



Transformational Leadership and Growth of Women-Owned Micro and Small Enterprises in Kasarani Division, Nairobi County - Kenya

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Abstract

The growth of women-owned enterprises is currently attracting much policy and literal attention. There is debate that transformational leadership is essential to the growth of micro and small enterprises (MSEs). However, empirical evidence of the role of transformational leadership on the growth of women-owned enterprises in Kenya is scarce. The purpose of this study was to examine the effects of transformational leadership on the growth of women-owned enterprises in Kasarani Division in Nairobi County. A random sample of 400 women-owned and managed MSEs was surveyed using a structured questionnaire. The Multifactor Leadership Questionnaire (MLQ) was used to measure transformational leadership. Regression models were used to examine the effects of transformational leadership on enterprise growth. Having parents in business and obtaining business advice were negatively associated with growth. Further, the age of the business and obtaining credit for business operations were positively associated with enterprise growth. The results of this study suggest that enhancing transformational leadership in women-owned enterprises is a viable policy option. The need to enhance business heritage is recommended.

Key Words: *Transformational Leadership, Growth, Women-owned SMEs,*

1.0 Introduction

1.1 Background to the Study

Growth is a multidimensional concept which includes economic and financial measures such as sales growth, profits, owner income, and number of employees. This can be referred to as objective measures (Lerner & Almor, 2002). Another way of looking at growth is by use of subjective measures which include non-financial goals and global success ratings made by women entrepreneurs (Helgesen, Nettet & Voldsund, 2008). Any of the above measures can be used to describe growth of an enterprise, hence the term multidimensional. According to a survey report by Central Bureau of Statistics, International Center for Economic Growth and K-REP Holdings (1999) change in the number of employees over time is considered a useful indicator of growth for MSEs. There is evidence that women usually view growth of their enterprises using subjective measures (Machado, St-Cyr & Mione, 2003). Studies in Kenya have mainly focused on objective measures of growth (Gakure, 2003; Kibas, 2006) while neglecting subjective measures. Understanding the nature of growth in women-owned enterprises using subjective measures may reveal patterns of growth that are currently not known, hence the need for further research.

Existing data shows that women-owned enterprises in the country suffer from high mortality rates, operate informally thus incur the penalties of informality and rarely grow or graduate to high value-adding activities (Government of Kenya [GoK], 2005). According to McCormick (2001), women-owned enterprises that started small tend to remain small and very little transformation occurs among them. Eagly *et al.*, (2003) demonstrates that firms set up and run by women tend to display distinctive features which influence their growth. For instance, during the phase of growth, women in business display distinct abilities in transformational leadership (Brush, 1992). It is however not clear whether transformational leadership influences growth of women-owned MSEs in Kenya.

Transformational leadership involves the leader's ability to make group members become less interested in themselves and more interested in the group (Rosener, 1990). Moore and Buttner (1997) observe that transformational leaders tend to encourage the participation of all employees at different levels of decisions, share power and information with them, stimulate and motivate them. Brush (1992) argues that women's attitude towards power tends to be relational consensual with little emphasis on authority and communication. Other characteristics mentioned are true concern over quality of services provided and an emphasis on social objectives (Machado, St-Cyr & Mione, 2003). This leadership style raises employee satisfaction and results in higher performance levels (Chaganti, 1986).

According to Bird (1989), women-owned enterprises do not grow at a rate that would realize economic benefits to the entrepreneur. It is, therefore, important to study and document what can spur the growth of women-owned enterprises in Kenya. Transformational leadership has been

documented as a correlate of growth of women-owned enterprises in the developed world (Rosener, 1990) however similar data is not available in Kenya. This makes it difficult to develop appropriate policy options that could be used to enhance the performance of women-owned enterprises. Examining the effects of transformational leadership on the growth of women-owned enterprises is, therefore, necessary.

The Concept of Entrepreneurship

Entrepreneurship can be conceptualized as the discovery of opportunities and the subsequent creation of new economic activity often via the creation of a new organization (Venkataraman, 1997). Entrepreneurship is often discussed under the title of the entrepreneurial factor, the entrepreneurial function, entrepreneurial initiative and the entrepreneurial behavior.

The entrepreneurial factor is understood to be a new factor in production that is different to the classic ideas of hard labour and capital which must be explained via remuneration through income for the entrepreneur along with the shortage of people with entrepreneurial capabilities. Its consideration as an entrepreneurial function refers to the discovery and exploitation of opportunities or to the creation of an enterprise. Entrepreneurial behavior is seen as behavior that manages to combine innovation, risk-taking and pro-activeness (Miller, 1983). In other words, it combines the classic theories of the innovative entrepreneur (Schumpeter, 1934), the risk-taking entrepreneur that occupies a position of uncertainty as proposed by Knight (1921) and the entrepreneur with initiative and imagination who creates new opportunities. Entrepreneurial initiative covers the concept of creation, risk-taking, renewal or innovation inside or outside an existing organization.

Entrepreneurship could be said to be a process by which individuals, either on their own or within organizations pursue opportunities (Stevenson & Jarillo, 1990; Busenitz *et al.*, 2003). It has recently been claimed that if managers and businessmen of many firms were to adopt entrepreneurial behavior when developing strategies, firms would be facing a much brighter future than current perceptions suggest (Lee & Peterson, 2000).

The entrepreneur's central activity is that of business creation, which can be studied at an individual and/or at group level, analyzing psychological aspects and social variables of education, background on the family either at an environmental level using variables that enable business development, or by analyzing aspects of the economic, social and cultural environments (Bird, 1989). The study of entrepreneurs as individuals analyses the variables that explain their appearance, such as personal characteristics, the psychological profile (the need to achieve, the capacity to control, tolerance and ambiguity and a tendency to take risks) or non-psychological variables (education, experience, networks and the family).

Women-Owned Enterprises

Some extant literature, however, suggests that women's past experience and backgrounds may shape their subsequent behaviours (Fischer, Reuber & Dyke, 1993; Beasley, 1999). For instance, Bruni, Gherardi & Poggio (2004) suggest that due to the constraints women face in a male dominated environment, women are likely to develop an ability to feel and anticipate the reactions of others. The concern for relational aspects and flexibility that women portray in business has roots in the variations in power and opportunity accorded to men and women in society. Elsewhere, Beasley (1999) argues that differences between men and women exist from their early stages of growth in life and result in fundamentally different ways of viewing the world. That is, men and women are inherently different because of differences in their socialization, training and experiences encountered prior to entry into particular work positions. Therefore differences emerge in nurturing results in different self-perceptions, motivations and belief structures between men and women. Consequently, women adopt different approaches to work (Fischer, Reuber & Dyke, 1993). Therefore, the unique experiences and backgrounds of women may explain the subsequent behavior in enterprise. Studies that have attempted to investigate the relationship between such antecedents, transformational leadership, and growth of women owned enterprises are not readily available.

This dearth of literature could largely be attributed to lack of appropriate frameworks. Existing literature highlights a universalistic model when investigating the relationship between transformational leadership (Reuber & Fischer, 1999) and the growth of women-owned enterprises.

The participation of women in business and especially, in the Micro and Small Enterprises (MSEs) sector has increased tremendously since the 1980s (Stevenson & St-Onge, 2005). MSEs are broadly defined as income generating enterprises that employ less than 50 persons (GoK, 2005) and have now become the main source of income and employment for the majority of women in the Kenya. By 1999, there were 612,848 women-owned MSEs in Kenya, making 47.7 percent of the total ownership of the MSEs in the country (Central Bureau of Statistics, International Center for Economic Growth and K-REP Holdings Ltd., 1999). The patterns of growth and factors involved in these enterprises is however not clear.

The performance of women-owned enterprises in Kenya is modest. Data shows that the average number of employees in women-owned MSEs in Kenya is 1.54 (Stevenson & St-Onge, 2005; Central Bureau of Statistics, International Center for Economic Growth and K-REP Holdings Ltd., 1999). These reports also indicate that in total, women-owned enterprises account for 40 percent of the employment in the MSE sector. About 86 percent of the workers in women-owned MSEs are owner managers, 4 percent are employees and the remainder is made up of either family members or apprentices. Women-owned enterprises also report on average, lesser income than that reported by their male counter-parts. For example, in the 1999 National Baseline Survey (Central Bureau of Statistics, International Center for Economic Growth and K-REP

Holdings Ltd., 1999), women enterprises reported 57 percent of the income reported by male-owned enterprises. The performance of women-owned enterprises must therefore be improved if they are to effectively respond to the challenges of creating employment and wealth, alleviating poverty and redistributing wealth. Enhancing the performance of women-owned enterprises requires a clear understanding of growth and the factors involved.

Some factors identified include: gender inequalities in the distribution of income, limited access to and control of productive resources such as land and credit, and the multiple roles of women. While the identification of such factors is an important exercise, it appears that issues that affect women in general appear to be mentioned without regard to their relative importance in determining the growth of women-owned enterprises. Thus validation of such factors among women-owned enterprises is necessary. Conducting studies on the growth of women-owned enterprises might also identify other factors that are not explicitly mentioned in this *Sessional paper*. Identifying these factors along with their relative importance is crucial for policy prioritization, given that different factors might be associated with particular policy measures.

After identifying the constraints to growth of women-owned enterprises, *Sessional Paper Number 2* of 2005 on Development of Micro and Small Enterprises for Wealth and Employment Creation for Poverty Reduction (GoK, 2005) outlines in detail four sets of strategic options that are aimed at addressing the gender issues in MSEs. These include ensuring that the MSE policy is gender responsive, establishing a gender mainstreaming framework, empowering women and ensuring that MSE support programmes and projects are designed in such a way that they offer equal opportunities to all.

Prerequisite for policy intervention is sound empirical information on issues where action is required. The findings of this paper therefore, stand to provide a concrete input in the design of effective and gender-responsive MSE policy in Kenya.

The growth of women-owned enterprises continues to attract a lot of scholarly attention. This attention which has largely been developed in the industrialized countries revolves around the definition of the term growth (Rauch *et al.*, 2006) and an analysis of the factors involved especially transformational leadership (Eagly *et al.*, 2003).

The Nature of Female Entrepreneurship

Since the 1980s, an emerging body of literature has attempted to examine the role of the woman in enterprise (Moore & Buttner, 1997). This body of knowledge is commonly known as female entrepreneurship. Female entrepreneurship may simply be defined as the identification and exploitation of opportunities for gain by females. If these opportunities have to be fully beneficial, women-related studies especially on the area of growth have to be researched on.

Literature on female entrepreneurship may be categorized into five thematic areas. These include sectoral distributions of women enterprises, patterns of female entrepreneurship, barriers to

women entrepreneurship, motivations of women entrepreneurship and the managerial styles of women entrepreneurship (Bruni, Gherardi & Poggio, 2004). Most literal works report that a great majority of women entrepreneurs are not only concentrated in commerce and especially services but also began work in that area (McCormick, 2001). Patterns of female entrepreneurship (Stevenson & St-Onge 2005; Gakure, 2003) have also been examined in previous studies on female entrepreneurship.

1.2 Statement of the Problem

Women-owned enterprises in Kenya suffer from high mortality rates, operate informally thus, incur the penalties of informality, rarely grow or graduate to high value-adding activities and very little transformation occurs among them (GoK, 2005; McCormick, 2001). These shortcomings compromise the current government's efforts that are aimed at wealth and employment creation, poverty alleviation and redistribution of wealth and policy formulation to enhance growth of this important sector. However, data on the factors that influence growth of women-owned enterprises is scanty in Kenya. In the developed world transformational leadership has been associated with growth of women-owned enterprises (Bruni, Gherardi & Poggio, 2004; Eagly *et al.*, 2003; Beasley, 1999; Fischer, Reuber & Dyke, 1993). This paper, therefore, sought to examine the effects of transformational leadership in women-owned enterprises in order to spur growth in Kasarani division of Nairobi County, Kenya.

1.3 Objective of the Study

To establish the relationship between transformational leadership and growth of women-owned MSEs Kasarani Division of Nairobi County.

1.4 Research Question

What is the relationship between transformational leadership and the growth of women-owned MSEs in Kenya?

1.5 Significance of the Study

This paper attempts to apply entrepreneurship concepts into the growth of women-owned enterprises and also seeks to represent enterprise growth from a woman's way of being, thinking and doing. This is quite unlike the common and restrictive gender dualism approach. In addition the paper attempts to document the contingent effects of transformational leadership on growth of women-owned enterprises. Thus it is expected that this paper would eventually deepen the understanding of growth in women-owned enterprises as be used by future researchers as a base for their work.

2.0 Literature Review

2.1 Theoretical Literature Review

2.1.1 The Liberal Feminist and Social Feminist Theories

Two theoretical orientations have emerged that seek to explain the origins of the behaviours of female owner-managers. These are the liberal feminist and social feminist theories. Fischer, Reuber & Dyke (1993) notes that the liberal feminist theory is rooted in liberal political philosophy which encompasses basic beliefs in the equality of all beings, and in human beings as essentially rational, self-interest-seeking agents. The liberal feminist theory attributes gender-based differences to the variations in power and opportunity accorded men and women in society. Thus, differences in the achievements of men and women are ascribed to the inability of women to realize their full potential because they are denied equal access to opportunities in the labour markets and to resources. This in turn has hindered women from acquiring the skills and capabilities necessary to compete on equal basis with men.

According to the liberal feminist theory, gender differences in performance cease to exist once equal access to resources is ensured (Carter, Williams & Reynolds, 1997). Bruni, Gherardi & Poggio (2004) suggest that due to the constraints women face in a male dominated environment, women have been forced to develop an ability to feel and anticipate the actions of others. Therefore the concern for relational aspects and the flexibility they have natured in so many supporting roles as well as their everyday coordination of family and work responsibilities is a valuable organizational exploitable resource. Consequently, it should be expected that women exploit relational aspects to grow their businesses.

In contrast, the social feminist theory, which emanates from the social learning theory and psychoanalysis, holds that differences between men and women exist from their earliest moments in life and result in fundamentally different ways of viewing the world (Beasley, 1999). These differences are seen in the way women and men construct and interpret reality and how these influence the formation of their values and intentions (Carter, Williams & Reynolds, 1997). Men and women are inherently different because of differences in their socialization, background training and experiences encountered prior to entry into particular work positions. The differences that emerge in nurturing result in different self-perceptions, motivations and belief structures. Consequently, women adopt different approaches to work which may or may not be as equally effective as those adopted by men (Fischer, Reuber & Dyke, 1993).

2.1.2 Israel Kirzner's Theory

Kirzner (1997) represents the Neo-Austrian approach to entrepreneurship and be focused on the question of whether a market economy works, and, if it does so, what is the process that leads the economy towards equilibrium. He claims that initially the economy is in disequilibrium and the competition among alert entrepreneurs leads to equilibrium. He advocates that profit

opportunities stimulate entrepreneurship. He contends that the alertness in an entrepreneur is a peculiar form of knowledge that cannot be obtained through a rational investment policy. He states that entrepreneurs are profit-seeking speculators characterized by a kind of superior knowledge that enables them to gain from the ignorance of others (Kirzner, 1997).

Kirzner's entrepreneurship model holds the following: that the entrepreneur sub-consciously discovers an opportunity to earn money by buying resource or producing the resource and then sell it at a profit; that the entrepreneur finances the venture by borrowing money from a capitalist; that the entrepreneur uses the funds for his entrepreneurial venture; and that the entrepreneur pays back the capitalists, including interest, and retains the pure entrepreneurial profit. In conclusion, Kirzner's considers the entrepreneur's alertness to recognize opportunity more characteristic than innovation in defining entrepreneurship. The entrepreneur either remedies or corrects errors of the customers (Kirzner, 1997).

2.1.3 Frank Knight's Risk Bearing Theory

Frank Knight first introduced the dimension of risk-taking as a central characteristic of entrepreneurship (1921). This theory considers uncertainty as a factor of production and holds the main function of the entrepreneur as acting in anticipation of future events. The entrepreneur earns profits as a reward for taking such risks. According to Knight, it is not change that gives rise to profits, but uncertainty and the possibility of incorrectness of expectations. If uncertainty characterizes the environment, the problem is no more represented by the actual execution of activity; the issue is deciding what to do and how to do it. This primary function is the entrepreneurial function; the endeavour of deciding how various objectives are to be achieved and of predicting which objectives are worth achieving competes to the entrepreneur, a specialist who is prepared to bear the cost of uncertainty (Knight, 1921). The exercise of entrepreneurship is usually associated with uncertainty bearing and has something to do with imperfect knowledge. Recent theories emphasize that the entrepreneur does not merely deal with the consequences of imperfect knowledge but rather concerns the regards of discovering and using new knowledge.

If Knight's work and subsequent developments identify in the capability of treating uncertainty, a crucial determinant of the entrepreneurial decision, according to alternative perspectives, mere differences in risk aversion cannot explain the special role of entrepreneurs because independent risks can be insured by means of capital markets. These approaches assign the entrepreneur the role of coping with the unknown, that is, to produce an effort to get things done but to deal with unforeseen events where risks can fail to be assured (Bird, 1989). It is out of the works of Knight that the general equilibrium theory of the firm under uncertainty was developed by Kihlstrom & Laffont (1979).

2.2 Empirical Literature Review

2.2.1 Transformational Leadership and Growth of Women Entrepreneurship

Interactive transformational leadership was the style employed by many of the women managers who were rising in the organizational ranks and moving into work roles traditionally occupied by men (Riebe, 2003). The entry of large numbers of women into workplace, the emergence of teams and the growing importance of successful team management had provided women with opportunities to showcase their leadership skills. But as a consequent of prevailing attitudes (Kossek, Market and McHugh 2003), including stereotyping in organizations (Ely, 1994), women often found themselves marginalized (Kanter, 1977) and denied access to power (Kanter, 1987). Highly visible but isolated (Sealy, 2010) they learnt from experience to employ an interactive style of transformational leadership because it could moderate the effects of gender biases (Lerner and Almor, 2002).

Rosener (1990) calls women entrepreneurs' models of a leadership style which she labeled as non-traditional or transformational. Such entrepreneurs build a relationship of mutual stimulation and as elevation that converts followers into leaders and may convert leaders into moral agents. This occurs when leaders and followers engaged with others in such a way that leaders and followers raise one another to higher levels of motivation and morality (Burns, 1978 in Bass 1997).

Rosener (1990) suggests that one of the distinctive and characteristic features of women in leadership positions is their ability to engage in interactive leadership relationships with their managers and employees and a determination to empower others. Women see leadership as an on-going process, envisioning themselves as team leaders, as inspirational rather than directive, as participative rather than hierarchical, working to co-ordinate and balance their interests and those of their employees and transforming these into shared goals.

2.3 Conceptual Framework

Independent Variables

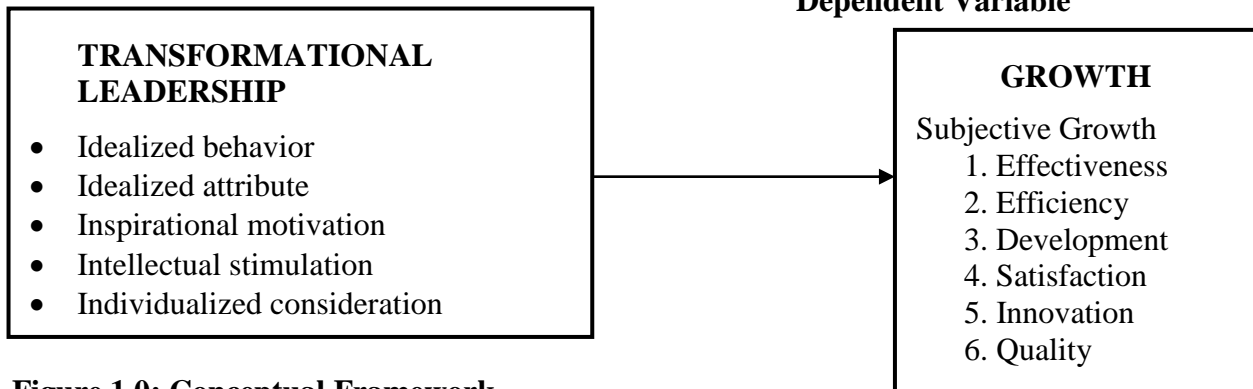


Figure 1.0: Conceptual Framework

3.0 Research Methodology

This was a cross-sectional survey of women owned enterprises. The rationale for this design was to seek to describe the current situation in regard to effects of transformational leadership and the growth of women-owned MSEs in Kasarani Division of Nairobi County. Surveys are useful in examining the relationship between phenomena and in policy derivation (Saunders *et al.*, 2003). Using the survey approach helped to obtain a holistic picture of growth dynamics in women-owned enterprises.

The target population of this study included all the women-owned MSEs in the study site that had between 2 and 50 employees. The population was heterogeneous since it comprised of MSEs operating in varied disciplines. These included salons and barber shops; green groceries; retail kiosks; food kiosks; hardware stalls; second hand clothes stalls; and cereals stalls. The MSEs are characterized by the following attributes: owner managers; less than 50 employees; premised in a mix of formal and informal shelters; location along major pathways within residential areas; and family-owned. The total population of this study included 1,759 women-owned enterprises. The list of women-owned MSEs in Kasarani Division of Nairobi was constructed from lists provided by Nairobi City Council (NCC) and City's Public Health office.

From the constructed sampling frame, simple random sampling procedures were used to select the study sample. The sample size formula (Black, 2005) was used to compute the sample size. This formula is applied for large sizes of population, especially where the actual size may not be known but estimates can be provided, just as was the case in this study. The need to allow for the margin of error of 5 percent allows for the sample results to be generalized with utmost precision. This resulted to a sample size of 384 respondents.

$$n = \frac{Z^2 pqD}{d^2}$$

The study relied on primary data. Data from the MSEs was collected through administration of a structured questionnaire which contained structured questions covering issues of enterprise growth and transformational leadership. The questionnaires were administered through drop-and-pick method and a pilot study was conducted with 40 women-owned enterprises in the study area before the final survey. These enterprises did not form part of the final sample size. Pre-Testing was conducted to check the questionnaires structure and the sequence, meaning and ambiguity of questions. This process assisted in illuminating any potential problems of the research instrument and provided a basis for design or structural changes. This was also done to test the reliability, validity and workability of the instrument.

Estimated Regression Model

$$Y_i = \beta_0 + \beta_i (TL_i) + \varepsilon$$

Where:

Y = Growth of the i^{th} MSE

TL = Transformational Leadership of i^{th} MSE

β are coefficients to be estimated and

ε is the error term.

The collected data was cleaned, coded and summarized using frequencies, percentages, mean and standard deviation. It was then analyzed using descriptive statistics and regression model and presented in form of tables. A correlation analysis was conducted to identify the magnitude of Transformational Leadership on enterprise growth. The correlation analysis was also used to examine multicollinearity. Then a multiple linear regression model was used with growth index as the dependent variable and transformational leadership as the independent variable. The coefficient of determination (R^2) was used to interpret the goodness of fit of the regression model.

4.0. Findings and Discussion

4.1 Descriptive Statistics

This study targeted 384 women-owned MSEs in Kasarani Division of Nairobi County. However, due to stratification and subsequent rounding of the proportion of enterprises to whole numbers in different sub-sectors, 400 women-owned MSEs were eventually surveyed. The mean age for the sampled women was 32.5 (SD = 7.5) years. The findings indicate that the sample was fairly

split between the age categories of less than 30 years and between 31 and 50 years. This indicates that the sample was largely diverse across age groups.

The study results further indicate that all the respondents had attained at least primary level education, with most having attained secondary level education. This is an indicator that the sampled respondents were likely to have been acquainted with basic business management skills, including leadership skills. Over 90% of the sampled respondents were drawn from the nuclear family type. The rest of the respondents indicated that they were from either extended or single parent type of families. Finally, the findings indicate that over 80% of the sampled women entrepreneurs were parents of between one and four children aged below 16 years. This shows that most of the respondents had family responsibilities to attend in addition to their daily business duties.

Assessment of the previous employment profile of the respondents was based on five attributes namely: whether or not the respondents had engaged in formal employment; the level of satisfaction derived from past employment; number of previous employers; whether or not the respondents had engaged previously in managerial positions. The finding shows that 49 out of the 400 sampled respondents (13.3%) had never been employed. Further, 37.3 % of the respondents had only one previous employer. The remaining respondents had switched employers for more than once. The results further indicate that most of the sampled respondents (69.3%) had never been engaged in formal employment. Further, slightly over 4% of the surveyed respondents were satisfied with their previous formal employment.

The surveyed enterprises were relatively young with the modal class being between 2 and 5 years old. The mean age of the sampled businesses was 5.4 years ($SD = 3.1$). Most of the surveyed respondents had operated in their current business sector for less than 5 years. This indicates that most of the surveyed women had limited experience in the business sectors that they operated in. Over 85% of the surveyed enterprises were operated as sole proprietorships. Further, majority of the businesses were either owner-managed or managed with support from immediate family members. These results are an indicator of capacity constraints. The surveyed enterprises were also constrained in accessing formal finance. In the 12 months preceding the study, a majority of the sampled businesses (65.5%) had not borrowed money for business operations. Moreover, most of these enterprises (46.8%) had only obtained finances from informal sources (self-help groups, relatives and friends).

A growth index was computed by summing up the six dimensions of growth. The overall mean of the computed growth index was 3.01 (± 0.46). This growth index had satisfactory psychometric properties (Cronbach's $\alpha = 0.61$) and there was no significant change in its internal reliability by deletion of any item. The surveyed women rated meeting business objectives highest at a mean of 3.60 (± 0.61) and coming up with new products lowest at a mean of 2.51 (± 1.01).

Table 1: Correlation Analysis of the Dimensions of Growth

	Mean	SD	1	2	3	4	5	6
The enterprise:								
1. Meets its objectives	3.60	0.61	1					
2. Uses the fewest possible resources to meet its objectives	2.86	0.62	0.53*	1				
3. Develops its capacity to meet future opportunities and challenges	2.74	0.72	0.07	0.21*	1			
4. Satisfies all participants, stakeholders, employees and customers	3.03	0.89	-0.21*	-0.15*	0.42*	1		
5. Comes up with new products and processes	2.51	1.01	0.06	0.21*	0.27*	0.37*	1	
6. Offers products of high quality	3.32	0.77	0.15*	0.30*	0.10*	0.14*	0.60*	1

*Significance $p < 0.05$

Table 2: Reliability Assessment Statistics

Factor	Factor Indicators	Cronbach's Alpha
Idealized Attributes	I Instill pride in others for being associated with them; I go beyond self-interest for the good of the group; I act in ways that build others' respect for me; I display a sense of power and confidence	0.82
Idealized Behaviour (IB)	I talk about my most important values and beliefs; I specify the importance of having a strong sense of purpose; I consider the moral and ethical consequences of my decisions; I emphasize the importance of having a collective sense of mission	0.73
Inspirational Motivation (IM)	I talk optimistically about the future; I talk enthusiastically about what needs to be accomplished; I articulate a compelling vision of the future; I express confidence that goals will be achieved	0.77
Intellectual Stimulation (IS)	I seek differing perspectives when solving problems; I get others to look at problems from many different angles; I re-examine critical assumptions to question whether they are appropriate; I suggest new ways of solving old problems	0.69
Individual	I spend time teaching and coaching; I help others to develop	0.74

Consideration (IC)	their strengths; I treat others as individuals rather than just as a member of the group; I make personal sacrifices for other' benefits
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The sampled respondents had a summary idealized attribute score that was above the validated benchmark levels (2). This reflects relatively high idealized attributes amongst the respondents. The idealized attribute scale identifies respondents who are able to build trust in their followers. The respondents are therefore able to inspire power and pride in their organizational teams, by going beyond their own individual interests and focusing on the interests of the enterprise and of its members.

Table 3: Descriptive Statistics of Dimensions of Transformational Leadership

Sub-scale	Mean (\pm SD)	Normative Values* Mean (95% CI)	Difference (Mean- normative value)
Idealized Attributes	2.95 (0.47)	1.50 (2.53, 2.69)	1.46
Idealized Behaviors	2.76 (0.59)	2.75 (2.28, 2.97)	0.02
Idealized Motivation	3.25 (0.66)	2.50 (2.67, 3.00)	0.76
Intellectual Stimulation	2.18 (0.61)	2.25 (2.72, 2.98)	-0.02
Individualized Consideration	2.02 (0.66)	2.75 (2.59, 2.64)	-0.56

* Source: Bass and Avolio, 2000; 1995

The surveyed respondents had an average score on the idealized behaviors scale that is within the global standards. This scale identified respondents who act with integrity and manifested positive and highly valued behaviors, like dominance, consciousness, self-control, a high moral judgment, optimism and self-efficiency. They talk about their most important values and beliefs; they focus on a desirable vision and almost always consider the moral and ethical consequences of their actions. They also zero in on building a commonly shared sense of a vision or mission for the team or group.

The respondents had a higher average score on the inspirational motivation scale. This shows that the sampled respondents are able to promote positive expectations as well as inspire and motivate their employees, partners, or associates within their enterprises. It also indicates how well the respondents communicate their goals, manipulate images, and help others find meaning in their work. The respondents appear to articulate, in simple ways, shared goals and mutual understanding of what is right and important. They further provide visions of what is possible and how to attain them and enhance meaning and promote positive expectations about what needs to be done.

High rating on inspirational motivation items indicates the ways in which the sampled female entrepreneurs take to inspire their followers to achieve both personal and organizational goals. The findings are indicative that they look at the future optimistically and enthusiastically by

providing a realizable and acceptable vision with clear communication and by presenting followers ways to reach them. The values, that the respondents adopt, can also be adopted easily by the employees. Thus, this suggests that their inspirational traits impacts cohesion through visioning behaviors that involving rapport building between the leaders and their followers. Past studies have already shown that a leader, who promotes confidence in achievement and execution of goals and tasks, speaks optimistically about the future and provides an exciting image of organizational change, exhibits idealized, inspirationally motivating behaviors (Bass and Avolio, 2000).

The respondents had a relatively low average score on the intellectual stimulation scale. This scale was used to identify respondents who were able to encourage creative thinking. This result suggests that the surveyed respondents had challenges in stimulating the ideas and values of their employees. Further, the result indicates that the sampled respondents rarely take critical approaches in solving problems that arise from within their enterprises. Through intellectual stimulation, transformational leaders help others to think about old problems in new ways. They are encouraged to question their own beliefs, assumptions, and values, and, when appropriate, those of the leader. As a consequence, associates develop the capacity to solve future problems unforeseen by the leader. Associates learn to tackle and solve problems on their own by being creative and innovative. A key measure of a leader's effectiveness is how capable the associates are able to identify new innovative ways of solving old or future problems (Bass and Avolio, 2000; Hisrich and Brush, 1984).

The low score on the individual consideration attributes is indicative that the understanding and sharing in others' concerns and their personal developmental needs are not issues of great concern to the sampled women MSEs' owners. Individual consideration shares some aspects of the mentoring concept. It deals with a focus that expands the individual's development, providing feed-back between parties and making the individual feel included in the work. Mentoring is a good framework for this dimension because of the focus on trust. The reported results show that there is minimal mentorship between the sampled female MSEs owners and their followers (staff and family support members).

Table: 4 Descriptive Statistics and Correlation Coefficients of the Sub-scales of Transformational Leadership

	Mean	SD	1	2	3	4	5
1. Idealized Attributes	2.95	0.47	1				
2. Idealized Behaviour	2.76	0.59	0.64 [*]	1			
3. Inspirational Motivation	3.25	0.66	0.46 [*]	0.51 [*]	1		
4. Individual Consideration	2.18	0.61	0.39 [*]	0.44 [*]	0.50 [*]	1	
5. Intellectual Stimulation	2.02	0.66	0.49 [*]	0.60 [*]	0.42 [*]	0.38 [*]	1

* Significance $p < 0.05$

The factor analyses yielded a one factor solution for transformational leadership (Table 5). This single factor (transformational leadership summary score) explained 58.69 percent of the variance. The Cronbach's alpha coefficient of this factor was satisfactory ($\alpha = 0.82$), and was not affected by the removal of any of the sub-scales. This single factor had a mean of 2.63 (SD = 0.46).

Table 5: Factor Loadings Based on Principle Components Analysis for the 5 Dimensions of Transformational Leadership

Aspect of Transformational Leadership	Factor Loading
Idealized Attributes	0.79
Idealized Behaviour	0.85
Inspirational Motivation	0.75
Individual Consideration	0.69
Intellectual Stimulation	0.76
Eigenvalue	2.94
Explained Variance (%)	58.70

A simple linear regression model was used to determine this relationship (Table 6). The model had satisfactory properties ($F = 195.35$, $p < 0.05$). The growth of the sampled women MSEs was positively and significantly associated with transformational leadership. A one unit increase in transformational leadership was associated with a 0.57 increase in growth. Further, transformational leadership explained 33% of the variation in growth.

Table 6: Test of Relationship between Enterprise Growth and Transformational Leadership

	β	SE	Standardized Beta	t-statistic	p -Value
(Constant) Intercept	1.50	0.11		13.65	< 0.05
Transformational Leadership Index	0.57	0.04	0.57	13.98	< 0.05
$R^2 = 33\%$, $F = 195.35$, $p < 0.05$					

Dependent Variable = Enterprise Growth Index.

5.0 Conclusions

The purpose of the study was to examine the effects of transformational leadership on the growth of women-owned MSEs in Kenya. The reported data shows that most of the surveyed enterprises were experiencing moderate growth. The results show that on average, the respondents were able to meet their business objectives, utilize resources effectively, satisfy stakeholders and offer

quality products. Innovation and building the capacities of the businesses were two notable problematic areas.

The study findings confirmed previous literature that shows that transformational leadership is driven by five attributes namely idealized attributes; idealized behaviors; inspirational motivation; intellectual stimulation; and individual consideration. Three attributes scored highly among the sample (idealized attributes; idealized behaviors; and inspirational motivation) while low scoring was reported on two attributes (intellectual stimulation and individual consideration). High scoring on idealized influence attributes (idealized attributes and idealized behaviors) indicates that idealized influence is linked to charisma. Charisma development helps in mentorship and in resolution of conflicts. Idealized influence leaders serve as role models for their employees, allow them to identify with a shared organizational vision, and overcome obstacles in ways that breed pride and belief in employees. High scores rating on inspirational motivation items indicate the ways in which the sampled female entrepreneurs take to inspire their followers to achieve both personal and organizational goals. Low scoring on the individualized consideration attributes shows that understanding and sharing in others' concerns and their personal developmental needs are not issues of great concern to the sampled women MSEs' owners.

Individual Consideration shares some aspects of the mentoring concept. Low scoring on intellectual stimulation attributes indicates deficiencies in conflict management and problem solving between the sampled female entrepreneurs and their followers. Effective conflict management can lead to better team performance, as leaders and followers are not dragged down by infighting and indecision. This could have contributed to possible slow growth experienced in the sampled enterprises because teamwork is diminished, and speed of decision-making and execution of tasks is curtailed. Transformational leadership was further found to be positively associated with growth of women-owned enterprises. This result supports literature that suggests that transformational leadership is essential in the development of women-owned enterprises. Therefore enhancing transformational leadership is a viable option for boosting the growth of women-owned enterprises

6.0 Recommendations

There is need to formulate policies and programs on education and training in order to foster transformational leadership in women entrepreneurs. The presented results suggest that enhancing intellectual stimulation and individualized consideration among women entrepreneurs are avenues that can be pursued. The MLQ paradigm can be used to enhance the formulation and implementation of meaningful educational and training programs for women entrepreneurs. Proper coordination in the various government departments to establish quality training programs emphasizing on women leadership and knowledge in business is required.

7.0 References

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