ROLE OF PRINCIPLES OF GOVERNANCE AS AN IMPETUS FOR GROWTH IN WOMEN-LED SMES IN KILIFI SOUTH SUB-COUNTY - KILIFI COUNTY.

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ABSTRACT

Empowering women entrepreneurs is significant progress of any aspiring economy. The current study focuses on one specific objective to act as the basis of this research, effect of accountability in the performance of women-led SMEs in Kilifi South Sub-County, Kilifi County. This study used two theories to lay a foundation for its research. A conceptual framework is provided showing the relationship between the independent variable, moderating variable and dependent variable of the study. The study's methodology has been presented by descriptive research design The study also gives a target population of women leaders or owners of small and medium enterprises giving a sample size of fifty (50) SMEs in Kilifi South Sub County, Kilifi County. A pilot study involving ten (10) SMEs was done to determine the authenticity of the data collection instrument that applied Cronbach Alpha reliability estimate. The study also used questionnaires as the main data collection tool. The study results were analyzed using Statistical Package for Social Sciences (SPSS) for windows 23. One of the significant findings of the study was that, there was a significant effect of accountability on the growth of SMEs in Kilifi South Sub-County. Consequently, the study concluded that increased transparency and flow of information would boost the growth of SMEs. The study recommends that there is need for women leaders themselves to seek strategies to ensure that transparency and effective information flow in their enterprises is effective, as this would enhance overall decision making. Further studies could be helpful in finding out the effect of other principles of governance in SMEs.

INTRODUCTION

Governance is essential in balancing the powers of individuals, groups and organizations in enhancing accountability for organizational success (OECD, 2004). Although the male- centered business model was seen as the natural model of doing business, women entrepreneurs have revealed that entrepreneurship is a venture they can engage in successfully (Henry, Foss & Ahl, 2016). This is why aspiring women entrepreneurs are now benefiting by gaining access to the already flooded market with women-led SMEs. Women-led SMEs often suffer from corruption and mismanagement amidst other power imbalances (Fuentes, 2018). This is because their businesses account for about one- half (48percent) of all micro, small and medium-sized enterprises (MSMEs), that provide 20 percentto Kenya's GDP(WEF, 2016). The new Constitution of Kenya gives a powerful structure for addressing traditional sensitivities and discrimination of women in every facet of development (Constitution of Kenya, 2010). However, it is important to note that women leaders have also made efforts to access business management skills especially during this COVID-19 era where there is heightened competition due to slow-down in business.

However, women-led business are more likely to be inspected by tax officials and receive more requests for tips and informal payments than male-led business (KES, 2018).Hence, these high rates suggest that women-led SMEs are targeted for bribes andinformal payments at higher rates than men-s business (Fuenties, 2018). This phenomenon suggests that most women-led business significantly lack transparency and accountability at some levels. Despite many efforts of the Kenya Government and hypothetical models giving varied perspectives on transparency on women-led SMEs, there still a knowledge gap as there is scars empirical knowledge focusing on prerequisitespractices to steer the growth of women-led business in in Kilifi South Sub-County. Thisprovides for better strategies of enhancing accountability in business operations. This study sought to provide an appropriate framework that will seek to inculcateappropriatestrategies to ensure accountability. This study will provide more information for future researchers in governance and women leadership.

LITERATURE REVIEW

The study was founded on stakeholder's theory which suggests business leadership should be primarily concerned with the success of the enterprise in regard to meeting the anticipations of all stakeholders (Mitchell, 2012). This is ensuring that one is available to address the concerns of those who contribute to the success of the enterprisein one way or another. This theory is significant for this study as it highlights the key concepts of stakeholder engagement in an enterprise. This theory suggests business leadership should be primarily concerned with the success of the enterprise in regard to meeting the anticipations of all stakeholders (Mitchell, 2012). This is ensuring that one is available to address the concerns of those who contribute to the success of the enterprise in one way or another. Sustaining sucha culture would require leaders with the appropriate experience and requisites toenhancetheir progress.

Trait theory also provided a basis for this study. The theory pursues to establish precise traits that women leaders should hold that supports their success in leadership. Hence, the elementary impression behind trait theory is the noteworthy linkage between individual traits and assessing leader success, with regard to physical, conceptual and social traits. This theory is also of great benefit to this study as it enlists the principle traits that leaders should possess to predict their success in enhancing good governance. According to Grogan (2010) traits such as adaptability, knowledge of one's social

surroundings, aspiring and initiative, assertive, decisive, reliability are principles for success in leadership. Trait theory is seen as a compacted and realistic tool forappraising a personality and a profound way of attaining good measurements of the vital leadership traits. The theory seems to appreciate that these traits may predict an individual's personality.

CONCEPTUAL FRAMEWORK

A conceptual framework is a diagrammatic representation that shows the relationship between the dependent, independent and other variables of the study. It also provides the primary modelthat shows the basis on determining the research question, objectives and methodology to be used in order to solve the questions under study (Mugenda & Mugenda, 2008). See Figure 1
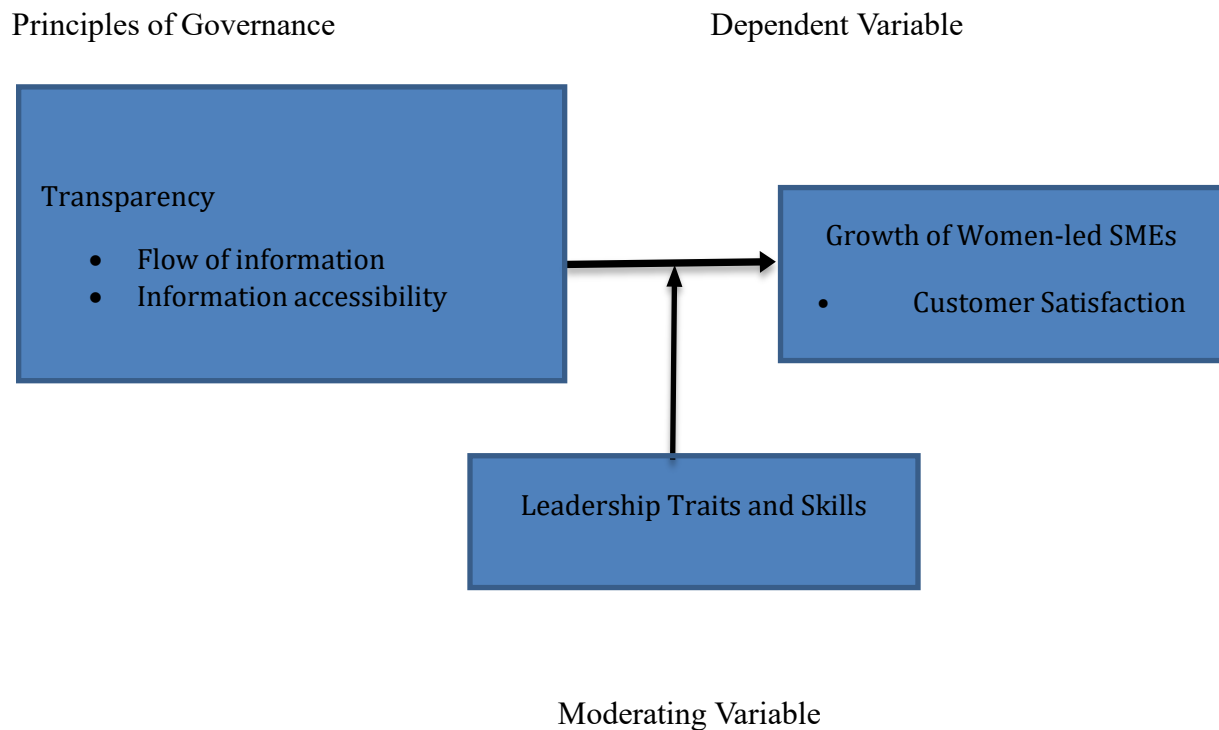
Principles of Governance   Dependent Variable

Transparency

- Flow of information
- Information accessibility

Growth of Women-led SMEs

- Customer Satisfaction

Leadership Traits and Skills

Moderating Variable

Figure 1: Conceptual Framework

Review of Study Variables

Accountability

Transparency: According to UNDP (1997) transparency is where management in government, the

private sector and civil society administrations are responsible to the public, as well as to institutional stakeholders. This liability is dependent on the enterprise and if the decision is internal or external. In addition, access of information is another aspect of transparency which is constructed on the free-flow of information (Mariama, 2017).n the context of this study, this is where the women-led SMEs are responsible to the community and to the firm's stakeholders. It is interesting to note that this is because corrupt networks are mostly dominated by men and hence are weakened access of information by women in an effort to improve their enterprises (Joshi, 2010).

Flow of Information

Transparency is built on free flow of information in regard to practices and information, which should be reachable to the appropriate parties. According to Iloren (2015) there exists strong linkages between women's participation in economic activities. It has also been noted that women have often used certain technologies and social media to and publicize corrupt practices. This only happens when women are encouraged to start-up their own business and ensure accountability in their organizations (Fuenties, 2018). Equally, encouraging women's participation helps encourage more civil-society stakeholders into open decision-making processes. Hence, this has been found to improve overall accountability and hence reduce corruption effects. Fuenties (2018) suggests that women can also acquire significant business competencies in independently led businesses and enhance openness and proper flow of information in their businesses.

Women-led SMEs Growth

Although women have been significantly excluded from the highest-ranking positions in business, modern business models, now supported by international trade agreements, have encouraged great performance and growth in business environments. Women's involvement in leadership positions within businesses is key as it may enhance good governance and growth of the enterprises. Fuentes (2018) recommends that creating ombudsman services to report corruption and any business malpractices can increase transparency and accountability in the delivery of services.

Leadership Traits and Skills

Fuenties (2018) asserts that, women lack managerial skills required to run their business as they are faced with lack of experience in key areas e.g. decision making, problem solving and leadership competencies. Further, implementation of the 30 per cent public procurement preference of women entrepreneurs has also opened a podium for impartial antagonism in distribution and supply of government tenders. This has been detrimental in ensuring transparency and accountability in their businesses.

METHODOLOGY OF THE STUDY

The study adopted the descriptive research design According to Mugenda and Mugenda (2008) such a design is a valued tool for relating prevailing situation by getting from individuals about their opinions. The study targeted five (5) Wards from Kilifi Sub-County in Kenya. The study also targeted Women-led SMEs from the same five (5) Wards. The women were either leaders in the SMEs or owners of the enterprises. The sample size of fifty(50) women leaders was derived from the target population A sample size from the population will be selected to participate in the study. This sample was from the one hundred and sixty-eight (168) SMEs giving 30% of the target population. It istheorized that a section of a population integrated as sample size is adequate to reflect real and precise outcome of a study (Kothari, 2019). The researcher will usea sample of 50 women leaders. To achieve this, each Ward of the five (5) Sub- Counties will be identified from the map (Appendix V) and particular land-marks eg churches, schools, dams e.tc. will be identified from each Ward and this will form the basis of selecting ten (10) SMEs from each Ward. The study used self-administered questionnaires will be distributed to the women leaders in their business premises or offices. This method is appropriate for this study as it is more convenient to the respondents as they willfill the questionnaires during their suitable time and this saves more time for the researcher (Kothari, 2019). According to Likert (1932) a Likert-scale is a valuable technique used for measurement of perceptions. A pilot-study was conducted two (2) weeks prior to the main data collection period. The pilot gave a test of the data collection instrument Kothari (2019) which comprisedof one per cent (1%) of the sample size. The study used convenience sampling as a procedure where those who are easy to reach are engaged in the study (Mugenda & Mugenda, 2008). Those who participated in the pilot study were not involved in the main study. The researcher sought permission from the Sub-County Government to carry out the study. Consent was also received from the participants of the study. Data was collected in August 2023 during working days from Monday to Friday as this is when the leaders were available at their place of work. Questionnaires were issues between 8.00a.m to 5.00p.m. Respondents will be approached in their offices or through telephone. They will state whether they will be willing to participate in the survey and provide appropriate dates and timings when they would be contacted. The researcher also tested for reliability of the data collection method by use of Cronbach's alpha measure, which will be done to test the reliability, or internal consistency, of a setof items. Reliability refers to the degree to which it is a dependa[5]ble measure of a notion is achieved and Cronbach's alpha is one way of determining the strengths of that consistency (Cronbach, 1975). The results are shown below:

Table 1.1: Reliability Statistics: Cronbach's Alphaa

Variable	Cronbach's Alpha	No of Items
Accountability	0.820	6
SMEs Growth	0.861	5
Leadership Traits & Skills	0.885	6

According to the table, the test showed a strong alpha coefficient values for the tests of reliability coded under certain headings. Data on variables was analyzed using Microsoft SPSS Version 23. Regression analysis was carried as well as multiple regression analysiswas done to establish association of the study variables highlighting their strength of their relationship. Multiple regression analysis will be used to define the strength and courseof the variables and their influence.

Descriptive Statistics

The study conducted descriptive statistics which were calculated for the variables of the study using SPSS Version 23. Generally, larger values for the mean shows that respondents felt that the variable was significant while higher values for standard deviation shows a large variation in opinions. The results are shown on Table 1.2

Table 1.2: Descriptive Statistics

Variable	Mean	Standard Deviation
Accountability	4.38	1.83
SMEs Growth	4.24	1.60

Table 1.2 shows the mean for accountability was (4.38) while SMEs growth was (4.24). The values are nearer to the maximum value of five (5) in the Likert Scale. This means that the respondents felt that the variables were of great importance to SMEs. Consequently, the standarddeviation for accountability was (1.83) and SMEs growth had a value of (1.60). These figures showed that there was no high variation across the respondents. Lower standard deviation valuesshowed that their opinions were closely related.

Model Testing

A total of fifty (50) questionnaires were issued to respondents during the main data collection period. Only thirty-eight(38) of the questionnaires were returned showing a sseventy per cent (76%) response rate, which was deemed appropriate for the data analysis(Kothari, 2019).

Testing of Hypotheses

The study applied regression analysis to test the study hypotheses at 95% confidence interval by use of one-tail approach. The results are shown on Tables 1.3, Table 1.4 and Table 1.5

Table 1.3: Model Fitness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.576[a]	.331	.315	4.63977	
2	.844[b]	.712	.697	3.08274	1.599

a. Predictors: (Constant), Accountability, Leadership Traits & Skills
b. Dependent Variable: SMEs Growth

Table 1.3 shows how accountability relates to leadership traits & skills and SMEs growth in Smalland Medium Enterprises (SMEs). It shows that R-square is 0.331 when accountability interacts with the moderation variable as shown in Model 1, further accountability interaction with the dependent variable shows R-square of 0.712. This clearly shows the goodness of fit of the model.variation of the output for accountability for women leaders in SMEs, meaning that over 70% of the variation in the output can be explained by the input variable, meaning the model was satisfactory in checking the association of the variables. An overall analysis was also carried out and the results are as shown on Table 1.4.

Table 1.4: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	426.519	1	426.519	19.813	.000[b]
	Residual	861.100	40	21.528		
	Total	1287.619	41			
2	Regression	916.992	2	458.496	48.246	.000[c]
	Residual	370.627	39	9.503		
	Total	1287.619	41			

a. Dependent Variable:
b. Predictors: (Constant), Accountability
c. Predictors: (Constant), Accountability, Leadership Traits & Skills

Table 1.4 shows that the overall model the p-value 0.00 shows that the null hypothesis is rejected,hence showing that there is significant relationship between accountability and SMEs growth moderated by leadership traits & skills. Regression of coefficients results of the study were also computed. Table 1.5 shows results of the significance of overall accountability of women leadersin enhancing SMEs growth.

Table 1.5: Regression of Coefficients

	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
(Constant)	1.865	2.616		.713	.480		
Accountability	.207	.118	.178	1.746	.089	.707	1.414
Leadership Traits & Skills a. Dependent Variable: SMEs Growth	.731	.102	.734	7.184 7	.000	.707	1.414

Results on Table 1.5 shows that distinctively, accountability was found to have some level of significance (r=0.667, p,0.05). This shows that when accountability changes in women leaders, then there is a positive significant effect on SMEs growth.

Based on the above findings, the optimal model is presented as follows: SMEs Growth = 1.865 + 0667AC

Hypotheses Results

Accountability and SMEs Growth

Hypothesis H01: Stated that there was a significant relationship between accountability and SMEs growth. Ordinary linear regression analysis was carried out to test whether the p-value was less that 0.05. Results showed that p-value was less than 0.05 hence showing a significant relationship. Where a significant change in accountability reflected change in SMEs growth. This showed that where women leaders engaged in effective accountability strategies, this would often lead to improved growth in their enterprises.

Moderating Effect on Accountability and SMEs Growth

Hypothesis H02: Stated that there was a significant relationship between accountability and SMEs growth moderated by leadership traits & skills. Results showed that p-value was less than 0.05 hence showing a significant relationship between accountability, SMEs and leadership traits & skills. This showed that indeed when women leaders engage in accountability strategies and posses good leadership skills, their enterprises would show growth.

Summary, Conclusions and Recommendations

Summary

Accountability and SMEs Growth

The first objective of this study was to determine the effect of accountability on SMEs growth. Regression results (r=0.667, p,0.05) showed that there was a positive significant effect of accountability on SMEs growth in SMEs. This means where an increased in accountability levels of women leaders showed some better growth in their enterprises. The findings of this study are consistent with

The second objective of this study was to identify the moderating effect of leadership traits & skills on accountability and SMEs growth. Regression results show that leadership traits & skills had a positive significance effect on accountability and SMEs growth. It means that inculcation of good leadership traits & skills would enhance more accountability on leaders thus leading to an improvement in SMEs growth. This finding is in agreement with

Conclusion

The general objective of this study was to determine effect of accountability on SMEs growth moderated by leadership traits & skills. The study concludes that indeed where there are transparent and open channels of addressing issues in an enterprise, there is noted improvement in the organization's overall activities. The study also concludes that where women leaders are encouraged to air their views without fear, they often become more accountable to their actions as leaders. It can also be concluded that good flow of information within an organization enhances accountability of those concerned.   The study also concludes that accountability improves service delivery. Based on the moderating variable, the study concludes that an effective team network supports a leader's skills. Hence, where women leaders or owners of SMEs embrace appropriate governance leader traits & skills, their organizations benefit. In addition, the study also concludes that capacity building for leaders is a crucial element in enhancing accountability to an organization hence boosting its growth.

Recommendations

The study recommends that appropriate governance skills are crucial for women leaders so as to improve their work ethics hence boost their business outcomes. This recommendation aims at ensuring that the Government and other stakeholders take the initiative to provide this type of capacity development to the leaders as well as owners of SMEs. Based on the findings, the study also recommends that women leaders themselves seek strategies to ensure that transparency has been enhanced in their organizations. This will improve the flow of information in their enterprises which will mean better service delivery. This will also facilitate the involvement of employees, customers and other key stakeholders in decision making. The study recommends further studies

in finding out the effect of other principles of governance in SMEs.

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