree, customer satisfactory degree and service complaint rate (Hean and Nguyen, 2007; Lin and Wu, 2014; Liu and Liu, 2014). As for financial performance, it reflects the input-output efficiency and operational outcomes which is measured based on account data of enterprise (Ban and Ren 2008). The general measurement indices include return on assets, net profit, sales growth rate and ratio of sales (Spanos and Lioukas, 2001).

Research indicates a preference for subjective financial data (Zulkiffli and Parera, 2011). The concern being small business owners often refuse to give accurate objective performance data. Furthermore, even if one gets objective data, it does not fully represent enterprise performance, the reason being entrepreneurs may manipulate the data to avoid personal and corporate taxes (Dess and Robinson, 1984; Sapienza *et al.*, 1988). As a result of this, Wall *et al.*, (2004) suggest that entrepreneurs are encouraged to evaluate their enterprise performance through subjective measures that reflect objective measures.

Equally as observed by Song *et al.*, (2005), enterprise performance can be measured subjectively as this type of data allows comparisons of relationships across the type of sector, culture and economic situations. Dawes (1999) confirms this by pointing that if subjective measures are employed, entrepreneurs can use the relative performance

of their business as a benchmark when responding. It is legal for small enterprise entrepreneurs to manipulate data, and to control the manipulation researchers should do so by subjectively adjusting measures (Sanienza *et al.,* 1988). This implies that most entrepreneurs consider objective measures of performance to be confidential and not shared to the public scrutiny. Thus researchers are advised to develop subjective measures to be in a position to have reliable, accurate and complete information (Covin and Slevin, 1989) and focus on firms within the same industry in this present study the hotel enterprises.

Sales in an enterprise represent the products that go out of the enterprise and cash flows into the enterprise, good sales records are therefore very important for the efficient performance of an enterprise (Nassiuma, 2011). This could imply, fall in sales is a result of unavailability of goods at the time when the customers need them, high competition, expired products, obsolete products, and poor quality of the products offered by enterprises. Profit means net increase in the owners' wealth (Pandey, 1979). Profit in the enterprise provides the financial strength to support human resources hence increased enterprise performance (Holt, 2003). Customer retention as an indicator of performance has been described to as a relationship between relative attitude towards an enterprise and repeat patronage behaviour (Dick & Basu, 1994); a situation when repeat purchase behaviour is accompanied by a psychological bond (Jarvis & Wilcox, 1977); and repeat purchase intentions and behaviours (Peter & Olson, 1990); as a favourable attitude toward a brand in addition to purchasing it repeatedly (Day, 1969) indicating performance.

2.3 The Concept of Firm Entrepreneurship

Firm entrepreneurship refers to the development of new business ideas and opportunities within large established enterprises (Morris et.al. 2008). However this

study will examine firm entrepreneurship in the small and medium enterprises contrary to the large ones. Equally, firm entrepreneurship is a term used to describe entrepreneurial behaviour and or activities inside established enterprises (Baron & Shane, 2008). Broadly, firm entrepreneurship can also be termed as *corporate entrepreneurship, intrapreneurship, internal corporate entrepreneurship, internal entrepreneurship, intrapreneuring, strategic renewal and enterprise venturing* (Morris *et al.,* 2008; Altman and Zacharakis, 2003; Antoncic & Hisrich, 2001; Goosen, 2002). Equally, firm entrepreneurship may be formal or informal activities aimed at creating new ideas in enterprises through process and product innovations and market development hence influence enterprise performance (Zahra, 1991).

It is worth noting that firm entrepreneurship is a process where individual or group of individuals, together with an established enterprise creates a new venture or innovation within the current enterprise (Sharma and Chrisman, 1999). The new venture that is created by the intrapreneur results because of innovation, which is viewed as introduction of new goods, new methods of production, new markets, new source of supply of raw materials and creation of new ventures. The literature defines firm entrepreneurship, as creating something new inside established organization. This identifies a gap in examining firm entrepreneurship in SMEs contrary to the large enterprises, hence the need for this study.

Triggering Events for Firm Entrepreneurship: These are factors that drive individuals within an enterprise to develop and implement new ideas (Morris *et al.,* 2008). These indicate that, the decision to act entrepreneurially occurs because of interactions among organizational characteristics, individual characteristics and some events (trigger). They further note, that earlier research conducted revealed entrepreneurship is driven externally in enterprises. Studies indicate there is a positive

relationship between entrepreneurial orientation and performance, when enterprises must cope with a dynamic, threatening and complex external environment (Kuratko and Hodgetts, 2007). For this reason there is a need for entrepreneurial management to cope with; diminishing opportunities and the turbulent environment thus realize performance in long run. The repercussion would appear to be that the principal for triggers for corporate entrepreneurship are aggressive competitor moves, changes in industry or market structure, regulatory threats and related factors (Morris *et al.*, 2008). Equally, other researchers point out that the factors in the external environment and considerations within the organization interact, thus challenging entrepreneurs to respond creatively and act in an innovative ways (Zahra and O'Neil, 1998).

A summary of triggering events for firm entrepreneurship that influence enterprise performance is presented in Table 2.2. The table indicates specific triggering events that others for instance a particular customer complaint and some can be broken down to more detail e.g. employee initiative to problems could influence enterprise performance (Morris *et al.*, 2008). Equally, they reveal that, there is an overlap among some items such as declining profits and rising costs. In general, they tend to capture the triggering events that commonly influence innovative behaviour and performance in enterprises. In a study conducted by Morris *et al.,* (2000) in an attempt to discern the relative reliance on the firm entrepreneurship triggers, managers were asked to identify entrepreneurial initiatives that had been pursued within their enterprises. The results revealed that, a total of 82 entrepreneurial initiatives were identified namely; internal factors such as, employee initiative, strategic program, new growth target, new marketing initiatives and public relations or image. The external factors included; specific customer request, a competitor threat and change in people's lifestyle.

Researchers perceive firm entrepreneurship as extension of individual entrepreneurship within existing enterprises (Pinchot, 1985) that is intrapreneurship, while others approach it from organizational and environmental factors that influence the entrepreneurial process (Zahra & Covin, 1995). Furthermore, literature indicates that part of entrepreneurial process is innovation; this implies firm entrepreneurship and innovation concepts are used interchangeably (Gantsho, 2006). This means that innovation is part of firm entrepreneurship, and that it can be linked with, the process of organizational renewal with innovation as key in establishing and maintaining competitive advantage and initiating enterprise renewal fosters entrepreneurial behaviour and practices to develop appropriate strategies for survival in the turbulent environment (Russell, 1999). Equally, Balloun *et al.,* (2000) argue that firm entrepreneurship is an organizational process that encourages innovation, risk taking and going for opportunity thus leading to performance.

Table 2.1: **Triggering Events for Firm Entrepreneurship**

Specific customer request	Senior management initiatives
Competitor threat or action	Personal initiatives by employees
Changes in peoples lifestyle	On-going innovation in the firm
New sales target	Strategic growth target
Public relations/Image	New marketing initiative
Substitute product/service	Diversification
Declining market share, profits, sales	Availability of new equipment
Improved quality control	Availability of new resources
Poor quality of an existing product/service	New distribution methods
Rising costs	New management
Problem with existing logistical performance	Increasing risk
Specific customer complaint	Vertical and horizontal integration
Supplier request	Geographical expansion
Availability of new IT	Internal opportunities
Regulatory environment	Inventory problems
Decreasing size of the market	Staff training
New investment by a buyer	Changes in accounting practice
Supplier complaint	New investment by a supplier

Source: Schindehutte, M.H. Morris, & D. F. Kuratko (2000).

A review of firm entrepreneurship definitions postulates that, entrepreneurship in existing enterprises incorporates enterpriser, managerial and environmental dimensions and is defined by innovative actions performed as indicated in Figure 2.2. The model by Adonisi, (2006) shows interactive relationship between enterpriser, managerial and environmental factors in firm entrepreneurship. It is argued that entrepreneurship transits to management as the enterprise grows, as depicted in Figure 2.3. Carton *et al.*, (1998), highlights that, pursuing a 'discontinuous opportunity' this could imply the component of newness constitutes entrepreneurship, while incremental changes that regularly occur in enterprises constitutes management.

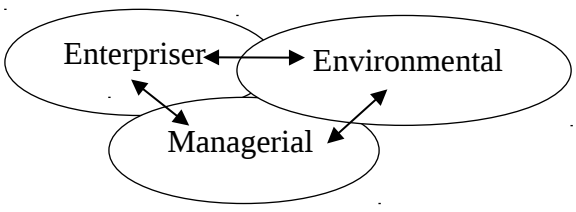

Figure 2.2: Interactive Relationship of Firm Entrepreneurship Contextual Factors
Source: Adopted from Adonisi, (2003) and Modified by the Researcher

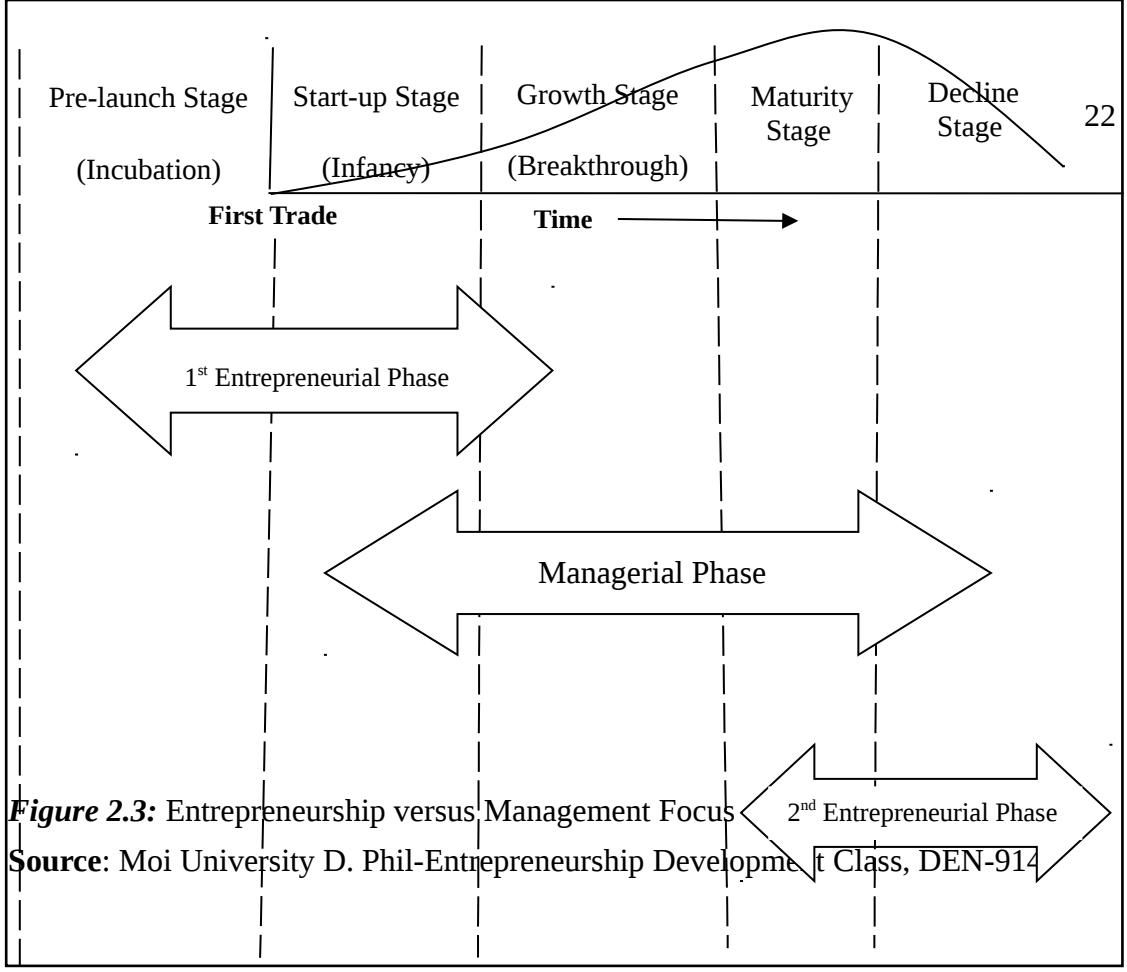

Figure 2.3: Entrepreneurship versus Management Focus

Source: Moi University D. Phil-Entrepreneurship Development Class, DEN-914

2.4 The Concept of Entrepreneurial Intensity

Entrepreneurial intensity (EI) refers to the level of entrepreneurship in an enterprise in terms of degree and frequency (Birkishaw, 2003). This could imply that it is the processes, practices and decision-making activities that lead to entering new markets within existing or new goods and services. Furthermore, Adonisi (2003) view that, a new entry is the idea that underlies the concept of firm entrepreneurship.

Entrepreneurial intensity assesses the overall level of entrepreneurship in an enterprise in terms of degree and frequency (Morris *et al.*, 2008). According to them a combination of degree and frequency of entrepreneurship can result to a firm engaging in lots of entrepreneurial initiatives (high on frequency), but none of them are innovative, risk or proactive (low on degree). Overall, it can be argued that, EI is a function of the degree and frequency of entrepreneurship (Morris & Sexton, 1996), which includes innovativeness, risk taking and proactiveness that in the long run influence enterprise performance.

However, Lumpkin & Dess (1996) suggested that autonomy and competitive aggressiveness should be included as dimensions of entrepreneurial intensity. This study modifies the entrepreneurial grid by Morris *et al.*, (2008); with an addition of autonomy and competitive aggressiveness as proposed by Lumpkin & Dess (1996) as presented in Figure 2.4.

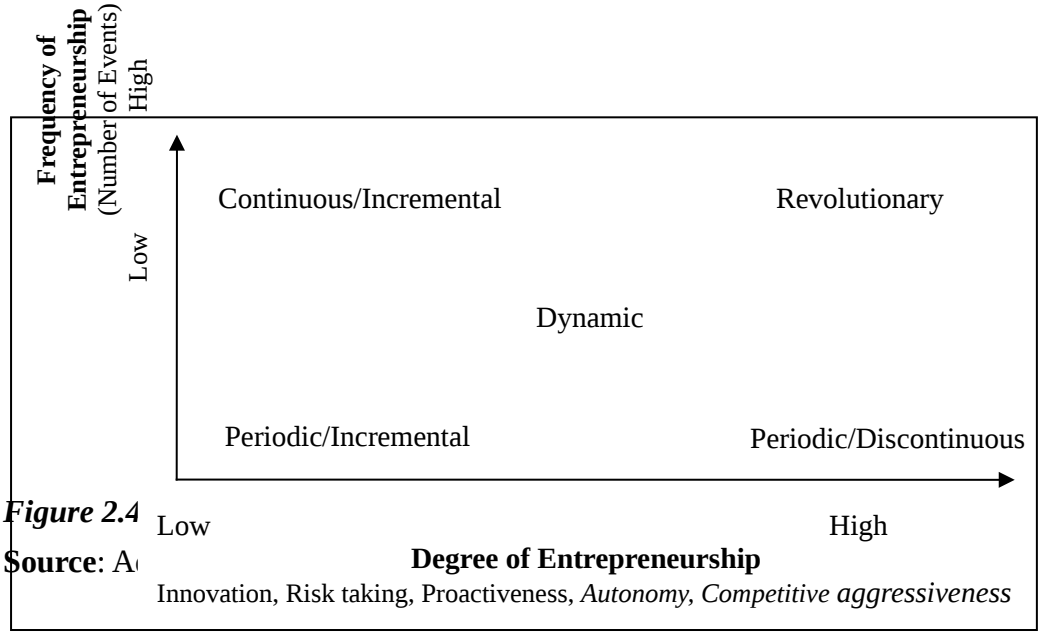

Figure 2.4

Source: A

Autonomy: Refers to the ability of an individual to make decisions and to proceed with actions independently, without any restrictions from the organization (Lumpkin *et al.*, 2009). They further allude that autonomy reflects the strong desire of an individual to have freedom in the development of an idea and in its implementation. This could motivate employees to work positively and could lead to performance. Furthermore, the indicators of autonomy according to Morris *et al.*, (2008) are: enterprises supporting employees who work independently, employees given opportunities to decide for themselves and make decisions without making any references. These indicate that if employees perceive positively they can make

independent decisions without constantly referring to enterprises, they are likely to make bold decisions that could influence enterprise performance. In addition, if entrepreneurial firms grants employees freedom and encourage them to exercise creativity in bringing fourth new ideas and services, and following it through completion, enterprises could realise performance (Ngoze, *et al.,* 2014). In other words, this could imply that entrepreneurial firms require and should encourage high levels of autonomy that could enhance enterprise performance.

Innovativeness: Refers to an enterprise ability to engage in new ideas and creative processes that may result in new products and services, markets or technological processes that could result in enterprise performance (*Rauch et al.,* 2009). In addition, Calantone *et al.,* (2002) terms innovation as the generation, acceptance and implementation of new ideas, processes, product or services. It is crucial to note that innovation is a strategy and entrepreneurship cannot exist without it. According to Landstrom (2005), innovativeness is related to creativity and without creativity; there will be no force for an individual to innovate. Creativity is a source of ideas that leads to the innovation of products, services, processes, markets or technology (Kusumawardhani *et al.,* 2009). This shows that entrepreneurship is an option open to champions in an enterprise, meaning that they have an option of pursuing it or not.

The measures of innovativeness include: entrepreneurs actively responding to main competitors new ways of doing things, entrepreneurs giving employees room to try new ways of doing things and seeking original solutions and encouraging entrepreneurial thinking by behaving in original and novel ways (Morris *et al.,* 2008). Additionally, for entrepreneurial firms to survive and cope with the hostile and competitive environment, it would be possible only if suitable innovative strategies are undertaken (Ngoze, *et al.,* 2014). For instance, the World Bank, (2010), suggest

that when employees initiatives are supported and coordinated with the enterprise, the outcomes will be gained as sustainable competitive advantage through innovation in terms of new ideas, services, products and a combination of these. This means if employees are encouraged to purse innovation as an option, implementation of their innovation could enhance enterprise performance.

Risk-Taking: Refers to enterprise willingness to take calculated business opportunities in the turbulent environment, even when their outcomes are uncertain (Lumpkin and Dess, 2001). Entrepreneurial firms with risk taking behaviour are described as bold and aggressive in pursuing opportunities, such as incurring heavy debt to making large resource commitments to obtain high returns by taking advantage of opportunities provided by the environment (Lumpkin and Dess, 1996).

The indicators of risk taking according to Morris *et al.*, (2008) includes; Entrepreneurial enterprises having a strong propensity for taking calculated high-risks, acting boldly in a hostile environment to achieve enterprise goals and adopting a wait and see strategy to minimize making costly decisions when faced with uncertainty. These means, entrepreneurs take calculated risk by attempting to find ways to shift or share the risk. Moreover, as observed by Kreiser, (2010), entrepreneurs are generally believed to take more risks than non-entrepreneurs do because they face less structural and a more uncertain set of possibilities. This implies that entrepreneurial firms are generally believed to take more risk than non-entrepreneurial firms and could influence performance.

Proactiveness: Refers to enterprise taking initiative by anticipating and pursuing new opportunities related to future demand and by participating in emerging markets (Lumpkin and Dess, 1996). Equally, it is the ability to act earlier than others in capturing new markets or introducing new products or tapping new resources is vital

ingredient of entrepreneurship in which an entrepreneur seeks new opportunities which may not be related to the present line of operations (Olson *et al.*, 2005). A proactive enterprise is that which is characterized by its awareness and responsiveness to market signals (Hughes and Morgan, 2007). Proactiveness is an opportunity seeking behaviour, forward looking perspective characterized by an enterprise introducing new products and services ahead of its main competitors and acting in anticipation of future demand (Wiklund et.al, 2009). Proactiveness includes the following indicators: Enterprises favouring a strong emphasis on Research & Development and innovations, marketing a wide variety of new lines of products and or services and making changes on products and/or service (Morris *et al.*, 2008). This means an entrepreneurial firm that constantly scan the environment for opportunities through research and development is able to develop new products and services that are unique in the market, the result of this is attracting and retaining customers that could lead to increase in profits, sales and in the long run improve performance.

Competitive Aggressiveness: Refers to a firm's propensity to directly and intensely challenge its competitors to achieve entry or improve position, which is to perform industry rivals in the market place (Lumpkin and Dess, 1996). Competitive aggressiveness can be based on service/product innovations or market development, where enterprises can demonstrate responsive or reactive actions (Kusumawardhani *et al.,* 2009). They explain that, responsiveness may take the form of head-to-head competition or direct attack on competitors, such as when a firm enters to the market where the competitor is already present. In difference, reactive indicates direct reaction to competitors' action in terms of lowering prices of services when a competitor introduces a new service to the market (Lumpkin and Dess, 1996).

The measurers of proactiveness as suggested by Morris *et al.,* (2008) are: Enterprises leading in competition and initiating actions which competitors have to respond to and adoption of a competitive posture aiming to overtake competitors. This could mean, enterprises which decide to gain share from those markets, adopt competitive aggressive behaviours by employing marketing strategies like competing on price, increasing promotion and or competing for distribution channels or imitating the competitors actions and or products (Dess *et al.,* 2007), thus realise changes in performance indicators that is sales, growth, owners financial expectations, profits, turnover, customer attraction and retention, satisfaction and number of employees.

2.4.1 Analysis of the Main Approaches to Entrepreneurial Intensity Research

Empirical research on entrepreneurial intensity can be classified according to several criteria's (Tatiana, 2014): thematic areas, application of theory to the research, and classification by countries where research was conducted. Thematic areas, theory and country applied are the attributes of any empirical research of entrepreneurial intensity (Wales *et al.,* 2001; Tatiana, 2014), and any research can be included in each of these three groups. In this empirical research classification by country and thematic

areas is considered, because it fully reflects the advanced state within entrepreneurial intensity concept and shows research approaches more clearly and accurately.

With regards to the thematic classification, empirical studies can be classified into three directions of the research; relationship between entrepreneurial intensity and performance, the influence of different antecedents on entrepreneurial intensity and including both antecedents and outcomes of entrepreneurial intensity and concentrating on three-way relationships between antecedents, entrepreneurial intensity and performance, where entrepreneurial intensity is sometimes tested for the mediating role between antecedents and performance outcomes (Tatiana, 2014).

Performance Outcomes of Entrepreneurial Intensity: Entrepreneurial intensity refers to the level of entrepreneurship in an enterprise which enables enterprises to innovate, take risky activities, proactive, autonomous and act aggressively (Adonisi 2003; Birkishaw, 2003; Covin and Slevin 1989). In the current enterprise environment, characterized by constant changes and shortened product lifecycles, rising costs, competitor actions, increasing risk, image and poor quality of products and or services (Schindehutte *et al.,* 2000). Entrepreneurial intensity let enterprises to create and commercialize ideas into new products and services, be involved in risky projects and seek for new business opportunities (Tatiana, 2014). These characteristics of entrepreneurial enterprises may be beneficial when the enterprise is facing different environmental challenges. Thus, enterprises may benefit from adopting entrepreneurial intensity as a strategy to overcome such environmental challenges (Rauch *et al.,* 2009).

Most of empirical studies are related to the influence of entrepreneurial intensity on enterprise performance (Tatiana, 2014). In this case entrepreneurial intensity is treated as a predictor variable which enterprise performance as the dependent variable. In

addition entrepreneurial intensity may influence enterprise performance directly or indirectly (Kreiser *et al.,* 2010). The studies of the direct influence investigate the relationship between entrepreneurial intensity and enterprise performance in different settings, using moderating variables, whereas studies of indirect relationships use mediating variables through which they connect entrepreneurial intensity with enterprise performance (Ngoze, 2014; Tatiana, 2014).

Mediating variables

Mediating variables show indirect relationship between entrepreneurial intensity and enterprise performance and address to the issue not of when the specific events occur, but why the relationship is possible (Baron and Kenny 1986). Mediators help reveal the mechanism through which entrepreneurial intensity influences enterprise performance and the causal chain between two related variables (Wales *et al.*, 2011). When testing the hypotheses about mediating variables, the researches test both the direct relationship between entrepreneurial intensity and enterprise performance, and indirect relationship through mediator, and check whether the mediator enhance the relationship or not as suggested by Baron and Kenny (1986). Mediating variables of entrepreneurial intensity and performance relationship is shown in Figure 2.5.

Figure 2.5: Mediating Variables between Entrepreneurial Intensity and Performance Relationship

Source: Tatiana (2014)

Examples of mediating variables used in the empirical research includes organizational learning, strategy, knowledge management (Li *et al.,* 2009; Madhoushi *et al.,* 2011), entrepreneurial behavior (Kollmann and Stöckmann, 2012), marketing orientation (Idar and Mahmood 2011). In There are fewer studies with mediating

variables which attempt to investigate the causal path through which entrepreneurial intensity influences enterprise performance (Tatiana, 2014). Studies have shown that entrepreneurial intensity influences performance (Clausen and Korneliussen, 2012; Covin and Slevin 1989; Jantunen *et al.,* 2005; Caruana 2002; Wiklund and Shepherd 2005; Lumpkin and Dess 2001; Rauch *et al.*, 2009; Soininen *et al.*, 2012).

Enterprise performance is a multidimensional concept, and different indicators have been used in the literature in order to measure the performance. Researchers examined both financial and non-financial measures as well as domestic and international firm performance. Financial measures are more often used in entrepreneurial intensity research and include different measures of growth and profitability. Non-financial indicators include such company's measures as owner satisfaction, global success ratings, goals achievement, and other indicators (Rauch *et al.*, 2009).

Moderating variables

Empirical studies demonstrate that entrepreneurial intensity is beneficial and leads to changes in enterprise performance indicators (Rauch *et al.*, 2009). However, there is variation in the size of reported relationships between entrepreneurial intensity and enterprise performance (Rauch *et al.*, 2009). Hence, Lumpkin and Dess (1996) suggested that entrepreneurial intensity and enterprise performance relationship is context dependent. That is, the strength of the relationship between entrepreneurial intensity and performance depends on the characteristics of the external environment as well as internal organizational characteristics (Tatiana, 2014; Wiklund and Shepherd 2005). The relationship between the variables of entrepreneurial intensity and performance depends on the level of the third variable (Rauch *et al.*, 2009). This context is represented by moderating variables (Figure 2.6).

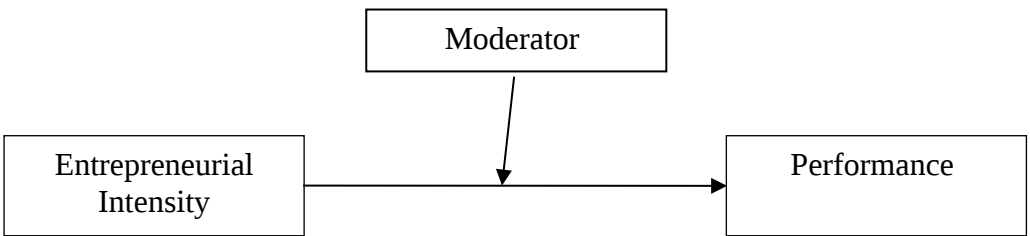

Figure 2.6: Moderating variables on the relationship between Entrepreneurial Intensity and Performance

Source: Tatiana (2014)

As suggested by Wales *et al.*, (2011), moderators represent conditions under which entrepreneurial intensity is influential. This could imply, entrepreneurial intensity leads to better firm performance and superior outcomes, but when the context is not appropriate, entrepreneurial intensity may be a wasteful strategy for a firm as it requires substantial investments (Tatiana, 2014). The studies of entrepreneurial intensity and performance relationship through moderating variables has two approaches; contingency and configurational (Wiklund and Shepherd, 2005).

Contingency approach describes two-way interactions: the interaction between entrepreneurial intensity and characteristics of external environment or between entrepreneurial intensity and internal contexts, and the influence of entrepreneurial intensity and these factors on firm performance (Wiklund and Shepherd, 2005; Lumpkin and Dess, 1996). On the other hand, configurational approach describes a three-way interaction model: the interaction between entrepreneurial intensity with both external and internal contexts. It is suggested that in enterprises several elements of structure, strategy, process and environment are formed into clusters and configurations (Wiklund and Shepherd 2005). Performance results form external and internal factors, and this joint performance contributes to the studies of entrepreneurial intensity (Tatiana, 2014).

The empirical studies investigated both external and internal moderating variables within entrepreneurial intensity and enterprise performance relationship. External variables include environmental dynamism, threats and heterogeneity (Covin and

Slevin, 1989; Lan and Wu, 2010; Stam and Elfring, 2008). Internal variables which moderate entrepreneurial intensity and enterprise performance relationship include enterprise age, managerial teams, knowledge based resources, entrepreneurship style, education level (Avlotinitis and Salavou 2007; Lan and Wu, 2010; Jantunen *et al.*, 2005; Rauch *et al.,* 2009; Wales *et al.,* 2011; Soininen et al., 2012).

Antecedents of Entrepreneurial Intensity: In the empirical research of antecedents of entrepreneurial intensity, entrepreneurial intensity is presented as the dependent variable, whereas different antecedents are independent variables (Tatiana, 2014). Compared to the studies of "entrepreneurial intensity and enterprise performance" relationship, the studies of entrepreneurial intensity antecedents are less numerous (Tatiana, 2014). When investigating antecedents of entrepreneurial intensity, researchers try to answer the question of why some enterprises are more entrepreneurial than others and what are the drivers of entrepreneurial intensity of the enterprise. All antecedents of entrepreneurial intensity investigated in empirical research can be divided into two groups: external and internal antecedents as presented in Figure 2.7.

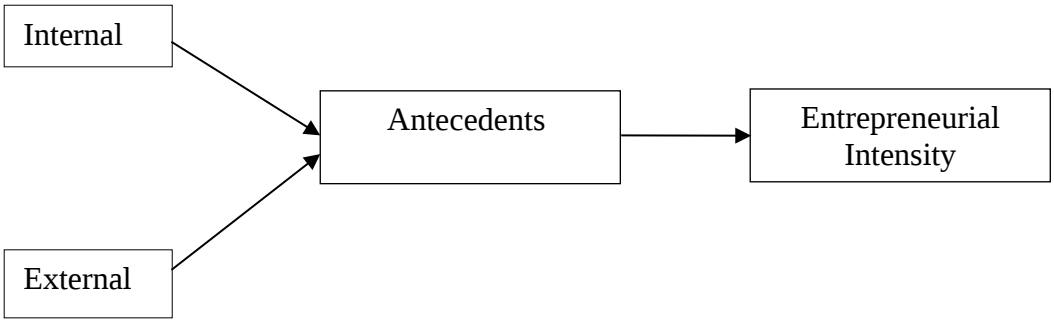

Figure 2.7: Antecedents of Entrepreneurial Intensity Relationship

Source: Tatiana (2014)

Internal antecedents

Internal variables used in explaining entrepreneurial intensity can be divided into four broad categories: demographic, managerial, environmental, and psychological (Juha, 2013). The context of the studies is mainly traditional enterprises but three of the studies (Morris *et al.,* 2007; Wood *et al*., 2008; Meynhardt and Diefenbach, 2012) focus on entrepreneurial intensity in non-profit enterprises, Air Force organizations and one particular governmental agency.

The main findings of the studies indicated that the factors explaining entrepreneurial intensity can indeed be divided into the abovementioned categories. Demographic variables such as the experience or education of the entrepreneur (Salvato, 2004; Sciascia *et al.*, 2006; Altinay and Wang, 2011), family related factors (Ullah *et al.,* 2011) were found to explain entrepreneurial intensity. At the managerial level factors related to the structure of the enterprise, management support, resources, appropriate use of rewards, leadership styles (Sciascia *et al.,* 2006; Morris *et al.,* 2007; Wood *et al.,* 2008; Meynhardt and Diefenbach, 2012) were found to explain entrepreneurial intensity within enterprises.

Moreover, another approach that is relevant in the context of small enterprises where the entrepreneur is in a significant role of psychological trait and motivations in explaining entrepreneurial intensity (Okhomina, 2010; Ullah *et al.,* 2011). These approaches show the kind of personality related factors that explain entrepreneurial intensity. In addition, availability of financial resources as pointed by few studies could explain entrepreneurial intensity within enterprises (Meynhardt and Diefenbach, 2012; Eggers *et al.,* 2013).

External antecedents

Among external antecedents of entrepreneurial intensity, studied in the previous research, there are enterprise environment (Alexandrova 2004), national culture

(Kreiser *et al.*, 2010), regulatory institutions (Shirokova and Sokolova 2013), governance and other factors that affect the level of entrepreneurial intensity. External antecedents, studied in this research, are the enterprise environment of the enterprise which includes environmental dynamism, threats and heterogeneity (Miller and Friesen, 1982). Enterprises operate in external business environment, and have to adapt to it and respond to its challenges by changing their actions and strategies. In general, external environment have been found to encourage the entrepreneurial intensity on the organizational level (Miller *et al.*, 1988). Enterprises tend to respond to unpredictable changes, which characterize the external environments by modifying its strategies, innovating and taking more risky and proactive actions Rauch *et al.*, (2009). These may foster the implementation of entrepreneurial intensity in the enterprise in order to be more efficient in searching for the new opportunities which appear on the market (Rauch *et al.*, 2009).

Three-way Relationship and The Mediating Role of Entrepreneurial Intensity: The two-way relationship between entrepreneurial intensity and enterprise performance and between antecedents and entrepreneurial intensity are the most common approaches within the empirical studies of entrepreneurial intensity (Tatiana, 2014). However, in the empirical research there can be also identified the third approach to entrepreneurial intensity research. This approach includes studies which investigate both entrepreneurial intensity antecedents and outcomes, and develop the three-way interactions in some of which entrepreneurial intensity is presented as a mediating variable between antecedents and outcomes as presented in Figure 2.8.

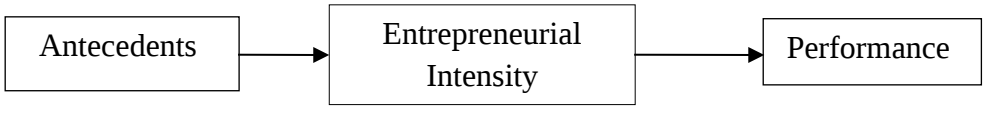

Figure 2.8: Antecedents of Entrepreneurial Intensity and Performance Relationship

Source: Tatiana (2014)

This group of empirical research contains few studies which attempt to cover both the factors which influence the development of entrepreneurial intensity of the enterprise, and different performance indicators, which are influenced by entrepreneurial intensity (Tatiana, 2014). Three-way interactions were studied, for instance, in the research of investigation the impact of network configurations on entrepreneurial intensity and performance of new ventures and small firms (Parida *et al.*, 2010), the research of the influence of time laps between foundation and first international market entry on the development of entrepreneurial intensity and international performance of enterprise (Ripollés-Meliá *et al.,* 2007), the study of the relationship between entrepreneur's thinking styles, entrepreneurial intensity and organizational commitment (Groves and Paunescu, 2008), and the research of the influence of organizational climate on entrepreneurial intensity and performance in non-profit contexts (Morris *et al.*, 2006).

Few studies have shown the mediating role of entrepreneurial intensity in the antecedents and performance relationship (Tatiana, 2014). In order to test the hypothesis about the mediating role of entrepreneurial intensity, it should be shown that a predictor variable is independently related to both mediating variable and firm performance. The relationship between mediator and outcome variables should also be tested as suggested by Baron and Kenny (1986). If the mediator plays the positive mediating role between the variables, the impact of entrepreneurial intensity antecedents on performance increases compared to the direct relationship. The mediating role can also be proved when the regression coefficient associated with "entrepreneurial intensity antecedents and enterprise performance" relationship decreases and goes to zero when the mediator variable is added. Mediator variable can

play the role of full mediator or be a partial mediator in the “entrepreneurial intensity and performance” relationship (Idar and Mahmood, 2011).

In the contemporary research on entrepreneurship the mediating role of entrepreneurial intensity is not much investigated, and there are research gaps in the mediating approach to entrepreneurial intensity. There are empirical studies which explore three-way relationships between antecedents, entrepreneurial intensity and outcomes, but very few of them could find such relationship between factors of entrepreneurial orientation and performance indicators which are mediated and enhanced by entrepreneurial intensity(Tatiana, 2014). There are few empirical studies, where entrepreneurial intensity play a mediating role between antecedents and enterprise performance (Arhan and Muenjohn, 2012; Rosenbusch and Bausch, 2013).

The mediating role of entrepreneurial intensity has been very little studied in entrepreneurship and management science, and the previous research mainly used contingency view of entrepreneurial intensity and environmental variables (Wiklund and Shepherd 2005; Tatiana, 2014). Thus, the study of entrepreneurial intensity as a mediator between enterprise profile, the external environment and performance contributes to the theoretical knowledge of entrepreneurship at firm level.

Application of theory and country research: Other criteria, according to which the empirical research of entrepreneurial intensity can be classified, are the criteria of theories which are applied to the empirical research, and the countries about which the research has been conducted and the data has been collected (Tatiana, 2014). Connection to theories and usage of theoretical paradigms is an essential part of empirical research. There can be distinguished different groups of theories used in the empirical studies. All research papers discussed above under the criteria of research

thematic areas can also be classified according to the theoretical background used in the research (Tatiana, 2014).

The most common theories used in the research are cultural (Kreiser *et al.,* 2010; Engelen, 2010; Altinay and Wang, 2011) and institutional (Shirokova and Sokolova 2013) theories, resource-based view (Lee and Chu, 2011), theories of social capital and networking (Parida *et al.*, 2010; Stam and Elfring, 2008), theories of organizational change and ecology, agency, and governance (Miller, 2011).

Institutional theory applied to the research explores the normative and political factors as well as institutional environment which may influence entrepreneurial intensity level, or may play a moderating role in the relationship between entrepreneurial intensity and firm performance. Except formal institutions, informal values, norms, and behavior approved in the society also impact the development of entrepreneurial orientation (Miller, 2011).

The resource-based view explores the impact of resources on entrepreneurial intensity, identifies the resources which are required to sustain entrepreneurial intensity, and develops the methods by which the resources may be obtained in the organization (Miller, 2011). Besides using of one theory or paradigm in the empirical research, many empirical studies combine different theories. They investigate the antecedents and/or context variables from different theoretical backgrounds, and connect them with entrepreneurial intensity and firm performance. This research uses antecedent variables from two different perspectives: internal or resource-based view on the organization, which includes the variables of formalization and centralization, and external or industry perspective, including environmental dynamism, hostility, and heterogeneity, competition intensity and demand growth.

According to the criteria of countries in which the empirical research has been conducted, the research can be divided into three groups. The first study investigate entrepreneurial intensity in developed economies (Lumpkin and Dess, 2001; Wiklund and Shepherd, 2005; Stam and Elfring, 2008; Clausen and Korneliussen, 2012; Soininen *et al.*, 2012), the second group deals with developing countries (Lan and Wu, 2010; Shirokova and Sokolova, 2013), and the last group studies entrepreneurial intensity in different countries comparing them with each other (Kreiser *et al.*, 2010). Entrepreneurial activities and drivers of opportunity-based entrepreneurship are different in developed and developing countries. The markets in developing countries are not much saturated, and there are more opportunities for the entrepreneurs to start or develop their businesses (Lingelbach, *et al.*, 2005). Despite the broader scope of opportunities in emerging markets compared to the developed markets, there are also more risks and challenges caused by economic, political and regulatory instabilities, and less internal resources needed for business establishment and development (Lingelbach, Viña and Asel, 2005).

In overall, empirical research of entrepreneurial intensity can be divided into different groups according to the criteria of thematic areas, theory applied and country research. Concerning to the approaches within thematic areas, there are more studies of the relationship between entrepreneurial intensity and performance (both moderating and mediating), and the relationship between antecedents and entrepreneurial intensity, leaving the approach of mediating role of entrepreneurial intensity not much developed in the literature. Thus this study determines the influence of enterprise profile, entrepreneurial intensity and enterprise performance through entrepreneurial intensity.

2.5 The Concept of Enterprise Profile

This sub-section is divided into two parts, entrepreneur managerial characteristic and firm characteristic.

2.5.1 Entrepreneur managerial Characteristic

The entrepreneur managerial characteristic comprised the entrepreneur's age, gender and marital status, level of education.

Researchers have identified several factors important to the internal environment of an enterprise for pursuing entrepreneurial activity in the enterprise in termed them as managerial characteristics (Mabala, 2012; Morris *et al.*, 2008). The factors include; rewards/reinforcement, management support for entrepreneurship, time availability, work freedom/work discretion, and organizational boundaries (Hancer, *et al.*, 2009; Ireland *et al.*, 2009; Kuratko, 2009; Whipple & Peterson, 2009; Morris *et al.*, 2008). These factors are labeled as managerial characteristics and if perceived positively to employees could influence enterprise entrepreneurial intensity behavior and enterprise performance (Kearney *et al.*, 2008). This study examined hotel enterprise employee perception of managerial characteristics and its influence on entrepreneurial intensity and its performance in Uasin Gishu County, Kenya.

Rewards (Reinforcement): This refers to the developing and using of systems that reinforce and reward entrepreneurial posture, giving important achievements and encouraging pursuit of challenging work, thus motivating employees to engage in entrepreneurial orientation the could result in changes in enterprise performance indicators (Kuratko, 2008). Using appropriate reward systems can enhance employees to take risks associated with entrepreneurial activity (Hancer *et al.*, 2008). For instance if an employee performs well and is not recognized, then there is no

motivation to taking risks (Kearney *et al.,* 2008). Thus the drive for entrepreneurial intensity in an enterprise is driven by effective reward systems put in place by the entrepreneur (Scheepers, *et al.,* 2008).

Rewards indicators includes; Helping employee do their work by removing obstacles and roadblocks, giving financial support for innovative ideas, rewarding employees depending on their job and promoting employee following development of new and innovative ideas (Morris *et al.,* 2008), these measures would influence entrepreneurial intensity and enterprise performance it perceived positively by employees. Not only are financial rewards important for firm entrepreneurship, but non-financial, emotional rewards such as substantive attention are also crucial and could lead to employee engaging in entrepreneurial behaviour that could enhance enterprise performance (Viswanathan and Gowri, 2004).

Management Support for Entrepreneurship: This refers to the willingness of owner managers to facilitate and promote entrepreneurial behaviour, championing innovation and providing necessary resource people require to take entrepreneurial actions (Morris *et al.,* 2008). Furthermore, they suggest the following as measures of management support for entrepreneurship; Enterprises using improved work methods developed by employees, management aware and open to employee ideas and suggestions, encouraging employee who introduce innovative ideas and giving money to get new ideas off the ground. These could motivate employees if they perceive positively making them to be innovative by developing new methods of production, services and many new ideas that could influence enterprise performance.

It is important for enterprisers to give inputs and encourage employees to take entrepreneurial activities and be in a position to assist employees in dealing with results associate with failure, because this discourages them from trying new ideas

(Whipple & Peterson, 2009). This acknowledges the entrepreneurial process by Wickham (2009), which indicates an entrepreneurial enterprise constantly learns from its success and failures as depicted in Figure 2.9.

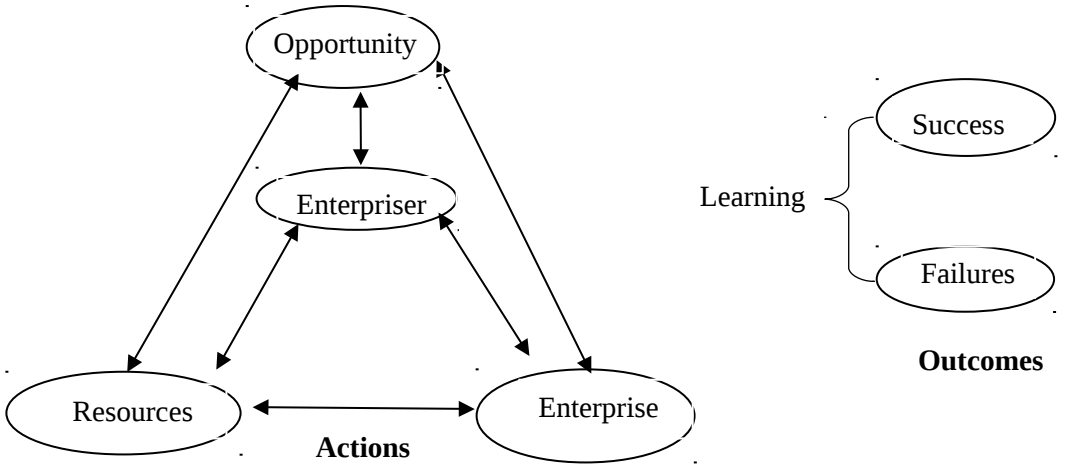

Figure 2.9: The Entrepreneurial Enterprise Constantly Learns From Its Success and Failures

Source: Wickham, 2006

The framework indicates that an entrepreneurial enterprise must be a leaning enterprise, that is, it must not only respond to opportunities and challenges but also reflect on the outcomes that result from that response and modify future responses in the light of experience (Wickham, 2006). This implies, an enterprise learns from its success and failure by appreciating employees as resources by encouraging and rewarding innovation, using informal meeting whenever possible, educate employees with regard to entrepreneurship and innovation and develop policies that will help innovative employees reach their full potential (Kuratko and Hodgetts, 2004).

Time Availability: refers to the evaluation of workload to ensure that employees have sufficient time needed to pursue innovations (Morris *et al.*, 2008). They propose the following indicators of time availability; Work load did not keep employees from spending time on developing new ideas, employees having enough time to get everything done, employee feelings on working with time constraints and having time for long term problem solving among employee. These could imply, for innovative ideas to thrive, employees should have time to incubate their ideas (Scheepers *et al.*, 2008). Enterprises must assign workload to their employees reasonably, avoid putting

time constraints on employee job and encourage teamwork to solve long-term problems reason being entrepreneurship is not a one-man game but involves teams (Kuratko, 2009; Scheepers *et al.,* 2008). They suggest that entrepreneurs should create an entrepreneurial environment that allows employees to conduct creative entrepreneurial activities in a limited portion of their work time. Consequently, this could influence entrepreneurial intensity and enterprise performance.

Work Discretion (Autonomy): This involves entrepreneur's commitments to tolerate failure, provide decision making freedom and delegate authority and responsibility to employees (Morris *et al.,* 2008). Entrepreneurs should allow employees to make decisions about their work process and not criticize them if they fail (Kuratko, 2009; Ireland *et al.,* 2009; Scheepers *et al.,* 2009). According to Morris *et al.,* (2008), the indicators of work freedom includes; Employees feeling like their own boss and do not have to double check decisions with someone else, employees not being punished when they make a mistake, employees provided freedom to use their own decisions and to decide what to do. These means, tolerance of failure by entrepreneurs results in innovation, proactive behaviours, autonomy, risk taking, competitive aggressiveness among employees hence realize the changes in enterprise performance indicators financial and non-financial performance such as sales, growth, owners financial expectations, profits, turnover, customer attraction and retention, satisfaction and number of employees.

(Ireland *et al.,* 2009). In addition it's worth noting that employees have discretion if they are able to make decisions independently about their performance in the way they perceive to be effective (Kuratko, 2006; Scheepers *et al.*, 2008), and that as an entrepreneur need not to have permission to undertake a task meaning freedom of movement is important (Viswanathan and Gowri, 2004). Moreover, Chen *et al.,* (2005), comment that, entrepreneurs need creative and independent thinking to

develop new ideas and undertake risk. Overall, if employees could have free movement without constantly referring to management by acting independently it may result in them engaging in entrepreneurial behaviour increasing performance.

Enterprise Boundaries: Refers to explanations of outcomes from enterprise work and development mechanisms for evaluating, selecting and using innovation and could influence enterprise performance in long run (Morris *et al.,* 2008). Enterprises should avoid having standard operating procedures; reduce their dependence on narrow job descriptions and inflexible performance standards to enhance entrepreneurial activities by employees (Kuratko, 2009). Morris *et al.,* (2008), propose the following measures of enterprise boundaries; Employees not following standard operating procedures to do their job, enterprises not having written rules and procedures, insecurity in the enterprises and entrepreneurs discussing work performance with employees. They further, allude that in promoting innovation and intrapreneurship there should be a boundary less enterprise; that eliminates barriers that slow things down and create resistance to change and for enterprise to act entrepreneurially, organizational support is crucial. These could influence entrepreneurial intensity and enterprise performance.

Enterprisers Age: The relationship between age and enterprise career procession is important, as noted by Hisrich *et al.,* (2002) most enterprisers initiate their enterprises between the ages of 22 and 45 years. Male entrepreneurs tended to start their entrepreneurial careers at the age of 30 years as compared to women who tended to do so in their middle thirties. The age of the entrepreneur could have a bearing on the dynamism and performance of the enterprise, as well as entrepreneurial intensity, as age has a bearing on experience, health, and entrepreneurs drive.

Enterprisers Marital Status and Gender*:* Studies on marital status and gender show that many women now play an increasing role in entrepreneurial activities and over 50 % were married and had children who were of school going age (Wegulo, 2004). CBS (2003) report indicates that most of the married persons 80.3% were over 34 years of age, widowed 8.5%, and separated or divorce 7.5%. The marital status of persons aged 12 years and above who were not married represented 42.7 %, married 50.3 %, widowed 3.5 % and divorced 3.6 %. Most women find employment opportunities in the SME sector, which is a positive development, given that they have been disadvantaged as a group with regard to wage employment (Alila, 2001).

Enterpriser's Educational levels and Skills: Education and training are vital for the efficient operation of an enterprise because they provide the necessary numerical and communication skills vital in enterprise management and performance. It continues to play a major role in helping entrepreneurs to cope with the problems confronted in their daily operations (Hisrich *et al.,* 2002). An assessment of the educational level of the hotel enterprise enterprisers is thus important in this study. A number of studies indicate that skills and knowledge of entrepreneurs are critical in establishing SMEs and are vital for enterprise performance (Namusonge, 1998). This could imply that entrepreneurial skills and knowledge could have high effect on entrepreneurial intensity of an enterprise. The status of the educational levels of entrepreneurs in Kenya shows that entrepreneurs without primary educational level were (10%), (primary (54%), secondary (33%) and higher education level (1.8%) (CBS *et al.,* 1999). Training is an important aspect of entrepreneurship yet training was seriously lacking in most SMEs (CBS *et al.*, 1999). This suggests a skill and knowledge gap that could influence entrepreneurial intensity of hotel enterprises thus enhancing its performance in Uasin Gishu County. A summary of the suggested entrepreneurial traits for successful enterprisers is presented in Table 2.1.

Table 2.2: **Common Entrepreneurs Traits and Characteristics**

Drive to achieve
Internal locus of control
Calculated risk taking
Tolerance to ambiguity
Commitment/perseverance/determination
Independence
Self-confidence and optimism
Tolerance for failure
Persistent problem solving
Opportunity orientation
Integrity and reliability
High energy level
Resourcefulness
Creativity and innovation
Vision
Team building

Source: Kuratko and Richard (2007).

Entrepreneur Skills: The entrepreneurs' skills consist of the technical and the managerial techniques that relate to the abilities to perform tasks. This study will assess skills of managerial functions that include finance, planning, organizational and marketing skills that are crucial to enterprise performance (Hisrich *et al.*, 2003).

Entrepreneur Knowledge: Knowledge is the capability an entrepreneur needs to succeed and is essential in the running of a successful enterprise. The skills that an entrepreneur possesses include; sources of finance, customers, business opportunity identification, market, competition, production, management skills, and technical skills that are viral for enterprise performance (Wickham, 2006).

2.5.2 The Concept of Firm Characteristic

Literature on firm characteristic will be examined.

Enterprise Start-up: Some of the reasons attributed to the start-up of MSEs according to the CBS *et al.*, (1999) were; people had no alternative (32.7%), were attracted by prospects for better incomes (21.8%,) preferred self-employment

(13.7%). Equally, people want to become enterprisers are driven from several theoretical backgrounds such as economic, individual characteristics and resources, psychological, socio-cultural and societal views (Heimonen, 2013). Equally, Hatten (2009), allude that owning an enterprise can be an excellent way to satisfy personal as well as professional objectives. Generally these implies that scarcity of resources increases an individual chance of going to self-employment or start own enterprise.

Furthermore, in the concept of entrepreneurship, the so called pull and push factors have been used to explain enterprise startup (Kautonen, 2008). Pull factors are the factors that pull an individual to start an enterprise such as increased earning opportunities, to exploit ideas, need for achievement, and self-fulfillment (Heimonen, 2013; Sara & Dylan, 2006). Push factors are believed to be in some part of the negative aspects that push towards enterprise startup (Heimonen, 2013). The explanations could be unemployment, insufficient pension, age discrimination, social and health problems. Overall, both pull and push factors is acknowledged as influential factors in earlier studies of enterprise startup.

Past findings indicate that entrepreneurs are happier than those employed (Blanchflower and Oswald, 1998). These factors could be some of the major motivators for hotel enterprise start-up in Uasin Gishu County. The CBS *et al.,* (1999) report further suggests that as the economy continues to register weak signs of growth and high levels of unemployment MSEs are likely to continue playing an important role in employment generation in Kenya. Enterprise start-up in Kenya is based on the need for better alternatives, higher incomes and in addition prospects for markets in specific activities significantly affects the choice of the particular activity taken up (CBS *et al.*, 1999).

Nassiuma (2011) argues, some of the main reasons behind the start-up of enterprises in Kenya was lack of job satisfaction and inability to secure promotions due to lack of formal education. He explains that, educational qualifications had two opposing effects on the entrepreneurial process among Kenyans. Entrepreneurs with a Diploma or degree educational achievement seemed to be negatively related to performance in business as compared to those with primary and secondary educational levels.

Enterprise Age: Enterprise age could influence entrepreneurial intensity and enterprise performance. CBS *et al.,* (1999) report indicates that small enterprise age by percentage in Kenya was one (1) year or less 16%, 1-2 years 20%, 3-10 years 46% and over 10 years 17%. The average age of the existing small enterprises was 6 years and the distribution of their age was in the range of less than a year to 80 years. Wegulo (2004) noted that the mean business age for the majority of small enterprises in Nakuru County was around 9 years.

Enterprise Location: The location of an enterprise could influence entrepreneurial intensity, sales and profitability of the enterprise Sethuraman, (1997). This implies that, the results of poor access to infrastructure include discouragement of mobility, low investments opportunities, risk, lack of access to resources, and low productivity. Unemployment is a growing crisis among the youth in developing countries (International Labour Organization ILO, 2014). The number of jobless people at 215 million in the world by the year 2018, and the youth aged between 15 and 24 years accounted for half of the worlds unemployed estimated at 74.5 million. Most of them could be seeking refuge in the hotel enterprise. Some of the causes of unemployment include innovations, globalization, liberalization and urbanization that are associated with modernity (Sethuraman, 1997).

Moreover, the location of an enterprise is important in terms of entrepreneur's ability to identify a business opportunity, possessing information on customer's familiarity with the production process of the goods sold, familiarity with the market, possession of information on the competitors, and of information on sources of assistance (Nassiuma, 2011). The location of an enterprise is crucial for survival from start up to maturing stage of the enterprise lifecycle, and could influence the level of entrepreneurial intensity.

Number of Employees: The ability of an enterprise to create employment contributes to economic development, hence influence entrepreneurial intensity as well as enterprise performance (Nassiuma, 2011). Furthermore, Sethuraman, (1997) alludes, in order to reduce poverty it is important that all those unemployed should be able to find jobs that yield incomes equal or in excess of the minimum income. A more important reason for rising urban unemployment seems to be the failure of the formal sector, traditionally an important source of employment generation, to generate adequate employment opportunities (Nassiuma, 2011).

2.6 The Concept of External Environmental

Environment is anything that surrounds an enterprise (Wetherly & Otter, 2011; Palmer & Hartley, 2006). They argue that an enterprise can similarly be seen as a system, whose performance is influenced by a whole range of phenomena in it environment. This implies that enterprise environment consists of both internal and external environment that could affect enterprise performance. The enterprise environment poses challenges and offers threats and new opportunities to enterprises Scheepers *et al.*, (2007). In response, enterprises may initiate innovative strategies or develop entrepreneurial products, services, processes or businesses to capitalize on opportunities (Zahra, 1991).

It is worth noting that enterprise environment is a crucial contingence in organizational theory and strategic management and its relationship affects enterprise strategic choices that could influence entrepreneurial intensity (Wiklund and Shepherd, 2005). The dimensions of enterprise external environment relevant to organizational strategy have remain largely for past three decades and stated as dynamism, threats and heterogeneity (Murimbika, 2011; Dess and Beards, 1984; Miller and Friesen, 1982).

Employee's perceptions of the environment influence the strategic choices made (Zahra, Nielson & Bogner, 1999). Measuring employees perceptions of the nature of the environment in Kenya is a complex task, because most empirical research on this phenomenon has been completed in developed countries, while Kenya developing country. Environmental dynamism includes rate at which product and services are getting out-dated, predicting actions of competitors, demand and consumer tastes and service is not subject change as its measures (Anderson, 2005; Friesen, 1982; Lumpkin & Dess, 2001; Miller and Zahra, 1993

Threats refer to unfavourable environmental changes, which create threats to enterprises mission. Threats arise from several sources like radical industry changes; new legislative requirements placed on an industry, or intensified competition Tatiana (2014). In addition environmental threats include measures such as tough price competition, declining markets for services and government interference (Friesen, 1982; Zahra & Garvis, 2000; Lumpkin & Dess, 2001). Heterogeneity refers to the complexity of enterprises business environment because of the multiple market segments it serves (Dess & Beard, 1984). On the other hand, dynamic environments create opportunities for companies to act more entrepreneurially. The measures of

environmental heterogeneity are changing customers buying habits, intense competition, and dynamic and uncertain market (Friesen, 1982).

Hostile environments create threats, which may force a company to respond in innovative ways to minimize threats Tatiana (2014). For instance, (Ruiz-Ortega *et al.*, 2013) suggests that, dynamic environments create opportunities, which may propel enterprises to be novel to maximize opportunities and expand their businesses, develop and create competitive advantage. Heterogeneous environments compel enterprises to develop entrepreneurial plans to cope with environmental complexity (Zahra, 1991). This could influence entrepreneurial intensity and performance of hotel enterprises in Uasin Gishu County, Kenya.

Thus, in dynamic, hostile and heterogeneous environments, it is anticipated that entrepreneurial intensity will be higher. These indicators of the external environment could influence employee's level of entrepreneurial intensity and enterprise performance. This study examines the external environment dimensions that exist outside the boundary of the hotel enterprise adopting measures proposed by Miller and Friesen (1982).

2.7 Empirical findings on The Influence of Enterprise Profile on Entrepreneurial Intensity

Many researchers have referred to enterprise profile dimensions as a main factor in developing the entrepreneurial intensity behaviour spirit among employees. Firstly, in a study done by Entrialgo *et al.,* (2001), the findings indicated that rewards in the Spanish SMEs was positively related with entrepreneurial intensity. Furthermore, Sciascia *et al.,* (2006) in Swedish SMEs found similar results that indicated enterprises use of rewards was related with entrepreneurial intensity of employees. In addition, Eggers *et al.,* (2013), found that availability of appropriate rewards systems

in the Austrian SMEs influenced employee level of entrepreneurial intensity. Equally, Indra and Mohammad (2013) in a study of Malaysian SMEs, the findings reveal that reward is positively related with entrepreneurial intensity indicator innovation.

Contrary to these findings, Meynhardt and Diefenbach (2012), in a study of Germanys Federal Labour Agency, found that appropriate use of reward system had no relationship with employee's entrepreneurial intensity behaviour. Equally, in a study on entrepreneurial intensity in Finland SMEs during economic crisis, Juha (2013) findings indicated that use of rewards did not influence employee's level of entrepreneurial intensity. Furthermore, in a comparative study between information and communication technology (ICT) and Johannesburg stock of exchanges (JSE) listed firms in South Africa. The results show that rewards has a positive relationship with entrepreneurial intensity of ICT firms in South Africa, Scheepers (2007). Furthermore, the results reveal that rewards had no relationship with entrepreneurial intensity of JSE firms.

Secondly, in view of management support for entrepreneurship, Wood *et al.*, (2008), in their study of Air force Organisations in the United States of America, found that management support for entrepreneurship influence employee level of entrepreneurial intensity positively. Likewise, Meynhardt and Diefenbach (2012) found similar results in explaining Germans Federal Labour Agency employee's level of entrepreneurial intensity. In support of these findings, Hamed *et al.*, (2014) in a study of Iranian manufacturing SMEs, found that management support for entrepreneurship positively influenced employees' level of entrepreneurial intensity.

Thirdly, with respect to time availability, the ICT firms in South Africa, there is enough time to solve problems in an entrepreneurial manner and is positively

correlated with entrepreneurial intensity (Scheepers *et al.*, 2007). Contrary to these, JSE listed firms in South Africa indicated that time availability had no relationship with entrepreneurial intensity of employees.

Fourthly, with regards to work freedom, Meynhardt and Diefenbach (2012) in a study of Iranian manufacturing SMEs, found work freedom to positively influence entrepreneurial intensity. In support of these findings, Hamed *et al.,* (2014) had similar results that employee work freedom influenced their level of entrepreneurial intensity positively in Iranian manufacturing enterprises. In addition, The ICT firms in South Africa provided employees enough time to solve problems in an entrepreneurial manner and were positively related with entrepreneurial intensity (Scheepers *et al.,* 2007). In addition, they found time availability not correlated with entrepreneurial intensity of Johannesburg stock of exchanges listed firms in South Africa.

Fifthly, concerning enterprise boundaries in ICT firms that were flexible a positive relationship with entrepreneurial intensity was evident (Scheepers *et al.,* 2007). Furthermore, they found that enterprise boundaries not correlated with entrepreneurial intensity of Johannesburg stock of exchanges listed firms in South Africa. In addition in relation to the age of ICT and JSE firms in South Africa, Scheepers *et al.,* (2007). The findings reveal that age had a statistical negative correlation with entrepreneurial intensity. Lastly, enterprise size does not influence entrepreneurial intensity in ICT JSE listed firms in South Africa Scheepers *et al.,* (2007).

2.8 Empirical findings on The Relationship between External Environment and Entrepreneurial Intensity

Enterprises operate in external business environments that influence their strategic decisions. Several research has examined the relationship between the dimensions of

external environment and entrepreneurial intensity (Alexandrova, 2004; Rauch *et al.*, 2009 and Ruiz-Ortega *et al.*, 2013).

Environmental dynamism: It is suggested that high levels of environmental dynamism may influence the implementation of entrepreneurial intensity behaviour in the enterprise in order to be more efficient in searching new opportunities which appear in the market (Raunch, 2009).

Firstly, in a study of Turkish firms demonstrates that environmental dynamism negatively affects the level of entrepreneurial intensity indicators innovativeness and proactiveness (Nihal and Ata, 2014). Contrary to these findings, Ruiz-Ortega *et al.*, (2013) on the effect of environmental dynamism on entrepreneurial intensity. The finding reveals that environmental dynamism encourages entrepreneurial behaviour and forces enterprise to adapt to the external environment by being novel and innovative in order to be competitive. Furthermore, a study of Swedish SMEs, by Sciascia *et al.*, (2006) found environmental dimension dynamism to positively influence employee's entrepreneurial intensity behaviour.

Equally, Jalali (2012) found environmental dynamism to be positively influencing Iranian SMEs employee's level of entrepreneurial intensity in a study targeting European countries. In addition, a study investigating the impact of environmental dynamism on entrepreneurial intensity dimensions on the sample of Bulgarian micro firms (Alexandrova, 2014). The results of the study have shown that environmental dynamism has the highest influence on entrepreneurial intensity dimensions. Dynamic external environment with changes in technologies, customers and competitor behaviour changes create opportunities and the enterprise could pursue these opportunities in a more proactive way (Alexandrova, 2014).

Furthermore, Hamed *et al.,* (2014) in a study of Iranian manufacturing SMEs found environmental dynamism to positively influence the employee's level of entrepreneurial intensity. Contrary to these, Morris *et al.,* (2007) found the external environment variable dynamism, threats and heterogeneity not to be influencing non for profit enterprises. These findings are surprising, given that many have suggested these environments have become more turbulent in recent years (Dees, 1998; Olson *et al.,* 2005). Secondly, environmental threats is another dimension of external business environment which shows the level of competitiveness of the industry where the enterprise operates Tatiana (2014). The scale of environmental threats measures whether or not the business environment is the threat to the survival of the enterprise (Miller and Friesen 1982).

The level of environmental threats describes the assessment of such challenges as intensive price, product, technological and distributional competition within the industry, dwindling markets for products, company's access to necessary inputs, scarcity of labor and material resources, governmental intervention, severe regulatory restrictions, unfavorable demographic trends, and other challenges (Miller and Friesen 1983; Caruana, Ewing, and Ramaseshan 2002; Alexandrova 2004; Qureshi and Kratzer (2011). Overall, environmental threats are defined as the degree of threat of these challenges to the firm (Miller and Friesen 1983). It is an encompassing construct which includes the elements of threat and lack of control over the agents and events in firm external environment (Alexandrova 2004).

Previous research investigated the relationship between environmental threats and entrepreneurial intensity behaviour of the firm (Miller 1983; Miller and Friesen 1982; Miller and Friesen 1983; Covin and Slevin 1989; Alexandrova 2004; Jalali, 2012; Qureshi and Kratzer 2011). In general, the findings of the studies indicate that threatening enterprise environment is positively associated with different dimensions of entrepreneurial intensity, and that entrepreneurial intensity is related to

performance among enterprises operating in a threatening environment (Covin and Slevin 1989).

In a study, investigating the impact of external environment threats on firm entrepreneurial behavior in a sample of large Canadian firms (Miller, 1983), the findings reveal that the more threatening the environment is, the more entrepreneurial enterprise will be. Threatening enterprise environment requires from the firms to behave entrepreneurially, as this behavior helps enterprise cope with environmental challenges which they face. In addition, Turkish firms demonstrate that environmental threats negatively affect the level of entrepreneurial intensity indicators innovativeness and proactiveness (Nihal and Ata, 2014).

Enterprises in threatening enterprise environments try to respond to external challenges and stay profitable. They become more innovative by modifying their products and services in order to better respond to customer needs and take more risky and proactive actions on the market. The findings of the study indicate positive correlation between environmental threats and entrepreneurial intensity (Miller 1983).

It can be retrieved from the studies above that environmental threats may cause higher levels of entrepreneurial intensity of the enterprise. There is more need for innovations and it is more likely that firms will be innovative in more threatening environments (Miller and Friesen 1982). Likewise, in a study conducted by Qureshi and Kratzer (2011), the findings reveal that environmental threats to be positively influencing employee’s innovativeness entrepreneurial intensity behaviour of small technology based firms in Germany. Furthermore, Jalali (2012) found environmental threats to be positively influencing Iranian SMEs employee’s level of entrepreneurial

intensity in a study targeting European countries. Contrary to these findings, Morris *et al.*, (2007) in their study found the external environment variables threats not to be influencing non for profit enterprises. These findings are unexpected, given that many have suggested environmental threats influences entrepreneurial intensity.

Thirdly, environmental heterogeneity describes the level of firm's diversification, its operation in different industries and offering of different products and services with regard to different customer's buying habits, nature of competition, market dynamism and uncertainty (Miller and Friesen 1982). Environmental heterogeneity describes the complexity of external business environment Tatiana (2014). He further views, in heterogenic environments there are differences in product lines, customer tastes, competitive tactics and other characteristics of the environment across enterprises respective markets (Caruana *et al.,* 2002). These differences among the enterprises markets require from the firm different strategies like marketing, production or distribution in different markets where the firm operates (Miller and Friesen 1983).

The level of environmental heterogeneity may influence entrepreneurial intensity of the enterprise. Previous studies on the relationship between environmental heterogeneity and entrepreneurial intensity of enterprise (Miller and Friesen 1982; Miller 1983; Miller and Friesen 1983; Caruana, Ewing, and Ramaseshan 2002; Morris *et al.,* 2007; Sciascia *et al.,* 2006).

Overall, heterogenic environments with diversity of market domains require from the firms to apply market segmentation strategies and offer different products and services in different market segments Tatiana (2014). This creates the incentives for product, service, or technological innovations, as firms which create new ideas and innovations may exploit them in different markets (Miller and Friesen 1982; 1983). Environmental heterogeneity increases the enterprise diversity in operation

procedures, technologies and other strategies. Enterprises that operate in different markets have broader experience and are likely learn from customers and competitors in different markets. They may apply ideas and strategies from one market to another (Miller 1983). When the organization is diversified, there is higher probability to propose and create innovations and to deliver different products and services to different markets in order to meet customer needs (Miller and Friesen 1982).

In addition, heterogeneity may influence entrepreneurial intensity dimensions risk taking and proactiveness Tatiana (2014). In the heterogenic business environment new niches of the market open up, and the firms can take risky actions and fill the niches proactively with new products and services to reach customers and serve their needs (Miller and Friesen 1983). In addition, Jalali (2012) found environmental heterogeneity to be positively influencing Iranian SMEs employee's level of entrepreneurial intensity in a study targeting European countries. Equally, a study of Swedish SMEs, by Sciascia *et al.,* (2006) found environmental heterogeneity to positively influence employee's entrepreneurial intensity behaviour.

Furthermore, Morris *et al.,* (2007) in their study found the external environment variable heterogeneity not to be influencing non for profit enterprises entrepreneurial intensity. These findings are surprising, given that many have suggested these environments have become more turbulent in recent years and could influence entrepreneurial intensity (Dees, 1998; Olson *et al.,* 2005).

Taking into consideration the results of the previous research on the relationship between external environmental dimensions dynamism, threats, heterogeneity and entrepreneurial intensity, it may be supposed that, overall, the more dynamic, threatening and heterogenic the external environment is, the higher will be the level of

entrepreneurial intensity of the hotel enterprises in Uasin Gishu County, Kenya. Consequently, it was hypothesized there is no relationship between external environment and entrepreneurial intensity.

2.9 Empirical findings on The Influence of Entrepreneurial Intensity on Enterprise Performance

As can be seen from the preceding section, in the entrepreneurial intensity literature the concept of performance is very complex as performance measures used in studies ranges in a very wide variety of measures (Juha, 2013). He further suggest that when the entrepreneurial intensity studies refer to “performance” at a more detailed level this may actually be profitability or growth or a combination of these. For instance, Moreno and Casillas (2008) pointed out that the quite extensive body of literature on the relationship between entrepreneurial intensity and firm performance is dominated by two types of studies.

Firstly, there are those presenting general models describing the characteristics of the said relationship, identifying the moderating and mediating variables and striving to establish wide-ranging propositions (Covin and Slevin, 1991; Marino *et al.*, 2002; Stam and Elfring, 2008). Secondly, as Moreno and Casillas (2008) observed, a wide range of studies have attempted to empirically verify partial models of said relation. This field of research contains, in an isolated and independent manner, some of moderating variables, those related either to environment (Tan and Tan, 2005) or to the firm’s internal dimensions (Wang, 2008).

Several empirical studies have found that enterprises with high entrepreneurial intensity perform better than those with lower levels of entrepreneurial intensity, for instance Keh *et al.*, (2007) pointed out that entrepreneurial intensity has a crucial role in improving enterprise performance measured by benchmarking the respondent’s

own enterprise performance against those of competitors based on profitability, sales, growth, market share, turnover and overall performance.

Similarly, Wiklund and Shepherd (2003) in a study of small business sized business, shows that there is a strong correlation between the level of entrepreneurial intensity and performance. Here the performance measure was a subjective measure composed of ten different dimensions of performance: sales growth, revenue growth, growth in the number of employees, net profit margin, product/service innovation, process innovation, adoption of new technology, product and or service quality.

The relationship between entrepreneurial intensity and performance has also been tested in specific industries. For instance, Kraus (2013) showed that within service enterprises entrepreneurial intensity predicts highly enterprise performance in Austria. As most of the earlier entrepreneurial intensity studies utilize cross-sectional data there are also some studies that focus on the relationship in a longitudinal framework. A study by Wiklund (1999) reveal that striving to increase entrepreneurial intensity may be worthwhile for enterprises since a positive relationship was identified between entrepreneurial intensity and enterprise performance.

Equally, Fakhrul and Selvamalar (2011) in a study of family firms in Malaysia, found that innovativeness, risk-taking and proactiveness to be positively related with enterprise performance. On the other hand, Ngoze *et al.*, (2014) in a study exploring the effect of corporate entrepreneurship on financial performance of manufacturing firms in Kenya. The findings show that entrepreneurial intensity indicators; competitive aggressiveness, risk taking and innovation to be positively related to enterprise financial performance.

In addition, there is a direct relationship between entrepreneurial intensity and enterprise performance (Tatian, 2014). There is a number of studies that have shown that entrepreneurial intensity has no direct effect on enterprise performance. Zahra (2008) showed that entrepreneurial intensity had no direct effect on enterprise performance. Moreover, this relationship was dependent on industries as the strength of the interaction effect was stronger in the manufacturing high-tech industries. The nature of the business environment can also play a role in the relationship between entrepreneurial intensity and performance.

As observed by Kraus *et al*. (2012) in one of the first studies investigating the effects of entrepreneurial intensity on the performance of enterprises during the current global economic crisis. They showed that if an enterprise is proactive, significant direct positive contribution to performance is evident. On the other hand, the relationship between entrepreneurial intensity indicator innovativeness and heterogeneity was positively related with enterprise performance. In addition, the relationship between risk taking and environmental heterogeneity and enterprise performance was negative. These findings reveal that under conditions of high heterogeneity, enhancing proactiveness and innovativeness and managing risks carefully while engaging in calculated risks would appear knowledgeable.

On the other hand, Wiklund and Shephered (2003), in a study of small medium enterprises in Sweden found that entrepreneurial intensity dimensions; innovativeness, proactiveness, competitive aggressiveness, risk taking and autonomy enhanced positively enterprise performance. Likewise, in another study they conducted in 2005, they found innovativeness, proactiveness and risk taking to be influencing enterprises performance positively. Contrary to this findings, Ngoze *et al.*, (2014), found that entrepreneurial intensity indicators autonomy and competitive aggressiveness had no relationship with enterprise financial performance.

Moreover, Wang (2008) surveyed medium to large enterprises in United Kingdom to investigate the relationship between entrepreneurial intensity and enterprise performance. The findings of this study suggest that entrepreneurial intensity influences enterprise performance. Confirming these findings, Ruynam *et al.,* (2008) examined entrepreneurial intensity indicators and their influence on small business performance in the United States of America. Their findings revealed that entrepreneurial intensity influences enterprise performance positively.

Besides, in a study investigated by Messersmith and Wales (2013), the findings reveal that there was no significant direct main effect of entrepreneurial intensity on enterprise performance indicators, but there was an interaction effect between managerial characteristic practices and entrepreneurial intensity on enterprise performance. This showed that entrepreneurial intensity has a more positive relationship with enterprise performance indicators among enterprises with higher scores of high-performance work systems (Messersmith and Wales, 2013).

Zahra and Garvis (2000) also noted that although firms that aggressively pursued entrepreneurial intensity in threatening environments had higher levels of profitability, as the level of environmental hostility increased, the increase in the enterprise entrepreneurial behaviour tended to lead to a situation which profitability fell. Thus, they conclude that also under excessively hostile environment the relationship between entrepreneurial intensity and enterprise performance is not straight. These findings confirm that enterprises engaging in highly entrepreneurial intensity behaviour, chances are that entrepreneurial intensity may lead to undesired end results (Juha, 2013).

Enterprise performance indicator growth is one very commonly used tool for measuring the success and performance of enterprise as viewed by (Lappalainen and Niskanen, 2009) and it is also argued to be the dominant goal of the entrepreneurial enterprises (Mintzberg, 1973). But later, entrepreneurial intensity was seen as a growth orientation while entrepreneurial enterprise owners as growth oriented (Lumpkin and Dess, 1996).

In a study of small and medium enterprises conducted in Sri Lanka, by Fazul *et al.*, (2010). The findings indicated that entrepreneurial intensity indicators proactiveness, innovativeness and risk taking were positively correlated with enterprise performance. In addition, a study of the Japanese food restaurants in South Korea conducted by Lee and Lim (2009), similar results were evident that entrepreneurial intensity indicators proactiveness, innovativeness and risk taking positively influenced enterprise performance.

However, despite these widely acknowledged facts (Juha, 2013), the relationship between entrepreneurial intensity and enterprise performance indicator growth has been studied remarkably little. It is viewed that entrepreneurial intensity effectiveness is appropriately measured using criteria that reflect enterprise success at translating entrepreneurial opportunities into growth paths Covin *et al.*, (2006). In their study they used sales growth rate as a growth proxy when exploring the relation between entrepreneurial intensity and growth. The findings reveal that there is a positive relationship between entrepreneurial intensity and enterprise performance indicator sales growth. Likewise, the findings of (Harms et al., 2010; Stam and Elfring 2008; Eggers *et al.*, 2013) revealed a positive relationship between entrepreneurial intensity and enterprise performance. Furthermore, when the growth was measured with

subjective items there was also a strong positive correlation between enterprise performance and entrepreneurial intensity Li *et al.*, (2009).

Contrary to these findings, Moreno and Casillas (2008) and Zahra and Garvis (2000) did not find a significant direct relationship between entrepreneurial intensity and enterprise performance. Though, there is an indirect relationship via the mediating and moderating role of other variables such as strategy, environment, or resources of the enterprise (Moreno and Casillas, 2008). Equally they allude that the indirect relationship emphasizes the complexity of the relationship between entrepreneurial intensity and enterprise performance. Thus, entrepreneurial intensity could influence enterprise performance. As a result this study investigates the influence of entrepreneurial intensity on enterprise performance. Thus it was hypothesized that there is no relationship between entrepreneurial intensity and enterprise performance.

2.10 Empirical findings on the Relationship between Enterprise Profile and Enterprise Performance through Entrepreneurial Intensity

In a study on intrapreneurship antecedents and firm performance in Iranian manufacturing enterprises conducted by Hamed *et al.*, (2014). There was a partial mediation where entrepreneurial intensity was mediating the relationship between enterprise profile measures and enterprise performance. Furthermore, their findings revealed that enterprise profile influences entrepreneurial intensity directly.

2.11 Empirical findings on the Influence of the External Environment on Enterprise Performance through Entrepreneurial Intensity

In a study by Rosenbusch *et al.*, (2013) in a meta-analysis, the results reveal a relationship between elements of external environment dynamism, threats, heterogeneity and enterprise performance through entrepreneurial intensity. Contrary to these findings, Hamed *et al.*, (2014) found a partial mediation where

entrepreneurial intensity was mediating the relationship between external environment and enterprise performance. Equally, the direct effect of external environment on entrepreneurial intensity was positive. Furthermore, in a study of antecedents and performance outcomes of entrepreneurial orientation in Finland and Russia by Tatiana (2014). The findings reveal that entrepreneurial intensity does not mediate the relationship between external environment variables: dynamism, threats, heterogeneity and the endogenous variable enterprise performance indicators. Moreover, Turkish firms demonstrate the indirect negative effect of environmental heterogeneity on enterprise performance through entrepreneurial intensity indicator proactiveness (Nihal and Ata, 2014). Thus, external environment dimensions dynamism, threats and heterogeneity could influence enterprise performance through entrepreneurial intensity. Hence it was hypothesized there is no relationship between external environment and enterprise performance through entrepreneurial intensity.

2.12 Conceptual Model

The specific hypothesized relationships as shown in Figure 2.10 for this study were based on psychological, behavioural and social cognitive theories of entrepreneurship.

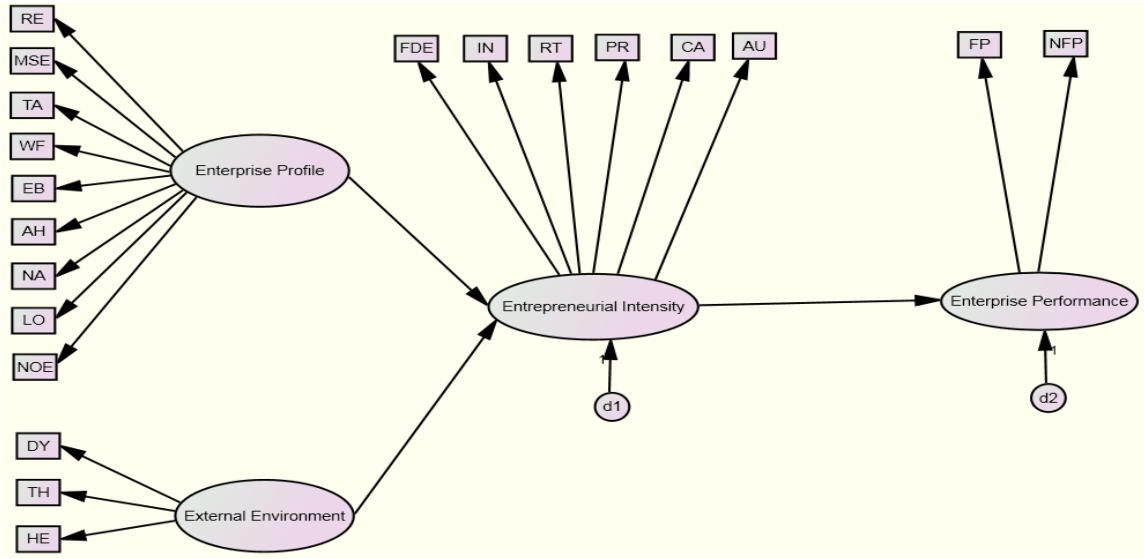

Figure 2.10: Conceptual Framework for the Study
/////**Source**: Created by the Researcher for this Study, 2015

The proposed model for the study was guided by enterprise profile and external environment constructs and two outcomes; entrepreneurial intensity and enterprise performance. The independent constructs that were utilized in the model were enterprise profile and external environment. The mediating variable was entrepreneurial intensity while the criterion variable was enterprise performance.

As depicted in the model, enterprise profile factors included; rewards (RE), management support for entrepreneurship (MSE), time availability (TA), work freedom (WF), enterprise boundaries (EB), age of hotel enterprise (AH), nature of hotel enterprise (NA), location (LO) and number of employees (NOE). The external environment constructs included environmental dynamism (DY); threats (TH) and Heterogeneity (HE). Entrepreneurial intensity factors included frequency and degree of entrepreneurship (F&D), innovation (IN), risk taking (RT), proactiveness (PR),

competitive aggressiveness (CA) and autonomy (AU) accompanied by error term (d1). Enterprise performance was measured using two factors financial performance (FP) and non-financial performance (NFP) accompanied by error term (d2).

Enterprise profile relationship with entrepreneurial intensity washypothesized in the model as H_{o1}, while the relationship between external environment and entrepreneurial intensity was hypothesized as $H_{o2.}$ Entrepreneurial intensity relationship with performance was hypothesized in the model as H_{o3}, the relationship between enterprise profile and performance through entrepreneurial intensity was hypothesized as H_{o4}. Lastly, the Influence of external environment on enterprise performance through entrepreneurial intensity was hypothesized in the model as H_{o5}. Enterprise profile and external environment were linked to entrepreneurial intensity and performance to create a conceptual framework for the study to be tested. This model depicts that performance is achieved from entrepreneurial intensity influenced by enterprise profile and external environment.

2.13 Chapter Summary and Research Gap

This chapter covered the theoretical development of entrepreneurship followed by empirical evidence. The entrepreneurial theories suggest that enterprises that had developed the right business environment can encourage entrepreneurial intensity leading to enterprise performance. These theories imply that the creation of a conducive environment in Kenya is necessary for entrepreneurial intensity and performance of hotel enterprises. Theories on entrepreneurship development appear to be inadequate, in explaining hotel enterprise entrepreneurship development.

The psychological theory gives importance of the characteristics of entrepreneurs. While the behavioural theory of entrepreneurship stresses more on the behaviour of entrepreneurs rather than characteristics that should be targeted to foster

entrepreneurial intensity. The social cognitive theory on the other hand gives emphasis on the relationship between the external environment and people's behaviour. Furthermore, social cognitive theory views the environment and people as products and by-products of each other.

An analysis of the existing literature on entrepreneurship has shown that many researchers pay attention to the concept of entrepreneurial intensity (Certo *et al.*, 2009; Miller, 2011; Lee and Chu, 2011; Covin and Wales, 2012; Clausen and Korneliussen, 2012; Pratono *et al.*, 2013; Saeed *et al.*, 2014). This concept is important for the effective performance of enterprises and under certain conditions, entrepreneurial intensity influences enterprise performance indicators. Although many empirical studies of entrepreneurial intensity were conducted during the last several decades, there are some research gaps that are needed to be contributed to (Miller, 2011; Wales *et al.*, 2011). Firstly, research on entrepreneurial intensity has been tested in the developed economies either Western or East Asian Countries and did not get much attention in developing countries (Lan and Wu, 2010; Shirokova, 2012). Thus, further research on entrepreneurial intensity should study entrepreneurial intensity in developing contexts (Tatiana, 2014; Wales *et al.*, 2011).

Secondly, most of the empirical research explaining entrepreneurial intensity concentrate on individual characteristics of entrepreneurs and not attempt to study both managerial behaviour as well as the external environment (Ferrier, 2002).

Thirdly, many studies have investigated different variables and contexts in which entrepreneurial intensity influences enterprise performance (Rauch *et al.*, 2009; Miller 2011). However, predictor variables of entrepreneurial intensity are less studied (Tatiana, 2014). There is still little understanding of genesis of entrepreneurial intensity and mediators that connect entrepreneurial intensity with enterprise

performance (Wales *et al.*, 2011). What is more, few studies have considered entrepreneurial intensity as a mediator, which connects independent variables to performance indicators (Hamed *et al.*, (2014); Nihal and Ata, 2014; Tatiana, 2014; Rosenbusch *et al.*, 2013).

Fourthly, most studies focused on descriptive and multivariate statistics that show relationship between independent and dependent variables (Tatiana, 2014). These techniques do not permit researcher's to examine and understand the variable set of relationship between all types of variables (Tabachnick and Fidell, 2001). Equally, descriptive and multivariate analysis only provide insights on the kind of variables associated with entrepreneurial process, but do not capture the dynamics of this process nor explain how entrepreneurial intensity can be encouraged (Hirsich *et al.*, 2007; Gagilo, 2004). Thus, despite the fact that entrepreneurial intensity is broadly studied, there are unexplored areas within this concept, and this study contributes in some of the research gaps stated above and makes contribution to the existing body of knowledge.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes procedures and the methodology used in carrying out this study. It covers the study area, research paradigm, research strategy, population and sample size determination and selection, type and sources of data and questionnaire design, pilot test, data processing and levels of measurement, measurement of variables, testing validity, testing reliability, data analysis, statistical methods and ethical issues.

3.2 Study Area

The study area was Uasin Gishu County as defined by the respective boundaries (See Appendix 8 and 9). The County has a human population of 894,179 people (UGCIDP, 2013). Uasin Gishu County borders Trans Nzoia, Koibatek, Nandi, Lugari, Kakamega, Keiyo and Marakwet counties. The County is divided into six sub-counties, which are Kesses, Kapsaret, Moiben, Ainabkoi, Soy and Turbo. The study focused on Eldoret town, and Hotel enterprises which participated in the study were identified from the Central Business Development (CBD) & outside the CBD.

3.3 Research Paradigm (Philosophy)

A paradigm refers to the philosophical rationale or justification for the approach to research and the use of specific data collection, sampling and analysis tools (Creswell, 2009). Research paradigm can be classified into two philosophical dimensions ontology and epistemology (Mertens, 1998). Ontology is concerned with identifying the nature of reality in the world while epistemology is concerned with the relationship between the researcher and the research (Denzin and Lincoln, 2000).

This study employed the postpositivist world view it assesses the cause that influences the outcome of the study variables. Furthermore, the study developed knowledge through measurement of objective data using questionnaires as the main research instrument (Oates, 2010; Muijs, 2008). The study was quantitative in nature given that the observed data exist in a numerical form (Ghauri and Grønhaug 2010). Quantitative research also known as empirical research is a means for testing objective theories by examining the relationship among variables (Creswell, 2009). This study measured variables an instrument, and numbered data was analysed statistically. The scientific method involved formulating a problem, developing a hypothesis, testing it and drawing conclusions. This study adopted a deductive research approach. A deductive approach describes the situation whereby the researcher, on the basis of what is known in a particular domain and the theoretical considerations in relation to that field, deduces a hypothesis that is subjected to empirical scrutiny (Muijs, 2008; Kock, 2007). The purpose of using quantitative research design was to determine the relationship between variables. This study was based on the proposition that relationships existed between enterprise profile, external environment, entrepreneurial intensity and performance.

The central research problem of this study was to determine the influence of enterprise profile and external environment on enterprise performance through entrepreneurial intensity in hotel enterprises in Uasin Gishu County, Kenya. Enterprise profile and external environment were considered as independent variables in. While entrepreneurial intensity is a mediating variable. Enterprise performance was the criterion variable that included sales, growth, satisfaction, profit, turnover, and customer retention, number of employees generated on interval scale as appropriate. The main data collection instrument was a questionnaire. Data was analysed using descriptive, inferential statistics and structural equation modelling

technique (SEM). The justification in the choice of the quantitative approach was based on the research problem, audience and researchers personal experience.

3.4 Research Strategy

This study adopted a survey research strategy which was cross-sectional in nature. The research design was to achieve a specific goal (Somekh and Lewin 2009). Survey research design obtains the same kind of data from a large group of people or events in a standardized and systematic way and that a researcher then looks for patterns in the data that can be generalized to a large population than the group targeted (Onen and Oso, 2009; Martyn, 2010). A survey research is a common strategy in business and management research facilitating collection and analysis of a given set of characteristics in a population. Equally, survey allows collection of large data from a population in a highly economical way (McBurney and White, 2010; Oates, 2010; Creswell, 2012). The study involved asking questions, which formed the basis for deriving information.

A survey strategy allows a researcher to collect data which can be analyzed quantitatively using descriptive and inferential statistics (Saunders *et al.*, 2009; Murray, 2010). In addition, data collected using a survey strategy can be used to suggest possible reasons for particular relationships between variables. Survey strategy is perceived to be authoritative by people in general and it is easily understood, and can therefore result in valuable findings if correct procedures are followed (Muijs, 2008).

3.5 Population and Sample Size Determination and Selection

3.5.1 Population

This study was based on a population composed two sampling frames in Uasin Gishu County; the hotel enterprise employees and owners as indicated in Table 3.1. The sampling frame for hotel owners was 323 (Uasin Gishu County Government Financial Management Operations Systems, 2015). The sampling frame for hotel enterprise employees in Uasin Gishu was 4142 (Eldoret Hotels Association, 2015).

3.5.2 Sample Size Determination and Selection

Sample size determination involved a decision on the elements in each sampling frame which were to participate in the study while the sample size selection involved strategies used in selecting individual elements from the population.

Sample Size Determination: The sample size determination, for this study was based on Cohen *et al.*, (2007), table for determining the minimum sample size required for a study (See Appendix 10). In determining sample size for a probability sample one has to consider not only the population but also the confidence level and confidence interval. The confidence level, is expressed as a percentage (95% or 99%) is an index of how sure we can be (95% of the time or 99% of the time) that the responses lie within a given variation range, a given confidence interval (e.g. $\pm$ 3 %) suggests that confidence interval is that degree of variation or variation range (e.g. $\pm$ 1%, or $\pm$ 2%, or $\pm$ 3%) that one wishes to ensure Cohen *et al.*, (2007). This study used a 95% confidence level and $\pm$ 3 % confidence interval.

Sample Selection: Sample selection for this study was achieved using random sampling techniques. The sampling approach was used to achieve representative of samples in the study. The individual elements for hotel enterprises which participated in the study were those that had been in operation for more than one year**.**

Table 3.1: *Target Population, for Units of Analysis by Sample Size in Uasin Gishu County, Kenya.*

Units of Analysis	Target Population	Sample Size
HEs Owners	323	168
HEs Employees	4142	333
Total		501

Key: HEs- Hotel Enterprises
Source: Researchers work, 2015

Sample Selection for Hotel Enterprises Owners: Sample selection for the units of analysis was achieved by using random sampling techniques. The sample size for the respective group was based on the proportionate sample in each group. The individual elements for the hotel enterprises were selected from the population randomly. However, the element had to fulfill the study criteria. This was carried out by the researcher with the aid of research assistants and done until all the elements determined for the study were selected.

Sample Selection of Hotel Enterprise Employees: Sample selection of individual participants for hotel enterprises was selected randomly. Hotel enterprise employees who participated in this study had to fulfill the study criteria of being employed in the enterprise for more than one year.

3.6 Data and Data Collection Instruments

First data collection pertains to the data capturing process for the study while data collection instruments pertain to tools used in the data collection process.

3.6.1 Type and Sources of Data

This study used primary data sources that included; Enterprise characteristic, hotel enterprise external environmental characteristic, managerial characteristic, entrepreneurial intensity and performance. The Questionnaires were researcher administered by the aid of trained research assistants as suggested by (Briony, 2010).

3.6.2 Questionnaire Design

This study used previously used items from other studies (Lundstrom and Stevenson, 2005; Nassiuma, 2011, Morris *et al.,* 2008).and Hughes & Morgan, 2006). A questionnaire is a pre-formulated written set of questions to which respondents record their answers in a pre-determined order providing the researcher with data that can be analyzed and interpreted and best suited where the researcher wants to obtain standardized data (Sekaran, and Bougie, 2010; Oates, 2010; Swift and Piff, 2005).

The self-completion questionnaire instrument has to be particularly easy to follow and its questions have to be easy to answer (Bryman and Bell, 2003; O'Leavy, 2010). Questionnaire can establish rapport and motivate respondents, allows for doubts to be clarified, are economical than other methods. Closed ended questions have some advantages: it is easy to process answers; it enhances the comparability of answers, and makes them easier to show the relationship between variables. In surveys, data are standardized, and comparison is easy, however it takes much time to do it (Yin, 1994). The questionnaire was the main instrument for data collection in this study.

The questionnaire had a total of 66 statements with four parts as shown in **(**See Appendix 4 and 5). The demographic background of the respondent had 5 items. Part A contained questions relating to enterprise profile with a total of 25 statements. Part B had 10 questions measuring external environment, part C had a total of 18 items

relating to entrepreneurial intensity. Part D had a total of 8 items measuring enterprise performance. The questionnaire was with the help of an expert translated from English to Kiswahili language for better understanding by the respondent (Appendix 6 and 7). The translation is in line with the suggestions by **(**Maneesriwongul and Dixon, 2004)**.**

3.7 Pilot Test

A pilot test was undertaken in order to refine the questionnaire so that respondents did not have problems in answering the questions and subsequently no problems in recording the data. This enabled the researcher obtain assessment of the questions validity and the likely reliability of the data that was collected (Saunders *et al.,* 2009; McMillan and Weyers, 2010). Equally, pilot testing helped in determining the time a respondent can answer the questions (Ghauri and Grønhaug 2010), assisted in identifying vague questions, provided suggestions on the improvement of the instruments, identified deficiencies; and provided clarity of the instructions, questions that could have been unclear and developing a layout that was clear and attractive. Pilot test involved two stages in this study for the purpose of testing the validity, objectivity and clarity of the questionnaire.

Firstly, the questionnaire was critiqued by members of the researcher's academic tutorial group who gave valuable suggestions and estimated that the time for completing the questionnaire was approximately 15-20 minutes. Secondly, a random sample of 30 hotel enterprises owners and 30 employees in Trans Nzoia County, Kenya as suggested by William, (2006) and Saunders *et al.,* (2009) was selected. A minimum sample size of 30 for statistical analysis provided a useful rule of the thumb for the smallest number in each category and where the population is less than 30 the researcher should take the entire population as suggested by Saunders *et al.*, (2009).

The results of the pilot tests assisted the researcher in determining additional methods for data analysis and the proportion of cases from various sampling categories in the study area that could be included in the study. The pilot test did not raise any major questions and the respondents did not have any difficult in understanding and answering the questions.

3.8 Data Processing and Levels of Measurement

Data processing and data analysis assisted in deriving answers to research objectives in the study as explained below.

3.8.1 Data Processing

Data processing involved subjecting data to analysis in such a way that all relevant data was used in examining relationships between variables in the study. This assisted in providing answers to the research problem (Briony, 2010; Kothari, 1990). Data processing involved; editing, coding, classification and tabulation.

Raw data was edited to detect errors, omissions and to correct them where possible. This involved a careful scrutiny of completed questionnaires. On the other hand, coding entailed assigning numerals so that the responses could be put into few manageable categories and prepare data for analysis. Data classification was carried out to achieve homogenous groups which were expected to yield meaningful relationships. Data was arranged into groups based on common characteristics and class intervals. Lastly, data tabulation involved arrangement of data collected into concise and logical order to conserve space and reduce explanatory and descriptive statements to a minimum, in addition, to facilitate comparison between variables. Data tabulation was by use of SPSS version 20 computer program.

3.8.2 Levels of Measurement

There are different kinds of scales used in quantitative data analysis. Furthermore, the levels of measurement determine the type of analysis (Muijs, 2008) It is worth noting that different analysis techniques are suited to different kinds of data (Briony, 2010). There are four types of measurement scales: Nominal, ordinal, interval and ratio data.

Nominal Scale: This type of scale describes categories and has no actual numeric value (Oates, 2010; Muijs, 2008). Example, a questionnaire might ask respondents gender (Tick or Circle 1 for male, 2 for female), the response is categorised by a number, but would not be meaningful to carry out arithmetical operations on the set of responses for example, and what would average gender mean? In addition, there is no numerical value or order to the numbers used in the categories. This type of data is sometimes referred to as *categorical or dichotomous data*.

Ordinal Scale: This type of scale, allocates numbers to a quantitative scale (Oates, 2010; Somekh and Lewin, 2010; Muijs, 2008). For example, in our hotel enterprise, a promotion usually follows from the development of new and innovative ideas. Here a code of 1 is given to ‘strongly agree’, 2 to ‘agree’, 3 to ‘Neutral’, and 4 ‘disagree and 5 ‘strongly disagree’. These values can clearly be ordered in that someone who ‘agrees strongly’ ‘agrees more’ than someone who simply agrees and so on (Muijs, 2008). This is different from the situation with gender. Thus ordinal data allow ordering the values given. What you can’t do is measure exactly the distance between the scale points. This means that categories are ranked but we don’t know the differences between each rank. A common use of ordinal data is in categorising responses to Likert scale based questions where numbers are assigned to the range of responses. This type of scale is sometimes called *ranked data.*

Interval Scale: This type of scale is like ordinal data, but now measurements are made against a quantitative scale where the differences or intervals, between points of the scale are consistently the same size, the ranking of the categories is equal (Oates, 2010). This type of data has *no true* zero to the measurement scale being used for example calendar years, thermometer. For example the interval between the years 1990 and 1994 is the same as that between 1920 and 1924. With this type of data addition or subtraction can be used but not division and multiplication because the scales lack a true zero.

Ratio Scale: Ratio scale is like interval scale, but there is a *true zero* to the measurement scale being used (Oates, 2010, Muijs, 2008). For example peoples age, number of employees, sales, profit, and capital. Number of employees, profit, sales; can be 0 and so on. Because there is a true zero value on any scale used for ratio data, addition, subtraction, multiplication and division can all be used (Muijs, 2010).

Variables containing data of nominal or ordinal types are sometimes referred to as discrete variables, while, those containing data of the interval or ratio type are referred to as continuous data (Muijs, 2008; Somekh and Lewin, 2009). This study used nominal, ordinal, interval and ratio types of data as appropriate.

3.9 Measurement of Variables in the Study

The measurement of variables in structural equation modelling (SEM) represents the scale for each construct to be measured. Each construct in the proposed model (Figure 2.5) was designated as either an endogenous or an exogenous construct. An endogenous construct was one that receives a directional influence from some other construct in the model. That is, an endogenous construct is hypothesized to be affected by another construct in the model (MacCallum, 1995). Thus, entrepreneurial intensity and enterprise performance are the endogenous variables in the model.

Entrepreneurial intensity is treated as an endogenous as well as an exogenous variable in this study. It is proposed that entrepreneurial intensity is an endogenous construct because it is affected by enterprise profile and external environment dimensions. On the other hand enterprise performance is equally proposed to be an endogenous construct since it is affected by entrepreneurial intensity indicators.

As suggested by MacCallum (1995) an endogenous construct may also emit directional influence to some other construct in the model. The proposed model (Figure 2.5) for this study was guided by two constructs of firm entrepreneurship, and two outcomes. The independent constructs that were utilized in the model were enterprise profile and external environment. The mediating variable was entrepreneurial intensity while the criterion variable was enterprise performance.

Independent Variables in this Study: The independent variables in this study included; enterprise profile and external environment. The study measured enterprise profile using items adopted and modified from (Lundstrom and Stevenson, 2005; Nassiuma, 2011, and Morris *et al.,* 2008). Enterprise profile included entrepreneur managerial and firm characteristic. Entrepreneur managerial characteristic included: Rewards, management support of firm entrepreneurship, time availability, work discretion and enterprise boundaries. While firm characteristic included: Age of the enterprise in years, number of employees, its location and nature. External environment was assessed using modified measures proposed by Miller and Friesen (1982) and included dynamism, threats and heterogeneity.

Mediating Variable in this Study: Contingency theory holds that the relationship between two variables depends on the level of a third variable (Burton *et al.*, 2006). This could imply that introducing mediators into bivariate relationships helps reduce the potential for misleading interpretations and allows a more specific and precise understanding of relationships (Rosenberg, 1968). Equally, Kenny (2010) observes that mediation is important as it allows us to conduct research by explaining how something comes about. This could imply that a mediator is a mechanism through which the independent variable influences the dependent variable.

Mediating variables play an important role in research (Mackinnon and Fairchild, 2009); it transmits the effect of an independent variable on to the criterion variable thus providing a deeper understanding of relationships among variables. Furthermore, Kim *et al.,* (2001) allude that a mediator variables explains *how* or *why* a relationship exists between the predictor and dependent variable and suggest that a mediator is an attribute of an individual. In this study entrepreneurial intensity was treated as a mediator variable between the independent and dependent variables as it holds entrepreneurial behaviour attributes such as innovation, risk taking, competitive aggressiveness, autonomy and proactiveness. Entrepreneurial intensity was treated as a mediating variable in this study. Its measures were adopted and modified from Morris *et al.,* (2008). The measures were; frequency and degree of entrepreneurship, innovation, proactiveness, risk taking, competitive aggressiveness and autonomy.

Dependent Variable in this Study: Enterprise performance measures were developed using previously used items by Hughes & Morgan (2006) and included sales, growth, owner's financial expectations, profits, turnover, customer attraction and retention, satisfaction and number of employees. However, the measurement scales available to measure a construct was first refined and modified before being

used to assess the construct proposed in this study. The following section of the chapter details the scales and scale items that were employed in the measurement of all the constructs.

3.9.1 Exogenous Variables

Enterprise profile, external environment and entrepreneurial intensity were the exogenous constructs presented in the theoretical model Figure 2.5. The constructs and their measurement are discussed next. Items for each dimension were selected to measure hotel enterprise employee's response.

3.9.1.1 Enterprise Profile Variable

The items to measure enterprise profile on entrepreneurial intensity and enterprise performance can be categorized into two sub-indicators: entrepreneur managerial characteristic and firm characteristic. For the purpose of this study, all the two sub-indicators of enterprise profile were measured. Items that were used were summated, and summated scales were used to assess enterprise profile construct. Twenty items measured on discrete and continuous scales were used to measure entrepreneur managerial characteristic and five items were used to measure firm characteristic. The items were coded as A1a-A24a with their respective error terms (e1-e25), Figure 3.1.

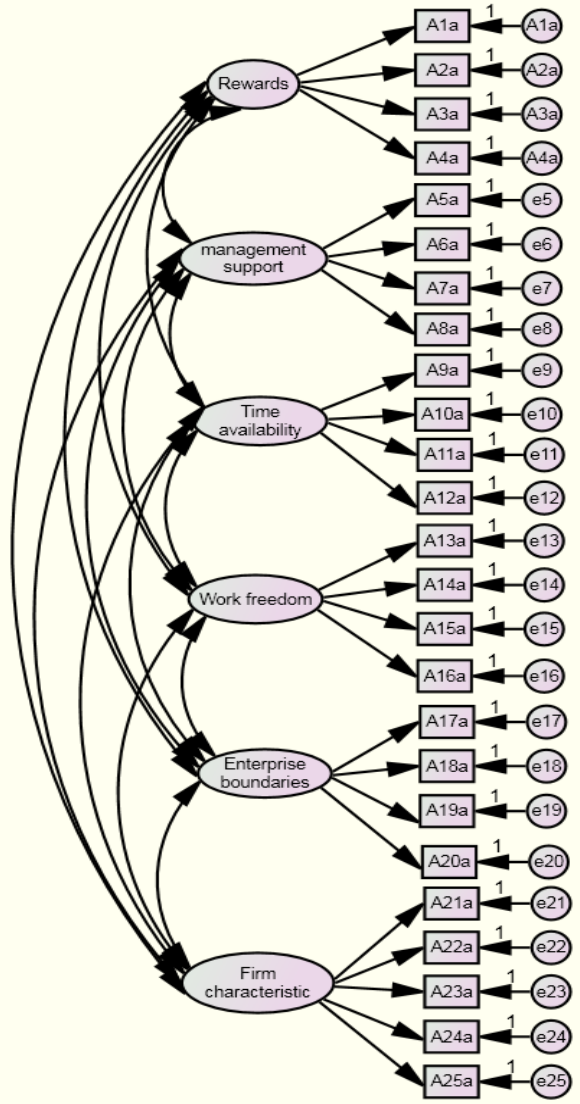

Figure 3.1: Summated Hypothesized Measurement Model for Enterprise Profile

Source: Researcher, 2015

Entrepreneur Managerial Characteristic
Rewards

A1a My employer helps me get my work done by removing obstacles and roadblocks.
A2a I get financial support for innovative ideas.
A3a The rewards I receive are dependent upon my work on the job.
A4a A promotion usually follows from the development of new and innovative ideas.

Management Support of Firm Entrepreneurship

A5a My enterprise is quick to use improved work methods which are developed by employees.
A6a Management is aware and very open to my ideas and suggestions.
A7a I receive encouragement for coming up with innovative ideas.
A8a Money is usually available to get new ideas off the ground.

Time Availability

A9a During the past three months, my work load did not keep me from spending time on developing new ideas.
A10a I have enough time to get everything done.
A11a I feel like I work with time constraints on my job.
A12a My co-workers and I have time for long term problem solving.

Work Discretion

A13a I feel like I am my own boss and do not have to double check all of my decisions with someone else.
A14a I am usually punished and criticized when I make a mistake on my job.
A15a This business provides the freedom to use my own decisions and own methods of doing the job.
A16a I have the freedom to decide what to do on my job.

Enterprise Boundaries

A17a In the past three months, I have always followed standard operating procedures to do my job.
A18a The hotel has many written rules and procedures that exist for doing my job.
A19a There is little insecurity in my job.
A20a During the past year, my employer/supervisor discussed my work performance with me.

Firm Characteristic

A21a What is the number of years the hotel enterprise has been in existence?
A22a What is the nature of your hotel enterprise?
A23a What is the location of your hotel enterprise?
A24a How many employees have been employed in your hotel enterprise?
A25a How many employees are permanent?

3.9.1.2 External Environment Variable

The items measuring external environment were categorized into three indicators: environmental dynamism, threats and heterogeneity. Four items were used to measure dynamism, three items measured threat and lastly three items measured heterogeneity. Hotel enterprise employee items were coded B1a-B10a with their respective error terms (e1-e10). The model of external environment is presented in Figure 3.2.

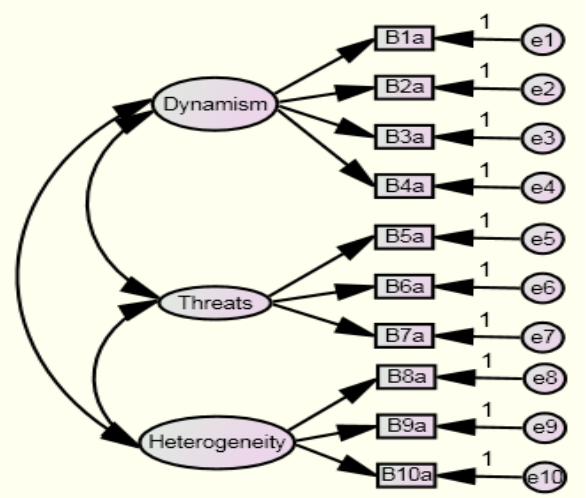

Figure 3.2: Summated Hypothesized Measurement Model for External Environment

Source: Researcher, 2015

Dynamism

B1a The rate at which product and services are getting outdated in the hotel sector is very low.
B2a Actions of our competitors are easy to predict.
B3a Demand and consumer tastes are fairly easy to predict.
B4a Our services is not subject to much change.

Threats

B5a The hotel sector is faced with tough price competition.
B6a The hotel sector is faced with declining markets for services.
B7a Government interference is a threat.

Heterogeneity

B8a Customers buying habits usually change.
B9a The nature of the competition is intense.
B10a The market is dynamic and uncertain.

3.9.2 Endogenous Variables

Endogenous variables in this study included entrepreneurial intensity and enterprise performance. Entrepreneurial intensity included frequency and degree of entrepreneurship, innovativeness, risk taking, proactiveness, aggressiveness and autonomy, enterprise performance included financial and non-financial. The following section discusses these two constructs and the items used to assess them.

3.9.2.1 Entrepreneurial Intensity Variable

Entrepreneurial intensity comprised of five indicators. The items that were used to measure each indicator were summated, used to assess entrepreneurial intensity domains. Four items measured frequency and degree of entrepreneurship and innovativeness, risk taking, proactiveness and autonomy were measured using three items respectively. A likert type scale was used to measure these items. Hotel enterprise employee items were coded C1a-C18a with their respective error terms (e1-e18). The model of entrepreneurial intensity is presented in Figure 3.3.

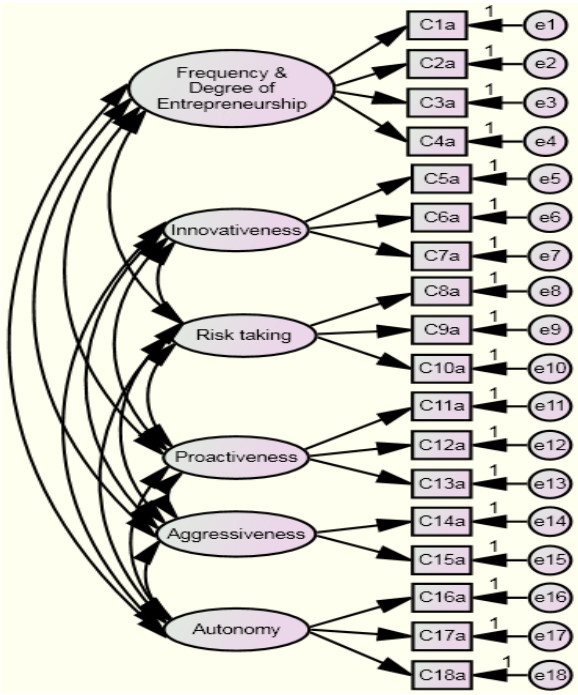

Figure 3.3: Summated Hypothesized Measurement Model for Entrepreneurial Intensity

Source: Researcher, 2015

Frequency and degree of entrepreneurship

C1a How many new services did YOU introduce in the enterprise over the past one year?

C2a How does the number of new service or product improvements that YOU introduced during the past two years compare to previous years?

C3a How does the number of new service introduction your enterprise made compare with those of the competitors?

C4a To what degree did these new service introduction include services that did not previously exist in your markets (new to the market)?

Innovativeness

C5a The hotel owner actively responds to main competitors´ new ways of doing things.
C6a Our employer gives us room to try new ways of doing things and seek unusual, novel solutions in our hotel.
C7a We are encouraged to think and behave in original and novel ways.

Risk taking

C8a In our hotel we have a strong propensity for taking high-risks.
C9a We believe, owing to the nature of the environment, that bold, wide-ranging acts are necessary to achieve our enterprise objectives.
C10a When there is uncertainty, our enterprise adopts a “wait-and see” posture in order to minimize the probability of making costly decisions.

Proactiveness

C11a Our enterprise favours a strong emphasis on Research & Development and innovations.
C12a In the past years, our enterprise has marketed a wide variety of new lines of products and/or services.
C13a In the past years, changes in our products and/or service lines have been mostly of a minor nature.

Aggressiveness

C14a In dealing with competitors, our enterprise often leads the competition, initiating actions to which our competitors have to respond.
C15a In dealing with competitors, our enterprise adopts a very competitive posture aiming to overtake competitors.

Autonomy

C16a The enterprise supports the efforts of employees who work independently.
C17a We believe that: the best results occur when employees decide for themselves what business opportunities to pursue.
C18a Employees make decisions on their own without constantly referring to the owner/supervisor.

3.9.2.2 Enterprise Performance Variable

Enterprise performance included two indicators; financial and non-financial measures. The items that were used to measure each indicator were summated, and summated scales were used to assess enterprise performance constructs. Five factors measured enterprise financial performance and three items measured enterprise non-financial performance. A five-point Likert type scale was used to measure these items.

Enterprise performance items were coded D1a-D8a with their respective error terms (e1-e8) as presented in Figure 3.4.

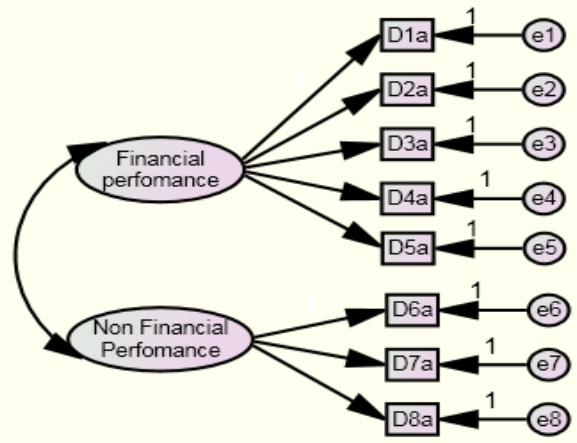

Figure 3.4: Summated Hypothesized Measurement Model for Enterprise Performance

Source: Researcher's Own compilation, (2015)

Financial Performance

D1a Over the last year, our enterprise has generated a high sales revenue.
D2a Over the last year, our enterprise has achieved rapid growth.
D3a Over last year, our enterprise has fully met our owner's financial expectations.
D4a Our current profitability is higher than that of other comparable businesses.
D5a Our current turnover is very much higher than that of other businesses.

Non-financial Performance

D6a Over the last year, we have been very successful in attracting and retaining new customers.
D7a Over the last one year, the performance of our hotel has been very satisfactory.
D8a Over the last one year, our enterprise increased the number of employees.

3.10 Testing Validity

The issue of validity arises because measurement in the social sciences is, with very few exceptions, indirect Rymarchyk, (2002). Under such circumstances, researchers are never completely certain that they are measuring the precise property that they intend to measure. According to Muijs (2008), validity is concerned with the question, is one measuring what one thinks one is measuring? Therefore, validity refers to the

meaning of the measure, the accuracy with which it can be assessed, and the range of inference that can be made from knowledge of the score. According to Smither (1988), measures are evaluated in terms of their internal and external validity.

Internal validity refers to the accuracy of a measure in measuring what it is supposed to measure. In other words, this type of validity focuses predominantly on the theoretical aspects of the research. As there is only a small body of research that has been conducted in the field of firm entrepreneurship locally, the testing of the validity of the firm entrepreneurship, entrepreneurial intensity and enterprise performance index will focus largely on internal validity. Forms of analysis included factor analysis. Validity in social science research has several different components, which should ideally all be included in a research project in order to enhance the overall validity of the study (Muijs, 2008). The researcher examined the following types of validity, relating to the research instruments as discussed below.

Face Validity: Rymarchyk, (2002) allude that, face validity requires that measure appears relevant to your construct to an innocent by stander, or those you wish to measure. In order to establish face validity, this study gave the research instrument to a group of people with no specific knowledge of firm entrepreneurship, entrepreneurial intensity and enterprise performance, but who were able to make judgments regarding whether the questionnaire appeared to be valid. A covering letter was attached to the research instrument, to explain the aim of the research. This provided transparency of the process to the respondents of the study Hill, 2003).

Equally, Nunnally and Bernstein (1993), view that, one should never skip establishing face validity, as without it the other components of validity cannot be achieved. This is supported by Rymarchyk (2002), suggesting that face validity plays a public

relations role in applied setting which will be vital in order to obtain and maintain participant's cooperation in the study by gaining their acceptance.

Content Validity: Content validity is very similar to that of face validity, the difference being that the study should appear to be valid to experts in the field (Nunnally & Bernstein, 1993). In order to ensure that the measuring instrument contains content validity, the researcher reviewed relevant literature and gave the questionnaire to experts. The study modified and adopted previously used items.

Construct Validity: Construct validity involved relating the measuring instrument to an overall theoretical framework to determine whether the instrument was tied to the concepts and theoretical assumptions that were employed (Nachmias & Nachmias, 1990). To ensure construct validity correlation was employed, if items correlated with one another, it was concluded it measured the same thing (Nunnally & Bernstein, 1993).

Predictive Validity: According to Nachmias & Nachmias (1990), alludes, validity is prediction to an external measure referred to as a criterion and by checking a measuring instrument against some outcome. In other words, predictive validity is the correlation between the results of a given measurement and an external criterion. The study used exploratory factor analysis, as is important for predictive validity that gives predictors that work well in practice (Nunnally and Bernstein 1993).

3.10.1 Statistical Techniques for Confirming Validity

This study employed factor analysis technique to confirm validity. Factor analysis is a technique that allows for the reduction of a large number of variables or questions (i.e. 61 questions in this study) to a smaller number of variables, 'super variables' or

‘latent variables’ or factors. It does this by attempting to account for the pattern of correlations between the variables in terms of the factors. Factor analysis groups variables with similar characteristics together. It explains a pattern of similarity between observed variables. Questions or variables which belong to one factor are highly correlated with one another and have overlapping measurement characteristics. The resultant smaller number of factors is then capable of explaining the observed variance in the larger number of variables and can be used for further analysis.

Numerical values from a factor analysis are correlation coefficients between the factor and the variables, and such correlation coefficients are called *loadings*. In order to find pure items underlying each factor, the SPSS program rotates the factor loadings such that some pattern is found in which one factor is heavily loaded (high correlation) on some variables, and another factor is heavily loaded on other variables, and so on.

3.11 Testing Reliability

Reliability is the extent to which a variable or set of variables are consistent in what it is intended to measure, furthermore, reliability refers to the extent to which data collection techniques or analysis procedures will yield consistent findings (Hair *et al.*, 2007; Saunders *et al.,* 2009). This study used multiple items in all constructs so that the internal consistency method was applied. The rationale for internal consistency is that the individual items of the scale should all be measuring the same constructs and thus be highly inter-correlated (Hair *et. al.* 2007).

3.11.1 Statistical Techniques for Reliability

The study employed reliability analysis to test the reliability of the instruments following the standard procedure. Cronbach's alpha coefficient (Cronbach, 1951) was used to test the unity of the subscales in the instrument. Cronbach's Alpha reliability test was used on the dimensions to determine the reliability of the data as presented in Table 3.2.

Table 3.2: **Cronbach's Alpha Reliability Tests Results**

Constructs	Cronbach's Alpha (α)	Number of Items	Reliability Status
Enterprise Profile	0.759	25	Reliable
External Environment	0.610	10	Reliable
Entrepreneurial Intensity	0.723	18	Reliable
Enterprise Performance	0.721	8	Reliable

Source: Researcher, 2015

Cronbach's Alpha is regarded as one of the most important reliability estimates. It measures internal consistency (reliability) by determining the degree to which instrument items are homogeneous and reflect the same underlying construct(s) (Muijs, 2008; Sekaran and Bougie, 2010). It detects whether the *indicators of a construct*, also known as variables, have an acceptable fit on a single factor.

A Cronbach's Alpha value of above 0.60- 0.70 is regarded as an indication of reliability (Muijs, 2008; Sekaran and Bougie, 2010). Cronbach's Alpha analysis is appropriate when individuals respond to items on multiple levels. It is particularly useful for interval type of data mapping rule, i.e. 0-Strongly disagree, 1- Disagree, 2- Not sure, 3- Agree, to 4- Strongly agree, used to measure empirical responses of respondents in the pre-test - post-test observations of the study.

3.12 Data Analysis

Data analysis involved identification of the analysis tools, using various tests by each research objective of the study. Data was analysed using the structural equation modeling (SEM) technique using the Statistical Package for Social Science (SPSS 20.0) in conjunction with the Analysis of Moment Structures (AMOS 18.0) and Microsoft Excel, 2010 software.

Somekh and Lewin (2010), suggest that the most difficult task in analysing data is selecting the appropriate statistical technique that both addresses the research objectives and fits the data collected. They point out that Howell (1997) provides a useful diagram for selecting an appropriate technique according to: The type of data (Discrete - nominal or ordinal; Continuous - interval or ratio); whether testing for differences or relationships; whether the groups of participants (two or more); whether the groups are dependent or related (a single group exposed to different conditions or tested at different points in time) or independent (two of more unrelated groups of participants); and whether to use parametric or non-parametric tests.

Data was measured at discrete and continuous scales as appropriate. Data measurement levels enabled the researcher to determine analysis methods for the study. Data analysis aimed at searching; identify patterns of the relationships that existed among the data groups. In order to accomplish the study objectives and test the conceptual model fit, five steps of data analysis were conducted as indicated in Table 3.3.

Table 3.3: **Steps for the Data Analyses in this Study.**

Step 1	Demographic Characteristic
Step 2	Descriptive Analysis
Step 3	Factor Analysis
Step 4	Model Fit
Step 5	Hypotheses Testing

Source: Researcher, 2015

Step one involved descriptive statistics of respondent's demographic background that included age, gender, marital status, level of education, and experience in the hotel enterprise sector. The second step involved general analysis to report a summary of the pattern of the data. This included descriptive summaries for individual items as well as variables set for hypotheses testing. After some of the items being reverse coded to account for negative wording in some of the statements, the responses were summed to create composite scores for each variable.

Comparison of results by respondents (hotel enterprise employees versus hotel enterprise owners) was performed in this descriptive analysis section. The third step used hotel enterprise employee's data and was devoted to factor analysis to check the reliability and validity of the variables. Cronbach's alpha value was used as a standard to check the internal consistency of pre-determined items. The fourth and the fifth steps examined the model fit and tested the study hypotheses. A SEM approach was used to test the model and investigate the total influence of enterprise profile, external environment on enterprise performance through entrepreneurial intensity. The model that was tested through SEM approach has its theoretical basis in the psychological, behavioural and social cognitive theories of entrepreneurship development.

3.13 Statistical Methods

For the purposes of testing the research hypothesis, a number of statistical techniques were employed. Methods used in data analysis were descriptive, inferential and structural equation modeling (SEM) analysis (Sincich, 2009; Ghauri and Grønhaug 2010). This study used descriptive and inferential statistics and SEM technique as appropriate.

3.13.1 Descriptive Statistics

Descriptive statistics describes the phenomena of interest and was used to analyze data for classifying and summarizing numerical data and to confirm that it is worth continuing with further data analysis (Somekh and Lewin, 2009). The further suggest that the purpose of conducting descriptive statistics will be to reduce, summarize data and analyze items constructs. This provided insights into the characteristics of the samples and provided a basis for inferential statistics using correlation and regression analysis. It includes the analysis of data using frequencies, dispersions of dependent and independent variables and measures of central tendency and variability and to obtain a feel for the data (Saunders *et al.*, 2009; Sekaran, and Bougie 2010). The study results were summarized using frequencies, percentages, means, t-test and standard deviations.

3.13.2 Inferential Statistics

Inferential statistics allows the researcher to present data obtained in a statistical format to facilitate the identification of important patterns and to make data analysis more meaningful. Inferential statistics was employed when generalizations from a sample to population are made (Sekaran and Bougie 2010). The inferential statistical methods used in this study included; Pearson correlation and factor analysis.

Correlational Analysis: Correlational analysis was used to establish whether an association existed between two variables, the direction and extent in which two or more variables are related (Sekaran and Bougie, 2010). Under correlation analysis, bivariate analysis was conducted to determine the relationship between two variables. Correlational analysis in this study was by Pearson correlation coefficient.

Factor Analysis: Factor analysis is a technique that allows for the reduction of a large number of variables or questions (i.e. 61 questions in this study) to a smaller number of variables, 'super variables' or 'latent variables' or factor variables (Field, 2005). It does this by attempting to account for the pattern of correlations between the variables in terms of the factors. Factor analysis groups variables with similar characteristics together. In other words, it explains a pattern of similarity between observed variables. Questions or variables which belong to one factor are highly correlated with one another and have overlapping measurement characteristics (Basilevsky, 1994). It is suggested that, the resultant smaller number of factors are then capable of explaining the observed variance in the larger number of variables and can be used for further analysis.

There are basically two types of factor analysis (DeCoster, 1998): exploratory and confirmatory. Exploratory factor analysis (EFA) attempts to discover the nature of the constructs influencing a set of responses. Confirmatory factor analysis (CFA) tests whether a specified set of constructs is influencing responses in a predicted way.

Exploratory Factor Analysis (EFA): The primary objectives of an EFA are to determine; the number of common factors influencing a set of measures, the strength of the relationship between each factor and each observed measure (DeCoster, 1998). Common uses of EFA are to; identify the nature of the constructs underlying

responses in a specific content area, determine what sets of items hang together in a questionnaire, demonstrate the dimensionality of a measurement scale. Researchers often wish to develop scales that respond to a single characteristic, determine what features are most important when classifying a group of items and generate factor scores representing values of the underlying constructs for use in other analyses.

Numerical values from factor analysis are correlation coefficients between the factor and the variables, and such correlation coefficients are called *loadings*. In order to find pure constructs underlying each factor, the SPSS program version 20 under dimension reduction analysis, exploratory factor analysis was conducted. SPSS version 20 *rotates* the factor loadings such that some pattern is found in which one factor is heavily loaded or correlated on some variables, and another factor is heavily loaded on other variables, and so on (Phyllis *et al.,* 2007).

To determine appropriateness of factor analysis, the Kaiser-Mayer-Olkim, measure of sampling adequacy and the Bartlett's test of sphericity were examined. The Kaiser-Mayer-Olkim, of a value of 0.50 or above is accepted to indicate the data used was adequate for exploratory factor analysis as suggested by Tabachinck and Fidel (2001). In order to ensure that each factor identified by EFA has only one dimension and that each attribute loads on only one factor, attributes that had loadings of lower than 0.60 were eliminated from the analysis in this study Chen and Hsu (2001).

Confirmatory Factor Analysis (CFA): The primary objective of a CFA is to determine the ability of a predefined factor model to an observed set of data (DeCoster, 1998). Some common uses of CFA are to: establish the validity of a single factor model, compare the ability of two different models to account for the same set of data, test the significance of a specific factor loading, test the relationship between

two or more factor loadings, test whether a set of factors are correlated or uncorrelated and assess the convergent and discriminant validity of a set of measures. CFA combines items correlated to one another but independent of other subsets of items into an underlying factor (Tabachnick & Fidell, 2001). Using the Eigen value of over 1.0 and a factor loading of 0.6 for factor inclusion, CFA was useful to determine the number of sub-constructs. The mean scores of each factor for multiple factored variables, was calculated and treated as indicator variables to measure latent variable (Hwang, *et al.,* 2005). Since the unit of the indices (the composite mean score in this study) is different when they have different numbers of items, using mean scores reduces the effect of units and controls them. For the directional consistency, negatively stated items were reverse coded when averaging the scores. Confirmatory factor analysis was conducted in this study using AMOS version 18.0.

3.13.3 Structural Equation Modelling

Structural equation modelling (SEM) is a statistical technique for testing relationships among multiple variables (Muijs, 2008). SEM estimates a series of separate but interdependent multiple regression equations at the same time by identifying the structure model that is illustrated pictorially (Bryne, 2010). This enables a better conceptualisation of the theory under study. SEM methodology takes a confirmatory (that is to say hypothesis testing) rather than an exploratory approach to data analysis (Bryne, 2010). Testing SEM is viewed as a method of testing specified theory about relationships between theoretical constructs (Joreskog, 1993).

Advantages of SEM: SEM has many advantages as noted by Garson (2009). To begin with, SEM has the ability to model mediating variables rather than be restricted to an additive model (Spencer *et al.,* 2005). Secondly, SEM has the ability to model error terms. In addition, it has the ability to test models with multiple dependents.

Furthermore, SEM includes more flexible assumptions for instance allowing interpretation even in the face of multicollinearity that is a situation where the study variables are highly or lowly correlated. Moreover the attraction of its graphical modelling interface and the ability to test coefficients across multiple between subjects groups and ability to handle difficult data such as incomplete data or non-normal data. Likewise, SEM has the ability of testing models overall rather than coefficients individually. Finally, SEM uses confirmatory factor analysis (CFA) to reduce measurement error by having multiple indicators per latent variable.

SEM Approaches: Firstly, SEM is strictly confirmatory approach, the researcher has to formulate one single model and test this model using the empirical data (Joreskog, 1993). In addition, the model should be accepted or rejected basing on the model goodness of fit indices. However the approach is not commonly used because a model can be rejected without suggesting an alternative one (Joreskog, 1993). The second approach is the alternative model approach. Here, the researcher tests several alternative causal models to determine which has a good fit (Joreskog, 1993). Equally, (Garson, 2009) suggests that the approach faces a real world problem that in most specific research topic areas, the literature does not support two well-developed alternative models to be tested. The third approach is the model development approach. The approach allows the researcher to develop an initial model. This model can be modified basing on the changes suggested by the SEM modification index (MI) and retested if it does not fit the empirical data (Joreskog, 1993).

Furthermore, the approach allows testing of several models to find a model that fit the data well and interpreted through the theory. This study adopted the model development approach because it is more applicable compared to other two

approaches and finally it gives the researcher the opportunity to benefit from the SEM technique to modify the model using the modification indices and retest it.

Variables in SEM: There are different types of variables used in structural equation modelling which include latent variables versus observed variables and exogenous versus endogenous variables (Byrne, 2010).

Latent variables are those variables that cannot be observed and measured directly; they must be operationally defined in terms of behaviour to represent it and linked to one that is observable making its measurement possible (Bollen and Curran, 2006). Assessment of the behaviour constitutes the direct measurement of an *observed variable,* in spite of the indirect measurement of an observed variable. The measured scores are termed as observed variables and serve as indicators of the underlying construct that they are presumed to represent in SEM.

Exogenous variables on the other hand are synonymous with independent variables. Exogenous variables cause fluctuations in the values of other variables in a model. The exogenous variables in this study included enterprise profile and external environment. *Endogenous variables* are synonymous with dependent variables and are influenced by the exogenous variables in the model either directly or indirectly. The endogenous variables in this study included entrepreneurial intensity and enterprise performance.

Assessing Measurement Model Validity in SEM: SEM tests how the observed data fit a restricted structure, by imposing the structure of the hypothesized model on the sample through solving a set of equations (Byrne, 2010). He further alludes that the basic model is Data = Model + Error, requiring estimation of model parameters that can be a good representation of the corresponding population values. In assessing the

measurement model validity, the researcher needs to determine the estimation method to use and the model fit indices to be used as explained next.

Estimation methods in SEM: the estimation methods used in SEM while conducting confirmatory factor analysis includes Maximum Likelihood Method, Un-weighted least squares, Generalized least squares and Scale-free least squares methods. This study used Maximum likelihood method for model estimation because the method is widely used for estimation in the social sciences research as alluded by Byrne (2010).

Model Fit indices in SEM: the Amos version 18 output gives four groups of model fit indices; the chi-square, the absolute fit indices, the incremental fit indices and the parsimony fit indices. Firstly, the Chi-square value relative to the associated degrees of freedom indicates the extent to which the observed value differs from the estimated value (Muijs, 2008). The chi-square tests the extent to which the residuals in the values are zero (Bollen and Curran, 2006). The chi-square value has to be insignificant that is less than the tabled value with associated degree of freedom. As observed by (Joreskog *et al.,* 2003) chi-square is sensitive to large sample size as it increases with the sample size making it to be unrealistic in research involving most structural equation modelling (SEM).

Secondly, the absolute fit indices measures include Root Mean Square Residual (RMR), Goodness of Fit index (GFI), Adjusted Goodness of Fi index (AGFI) and Parsimony Goodness of Fit (PGFI). The measures provide the basic assessment of how a researcher theory fits the sample data (Bryne, 2010; Hair *et al.,* 2006). Furthermore, they do not compare goodness of fit to any other model at all. RMR, GFI and AGFI indices ranges from zero to 1.00, with values closer to 1.00 indicating a good fit (Bryne, 2010). Thirdly, the incremental indices include Normed Fit Indices (NFI) and Relative Fit Indices (RFI), Comparative Fit Index (CFI). These indices show how well a model fits relative to alternative baseline model (Hair *et al.,* 2006). All incremental indices range from 0 to 1.0 with value closer to 1.00 indicating a good

fit. Finally, Parsimony fit indices provide information about which model among a set of competing model is best (Hair *et al.,* 2006). This study used the chi-square, absolute fit indices and the incremental fit indices to assess the model fitness.

3.14 Ethical Issues

Ethical consideration and research authorization was obtained from the National Commission for Science, Technology and Innovation (NACOSTI), Ref. No. NACOSTI/P/15/7752/7069, subject to authority from the County Commissioner and County Director Education, Uasin Gishu County, Kenya respectively (Appendix 1). Prior to administering the questionnaires, a letter stating the purpose of the study and how the researcher will maintain privacy, anonymity and consent form for participants to sign before they engage in the research as suggested by Creswell (2012) was attached (Appendix 2 and 3). This form assured participants' rights were protected during data collection. Equally, the researcher ensured tolerance, honesty and patience with respondents while getting information from them.

3.15 Limitations of the Study

Resources at the disposal of the researcher (time and finance) limited this study however, did not affect the results, given that results from the sample could be generalized to other Counties where hotel enterprises are emerging. The possible effect of the limitations of semi-literate respondent was managed through a trained research assistant and a translated questionnaire to Kiswahili for easy understanding. Lastly, the scale used in this study required more specific items related to hotel enterprises. This could be possible with in depth interviews with respondents prior to the development of the questionnaires.

3.16 Chapter Summary

The research methodology presented in this chapter laid ground for methods and tools used in capturing data necessary for answering the research problem of this study. This chapter covered**;** the study area, research paradigm, research strategy, population and sample size determination and selection, type and sources of data and questionnaire design, pilot test, data processing and levels of measurement, measurement of variables, testing validity, testing reliability, data analysis, statistical methods and ethical issues. Data analysis methods included means, standard deviations, frequencies and percentages, t-test, Pearson correlation and the Structural Equation Modelling (SEM) technique.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter shows the presentation, analysis and interpretation of data. The results are presented on the basis of the study constructs. The main objective of the study was to determine the influence of enterprise profile and external environment on enterprise performance through entrepreneurial intensity in the hotel enterprises in Uasin Gishu County, Kenya.

4.2 Initial Screening of the Data

The scales used in this study included positively worded items. In addition, data were examined for missing values as suggested by Hair *et al.*, (1998). Univariate statistics under missing values analysis was conducted using SPSS version 20, to check if there were any missing data (See Appendix 11 and 12). The results indicated there were no missing data in this study (missing Count 0, percent 0%).

4.2.1 Study Sample

A summary of the instruments administered and delivered for analysis is presented in Table 4.1.

Table 4.1: **Survey Response Rate**

	Total Number of Questionnaires Administered	Questionnaires Returned	Non-Usable Questionnaire	Usable Questionnaire	Total Response In %
HEs Employees	333	333	36	297	89%
HEs Owners	168	168	15	153	91%
Total	501	501	51	450	90%

Key: HEs- Hotel Enterprises
Source: Field survey data, 2015

The guidelines on ethics as suggested by Babbie (1998) were followed in this study. The respondents participated voluntarily, and the survey was designed to do no harm to respondents who volunteered to cooperate with the study. Confidentiality was also secured to protect respondent's identity. However, the study was not able to secure anonymity, due to follow-up plans for the researcher have information for a longitudinal study; this is because when a respondent is considered anonymous, researchers cannot identify a given respondent with a given response.

A total of 168 hotel enterprise owners and 333 hotel enterprise employees totaling to 501 respondents participated in this study. Of the 501 researcher administered questionnaires**,** 297 for hotel enterprise employee and 153 for hotel enterprise owners were usable, with an overall response rate of 90%. The high response rate was as a result of the questionnaire researcher administered approach. There were only 51 incomplete questionnaire from the 501 questionnaires returned, that had some missing values and were eliminated from analysis in this study.

4.3 Descriptive Statistics of Respondents Demographic Characteristics

The demographic characteristics of the respondent were measured with respect to age, gender, marital status, level of education and working experience, Table 4.2. From the total sample of 297 for hotel enterprise employees (HEE) and 153 for hotel enterprise owners (HEO), the findings indicate firstly, that majority 188 (63%) of employees in the hotel enterprises were in the age bracket of 26-33. This was closely followed by 18-25 years 94 (32%). The age categories 34-41 years 13 (4%) and 42 years and above representing 2 (1%) respectively had the least number of respondents. The findings on the age of the hotel enterprise employees could imply that majority of them could be termed as the youth. As a result of the high unemployment rates, many youths could have been employed in the hotels as evidence in the study findings.

Table 4.2: Demographic Composition of the Sample

Profile		**HEE**		**HEO**	
	Rank	*F*	*%*	*F*	*%*
Age	18-25	94	32	11	7.2
	26-33	188	63	60	39.2
	34-41	13	4	51	33.3
	>42	2	1	31	20.3
	Total	**297**	**100**	**153**	**100**
Gender	Male	176	59	108	71
	Female	121	41	45	29
	Total	**297**	**100**	**153**	**100**
Marital status	Single	177	60	33	22
	Married	108	36	109	71
	Single with children	12	4	11	7
	Total	**297**	**100**	**153**	**100**
Level of education	Primary	97	32.7	29	19
	Secondary	160	53.9	79	52
	Tertiary	39	13.1	36	23
	University	1	0.3	9	6
	Total	**297**	**100**	**153**	**100**
Years worked in the hotel enterprise	0-4	222	74.7	48	31
	5-9	64	21.5	54	35
	10-14	4	1.3	30	20
	15-19	6	2	15	10
	>20	1	0.3	6	4
	Total	**297**	**100**	**153**	**100**

Note. HEE- Hotel Enterprise Employees; HEO- Hotel Enterprise Owners

Source: Field survey data, 2015

With regard to age of the hotel enterprise owners , the result indicate that most 60 (39.2%) of were in the age bracket of 26-33 years, followed by age categories 34-41 years, 51 (33.3%), above 42 years 31 (20.3%) and 18-25 years 11 (7.2%) head the least numbers. The findings agree with Hisrich *et al.,* (2002), whom observed that most entrepreneurs initiate in entrepreneurial activities at ages between 22 and 40 years. Using age to distinguish between the youth and older population in the hotel enterprise, it was found that the proportion of hotel owners could be defined as youth. These imply lack employment opportunities for the youth such that they seek for alternative opportunities by venturing in the hotel enterprises for income. This could also show unemployment level in Uasin Gishu County, Kenya is high.

Secondly, the study findings reveal that majority 176 (59%) of the hotel enterprise employees were male and 121 (41%) were female. This could imply that most males are employed in the hotel enterprise compared to female. Equally, the findings could suggest the gender difference indicate that the hotel enterprise sector is male dominated. Furthermore, majority of the hotel enterprise owners 108 (71%) were male and 45 (29%) were female. The findings disagree with those of Wegulo, (2004), who suggested that women are playing an increasing role in entrepreneurial activities.

The results further suggest that gender is related to the marital status of participants in the study. These results indicate that most women in the hotel enterprises were married, this could be the reason why their participation in hotel enterprise. The results imply that participation of women entrepreneurs in hotel enterprises was low. Furthermore, they could be classified as the minority because they could be overwhelmed by family responsibilities at home for instance taking care of the households including children and fear of venturing in the hotel business.

Thirdly, the results show that majority 177 (60%) of the hotel enterprise employees were single followed by 108 (36%) married and 12 (4%) who were single with children. These results imply most hotel enterprise employees were single owing to the hard economic times, hand to mouth income they get from the hotel enterprise that has forced most of them not to be engaged in family responsibilities. In addition to this majority 109 (71%), of hotel enterprise owners were married followed by 33 (22%) who were single and 11 (7%) that were single with children. These results imply that hotel enterprise owners performed the double role of family responsibilities well as searching for additional resources to support the family.

Fourthly, regarding the level of education, the results show that majority 160 (53.9%) of hotel enterprise employees were secondary certificate holders followed by primary certificate 97 (32.7%) and tertiary certificate 39 (13.1%). Only 1 employee had a university. Equally, majority 79 (52%) of hotel enterprise owners had secondary certificate, followed by tertiary (36 (23%), primary 29 19%) and university certificate 9 (6%). This suggests that hotel enterprise business do not appeal to entrepreneurs with higher educational levels. The majority of the participants in the hotel enterprise sector as shown by the results indicate that those who may have for one reason or another, been unable to secure jobs in the formal sector start the hotel enterprises. Education is expected to have an important bearing on the performance of the hotel enterprises especially in aspects of understanding the interaction among the actors in the external enterprise environment.

Lastly, in relation to working experience, majority 222 (74.4%) of the hotel enterprise employees worked in the hotel for 0-4 years, followed by ages 5-9 years 64 (21.5%), 15-19 years 6 (2%), 10-14 years 4 (1.3%). Only 1 hotel enterprise employee had worked for over 20 years. The results imply that majority of the hotel enterprise employees had experience of between 0-4 years. This indicates that they are still on the learning process of entrepreneurship to be able to learn from success and failures of their activities. Hence experience of hotel enterprise owners in Uasin Gishu County, Kenya in relation to their working experience could influence entrepreneurial intensity and enterprise performance. In addition, with regard to the hotel enterprise owners working experience, majority 54 (35%) of them had 5-9 years, followed by 0-4 years 48 (31%), 10-14 years 30 (20%), 15-19 years 15 (10%) and over 20 years 6 (4%). The results further imply that hotel enterprise owners may not have benefited from experiential learning which could have a bearing on entrepreneurial intensity and enterprise performance. The major motivating factor for the hotel enterprise

owner's start-up could have been the need for survival. The results of this study support those of the ILO report (2006), which noted that the majority of those affected by lack of employment were the youth, aged between 15-34 years. The results imply that entrepreneurial career development could be lacking in the educational systems hence young people are not exposed to business and lack the experience.

4.4 Descriptive Statistics for the Study Variables

4.4.1 Descriptive Statistics for Enterprise Profile

Enterprise profile was considered an exogenous variable in this study. Enterprise items descriptions are identified in Table 4.3.

Table 4.3: *Description of Enterprise Profile Factors as Applied In Statistical Analyses*

HEE Items	**HEO Items**	Description
A1a	A1b	Obstacles and roadblocks removed
A2a	A2b	Financial support
A3a	A3b	Rewards received
A4a	A4b	Promotion from development of new ideas
A5a	A5b	Using methods developed by employees
A6a	A6b	Management open to ideas
A7a	A7b	Encouragement for innovative ideas
A8a	A8b	Money available for implementing new ideas
A9a	A9b	Time for developing new ideas
A10a	A10b	Enough time to get everything done
A11a	A11b	Working with time constraints
A12a	A12b	Employees having time for problem solving
A13a	A13b	No double checking decisions
A14a	A14b	Punished and criticised
A15a	A15b	Using own decisions
A16a	A16b	Freedom to decide what to do
A17a	A17b	Standard operating procedures
A18a	A18b	Rules and procedures
A19a	A19b	Insecurity
A20a	A20b	Discussing work performance
A21a	A21b	Age of hotel enterprise
A22a	A22b	Nature of hotel enterprise
A23a	A23b	Location
A24a	A24b	Number of employees
A25a	A25b	Permanent employees

Note: HEE- Hotel Enterprise Employees; HEO- Hotel Enterprise Owners

Source: Researchers Own Computation, 2015

Entrepreneur managerial characteristic included the following measures; rewards with a total of four items, management support for entrepreneurship four items, time availability four items, and work discretion had four items and enterprise boundaries a total of four items. On the other hand firm characteristic had a total of five items that included; age of the hotel, nature, location and number of employees. A likert scales ranging from SD = strongly disagree, D = disagree, N = neither disagree nor agree, A = agree and SA = strongly agree was used to capture entrepreneur managerial characteristic, while firm characteristic was measured using both discrete and continuous scales accordingly the construct was coded as A1a- A20a for hotel enterprise employees and A1b-A20b for hotel enterprise owners respectively. Descriptive statistics in this section included means, standard deviations, t-test, frequencies and percentages.

4.4.1.1 Entrepreneur Managerial Characteristic

The respondents were asked to respond to twenty items measuring managerial characteristic of hotel owners. The construct had a total of eighteen items, measured on a likert scale ranging from SD = strongly disagree, D = disagree, N = neither disagree nor agree, A = agree and SA = strongly agree. The descriptive statistics used in this construct included means, standard deviations and the t-test, Table 4.4.

Table 4.4: **Descriptive Statistics for Entrepreneur Managerial Characteristic**

Hotel Enterprise Employees (N = 297)				Hotel Enterprise Owners (N = 153)			
Items	*M*	*SD*	*t*	**Items**	*M*	*SD*	*t*
A1a	3.76	0.85	75.87**	A1b	3.80	0.74	64.02**
A2a	3.32	1.18	48.31**	A2b	3.15	1.20	32.57**
A3a	3.79	1.12	58.61**	A3b	3.75	0.95	48.60**
A4a	3.56	1.21	50.64**	A4b	3.92	0.75	64.84**
A5a	3.79	0.87	75.27**	A5b	3.85	0.71	66.67**
A6a	3.61	1.01	61.23**	A6b	3.80	0.94	49.89**
A7a	3.54	1.25	48.79**	A7b	3.64	1.09	41.47**
A8a	2.90	1.51	32.10**	A8b	2.99	1.24	29.91**
A9a	3.64	1.02	61.14**	A9b	3.86	0.63	75.40**
A10a	3.52	1.11	54.28**	A10b	3.65	1.08	41.81**
A11a	3.67	1.11	56.60**	A11b	3.69	1.01	45.01**
A12a	3.74	1.16	55.66**	A12b	3.63	1.11	40.37**
A13a	3.41	1.25	54.55**	A13b	2.94	1.28	28.46**
A14a	3.41	1.21	48.70**	A14b	3.47	0.97	47.59**
A15a	3.46	1.21	49.05**	A15b	3.77	0.92	50.64**
A16a	3.29	1.38	41.03**	A16b	3.12	1.28	30.08**
A17a	3.69	0.98	65.09**	A17b	3.94	0.69	70.60**
A18a	3.26	1.25	44.98**	A18b	3.42	0.96	49.24**
A19a	3.54	1.18	50.31**	A19b	3.71	1.00	46.02**
A20a	3.54	1.39	42.73**	A20b	3.86	0.88	53.95**
Grand	3.52	1.16		Grand	3.63	0.92	

Note: N- sample, M- Mean, SD- Standard deviation, t- T-Test, **- Sig. p<0.05

Source: Field survey data, 2015

Respondents were asked to respond to ten items reflecting on managerial characteristic. Both hotel enterprise employees (HEE) and hotel enterprise owners (HEO) tended to agree on most of managerial characteristic items (Grand mean = 3.52, SD = 1.16 and grand mean = 3.63, SD = 0.92 for hotel enterprise and employee respectively), this imply that the hotel enterprise encourages entrepreneurial behaviour among its employees and can be termed as an entrepreneurial venture. On overall, both employees and owners of hotel enterprises perceived managerial characteristics positively, the mean response to most items points to agreement. The t-test of all the eighteen items that measured managerial characteristic was significant at $p<0.05$, indicating that the sample size was large enough and the difference between the sample means represents a real difference between the population from which

they were sampled. These findings imply that both employees and owners of hotel enterprises regard managerial characteristic constructs; rewards, management support entrepreneurship, time availability, work freedom, enterprise boundaries items highly that could likely influence entrepreneurial intensity and hotel enterprise performance in Uasin Gishu County, Kenya.

To begin with, on rewards construct, the employees of the hotel enterprises were tending to agree that obstacles and roadblocks have been removed in the hotel enterprise (M= 3.76, SD= 0.85), also the owners seem to agree with the item (M= 3.84, SD= 0.61). On whether financial support for innovative ideas is available, the employees were positive (M= 3.32, SD= 1.18), while the hotel owners (M= 3.15, SD= 1.20), were non-committal. Equally, on the item the rewards received are dependent upon the job, the hotel enterprise employees (M= 3.79, SD= 1.12) and owners (M= 3.75, SD= 1.12) tended to agree with the statement. That a promotion usually follows from the development of new and innovative ideas, the hotel enterprise employee (M= 3.56, SD= 1.21) and owner (M= 3.92, SD= 0.75) tended to agree. These findings indicate that both respondents were positive on rewards items that could influence entrepreneurial intensity and enterprise performance in Uasin Gishu County, Kenya.

Secondly, on management support entrepreneurship, the hotel enterprise employees (M= 3.79, SD= 0.87) and owners (M= 3.85, SD= 0.71) tended to agree that the enterprise is quick to use improved work methods which are developed by employees. In addition, on the item, management is aware and very open to my ideas and suggestions, the employees (M= 3.61, SD= 1.01) and owners (M= 3.80, SD= 0.94) tended to agree. Equally, the hotel the employees (M= 3.54, SD= 1.25) and owners (M= 3.64, SD= 1.09) tended to be positive that there is encouragement for coming up with innovative ideas. However, the employees (M= 2.90, SD= 1.51) and owners (M=

2.99, SD= 1.24), were non-committal whether money was available to get new ideas off the ground. These findings suggest that hotel enterprise encourage and motivate employees to development new ideas and services that could influence entrepreneurial intensity and enterprise performance in Uasin Gishu County, Kenya.

Thirdly, the time availability construct, the hotel enterprise employees (M= 3.64, SD= 1.02) and owners (M= 3.86, SD= 0.63) tended to be positive that, during the past three months, work load did not keep employees from spending time on developing new ideas. Additionally, the hotel enterprise employees (M= 3.86, SD= 0.63) tended to agree that, they have enough time to get everything done, this was confirmed by the owners (M= 3.65, SD= 1.08). Likewise, the employees (M= 3.67, SD= 1.11) tended to be positive that, they feel like working with time constraints, the hotel owners was also agreeing (M= 3.69, SD= 1.01). Also, the hotel employees (M= 3.74, SD= 1.16) were tending to agree that, they have time for long term problem solving, the hotel owners confirmed this (M= 3.63, SD= 1.11). These imply that employees of hotel enterprises have time to develop new ideas and services that could influence entrepreneurial intensity and enterprise performance in Uasin Gishu County, Kenya.

Thirdly, with regard to work freedom construct, the employees of hotel enterprises (M= 3.63, SD= 1.11) were non-committal that, they feel like their own boss and do not have to double check all decisions with someone else, equally the hotel owners were non-committal (M= 2.94, SD= 1.28). Also, hotel enterprise employees (M= 3.41, SD= 1.21), were non-committal if they are punished and criticized when they make mistake. Interestingly, the hotel owners (M= 3.47, SD= 0.97), were equally non-committal on the same. On the item, the business provides the freedom to employee to use own decisions, the hotel enterprise (M= 3.46, SD= 1.21) were non-committal, surprisingly the owners (M= 3.77, SD= 0.92), were tending to agree with the same. In

addition, the hotel enterprise employees (M= 3.29, SD= 1.38) were non-committal on the statement that, they have freedom to decided what to do, the hotel owners were equally non-committal (M= 3.12, SD= 1.28). The study findings imply lack of work freedom in the hotel enterprises in Uasin Gishu County, Kenya that could influence entrepreneurial intensity and enterprise performance.

Finally, in relation to enterprise boundaries, the employees of hotel enterprise (M= 3.69, SD= 0.98), tended to agree that, for the past three months, they have followed standard operating procedures in doing their job, this was supported by the owners (M= 3.94, SD= 0.69) who tended to agree on the same. In addition, the hotel enterprise employees and owners (M= 3.26, SD= 1.25 and M= 3.42, SD= 0.96 respectively) were non-committal on the statement, the hotel has many written rules and procedures that exist for employees doing their job. Furthermore, on the item, there is little insecurity in the hotel enterprise, the employees (M= 3.54, SD= 1.18) tended to agree, likewise the hotel owners (M= 3.71, SD= 1.00). Furthermore, the employees and hotel owners (M= 3.52, SD= 1.16 and M= 3.86, SD= 0.92 respectively) tended to agree that, during the past year, they have discussed my work performance with their employers. The results imply that the respondents perceived enterprise boundaries positively and could influence entrepreneurial intensity and enterprise performance in Uasin Gishu County, Kenya.

4.4.1.2 Firm Characteristic

The respondents were asked to respond to five items measuring firm characteristic of the hotel enterprise as shown in Table 4.5.

Table 4.5: **Descriptive Statistics for Firm Characteristic**

Construct Items		HEE		HEO	
	Rank	*F*	*%*	*F*	*%*
A21a&b- Hotel enterprise years of existence	0-4	106	36	50	33
	5-9	97	33	43	28
	10-14	51	17	32	21
	15-19	23	8	16	10
	>20	20	6	12	8
	Total	**297**	**100**	**153**	**100**
A22a&b Nature	Sole proprietorship	272	91	126	82.4
	Partnership	23	8	25	16.3
	Limited company	2	1	2	1.3
	Total	**297**	**100**	**153**	**100**
A23a&b Location	CBD	133	45	74	48
	Outside CBD	164	55	79	52
	Total	**297**	**100**	**153**	**100**
A24a&b No. of employees	0-4	103	35	52	34
	5-9	160	54	84	55
	10-14	34	11	17	11
	Total	**297**	**100**	**153**	**100**
A25a&b Permanent employees	0-4	205	69	106	69
	5-9	92	31	47	31
	Total	**297**	**100**	**153**	**100**

Note: HEE- Hotel Enterprise Employees; HEO- Hotel Enterprise Owners

Source: Field survey data, 2015

With regards to the age of the hotel enterprise as given by employees, most 106 (36%) were between 0-4 years, followed by 5-9 years 97 (33%), 10-14 years 51 (17%), 15-19 years 23 (8%) and over 20 years 20 (6%). On the other hand, the hotel enterprise owners response in terms of hotel enterprise age indicated that most 50 (33%) were between 0-4 years, followed by 5-9 years 43 (28%), 10-14 years 32 (21%), 15-19 years 16 (10%) and over 20 years 12 (8%). Thus it is evident that most of the hotel enterprise in Uasin Gishu County Kenya is between 0-4 years. This implies that the entrepreneurs in this category of enterprise age 0-4 years have increased which could firstly be attributed to lack of employment opportunities and secondly a lower enterprise mortality rate. Secondly, it could also be an indicator that the enterprises are unable to sustain themselves in the external business environment for a longer

period and cannot thus grow. Thirdly, it could be concluded that most of the hotel enterprises were in the start-up stage of enterprise lifecycle. These results show that hotel enterprise could therefore be developing into fulltime business careers. Finally, the rising urban unemployment and poverty is compelling more people to start new enterprise. Consequently, age of the hotel enterprise could influence the level of entrepreneurial intensity behaviour of its employees as well as performance.

Furthermore, in view of hotel enterprises nature, the employee of hotel enterprises indicated majority 272 (91%) of hotel enterprises were sole proprietorship, followed by partnership 23 (8%) and limited company 2 (1%) respectively. Similarly, the hotel enterprise owners gave a similar opinion on the nature of the hotel enterprises with majority 126 (82.4) being sole proprietorship, followed by partnership 25 (16.3%) and limited company 2 (1.3) respectively. These indicate that the hotel enterprises in Uasin Gishu County, Kenya are owner owned (Sole proprietorship) and is likely to influence entrepreneurial intensity and enterprise performance.

Notwithstanding, hotel employees clearly stated that majority 164 (55%) hotel enterprises were located outside the central business development unit (CBD) while 133 (45%) were within the central business unit. Likewise, the hotel owners indicated majority 79 (52%) of the hotels were located outside the central business development unit and within the central business unit 74 (48%). These imply that most hotels are located outside the central business unit in Uasin Gishu County, Kenya, that could have a bearing in access to resources, infrastructure, investment opportunities, risk thus influencing entrepreneurial intensity and enterprise performance. Moreover, hotel employees indicated that majority 160 (54%) of hotel enterprises had between 5-9 employees, followed by 0-4 employees 103 (35%) and 10-14 employees 34 (11%) Correspondingly, the owners confirmed that majority 84 (55%) of hotel the

enterprises had between 5-9 employees, followed by 0-4 employees 52 (34%) and 10-14 employees 17 (11%). These results indicate that the size of the hotel enterprise in Uasin Gishu County, Kenya is between 5-9 employees and categorised as micro enterprises that could influence entrepreneurial intensity and performance.

In conclusion, both employees and owners of the hotel enterprises indicated that between 0-4 employees were permanent 205 (69%); 106 (69%) and 5-9 employees 92 (31%); 47 (31%) were permanent. The result shows that majority of hotel enterprise permanent employees in Uasin Gishu County, Kenya ranges between 0-4. These findings suggest that employee appointments in terms of casual or permanent could influence entrepreneurial intensity and enterprise performance.

4.4.2 Descriptive Statistics for External Environment

Respondents were required to respond to issues related to external environment that included three indicators; dynamism, threats and heterogeneity and items coded as B1a-B10a for hotel enterprise employees and B1b-B10b for hotel enterprise owners respectively as described in Table 4.6.

Table 4.6: *Description of External Environment Factors as Applied In Statistical Analyses*

HEE Items	**HEO Items**	Description
B1a	B1b	Services getting out-dated
B2a	B2b	Predicting competitors actions
B3a	B3b	Consumer tastes are easy to predict
B4a	B4b	Service not subject to much change
B5a	B5b	Price competition
B6a	B6b	Declining markets for services
B7a	B7b	Government interference
B8a	B8b	Changes in customers buying habits
B9a	B9b	Intense competition
B10a	B10b	Uncertain market

Note: HEE- Hotel Enterprise Employees; HEO- Hotel Enterprise Owners

Source: Researcher's Own Computation, 2015

The construct had a total of ten items, measured on a likert scale ranging from SD = strongly disagree, D = disagree, N = neither disagree nor agree, A = agree and SA = strongly agree. The descriptive statistics used in this construct included means, standard deviations and the t-test, Table 4.7.

Table 4.7: *Descriptive Statistics for External Environment*

Hotel Enterprise Employees (N = 297)				Hotel Enterprise Owners (N = 153)			
Items	*M*	*SD*	*t*	**Items**	*M*	*SD*	*t*
B1a	3.90	0.87	76.94**	B1b	3.84	0.61	78.15**
B2a	4.03	2.49	27.87**	B2b	3.70	1.06	39.79**
B3a	3.97	0.88	77.49**	B3b	3.88	0.85	56.48**
B4a	3.88	1.04	64.33**	B4b	3.92	0.82	59.15**
B5a	3.99	0.92	74.68**	B5b	3.99	0.42	117.22**
B6a	3.79	1.07	61.23**	B6b	3.87	0.96	49.62**
B7a	4.04	1.01	68.99**	B7b	3.99	1.19	41.53**
B8a	4.12	0.84	84.31**	B8b	4.01	0.67	73.56**
B9a	4.08	0.90	78.35**	B9b	3.92	1.01	48.03**
B10a	4.08	0.98	72.00**	B10b	3.87	0.87	54.93**
Grand	3.99	1.00		Grand	3.90	0.84	

Note: N- sample, M- Mean, SD- Standard deviation, t- T-Test, **- Sig. $p<0.05$

Source: Field survey data, 2015

The respondents were asked to respond to ten items reflecting on external environment. Overall, the hotel enterprise employees and owners tended to agree that the items indicated external environment (Grand mean = 3.99, SD = 1.10 and Grand mean= 3.90, SD= 0.84). The t-test of all the ten items that measured external environment was significant at $p<0.05$, indicating that the sample size was large enough and the difference between the sample means represents a real difference between the population from which they were sampled. These findings imply that

both employees and owners of hotel enterprises regard external environmental constructs; dynamism, threats and heterogeneity items highly that could influence entrepreneurial intensity and in the long run hotel enterprise performance in Uasin Gishu County, Kenya.

Furthermore, on environmental dynamism construct, the employees of the hotel enterprises were somehow agreeing that the rate at which the service is getting out dated in sector is high (M= 3.90, SD= 0.87), also the owners seem to agree with the item (M= 3.84, SD= 0.61). On whether the actions of competitors are easy to predict, the employees were positive (M= 4.03, SD= 2.49), while the hotel owners tended to agree (M= 3.70, SD= 1.06). In the same way, on the item demand and consumer tastes are fairly easy to predict, both the hotel enterprise employees (M= 3.97, SD= 0.88) and owners (M= 3.88, SD= 0.85) tended to agree with the statement. That service in the hotel sector is not subject to much change, employee (M= 3.88, SD= 1.04) and owners (M= 3.92, SD= 0.82) tended to agree. These findings indicate that both respondents were positive on environmental dynamism items that could influence entrepreneurial intensity and enterprise performance in Uasin Gishu County, Kenya.

In addition, regarding environmental threats construct, the hotel enterprise employees (M= 3.99, SD= 0.92) and owners (M= 3.99, SD= 0.42) tended to be positive that the hotel sector is faced with tough price competition.

Similarly, on the item the hotel sector is faced with declining markets for services, both the hotel enterprise employee (M= 3.79, SD= 1.07) and owner (M= 3.87, SD= 0.96) were tending to agree. Consistently, the findings show that the hotel enterprise employees (M= 3.88, SD= 1.04) and owners (M= 3.88, SD= 1.04) tended to be positive that government interference is a threat. The study findings points out that environmental threat is crucial to failure or success of an enterprise and could influence entrepreneurial intensity and hotel enterprise performance in Uasin Gishu

County, Kenya. Lastly, in connection with environmental heterogeneity construct, both the hotel employees (M= 4.12, SD= 0.84) and owners (M= 4.01, SD= 0.67) agreed that customers of hotel buying habits usually changes. That the nature of the competition is intense in the sector, hotel enterprise employee (M= 4.08, SD= 0.90) and owners (M= 3.92, SD= 1.01). In addition, the employees (M= 4.08, SD= 0.98) were positive that the market in the hotel sector is dynamic and uncertain, while the owners (M= 3.87, SD= 0.87) tended to agree. These findings suggest that environmental heterogeneity could influence entrepreneurial intensity and performance of hotel enterprises in Uasin Gishu County, Kenya.

4.4.3 Descriptive Statistics for Entrepreneurial Intensity

Respondents were required to respond to issues related to entrepreneurial intensity that included six indicators namely frequency and degree of entrepreneurship, innovativeness, risk taking, proactiveness, aggressiveness and autonomy coded CIa-C18b for hotel enterprise employee and CIb-C18b for hotel enterprise owners respectively. Entrepreneurial intensity item description is presented in Table 4.8.

Table 4.8: Description of Entrepreneurial Intensity Factors as Applied In Statistical Analyses

HEE Items	**HEO Items**	Description
C1a	C1b	Number of service introduced
C2a	C2b	New service compared with those of past years
C3a	C3b	New service compared with those of the competitors
C4a	C4b	new service in the market
C5a	C5b	Responding to competitors actions
C6a	C6b	Room for innovations
C7a	C7b	Thinking in original ways
C8a	C8b	Strong risk taking behaviour
C9a	C9b	Acting boldly to achieve goals
C10a	C10b	Adopt a wait and see posture
C11a	C11b	Research and development
C12a	C12b	Marketing new products
C13a	C13b	Minor changes in products
C14a	C14b	Initiate actions that competitors respond to
C15a	C15b	Adopting a competitive posture
C16a	C16b	Autonomy supported

C17a	C17b	Deciding on what opportunities to pursue
C18a	C18b	Making decisions independently

Source: Researchers Own Computation, 2015

The descriptive statistics of entrepreneurial intensity included means, standard deviations and the t-test as shown in Table 4.9.

Table 4.9: **Descriptive Statistics for Entrepreneurial Intensity**

Hotel Enterprise Employees (N = 297)				Hotel Enterprise Owners (N = 153)			
Items	*M*	*SD*	*t*	**Items**	*M*	*SD*	*t*
C1a	1.82	0.79	26.76**	C1b	2.00	1.69	16.17**
C2a	4.56	1.31	57.83**	C2b	4.58	1.08	52.48**
C3a	4.59	1.26	60.46**	C3b	4.61	1.20	44.40**
C4a	4.49	1.26	61.59**	C4b	4.59	1.03	55.13**
C5a	3.76	0.84	77.48**	C5b	3.81	0.74	63.59**
C6a	3.75	0.89	72.83**	C6b	3.67	1.04	43.52**
C7a	3.60	1.25	49.80**	C7b	3.82	0.82	57.96**
C8a	3.85	0.80	82.53**	C8b	3.98	0.66	74.19**
C9a	3.82	0.95	69.02**	C9b	4.09	0.93	54.24**
C10a	3.80	1.15	57.03**	C10b	4.02	1.00	49.57**
C11a	2.98	1.40	36.68**	C11b	2.81	1.10	39.43**
C12a	3.56	1.20	48.33**	C12b	3.58	1.09	40.57**
C13a	3.56	2.06	29.73**	C13b	3.87	0.82	58.60**
C14a	3.63	1.29	41.79**	C14b	3.84	0.73	65.43**
C15a	3.57	1.34	40.73**	C15b	3.80	1.13	41.50**
C16a	3.69	0.96	66.06**	C16b	3.75	0.88	52.79**
C17a	3.24	1.27	44.02**	C17b	3.44	1.31	32.65**
C18a	3.33	1.27	45.43**	C18b	3.04	1.37	27.42**

Grand	3.64	1.18		Grand	
				3.74	1.03

Note: N- sample, M- Mean, SD- Standard deviation, t- T-Test, **- Sig. p<0.05

Source: Field survey data, 2015

The respondents were asked to respond to eighteen items measuring entrepreneurial intensity. Overall, the hotel enterprise employees and owners tended to be positive on entrepreneurial intensity items (Grand mean = 3.64, SD = 1.18 and Grand mean= 3.74, SD= 1.03). The t-test of all the eighteen items that measured entrepreneurial intensity was significant at $p<0.05$, indicating that the sample size was large enough and the difference between the sample means represents a real difference between the population from which they were sampled. These imply that both employees and owners of hotels enterprises regard entrepreneurial intensity constructs highly that could influence hotel enterprise performance in Uasin Gishu County, Kenya.

To begin with, regarding frequency and degree of entrepreneurship construct, the employees of the hotel enterprises had introduced new services in the hotel enterprise (M= 1.82, SD= 0.79), the hotel owners were in agreement with the same (M= 2.00, SD= 1.69). In addition, hotel enterprise employees tended to significantly more on changes made to new service introduction compared with those of past years (M= 4.56, SD= 1.31), the owners confirmed (M= 4.58, SD= 1.08). Equally, on the item new service compared with those of competitors, the employees were somehow tending to significantly more (M= 4.59, SD= 1.26), likewise to owners (M= 4.61, SD= 1.20). The findings could suggest that the employees have introduced new services, showing that the frequency part of entrepreneurship is present in the hotel enterprises in Uasin Gishu County, Kenya. Equally, on the item the degree to which the new service introduction did not exist in the market, the employees tended to significantly more (M= 4.49, SD= 1.26), and was confirmed by the owners (M= 4.59,

SD= 1.03). This implies the degree part of entrepreneurship is present in the hotel enterprise in Uasin Gishu County, Kenya that influence enterprise performance.

Secondly, concerning the innovativeness construct, hotel enterprise employees tended to agree, that the hotel owner actively responds to main competitors´ new ways of doing things (M= 3.76, SD= 0.84), as well the owners (M= 3.81, SD= 0.74). Similarly, both the hotel employees (M= 3.75, SD= 0.89) and owners (M= 3.67, SD= 1.04) tended to agree that there is room to try new and novel ways of doing things in the hotel enterprise. In addition, both the hotel employees (M= 3.60, SD= 1.25) and owners (M= 3.82, SD= 0.82) tended to agree that thinking and behaving in original and novel ways is encouraged in the hotel enterprise. These findings suggest that innovation as an entrepreneurial behaviour is present in hotel enterprises and could influence enterprise performance in Uasin Gishu County, Kenya.

Thirdly, in relation to risk taking construct, the hotel enterprise employees (M= 3.85, SD= 0.80) and owners (M= 3.98, SD= 0.66) tended to be positive that the hotel enterprise has a strong propensity for taking high. Additionally, the findings show that the hotel enterprise employees (M= 3.82, SD= 0.95) and owners (M= 4.09, SD= 0.93) tended to agree that owing to the nature of the environment, bold and wide-ranging acts are necessary to achieve enterprise objectives. The results further indicate the hotel enterprise employees (M= 3.80, SD= 1.15) and owners (M= 4.02, SD= 1.00) tended to agree that when there is uncertainty, hotel enterprise adopts a “wait-and see” posture in order to minimize the probability of making costly decisions. These findings suggest that hotel enterprises in Uasin Gishu County, Kenya take calculated risk that could influence enterprise performance.

Fourthly, with regard to proactiveness construct, hotel enterprise employees (M= 2.98, SD= 1.40) and owners (M= 2.81, SD= 1.10) tended somehow to be non-committal

about hotel enterprise favouring research and development and innovations. However, the hotel enterprise employees (M= 3.56, SD= 1.20) and owners (M= 3.58, SD= 1.09), tended to agree that, the hotel has marketed a wide variety of new lines of products and/or services. Equally, the hotel enterprise employees (M= 3.56, SD= 2.06) and owners (M= 3.87, SD= 0.82), tended to positive that, over the past years changes in services and products have been minor. The finding is evident that hotel enterprises are proactive in nature that could influence hotel enterprise performance in Uasin Gishu County, Kenya.

Fifthly, in line with competitive aggressiveness construct, the hotel enterprise employees (M= 3.63, SD= 1.34) and owners (M= 3.80, SD= 1.13), tended to agree that, in dealing with competitors, hotel owners leads the competition, initiating actions to which competitors have to respond. Furthermore, the hotel enterprise employees (M= 3.57, SD= 1.34) and owners (M= 3.80, SD= 1.13), tended to agree that, in dealing with competitors, hotel enterprise adopts a very competitive posture aiming to overtake competitors. The results indicate presence of entrepreneurial behaviour in the hotel that could influence enterprise performance in Uasin Gishu County, Kenya.

Lastly, concerning autonomy construct, the hotel enterprise employees (M= 3.69, SD= 0.96) and owners (M= 3.75, SD= 0.88), tended to agree that, the hotel enterprise supports the efforts of employees who work independently. However, hotel enterprise employees (M= 3.24, SD= 1.27) and owners (M= 3.44, SD= 1.31), tended to be non-committal that the best results occur when employees decide for themselves what business opportunities to pursue. Likewise, hotel enterprise employees (M= 3.33, SD= 1.27) and owners (M= 3.04, SD= 1.37), tended to be non-committal that employees should make decisions on their own without constantly referring to the

owner. These imply that hotel enterprises in Uasin Gishu County lack autonomy as an entrepreneurial behaviour that could influence enterprise performance.

4.4.4 Descriptive Statistics for Enterprise Performance

Respondents were required to respond to issues related to enterprise performance that included two indictors; financial performance and non-financial performance coded DIa-D8a for hotel enterprise employee and DIb-D8b for hotel enterprise owners. The construct had a total of eight items. The scale ranged from SD = strongly disagree, D = disagree, N = neither disagree nor agree, A = agree and SA = strongly agree. Enterprise performance item description is presented in Table 4.10.

Table 4.10: *Description of Enterprise Performance Factors as Applied In Statistical Analyses*

HEE Items	HEO Items	Description
D1a	D1b	Sales
D2a	D2b	Growth
D3a	D3b	Financial expectations
D4a	D4b	Profit
D5a	D5b	Turnover
D6a	D6b	Attracting new customers
D7a	D7b	Satisfaction
D8a	D8b	Increase in employees

Source: Researchers Own Computation, 2015

The descriptive statistics for enterprise performance included means, standard deviations and t-test as presented in Table 4.11.

Table 4.11: **Descriptive Statistics for Enterprise Performance**

Hotel Enterprise Employees (N = 297)				Hotel Enterprise Owners (N = 153)			
Items	*M*	*SD*	*t*	**Items**	*M*	*SD*	*t*
D1a	3.70	0.94	67.60**	D1b	3.94	0.63	77.29**
D2a	3.93	2.51	26.96**	D2b	3.72	0.96	48.11**
D3a	3.75	0.94	68.63**	D3b	3.54	1.86	23.51**
D4a	3.34	1.33	43.32**	D4b	3.55	1.03	42.80**
D5a	3.37	1.34	43.24**	D5b	3.36	1.20	34.60**
D6a	4.13	0.96	74.25**	D6b	3.84	0.91	52.16**
D7a	3.70	1.22	52.21**	D7b	3.86	1.01	47.15**
D8a	3.57	1.45	42.38**	D8b	3.75	1.05	43.93**
Grand	3.69	1.34			3.70	1.08	

Note: N- sample, M- Mean, SD- Standard deviation, t- T-Test, **- Sig. p<0.05

Source: Field survey data, 2015

The respondents were asked to respond to eight items measuring enterprise performance. In general, the hotel enterprise employees and owners tended to be positive on enterprise performance items (Grand mean = 3.69, SD = 1.34 and Grand

mean= 3.70, SD= 1.08). The t-test of all the eighteen items that measured enterprise performance intensity was significant at $p<0.05$, indicating that the sample size was large enough and the difference between the sample means represents a real difference between the population from which they were sampled. These imply that both employees and owners of hotel enterprises regard enterprise performance constructs; enterprise financial and non-financial performance items highly.

The results indicate, on enterprise financial performance construct, the hotel enterprise employees (M= 3.70, SD= 0.94) and owners (M= 3.94, SD= 0.63) tended to be positive that the hotel enterprise has generated a high sales revenue over the last years. Equally, the hotel enterprise employees (M= 3.93, SD= 2.51) and owners (M= 3.72, SD= 0.96) tended to agree that the hotel enterprise had achieved rapid growth over the last one year. Furthermore, the hotel enterprise employees (M= 3.75, SD= 0.94) and owners (M= 3.54, SD= 1.86) tended to agree that, the enterprise has fully met the owners financial expectations over the last one year.

Additionally, hotel enterprise employees (M= 3.34, SD= 1.33) were non-committal that the profitability of the hotel enterprise is higher than that of other comparable businesses. However, the owners of hotel enterprises tended to agree the item on profitability (M= 3.54, SD= 1.86). Equally, the hotel enterprise employees (M= 3.37, SD= 1.34) and owners (M= 3.36, SD= 1.20) were non-committal that hotel enterprise turnover is higher than that of other businesses.

Finally, regarding non-financial performance, the hotel enterprise employees (M= 4.13, SD= 0.96) agreed that over the last year, the hotel has been successful in attracting and retaining new customers, on the same, the owners were tending to agree

(M= 3.84, SD= 0.91). Furthermore, both the hotel employees (M= 3.70, SD= 1.22) and owners (M= 3.86, SD= 1.01) tended to agree that, the performance of our hotel has been satisfactory over the last year. In addition, the hotel employees (M= 3.57, SD= 1.45) and owners (M= 3.75, SD= 1.05) tended to agree that, the hotel enterprise increased the number of employees over the last year. The study findings could imply that the hotel enterprises in Uasin Gishu County, Kenya have been performing by increasing the number of employees since start-up phase.

4.5 Factor Analysis

The questionnaire items were pre-tested in order to validate the scale items to be used. A total of 61 items were used in this study. Twenty five items measured enterprise profile, ten items measured external environment, eighteen items measuring entrepreneurial intensity and enterprise performance had a total of eight items. The study employed exploratory factor analysis (EFA) with a principal component extraction for each construct. The analysis in this section is based on the employees of hotel enterprises.

4.5.1 Factor Analysis for Enterprise Profile

Enterprise profile was regarded as an exogenous variable; the latent variables included entrepreneur managerial characteristic and firm characteristic. Twenty five observed items were proposed to measure enterprise profile. Table 4.12a and 4.12b shows the rotated factor loading matrices produced by the SPSS version 20 program.

The columns show variances explained by the factors, while the rows indicate the original variables grouped under the original constructs adopted from (Morris *et al.*, 2008). Table 4.12a show the original factor loading matrices for managerial characteristic produced by SPSS version 20 program. However, to arrive at the

derived rotated factors, some variables that formed the original classification were dropped and some were reclassified into new factors. The reclassifications per the factor analysis were interpreted to make sure that they fitted the label of the factor. The labels in turn were checked to ensure that they truly reflected the latent variable.

Table 4.12a: *Derived Rotated Factor Loading Matrix for Managerial Characteristic*

Construct and Items	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
Rewards					
A19a	0.630				
A14a	0.608				
A18a	0.604				
A16a	0.605				
A15a	0.497				
A13a	0.487				
A8a	0.460				
Support for entrepreneurship					
A3a		0.714			
A4a		0.614			
A12a		0.516			
A2a		0.510			
Time Availability					
A11a			0.706		
A10a			0.660		
Work freedom					
A9a				0.590	
A1a				0.583	
A20a				0.575	
A17a				0.545	
Enterprise boundaries					
A5a					0.709
A7a					0.693
Variance explained	12.336	9.943	8.656	8.614	8.420
Eigen values	2.467	1.989	1.731	1.723	1.684
Cronbach’s alpha α- 0.810					
Kaiser-Meyer-Olkin MSA- 0.805					
Bartlett’s Test of Sphericity- 0.000					
N = 297					

Source: Field survey data, 2015

The columns, titled factors, appear in decreasing order of variance explained by factors. The rows indicate reconstituted constructs that are made up of reclassified original variables as contained in (Morris *et al.,* 2008). Out of the twenty items proposed to measure managerial characteristic, the principal components factor

analysis extracted five factors namely rewards, management support for entrepreneurship, time availability, work freedom and enterprise boundaries.

The five factors explained 12.336, 9.943, 8.656, 8.614 and 8.420 of the variance (47.97% total). The Kaiser-Meyer-Olkin measure of sampling adequacy statistic was 0.805 and Bartlett's test of sphericity was significant ($p<0.001$) indicating that the data were acceptable for factor analysis. Equally, the reliability of the 20 questions measuring managerial characteristic yielded a Cronbach's alpha value of 0.810 which was well above the recommended minimum of between 0.6 and 0.7. The results further indicate that the five factors extracted had Eigen values above 1.0, showing that managerial characteristic can be measured by the five factors, factor of rewards, management support for entrepreneurship, time availability and enterprise boundaries**.**

Section 1: Managerial Characteristics Questions Assessment

It is evident from Table 4.12a that of the five constructs equal the likely factors that is rewards, management support for firm entrepreneurship, time availability, work freedom and enterprise boundaries. The interpretation of the results of the factor analysis on all five constructs under section 1 is as follows;

Questions A19a, A14a, A18a, A16a, A15a, A13a, A8a were identified to be highly correlated and measured items belonging to one factor, Factor 1 (Rewards). Initially items A19a, A18a were postulated to be measuring work discretion as suggested by Morris *et al.,* (2008). Yet, the results indicate that they measured rewards and were thus reclassified under Factor 1. Equally, questions A14a-'I am usually punished and criticized when I make a mistake on my job', A16a-'I have the freedom to decide what to do on my job', A15a-'This business provides the freedom to use my own decisions', and A13a-'I feel like I am my own boss and do not have to double check all of my decisions with someone else', measured work freedom, whereas the study findings indicate that they measure rewards and were reclassified to Factor 1 contrary to Morris *et al.,* (2008). Furthermore question A8a-'Money is usually available to get

new ideas off the ground ‘, as used to indicate management support for entrepreneurship was found to be capturing rewards and classified under Factor 1. However items A15a, A13a, A8a had low loadings of 0.497, 0.487 and 0.460 respectively and were not included in confirmatory factor analysis.

Questions A3a, A4a, A12a and A2a were highly correlated and measured items belonging to one factor, Factor 2 (Management support for entrepreneurship). Contrary to Morris *et al.,* (2008) that question A3a- ‘The rewards I receive are dependent upon my work on the job’, A4a- ‘A promotion usually follows from the development of new and innovative ideas’, and A2a- ‘I get financial support for innovative ideas’, postulated to measure rewards thus reclassified under Factor 2. Moreover, items A12a and A2a had low loadings of 0.516 and 0.510 and were omitted while conducting confirmatory factor analysis.

Questions A11a- ‘I feel like I work with time constraints on my job’, and A10a- ‘I have enough time to get everything done’, were highly correlated and measured items belonging to one factor, Factor 3 (Time availability). The study findings confirms those of Morris *et al.,* (2008) that alluded the items measured time availability as an indicator of entrepreneurial intensity.

Question A9a, the study findings indicate that the item measured work freedom and was classified under one factor, Factor 4 (Work freedom). The findings contradicts those of Morris *et al.,* (2008) that postulated the item measured time availability.

Questions A1a, A20a, A17a, A6a and A5a were highly correlated and measured items belonging to one factor, Factor 5 (Enterprise boundaries). Contrary to Morris *et al.*, (2008) suggestions that A1a- ‘My employer helps me get my work done by removing

obstacles and roadblocks' measured rewards, A20a- 'During the past year, my employer/supervisor discussed my work performance with me ', A17a- 'In the past three months, I have always followed standard operating procedures to do my job', capturing enterprise boundaries and A5a- 'My enterprise is quick to use improved work methods which are developed by employees', indicating management support for entrepreneurship. The findings reveal that the questions measure enterprise boundaries thus classified under one factor, Factor 5.

Section 2: Firm Characteristic Questions Assessment

The results as indicated in Table 4.12b shows that, two factors were extracted from firm characteristic construct; number of employees and location/hotel enterprise years. Further the study findings indicate that out of the five items measuring firm characteristic, the principal components factor analysis extracted two factors namely enterprise size and Location/year of hotel enterprise. The two factors explained 39.061 and 27.557 of the variance (66.62% total). The Kaiser-Meyer-Olkin measure of sampling adequacy statistic was 0.510 and Bartlett's test of sphericity was significant ($p<0.001$) indicating that the data were acceptable for factor analysis. Equally, the reliability of the five questions measuring firm characteristic yielded a Cronbach's alpha value of 0.630 which was well above the recommended minimum of between 0.6 and 0.7. The results further indicate that the two factors extracted had Eigen values above 1.0, showing that firm characteristic could be measured by the two factors, factors of enterprise size and location/year of hotel enterprise. The modified classification of factor loadings has been rearranged so that for each successive factor only loadings are reflected in descending order.

Section 2: Firm Characteristic Questions Assessment

It is evident from Table 4.12b that of the two construct equal the likely factors that is number of employees and location/hotel enterprise years. The interpretation of the results of the factor analysis on two constructs under section 2 is as follows;

Question A25a-'How many employees are permanent and A24a-'How many employees have been employed in your hotel enterprise' were highly correlated and measured items belonging to one factor, Factor 1 (enterprise size). The study finding support those of Lundstrom and Stevenson (2005); Nassiuma, (2011) that suggested the items measured enterprise size. The items were grouped under Factor 1.

Question A23-'The location of your hotel enterprise', and A21-'What is the number of years the hotel enterprise has been in existence' were highly correlated and measured items belonging to one factor, Factor 2 (age of hotel enterprise). The study findings confirmed the suggestions of Lundstrom and Stevenson (2005); Nassiuma, (2011) that the items measured location and age of the enterprise.

Table 4.12b: *Derived Rotated Factor Loading Matrix for Firm Characteristic*

Construct and Items	Factor 1	Factor 2
Enterprise size		
A25a	0.980	
A24a	0.780	
Age of hotel enterprise		
A23a		0.824
A21a		0.774
Variance Explained	39.061	27.557
Eigen values	2.050	1.281
Cronbach's Alpha α – 0.630		
Kaiser-Meyer-Olkin MSA- 0.510		
Bartlett's Test of Sphericity- 0.000		
N = 297		

Source: Field survey data, 2015

4.5.2 Factor Analysis for External Environment

External environment was regarded as an exogenous variable; the latent variables included environmental dynamism, threats and heterogeneity. Ten observed items were proposed to measure external environment as shown in Table 4.13.

Table 4.13: **Derived Rotated Factor Loading Matrix for External Environment**

Construct and Items	Factor 1	Factor 2	Factor 3
Environmental Dynamism			
B10a	0.775		
B9a	0.714		
B8a	0.616		
B7a	0.563		
Environmental Threats			
B5a		0.722	
B6a		0.639	
B1a		0.483	
Environmental Heterogeneity			
B3a			0.707
B2a			0.686
B4a			0.626
Variance explained	20.352	15.356	14.535
Eigen values	2.691	1.308	1.025
Cronbach's Alpha α – 0.600			
Kaiser-Meyer-Olkin MSA- 0.731			
Bartlett's Test of Sphericity- 0.000			
N = 297			

Source: Field survey data, 2015

The results indicate the rotated factor loading matrices that were produced by the SPSS version 20 program. The columns show variances explained by the factors, while the rows indicate the original variables grouped under the original constructs adopted from Miller and Friesen (1982). The factor loading matrices produced shows the variables that formed the original classification dropped and some were reclassified into new factors. The reclassifications per the factor analysis were carefully interpreted to make sure that they fitted the label of the factor. The labels in turn were checked to ensure that they truly reflected the latent variable. The columns,

titled factors, appear in decreasing order of variance explained by factors. The rows indicate reconstituted constructs that are made up of reclassified original variables as contained in Miller and Friesen (1982). Out of the ten items proposed to measure external environment, the principal components factor analysis extracted three factors namely dynamism, threats and heterogeneity.

The three factors explained 20.352, 15.356 and 14.535 of the variance (50.24% total). The Kaiser-Meyer-Olkin measure of sampling adequacy statistic was 0.731 and Bartlett's test of sphericity was significant ($p<0.001$) indicating that the data were acceptable for factor analysis. Equally, the reliability of the 10 questions measuring managerial characteristic yielded a Cronbach's alpha value of 0.60 which was well above the recommended minimum of between 0.6 and 0.7. The results further indicate that the three factors extracted had Eigen values above 1.0, showing that external environment can be measured by the two factors, factor of environmental dynamism, threats and heterogeneity.

External Environment Questions Assessment

It is evident from Table 4.13 that of the three constructs equal the likely factors that is dynamism, threats and heterogeneity. The interpretation of the results of factor analysis on all three constructs is explained in the next paragraph.

Questions B10a, B9a, B8a and B7a were highly correlated and measured items belonging to one factor, Factor 1 (Environmental Dynamism). The findings contradict those of Miller and Friesen (1982) that suggested items B10a- 'The market is dynamic and uncertain', B9a-'The nature of the competition is intense', B8a- 'Customers of hotel enterprises buying habits usually changes', were measuring environmental heterogeneity. The items in the present findings were revealed to be measuring

environmental dynamism. Equally, question B7a- 'Government interference is a threat', was initially measuring environmental threats as alluded by Miller and Friesen (1982), contrary to their suggestions the study results reveal that the item measures dynamism and was thus reclassified under Factor 1. To conclude item B7a had low loadings of 0.563 and was not subjected to confirmatory factor analysis.

Questions B5a, B6a and B1a were highly correlated and measured items belonging to one factor, Factor 2 (Environmental threats). Items B1a- 'The rate at which product and services are getting outdated in the hotel sector is very low', was initially postulated to measure environmental dynamism as suggested by Miller and Friesen (1982). However the findings contradict and the item was reclassified under Factor 2 measuring Environmental threats. In addition, item B1a was deleted because it had low loadings of 0.483. Thus was not subjected to confirmatory factor analysis.

Questions B3a, B2a and B4a were highly correlated and measured items belonging to one factor, Factor 3 (Environmental heterogeneity) the results contradicts the suggestion of Miller and Friesen (1982) that the items measured environmental dynamism thus reclassified under Factor 3 measuring environmental heterogeneity.

4.5.3 Factor Analysis for Entrepreneurial Intensity

Entrepreneurial intensity was treated as an exogenous variable; the latent variables included frequency and degree of entrepreneurship, innovativeness, risk taking, proactiveness, competitive aggressiveness and autonomy. Eighteen observed items were proposed to measure entrepreneurial intensity construct as shown in Table 4.14.

Table 4.14: **Derived Rotated Factor Loading Matrix for Entrepreneurial Intensity**

Construct and items	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6
Frequency & degree						
C3a	0.929					
C4a	0.919					
C2a	0.904					
Innovativeness						
C15a		0.788				
C14a		0.765				
C11a		0.660				
C12a		0.623				
Risk taking						
C17a			0.850			
C18a			0.821			
Proactiveness						
C5a				0.801		
C6a				0.784		
Aggressiveness						
C16a					0.631	
C13a					0.612	
C1a						
Autonomy						
C9a						0.624
C10a						0.624
C8a						0.525
C7a						0.512
Variance explained	14.623	13.071	10.107	8.181	8.077	8.050
Eigen values	3.407	2.654	1.500	1.240	1.204	1.085
Cronbach's Alpha α – 0.723						
Kaiser-Meyer-Olkin MSA- 0.717						
Bartlett's Test of Sphericity- 0.000						
N = 297						

Source: Field survey data, 2015

The results indicate the rotated factor loading matrices that were produced by the SPSS version 20 program. The columns show variances explained by the factors, while the rows indicate the original variables grouped under the original constructs adopted from Morris *et al.,* (2008). The factor loading matrices produced shows the variables that formed the original classification dropped and some were reclassified into new factors. The reclassifications per the factor analysis were carefully interpreted to make sure that they fitted the label of the factor. The labels in turn were checked to ensure that they truly reflected the latent variable.

The columns, titled factors, appear in decreasing order of variance explained by factors. The rows indicate reconstituted constructs that are made up of reclassified original variables as contained in Morris *et al.*, (2008). Out of the eighteen items proposed to measure entrepreneurial intensity, the principal components factor analysis extracted six factors namely frequency and degree of entrepreneurship, innovativeness, risk taking, proactiveness, competitive aggressiveness and autonomy.

The six factors explained 14.623, 13.071, 10.107, 8.181, 8.077 and 8.050 of the variance (62.06% total). The Kaiser-Meyer-Olkin measure of sampling adequacy statistic was 0.717 and Bartlett's test of sphericity was significant ($p<0.001$) indicating that the data were acceptable for factor analysis. Equally, the reliability of the eighteen questions measuring entrepreneurial intensity yielded a Cronbach's alpha value of 0.723 which was well above the recommended minimum of between 0.6 and 0.7. The results further indicate that the six factors extracted had Eigen values above 1.0, showing that entrepreneurial intensity can be measured by the six factors, factor of frequency and degree of entrepreneurship, innovativeness, risk taking, proactiveness, competitive aggressiveness and autonomy.

Entrepreneurial Intensity Questions Assessment

It is evident from Table 4.14 that of the six constructs equal the likely factors that is frequency and degree of entrepreneurship, innovativeness, risk taking, proactiveness, competitive aggressiveness and autonomy. The interpretation of the results of the factor analysis on all six constructs is explained below;

Questions C3a-'How does the number of new service introduction to your enterprise compare with those of the competitors', C4a-'To what degree did these new service introduction include services that did not previously exist in your markets (new to the

market)' and question C2a-' How does the number of new service or product improvements that YOU introduced during the past two years compare to previous years', were highly correlated and measured items belonging to one factor, Factor 1 (frequency and degree of entrepreneurship). The study findings supports Morris *et al.,* (2008) that items measured frequency and degree of entrepreneurship**,** and was thus classified under Factor 1(Frequency and degree of entrepreneurship).

Questions C15a, C14a, C11a and C12a were highly correlated and measured items belonging to one factor, Factor 2 (Innovativeness). Disagreeing with the suggestions of Morris *et al.,* (2008) that questions C15a-'In dealing with competitors, our enterprise adopts a very competitive posture aiming to overtake competitors', and C14a-'In dealing with competitors, our enterprise often leads the competition, initiating actions to which our competitors have to respond', were true measures of competitive aggressiveness. furthermore, items C11a-'Our enterprise favors a strong emphasis on Research & Development and innovations', and C12a-'In the past years, our enterprise has marketed a wide variety of new lines of products and/or services', were measuring proactiveness according to Morris *et al.,* 2008. The findings suggest the items measure entrepreneurial intensity disagreeing with their views and were reclassified under factor 2.

Questions C17a and C16a were highly correlated and measured items belonging to one factor, Factor 3 (Risk taking). The study findings contradicts those of Morris *et al.,* (2008) that questions C17a-'we believe that: the best results occur when employees decide for themselves what business opportunities to pursue', and C16a-'The enterprise supports the efforts of employees who work independently ', indicated autonomy. The items were classified under factor 3.

Questions C5a and C6a were highly correlated and measured items belonging to one factor, Factor 4 (Proactiveness). The study findings disagree with Morris *et al.*, (2008) that questions C5a-‘ The hotel owner actively responds to main competitors´ new ways of doing things’, and C6a-‘Our employer gives us room to try new ways of doing things and seek unusual, novel solutions in our hotel’, measured innovativeness and were classified under factor 4.

Questions C16a, C13a, C1a were highly correlated and measured items belonging to one factor, Factor 5 (Competitive aggressiveness). Question C16a-‘The enterprise supports the efforts of employees who work independently’, initially measured autonomy as viewed by Morris *et al.,* (2008). The study finding contradicts their suggestion and was classified under factor 5. Equally, question C13a-‘In the past years, changes in our products and/or service lines have been mostly of a minor nature’, was postulated to measure proactiveness. The findings reveal that the item measures competitive aggressiveness. Thus was classified under factor 5. Furthermore, question C1a-‘How many new services did YOU introduce in the enterprise over the past three years’, initially indicated frequency and degree of entrepreneurship as observed by Morris *et al.*, (2008). The study disagrees with their view and the item was classified under factor 5.

Questions C9a, C10a, C8a, and C7a were highly correlated and measured items belonging to one factor, Factor 6 (Autonomy). The findings disagrees with Morris *et al.*, 2008 that the items C9a-‘We believe, owing to the nature of the environment, that bold, wide-ranging acts are necessary to achieve our enterprise objectives’, C10a-‘When there is uncertainty, our enterprise adopts a “wait-and see” posture in order to minimize the probability of making costly decisions’, and C8a-‘In our hotel we have a strong propensity for taking high-risks’, were measures of risk taking.

Consequently the items were reclassified under factor 6. Equally, Morris *et al.*, 2008 suggested that item C7a-'We are encouraged to think and behave in original and novel ways', measured innovation. The findings reveal otherwise, thus disagreeing with their suggestion and the item was reclassified under factor 6. Lastly items C8a and C7a had low loadings of 0.525 and 0.512 and were excluded for confirmatory factor analysis.

4.5.4 Factor Analysis for Enterprise Performance

Enterprise performance was treated as an exogenous variable; the latent variables included financial and non-financial performance with sales, growth, owners financial expectations, profits, turnover, customer attraction and retention, satisfaction and number of employees treated as the observed items as presented Table 4.15.

Table 4.15: **Derived Rotated Factor Loading Matrix for Enterprise Performance**

Construct and Items	Factor 1	Factor 2
Financial performance		
D4a	0.874	
D5a	0.834	
D3a	0.669	
D1a	0.617	
D2a	0.640	
Non-financial performance		
D7a		0.808
D6a		0.773
D8a		0.696
Variance Explained	33.840	24.072
Eigen values	3.235	1.398
Cronbach's Alpha α – 0.721		
Kaiser-Meyer-Olkin MSA- 0.731		
Bartlett's Test of Sphericity- 0.000		
N = 297		

Source: Field survey data, 2015

The results indicate the rotated factor loading matrices that were produced by the SPSS version 20 program. The columns show variances explained by the factors,

while the rows indicate the original variables grouped under the original constructs adopted from Hughes & Morgan (2006). The factor loading matrices produced shows the variables that formed the original classification dropped and some were reclassified into new factors. The reclassifications per the factor analysis were carefully interpreted to make sure that they fitted the label of the factor. The labels in turn were checked to ensure that they truly reflected the latent variable.

The columns, titled factors, appear in decreasing order of variance explained by factors. The rows indicate reconstituted constructs that are made up of reclassified original variables as contained in Hughes & Morgan (2006). Out of the eight items proposed to measure entrepreneurial intensity, the principal components factor analysis extracted two factors namely financial and non-financial performance.

The two factors explained 33.840 and 24.072 of the variance (57.91% total). The Kaiser-Meyer-Olkin measure of sampling adequacy statistic was 0.731 and Bartlett's test of sphericity was significant ($p<0.001$) indicating that the data were acceptable for factor analysis. Equally, the reliability of the eight questions measuring enterprise performance yielded a Cronbach's alpha value of 0.721 which was well above the recommended minimum of between 0.60 and 0.70. The results further indicate that the two factors extracted had Eigen values above 1.0, showing that enterprise performance construct can be measured by the two factors, factors of financial and non-financial performance measures.

Enterprise Performance Questions Assessment

It is evident from Table 4.15 that of the two constructs equal the likely factors that is financial and non-financial performance. The interpretation of the results of the factor analysis on all two constructs is explained below;

Questions D4a, D5a, D3a, D1a and D2a were highly correlated and measured items belonging to one factor, Factor 1 (Enterprise financial performance). The findings support Hughes & Morgan (2006) suggestions that the items are true measures of enterprise financial performance**,** thus reclassified under Factor 1.

Questions D7a, D6a and D8a were highly correlated and measured items belonging to one factor, Factor 2 (Enterprise non-financial performance), the suggestions of Hughes & Morgan (2006) that the items measured the concept was supported.

4.6 Analysis of the Measurement Models

The main purpose of this study was to determine the influence of enterprise profile and external environment on enterprise performance through entrepreneurial intensity in the hotel enterprises in Uasin Gishu County, Kenya. A structural model was developed that would help in understanding of variables related to the study constructs. In order to get adequate evidence to support the overall fit of the model and the individually hypothesized relationships that are represented as paths in the model, an evaluation was constructed. This section relates the results undertaken to examine those hypotheses.

A measurement model was used to specify the relationship between observed variables and latent variables. This was followed with a structural model which was used to specify the relationship among the latent variables. This was done in order to determine the direct and indirect effects among the latent variables. The data for this section were analyzed with a Structural Equation Modelling (SEM) approach using AMOS version 18.0 in conjunction with SPSS version 20.0 software package and Microsoft Excel 2010. The model was tested with a two-step method as suggested by

Castaneda (1993) and Joreskog (1993). That is, prior to using SEM to test the proposed model, confirmatory factor analysis (CFA) with maximum likelihood was conducted to reduce the number of variables for each construct; this was done basing on the arguments of Kline (1998), who suggest that latent variables should not have more than ten observed variables.

CFA combines items correlated to one another but independent of other subsets of items into an underlying factor (Tabachnick & Fidell, 2001). Using the Eigen value of over 1.0 and a factor loading of 0.6 for factor inclusion, CFA is useful for determining the number of sub-constructs. The mean scores of each factor for multiple factored variables, was calculated and treated as indicator variables to measure latent variable (Hwang, *et al.,* 2005). Since the unit of the indices (the composite mean score in this study) is different when they have different numbers of items, using mean scores reduces the effect of units and controls them. For the directional consistency, negatively stated items were reverse coded when averaging the scores.

The construct of enterprise profile was measured with a twenty five item scale, which had two subscales entrepreneur managerial and firm characteristic. The scale reliabilities were 0.810 and 0.630 respectively, and the factor loadings ranged from 0.604 and 0.714 for managerial characteristic Table 4.12a and factor loadings of 0.774 and 0.980 for firm characteristic Table 4.12b. The result from EFA indicates that managerial characteristic scale has five sub-scales rewards, management support for entrepreneurship, time availability and enterprise boundaries. Equally EFA indicated that firm characteristic scales had two sub-scales; number of employees and location/hotel enterprise years. These two factors and the scale reliabilities were within the accepted range of factor loadings.

External environment was measured with a 10-item scale, which had three subscales dynamism, threat and heterogeneity. The scale reliabilities was 0.600, and the factor loadings ranged from 0.616 and 0.775 Table 4.13. These three factors and the scale reliabilities were within the accepted range of factor loadings. The result from EFA indicates that the scale has three sub-scales dynamism, threat and heterogeneity.

Entrepreneurial intensity was measured using eighteen items that had six sub indicators; frequency and degree of entrepreneurship, innovativeness, risk taking, proactiveness, competitive aggressiveness and autonomy. The scale reliabilities were 0.723, and the factor loadings ranged from 0.612 and 0.929 Table 4.14. These six factors and the scale reliabilities were within the accepted range of factor loadings. The result from EFA indicates that the scale has six sub-scales; frequency and degree of entrepreneurship, innovativeness, risk taking, proactiveness, competitive aggressiveness and autonomy. Enterprise performance was measured using eight items that had two sub indicators; financial and non-financial performance. The scale reliability was 0.721, and the factor loadings ranged from 0.617 and 0.874 Table 4.15. These two factors and the scale reliabilities were within the accepted range of factor loadings. The result from EFA indicates that the scale has two sub-scales; financial and non-financial performance.

As mentioned earlier, the subscale scores were computed by averaging the scores from individual items based on the EFA results. This process was performed to reduce the number of observed variables in each latent variable, and was included as observed variables in the further SEM analysis. Holmes (2001) allude that observed variables are considered to have high reliability when the squared factor loading for each one is more than 0.60. Any observed variable for which the squared factor loadings were less than 0.60 in this study were therefore removed from the model.

This study assessed validity by comparing the Average Variance Extracted (AVE) value with Correlation Squared as recommended by Fornell and Larcker (1981). The fit of the individual parameters was assessed by first determining the feasibility of the estimated values. In line with the findings of Byrne (2001), the assessment focused on whether the estimates were in the admissible range or not. These included negative variance, correlation exceeding one, and non-positive definite correlation matrix. When these problems were encountered, the indicator was removed from the model.

Of the 297 responses, no cases were dropped from the analysis because there were no missing value(s). The actual number of cases used for the SEM analysis was 297.

Examination of the Fit of the Model

The general sequence of assessing the fit between the model and the data in this study was first to review the selected fit indices, and then proceed to indices that provide a more detailed assessment on the fit of various parts in the model. The selected fit measures for the measurement model in the current study as suggested by Hu and Bentler's (1998) and Kline's (1998) is presented in Table 4.16.

Table 4.16: **Fit Indices of the Structure Model Considered in this Study**

Fit Indices	Acceptable Level
p- value of the model's Chi-Square ($\chi 2$)	Over 0.05, the closer to 1.00 the better
Chi-square/df	Less than 3.0
Bentler's Comparative Fit Index (CFI)	Over 0.9, the closer to 1.00 the better
Bentler and Bonnett's Normed Fit Index (NFI)	Over 0.9, the closer to 1.00 the better
Joreskog-Sobrom Goodness of Fit Index (GFI)	Over 0.9, the closer to 1.00 the better
Root Mean Square Error of Approximation (RMSEA)	Less than 0.05

Source: Hu and Bentler's (1998) and Kline's (1998)

The fit indices considered in this study were Chi-square/df, Bentler's Comparative Fit Index (CFI), Bentler and Bonnett's Normed Fit Index (NFI), Joreskog- Sobrom

Goodness of Fit Index (GFI), and Root Mean Square Error of Approximation (RMSEA). Kline (1998) suggests that the smaller Chi-square values and the ratio of Chi-square/df that is less than 3.0 are indicative of a better model fit. Since Chi-square values are very sensitive to both sample size and the assumption of multivariate normality, a chi-square test could be significant with the sample size used in this research. It is unrealistic in most SEM empirical research to find well-fitting hypothesized models where the Chi-square value approximates the degrees of freedom (Klem, 2000; Byrne, 2001). For this reason, Chi-square usually is not considered as the absolute standard by which the goodness of fit of a model is judged. These researchers suggest Chi-square/df as a more appropriate fit index. CFI, GFI and NFI are more standardized and less sensitive to sample size than the Chi-square statistic. These values are recommended to be at least 0.9 for an acceptable fit (Hu & Bentler, 1998; Kline, 1998), and a value of less than 0.05 and 0.08 indicate acceptable model fit for RMR and RMSEA, respectively (Byrne, 2001; Hu & Bentler, 1998).

Furthermore as suggested a path model demonstrates an ideal fit to the data, the p-value associated with the model chi-square test should exceed 0.05, the closer to 1.00 the better (Hatcher, 1994; Muijis, 2008). Equally, they point that a model does not have to demonstrate all of these characteristics in order to be acceptable. The chi-square test and goodness of fit indices to evaluate the fitness of a theoretical model can be used. Nonetheless, this study compared the output against all the requirements in order to have the confidence to accept or reject the model being tested.

4.6.1 Confirmatory Factor Analysis for Enterprise Profile

The confirmatory measurement model to be tested postulated a priori that enterprise profile is a five factor structure composed of rewards, management support for entrepreneurship, time availability, enterprise boundaries and firm characteristic. Further examination of the model indicated that the five factors were correlated and that there were fourteen observed variables.

The results of the initial measurement model did not fit the data well. The chi-square statistic valued at 82.799 with 62 degrees of freedom was statistically significant at the 0.040 level, indicating a poor fit. The other fit statistics indicated that the model was not a bad fit (χ^2/df = 1.335, GFI = 0.962; AGFI = 0.936; CFI=0.978; RMSEA = 0.034). All the fit indices used were within the acceptable limits, Table 4.17.

Table 4.17: Initial Fit Indices for Enterprise Profile Model

Fit Indices	Chi square	χ2/df	GFI	AGFI	CFI	RMSEA
Levels	82.799	1.335	0.962	0.936	0.978	0.034
P-value	0.121					
N = 297						

Source: Field survey data, 2015

The modification indices however suggested that a better fit could be achieved by modifying this measurement model. Figure 4.1 presents the initial measurement model for enterprise profile.

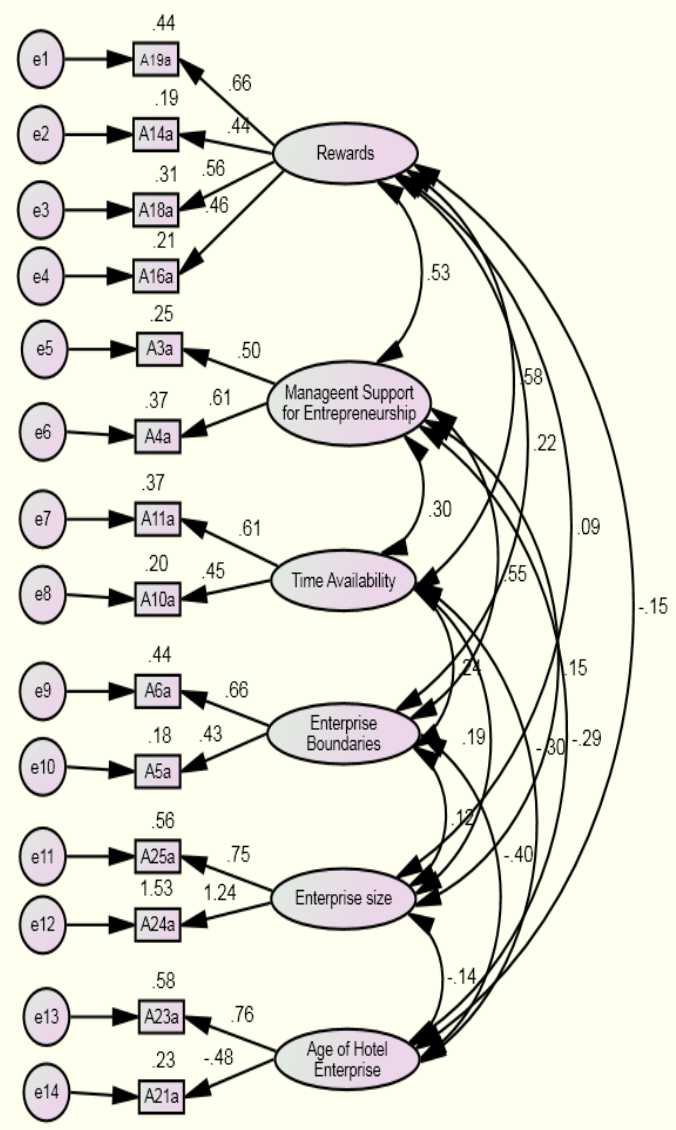

Figure 4.1: Initial Measurement Model for Enterprise Profile
Source: Field survey data, 2015

The initial model needs to be improved to fit the sample data better. The following criteria was used to identify the items with bad behaviour in the model as suggested by Hair *et al.*, (2007): by examining modification indices that is covariances and regression weights. Firstly, they suggest that one could add a covariance between error terms and secondly adding a single headed arrow between the latent and the observed variables. This study adopted the first proposal by allowing error terms of observed items to correlate as suggested by Jeremy, (2008). The modification model was developed by correlating error terms between items A19a and A4a, A18a and

A23a, A3a and A6a, A4a and A5a. The results yielded a very good model fit, Table 4.18. The chi-square statistic value of 71.751 with 58 degrees of freedom p-value = 0.106 shows that the model was a good fit. Equally, the other fit indices were also well within the acceptable limits indicating that the model was acceptable (χ^2/df = 1.237; GFI = 0.968; AGFI = 0.941; CFI = 0.985 and RMSEA = 0.028), Table 4.18.

Table 4.18: Final Fit Indices for Enterprise Profile Model

Fit Indices	Chi square	χ2/df	GFI	AGFI	CFI	RMSEA
Levels	71.751	1.237	0.968	0.941	0.985	0.028
P-value	0.106					
N = 297						

Source: Field survey data, 2015

Figure 4.2 presents the modified measurement model for enterprise profile. The interpretation of the modified model is presented next. Firstly, the results indicate that items A14a- 'I am usually punished and criticized when I make a mistake on my job', A16a-'I have the freedom to decide what to do on my job', have low standardized loadings on rewards as an indicator of managerial characteristics (0.43, 0.46), suggesting that the items are unreliable indicators of rewards. However items A19a- 'There is little insecurity in my job', and A18a-'The hotel has many written rules and procedures that exist for doing my job' have moderate to strong loadings of 0.68 and 0.54 respectively and thus are true indicators of rewards. Additionally, rewards explain about 47% and 29% of variance in items A19a and A18a respectively. Items A16a and A14a are the poorest among indicators of rewards with R^2 of 0.22 and 0.18. Secondly, itemsA3a-'The rewards I receive are dependent upon my work on the job', and item A4a- 'A promotion usually follows from the development of new and innovative ideas', have high loading of 0.54 and 0.60, thus measuring management support for entrepreneurship. In addition, management support for entrepreneurship explains about 29% and 36% of variance in items A3a and A4a. Thirdly, item A10a-

‘I have enough time to get everything done’, has low standardized loading (0.45) on time availability, indicating that the item is an unreliable indicator of time availability. In addition, item A11a- ‘I feel like I work with time constraints on my job’, has strong loadings of 0.61, thus measuring time availability. Additionally, time availability explains about 37% of variance in item A11a. Item A10a is the poorest indicator of time availability with R^2 of 0.20.

Fourthly, Item A6a- ‘management is aware and very open to my ideas and suggestions’, has high loading of 0.78, thus measuring enterprise boundaries. However, item A5a-‘My enterprise is quick to use improved work methods which are developed by employees’, low loadings of 0.35 indicating it is a poor indicator of enterprise boundaries. Furthermore, enterprise boundaries explain about 61% of variance in item A6a. Item A5a is the poorest indicator of enterprise boundaries with R^2 of 0.21. Fifthly, items A24a-‘number of permanent employees in the hotel enterprise’, has a large error variance of 1.11 and should be deleted, it was concluded that the item is not a true measure of enterprise size. However, item A25a-‘number of employees in the hotel enterprise’, has strong loadings of 0.75, thus measuring enterprise size. Equally enterprise size explains about 57% of variance in item A25a.
In addition, item A21a- Age of years the hotel enterprise has been in existence’, had low negative loadings of -0.49, indicating it does not measure age of hotel enterprise. But, item A23a-‘the location of your hotel enterprise’, had high loadings of 0.74, suggesting it measures age of the hotel enterprise. Furthermore, location and years of hotel enterprise explain about 55% of variance in item A23a. Item A21a is a poor indicator of age of hotel enterprise with R^2 of 0.24.

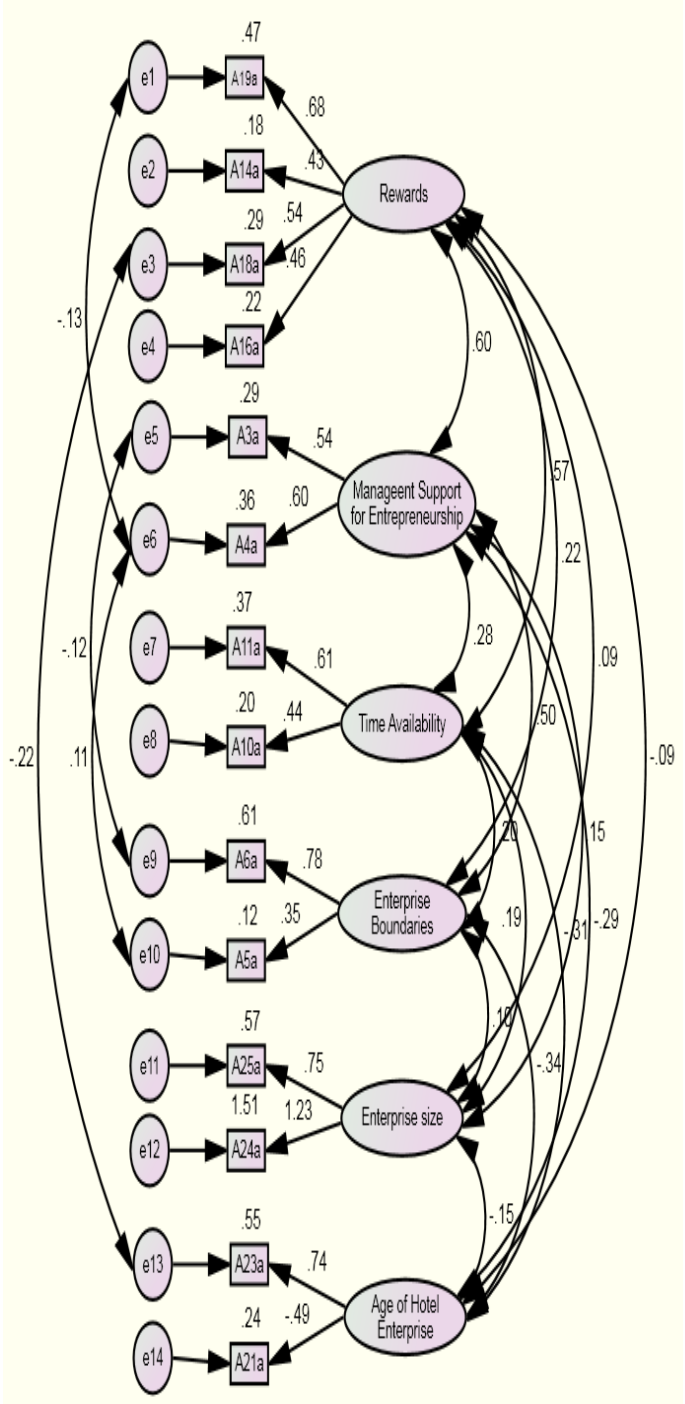

Figure 4.2: Final Modified Measurement Model for Enterprise Profile
Source: Field survey data, 2015

Finally, examining the standardized residual covariance displayed in Table 4.19 showed that no value exceeded the standardized value cut-off point of 2.58. The highest value was 2.228 which confirm that the model was a good fit to the data.

Table 4.19: *Standardized Residual Covariance (Final Enterprise Profile Model)*

Items	A16a	A24a	A23a	A21a	A25a	A6a	A5a	A11a	A10a	A3a	A4a	A19a	A14a	A18a
A16a	0.000													
A24a	-1.334	0.000												
A23a	0.175	0.342	0.000											
A21a	-0.452	1.730	-0.100	0.000										
A25a	-1.877	0.000	0.352	2.228	0.000									
A6a	1.810	-0.015	0.240	0.059	0.118	0.044								
A5a	-0.521	1.198	-1.669	-0.294	1.112	0.165	0.023							
A11a	0.122	-0.161	-0.318	0.479	-0.283	-0.419	0.422	0.000						
A10a	1.526	0.183	0.315	-1.417	0.359	0.118	1.393	0.000	0.000					
A3a	0.042	0.108	1.242	0.057	-0.176	-0.279	-1.613	1.176	-0.201	-0.016				
A4a	0.997	-0.597	-0.765	0.091	-0.603	0.638	-0.201	-0.038	-0.906	-0.359	-0.093			
A19a	-0.631	-0.112	0.187	-0.192	-0.304	-0.625	-0.886	-0.789	-0.397	1.644	-0.128	0.049		
A14a	-0.532	0.295	-0.351	1.028	0.227	-0.009	-0.307	1.312	0.426	-0.890	-0.326	-0.038	0.000	
A18a	0.119	-1.431	0.034	0.705	-1.591	-0.078	-0.505	-0.096	0.356	-0.947	-1.695	0.555	0.267	-0.012

Source: Field survey data, 2015

4.6.2 Confirmatory Factor Analysis for External Environment

The confirmatory measurement model to be tested postulated a priori that external environment is a three factor structure composed of environmental dynamism, threats and heterogeneity. Further examination of the model indicated that the three factors were correlated and that there were eight observed variables.

The results of the initial measurement model did not fit the data well. The chi-square statistic valued at 40.833 with 17 degrees of freedom was statistically significant at the 0.001 level, indicating a poor fit. The other fit statistics indicated that the model was not a bad fit (χ^2/df = 2.258, GFI = 0.967; AGFI = 0.930; CFI=0.908; RMSEA = 0.069). All the fit indices used other than the RMSEA were within the acceptable limits. The modification indices however suggested that a better fit could be achieved by modifying this measurement model. The initial fit indices for external environment model are presented in Table 4.20.

Table 4.20: *Initial Fit Indices for External Environment Model*

Fit Indices	Chi square	χ2/df	GFI	AGFI	CFI	RMSEA
Levels	40.833	2.402	0.967	0.930	0.908	0.069
P-value	0.001					
N = 297						

Source: Field survey data, 2015

The modification indices however suggested that a better fit could be achieved by modifying this measurement model. Figure 4.3 presents the initial measurement model for external environment.

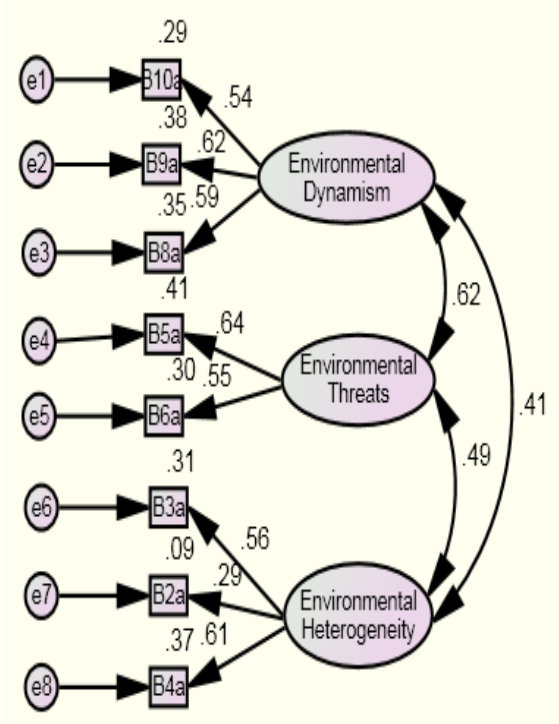

Figure 4.3: Initial Measurement Model for External Environment
Source: Field survey data, 2015

Post-hoc modifications were indicated from the analysis suggesting correlating some error terms. The measurement model was therefore modified by correlating error terms of items B10a and B4a, B10a and B5a, B5a and B4a and B3a and B2a. The overall fit of this modified measurements model of the external environment construct was Chi square goodness of fit value of 9.514, with 13 degree of freedom, significant at p=0.733; χ^2/df = 0.732; GFI = 0.992; AGFI = 0.978; CFI = 1.000; and RMSEA = 0.000, Table 4.21.

Table 4.21: Final Fit Indices for External Environment Model

Fit Indices	Chi square	χ2/df	GFI	AGFI	CFI	RMSEA
Levels	9.514	0.732	0.992	0.978	1.000	0.000
P-value	0.733					
N = 297						

Source: Field survey data, 2015

These fit indices were well within the acceptable fit levels. The modified measurement model for external environment, Figure 4.4 was therefore adjudged to fit the data. The interpretation of the model is as follows.

Firstly, B10a-‘The market is dynamic and uncertain’, B9a-‘The nature of the competition is intense’,B9a- ‘The nature of the competition is intense’, and B8a-‘Customers of hotel enterprises buying habits usually changes’, have strong loadings of 0.57, 0.59 and 0.60, respectively and can be concluded that they are true measures of environmental dynamisms. Moreover, dynamism explains about 32%, 35% and 36% on factors B10a, B9a and B8a.

Secondly, item B5a-‘The hotel sector is faced with tough price competition’, had strong standardized loadings of 0.74 and is a true measure of environmental threats. However, item B6a-‘The hotel sector is faced with declining markets for services’, is the poorest indicator of environmental threats with R^2 of 0.22. Furthermore, environmental threats explain about 55% and 22% of variance in items B5a and B6a.

Thirdly, items B3a-‘Demand and consumer tastes are fairly easy to predict’, and B2a-‘Actions of our competitors are easy to predict’, are the poorest indicators of environmental heterogeneity with R^2 of 0.15 and 0.02 respectively. Item B4a-‘Our service is not subject to much change’, has high loadings of 0.85, indicating it is a true indicator of environmental heterogeneity. Finally, environmental heterogeneity explains about 15%, 2% and 72% of variance on items B3a, B2a and B4a.

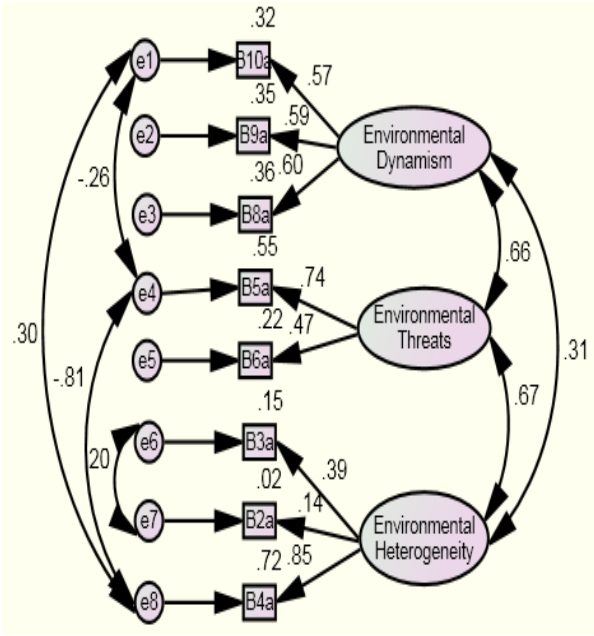

Figure 4.4: Final Modified Measurement Model for External Environment
Source: Field survey data, 2015

Examining the standardized residual covariance displayed in Table 4.22 showed that no value exceeded the standardized value cut-off point of 2.58. The highest value was 0.123 which confirm that the model was a good fit to the data.

Table 4.22: *Standardized Residual Covariance (Final External Environment Model)*

Items	B4a	B2a	B6a	B3a	B5a	B10a	B9a	B8a
B4a	-0.001							
B2a	0.479	0.000						
B6a	0.123	0.962	0.000					
B3a	0.006	0.000	0.004	0.000				
B5a	-0.051	-0.830	0.012	0.066	0.057			
B10a	-0.208	0.069	-0.441	-0.036	-0.055	-0.041		
B9a	-0.223	0.458	0.087	0.750	-0.584	0.655	0.000	
B8a	0.106	0.165	-0.181	0.804	0.969	-0.594	-0.151	0.000

Source: Field survey data, 2015

4.6.3 Confirmatory Factor Analysis for Entrepreneurial Intensity

The confirmatory measurement model to be tested postulated a priori that entrepreneurial intensity is a six factor structure composed of factors of frequency and degree of entrepreneurship, innovativeness, risk taking, proactiveness, competitive aggressiveness and autonomy. Further examination of the model indicated that the six factors were correlated and that there were fifteen observed variables.

The results of the initial measurement model did not fit the data well. The chi-square statistic valued at 153.041 with 75 degrees of freedom was statistically significant at the 0.000 level, indicating a poor fit. The other fit statistics indicated that the model was not a bad fit (χ^2/df = 2.040, GFI = 0.935; AGFI = 0.896; CFI=0.943; RMSEA = 0.059). All the fit indices used other than the AGFI and RMSEA were within the acceptable limits. The modification indices however suggested that a better fit could be achieved by modifying this measurement model. The initial fit indices for entrepreneurial intensity model are presented in Table 4.23.

Table 4.23: *Initial Fit Indices for Entrepreneurial Intensity*

Fit indices	Chi square	χ2/df	GFI	AGFI	CFI	RMSEA
Levels	153.041	2.040	0.935	0.896	0.943	0.059
P-value	0.000					
N = 297						

Source: Field survey data, 2015

The modification indices however suggested that a better fit could be achieved by modifying this measurement model. Figure 4.5 presents the initial measurement model for entrepreneurial intensity.

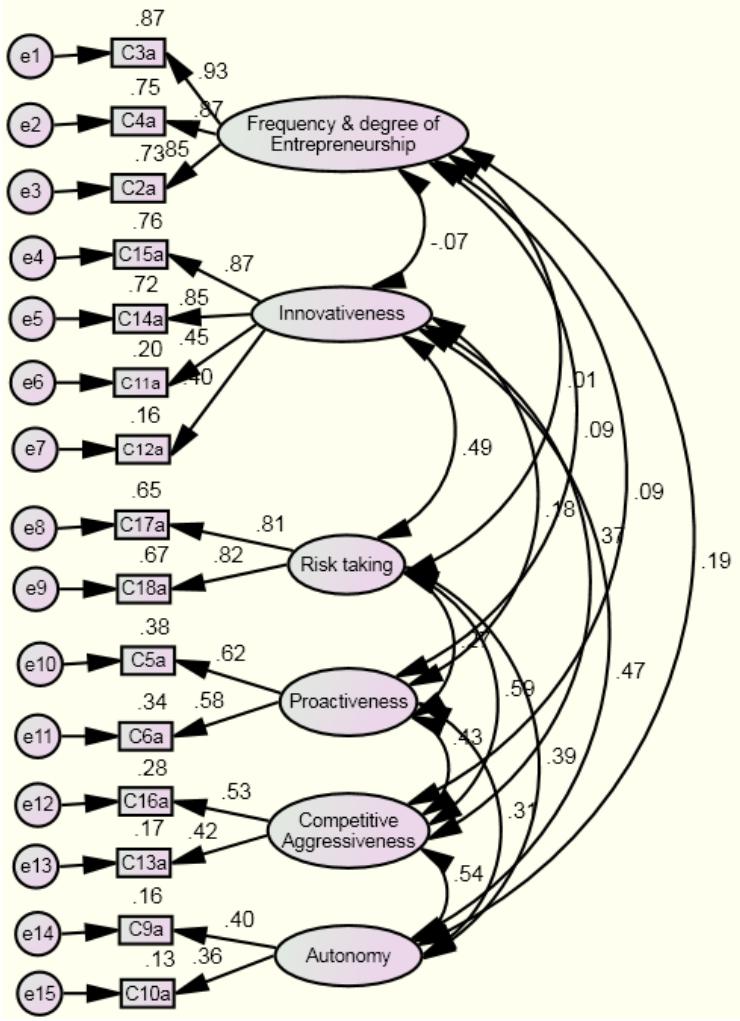

Figure 4.5: Initial Measurement Model for Entrepreneurial Intensity
Source: Field survey data, 2015

The initial model was improved to fit the sample data better. After examining modification indices that is covariances and regression weights, the modification model was developed by allowing the error terms between items C11a-'Our enterprise favors a strong emphasis on research and development and innovations', and C12a-'In the past years, our enterprise has marketed a wide variety of new lines of products and or services', error terms between items C5a-'My enterprise is quick to use improved work methods which are developed by employees', and C12a-'In the past years, our enterprise has marketed a wide variety of new lines of products and or services', error terms between items C11-' I feel like I work with time constraints on my job', and

C5a-My enterprise is quick to use improved work methods which are developed by employees', error terms between items C12a--'In the past years, our enterprise has marketed a wide variety of new lines of products and or services' and C13a-'I feel like I am my own boss and do not have to double check all of my decisions with someone else', lastly the error terms between items C11a-'I feel like I work with time constraints on my job' and C13a-' I feel like I am my own boss and do not have to double check all of my decisions with someone else'. The results yielded a very good model fit, Table 4.24.

Table 4.24: Final Fit Indices for Entrepreneurial Intensity

Fit indices	Chi square	χ2/df	GFI	AGFI	CFI	RMSEA
Levels	107.631	1.537	0.955	0.973	0.973	0.043
P-value	0.003					
N = 297						

Source: Field survey data, 2015

The fit indices other than chi square were within the acceptable limits indicating that the model was acceptable (χ^2/df = 1.537; GFI = 0.955; AGFI = 0.923; CFI = 0.973 and RMSEA = 0.043). The modified measurement model for entrepreneurial intensity is presented in Figure 4.6. The interpretation of the modified model is presented next. Firstly, the results indicate that items C3a-'How does the number of new service introduction to your enterprise compare with those of the competitors', C4a-'To what degree did these new service introduction include services that did not previously exist in your markets (new to the market)', and C2a-'How does the number of new service or product improvements that YOU introduced during the past two years compare to previous years', had high loadings of 0.93, 0.87 and 0.85, indicating the items measured frequency and degree of entrepreneurship. Frequency and degree explains about 87%, 75% and 73% of variance on items C3a, C4a and C2a.

Secondly, the study findings reveal that items C11a-‘In the past years, our enterprise has marketed a wide variety of new lines of products and or services’, and C12a -‘Our enterprise favors a strong emphasis on Research & Development and innovations’, had low standardized loadings of 0.42 and 0.37, suggesting that the items do not measure innovativeness. However, items C15a-‘In dealing with competitors, our enterprise adopts a very competitive posture aiming to overtake competitors’, and C14a-‘In dealing with competitors, our enterprise often leads the competition, initiating actions to which our competitors have to respond’, had high loadings of 0.88 and 0.85 indicating that they are the true indicators of innovativeness. Furthermore, the results of this study show that innovativeness explains about 78% and 72% of variance respectively on items C15a and C14a. Items C11a and C12a are the poorest among indicators of innovativeness with R^2 of 0.18, 0.14, in that order.

Thirdly, study findings reveal that items C17a-‘We believe that the best results occur when employees decide for themselves what business opportunities to pursue’, and C18a-‘Employees make decisions on their own without constantly referring to the owner/supervisor’, had high loadings of 0.81 and 0.82 respectively, suggesting that the items are true indicators of risk taking. In addition, risk taking explains 66% and 66% of variance on items C17a and C18a in turn. Fourthly, items C5a-‘The hotel owner actively responds to main competitors´ new ways of doing things’, and C6a-‘Our employer gives us room to try new ways of doing things and seek unusual, novel solutions in our hotel’, had high loadings of 0.54 and 0.61 and are true indicators of proactiveness. Proactiveness explains 29% and 37% of variance on C5a and C6a.

Fifthly, items C16a-‘The enterprise supports the efforts of employees who work independently’, had high loadings of 0.56 and is a true measure of competitive aggressiveness. On the other hand C13a-‘In the past years, changes in our products

and/or service lines have been mostly of a minor nature', is the poorest indicator of competitive aggressiveness with R^2 of 0.14. In addition, competitive aggressiveness explains about 31% and 14% of variance on items C16a and C13a. Finally, items C9a-'We believe, owing to the nature of the environment, that bold, wide-ranging acts are necessary to achieve our enterprise objectives', and C10a- 'When there is uncertainty, our enterprise adopts a "wait-and see" posture in order to minimize the probability of making costly decisions', are the poorest indicators of autonomy with R^2 of 0.16 and 0.13. Equally, autonomy explains about 16% and 13% of variance on items C9a and C10a respectively.

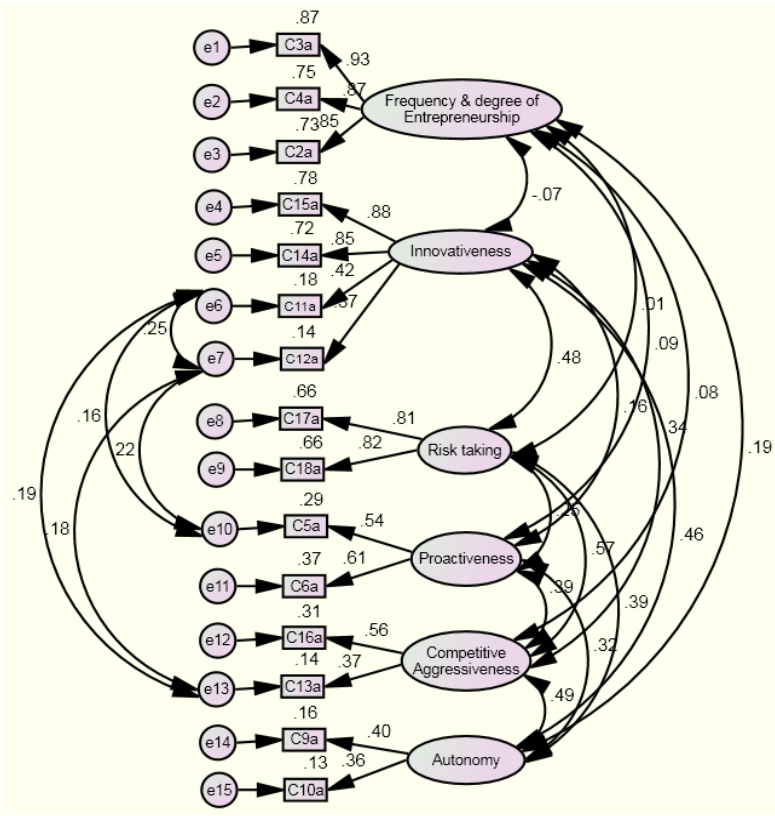

Figure 4.6: Modified Measurement Model for Entrepreneurial Intensity
Source: Field survey data, 2015

Examining the standardized residual covariance displayed in Table 4.25 showed that no value exceeded the standardized value cut-off point of 2.58. The highest value was 2.183 this confirms the model was a good fit to the data.

Table 4.25: *Standardized Residual Covariance (Final Entrepreneurial Intensity Model)*

Items	C12a	C11a	C13a	C9a	C10a	C16a	C5a	C6a	C17a	C18a	C15a	C14a	C3a	C4a	C2a
C12a	0.062														
C11a	0.084	0.064													
C13a	0.760	0.474	0.196												
C9a	1.479	1.181	-0.171	0.000											
C10a	-0.022	1.347	0.848	0.000	0.000										
C16a	1.798	-0.077	0.249	0.866	-0.897	0.000									
C5a	0.952	0.647	0.303	0.112	-1.686	0.721	0.316								
C6a	2.183	1.278	0.227	0.865	0.807	-0.128	0.517	0.000							
C17a	1.057	0.869	0.813	0.528	-0.765	1.073	0.821	0.488	0.000						
C18a	2.012	1.649	0.015	-0.631	0.881	-1.083	0.947	-1.287	0.000	0.000					
C15a	0.092	-0.088	-0.172	0.021	-0.110	-0.438	-0.123	-0.734	-1.115	0.541	0.000				
C14a	-0.248	0.085	1.015	-0.543	0.044	-0.141	0.345	0.148	-0.561	0.684	0.055	0.000			
C3a	-0.417	1.336	0.401	-0.198	0.423	-0.057	-0.400	0.008	-0.206	0.721	-0.249	0.120	0.000		
C4a	-0.133	1.487	0.233	-1.009	0.583	-0.929	1.101	0.026	-1.141	0.214	-0.186	1.003	0.007	0.000	
C2a	-0.117	1.512	-0.064	-0.510	0.758	0.998	-0.264	0.274	-0.525	0.347	-0.882	0.031	-0.010	0.004	0.000

Source: Field survey data, 2015

4.6.4 Confirmatory Factor Analysis for Enterprise Performance

The confirmatory measurement model to be tested postulated a priori that enterprise performance is a two factor structure composed of factors of financial and non-financial performance. Further examination of the model indicated that the two factors were correlated and that there were seven observed variables.

The results of the initial measurement model did not fit the data well. The chi-square statistic valued at 123.045 with 19 degrees of freedom was statistically significant at the 0.000 level, indicating a poor fit. The other fit statistics indicated that the model were a bad fit (χ^2/df = 6.476, GFI = 0.892; AGFI = 0.796; CFI=0.865; RMSEA = 0.136). All the fit indices used were not within the acceptable limits. The modification indices however suggested that a better fit could be achieved by modifying this measurement model. The initial fit indices for enterprise performance model are presented in Table 4.26.

Table 4.26: Initial Fit Indices for Enterprise Performance

Fit indices	Chi square	χ2/df	GFI	AGFI	CFI	RMSEA
Levels	123.045	6.476	0.892	0.796	0.865	0.136
P-value	0.000					
N = 297						

Source: Field survey data, 2015

The modification indices however suggested that a better fit could be achieved by modifying this measurement model. Figure 4.7 presents the initial measurement model for enterprise performance.

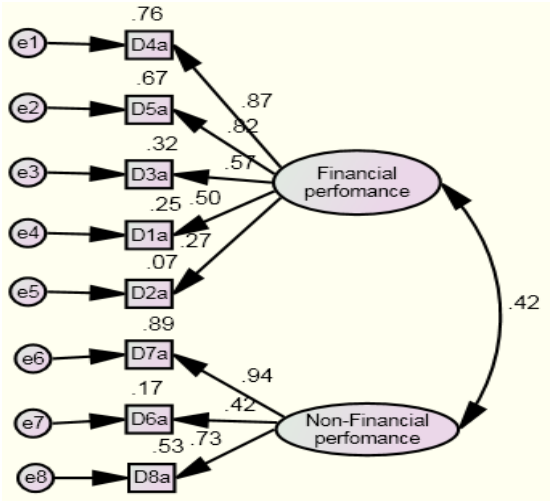

Figure 4.7: Initial Measurement Model for Enterprise Performance
Source: Field survey data, 2015

The initial model was improved to fit the sample data better. After examining modification indices that is covariances and regression weights, the modification model was developed by adding a single headed arrow between financial performance and item D6a. Correlating the error terms between items D4a and D1a; items D3a and D7a; items D4a and D6a; D5a and D8a. The results yielded a very good model fit, Table 4.27.

Table 4.27: **Final Fit Indices for Enterprise Performance**

Fit Indices	Chi square	χ2/df	GFI	AGFI	CFI	RMSEA
Levels	58.745	1.895	0.959	0.912	0.969	0.047
P-value	0.003					
N = 297						

Source: Field survey data, 2015

The modified measurement model for enterprise performance was developed by implementing the suggested modifications. The overall fit indices of this modified measurement model were found to be acceptable. (χ^2 (31) = 58.745 ($p<0.05$); χ^2/df=1.895; GFI=0.959; AGFI = 0.912; CFI = 0.969; RMSEA = 0.047). The modified

model was therefore considered a good fit to the data. Figure 4.8 presents the modified measurement model for enterprise performance.

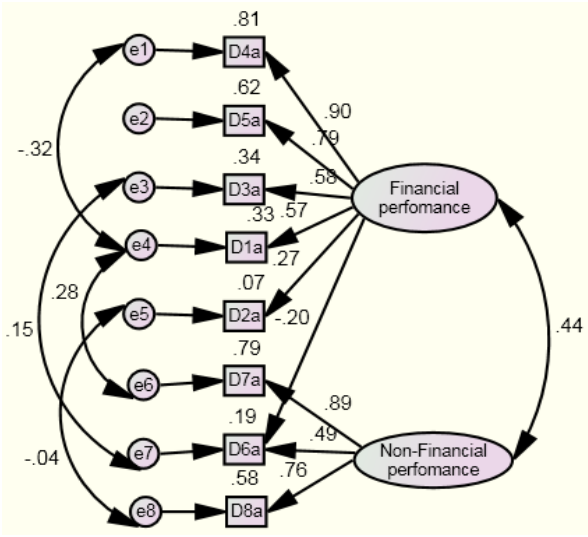

Figure 4.8: Modified Measurement Model for Enterprise Performance

Source: Field survey data, 2015

The interpretation of the modified model is presented next. Firstly, the results indicate that item D2a-'Over the last year, our hotel enterprise has achieved rapid growth', and D6a-'Over the last year, we have been very successful in attracting and retaining new customers', had low loadings of 0.27 and -0.20, showing that they are the poorest indicators of enterprise financial performance.

Furthermore, items D4a, D5a, D3a and D1a have high loadings of 0.90, 0.79, 0.58 and 0.57 and are true measures of enterprise financial performance. In addition, enterprise financial performance explains about 81%, 62%, 34%, 33%, 7% and 19% of variance on items D4a, D5a, D3a, D1a, D2a, and D6a respectively.

Finally, item D6a-'Over the last year, we have been very successful in attracting and retaining new customers', had low loadings of 0.49, indicating it is a poor indicator of enterprise non-financial performance. However, items D7a-' Over the last one year, the

performance of our hotel has been satisfactory', and D8a-' Over the last one year, our enterprise increased the number of employees', has high standard loadings of 0.89 and 0.76, indicating they are true measures of enterprise non-financial performance.

Examining the standardized residual covariance displayed in Table 4.28 showed that no value exceeded the standardized value cut-off point of 2.58. The highest value was 2.185 which confirm that the model was a good fit to the data.

Table 4.28: *Standardized Residual Covariance (Final Enterprise Performance Model)*

Items	D7a	D6a	D8a	D4a	D5a	D3a	D1a	D2a
D7a	0.152							
D6a	0.913	0.222						
D8a	0.085	-0.635	-0.031					
D4a	-1.295	-0.573	-0.133	0.000				
D5a	0.106	-0.408	1.614	0.543	0.000			
D3a	2.185	0.945	2.043	-0.578	-1.343	0.000		
D1a	1.000	1.850	1.781	-0.246	-1.665	-2.814	-0.062	
D2a	1.528	1.028	1.127	-1.012	-0.272	1.413	2.033	-0.017

Source: Field survey data, 2015

4.7 Testing the Proposed Structural Model and Hypotheses

A summary of the structural model manifest variables in this study is presented in Table 4.29.

Table 4.29: *The Structural Model, Super Variables*

Constructs	Factors	Super/Manifest Items
Enterprise Profile	Rewards	A19a, A14a, A18a, A16a
	Management support for entrepreneurship	A3a, A4a
	Time availability	A11a, A10a
	Enterprise boundaries	A6a, A5a
	Enterprise size	A25a
	Location	A23a
External Environment	Dynamism	B10a, B9a, B8a
	Threats	B5a, B6a
	Heterogeneity	B3a,B4a
Entrepreneurial Intensity	Frequency and degree of entrepreneurship	C3a, C4a, C2a
	Innovativeness	C15a, C14a, C11a, C12a
	Risk taking	C17a, C18a
	Proactiveness	C5a, C6a
	Autonomy	C9a, C10a

	Competitive aggressiveness	C16a, C13a
Enterprise Performance	Financial performance	D4a, D5a, D3a, D1a, D2a
	Non-financial performance	D7a, D6a, D8a

Source: Field survey data, 2015

4.7.1 Analysis of Structural Models

Figure 4.9 presents the initial hypothesized enterprise profile, external environment as predictors of entrepreneurial intensity and enterprise performance that was assessed. A close examination of the figure reveals that the structural path of the model has four latent variables. Two of these latent variables are exogenous (enterprise profile and external environment) while two are endogenous (entrepreneurial intensity and enterprise performance). As shown in Figure 4.8, the independent measurement model comprised of six observed indicators (RE, MSE, TA, EB, ES and LO) for enterprise profile, three observed indicators (DY, TH and HE) for external environment.

The endogenous measurement model comprised of six observed indicators (FDE, IN, RT, PR, AU and CA) for the entrepreneurial intensity construct and two indicators (FP and NFP) for enterprise performance accompanied by their associated error terms (e18 and e19 respectively). Where RE= Rewards; MSE= Management Support for Entrepreneurship; TA= Time Availability; EB= Enterprise Boundaries; ES= Enterprise size, LO= Location; DY= Dynamism; TH= Threats; HE= Heterogeneity; FDE= Frequency and Degree of Entrepreneurship; IN= Innovation; RT= Risk Taking; PR= Proactiveness; AU= autonomy; CA= Competitive Aggressiveness; FP= Financial performance and NFP= non-financial performance.

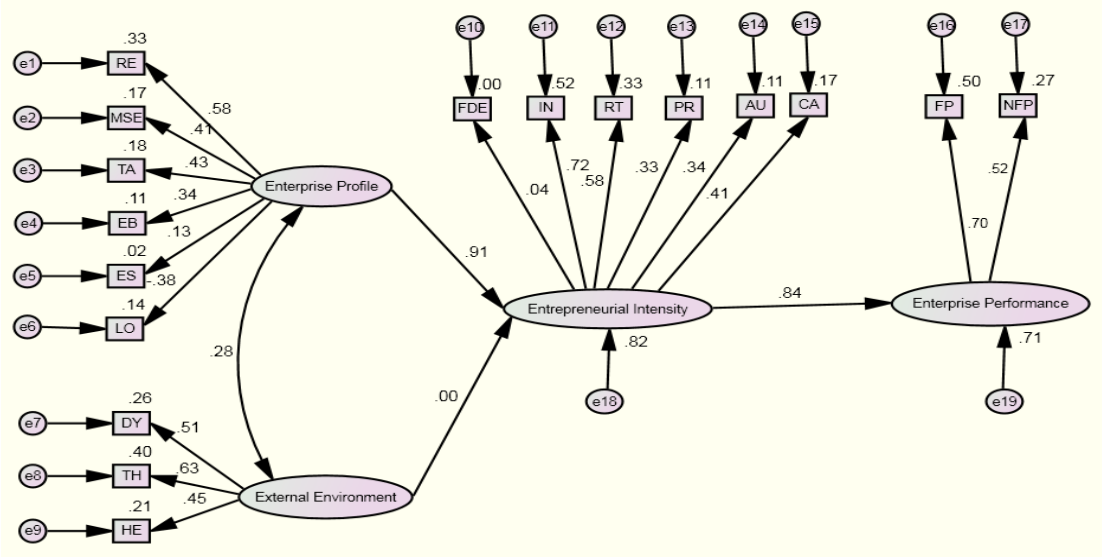

Figure 4.9: Initial Hypothesized Structural Entrepreneurial Intensity and Enterprise Performance Model

Source: Field survey data, 2015

The hypothesized model was first examined for theoretically inconsistent estimates. The three common bad behaving estimates are negative error variance, standardized coefficients exceeding 1.0, or very large error variances. The examination of the standardized results revealed no instances of these problems. Table 4.30 presents the selected goodness of fit statistics for the hypothesized model.

Table 4.30: *Goodness of Fit Indices for the Initial Hypothesized Structural Entrepreneurial Intensity and Enterprise Performance Model*

Fit Indices	Accepted Value	Model Value
Chi-square		
χ^2 (chi-square)		222.846
df(Degrees of Freedom)		115
Chi-square/df (χ^2 /df)	<3.00	1.938
Absolute Fit Measures		
GFI (Goodness of Fit Index)	>0.9	0.917
RMSEA (Root mean square error of Approximation)	<0.05	0.056
Incremental Fit Measures		
AGFI (Adjusted Goodness of Fit Index)	>0.90	0.889
NFI (Normed fit Index)	>0.90	0.711
CFI (Comparative Fit Index)	>0.90	0.830
IFI (Incremental Fit Index)	>0.90	0.836
N = 297		

Source: Field survey data, 2015

The χ^2 value with 115 degrees of freedom was 222.846, p-value= 0.000. This indicates that the model fit was not good. However, it should be noted that the chi-square test becomes more sensitive as the number of indicators rise (Castor, 2009). Thus, care must be observed since the chi-square test is always likely to give evidence that a significant difference exists. Therefore it is more realistic to check a number of other fit statistics. As shown from Table 4.30, all the fit indices except GFI and χ^2 /df were outside the acceptable values (χ^2 /df= 1.938; GFI = 0.917; AGFI = 0.889; NFI=0.711; CFI=0.830; IFI = 0.836; and RMSEA = 0.056). Overall, the fit indices indicated a poor fit of the initial firm entrepreneurial intensity and enterprise performance model.

The standardized and unstandardized regression weights and significant relationships for the initial hypothesised entrepreneurial intensity and enterprise performance model is presented in Table 4.31.

Table 4.31: *Standardised and Unstandardized Regression Weights for the Initial Hypothesized* **Entrepreneurial Intensity and Enterprise Performance Model**

Parameters			Regression Weight	Estimate	S.E.	P	Sig.***
Enterprise Profile	→	Entrepreneurial Intensity	0.906	1.000	0.000	0.000	Fixed
External Environment	→	Entrepreneurial Intensity	0.001	0.000	0.012	0.000	No
Entrepreneurial Intensity	→	Enterprise Performance	0.845	13.383	23.584	0.567	Yes
N = 297							

Source: Field survey data, 2015

The significance levels interpreted in this section are based on the standardised regression weight estimates that are above 0.30 as suggested by Suhr (2000). The results indicate that enterprise profile explains 91% of variance in entrepreneurial intensity behaviour of the hotel enterprise employees (R^2= 0.906, p=0.000), while entrepreneurial intensity explains 85% of variance in enterprise performance (R^2= 0.845, p=0.567).

These could mean that hotel enterprise profile explains the levels of entrepreneurial intensity behaviour of employees that is likely to enhance enterprise performance. The relationship between external environment and entrepreneurial intensity is not significant. The estimated direct and indirect effects for the initial entrepreneurial intensity and enterprise performance hypothesised model are presented in Table 4.32.

Table 4.32: *Standardized Direct and Indirect Effects of Enterprise Profile, External Environment on Entrepreneurial Intensity and Enterprise Performance Initial Hypothesized* **Model**

Constructs	Enterprise Profile		External Environment		Entrepreneurial Intensity	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
Entrepreneurial Intensity	0.906***	0.000	0.001	0.000	0.000	0.000
Enterprise Performance	0.000	0.765***	0.000	0.000	0.845***	0.000

Endogenous Variables: Entrepreneurial Intensity (R^2= 82%); Enterprise Performance (R^2= 71%) N = 297

Source: Field survey data, 2015

The results show that the paths in the initial hypothesised model that were significant at the 0.05 probability levels. Firstly, the direct effects paths indicate that enterprise profile positively influenced entrepreneurial intensity (Standardised regression weight R=0.906***, p<0.001), and entrepreneurial intensity had no influence on enterprise performance (R=0.000, p>0.001). On the other hand, enterprise profile indirect effects on enterprise performance was significantly positive (R=0.765***, p<0.001).

Secondly, the direct effects path show that external environment had no influence on entrepreneurial intensity (R=0.001, p>0.001), and entrepreneurial intensity had no influence on enterprise performance (R=0.000, p>0.001). In addition to this, the indirect effects path indicated that external environment had no influence on enterprise performance (R=0.000, p>0.001). Fourthly, the direct effect path indicate that entrepreneurial intensity positively influenced performance (R=0.845***, p<0.001).

The hypothesized structural model explained 82% and 71% of the variance in entrepreneurial intensity and enterprise performance respectively. In order to achieve a better model fit, the modification indices suggested that the entrepreneurial intensity and enterprise performance model could be improved.

The model was therefore first modified by correlating the error terms between rewards and location of hotel enterprise; covariance error terms between management support of entrepreneurship and enterprise boundaries, finally correlating proactiveness and enterprise non-financial performance. Figure 4.10 presents the first modified structural model for entrepreneurial intensity and enterprise performance.

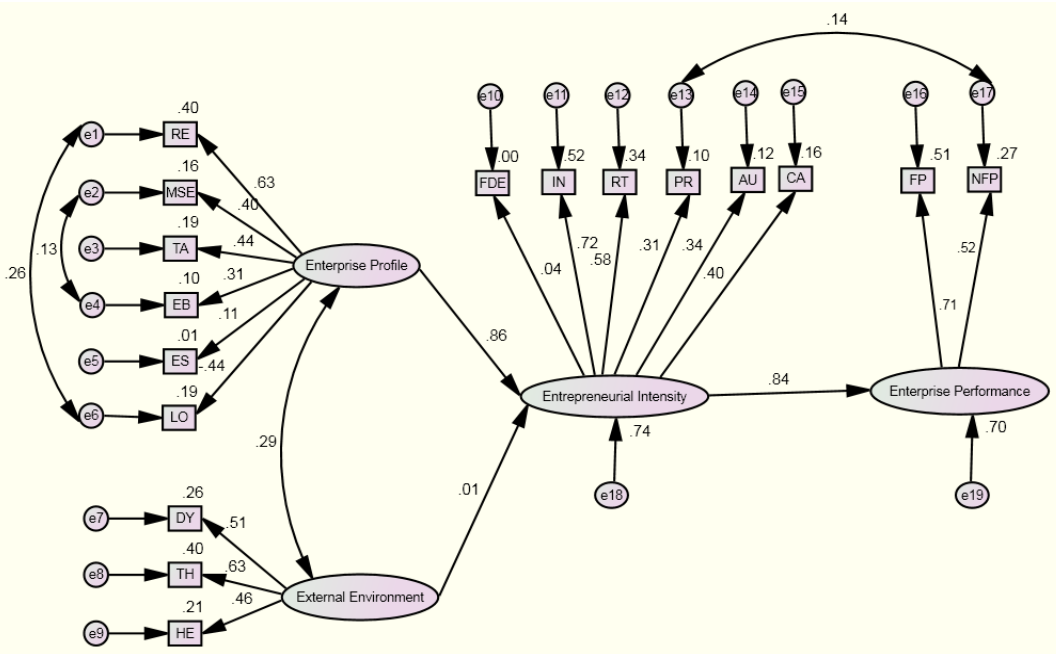

Figure 4.10: First Modified Structural Model for Entrepreneurial Intensity and Enterprise Performance

Source: Field survey data, 2015

An examination of the first modified model for fit statistics revealed the data did not fit the model well, Table 4.33.

Table 4.33: *Goodness of Fit Indices for the First Modified Structural Entrepreneurial Intensity and Enterprise Performance* **Model**

Fit Indices	Accepted Value	Model Value
Chi-square		
χ^2 (chi-square)		202.232
df(Degrees of Freedom)		112
Chi-square/df(χ^2 /df)	<3.00	1.806
Absolute Fit Measures		
GFI (Goodness of Fit Index)	>0.90	0.926
RMSEA (Root mean square error of Approximation)	<0.05	0.052
Incremental Fit Measures		
AGFI (Adjusted Goodness of Fit Index)	>0.90	0.738
NFI (Normed Fit Index)	>0.90	0.858
CFI (Comparative Fit Index)	>0.90	0.863
IFI (Incremental Fit Index)	>0.90	0.757
N = 297		

Source: Field survey data, 2015

All of the absolute fit measures (χ^2 (115) = 222.846; χ^2 /df = 1.806; GFI = 0.926; and RMSEA = 0.052) which fell in the acceptable range indicated that the first modified structural model was marginally acceptable at best. However, most the incremental fit measures (NFI = 0.738, CFI = 0.858, and IFI = 0.863) fell below the acceptable range and were hardly acceptable. In addition the modification indices suggested that the model could yet be improved. The first modified structural model explained 74% and 70% of the variance in entrepreneurial intensity and enterprise performance respectively**.** An examination of the modification indices (MI) showed that the model fit could be improved by adding paths between external environment that had a large MI value of 13.33 and enterprise location. The results of the second modified structural model Figure 4.11 indicated that even though the chi-square value of 187.573 with 111 degrees of freedom was significant at the 0.000 probability level, the other fit indices as shown in Table 4.34 were somehow within acceptable levels suggesting that the second modified structural model was indeed partially a good fit to the data.

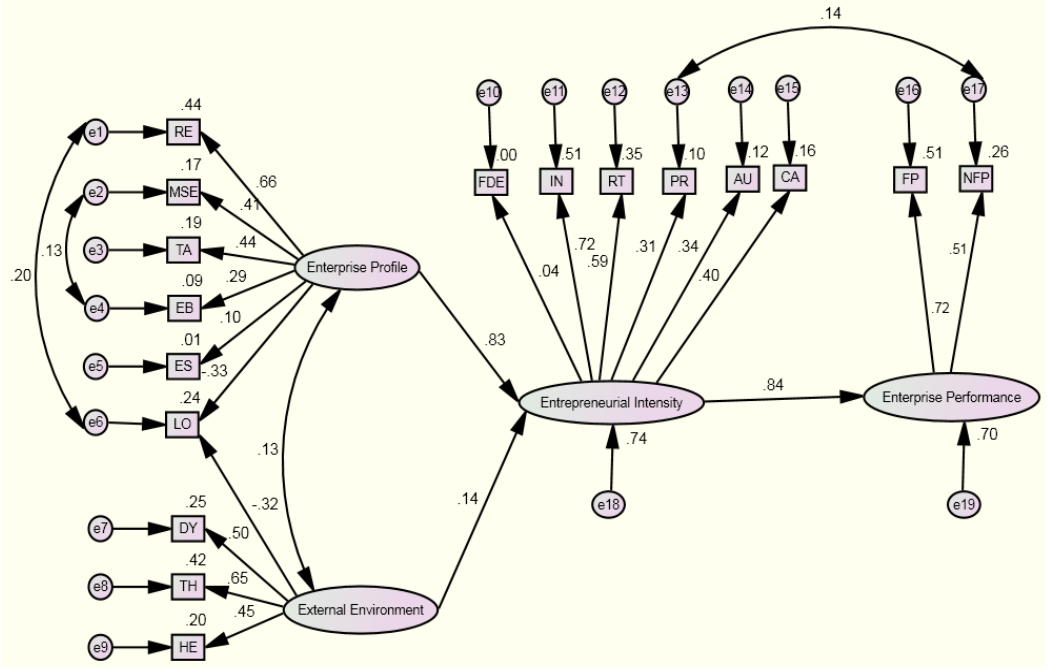

Figure 4.11: Second Modified Structural Model for Entrepreneurial Intensity and Enterprise Performance

Source: Field survey data, 2015

Table 4.34: *Goodness of Fit Indices for the Second Modified Structural Entrepreneurial Intensity and Enterprise Performance Model*

Fit Indices	Accepted Value	Model Value
Chi-square		
χ^2 (chi-square)		187.573
df(Degrees of Freedom)		111
Chi-square/df(χ^2 /df)	<3.00	1.690
Absolute Fit Indices		
GFI (Goodness of Fit Index)	>0.90	0.931
RMSEA (Root mean square error of Approximation)	<0.05	0.048
Incremental Fit Measures		
AGFI (Adjusted Goodness of Fit Index)	>0.90	0.904
NFI (Normed Fit Index)	>0.90	0.757
CFI (Comparative Fit Index)	>0.90	0.879
IFI (Incremental Fit Index)	>0.90	0.884
N = 297		

Source: Field survey data, 2015

The second modified structured model explained 74% and 70% of the variances in entrepreneurial intensity and enterprise performance respectively. Further review of the modification indices revealed that though the model was partially a good fit to the data, it could still be improved by allowing a direct arrow from enterprise location and risk

taking; adding an arrow from enterprise boundaries and proactiveness. Furthermore, a direct arrow was added from enterprise profile to enterprise performance. Lastly, the error terms between time availability and environmental threats was correlated. Therefore, the third and final structural model was therefore developed by implementing these suggestions. The final modified structural model of entrepreneurial intensity and enterprise performance is presented in Figure 4.12 and interpreted as follows.

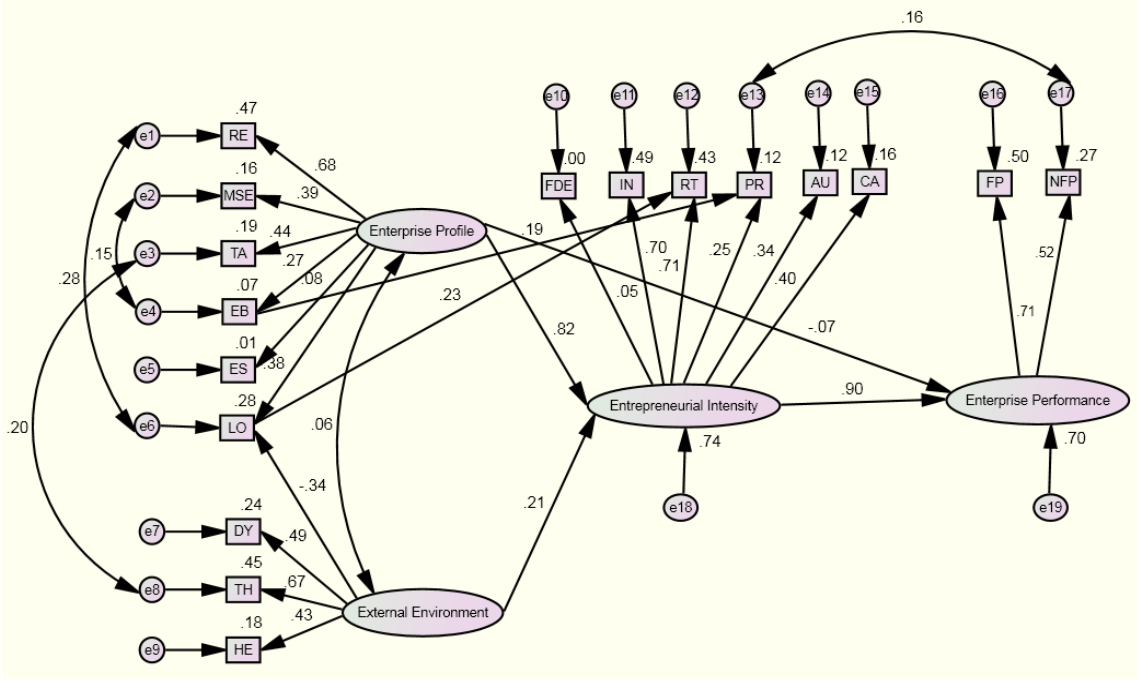

Figure 4.12: Final Modified Structural Model for Entrepreneurial Intensity and Enterprise Performance

Source: Field survey data, 2015

Firstly, the results indicate that Enterprise boundaries (EB) and enterprise size (ES) had low loadings of 0.27 and 0.08, showing that they are the poorest indicators of enterprise profile. However, rewards (RE), management support for entrepreneurship (MSE), time availability (TA) and Location (LO) have high loadings of 0.68, 0.39, 0.44 and 0.38 and are true indicators of enterprise profile. In addition, enterprise profile explains about 47%, 16%, 19% and 28% of variance on rewards, management support for entrepreneurship, time availability and location respectively.

Secondly, the result indicates that dynamism (DY), threats (TH) and heterogeneity (HE) have high loadings of 0.49, 0.67 and 0.43 showing they are measures of external environment. Equally, external environment explains about 24%, 45% and 18% of variance on dynamism, threats and heterogeneity. Thirdly, the findings indicate that frequency of degree of entrepreneurship (FDE) and proactiveness (PR) have low loadings of 0.05 and 0.25 indicating they are truly measuring entrepreneurial intensity. However, innovation (IN), risk taking (RT), autonomy (AU) and competitive aggressiveness (CA) had high loadings of 0.70, 0.71, 0.34 and 0.40 respectively and are true measures of entrepreneurial intensity. On the other hand entrepreneurial intensity explains about 49%, 43%, 12% and 16% of variance in innovation, risk taking, autonomy and competitive aggressiveness. Fourthly, it is evident that financial performance (FP) and non-financial performance (NFP) have high loading of 0.71 and 0.52 showing they measure enterprise performance. Likewise, enterprise performance explains about 50% and 27% of variance in financial and non-financial performance.

An examination of the final modified structural entrepreneurial intensity and enterprise performance model for the goodness of fit is presented in Table 4.35.

Table 4.35: *Goodness of Fit Indices for the Final Modified Structural Entrepreneurial* **Intensity and Enterprise Performance Model**

Fit Indices	Accepted Value	Model Value
Chi-square		
χ^2 (chi-square)		154.561
df(Degrees of Freedom)		107
Chi-square/df(χ^2 /df)	<3.00	1.444
Absolute Fit Indices		
GFI (Goodness of Fit Index)	>0.90	0.943
RMSEA (Root mean square error of Approximation)	<0.05	0.039
Incremental Fit Measures		
AGFI (Adjusted Goodness of Fit Index)	>0.90	0.919
NFI (Normed Fit Index)	>0.90	0.800
CFI (Comparative Fit Index)	>0.90	0.925
IFI (Incremental Fit Index)	>0.90	0.928
N = 297		

Source: Field survey data, 2015

The results indicate that all the fit indices with the exception of NFI were well within the acceptable ranges (χ^2 /df = 1.444; GFI = 0.943; AGFI = 0.919; CFI= 0.925; NFI= 0.800; IFI= 0.928 and RMSEA = 0.039). Overall, the fit indices indicate a good fit of the entrepreneurial intensity and enterprise performance model to the data.

The standardized and unstandardized regression weights and significant relationships for the entrepreneurial intensity and enterprise performance model is presented in Table 4.36, the significance levels in this section are based on the standardised regression weight estimates that are above 0.30 as suggested by Suhr (2000). The results indicate that enterprise profile explains 82.2% of variance in entrepreneurial intensity behaviour of the hotel enterprise employees (R^2= 0.822, p=0.000), while entrepreneurial intensity explains 90% of variance in enterprise performance (R^2= 0.900, p=0.692). The result could mean that hotel enterprise profile explains the level of entrepreneurial intensity behaviour of hotel enterprise employees that is likely to enhance enterprise performance. Furthermore, the results also show that the external environment explains 21.4% of variance in entrepreneurial intensity behaviour of the hotel enterprise employees (R^2= 0.214 p=0.000). This could imply that external environment weakly influences entrepreneurial intensity and enterprise performance.

Table 4.36: *Standardised and Unstandardized Regression Weights for the Final Entrepreneurial Intensity and Enterprise Performance Model*

Parameters			Regression Weight	Estimate	S.E.	P	Sig.***
Enterprise Profile	→	Entrepreneurial Intensity	0.822	1.000	0.000	0.000	Fixed
External Environment	→	Entrepreneurial Intensity	0.214	0.034	0.051	0.677	Yes
Entrepreneurial Intensity	→	Enterprise Performance	0.900	11.703	16.903	0.692	Yes
Enterprise Profile	→	Enterprise Performance	-0.074	-1.167	4.123	-0.283	No
N = 297							

Source: Field survey data, 2015

Furthermore, the R^2 values indicate the percent variance in the indicator that is explained by the common factor (Hatcher, 1994). The R^2 values for the final structural models latent endogenous variables that is entrepreneurial intensity and enterprise performance were 0.74 and 0.70 respectively for the final entrepreneurial intensity and enterprise performance model. The findings indicate that 74% of the variance in entrepreneurial intensity and 70% of the variance in enterprise performance was explained by the corresponding indicators. The estimated direct and indirect effects for the final modified model are presented in Table 4.37.

Table 4.37: *Standardized Direct and Indirect Effects of Enterprise Profile, External Environment on Entrepreneurial Intensity and Enterprise Performance Final Model*

Constructs	Enterprise Profile		External Environment		Entrepreneurial Intensity	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
Entrepreneurial Intensity	0.822***	0.000	0.214***	0.000	0.000	0.000
Enterprise Performance	-0.074	0.740***	0.000	0.193	0.900***	0.000
Endogenous Variables: Entrepreneurial Intensity (R^2= 74%); Enterprise Performance (R^2= 70%)						
N = 297						

Source: Field survey data, 2015

The result shows the paths in the final modified model that were significant at the 0.05 probability levels. Firstly, the direct effects paths indicate that enterprise profile positively influenced entrepreneurial intensity (Standardised regression weight R=0.822***, p<0.001), and entrepreneurial intensity had no influence on enterprise performance (R=-0.074, p>0.001). On the other hand, enterprise profile indirect effects on enterprise performance was significantly positive (R=0.740***, p<0.001).

Secondly, the direct effects path show that external environment positively influenced entrepreneurial intensity (R=0.214, p<0.001), and entrepreneurial intensity had no influence on enterprise performance (R=0.000, p>0.001). In addition to this, the indirect effects path indicated that external environment had no influence on enterprise performance (R=0.193, p>0.001). Thirdly, the direct effect path indicate that entrepreneurial intensity positively influenced enterprise performance (R=0.900***, p<0.001). Overall, three out of five hypothesized paths in this study were significant before bootstrapping was conducted. In summary, Table 4.38 shows the comparison of fit indices used in this study.

Table 4.38: *Comparison of the Selected Fit Measures for the Initial and Final* **Entrepreneurial Intensity and Enterprise Performance Models**

Fit Indices	Initial Model	First Model	Second Model	Final Model
Chi-square				
χ^2 (chi-square)	222.846	202.232	187.573	154.561
Df	115	112	111	107
(χ^2 /df)	1.938	1.806	1.690	1.444
Absolute Fit Indices				
GFI	0.917	0.926	0.931	0.943
RMSEA	0.056	0.052	0.048	0.039
Incremental Fit Indices				
AGFI	0.889	0.898	0.904	0.919
NFI	0.711	0.738	0.757	0.800
CFI	0.830	0.858	0.879	0.925
IFI	0.836	0.863	0.884	0.928
N = 297				

Source: Field survey data, 2015

The results indicate that all the indices were improved compared to the initial structural model for entrepreneurial intensity and enterprise performance. The Chi-square difference test between the first model and the final model showed a significantly different value of 47.67 (202.232-154.561), confirming that the final structural model was a significantly a better fit than the first structural model for entrepreneurial intensity and enterprise performance.

4.8 Results of Hypotheses Tests

The results of the study hypotheses are presented on the basis of the study specific objectives; objective one: The influence of enterprise profile on entrepreneurial intensity; objective two: The relationship between external environment and entrepreneurial intensity; objective three: Influence of entrepreneurial intensity on enterprise performance; objective four: The relationship between enterprise profile and performance through entrepreneurial intensity; objective five: Influence of external environment on enterprise performance through entrepreneurial intensity. The hypothesis testing was by structural equation modelling (SEM) technique.

4.8.1 The Influence of Enterprise Profile on Entrepreneurial Intensity

Hypothesis, H_{O1}: Enterprise profile has no significant relationship with entrepreneurial intensity. The hypothesis addressed the influence of enterprise profile on entrepreneurial intensity was based on objective one. This assisted in answering whether the content of enterprise profile had a relationship with entrepreneurial intensity. Information in this section was based on enterprise profile observed items: rewards, management support for entrepreneurship, time availability, enterprise boundaries, size and location. The endogenous variable was entrepreneurial intensity and included the following observed variables: frequency and degree of entrepreneurship, innovation, risk taking, proactiveness, autonomy and competitive aggressiveness.

The estimated standardized coefficients, Table 4.37, indicated that there is a significant statistical strong positive relationship between enterprise profile and entrepreneurial intensity ($\beta=0.822^{***}$, $p<0.001$) with 82.2% prediction. It was concluded that there was sufficient evidence at the 0.01 level of significance to suggest that enterprise profile has a strong positive influence on entrepreneurial intensity. In particular, the path coefficient of

0.822 implies that a 1% increase in enterprise profile is likely to result in 82.2% increase in entrepreneurial intensity. The hypothesis was not supported and concluded that there is a relationship between enterprise profile and entrepreneurial intensity.

Further analysis, Table 4.39 indicate the Pearson correlation coefficient with bootstrapping results using SPSS version 20 for the specific relationships between enterprise profile and entrepreneurial intensity. Firstly, the results indicate that rewards had no relationship with entrepreneurial intensity indicator frequency and degree of entrepreneurship ($p>0.05$). Furthermore, rewards had a positive relationship with innovation ($r=0.365$, $p<0.05$), that could imply that if the hotel enterprise owner could increase the level of rewards then the employees will tend to be more innovative. Rewards had a positive relationship with risk taking ($r=0.428$, $p<0.05$). The study findings compare well with those of Entrialgo *et al.*, (2001) and Mohammad (2013) that found a relationship between rewards and entrepreneurial intensity. However the finding contradicts those of Meynhardt and Diefenbach, 2012 and Juha, (2013). Their findings reveal that rewards had no relationship with entrepreneurial intensity. The findings could mean that if employees of hotel enterprises perceived there was high level of rewards in terms of for example promotions, then they will tend to take more risks. Furthermore, rewards had a positive relationship with proactiveness ($r=0.154$, $p>0.5$) meaning that if the rewards are increased in the hotel enterprises employees will tend to act proactively; in addition, the study reveals that rewards was positively related to autonomy ($r=0.250$, $p<0.05$) implying that if rewards are increased then employees of hotel enterprises will tend to act independently. These findings are in agreement with the findings of Sciascia *et al.*, (2006); Eggers *et al.*, (2013) that found a positive relationship between rewards and entrepreneurial intensity. The study further reveals that rewards and competitive aggressiveness are positively related ($r= 0.146$, $p<0.05$), meaning that if rewards are increased, employees of hotel enterprises will tend to act in a competitively aggressive

behaviour. From a customer's point of view, the service provider is often expected to be more innovative than the customer. Equally, innovative ways of giving recognition to entrepreneurial individuals and teams within the hotel enterprises need to be explored for promoting both incremental and radical entrepreneurship, from idea generation to firm entrepreneurship. Funds for innovative behaviours including rewards and compensation for the best ideas should be set aside.

Secondly, the findings reveal that management support for entrepreneurship had no relationship with frequency and degree of entrepreneurship and autonomy ($p>0.05$). The results further show a positive relationship between management support of entrepreneurship and innovation was evident ($r=0.284$, $p<0.05$). This findings support those of Wood (2008) that found management support for entrepreneurship to influence employee level of entrepreneurial intensity positively meaning that whenever employees of hotel enterprises perceive existence of owners support in their daily routine then they will tend to be more innovative. Thus hotel owners should utmost support the activities of their employees whether formal or informal for them to be encouraged and engage in innovative ideas in the enterprise thus achieving its objective and goals. In addition, management support for entrepreneurship had a positive relationship with risk taking ($r=0.173$, $p<0.05$), implying that if support for entrepreneurship in the hotel enterprise is present then the employees will tend to take more risk. The study findings support those of Meynhardt and Diefenbach (2012), Hamed *et al.*, (2014). Moreover, the study findings reveal a positive relationship between management support for entrepreneurship and proactiveness ($r=0.136$, $p<0.05$), this could mean that when the hotel owners increase the level of support towards its employees then they will tend to be more proactive. Equally, management support has a positive relationship with competitive aggressiveness ($r=0.189$, $p<0.05$), this could mean that if employees are supported then they have an option of acting aggressively. In relation to the study findings, emphasis

should be laid on building the capacity of management to provide support for innovation and entrepreneurship through training, coaching and education. Furthermore, the training need to build a foundation for management entrepreneurial thinking and acting, support, encouragement, and change work role to enhance entrepreneurial intensity.

Thirdly, time availability as an indicator of enterprise profile had no relationship with entrepreneurial intensity indicator frequency and degree of entrepreneurship, proactiveness and competitive aggressiveness ($p>0.05$). However, a positive relationship was found between time availability and innovation ($r=0.285$, $p<0.05$). The findings supports those of Scheepers *et al.*, (2007). The findings found time availability in the ICT firms in South Africa to be related with entrepreneurial intensity. These imply that if employees could have enough time they will be innovative, because they will be able to revise their ideas as they continuously improve it and at the end of the day the enterprise will realize its objectives. Equally, time availability had a positive relationship with risk taking ($r=0.164$, $p<0.05$), meaning that if employees of hotel enterprises were to be given enough time they could engage in risky behaviours that are good for the performance of the hotel enterprises. Furthermore, time availability had a positive relationship with autonomy ($r=0.165$, $p<0.50$). The study findings disagrees with those of Scheepers *et al.*, 2007 that found time availability not to be related to entrepreneurial intensity in JSE listed firms in South Africa. The findings could imply that given enough time; employees will tend to be more independent and be in a position to engage in entrepreneurial behaviour. In addition, hotel enterprises should avail time for entrepreneurial thinking and training. Moreover, they could also learn from other enterprises that have put a day per week or month aside for innovation thus motivating employees to practice and or acquire innovative behaviour.

Fourthly, enterprise boundaries had no relationship with entrepreneurial intensity indicator; frequency and degree of entrepreneurship, risk taking, and autonomy

($p>.0.05$). However enterprise boundaries has a positive relationship with innovation ($r=0.251$, $p<0.05$). The findings support those of Scheepers *et al.*, 2007 that found time availability to be related to entrepreneurial intensity in ICT firms in South Africa. This indicates that if employees could work without limits for example seeking permission from the hotel owners, chances are that they could be more innovative. Moreover, the findings reveal that enterprise boundaries had a positive relationship with proactiveness ($r=0.244$, $p<0.05$), and a relationship with competitive aggressiveness ($r=0.174$, $p<0.05$). The findings disagrees with those of Scheepers *et al.*, 2007 that found time availability not to be related to entrepreneurial intensity in JSE listed firms in South Africa This could mean that if there are no boundaries in terms of hierarchy in the structures of hotel enterprise then employees could act proactively and at the same time aggressively. From a customer's point of view, this implies the service provider is often expected to be more innovative than the customer. Overall, hotel enterprises should have an enabling environment for employees to practice creativity, innovation and opportunity finding. In addition to these, use of political approaches to solve internal politics in the enterprise should be encouraged and lastly, addressing barriers to creativity and promoting entrepreneurial intensity to unleash creative potential of the hotel enterprise employees.

Fifthly, size of an enterprise had no significant relationship with frequency and degree of entrepreneurship, risk taking, proactiveness, autonomy and competitive aggressiveness ($p>0.05$). However, enterprise size had a positive relationship with innovation ($r=0.120$, $p<0.05$) contradicting the findings of Scheepers *et al.*, (2007) that found enterprise size not influencing entrepreneurial intensity in ICT and JSE listed firms in South Africa. These findings could imply that if the hotel enterprise could increase the number of employees, the level of innovation will increase. An equal explanation to this finding is that the higher the number of employee in the hotel enterprise could result in them

competing positively in terms of innovation for the owner attention and be recognised in the enterprise making them to be innovative.

Lastly, the location of the hotel enterprise had no relationship with entrepreneurial intensity indicators frequency and degree of entrepreneurship and risk taking ($p>0.05$). However, a negative relationship was evident between hotel enterprise location and innovation ($r=-0.311$, $p<0.05$), implying that the location of an enterprise is key for its success, in addition, if the hotel enterprise is not located in a strategic position then the level of entrepreneurial behaviour among its employee goes down and vice versa. Furthermore, location was significantly negatively correlated with proactiveness, autonomy and competitive aggressiveness ($r=-0.119$, $p<0.05$; -0.130, $p<0.05$ and $r=-0.165$, $p<0.05$) respectively. Moreover, the location of an enterprise is important in terms of entrepreneur's ability to identify a business opportunity, possessing information on customer's familiarity with the production process of the goods sold, familiarity with the market, possession of information on the competitors, and possession of information on sources of assistance. The location of an enterprise is crucial for survival from start up to maturing stage of the enterprise lifecycle.

Table 4.39: Pearson Correlation Coefficient with Bootstrapping of Enterprise Profile and Entrepreneurial Intensity

Constructs				FDE	IN	RT	PR	AU	CA
Rewards	Correlation			0.083	0.365**	0.428**	0.154**	0.250**	0.146*
	Bootstrap	Bias		0.000	-0.001	0.003	-0.003	0.003	0.010
		Std. Error		0.056	0.053	0.048	0.047	0.057	0.060
		95% Confidence Interval	Lower	-0.026	0.261	0.338	0.064	0.129	0.063
			Upper	0.200	0.463	0.526	0.248	0.352	0.288
Management Support for Entrepreneurship	Correlation			0.107	0.284**	0.173**	0.136*	0.072	0.189**
	Bootstrap	Bias		0.007	0.000	0.002	-0.011	0.001	0.009
		Std. Error		0.060	0.056	0.053	0.062	0.059	0.048
		95% Confidence Interval	Lower	-0.005	0.180	0.070	0.002	-0.041	0.111
			Upper	0.226	0.393	0.273	0.238	0.176	0.300
Time Availability	Correlation			0.048	0.285**	0.164**	0.047	0.165**	0.087
	Bootstrap	Bias		-0.001	-0.002	0.001	0.005	-0.002	0.011
		Std. Error		0.062	0.057	0.062	0.053	0.058	0.067
		95% Confidence Interval	Lower	-0.078	0.167	0.038	-0.056	0.046	-0.013
			Upper	0.186	0.390	0.286	0.158	0.288	0.244
Enterprise Boundaries	Correlation			0.050	0.251**	0.053	0.244**	0.041	0.174**
	Bootstrap	Bias		0.005	-0.003	-0.003	-0.007	0.004	0.008
		Std. Error		0.058	0.060	0.059	0.066	0.060	0.058
		95% Confidence Interval	Lower	-0.060	0.131	-0.062	0.098	-0.074	0.055
			Upper	0.166	0.358	0.171	0.358	0.157	0.298
Enterprise Size	Correlation			-0.094	0.120*	0.099	-0.035	-0.059	0.088
	Bootstrap	Bias		0.007	0.005	0.002	0.002	0.003	0.012
		Std. Error		0.080	0.062	0.052	0.090	0.077	0.063
		95% Confidence Interval	Lower	-0.246	-0.001	-0.008	-0.199	-0.201	-0.006
			Upper	0.064	0.252	0.199	0.153	0.102	0.248
Location	Correlation			-0.086	-0.311**	-0.064	-0.119*	-.0130*	-0.165**
	Bootstrap	Bias		-0.006	-0.001	0.001	0.006	-0.001	-0.021
		Std. Error		0.055	0.049	0.058	0.049	0.059	0.090
		95% Confidence Interval	Lower	-0.193	-0.400	-0.181	-0.211	-0.255	-0.383
			Upper	0.011	-0.213	0.061	-0.017	-0.026	-0.045

** Denotes Correlation is significant at the 0.01 level (2-tailed), * Denotes Correlation is significant at the 0.05 level (2-tailed), N = 297

Source: Field survey data, 2015

4.8.2 The Relationship between External Environment and Entrepreneurial Intensity

Hypothesis, H_{O2}: External environment has no significant relationship with entrepreneurial intensity. The hypothesis addressed the relationship between external environment and entrepreneurial intensity was based on objective two. This assisted in answering whether the content of external environment had a relationship with entrepreneurial intensity. Information in this section was based on external environment observed variables: dynamism, threats and heterogeneity. The endogenous variable was entrepreneurial intensity and included the following observed variables: frequency and degree of entrepreneurship, innovation, risk taking, proactiveness, autonomy and competitive aggressiveness.

The estimated standardized coefficients, Table 4.37 indicated that there was a weak significant statistical relationship between external environment and entrepreneurial intensity ($\beta=0.214$, $p<0.001$). It was concluded that there was sufficient evidence at the 0.01 level of significance to suggest that external environment has a relationship with entrepreneurial intensity. The hypothesis was not supported and concluded that external environment has a significant relationship with entrepreneurial intensity.

To further analyse the specific relationships between external environment entrepreneurial intensity, Table 4.40 shows the Pearson correlation coefficient with bootstrapping results using SPSS version 20. To begin with, the results indicate that external environment indicator dynamism had no significant relationship ($p>0.05$) with frequency and degree of entrepreneurship (FDE), innovation (IN), risk taking (RT), proactiveness (PR), autonomy (AU) and competitive aggressiveness (CA). These findings contradict those of Nihal and Ata (2014) that found environmental dynamism to

be negatively correlated with the level of entrepreneurial intensity in Turkish firms. Equally, the study findings disagree with the findings of Ruiz-Ortega *et al.,* (2013) that suggest environmental dynamism having a relationship with entrepreneurial intensity. However, the study findings support those of Morris *et al.,* (2007) that found the external environment variable dynamism not to be correlated with not for profit organisations. This could imply that entrepreneurial intensity is industry specific and for enterprises that want to become more entrepreneurial they should create organisational conditions conducive to the development of entrepreneurial intensity to realise changes in performance indicators sales, growth, owner's financial expectations, profits, turnover, customer attraction and retention, satisfaction and number of employees.

Secondly, environmental threats had no significant relationship ($p>0.05$) with frequency and degree of entrepreneurship, risk taking, proactiveness, autonomy and competitive aggressiveness. However, the construct had a positive relationship with innovation ($r=0.176$, $p<0.05$). Furthermore, the findings support those of Qureshi and Kratzer (2011) that found a positive relationship between environmental threats and entrepreneurial intensity in small technology based firms in Germany. In addition, the study findings contradict those of (Nihal and Ata, 2014) that found a negative correlation between environmental threats and entrepreneurial intensity of Turkish firms. Equally, the study disagree with those of Morris *et al.,* (2007). Their findings reveal that environmental threats not to be correlated with entrepreneurial intensity of non for profit enterprises. This could imply, as environmental threats increases, opportunities could arise in the hotel enterprise that could make employees engage in innovative behaviour in pursuing opportunities presented in the environment. Equally, the findings indicate that threatening enterprise environment is positively associated with the dimensions of firm entrepreneurial intensity among enterprises operating in threatening environments

Thirdly, the study findings reveal that environmental heterogeneity had no relationship with frequency and degree of entrepreneurship, innovation, risk taking, proactiveness and competitive aggressiveness ($p>0.05$). The study findings contradict those of (Tatiana, 2014; Jalali, 2012; Sciascia *et al.,* 2006) that found environmental heterogeneity to be related to entrepreneurial intensity. In addition, the findings reveal that environmental heterogeneity had a positive relationship with autonomy ($r=0.184$, $p<0.05$). This supports the findings of Morris *et al.*, 2007 that found a relationship between environmental heterogeneity and autonomy. The study finding could imply as environmental heterogeneity increases the enterprise diversity in operation procedures, technologies and other strategies are likely learn from customers and competitors in different markets. These result in an increase in the level of independence among hotel enterprise employees.

Overall, the fact that entrepreneurial intensity occurs regardless of how dynamic, threatening and heterogeneous the external environment is perceived to be, may suggest that hotel enterprises are more internally focused, or more mission-focused. For them, the driver of entrepreneurship is more the need to serve customers. The results also suggest that being more entrepreneurial does not translate into better performance in terms of sales, growth, owner’s financial expectations, profits, turnover, customer attraction and retention, satisfaction and number of employees.

Table 4.40: Pearson Correlation Coefficient with Bootstrapping of External Environment and Entrepreneurial Intensity

Constructs				FDE	IN	RT	PR	AU	CA
Dynamism	Correlation			-0.036	0.065	0.052	0.094	0.113	0.096
	P-value			0.541	0.266	0.369	0.104	0.051	0.099
	Bootstrap	Bias		0.004	-0.002	0.006	0.006	0.000	0.002
		Std. Error		0.060	0.066	0.054	0.054	0.063	0.065
		95% Confidence Interval	Lower	-0.154	0.018	-0.073	0.018	-0.027	-0.027
			Upper	0.097	0.242	0.194	0.242	0.234	0.238
Threats	Correlation			-0.058	0.176**	0.061	0.056	0.005	0.087
	P-value			0.317	0.002	0.298	0.334	0.934	0.134
	Bootstrap	Bias		-0.001	-0.003	0.031	0.031	0.000	0.003
		Std. Error		0.057	0.064	0.156	0.156	0.064	0.071
		95% Confidence Interval	Lower	-0.169	-0.228	0.049	-0.228	-0.071	-0.032
			Upper	0.070	0.326	0.302	0.326	0.199	0.206
Heterogeneity	Correlation			0.083	0.010	-0.004	0.081	0.076	0.184**
	P-value			0.153	0.862	0.942	0.165	0.191	0.001
	Bootstrap	Bias		0.003	0.004	0.007	0.007	0.002	0.001
		Std. Error		0.058	0.054	0.054	0.054	0.062	0.061
		95% Confidence Interval	Lower	-0.031	-0.018	-0.101	-0.018	-0.037	0.061

Upper	0.200	0.199	0.122	0.199	0.197	0.322

** Denotes Correlation is significant at the 0.01 level (2-tailed), * Denotes Correlation is significant at the 0.05 level (2-tailed), N = 297

Source: Field survey data, 2015

4.8.3 Influence of Entrepreneurial Intensity on Enterprise Performance

Hypothesis H_{O3}: Entrepreneurial intensity has no significant relationship with enterprise performance. The hypothesis addressed the relationship between entrepreneurial intensity and enterprise performance and was based on objective three. This assisted in answering whether the content of entrepreneurial intensity had a relationship with enterprise performance. Information in this section was based on entrepreneurial intensity observed variables: frequency and degree of entrepreneurship, innovation, risk taking, proactiveness, autonomy and competitive aggressiveness. The endogenous variable was enterprise performance with enterprise financial and non-financial as the observed indicators.

The estimated standardized coefficients, Table 4.37 indicated that there is a significant statistical strong positive relationship between entrepreneurial intensity and enterprise performance (β=0.900***, $p<0.001$) with 90% prediction. It was concluded that there was sufficient evidence at the 0.01 level of significance to suggest that entrepreneurial intensity has a strong relationship with enterprise performance. In addition, the standardized path coefficient of 0.90 implies that a 1% increase in entrepreneurial intensity could results in 90% increase in enterprise performance. The finding supports those of Tatian (2014) that found a direct relationship between entrepreneurial intensity and enterprise performance. However, the finding disagrees with those of Zahra (2008) that showed entrepreneurial intensity had no direct effect on enterprise performance. Thus the hypothesis was not supported and concluded that there is a relationship between entrepreneurial intensity and enterprise performance.

To further analyse the specific relationships between entrepreneurial intensity and enterprise performance, Table 4.41 shows the Pearson correlation coefficient with bootstrapping results using SPSS version 20.

Table 4.41: *Pearson Correlation Coefficient with Bootstrapping of Entrepreneurial Intensity and Enterprise Performance*

Constructs				FP	NFP
Frequency and degree of entrepreneurship	Correlation			-0.030	-0.050
	P-value			0.605	0.388
	Bootstrap	Bias		-0.010	-0.006
		Std. Error		0.070	0.063
		95% Confidence Interval	Lower	-0.186	-0.177
			Upper	0.093	0.073
Innovation	Correlation			0.415**	0.328**
	P-value			0.000	0.000
	Bootstrap	Bias		0.006	0.001
		Std. Error		0.047	0.047
		95% Confidence Interval	Lower	0.337	0.232
			Upper	0.519	0.430
Risk Taking	Correlation			0.419**	0.176**
	P-value			0.000	0.002
	Bootstrap	Bias		0.010	0.003
		Std. Error		0.062	0.060
		95% Confidence Interval	Lower	0.311	0.048
			Upper	0.542	0.298
Proactiveness	Correlation			0.201**	0.251**
	P-value			0.000	0.000
	Bootstrap	Bias		0.008	0.002
		Std. Error		0.089	0.063
		95% Confidence Interval	Lower	0.039	0.133
			Upper	0.388	0.378
Autonomy	Correlation			0.191**	0.131*
	P-value			0.001	0.024
	Bootstrap	Bias		0.005	0.001
		Std. Error		0.047	0.057
		95% Confidence Interval	Lower	0.103	0.028
			Upper	0.294	0.238
Competitive Aggressiveness	Correlation			0.214**	0.213**
	P-value			0.000	0.000
	Bootstrap	Bias		0.029	0.024
		Std. Error		0.080	0.085
		95% Confidence Interval	Lower	0.117	0.094
			Upper	0.399	0.405

** Denotes Correlation is significant at the 0.01 level (2-tailed), * Denotes Correlation is significant at the 0.05 level (2-tailed), N = 297

Source: Field survey data, 2015

To begin with, the results indicate that frequency and degree of entrepreneurship had no relationship with enterprise performance ($p>0.05$). This could imply that the study lacks the chance to find a relationship between frequency and degree of entrepreneurship with enterprise performance.

Secondly, innovation had a positive relationship with both enterprise financial (FP) and non-financial performance (NFP) ($r=0.415$, $p<0.05$ and $r=0.328$, $p<0.05$ respectively). The study findings agrees with those of Kraus (2013) that indicated within service enterprises entrepreneurial intensity predicts highly enterprise performance in Austria. Equally, the findings support those of Fakhrul and Selvamalar (2011) and Ngoze *et al.*, (2014) in their findings, innovation was positively related with enterprise performance. These imply that as the hotel enterprise employee's level of innovation increases, enterprise performance increases.

Thirdly, risk taking had a positive relationship with enterprise performance indicators financial and non-financial ($r=0.419$, $p<0.05$ and $r=0.176$, $p<0.05$). The findings confirm those of Fakhrul and Selvamalar (2011) in a study of family firms in Malaysia, found risk-taking to be positively related with enterprise performance. Furthermore, the findings supports those of Ngoze *et al.*, (2014) in a study of manufacturing firms in Kenya, that revealed risk taking to be having a positive relationship with enterprise performance. This could imply as the level of hotel enterprise employee risk taking behaviour increases then the hotel enterprise performance indicators changes.

Fourthly, proactiveness had a positive relationship with enterprise performance ($r=0.201$, $p<0.05$; $r=0.251$, $p<0.05$). The study findings confirm those of Ngoze *et al.*, (2014) and Kraus *et al*. (2012) that found proactiveness to be positively correlated with enterprise performance indicators. This could imply, as the level of hotel enterprise employee acting proactively increases then the performance of the hotel enterprise increases.

Fifthly, autonomy had a positive relationship with enterprise performance indicators financial and non-financial ($r=0.191$, $p<0.05$; $r=0.131$, $p<0.05$). The study finding contradicts those of Ngoze *et al.*, (2014) that found autonomy to be related with

enterprise performance. However the study findings are in agreement with previous findings (Wiklund and Shephered 2003; Fakhrul and Selvamalar, 2011; Wiklund and Shephered, 2003; Messersmith and Wales, 2013). This could imply that as the level of hotel enterprise employee acting independently increases then the performance of the hotel enterprise financially and non-financially increases.

Lastly, the study findings reveal that competitive aggressiveness had a positive relationship with enterprise performance indicators financial ($r=0.214$, $p<0.05$) and non-financial performance ($r=0.213$, $p<0.05$). The study finding contradicts those of Ngoze *et al.*, (2014) that found competitive aggressiveness to be related with enterprise performance However the study findings are confirms previous findings (Wiklund and Shephered 2003; Fakhrul and Selvamalar, 2011; Messersmith and Wales, 2013). This implies that if the employees are aggressive in bringing new ideas and identifying opportunities, enterprise performance indicators will change. Overall, these findings reveal that enterprises engaging in highly entrepreneurial behaviour, chances are entrepreneurial intensity may lead to changes in performance indicators.

4.8.4 The Relationship between Enterprise Profile and Performance through Entrepreneurial Intensity

Hypothesis H_{O4}: Enterprise profile has no significant relationship with performance through entrepreneurial intensity. The hypothesis addressed the relationship between enterprise profile and performance through entrepreneurial intensity and was based on objective four. This assisted in answering whether the content of enterprise profile had any relationship with performance through entrepreneurial intensity.

Information in this section was based on enterprise profile observed variables rewards, management support for entrepreneurship, time availability, enterprise boundaries, size and location. Endogenous variables were entrepreneurial intensity and enterprise performance. Entrepreneurial intensity included frequency and degree of entrepreneurship, innovation, risk taking, proactiveness, autonomy and competitive aggressiveness. Enterprise performance observed variables were financial and non-financial performance.

Bootstrapping using Amos version 18 was conducted to confirm the indirect effect of enterprise profile and performance through entrepreneurial intensity as suggested by Cheung and Lau (2008). Bootstrapping was also used to control type 1 error (where a true hypothesis is rejected). The results are presented in Table 4.42.

Table 4.42: *Bootstrapping Results of Standardised Indirect Effects between* **Enterprise Profile and Performance through Entrepreneurial Intensity**

Constructs	Enterprise Profile	Std. Error	Lower bound	Upper bound
Entrepreneurial Intensity	0.000	0.085	0.000	0.000
Enterprise Performance	0.003	0.387	0.399	2.527
N = 297				

Source: Field survey data, 2015

The result indicate that the indirect effect standardised coefficient weight of enterprise profile on enterprise performance through entrepreneurial intensity is 0.003, $p>0.05$ (95% Confidence interval: 0.399 ~ 2.527). The finding contradicts those Hamed *et al.*, (2014) that found a partial mediation where entrepreneurial intensity was mediating the relationship between enterprise profile measures and enterprise performance. Therefore the null hypothesis, H_{O4}: β Enterprise profile * β enterprise performance = 0. Thus concluded that there is no mediation effect and the null hypothesis was supported and

concluded that enterprise profile has no relationship with enterprise performance through entrepreneurial intensity.

4.8.5 Influence of External Environment on Enterprise Performance Through Entrepreneurial Intensity

Hypothesis H_{O5}: External environment has no significant relationship with enterprise performance through entrepreneurial intensity. The hypothesis addressed the influence of external environment on enterprise performance through entrepreneurial intensity and was based on objective five. This assisted in answering whether the content of external environment had any relationship with performance indicators financial and non-financial through entrepreneurial intensity. Information in this section was based on external environment observed variables dynamism, threats and heterogeneity. Endogenous variables were entrepreneurial intensity and enterprise performance. Entrepreneurial intensity included frequency and degree of entrepreneurship, innovation, risk taking, proactiveness, autonomy and competitive aggressiveness. Enterprise performance observed variables were enterprise financial and non-financial performance.

Bootstrapping using Amos version 18 was employed to confirm the indirect effect of external environment and performance through entrepreneurial intensity as suggested by Cheung and Lau (2008). Bootstrapping was also used to control type 1 error (where a true hypothesis is rejected). The results are presented in Table 4.43.

Table 4.43: **Bootstrapping Results of Standardised Indirect Effects between External Environment and Enterprise Performance through Entrepreneurial Intensity**

Constructs	External Environment	Std. Error	Lower bound	Upper bound
Entrepreneurial Intensity	0.000	0.119	0.000	0.000

Enterprise Performance	0.032	0.384	0.021	0.411
Enterprise Performance	0.032	0.384	0.021	0.411
N = 297				

Source: Field survey data, 2015

The result indicates that the indirect effect standardised coefficient weight of external environment on enterprise performance through entrepreneurial intensity is 0.032 (95% Confidence interval: 0.021 ~ 0.411). These study findings disagree with those Rosenbusch *et al.*, (2013); Nihal and Ata, 2014 and Hamed *et al.*, (2014) that found a partial mediation where entrepreneurial intensity was mediating the relationship between external environment and enterprise performance. However, the study finding supports those of Tatiana (2014) that found entrepreneurial intensity not mediating the relationship between external environment and enterprise performance. Therefore the null hypothesis, H_{O5}: β External environment * β enterprise performance = 0. Consequently, it is concluded there is no mediation effect and the null hypothesis supported that external environment has no relationship with enterprise performance through entrepreneurial intensity.

4.9 Chapter Summary

In summary, data were screened and cleaned in terms of missing values. Descriptive statistics was conducted for each study variables while confirmatory factor analysis was used to test the fit of the measurement models as well as to examine construct reliability and validity of the study constructs. The hypothesized structural model was then tested and modified accordingly. Hotel enterprise employee's data was used to test the study hypotheses using the structural equation modelling (SEM) technique.

The managerial characteristic assessment instrument adopted from Morris *et al.*, (2008) is not totally portable in the Kenyan sample of the current study. Though the existence of

five factors is indicated by the original authors, and a five factor model was identified in the current study, the factors had to be reclassified. The work freedom factor did not feature in the solution of the current study. The factor had low standardized loadings and was omitted for further analysis. Managerial characteristic eventually had four factors, factor of rewards, management support of entrepreneurship, time availability and enterprise boundaries. Furthermore, exploratory factor analysis on the responses of the current study, indicated a two factor solution for the Lundstrom and Stevenson (2005); Nassiuma, (2011) firm characteristic instrument, as suggested by the authors of the original instrument. The two identified factors identified as number of employees and location/hotel enterprise years.

The principle factor analysis of the external environment questionnaire developed by Miller and Friesen (1982) replicated the existence of three factors in accordance with the findings of the original authors, namely dynamism, threats and heterogeneity dimensions. In addition, the entrepreneurial intensity scale adopted from Morris *et al.,* (2008) indicated a six-factor solution agreeing with those identified by the authors. However items that had low loadings were deleted and not subjected to further analysis. The principle factor analysis of the enterprise performance instrument developed by Hughes & Morgan (2006) replicated the existence of two factors and was named financial and non-financial performance dimensions. Moreover, findings of the study indicate that enterprise profile and external environment are related to entrepreneurial intensity while entrepreneurial intensity is highly correlated to enterprise performance.

Indications of the study are that enterprise profile and external environment does not influence enterprise performance through entrepreneurial intensity. The current study contributes considerably to the body of knowledge of firm entrepreneurship conditions required to advance entrepreneurial intensity that exerts enterprise performance from a

reward, management support for entrepreneurship, time availability, enterprise size, dynamism, threats and heterogeneity perspective. Certain these factors are identified that contribute positively to entrepreneurial intensity. On the other hand entrepreneurial intensity dimensions innovation, risk taking, autonomy and competitive aggressiveness highly influence performance (SEM Model, Figure 4.12). Equally, the results show that the final structural model explained 74% and 70% of the variance in entrepreneurial intensity and enterprise performance respectively. From the five proposed hypotheses in this study, only two was supported while the other three indicated an overall influence on entrepreneurial intensity and enterprise performance as indicated in Table 4.44.

Table 4.44: Summary of the Hypotheses Testing

Hypothesis	**Result**
H_{O1}: Enterprise profile has no relationship with entrepreneurial Intensity	Not supported
H_{O2}: External environment has no relationship with entrepreneurial Intensity	Not supported
H_{O3}: Entrepreneurial intensity has no relationship with enterprise Performance	Not supported
H_{O4}: Enterprise profile has no relationship with performance through entrepreneurial intensity	Supported
H_{O5}: External environment has no relationship with enterprise performance through entrepreneurial intensity	Supported

Source: Field survey data, 2015

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Overview

This chapter presents the summary, conclusions, recommendations, limitations and suggestions for further research.

5.2 Summary of Findings

The demographic characteristics of respondents were measured with respect to age, gender, marital status, level of education and working experience. From a sample of 450 respondents consisting of 297 hotel enterprise employees and 153 hotel enterprise owners, the findings indicate that majority 188 (63%) of employees in the hotel enterprises were in the age bracket of 26-33. While most 60 (39.2%) of hotel enterprise owners were in the age bracket of 26-33 years. Moreover, the findings reveal that majority 176 (59%) of the hotel enterprise employees were male, equally, majority 176 (59%) of hotel enterprise owners were male. In addition, the results show that majority 177 (60%) of the hotel enterprise employees were single while majority 109 (71%), of hotel enterprise owners were married. Furthermore, the results show that majority 160 (53.9%) of hotel enterprise employees had secondary certificate. Likewise, majority 79 (52%) of hotel enterprise owners had secondary certificate level.

Descriptive Statistics for Enterprise Profile: Respondents were asked to respond to twenty items reflecting on managerial characteristic. Both hotel enterprise employees (HEE) and hotel enterprise owners (HEO) tended to agree on most of managerial characteristic items (Grand mean = 3.52, SD = 1.16 and grand mean = 3.63, SD = 0.92 for hotel enterprise and employee respectively). With regards to the age of the hotel enterprise as given by employees, most 106 (36%) were between 0-4 years. On the other

hand, the hotel enterprise owners response in terms of hotel enterprise age indicated that most 50 (33%) were between 0-4 years. In view of hotel enterprises nature, the employee of hotel enterprises indicated majority 272 (91%) of hotel enterprises were sole proprietorship. In addition, the hotel enterprise owners gave a similar opinion on the nature of the hotel enterprises with majority 126 (82.4) being sole proprietorship. Moreover, hotel enterprise employees stated that majority 164 (55%) hotel enterprises were located outside the central business development unit (CBD). Likewise, the hotel owners indicated that majority 79 (52%) of the hotel enterprises were located outside the central business development unit. Additionally, hotel employees indicated that majority 160 (54%) of hotel enterprises had between 5-9 employees. Correspondingly, the owners confirmed that majority 84 (55%) of hotel the enterprises had between 5-9 employees. In conclusion, both employees and owners of the hotel enterprises indicated that between 0-4 employees were permanent 205 (69%); 106 (69%) respectively.

Exploratory Factor Analysis for Enterprise Profile: Out of the twenty items proposed to measure managerial characteristic, the principal components factor analysis extracted four factors namely rewards, management support for entrepreneurship, time availability and enterprise boundaries. The five factors explained 12.336, 9.943, 8.656, 8.614 and 8.420 of the variance (47.97% total). However work freedom (factor 4), had low standardised loadings and was eliminated for further analysis. The Kaiser-Meyer-Olkin measure of sampling adequacy statistic was 0.805 and Bartlett's test of sphericity was significant ($p<0.001$) indicating that the data were acceptable for factor analysis. The reliability of the 20 questions measuring managerial characteristic yielded a Cronbach's alpha value of 0.81 which was above the recommended minimum of between 0.6 and 0.7. The results indicate the five factors extracted had Eigen values above 1.0, showing managerial characteristic can be measured by the five factors, factor of rewards,

management support for entrepreneurship, time availability, work freedom and enterprise boundaries**.**

In relation to firm characteristics, the principal components factor analysis extracted two factors namely enterprise size and Location/year of hotel enterprise. The two factors explained 39.061 and 27.557 of the variance (66.62% total). The Kaiser-Meyer-Olkin measure of sampling adequacy statistic was 0.510 and Bartlett's test of sphericity was significant ($p<0.001$) indicating that the data were acceptable for factor analysis. Equally, the reliability of the five questions measuring firm characteristic yielded a Cronbach's alpha value of 0.630 which was well above the recommended minimum of between 0.6 and 0.7. The results further indicate that the two factors extracted had Eigen values above 1.0, showing that firm characteristic could be measured by the two factors, factors of enterprise size and location/year of hotel enterprise.

Confirmatory Factor Analysis for Enterprise Profile: The confirmatory measurement model to be tested postulated a priori that enterprise profile is a five factor structure composed of rewards, management support for entrepreneurship, time availability, enterprise boundaries and firm characteristic. The results of the initial measurement model did not fit the data well. The modification indices however suggested that a better fit could be achieved by modifying this measurement model. The results yielded a very good model fit, refer to Table 4.18. The chi-square statistic value of 71.751 with 58 degrees of freedom p-value = 0.106. The other fit indices were also well within the acceptable limits indicating that the model was acceptable ($\chi^2/df = 1.237$; GFI = 0.968; AGFI = 0.941; CFI = 0.985 and RMSEA = 0.028). Furthermore, the findings indicate the standardized residual covariance; Table 4.19 showed that no value exceeded the standardized value cut-off point of 2.58. The highest value was 2.228 which confirm that the model was a good fit to the data.

Descriptive Statistics for External Environment: The respondents were asked to respond to ten items reflecting on external environment. Overall, the hotel enterprise employees and owners tended to agree that the items indicated external environment (Grand mean = 3.99, SD = 1.10 and Grand mean= 3.90, SD= 0.84). The t-test of all the ten items that measured external environment was significant at $p<0.05$, indicating that the sample size was large enough and the difference between the sample means represents a real difference between the population from which they were sampled.

Exploratory Factor Analysis for External Environment: Out of the ten items proposed to measure external environment, the principal components factor analysis extracted three factors namely dynamism, threats and heterogeneity. The three factors explained 20.352, 15.356 and 14.535 of the variance (50.24% total). The Kaiser-Meyer-Olkin measure of sampling adequacy statistic was 0.731 and Bartlett's test of sphericity was significant ($p<0.001$) indicating that the data were acceptable for factor analysis. Equally, the reliability of the 10 questions measuring managerial characteristic yielded a Cronbach's alpha value of 0.60 which was well above the recommended minimum of between 0.6 and 0.7. The results further indicate that the three factors extracted had Eigen values above 1.0, showing that external environment can be measured by the two factors, factor of environmental dynamism, threats and heterogeneity.

Confirmatory Factor Analysis for External Environment: The confirmatory measurement model to be tested postulated a priori that external environment is a three factor structure composed of environmental dynamism, threats and heterogeneity. The results of the initial measurement model did not fit the data well. The chi-square statistic valued at 40.833 with 17 degrees of freedom was statistically significant at the 0.001 level, indicating a poor fit, Table 4.20. The other fit statistics indicated that the model was not a bad fit (χ^2/df = 2.258, GFI = 0.967; AGFI = 0.930; CFI=0.908; RMSEA =

0.069). All the fit indices used other than the RMSEA were within the acceptable limits. The modification indices however suggested that a better fit could be achieved by modifying this measurement model. Post-hoc modifications were indicated from the analysis suggesting correlating some error terms**.** The overall fit of this modified measurements model of the external environment construct was Chi square goodness of fit value of 9.514, with 13 degree of freedom, significant at p=0.733; χ^2/df = 0.732; GFI = 0.992; AGFI = 0.978; CFI = 1.000; and RMSEA = 0.000, Table 4.21. These fit indices were well within the acceptable fit levels. The standardized residual covariance, Table 4.22 showed that no value exceeded the standardized value cut-off point of 2.58. The highest value was 0.123 which confirm that the model was a good fit to the data.

Descriptive Statistics for Entrepreneurial Intensity: The respondents were asked to respond to eighteen items measuring entrepreneurial intensity. Overall, the hotel enterprise employees and owners tended to be positive on entrepreneurial intensity items (Grand mean = 3.64, SD = 1.18 and Grand mean= 3.74, SD= 1.03). The t-test of the eighteen items measuring entrepreneurial intensity was significant at $p<0.05$, indicating that the sample size was large enough and the difference between the sample means represents a real difference between the population from which they were sampled.

Exploratory Factor Analysis for Entrepreneurial Intensity: Out of the eighteen items proposed to measure entrepreneurial intensity, the principal components factor analysis extracted six factors namely frequency and degree of entrepreneurship, innovativeness, risk taking, proactiveness, competitive aggressiveness and autonomy. The six factors explained 14.623, 13.071, 10.107, 8.181, 8.077 and 8.050 of the variance (62.06% total). The Kaiser-Meyer-Olkin measure of sampling adequacy statistic was 0.717 and Bartlett's test of sphericity was significant ($p<0.001$) indicating that the data were acceptable for factor analysis. Equally, the reliability of the eighteen questions measuring

entrepreneurial intensity yielded a Cronbach's alpha value of 0.723 which was well above the recommended minimum of between 0.6 and 0.7. The results further indicate that the six factors extracted had Eigen values above 1.0, showing that entrepreneurial intensity can be measured by the six factors, factor of frequency and degree of entrepreneurship, innovativeness, risk taking, proactiveness, competitive aggressiveness and autonomy.

Confirmatory Factor Analysis for Entrepreneurial Intensity: The confirmatory measurement model to be tested postulated a priori that entrepreneurial intensity is a six factor structure composed of factors of frequency and degree of entrepreneurship, innovativeness, risk taking, proactiveness, competitive aggressiveness and autonomy. Further examination of the model indicated that the six factors were correlated and that there were fifteen observed variables. The results of the initial measurement model did not fit the data well. The chi-square statistic valued at 153.041 with 75 degrees of freedom was statistically significant at the 0.000 level, indicating a poor fit. The other fit statistics indicated that the model was not a bad fit (χ^2/df = 2.040, GFI = 0.935; AGFI = 0.896; CFI=0.943; RMSEA = 0.059). All the fit indices used other than the AGFI and RMSEA were within the acceptable limits refer to Table 4.23. The modification indices suggested a better fit could be achieved by modifying this measurement model. The results yielded a very good model fit, Table 4.24. The fit indices other than chi square were within the acceptable limits indicating that the model was acceptable (χ^2/df = 1.537; GFI = 0.955; AGFI = 0.923; CFI = 0.973 and RMSEA = 0.043). The standardized residual covariance displayed in Table 4.25 showed that no value exceeded the standardized value cut-off point of 2.58. The highest value was 2.183 this confirms the model was a good fit to the data.

Descriptive Statistics for Enterprise Performance: The respondents were asked to respond to eight items measuring enterprise performance. In general, the hotel enterprise employees and owners tended to be positive on enterprise performance items (Grand mean = 3.69, SD = 1.34 and Grand mean= 3.70, SD= 1.08). The t-test of all the eighteen items that measured enterprise performance intensity was significant at $p<0.05$, indicating the sample size was large enough and the difference between the sample mean represent a difference between the population from which they were sampled.

Exploratory Factor Analysis for Enterprise Performance: Out of the eight items proposed to measure entrepreneurial intensity, the principal components factor analysis extracted two factors namely financial and non-financial performance. The two factors explained 33.840 and 24.072 of the variance (57.91% total). The Kaiser-Meyer-Olkin measure of sampling adequacy statistic was 0.731 and Bartlett's test of sphericity was significant ($p<0.001$) indicating that the data were acceptable for factor analysis. Equally, the reliability of the eight questions measuring enterprise performance yielded a Cronbach's alpha value of 0.721 which was well above the recommended minimum of between 0.60 and 0.70. The results further indicate that the two factors extracted had Eigen values above 1.0, showing that enterprise performance construct can be measured by the two factors, factors of financial and non-financial performance measures.

Confirmatory Factor Analysis for Enterprise Performance: The confirmatory measurement model to be tested postulated a priori that enterprise performance is a two factor structure composed of factors of financial and non-financial performance. Further examination of the model indicated that the two factors were correlated and that there were seven observed variables. The results of the initial measurement model did not fit the data well. The chi-square statistic valued at 123.045 with 19 degrees of freedom was statistically significant at the 0.000 level, indicating a poor fit. The other fit statistics

indicated that the model were a bad fit (χ^2/df = 6.476, GFI = 0.892; AGFI = 0.796; CFI=0.865; RMSEA = 0.136). All the fit indices used were not within the acceptable limits, refer to Table 4.26. The initial model was modified; the results yielded a very good model fit, Table 4.27. The modified measurement model for enterprise performance was developed by implementing the suggested modifications. The overall fit indices of this modified measurement model were found to be acceptable. (χ^2 (31) = 58.745 ($p<0.05$); χ^2/df=1.895; GFI=0.959; AGFI = 0.912; CFI = 0.969; RMSEA = 0.047). The modified model was therefore considered a good fit to the data. The standardized residual covariance displayed in Table 4.28 showed that no value exceeded the standardized value cut-off point of 2.58. The highest value was 2.185 which confirm that the model was a good fit to the data.

Analysis of the study Structural Models: The final modified structural model of entrepreneurial intensity and enterprise performance (SEM Figure 4.12). The model indicated that rewards (RE), management support for entrepreneurship (MSE), time availability (TA) and Location (LO) have high loadings of 0.68, 0.39, 0.44 and 0.38 and are true indicators of enterprise profile. Furthermore, the result indicate that dynamism (DY), threats (TH) and heterogeneity (HE) have high loadings of 0.49, 0.67 and 0.43 showing they are measures of external environment. Additionally, innovation (IN), risk taking (RT), autonomy (AU) and competitive aggressiveness (CA) had high loadings of 0.70, 0.71, 0.34 and 0.40 respectively and are true measures of entrepreneurial intensity. Finally, financial performance (FP) and non-financial performance (NFP) have high loading of 0.71 and 0.52 showing they measure enterprise performance.

An examination of the final modified structural entrepreneurial intensity and enterprise performance model for the goodness of fit revealed as indicated in the statistics, Table 4.35. The results indicate that all the fit indices with the exception of NFI were well within the acceptable ranges (χ^2 /df = 1.444; GFI = 0.943; AGFI = 0.919; CFI= 0.925;

NFI= 0.800; IFI= 0.928 and RMSEA = 0.039). Overall, the fit indices indicate a good fit of the entrepreneurial intensity and enterprise performance model to the data.

The results indicate that enterprise profile explains 82.2% of variance in entrepreneurial intensity behaviour of the hotel enterprise employees (R^2= 0.822, p=0.000), while entrepreneurial intensity explains 90% of variance in enterprise performance (R^2= 0.900, p=0.692). The R^2 values for the final structural models latent endogenous variables that is entrepreneurial intensity and enterprise performance were 0.74 and 0.70 respectively for the final entrepreneurial intensity and enterprise performance model. The findings indicate that 74% of the variance in entrepreneurial intensity and 70% of the variance in enterprise performance was explained by the corresponding indicators.

The results further show that the direct effects paths indicate that enterprise profile positively influenced entrepreneurial intensity (Standardized regression weight R=0.822***, p<0.001). External environment positively influenced entrepreneurial intensity (R=0.214, p<0.001). In addition to this, the indirect effects path indicated that external environment had no influence on enterprise performance (R=0.193, p>0.001). Lastly, direct effect path indicate that entrepreneurial intensity positively influenced enterprise performance (R=0.900***, p<0.001).

Objective one: Objective one determined the influence of enterprise profile on entrepreneurial intensity. It was hypothesized that enterprise profile has no relationship with entrepreneurial intensity. The SEM results indicated that there is a significant statistical strong positive relationship between enterprise profile and entrepreneurial intensity (β=0.822***, p<0.001) with 82.2% prediction. It was concluded that there was sufficient evidence at the 0.01 level of significance to suggest that enterprise profile has a strong positive influence on entrepreneurial intensity. In particular, the standardized path

coefficient of 0.822 implies that a 1% increase in enterprise profile is likely to result in 82.2% increase in entrepreneurial intensity. The hypothesis was not supported and concluded there is a relationship between enterprise profile and entrepreneurial intensity.

Objective two: Objective two determined the relationship between external environment and entrepreneurial intensity. It was hypothesized that external environment has no relationship with entrepreneurial intensity. The SEM results indicated that there is a significant statistical weak relationship between external environment and entrepreneurial intensity ($\beta=0.214$, $p<0.001$). It was concluded that there was sufficient evidence at the 0.01 level of significance to suggest that external environment has a relationship with entrepreneurial intensity. The hypothesis was not supported and concluded that external environment has a relationship with entrepreneurial intensity.

Objective three: Objective three determined the influence of entrepreneurial intensity on enterprise performance. It was hypothesized that entrepreneurial intensity has no relationship with enterprise performance. The SEM results indicated that there is a significant statistical strong positive relationship between entrepreneurial intensity and enterprise performance ($\beta=0.900***$, $p<0.001$) with 90% prediction. It was concluded that there was sufficient evidence at the 0.01 level of significance to suggest that entrepreneurial intensity has a strong relationship with enterprise performance. In addition, the standardized path coefficient of 0.90 implies that a 1% increase in entrepreneurial intensity could results in 90% increase in enterprise performance.

Objective four: Objective four determined the relationship between enterprise profile and performance through entrepreneurial intensity. It was hypothesized that enterprise profile has no relationship with performance through entrepreneurial intensity. The SEM result with bootstrapping indicate that the indirect effect standardised coefficient weight

of enterprise profile on enterprise performance through entrepreneurial intensity is 0.003, p>0.05 (95% Confidence interval: 0.399 ~ 2.527). Therefore the null hypothesis, H_{O4}: β Enterprise profile * β enterprise performance = 0. It was concluded that there is no mediation effect and the null hypothesis was supported and concluded that enterprise profile has no relationship with enterprise performance through entrepreneurial intensity.

Objective five: Objective five determined the influence of external environment on enterprise performance through entrepreneurial intensity. It was hypothesized that external environment has no relationship with enterprise performance through entrepreneurial intensity. The SEM result with bootstrapping indicate that the indirect effect standardised coefficient weight of external environment on enterprise performance through entrepreneurial intensity is 0.032, p>0.05 (95% Confidence interval: 0.021 ~ 0.411). Therefore the null hypothesis, H_{O5}: β External environment * β enterprise performance = 0. Thus, it is concluded there is no mediation effect and the null hypothesis supported that external environment has no relationship with enterprise performance through entrepreneurial intensity.

5.3 Conclusions

The conclusions of this study are derived from the structural equation modelling analysis (SEM, Figure 4.12). The study determined the influence of enterprise profile, and external environment on hotel enterprise performance through entrepreneurial intensity in Uasin Gishu County, Kenya. The influence of enterprise profile on entrepreneurial intensity was positive. This conclusion is supported by on the basis of enterprise profile dimensions rewards, management support for entrepreneurship, time availability had a positive relationship with entrepreneurial intensity dimensions. However the location of the hotel enterprise had a negative relationship with entrepreneurial intensity indicators innovation, proactiveness, autonomy and competitive aggressiveness. Equally, the

relationship between external environment and entrepreneurial intensity was positive. This conclusion is supported on the basis of the study findings that indicate external environment indicator threats to be correlated with innovation while environmental heterogeneity to be positively correlated with entrepreneurial intensity indicator competitive aggressiveness.

Furthermore, the influence of entrepreneurial intensity on enterprise performance was positive. This conclusion is supported by the following evidence, entrepreneurial intensity indicators innovation, risk taking, proactiveness, autonomy, and competitive aggressiveness had a positive relationship with enterprise financial and non-financial performance. However, the relationship between enterprise profile and performance through entrepreneurial intensity was not supported. This conclusion is supported on the basis of the study findings that reveal the indirect effect, standardized coefficient weight of enterprise profile on enterprise performance through entrepreneurial intensity to be insignificant. As a result, it is concluded that entrepreneurial intensity does not mediate enterprise profile and enterprise performance. Also, the influence of external environment on enterprise performance through entrepreneurial intensity was not supported. The study arrived at the conclusion on the evidence that the indirect effect, standardized coefficient weight of external environment on enterprise performance through entrepreneurial intensity to be insignificant. Thus, concluded that entrepreneurial intensity does not mediate external environment and enterprise performance.

In conclusion the results of this study show that enterprise profile and external environment influence entrepreneurial intensity that exerts enterprise performance positively. Consequently, the study revealed that enterprises that put in place a conducive entrepreneurial environment in terms of rewards, management support for entrepreneurship, time availability are able to develop entrepreneurial intensity that is

likely to increase enterprise performance. The study therefore contributes to the previous studies through the development of a conceptual model (SEM, Figure 4.12), which explains the direct and indirect relationship between enterprise profile (consisting of rewards, management support for entrepreneurship, time availability and enterprise location), external environment (consisting of dynamism, threats and heterogeneity), entrepreneurial intensity (consisting of innovation, risk taking, autonomy and competitive aggressiveness) and enterprise performance consisting of financial and non-financial. In addition, the study moves forward the literature concerning the mediating role of entrepreneurial intensity between enterprise profile, external environment and enterprise performance. Furthermore, the study puts a step towards integrating entrepreneurial intensity in a model to explain the relationship between enterprise profile, external environment and enterprise performance.

5.4 Recommendations

Based on the developed structural equation modelling linking enterprise profile, external environment and enterprise performance through entrepreneurial intensity, findings of the study and the associated literature review, recommendations are made with regards to managers, scholars and policymakers.

First, from the managerial point of view, the findings of this study concerning the relationship between enterprise profile, external environment and enterprise performance through entrepreneurial intensity suggest that managers should be aware of the influence of enterprise profile, external environment on enterprise performance through entrepreneurial intensity. The confirmation of a positive relationship between enterprise profile and entrepreneurial intensity path as indicated by the Structural Equation Models (SEM, Figure 4.12) suggest that; enterprise profile dimensions rewards, management support for entrepreneurship, time availability and the location of the enterprise have

influence on employee's level of entrepreneurial intensity. These imply enterprises could integrate a reward and recognition system with its related bonus scheme that is right for incremental entrepreneurial activity at individual and team level.

In addition, innovative ways of giving incentives and recognition to entrepreneurial individuals and teams within the enterprise need to be explored. It is recommended that hotel enterprises set aside funds for start-ups that include awards for the best ideas. Furthermore, hotel enterprises should build the capacity of employees to provide support for innovation and entrepreneurship through entrepreneurial training to encourage entrepreneurial thinking and acting. With regards to time availability, hotel enterprises could learn from other enterprises that have put a day per week or month aside for entrepreneurial behaviour and entrepreneurship development.

The study further reveal that the external environment weakly influences entrepreneurial intensity as indicated by the structural equation model (SEM, Figure 4.12). The external environment consists of external agents that directly affect the enterprises such, as suppliers, customers, regulators and competitors. These agents interact directly with the enterprise and can affect goal achievements. On the basis of this, it can be argued that the external environment can determine the choice of organizational responses in terms of acting in an entrepreneurial manner. The implication is that the external environments could shape entrepreneurial intensity and enterprise performance. Specifically, external environment indicators dynamism, threats and dynamism influence entrepreneurial intensity. This implies that hotel enterprise managers could constantly monitor the external environment and develop appropriate strategies that could enable the manager to know where he is going and what conditions it is likely to encounter along the way. Similarly, monitoring the environment provides a means of balancing the opportunities

and threats anticipated or known to exist in the external environment that could influence the entrepreneurial intensity of the enterprise.

The finding further reveals a strong interplay between entrepreneurial intensity and enterprise performance path as shown by the structural equation model (SEM, Figure 4.12). The dimensions of entrepreneurial intensity that includes innovation and risk taking have strong positive effects on enterprise performance. This implies that managers should encourage entrepreneurial behaviour through recognition and acting as role models for the employees to emulate. Equally, the managers should embrace failure and success to enhance entrepreneurial behaviour within the enterprise. Overall, the study reveals that for enterprises to realize performance, they must enhance entrepreneurial intensity that is influence by enterprise profile and external environment.

Second, this study also has implications for scholars, as it demonstrates that the relationship between enterprise profile, external environment and enterprise profile through entrepreneurial intensity is not so straightforward and there are many aspects to be considered. The measures used to gauge the performance may easily alter the findings, especially if the measures used combine different performance measures into one single indicator as the different performance dimensions may be contradictory and cancel each other out, for instance growth and profitability. Thus it may be worthwhile to use only one dimension of performance at a time in analyses if only possible.

Third, the findings have implication for policy-makers as the empirical evidence suggests that entrepreneurial intensity indicators innovation and risk taking have strong positive effects on enterprise performance and they also may counterbalance the effect of the external environment variables dynamism, threats and heterogeneity. Thus, policy-makers should be aware of the importance of creating support programs which endorse

entrepreneurial initiatives for innovations of enterprises. Notwithstanding, including entrepreneurship in all levels of education and training could enhance awareness of entrepreneurship as a career choice and hence increase level of entrepreneurial activities.

5.5 Limitations and Implications of the Study

This study faced a number of limitations which have generated implications for future study in the field. Firstly, the study focused only on employees and owners of hotel enterprises in Uasin Gishu County, Kenya. It is possible if the study was conducted on other employees and owners of other hotel enterprises in other Counties in Kenya, the magnitude and direction of the relationship between the study variables might be different. Thus future research should include other stakeholder's to better understand the relationship between firm entrepreneurial intensity and enterprise performance.

Secondly, the richness of the study is limited by the cross-sectional design taken. Future research could explore the particular links between enterprise profile, external environment, entrepreneurial intensity and enterprise performance to determine the extent of their potential relationships using a longitudinal design. Different performance measurement instruments could be investigated at the same time. This is particularly important for Kenya because factors in the external environment variables dynamism, threats and heterogeneity changes over time.

Thirdly, the study was limited to the mediation role of entrepreneurial intensity between enterprise profile, external environment and enterprise performance. Further research may contribute to literature by considering entrepreneurial intensity as a mediator between different factors of enterprise profile, external environment and enterprise performance. Furthermore, future research could find some moderating effects for example; the moderating role of external environment on the relationship between

enterprise profile, entrepreneurial intensity and enterprise performance. Equally, future studies could look at both mediating and moderating models in the study constructs.

Fourth, the present study utilized few set of goodness of fit indices that included the chi-square, absolute fit indices and incremental fit indices. Thus, future research could be conducted with a different set of goodness of fit indices to see if the study could be replicated. Inclusion of parsimony fit indices is recommended.

Fifthly, the study was limited to the variables enterprise profile, external environment, entrepreneurial intensity and enterprise performance. Future research could examine additional factors such as technology to enable entrepreneurial intensity. This relates to the use of the internet to maximize and promote entrepreneurship, and the exploration of programmes that facilitates the flow and capturing of new ideas. In addition, financial resources could be included that might enable entrepreneurial intensity in the enterprise.

Sixthly, this study used Maximum Likelihood Method for model estimation while conducting confirmatory factor analysis (CFA). Thus, other studies could use other estimation methods such as Un-weighted least squares, generalised least squares and Scale-free least squares to see if the study could be replicated.

Lastly, this study faced the limitation of research generalizability. The results of the study may not be generalized to all sectors owing to t particularities of different sectors. Therefore, future research be conducted in different sectors and more fully a comparative study between sectors is recommended.

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Appendix 1: Research Permit

NACOSTI

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

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

9th Floor, Utalii House
Uhuru Highway
P.O. Box 30623-00100
NAIROBI-KENYA

Ref: No.

Date:
5th August, 2015

NACOSTI/P/15/7752/7069

Nebert Kipchirchir Matelong
Moi University
P.O Box 3900-30100
ELDORET.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on ***"Firm Entrepreneurial Intensity and performance of hotel enterprises in Uasin Gishu County, Kenya,"*** I am pleased to inform you that you have been authorized to undertake research in **Uasin Gishu County** for a period ending **30th November, 2015.**

You are advised to report to **the County Commissioner and the County Director of Education, Uasin Gishu County** before embarking on the research project.

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

DR. S. K. LANGAT, OGW
FOR: DIRECTOR-GENERAL/CEO

Copy to:

Proceed 14/8/15

COUNTY COMMISSIONER
UASIN GISHU COUNTY

The County Commissioner
Uasin Gishu County.

The County Director of Education
Uasin Gishu County.

Authorized
14/8/15

FOR COUNTY DIRECTOR OF EDUCATION
UASIN GISHU COUNTY
ELDORET

Number: _____

Location: CBD **(**) Outside CBD ( )

Appendix 2: Information and Consent Form English Version

Information and Consent Form

This questionnaire serves as part of a Doctoral Degree in Entrepreneurship Development research, which aims to examine Firm Entrepreneurial Intensity and performance of hotel enterprises in Uasin Gishu County, Kenya. The study is expected to be useful material in entrepreneurship capacity building and provide information for policy makers towards entrepreneurship development. The completion of this questionnaire is voluntary, and your co-operation will be greatly appreciated. Confidentiality will be strictly adhered to and there will be no mention of your personal name or your enterprise.

Declaration by Participant

I, the undersigned participant,

a) Have been informed of the nature of the research and the nature of my participation,
b) Have voluntarily agreed to participate in the research,
c) I am aware that strict confidentiality will be adhered to, with there being no reference to my personal name or my enterprise

Signature of Participant: ---------- Date ----------

Witnessed by Researcher: ----------Date ----------

Nebert K. Matelong,
Reg. No. SHRD/Ph.DE/02/13. Tel. 0721757466,
Phd Student, Moi University, Kenya,
School of Human Resource Development,
Department of Quantitative Skills and Entrepreneurship Studies.

Checked by Supervisors:

Signed ---------- Date ----------

Dr. Bernard K. Nassiuma,
Department of Quantitative Skills and Entrepreneurship Studies,
School of Human Resource Development and Project Planning,
Moi University, Kenya.

Signed ---------- Date ----------

Prof. Peter I. Omboto,
Department of Quantitative Skills and Entrepreneurship Studies,
School of Human Resource Development,
Moi University, Kenya.

Thank You for Your Participation, God bless.

Nambari: ____

Mahali: Mjini ( ) Nje ya jiji ( )

Appendix 3: Information and Consent Form Kiswahili Version

Habari na Fomu ya Ridhaa

Hojaji hii inatumika kama sehemu ya shahada ya uzamili katika utafiti wa maendeleo ya ujasiriamali ambay o inalenga kuchunguza kiwango cha kampuni ya yasiriamali na utendakazi wa biashara ya hoteli katika kaunti/gatuzi ya Uashi Gishu, nchini Kenya. Utafiti huu unatarajiwa uwe na manufaa kwa vifaa vya ujasiriamali katika kuwezesha ujenzi na habari kwa washika dau kuelekeza maendeleo ya ujasiriamali kukamilika kwa hii hojaji ni hiari, lakini ushirikiano wako kwa jina lako wala baishara yako.

Uamuzi wa Mshiriki
Mimi ambaye ni mshiriki
a) Nimepewa habari ya asili ya utafiti na pia asili ya ushirikisho wangu.
b) Nimekubali kwa hiari kushiriki kwa utafiti.
c) Nina ufahamu kwamba usiri utazingatiwa, hivyo basi hakutakuwepo kutajwa kwa jina langu au biashara yangu.

Sahihi ya Mshiriki: ---------- Tarehe ----------

Ushaidi wa mtafiti: ---------- Tarehe ----------
Nebert K. Matelong,
Nambari ya Isajili SHRD/Ph.DE/02/13- Simu 0721757466,
Mwanafunzi wa Uzamili, Chuo Kikuu Cha Moi, Kenya,
Shule ya Rasilimali ya Maendeleo ya Kibinadamu,
Idara ya Upimaji Ujuzi na Masomo ya Ujasiriamali.

Kuangaliwa na Wasimamizi,

Sahihi: ---------- Tarehe ----------
Dkt. Bernard K. Nassiuma,
Idara ya Upimaji Ujuzi na Masomo ya Ujasiriamali,
Shule ya Rasilimali ya Maendeleo ya Kibinadamu,
Chuo Kikuu Cha Moi, Kenya.

Sahihi: ---------- Tarehe ----------
Prof. Peter I. Omboto,
Idara ya Upimaji Ujuzi na Masomo ya Ujasiriamali,
Shule ya Rasilimali ya Maendeleo ya Kibinadamu,
Chuo Kikuu Cha Moi, Kenya.

Nashukuru Kwa Ushiriki Wako, Mungu akubariki.

Appendix 4: Questionnaire for Hotel Enterprise Employees English Version

Part A: Hotel Enterprise Profile

Respondent Background

1. What is your age in years? ----------
2. What is your gender? Male? ( ) Female? ( )
3. What best describes your family situation? Single ( ) Married ( ) Single parent with child(ren) ( ) Married with child(ren) ( )
4. What is the highest level of education you have completed?
   Primary certificate ( ) Secondary certificate ( ) Diploma Univerisity degree ( )
   Other ----------
5. How many years have you worked in the hotel enterprise? (Full years)
   0 to 4 years ( ) 5 to 9 years ( ) 10 to 14 years ( ) 15 to 19 years ( )
   20 years and more ( )

(a) Entrepreneur Managerial Characteristic

In terms of how you perceive your workplace and Enterprise, please tell us how much you agree or disagree with the following statements. Circle a number that best reflects your opinion for each statement (SD= Strongly Disagree, D= Disagree, N = Neutral, A= Agree, SA= Strongly Agree).

Rewards		**SD**	**D**	**N**	**A**	**SA**
A1a	My employer helps me get my work done by removing obstacles and roadblocks					
A2a	I get financial support for innovative ideas					
A3a	The rewards I receive are dependent upon my work on the job					
A4a	A promotion usually follows from the development of new and innovative ideas					
Management Support for Firm Entrepreneurship		**SD**	**D**	**N**	**A**	**SA**
A5a	My enterprise is quick to use improved work methods that are developed by employees					
A6a	Management is aware and very open to my ideas and suggestions					
A7a	I receive encouragement for coming up with innovative ideas					
A8a	Money is usually available to get new ideas off the ground					
Time Availability		**SD**	**D**	**N**	**A**	**SA**

A9a	During the past three months, my work load did not keep me from spending time on developing new ideas					
A10a	I have enough time to get everything done					
A11a	I feel like I work with time constraints on my job					
A12a	My co-workers and I have time for long term problem solving					
Work Discretion (Freedom)		**SD**	**D**	**N**	**A**	**SA**
A13a	I feel like I am my own boss and do not have to double check all of my decisions with someone					
A14a	I am usually punished and criticized when I make a mistake on my job					
A15a	This business provides the freedom to use my own decision					
A16a	I have the freedom to decide what to do on my job					
Enterprise Boundaries		**SD**	**D**	**N**	**A**	**SA**
A17a	In the past three months, I have always followed standard operating procedures to do my job					
A18a	The hotel has many written rules and procedures that exist for doing my job					
A19a	There is little insecurity in my job					
A20a	During the past year, my employer/supervisor discussed my work performance with me					

Firm Characteristic

This part contain questions relating to your hotel enterprise characteristics please indicate your responses in the space provided as appropriate

A21a What is the number of years the hotel enterprise has been in existence? ----------

A22a What is the nature of your hotel enterprise?

Sole proprietorship ( ) Partnership ( ) Limited company ( )

Other ----------

A23a What is the location of your hotel enterprise?

CBD ( ) Outside CBD ( ) Other ----------

A24a How many employees have been employed in your hotel enterprise? ----------

A25a How many employees are permanent? ----------

Part B: External Environment

In terms of the environment, tell us how much you agree or disagree with the following statements. Circle a number that best reflects your opinion for each statement (SD= Strongly Disagree, D= Disagree, N = Neutral, A= Agree, SA= Strongly Agree).

Environmental Dynamism		**SD**	**D**	**N**	**A**	**SA**
B1a	The rate at which product and services are getting outdated in the hotel sector is very low					
B2a	Actions of our competitors are easy to predict					
B3a	Demand and consumer tastes are fairly easy to predict					
B4a	Our services is not subject to very much change					
Environmental Threats		**SD**	**D**	**N**	**A**	**SA**
B5a	The hotel sector is faced with tough price competition					
B6a	The hotel is faced with declining markets for services					
B7a	Government intervention is a threat					
Environmental Heterogeneity		**SD**	**D**	**N**	**A**	**SA**
B8a	Customer buying habits usually changes					
B9a	The nature of the competition is intense					
B10a	The market is dynamic and uncertain					

Part C: Entrepreneurial Intensity

In terms of frequency and degree of entrepreneurship kindly tick the number that reflects your opinion for each statement (SL= significantly less, L= Less, S= Same, M= More, SM= Significantly more, NI= I had no improvements or revisions).

C1a	How many new services did YOU introduce in the enterprise over the past one year? ----------						
Frequency and degree of entrepreneurship		**SL**	**L**	**S**	**M**	**SM**	**NI**
C2a	How does the number of new service or product improvements that YOU introduced during the past two years compare to previous years?						
C3a	How does the number of new service introduction to your enterprise compare with those of the competitors?						
C4a	To what degree did these new service introduction include services that did not previously exist in your markets (new to the market)						

Tell us how much you agree or disagree with the following statements. Tick a number that best reflects your opinion for each statement (SD= Strongly Disagree, D= Disagree, N= Neutral, A= Agree, SA= Strongly Agree).

Innovativeness		**SD**	**D**	**N**	**A**	**SA**
C5a	The hotel owner actively responds to main competitors´ new ways of doing things.					
C6a	Our employer gives us room to try new ways of doing things and seek unusual, novel solutions in our hotel					
C7a	We are encouraged to think and behave in original and novel ways					

Risk taking		**SD**	**D**	**N**	**A**	**SA**
C8a	In our hotel we have a strong propensity for taking high-risks					
C9a	We believe, owing to the nature of the environment, that bold, wide-ranging acts are necessary to achieve our enterprise objectives					
C10a	When there is uncertainty, our enterprise adopts a “wait-and see” posture in order to minimize the probability of making costly decisions					
Proactiveness		**SD**	**D**	**N**	**A**	**SA**
C11a	Our enterprise favors a strong emphasis on Research & Development and innovations					
C12a	In the past years, our enterprise has marketed a wide variety of new lines of products and/or services.					
C13a	In the past years, changes in our products and/or service lines have been mostly of a minor nature					
Aggressiveness		**SD**	**D**	**N**	**A**	**SA**
C14a	In dealing with competitors, our enterprise often leads the competition, initiating actions to which our competitors have to respond					
C15a	In dealing with competitors, our enterprise adopts a very competitive posture aiming to overtake competitors					
Autonomy		**SD**	**D**	**N**	**A**	**SA**
C16a	The enterprise supports the efforts of employees who work independently					
C17a	We believe that: the best results occur when employees decide for themselves what business opportunities to pursue.					
C18a	Employees make decisions on their own without constantly referring to the owner/supervisor					

Part D: **Enterprise Performance**

Listed below are statements describing the **performance** of your hotel enterprise, how would you rate your enterprise actual current conditions of performance? (SD= Strongly Disagree, D= Disagree, N= Neutral, A= Agree, SA= Strongly Agree).

Enterprise Performance		**SD**	**D**	**N**	**A**	**SA**
D1a	Over the last year, our enterprise has generated a high sales revenue					
D2a	Over the last year, our enterprise has achieved rapid growth					
D3a	Over last year, our enterprise has fully met our owners financial expectations					
D4a	Our current profitability is very much higher than that of other comparable businesses					
D5a	Our current turnover is very much higher than that of other businesses					
D6a	Over the last year, we have been very successful in attracting and retaining new customers					
D7a	Over the last one year, the performance of our hotel has been satisfactory					
D8a	Over the last one year, our enterprise increased the number of employees					

Any other comments please

Optional information so that we can send you the results of this study,

Name: _____ Enterprise: _____

Address: _____ Phone and email: _____

I sincerely appreciate your time and cooperation. Please check to make sure that you have not skipped any questions accidentally. Thank you!

Appendix 5: Questionnaire for Hotel Enterprise Owners English Version

Part A: Hotel Enterprise Profile

Respondent Characteristic

1. What is your age in years? ----------
2. What is your gender? Male? ( ) Female? ( )
3. What best describes your family situation? Single ( ) Married ( ) Single parent with child (ren) ( ) Married with child (ren) ( )
4. What is the highest level of education you have completed? Primary certificate ( ) Secondary certificate ( ) Diploma University degree ( ) Other ----------
5. How many years have you been in the hotel enterprise business? (Full years)
   0 to 4 years ( ) 5 to 9 years ( ) 10 to 14 years ( ) 15 to 19 years ( )
   20 years and more ( )

(a) Entrepreneur Managerial Characteristic

In terms of how you perceive your workplace and Enterprise, please tell us how much you agree or disagree with the following statements. Circle a number that best reflects your opinion for each statement (SD= Strongly Disagree, D= Disagree, N= Neutral, A= Agree, SA= Strongly Agree).

Rewards		**SD**	**D**	**N**	**A**	**SA**
A1b	I help my employees get their work done by removing obstacles and roadblocks					
A2b	I give my employees financial support for innovative ideas					
A3b	The rewards I give my employees are dependent on their work					
A4b	I promote employees who develop and come up with new and innovative ideas					
Management Support for Firm Entrepreneurship		**SD**	**D**	**N**	**A**	**SA**
A5b	I am quick to use improved work methods that are developed by employees					
A6b	I am aware and very open to employees ideas and suggestions					
A7b	I encourage employees for coming up with innovative ideas					
A8b	I give employees money to get new ideas off the ground					
Time Availability		**SD**	**D**	**N**	**A**	**SA**

A9b	Employees work load did not keep them from spending time on developing new ideas					
A10b	My employees have enough time to get everything done					
A11b	I feel like my employees work with time constraints					
A12b	My employees have time for long term problem solving					
Work Discretion (Freedom)		**SD**	**D**	**N**	**A**	**SA**
A13b	My employees feel like they are their own boss and do not have to double check all of my decisions with me					
A14b	I usually punish and criticize my employees when they make a mistake					
A15b	My enterprise provides the chance for employees to be creative and try their own methods of doing the job					
A16b	I provide the freedom for employees to decide what to do					
	Enterprise Boundaries	**SD**	**D**	**N**	**A**	**SA**
A17b	My employees always follow standard operating procedures to do their job					
A18b	My hotel has many rules and procedures that exist for doing the job					
A19b	There is little insecurity in my enterprise					
A20b	I discuss with employees about their work performance					

(b) Firm Characteristic

This part contains questions relating to your hotel enterprise characteristics please indicate your responses in the space provided as appropriate

A21b What is the number of years the hotel enterprise has been in existence? ----------

A22b What is the nature of your hotel enterprise? Sole proprietorship ( )

Partnership ( ) Limited company ( ) Other ----------

A23b What is the location of your hotel enterprise?

CBD ( ) Outside CBD ( ) Other ----------

A24b How many employees do you have in your hotel enterprise? ----------

A25b How many employees are permanent? ----------

Part B: External Environment

In terms of the environment characteristic, tell us how much you agree or disagree with the following statements. Circle a number that best reflects your opinion for each statement (SD= Strongly Disagree, D= Disagree, N= Neutral, A= Agree, SA= Strongly Agree).

Environmental Dynamism		**SD**	**D**	**N**	**A**	**SA**
B1b	The rate at which product and services are getting outdated in the hotel sector is very low					
B2b	Actions of our competitors are easy to predict					
B3b	Demand and consumer tastes are fairly easy to predict					
B4b	Our services is not subject to very much change					
Environmental Threats		**SD**	**D**	**N**	**A**	**SA**
B5b	The hotel sector is faced with tough price competition					
B6b	The hotel is faced with declining markets for services					
B7b	Government intervention is a threat					
Environmental Heterogeneity		**SD**	**D**	**N**	**A**	**SA**
B8b	Customer buying habits usually changes					
B9b	The nature of the competition is intense					
B10b	The market is dynamic and uncertain					

Part C: Entrepreneurial Intensity

In terms of frequency and degree of entrepreneurship kindly tick the number that reflects your opinion for each statement (SL= Significantly less, L= Less, S= Same, M= More, SM= Significantly more, NI= I had no improvements or revisions).

C1b	How many new services did YOUR employee introduce over the past one year? ----------						
Frequency and degree of entrepreneurship		**SL**	**L**	**S**	**M**	**SM**	**NI**
C2b	How does the number of new service or product improvements that your employee introduced during the past two years compare to previous years?						
C3b	How does the number of new service introduction to your enterprise compare with those of the competitors?						
C4b	To what degree did the new service introduction include services which did not previously exist in your markets (new to the market)						

Tell us how much you agree or disagree with the following statements. Tick a number that best reflects your opinion for each statement (SD= Strongly Disagree, D= Disagree, N= Neutral, A= Agree, SA= Strongly Agree).

Innovativeness		**SD**	**D**	**N**	**A**	**SA**
C5b	I actively respond to my main competitors´ new ways of doing things.					
C6b	I let my employees to try new ways of doing things and seek unusual, novel solutions in my hotel					
C7b	I encourage employees to think and behave in original and novel ways					

Risk taking		**SD**	**D**	**N**	**A**	**SA**
C8b	In general, the employees in my hotel have a strong propensity for taking risk					
C9b	I believe, owing to the nature of the environment, that bold, wide-ranging acts are necessary to achieve enterprise objectives					
C10b	When there is uncertainty, I adopt “wait-and see” posture in order to minimize the probability of making costly decisions					
Proactiveness		**SD**	**D**	**N**	**A**	**SA**
C11b	In general, I favor a strong emphasis on Research & Development and innovations					
C12b	In the past years, my employees marketed a wide variety of new lines of products and or services.					
C13b	In the past years, changes in our products and or service lines have been mostly of a minor nature					
Competitive Aggressiveness		**SD**	**D**	**N**	**A**	**SA**
C14b	In dealing with competitors, I lead the competition, initiating actions to which our competitors have to respond					
C15b	In dealing with competitors, my enterprise adopts a very competitive posture aiming to overtake competitors					
Autonomy		**SD**	**D**	**N**	**A**	**SA**
C16b	I support the efforts of employees who work independently					
C17b	I believe that the best results occur when employees decide for themselves what business opportunities to pursue					
C18b	Employees make decisions on their own without constantly referring to me					

Part D: **Enterprise Performance**

Listed below are statements describing the **performance** of your hotel enterprise, how would you rate your enterprise actual current conditions of performance? Key (SD= Strongly Disagree, D= Disagree, N= Neutral, A= Agree, SA= Strongly Agree).

Enterprise Performance		**SD**	**D**	**N**	**A**	**SA**
D1b	Over the last year, my enterprise has generated a high sales revenue					
D2b	Over the last year, my enterprise has achieved rapid growth					
D3b	Over last year, my enterprise has fully met my financial expectations					
D4b	My current profitability is very much higher than that of other comparable businesses					
D5b	My current turnover is very much higher than that of other businesses					
D6b	Over the last year, I have been very successful in attracting and retaining new customers					
D7b	Over the last one year, the performance of my hotel has been satisfactory					
D8b	Over last one year, I have increased the number of employees in my enterprise					

Any other comments please

Optional information so that we can send you the results of this study,

Name: _____ Enterprise: _____

Address: _____ Phone and email: _____

I sincerely appreciate your time and cooperation. Please check to make sure that you have not skipped any questions accidentally. Thank you!

Appendix 6: Questionnaire for Hotel Enterprise Employees Kiswahili Version

Sehemu A: Sifa Za Mhusika

Sifa za Mhusika

1. Una umri gani? ----------
2. Jinsia yako? Kiume ( ) Kike ( )
3. Nini hasa inaeleza hali yako kifamilia? U pekee ( ) Kwenye ndoa ( )
   Mzazi pekee na mtoto/watoto ( ) Kwenye ndoa na mtoto/watoto ( )
4. Ni kiwango gani cha elimu ya juu ambacho umehitimu?
   Shule ya msingi ( ) Shule ya sekondari ( ) Shahada/ Diploma ( ) chuo kikuu ( )
   Nyingine ----------
5. Kwa muda wa miaka mingapi umefanya kazi kwenye hoteli?
   Miaka 0-hadi 4 ( ) Miaka 5-hadi 9 ( ) Miaka 10-hadi 14 ( )
   Miaka 15- hadi 19 ( ) Miaka ishirini au zaidi ( )

(a) Sifa Za Usimamizi Wa Mfanyi Biashara

Jinsi unavyoona mahali pako pa kazi na biashara hii twambie kama unakubaliana na maelezo haya, chora duara kwa nambari inayoonyesha msimamo wako kwa kila elezo. (SK=sikubali kabisa, S= sikubali, K-Kadri, N= Nakubali, NK= Nakubali kabisa)

Matokeo		**SK**	**S**	**K**	**N**	**NK**
A1a	Muajiri wangu ananisaidia kufanya kazi kwa kuondoa vizingiti na vizuizi kazini					
A2a	Napata ufadhili wa kifedha kwa sababu ya ubunifu wa mawazo					
A3a	Napokea pongezi kwa kazi nayofanya					
A4a	Cheo hutokea kwa uendelezaji au ukuaji wa mawazo mapya ya ubunifu					
Msaada Uungwaji Wa Usimamizi Katika Biashara		**SK**	**S**	**K**	**N**	**NK**
A5a	Biashara yangu inaweza kutumia njia za haraka katika utendakazi zenye zinbuniwa/zinatolewa na wafanyikazi					
A6a	Usimamizi unajua na uko wazi kwa mapendekezo na mawazo mapya					
A7a	Natiwa motisha/naungwa mkono kwa ubunifu wa mawazo mapya					
A8a	Hela/pesa huwa tayari kutekeleza mawazo mapya					
Kuwepo Kwa Wakati		**SK**	**S**	**K**	**N**	**NK**

A9a	Kwa miezi mitatu iliyopita, kiwango cha kazi hakijanizuia kupata wakati wa kukuza mawazo mapya					
A10a	Nina wakati wa kutosha kumaliza kila kitu					
A11a	Nahisi nafanya kazi kwa uchache wa masaa					
A12a	Mie na wafanyika wenzangu tuna muda wa kutatua migogoro ya kudumu					
Uhuru Kazini		**SK**	**S**	**K**	**N**	**NK**
A13a	Nahisi mimi ndiye bosi hivyo siezi kushuku maamuzi yangu kwa mtu mwingine					
A14a	Mimi hulemewa kila napofanya makosa kazini					
A15a	Biashara hii inanipa uhuru wa kutumia mbinu na maamuzi yangu					
A16a	Nina uhuru wa kuamua kufanya lolote kazini					
Mipaka Biashara		**SK**	**S**	**K**	**N**	**NK**
A17a	Kwa miezi tatu iliyopita, nimefuata utaratibu wa utenda kazi kazini					
A18a	Hoteli ina sheria nyingi na utaratibu ambazo zipo kwa kufanya kazi yangu					
A19a	Kuna kiwango cha chini cha uhaba kwa usalama katika kazi yangu					
A20a	Kwa muda uliopita tulijadili utendakazi wangu na mwajiri/msimamizi.					

(b) Sifa Za Biashara Kampuni/Biashara

Sehemu hii inajumuisha maswali kuhusu sifa za biashara yako ya hoteli tafadhali onyesha jibu lako kwenye nafasi iliyoachwa sahihi.

A21a Ni miaka mingapi biashara yako ya hoteli imelindama? ----------

A22a Biashara yako ni ya aina gani? Yako binafsi ( ) Muungano ( )
Usajili wa kampuni ( ) Mingine ( )

A23a Biashara yako inapatika wapi? mjini ( ) nje ya jiji ( ) Nyingine ----------

A24a Wafanyikazi wangapi wameajiriwa? ----------

A25a Wafanyikazi wangapi ni wa kudumu? ----------

Sehemu B: Mazingira Ya Nje

Kwa mujibu wa mazingira, tuambie kama unakubaliana na maelezo yafuatayo. Chora duara kwa nambari inayoonyesha msimamo wako kwa kila elezo. (SK=sikubali kabisa, S= sikubali, K-Kadri, N= Nakubali, NK= Nakubali kabisa)

Mabadiliko Kimazingira		**SK**	**S**	**K**	**N**	**NK**
B1a	Kiwango ambacho bidhaa na huduma zinazidi kupitwa na wakati kwa sekta ya hoteli iko chini mno					
B2a	Matendo ya washindani wetu ni rahisi kutabiri					
B3a	Mahitaji na aina ya matumizi ya wateja ni rahisi kutabiri					
B4a	Huduma zetu kwa kikubwa habadiliki					
Tishio La Kimazingira		**SK**	**S**	**K**	**N**	**NK**
B5a	Sekta ya hoteli inakabiliwa na ugumu wa bei					
B6a	Hoteli inakabiliwa na upungufu wa soko kwa huduma zilizopo					
B7a	Serikali kuingilia kati ni tishio					
Tofauti Mingi Kimazingira		**SK**	**S**	**K**	**N**	**NK**
B8a	Tabia ya wateja kununua bidhaa hubadilika kila mara					
B9a	Kuna ushindani mkali mno					
B10a	Soko hubadilika na haina uhakika					

Sehemu C: <u>Kiwango Cha Ujasirimali</u>

Tuambie kama unakubaliana na maelezo yafuatayo. Chora duara kwa nambari inayoonyesha msimamo wako kwa kila elezo (CM= chini mno, CK= chini kiasi, S= sawa, Z= zaidi, JS =juu sana, SM= Sikuwa na marekebisho)

C1a	Ni huduma ngapi mpya ambazo umeanzisha kwa muda upitao mwaka moja? _____						
		CM	**CK**	**S**	**Z**	**JS**	**SM**
C2a	Jinsi gani huduma mpya au bidhaa iliyoboreshwa ambazo ulianzisha muda wa miaka mbili iliyopita ikilinganishwa na miaka ya awali?						
C3a	Jinsi gani idadi ya huduma mpya kuanzishwa ambayo biashara yako ilifanywa ikilinganishwa na zile za washindani.						
C4a	Ni kiwango kipi ambazo hizi huduma mpya kuanzishwa ni pamoja na huduma ambazo hazikuwepo kwenye soko hapo awali(mpya kwenye soko)						

Ubunifu		**SK**	**S**	**K**	**N**	**NK**
C5a	Mumiliki wa hoteli ajibu kiukamilifu kuhusu washindani namna mpya ya kufanya vitu					
C6a	Tuko tayari kujaribu njia mpya ya kutenda kazi na kutafuta kikawaida ufumbuzi kwa hoteli yetu					
C7a	Tunahamasishwa kufikiria na kuishi kimsingi na huduma					
Kukabili Hatari		**SK**	**S**	**K**	**N**	**NK**
C8a	Katika hoteli yetu, tuko na muundo mkubwa kukabili hatari					
C9a	Tunaamini kutokana na asili ya mazingira kwamba ujasiri, matendo kiupana ni muhimu kufikia malengo ya biashara					
C10a	Ambapo kunapo kutokuwa na uhakika biashara yetu hupitisha subiri na uone mkao katika kupungua uwezekano wa kutoa uamuzi wa gharama kubwa					
Mitazamo		**SK**	**S**	**K**	**N**	**NK**

C11a	Biashara yetu inapendelea mkazo dhabiti kwa utafiti na maendeleo pamoja na ubunifu					
C12a	Kwa muda uliopita, biashara yetu imewezesha aina ya mauzo mapana ya bidhaa mpya na huduma					
C13a	Hapo awali, mabadiliko katika bidhaa zetu na huduma imekuwa mdogo mno					
Makabiliano		**SK**	**S**	**K**	**N**	**NK**
C14a	Katika kukabiliana na washindani, biashara yetu huongeza shindano, kuanzisha matendo ambayo washindani wetu lazima waitike					
C15a	Katika kukabiliana na washindani, biashara yetu huzingatia mkazo dhabiti inayolenga iwafikie washindani					
Uhuru Kazini		**SK**	**S**	**K**	**N**	**NK**
C16a	Biashara inaunga mkono wafanyikazi wanaofanya kazi kujitegemea					
C17a	Tunaamini kwamba, matokeo bora huja wakati wafanyikazi hujiamulia wenyewe nafasi za kazi wao kutekeleza					
C18a	Wafanyikazi hufanya uamuzi wao binafsi bila kuhuusisha mwajiri/msimaizi					

Sehemu D: <u>Utendaji Wa Biashara</u>

Yaliyo hapa chini ni maelezo kuhusu utendaji kazi katika biashara yenu ya hoteli, ni vipi utapima vipi hali ya utendakazi kwa sasa katika hoteli? (SK=sikubali kabisa, S= sikubali, K-Kadri, N= Nakubali, NK= Nakubali kabisa)

Utendaji Wa Biashara		**SK**	**S**	**K**	**N**	**NK**
D1a	Kwa muda uliopita, biashara yatu imezalisha mauzo ya mapato ya juu					
D2a	Kwa muda uliopita biashara yetu imefanikiwa kua kwa kasi					
D3a	Kwa muda uliopita, biashara imetimiza matarajio ya mwajiri wetu ya kifedha					
D4a	Faida yetu kwa sasa ni zaidi tukilinganisha na biashara zingine					
D5a	Mauzo yetu kwa sasa ni mengi kushinda biashara zingine					
D6a	Kwa muda uliopita tumefanikiwa kuwavutia na kuwahifadhi wateja wapya wengi					
D7a	Kwa muda uliopita, biashara ya utendaji ya hoteli yetu imekuwa ya kuridhisha					
D8a	Kwa muda uliopita, biashara yetu imeongeza idadi ya wafanyikazi					

Maoni yoyote nyingine tafadhali ----------

Habari ya hiara basi tuweze kukutumia matokeo ya utafiti huu,

Jina: _____ Biashara: _____

Anwani: _____ Simu na barua pepesi: _____

Natoa shukrani za dhati kwa muda wako na ushirikiano. Tafadhali angalia kuthibitisha kwamba hujaacha swali lolote kiajali. Nashukuru!

Appendix 7: Questionnaire for Hotel Enterprise Owners Kiswahili Version

Sehemu A: <u>Sifa Za Mhusika</u>

<u>Sifa za Mhusika</u>

1. Una umri gani? ----------
2. Jinsia yako? Kiume ( ) Kike ( )
3. Nini hasa inaeleza hali yako kifamilia? U pekee ( ) Kwenye ndoa ( ) Mzazi pekee na mtoto/watoto ( ) Kwenye ndoa na mtoto/watoto ( )
4. Ni kiwango gani cha elimu ya juu ambacho umehitimu? Shule ya msingi ( ) Shule ya sekondari ( ) Shahada/ Diploma ( ) chuo kikuu ( ) Nyingine ----------
5. Kwa muda wa miaka mingapi umefanya biashara hii ya hoteli? Miaka 0-hadi 4 ( ) Miaka 5-hadi 9 ( ) Miaka 10-hadi 14 ( ) Miaka 15- hadi 19 ( ) Miaka ishirini au zaidi ( )

(a) <u>Sifa Za Usimamizi Wa Mfanyi Biashara</u>

Jinsi unavyoona mahali pako pa kazi na biashara hii twambie kama unakubaliana na maelezo haya, chora duara kwa nambari inayoonyesha msimamo wako kwa kila elezo. (SK=sikubali kabisa, S= sikubali, K-Kadri, N= Nakubali, NK= Nakubali kabisa)

Matokeo		**SK**	**S**	**K**	**N**	**NK**
A1b	Nasaidia wafanyikazi kufanya kwa kutoa vizingiti kazini					
A2b	Nawafadhili wafanyikazi kwa ubunifu wa vipaji vyao.					
A3b	Zawadi nazowapa wafanyikazi hutegemea utenda kazi wao.					
A4b	Mi huinua wafanyikazi ambao hujiendeleza na kua ubunifu na maarifa mapya.					
Msaada Uungwaji Wa Usimamizi Katika Biashara		**SK**	**S**	**K**	**N**	**NK**
A5b	Mimi ni wa haraka kutumia njia za kuboresha kazi ambazo zimeendelezwa na wafanyikazi					
A6b	Nina ufahamu na uwazi kwa mawazo na maoni ya wafanyikazi					
A7b	Ninahamasisha wafanyikazi kwa kuja na maoni ya kibunifu					
A8b	Nawapa wafanyikazi fedha kwa kuwezesha maoni ya kimsingi					
Kuwepo Kwa Wakati		**SK**	**S**	**K**	**N**	**NK**

A9b	Kazi ya wafanyikazi haikuwazuia wao kutumia muda juu ya kuendeleza mawazo mapya					
A10b	Wafanyikazi wangu wanao muda wa kutosha kuhakikisha kila kitu kufanyika					
A11b	Najiskia kwamba wafanyikazi wangu wanafanya kazi na muda wa kulazimisha.					
A12b	Wafanyikazi wangu wanaomuda kwa suluhu la kudumu kwa tatizo					
Uhuru Kazini		**SK**	**S**	**K**	**N**	**NK**
A13b	Wafanyikazi wangu wajihisi kama wao ni bosi na hawazingatii kila mwamuzi ninaotoa					
A14b	Kwa kawaida huwa madhibu na kukosa wafanyikazi wangu wanapofanya makosa					
A15b	Biashara yangu inatoa nafasi kwa wafanyikazi kama wabunifu na kujaribu mbinu zao vyenye ya kufanya kazi					
A16b	Nawapa uhuru wafanyikazi kuamua wanachofanya					
Mipaka Biashara		**SK**	**S**	**K**	**N**	**NK**
A17b	Wafanyikazi wangu kila mara hufuata utaratibu uliopo wa kufanya kazi zao					
A18b	Hoteli yangu iko na sharia mingi na utaratibu iliyowekwa kwa wao kufanya kazi zao.					
A19b	Kunao kiwango cha chini cha uhaba wa usalama kwa biashara yangu					
A20b	Najadili na wafanyikazi wangu kuhusu utendakazi wao.					

(b) <u>Sifa Za Biashara Kampuni/Biashara</u>

Sehemu hii inajumuisha maswali kuhusu sifa za biashara yako ya hoteli tafadhali onyesha jibu lako kwenye nafasi iliyoachwa sahihi.

A21b Ni miaka mingapi biashara yako ya hoteli imelindama? ----------

A22b Biashara yako ni ya aina gani? Yako binafsi ( ) Muungano ( )
Usajili wa kampuni ( ) Mingine ( )

A23b Biashara yako inapatika wapi? Mjini ( ) nje ya jiji ( ) Nyingine ----------

A24b Wafanyikazi wangapi wameajiriwa? ----------

A25b Wafanyikazi wangapi ni wa kudumu? ----------

Sehemu B: <u>Mazingira Ya Nje</u>

Kwa mujibu wa mazingira, tuambie kama unakubaliana na maelezo yafuatayo. Chora duara kwa nambari inayoonyesha msimamo wako kwa kila elezo. (SK=sikubali kabisa, S= sikubali, K-Kadri, N= Nakubali, NK= Nakubali kabisa)

Mabadiliko Kimazingira		**SK**	**S**	**K**	**N**	**NK**
B1b	Kiwango ambacho bidhaa na huduma zinazidi kupitwa na wakati kwa sekta ya hoteli iko chini mno					
B2b	Matendo ya washindani wetu ni rahisi kutabiri					
B3b	Mahitaji na matumizi ya wateja ni rahisi kutabiri					
B4b	Huduma zetu kwa kiasi kikubwa hazubadiliki					
Tishio La Kimazingira		**SK**	**S**	**K**	**N**	**NK**
B5b	Sekta ya hoteli inakabiliwa na ugumu wa ushindani wa bei					
B6b	Hoteli inakabiliwa na upungufu wa soko kwa huduma zilizoko					
B7b	Serikali kuingilia kati ni tishio					
Tofauti Mingi Kimazingira		**SK**	**S**	**K**	**N**	**NK**
B8b	Tabia ya wateja kununua bidhaa hubadilika kila mara					
B9b	Kuna ushindani mkali mno					
B10b	Soko hubadilika na haina uhakika					

Sehemu C: <u>Kiwango Cha Ujasirimali</u>

Tuambie kama unakubaliana na maelezo yafuatayo. Chora duara kwa nambari inayoonyesha msimamo wako kwa kila elezo (CM= chini mno, CK= chini kiasi, S= sawa, Z= zaidi, JS =juu sana, SM= Sikuwa na marekebisho)

C1b	Ni huduma ngapi mpya ambazo wafanyikazi wako wameanzisha kwa muda upitao mwaka moja? _____						
		CM	**CK**	**S**	**Z**	**JS**	**SM**
C2b	Jinsi gani huduma mpya au bidhaa iliyoboreshwa ambazo mfanyikazi wako alianzisha muda wa miaka mbili iliyopita ikilinganishwa na miaka ya awali?						
C3b	Jinsi gani idadi ya huduma mpya kuanzishwa ambayo biashara yako ilifanya ikilinganisha na zile za washindani						
C4b	Ni kiwango kipi ambapo hizi huduma mpya kuanzishwa ni pamoja na huduma ambazo hazikuwepo kwenye soko hapo awali (mpya kwenye soko)						

Tuambie kama unakubaliana na maelezo yafuatayo. Chora duara kwa nambari inayoonyesha msimamo wako kwa kila elezo (SK=sikubali kabisa, S= sikubali, K-Kadri, N= Nakubali, NK= Nakubali kabisa)

Ubunifu		**SK**	**S**	**K**	**N**	**NK**
C5b	Najibu kiukamilifu kwa washindani wangu njia mpya ya kufanya vitu					
C6b	Nawaachia wafanyikazi wangu kujaribu njia mpya ya kutenda kazi na kutafuta kwa kawaida ufumbuzi kwa hoteli yangu.					
C7b	Nina wahamasisha wafanyikazi kufikiria na kuishi kimsingi na kudumu kinamna.					

Kukabili Hatari		**SK**	**S**	**K**	**N**	**NK**
C8b	Kiujumla wafanyikazi ndani ya hoteli yangu wanao mvuto kukabili hatari					
C9b	Naamini, kutokana na asili ya mazingira kwamba ujasiri, matendo kiupana ni muhimu kufikia malengo ya biashara					
C10b	Ambapo kunakutokua na uhakika, napitisha “subiri uone” katika kupunguza uwezekano wa kutoa uamuzi wa gharama kubwa					
Mitazamo		**SK**	**S**	**K**	**N**	**NK**
C11b	Kijumla, napendelea sana mkazo dhabiti kwa utafiti na maendeleo pamoja na ubunifu.					
C12b	Kwa miaka iliyo pita, wafanyikazi wangu waliwezesha aina za mauzo mapana ya bidhaa mpya na huduma					
C13b	Hapo awali mabadiliko kwa bidhaa zetu na huduma zimekua ndogo mno.					
Makabiliano		**SK**	**S**	**K**	**N**	**NK**
C14b	Katika kukabiliana na washindani naongoza ushindani, kuanzisha matendo ambayo washindani wetu lazma waitikie.					
C15b	Katika kukabiliana na washindani biashara yangu huzingatia mkazo dhabiti unaolenga uwafikie washindani					
Uhuru Kazini		**SK**	**S**	**K**	**N**	**NK**
C16b	Naunga mkono wafanyikazi wanaofanya kazi kwa kujitegemea.					
C17b	Naamini kwamba matokeo bora huja wakati wafanyikazi hujiamulia wenyewe nafasi za kazi kutekeleza					
C18b	Wafanyikazi hufanya uwamuzi wao bila kunihusisha					

Sehemu D: <u>Utendaji Wa Biashara</u>

Yaliyo hapa chini ni maelezo kuhusu utendaji kazi katika biashara yenu ya hoteli, ni vipi utapima vipi hali ya utendakazi kwa sasa katika hoteli? (SK=sikubali kabisa, S= sikubali, K-Kadri, N= Nakubali, NK= Nakubali kabisa).

Utendaji Wa Biashara		**SK**	**S**	**K**	**N**	**NK**
D1b	Kwa muda uliopita, biashara yangu imezalisha mauzo ya juu.					
D2b	Kwa muda uliopita, biashara yangu imefanikiwa kukua kwa kasi mno					
D3b	Kwa muda uliopita biashara yangu imetimiza matarajio yangu ya kifedha.					
D4b	Faida yangu ya sasa ipo juu sana ikilinganishwa na biashara zingine					
D5b	Mauzo yangu ya sasa iko juu sana ikilinganishwa na biashara zingine					
D6b	Kwa muda uliopita, nimefanikiwa kuvutia na kuhifadhi wateja wapya					
D7b	Muda uliopita utendaji wa hoteli yangu umekua wa kuridhisha					
D8b	Kwa muda uliopita imeongeza idadi ya wafanyikazi kwa biashara yangu					

Maoni yoyote nyingine tafadhali ----------

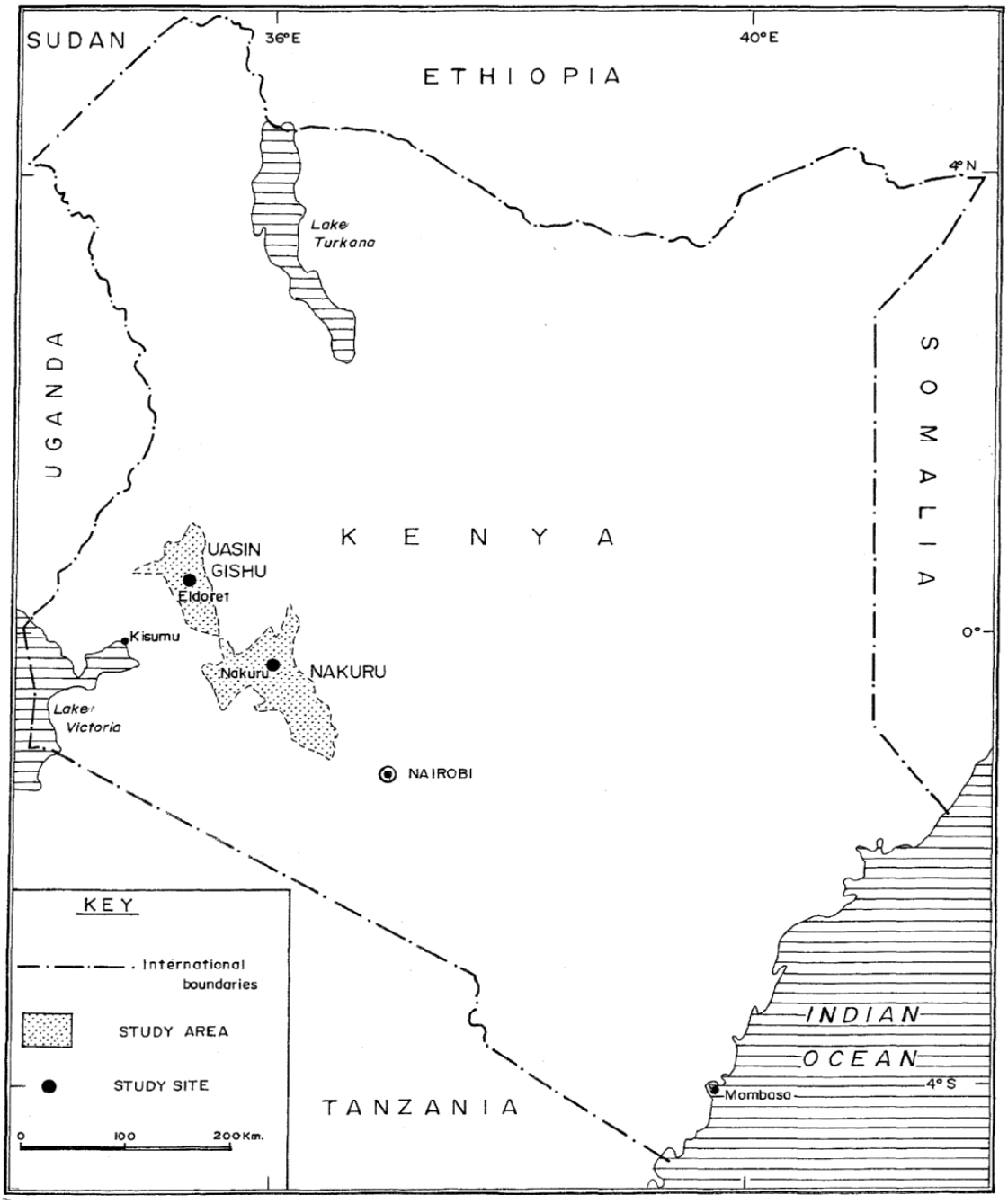
Habari ya hiara basi tuweze kukutumia matokeo ya utafiti huu,

Jina: _____ Biashara: _____

Anwani: _____ Simu na barua pepesi: _____

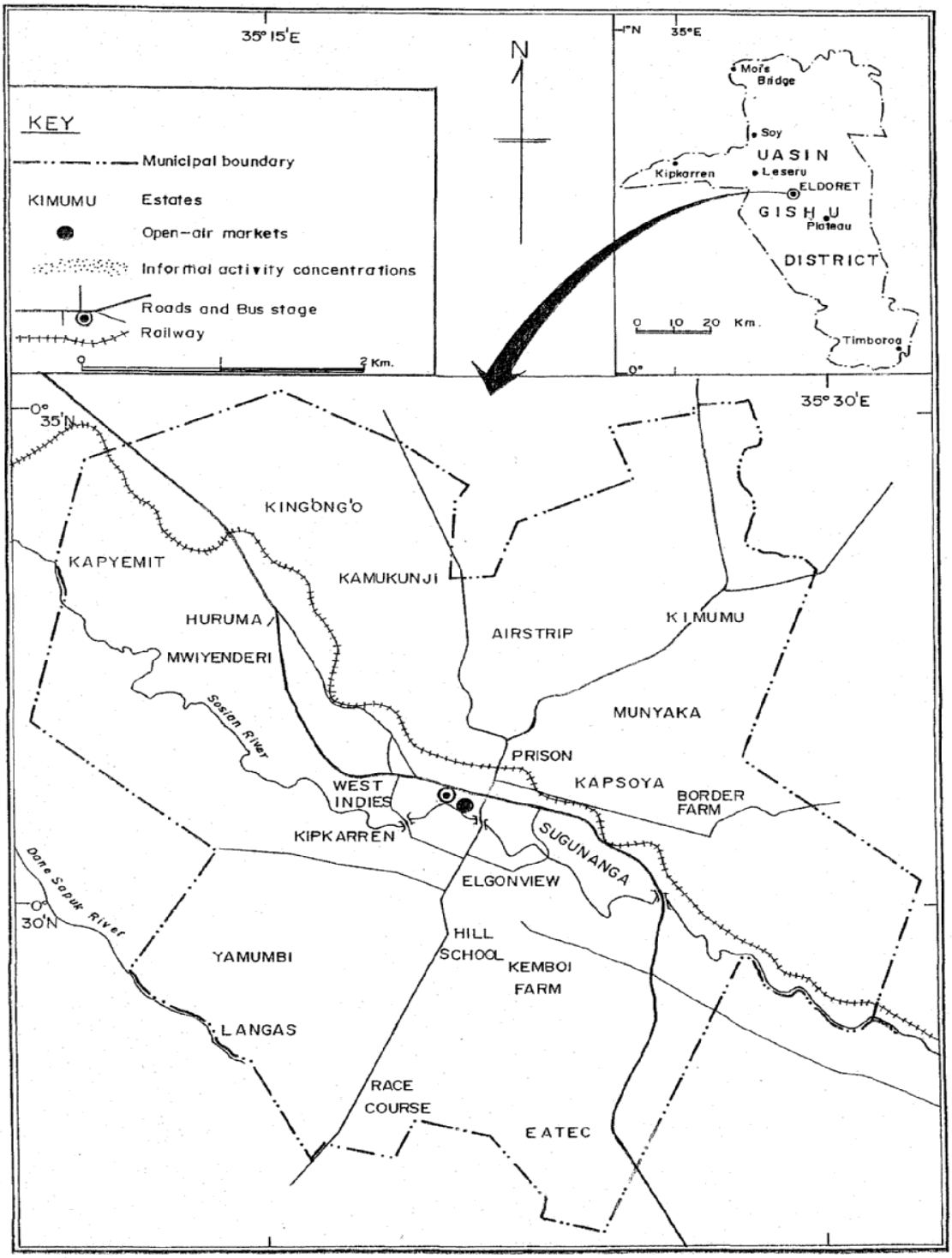
Natoa shukrani za dhati Kwa muda wako na ushirikiano. Tafadhali angalia kuthibitisha kwamba hujaacha swali lolote kiajali. Nashukuru!

Appendix 8: Maps



The location of Uasin Gishu County, Kenya

Appendix 9: Uasin Gishu County, Kenya



[=

Appendix 10: Sample Size Determination Table

Population	Confidence level 90 per cent			Confidence level 95 per cent			Confidence level 99 per cent		
	Confi-	Confi-	Confi-	Confi-	Confi-	Confi-	Confi-	Confi-	Confi-
	dence	dence	dence	dence	dence	dence	dence	dence	dence
30	27	28	29	28	29	29	29	29	30
50	42	45	47	44	46	48	46	48	49
75	59	64	68	63	67	70	67	70	72
100	73	81	88	79	86	91	87	91	95
120	83	94	104	91	100	108	102	108	113
150	97	111	125	108	120	132	122	131	139
200	115	136	158	132	150	168	154	168	180
250	130	157	188	151	176	203	182	201	220
300	143	176	215	168	200	234	207	233	258
350	153	192	239	183	221	264	229	262	294
400	162	206	262	196	240	291	250	289	329
450	170	219	282	207	257	317	268	314	362
500	176	230	301	217	273	340	285	337	393
600	187	249	335	234	300	384	315	380	453
650	192	257	350	241	312	404	328	400	481
700	196	265	364	248	323	423	341	418	507
800	203	278	389	260	343	457	363	452	558
900	209	289	411	269	360	468	382	482	605
1,000	214	298	431	278	375	516	399	509	648
1,100	218	307	448	285	388	542	414	534	689
1,200	222	314	464	291	400	565	427	556	727
1,300	225	321	478	297	411	586	439	577	762
1,400	228	326	491	301	420	606	450	596	796
1,500	230	331	503	306	429	624	460	613	827
2,000	240	351	549	322	462	696	498	683	959
2,500	246	364	581	333	484	749	524	733	1,061
5,000	258	392	657	357	536	879	586	859	1,347
7,500	263	403	687	365	556	934	610	911	1,480
10,000	265	408	703	370	566	964	622	939	1,556
20,000	269	417	729	377	583	1,013	642	986	1,688
30,000	270	419	738	379	588	1,030	649	1,002	1,737
40,000	270	421	742	381	591	1,039	653	1,011	1,762
50,000	271	422	745	381	593	1,045	655	1,016	1,778
100,000	272	424	751	383	597	1,056	659	1,026	1,810
150,000	272	424	752	383	598	1,060	661	1,030	1,821
200,000	272	424	753	383	598	1,061	661	1,031	1,826
250,000	272	425	754	384	599	1,063	662	1,033	1,830
500,000	272	425	755	384	600	1,065	663	1,035	1,837
1,000,000	272	425	756	384	600	1,066	663	1,036	1,840

Source: Cohen *et al.*, (2007)

Appendix 11: Missing Values Analysis for Hotel Enterprise Employees Section

Univariate statistics

	N	Missing	
		Count	Percent
Age	297	0	.0
gender	297	0	.0
marriage	297	0	.0
education	297	0	.0
Years worked in hotel	297	0	.0
A1a	297	0	.0
A2a	297	0	.0
A3a	297	0	.0
A4a	297	0	.0
A5a	297	0	.0
A6a	297	0	.0
A7a	297	0	.0
A8a	297	0	.0
A9a	297	0	.0
A10a	297	0	.0
A11a	297	0	.0
A12a	297	0	.0
A13a	297	0	.0
A14a	297	0	.0
A15a	297	0	.0
A16a	297	0	.0
A17a	297	0	.0
A18a	297	0	.0
A19a	297	0	.0
A20a	297	0	.0
A21a	297	0	.0
A22a	297	0	.0
A23a	297	0	.0
A24a	297	0	.0
A25a	297	0	.0

Source: Field survey data, 2015

Appendix 11 Cont'

	Univariate statistics		
	N	Missing	
		Count	Percent
B1a	297	0	.0
B2a	297	0	.0
B3a	297	0	.0
B4a	297	0	.0
B5a	297	0	.0
B6a	297	0	.0
B7a	297	0	.0
B8a	297	0	.0
B9a	297	0	.0
B10a	297	0	.0
C1a	297	0	.0
C2a	297	0	.0
C3a	297	0	.0
C4a	297	0	.0
C5a	297	0	.0
C6a	297	0	.0
C7a	297	0	.0
C8a	297	0	.0
C9a	297	0	.0
C10a	297	0	.0
C11a	297	0	.0
C12a	297	0	.0
C13a	297	0	.0
C14a	297	0	.0
C15a	297	0	.0
C16a	297	0	.0
C17a	297	0	.0
C18a	297	0	.0

Source: Field survey data, 2015

Appendix 11 Cont'

	Univariate statistics		
	N	Missing	
		Count	Percent
D1a	297	0	.0
D2a	297	0	.0
D3a	297	0	.0
D4a	297	0	.0
D5a	297	0	.0
D6a	297	0	.0
D7a	297	0	.0
D8a	297	0	.0

Source: Field survey data, 2015

Appendix 12: Missing Values Analysis for Hotel Enterprise Owners Section

Univariate statistics

	N	Missing	
		Count	Percent
Age	153	0	.0
Gender	153	0	.0
Marriage	153	0	.0
Education	153	0	.0
Years worked	153	0	.0
A1b	153	0	.0
A2b	153	0	.0
A3b	153	0	.0
A4b	153	0	.0
A5b	153	0	.0
A6b	153	0	.0
A7b	153	0	.0
A8b	153	0	.0
A9b	153	0	.0
A10b	153	0	.0
A11b	153	0	.0
A12b	153	0	.0
A13b	153	0	.0
A14b	153	0	.0

A15b	153		
		0	.0
A16b	153		
		0	.0
A17b	153		
		0	.0
A18b	153		
		0	.0
A19b	153		
		0	.0
A20b	153		
		0	.0
A21b	153		
		0	.0
A22b	153		
		0	.0
A23b	153		
		0	.0
A24b	153		
		0	.0
A25b	153		
		0	.0

Source: Field survey data, 2015

Appendix 12 Cont'

Univariate statistics

	N	Missing	
		Count	Percent
B1b	153	0	.0
B2b	153	0	.0
B3b	153	0	.0
B4b	153	0	.0
B5b	153	0	.0
B6b	153	0	.0
B7b	153	0	.0
B8b	153	0	.0
B9b	153	0	.0
B10b	153	0	.0
C1b	153	0	.0
C2b	153	0	.0
C3b	153	0	.0
C4b	153	0	.0
C5b	153	0	.0
C6b	153	0	.0
C7b	153	0	.0
C8b	153	0	.0
C9b	153	0	.0
C10b	153	0	.0
C11b	153	0	.0

C12b	153		
		0	.0
C13b	153		
		0	.0
C14b	153		
		0	.0
C15b	153		
		0	.0
C16b	153		
		0	.0
C17b	153		
		0	.0
C18b	153		
		0	.0

Source: Field survey data, 2015

Appendix 12 Cont'

Univariate statistics

	N	Missing	
		Count	Percent
D1b	153	0	.0
D2b	153	0	.0
D3b	153	0	.0
D4b	153	0	.0
D5b	153	0	.0
D6b	153	0	.0
D7b	153	0	.0
D8b	153	0	.0

Source: Field survey data, 2015

Population	Confidence level 90 per cent			Confidence level 95 per cent			Confidence level 99 per cent		
	Confi-	Confi-	Confi-	Confi-	Confi-	Confi-	Confi-	Confi-	Confi-
	dence	dence	dence	dence	dence	dence	dence	dence	dence
30	27	28	29	28	29	29	29	29	30
50	42	45	47	44	46	48	46	48	49
75	59	64	68	63	67	70	67	70	72
100	73	81	88	79	86	91	87	91	95
120	83	94	104	91	100	108	102	108	113
150	97	111	125	108	120	132	122	131	139
200	115	136	158	132	150	168	154	168	180
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300	143	176	215	168	200	234	207	233	258
350	153	192	239	183	221	264	229	262	294
400	162	206	262	196	240	291	250	289	329
450	170	219	282	207	257	317	268	314	362
500	176	230	301	217	273	340	285	337	393
600	187	249	335	234	300	384	315	380	453
650	192	257	350	241	312	404	328	400	481
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800	203	278	389	260	343	457	363	452	558
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5,000	258	392	657	357	536	879	586	859	1,347
7,500	263	403	687	365	556	934	610	911	1,480
10,000	265	408	703	370	566	964	622	939	1,556
20,000	269	417	729	377	583	1,013	642	986	1,688
30,000	270	419	738	379	588	1,030	649	1,002	1,737
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50,000	271	422	745	381	593	1,045	655	1,016	1,778
100,000	272	424	751	383	597	1,056	659	1,026	1,810
150,000	272	424	752	383	598	1,060	661	1,030	1,821
200,000	272	424	753	383	598	1,061	661	1,031	1,826
250,000	272	425	754	384	599	1,063	662	1,033	1,830
500,000	272	425	755	384	600	1,065	663	1,035	1,837
1,000,000	272	425	756	384	600	1,066	663	1,036	1,840