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RELATIONSHIP BETWEEN AUTONOMY ASPECT OF AN ENTREPRENEUR AND THE PERFORMANCE OF AGRO-BASED MANUFACTURING SMALL AND MEDIUM ENTERPRISES IN KIAMBU COUNT-KENYA

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Abstract: *The study sought to establish the relationship between the entrepreneur's autonomy and performance of SMEs in the agro-based manufacturing sector in Kiambu County in Kenya. To achieve the objectives, the study used descriptive survey research design. The target of the study included the 250 registered agro-based manufacturing SMEs in the food subsector in Kiambu County. Stratified random sampling techniques were used to draw a sample size of 69 enterprises. To collect the data a questionnaire with both closed ended and open ended questions were administered. The data collected was analyzed using Statistical Package for Social Science version 21 to generate descriptive statistics including percentages, frequency tables and mean scores. Correlation coefficient was used to determine the magnitude and direction of relationship between autonomy and the performance of the SMEs. Regression procedure was used to determine the nature of the relationship. The correlation analysis revealed that there is a significant linear relationship between autonomy and performance of the SMEs. The correlation Coefficient index is at P value less than 0.001 ($r = 0.652$, $P < 0.001$). The regression model of the study indicated that autonomy explains 69.4% of the variation in performance of the agro-based SMEs. For one unit increase in autonomy, performance increases by 1.062 units. From the findings of this study, there is a significant relationship between autonomy of the entrepreneur and the performance of the agro-based manufacturing SMEs.*

Key words: *Autonomy, Entrepreneur, Small and medium Enterprises, Agro based, Performance*

1.0 INTRODUCTION

Autonomy refers to the independent action of an individual or a team in bringing forth an idea or a vision and carrying it through to completion (Lumpkin and Dess, 1996). It also reflects the strong desire of a person to have freedom in the development of an idea and in its implementation (Lumpkin *et al.,* 2009). In general, it means the ability and will to be self-directed in the pursuit of opportunities. In an organizational context, it refers to freely taken action, irrespective of organizational constraints, for establishment and smooth running of a venture (Stevenson and Jaillo, 1990; and Kraus or *et al.,* 2005). Autonomy in firms may vary with the size of organization, management style, or ownership (Lumpkin and Dess, 1996). Protas (2008) suggested that autonomy offered by firms would motivate employees to work in a positive manner that could lead to higher firm performance. A study on different industries in Australia, by Coulthard (2007) argued that firms cannot function entrepreneurially without giving autonomy to their employees. His finding showed that autonomy is the most important factor for improving firm's performance across industries.

2.0 METHODOLOGY

2.1 Research Design

The study used a descriptive survey design. According to Elahi and Dehdashti (2011), a descriptive survey research is ideal when the research objectives include the following: Portraying the characteristics of a social or physical phenomenon and determining the frequency of occurrence; determining the degree to which the variables are associated and Making predictions regarding the occurrence of social or physical phenomena. The study intended to establish the relationship between the entrepreneur's autonomy in the agro-based manufacturing sector and performance, thus the design was ideal.

Both qualitative and quantitative research approach were used. According to McMillan and Schumacher (1993) qualitative research is concerned with understanding the social phenomenon from the participants' perspective while quantitative research is an inquiry into an identified problem, based on testing a theory, measured with numbers, and analyzed using statistical techniques. Combining the two approaches provides a richer presentation of the reality, (Silverman, 2005). The study combined the two approaches to understand the relationship between entrepreneurial orientation and performance of businesses in the agro-based manufacturing sector.

2.2 Instrumentation and Data Collection

The data collection involved both primary and secondary data collection. The primary data was collected through a questionnaire and an interview. Interview guide was used to guide interviews conducted with the entrepreneurs. The interviews sought to have an in-depth probing on how entrepreneurs achieve autonomy. Further, the interview sought to understand the relationship between autonomy and the performance of the business based on the view of the respondents.

During data collection questionnaires were administered by the researcher at the enterprise premises to avoid inconveniencing the entrepreneurs. This enabled collection of primary data on autonomy. However, the business earnings data was obtained from secondary data based on the business financial records. The questionnaire had five scale likert questions which sought information on the innovativeness of the proprietor. The respondents rated each item by stating the level of agreement of each statement ranging from strongly agrees to strongly disagree. The questionnaire was administered by the researcher with the help of research assistants.

2.3 Data Analysis

The data analysis included both descriptive and inferential statistics. The data collected on innovativeness, was scored to determine the level of innovation. Similarly performance of the business was measured at the same time. The relationship between autonomy and performance was shown after data analysis. The level of autonomy was measured using a 5 scale likert-type. The scale ranged from strongly disagree (1) to strongly disagree (5). A composite score for each measure was obtained by averaging the responses across the items used for the measure. Data was analyzed using statistical package for social science version 21.

The variable relationship in the regression analysis was tested using inferential statistics. The ordinary least square regression analysis was used to determine the relationship that the independent variable had with the dependent variable. To test the linear relationship between the independent and the dependent variable of performance of the SMEs, Spearman's rho correlation was used. The designation r symbolizes the correlation coefficient which varies over a range of -1 to +1. The sign signifies the direction of the

relationship. The coefficient is significant in situations where the significant level is between P< 0.05.

The performance of the SMEs was measured by obtaining records on the net worth, quarterly earnings, number of the employees and the years the business had been operating. Other descriptive statistics included the type of the business, years of operation, business size, earnings and number of employees.

3.0 EMPIRICAL RESULTS

The study sought to analyze the relationship between autonomy of the entrepreneur and performance of the SMEs. Ten items which depicted the relationship between autonomy and performance of SMEs were subjected to descriptive analysis through the use of percentages, mean and standard deviation. A five point likert scale, with ten survey statements, were used to evaluate practice of autonomy in the SMEs. As shown in table 1, the opinion of the entrepreneurs indicates that 68% of the entrepreneurs agree that they are inclined to make their own decisions about their working methods. Another 66% agree that they always set their business goals. Those that agree that they always regulate their time are 68%. Another 62% agree that they are responsible for results of all decisions that they make. From the findings of the study it is further noted that the mean of the responses of the statements used to measure autonomy range from 3.2 to 4.3, this shows that the majority of the respondents are in agreement with the statements used to measure autonomy.

It is noted that four items have a mean of 2.1 to 2.7; this items have to do with the amount of freedom given to employees. Similarly the standard deviation of six of the items ranges from 0.52 to 0.85. It can be deduced that the response on the items did not deviate much from the expected responses. However the standard deviation of the four items that relate on the amount of freedom given to employees in decision making, range between 1.06 and 1.38. This implies that the responses deviate from the expected. Entrepreneurs do not give much freedom to their employees on issues of decision making form the findings of this study.

4.0 DISCUSSION

The hypothesis of the study was that there is no significant relationship between autonomy and performance of agro- based manufacturing SMEs in Kiambu County. The analysis

reveals that there is a significant linear relationship between autonomy and performance of the SMEs. The correlation between autonomy and performance of the agro-based SMEs, was found to be significantly different from zero ($r = 0.652$, $P< 0.001$). This is shown in table 2. The study concludes that there is a strong positive relationship between the performance of the SMEs and the autonomy. As the level of autonomy increases, so does the performance of the SMEs.

The regression analysis results for autonomy and performance of SMEs is shown in tables 3(a), 3(b) and 3(c). A simple regression model was fitted to the data and it was found to be significant ($F (1, 48) =35.44$, $p <0.001$). This is shown in table 3(b). The value $R^2 = 0.425$, as shown in table 3(a) implies that autonomy explains 42.5% of the variation in performance. The hypothesis $H0_1$: $\beta_1 = 0$ **(**There is no significant relationship between autonomy and performance of agro- based manufacturing SMEs in Kiambu County), is therefore rejected. This is because $\beta_1 =0.652$, and it is positive as shown in table3(c). Autonomy has a positive influence on performance of the SMEs in the agro-based manufacturing sector in Kiambu County. For one unit increase in autonomy, performance increases by 0.652 units. The model equation generated for Autonomy and performance, $Y = \beta_o + \beta_1 X_1$; which implies that, $Y = 3.578 + 0.652 X_1$. Since Y is performance of the SMEs and X_1 is autonomy, this means that Performance =3.573 + 0.652*Autonomy. For one unit increase in autonomy, performance increases by 1.062 units.

5.0 CONCLUSION

The study concludes that autonomy is a statistically significant factor in determining performance of agro-based manufacturing SMEs in Kiambu County. Autonomy refers to the independent action of an individual or a team in bringing forth an idea or a vision and carrying it through to completion (Lumpkin and Dess, 1996). It also reflects the strong desire of a person to have freedom in the development of an idea and in its implementation (Lumpkin *et al.,* 2009). In general, it means the ability and will to be self-directed in the pursuit of opportunities. Protas (2008) suggested that autonomy offered by firms would motivate employees to work in a positive manner that could lead to higher firm performance. From the findings of this study, there is a significant relationship between autonomy of the entrepreneur and the performance of the agro-based manufacturing

SMEs. The findings indicated that performance of the SMEs increased by 0.652 where the entrepreneurs practiced autonomy.

Based on the findings of this study, the researcher recommends that entrepreneurs in the agro-based manufacturing sector should practice autonomy. The entrepreneurs should give room to the employees to make decisions on their working methods, set their own targets and regulate their time under the supervision of the manager/ owner. The set targets should be reviewed periodically to make any changes necessary.

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Table 1. Relationship between Autonomy and Performance of SMEs

Opinion Statements	SD %	D%	N%	A%	SA%	M	SD
a) Inclined to make own decisions about working methods	0	0	4	68	28	4.2	0.64
b) Always set business goals	0	0	2	66	30	4.3	0.53
c) Always regulate my time	0	0	4	68	28	4.2	0.52
d) Responsible for results of all my decisions	0	2	10	56	32	4.2	0.69
e) Employees have freedom to decide on their own working methods	14	34	28	20	4	2.7	1.08
f) Employees have freedom to set their own targets	10	26	18	28	18	3.2	1.38
g) Employees are allowed to seek new business opportunities.	12	32	30	22	4	2.7	1.06
h) Employees are allowed to decide on business opportunities to be pursued	20	56	18	4	2	2.1	0.85
i) Responsible for results of all decisions made	0	2	10	62	26	4.1	0.66
j) Employees never have authority to make any decisions	14	28	22	28	8	2.88	1.21

N=50, Cronbach alpha =0.723 with 9 items (item j dropped)

SD= Strongly Disagree, D= disagree, N=Neutral, SA strongly Agree,

SD=Standard deviation

Table 2. Correlation between Autonomy and SMEs Performance

		Performance	Autonomy
Performance	Pearson Correlation	1	.652**
	Sig. (2-tailed)		.000
	N	50	50
Autonomy	Pearson Correlation	.652**	1
	Sig. (2-tailed)	.000	
	N	50	50

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

Table 3(a) Model Summary for Regression of Autonomy against Performance of the SMEs

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.652[a]	.425	.413	.52691

a. Predictors: (Constant), Autonomy

Table 3(b) Anova table for regression of Autonomy against performance of SMEs

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.839	1	9.839	35.441	.000[a]
	Residual	13.326	48	.278		
	Total	23.166	49			

a. Predictors: (Constant), Autonomy

Table 3(c) Coefficients for regression of Autonomy against performance of SMEs

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	T	Sig.
1	(Constant)	3.578	.075		48.017	.000
	Autonomy	1.062	.178	.652	5.953	.000

a. Dependent Variable: Performance