

Effect of Managers Emotional Intelligence on Performance of Small and Micro - Enterprises in Nakuru East Sub-County, Kenya

Penina Mwikali Muthembwa, Dr. Maina Waiganjo, Dr. Njenga Gitahi

Abstract— Small and micro enterprises (SMEs) have strong influence on the economies of many countries. In Kenya, SMEs play a key role in economic development including job creation. In 2014, eighty percent (80%) of jobs created were dominated by these enterprises. SMEs are the core business units in Kenya, however many of them do not progress to maturity implying poor performance. Performance of any organization is dependent on the competence of its leaders or managers. Studies that have sought to investigate the link between managerial capacities and performance have largely focused on their knowledge and technical skills and the impact of emotional intelligence on the performance of managers with regard to SME's in Kenya has remained unknown. This study thus sought to investigate effects of emotional intelligence of managers on performance of SMEs in Nakuru East Sub-County, Kenya. This study was anchored on the Mixed Model Approach of Emotional Intelligence which is pegged on five dimensions: Self-Awareness, Self-Regulation, Self-Motivation, Social Awareness and Social Skills. The researcher used descriptive design to carry out the study. This study targeted SME's conducting their businesses in Nakuru, East Sub-County, Kenya. The target population was 800 small and micro-sized enterprises' in Nakuru East Sub-County, Systematic random sampling technique was used to obtain a representative sample of 131 managers of SME's. A structured questionnaire was used to obtain primary data from the respondents. A pilot study of twelve SMEs in Free Area, in Nakuru East Sub-County, was carried out to determine reliability of the instrument and Cronbach Alpha was computed. Statistical Package for Social Science (SPSS) was used to aid in the data analysis process. Frequencies and percentages were used to describe characteristics of the sample while the chi-square test of association and goodness of fit were used to establish associations and differences respectively. A multiple linear regression analysis between the five dimensions of entrepreneurs' emotional intelligence and SME performance was carried out. The computed Cronbach's alpha coefficient was found to be 0.799 for self-awareness, 0.776 for self-regulation, 0.813 for self-motivation, 0.756 for social awareness, 0.844 for social skills, 0.787 for SMEs performance and 0.814 for the overall questionnaire. The results show that managers of SMEs have high levels of emotional intelligence and that emotional intelligence has a significant impact on SME performance. The findings of the revealed that 15.8% of variation in SMEs performance was explained by Self-Awareness score showing that there is a significant effect of self-awareness on SMEs performance. The study also found

that 17.5% of variation in SMEs performance was explained by Self-Regulation score and thus there is a significant effect of Self-Regulation on SMEs performance. About 11.9% of variation in SMEs performance was explained by Self-Motivation score suggesting that there is a significant effect of Self-Motivation on SMEs performance. Further, 12.8% of the variation in SMEs performance was explained by Social Awareness and thus there is a significant effect of Social Awareness on SMEs performance. Finally, the study found that 20% variation in SMEs performance was explained by Social Skills score. Thus there is significant effect of Social Skills on SMEs performance. The main conclusions of the study are that self-awareness, self-regulation, self-motivation, social awareness and social skills have a significant impact on the performance of SME. The study recommends that efforts be made to increase managers' levels of emotional intelligence, in particular with a focus on social skills. This can be through sensitization campaigns and encouragement to join groups/association.

Index Terms— Emotional Intelligence, Performance, Self-Awareness, Self-Regulation, Self-Motivation, Social Awareness, Social Skills.

I. INTRODUCTION

Emotional Intelligence (EI) is defined as the ability to identify, assess, and control one's own emotions, the emotions of others, and that of groups. Emotional intelligence of managers is an important factor in the performance of SMEs (Bradberry, 2015). According to Goleman (2017), emotional intelligence plays an important role in the workplace as compared to cognitive abilities such as intelligence or technical skills.

Emotional Intelligence is having an aptitude to identify and comprehend the emotions and the impact it has on behavior and attitudes. People with excessive degrees of emotional intelligence can recognize their own emotions and the emotions of other people whom they come into contact with (Yusoff&Azam, 2013). In the business world, Emotional Intelligence is seen as a more essential tool today as the business world demands more open communication, co-operation, collaboration and mutual respect among employees and their supervisor (Goleman, 2006). As the economy is characterized by scarce labor, it is important for an organization to try and retain good workforce at the workplace.

Managers, who have low emotional intelligence, are bound to fail to understand the feelings and emotions of their employees hence creating a negative impact on the workplace

Penina Mwikali Muthembwa, Candidate - Master of Science in Human Resource Management

Dr. Maina Waiganjo, Senior Lecturer, School of Business and Economics - Kabarak, University.

Dr. Njenga Gitahi, Lecturer, School of Business and Economics - Kabarak, University.

environment (Yusoff&Azam, 2013). A few studies have used emotional intelligence to explain the relationship between positive moods and charismatic leadership, emotional management and transformational leadership, expressing emotions and leader-member exchanges, as well as leader's emotional displays and followership behaviors (Jordan & Troth, 2011).

The importance of emotional intelligence in advancing the status of an organization is increasing. Emotional intelligence can track progress or stagnation and staff predicted failure. Most people in high-level leadership and management depend on emotional intelligence and other cognitive technical skills for their enterprises success. Mayer & Salovey (1997) considered emotional intelligence as the ability to identify true thoughts and emotions of others, appropriate responses to them and to stimulate awareness of snow up and control their emotional responses. Bar-On (1997) specified five components of intrapersonal skills, interpersonal skills, adaptability, impulse control, and general moods to measure the construction of emotional intelligence (Rajai, 2010).

Singer (2000) defined emotional intelligence as using emotions in guiding behavior, thoughts, communicating effectively with colleagues and in use of time and how to improve work. According to Mayer (2000), emotional intelligence is a cognitive and emotional operating systems check. Emotionally intelligent people are said to be considerate, they are good at putting themselves in someone else's shoes and seeing challenges from different perspectives, which can also help them, solve problems. These qualities make them brilliant, respected leaders.

1.2 Statement of the Problem

Small and micro enterprises play a key role in Kenya's economy; Research shows that SMEs contribute significantly to economic development. The 2017 National Economic Survey report released by the Central Bank of Kenya reveals that small-scale traders account for about 98 per cent of all businesses in Kenya. However, many of them fail to progress or grow to become medium and later on large enterprises and many collapse (Muriithi, 2017).The government, corporate bodies and NGOs through various interventions and initiatives have repeatedly encouraged citizens to start small businesses in a move to ensure job creation. However, three out of every five businesses collapse within their first few months of operation (Kenya National Bureau of Statistics, 2007). One of the reasons for the poor performance of these SMEs is poor management (Paige & Littrel (2002). Winter, Danes, Koh, Fredericks, Paul (2004) argue that personal factors contribute to failure of family businesses. One of the major factors is emotional intelligence of managers which is critical. There are also limited studies touching on how emotional intelligence affects the performance of managers. Matheri et al., (2018) examined the effect of emotional intelligence on employee commitment in the Kenyan Savings and Credit Co-operative (SACCO) sector. Another study by Mwathi (2010) found a significant, moderate and positive relationship between emotional intelligence and job performance among service providers in rehabilitation schools. They however failed to comprehensively investigate

the emotional intelligence aspect of managers hence a gap in their study. The effect of emotional intelligence on the performance of managers with regards to SMEs in Kenya is not known. If this knowledge gap is closed, chances of success of the interventions by government and other players will increase.

1.3 Specific Objectives of the Study

- i. To determine the effects of manager's self-awareness on SME's performance in Nakuru East Sub-County, Kenya
- ii. To examine the effects of manager's self-regulation on SME's performance in Nakuru East Sub-County, Kenya.
- iii. To determine the effects of manager's self-motivation on SME's performance in Nakuru East Sub-County, Kenya.
- iv. To assessthe effects of manager's social awareness on SME's performance in Nakuru East Sub-County, Kenya.
- v. To investigate the effects of manager's social skills on SME's performance in Nakuru East Sub-County, Kenya.

1.4 Research Hypotheses

H01 There is no significant effect of Manager's Self-awareness on performance of SME's in Nakuru East Sub-County, Kenya.

H02 There is no significant effect of Manager's Self-regulation on performance of SME's in Nakuru East Sub-County, Kenya.

H03 There is no significant effect of Manager's Self-Motivation on performance of SME's in Nakuru East Sub-County, Kenya.

H04 There is on significant effect of Manager's social awareness on performance of SME's in Nakuru East Sub-County, Kenya.

H05 There is no significant effect of Manager's Social skills on performance of SME's in Nakuru East Sub-County, Kenya.

II. LITERATURE REVIEW

2.1 Theoretical Review

The theories and aspects of emotional intelligence has been extensively covered in past studies. These are briefly presented below.

2.1.1 Ability model

The ability model as proposed by Mayer and Salovey (1997) view emotional intelligence as an actual domain of intelligence composed of specific emotional and mental abilities. It involves the use of maximum performance tests with accurate and inaccurate responses and concerns primarily to the realm of cognitive ability, which is accordingly most appropriately measured by performance tests (Petrides&Furnham, 2000).While this model is good, there are difficulties in measurements and that it is not successful in predicting job performance. Some of the studies that have used the ability model include MacCann, Joseph, Newman, and Roberts (2014); Legree, Psootka, Robbins, Roberts, Putka, & Mullins (2014); and Eisenberger,(2015).

2.1.2 Goleman's Emotional Intelligence Theory

Goleman explained that the concept of Emotional Intelligence is encapsulated by four elements: Self-awareness, self-regulation, social-awareness, social skills and self-motivation. According to Goleman (1998), these Emotional intelligence abilities are considered

independent of each other and contribute to job performance inter-dependently each drawing to some extent, strong interactions of Emotional intelligence capabilities that build upon one another but not sufficient to have emotional intelligence that will guarantee the competencies that will be demonstrated at different jobs. Self-awareness is the first element of Goleman's emotional intelligence theory and is concerned with knowing one's internal states, preferences, resources, and intuitions. It involves knowing your strengths and weaknesses as a person, and a Leader. The Self-Awareness cluster contains three competencies, these are: Emotional Awareness which involves recognizing one's emotions and their effects, accurate self-assessment which involves knowing one's strengths and limits and lastly self-confidence which involves a strong sense of one's self-worth and capabilities (Goleman, 1998).

Self-regulation is the second element and it is being in control of what you say and do, whilst rejecting the temptation to make rushed decisions. Through it, you can be in charge of your actions and therefore reducing the chance of compromising your values. Other aspects to nurture in this element are to show and actively apply conscientiousness, trustworthiness, leading and adapting to change, complete drive to succeed and the initiative to think fast and act creatively and innovatively to solve problems. The Self-regulation cluster contains six competencies such as: Emotional self-control which is keeping disruptive emotions and impulses in check, transparency which means maintaining integrity, acting congruently with one's values, adaptability, flexibility in handling change, achievement which involves striving to improve or meeting a standard of excellence, initiative which means readiness to act on opportunities and finally optimism which is persistence in pursuing goals despite obstacles and setbacks (Goleman, 1998).

The third element of emotional Intelligence is social awareness. This is the ability for a leader to comprehend the emotions of team members around them and to get a good understanding of their emotional makeup. The ability to treat people according to these emotional reactions is vital. This area is linked to empathy: The ability to understand and see things in other peoples' viewpoints, expertise in building and retaining talent, valuing diversity and appreciating the organizational goals. In essence this part of emotional intelligence then is about understanding and being truly in touch with the complete demands of the environment and acting to suit those conditions. The social awareness cluster contains three competencies which include: Empathy which is sensing others' feelings and perspectives, and taking an active interest in their concerns, organizational awareness which is reading a group's emotional currents and power relationships and service orientation which involves anticipating, recognizing, and meeting customers' needs (Goleman, 1998).

The fifth element from Goleman's emotional intelligence theory is social skills. Goleman describes social skills as "friendliness with a purpose", meaning everyone is treated politely and with respect. Social skills link Leadership and Emotional Intelligence together: Leaders with good Social

Skills are often very good communicators. Leaders who are good in this discipline are also good at conflict resolution and communicating the vision to team members, enlightening them and creating motivation and inspiration throughout the team. They are experts at getting their team to support them and also believe in their leadership. They set the example, for others to follow by demonstrating the acceptable behaviors and values (Goleman, 1998).

The final personal skills aspect of emotional intelligence is Motivation. Self-motivation includes our personal drive to improve and achieve commitment to our goals, initiative, or readiness to act on opportunities, and optimism and resilience. Being driven by only money or material rewards is not a beneficial characteristic, according to Goleman. A passion for what you do is far better for your emotional intelligence. This leads to sustained motivation, clear decision making and a better understating of the organization's aims (Goleman, 1998). However Goleman model is specific to the domain of work performance rather than a general theory of social and emotional intelligence.

2.1.3 Trait or Mixed model

In this model, emotional-social intelligence is defined as a set of non-cognitive capabilities, competencies, and skills that influences one's ability to succeed in coping with environmental demands and pressure (Bar-On, 1997). The model expounds why individuals with EI are likely to succeed in life and at work compared to others. Personality characteristics are also described and directly related to life success. They consist of intrapersonal skills, interpersonal skills, adaptability, stress management, and general mood (Bar-On, 1997). This model predicts achievement in the work place, in school and at home. Within the young people, the model has helped reduce rudeness, aggressiveness and leads to enlightened decisions with respect to alcohol, drugs and sex (Goleman, 1995).

The mixed model of EI, represented by the work of Goleman and colleagues Goleman, (1998); Boyatzis, Goleman, & Rhee, (2000), includes emotional abilities, but also a number of elements that are best described as personality dimensions, as well as some aspects that may have little to do with emotions or personality (for example recognizing the need for change; challenging the status quo, choosing team members based on expertise). The most recent version of the Goleman mixed model measures 20 competencies which can be organized into five dimensions namely: Self-Awareness, Self-regulation, Self-motivation, Social awareness, and Social skills. According to Goleman (1998), these EI abilities are considered independent each contributes to job performance interdependent each draws to some extent on certain others with strong interactions, hierarchical the EI capabilities build upon one another necessary, but not sufficient having an emotional intelligence does not guarantee that the competencies will be demonstrated and generic different jobs make different competence demands.

Each of the five EI dimensions is discussed below. Self-Awareness concerns knowing one's internal states, preferences, resources, and intuitions. Self-awareness involves emotional awareness, which is deemed as the

fundamental core ability of EI, and ability to know one’s strength and limits and self-confidence. Self-regulation refers to managing ones’ internal states, impulses, and resources. The Self-Regulation cluster contains six competencies, including self-control, being trustworthy, conscientious, adaptable, taking initiative, and having a drive to achieve. Social awareness refers to how people handle relationships and awareness of others’ feelings, needs, and concerns. Social Skills concerns the skill or adeptness at inducing desirable responses in others, including general communication ability, ability to influence others, manage conflict, inspire others via a vision, recognize and catalyze change, collaborate with others, and promote teamwork. The mixed model, takes a narrow approach to EI combining emotional abilities with elements of personality, motivation, and social skill (Bar-on, 1997, Goleman, 1998). This type of

EI pertains to the realm of personality which can be assessed by self-report questionnaires (Petrides and Furnham, 2000). The study relies on mixed model by assessing emotional intelligence using self-reported questionnaires.

2.3 Conceptual Framework

Figure 1 shows the conceptual frame work adopted for this study. The major components of emotional intelligence such as self-awareness, self-regulation, self-motivation, social awareness and social skills are independent variables. These factors affect the performance of SMEs managers which can be measured by employee turnover rate, sales volume, and the amount of revenue received. The moderating variables are work environment and customer loyalty. Managers with higher EI create better working environments and also attract and retain customers with an ultimate improvement in sales volume, revenue obtained and low employee turnover.

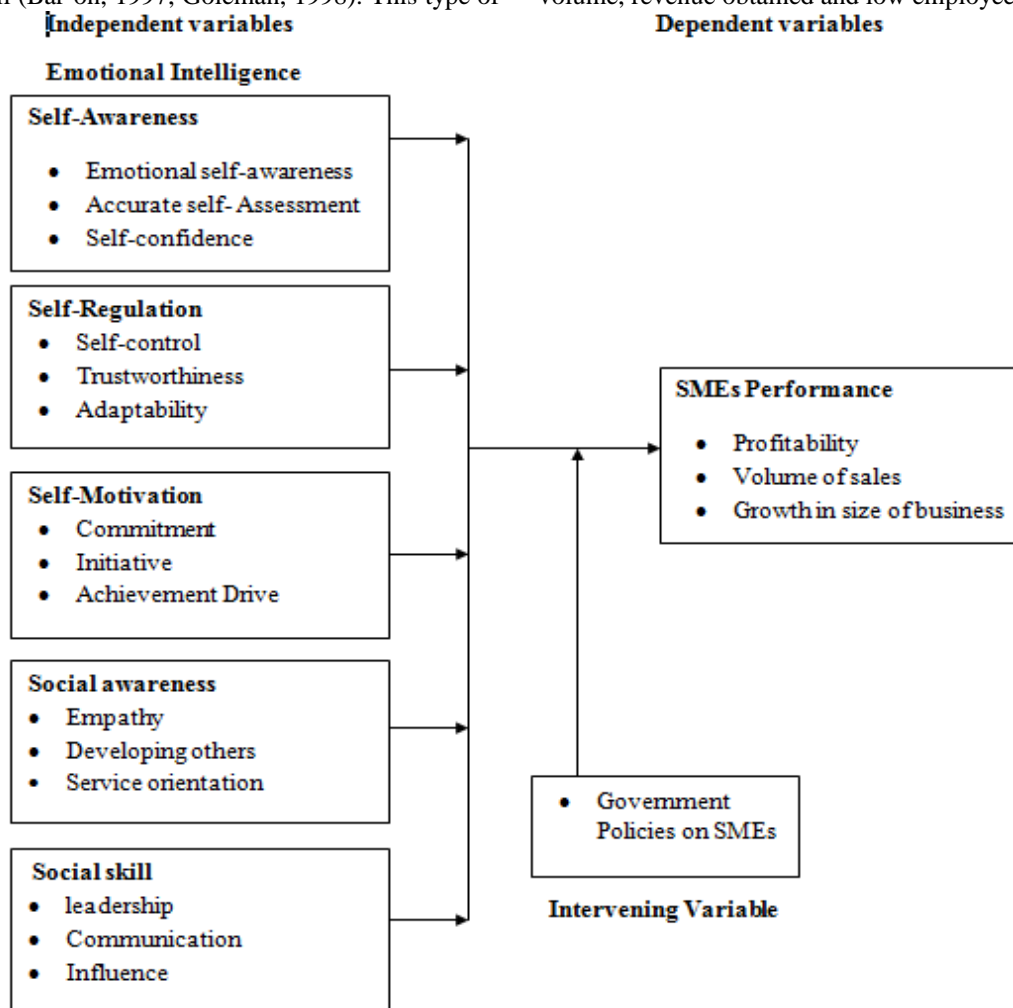


Figure 1: Conceptual framework
Source: Researcher’s own conceptualization (2019)

III. METHODOLOGY

3.1 Research Design

Kothari and Garg (2014) define research design as the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. This study adopted a descriptive design approach. This design was adopted because of its efficiency in assessing current situations as it

makes it possible to study self-reported facts about the respondents, their feelings, opinions and attitudes. Descriptive design is a design that is used to study a wide field of issues, population and activities in order to determine and describe any generalized occurrences’. Kothari & Garg (2014) perceive a descriptive survey as useful in gathering data on a one-shot basis and hence are economical and efficient. It also captures data from both open and closed ended questions and observation schedules. The design provides appropriate information which aided in the success

of our study.

3.2 Target Population

Kothari &Garg, (2014) define a target Population as all the items under consideration in any field of inquiry. A study population is a group of individuals taken from the general population who share a common characteristic (Sekara&Bougie, 2013). The study targets SMEs conducting business in Nakuru East Sub County. These business are usually managed by the owners and family owned. There were 800 small and micro-sized enterprises’ in Nakuru CBD, in Nakuru East Sub County (County Government of Nakuru, 2018).

3.3 Sampling Procedure and Sample Size

Kothari &Gorg (2014) define a sample design as a definite plan for obtaining a sample from a given population. A list was obtained from the county of all registered SME’s in Nakuru East Sub County and from this list random sampling was done to obtain a representative sample of SME’s. Normally, it is preferable to collect data from all the Small and micro entrepreneurs in Nakuru East Sub County. However, due to cost, time and logistics constraints, sampling is inevitable. The study used systematic random sampling technique to select SMEs. Sample size formula recommended by Nassiuma (2000) was used in the following formula;

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

Where

n= Sample size

N= Population size.

C= coefficient of variation which is $21\% \leq CV \leq 30\%$

e= margin of error which is fixed between $2\% \leq e \leq 5\%$

The study sample was calculated at 30% coefficient of variation and 2.4% of margin of error

Calculating the sample size,

$$n = \frac{800 * (0.3)^2}{((0.3)^2 + (800 - 1)0.024^2)} = 130.8558 \approx 131$$

The sample size of this study was 131 SMEs that were drawn from the study population.

3.4 Instrumentation

Primary data was collected from the owners/managers of SMEs doing business in Nakuru CBD. The data was collected using structured questionnaires consisting of open ended and closed ended questions. Primary data was collected through structured questionnaires which collected views, opinions and attitudes from the respondents and administered to all the respondents using a drop and pick technique. The questionnaire was divided into various sections to adequately cover the objectives of the study and was used to solicit information on the managers’ self- awareness, self- regulation, self- motivation, social awareness, social skills and SME performance. The Likert Scale was used to rate the extent of agreements by respondents from 5-strongly agree; 4-agree; 3-neutral; 2-disagree and 1-strongly disagree.

3.4.1 Pilot Study

Pilot Study was conducted in Free Area. The pilot study enabled the researcher to be familiar with the research and SMEs procedures as well as identify concepts that required modification. SMEs in Free Area have similar characteristics with SMEs in Nakuru CBD.

3.4.2 Validity of Research Instruments

Kothari &Garg (2014) describe validity as the degree to which alterations found with measuring instrument reflect true difference among those being tested. In order to ensure validity of the research instrument, content validity was established through expert opinion from the researchers’ supervisors. The data collection tool which is a self-administered questionnaire was subjected to critic and discussion by peers and supervisors whose opinion will be deemed sufficient.

3.4.3 Reliability of Research Instruments

Sekarani&Bougie (2013) state that reliability of a measure indicates the magnitude to which it is without prejudice and guarantees consistent measurement across the various items in the instrument. Kothari (2004) states that reliability is getting the same results over repeated trials. The researcher will use Cronbach Alpha to measure reliability of the instrument used as shown below. Here *k* stands for the number of conditions contributing to a total score, and *s* is the standard deviation. The tool is deemed reliable when the Cronbach Alpha is 0.7 and above.

$$\left(\frac{k}{k-1} \right) \left(1 - \sum \frac{s_i^2}{s_r^2} \right)$$

3.5 Data collection procedures

The process of the data collection started with seeking the approval of the University to be allowed to collect data in relation to the study. This was followed by applying for a research permit from the National Council of Science, Technology and Innovation (NACOSTI). Upon the receipt of the permit, the researcher sought the consent of the management of Kabarak. Data was collected by the researcher using self- administered questionnaires where the respondents entered the responses on the spaces provided. The respondents were the managers of the 131 SMEs selected through random sampling from the Nakuru business register. Clarifications on particular questions were made as required by the respondents. The researcher sought to have the questionnaires filled on the spot and where it were not be possible, respondents were given a maximum of two days after which the filled questionnaire was collected for analysis.

3.6 Data Processing and Analysis

The analysis of the collected data begun by sorting and checking returned raw data for accuracy and completeness of the questionnaires. Data was cleaned, organized, coded and analyzed with the aid of the Statistical Package for Social Science (SPSS). Frequencies and percentages were used to describe characteristics of the sample while chi-square test of association and goodness of fit was used to establish associations and differences respectively. The relationships between entrepreneurs’ emotional intelligence and SME performance was tested (see table 2) using the multiple linear regression analysis models below.

$$y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon$$

Where;

Y = SME's performance
 α =constant
 β_1, \dots, β_5 = Regression Coefficients
 X_1 = Self-awareness
 X_2 = Self-regulation
 X_3 = self-motivation
 X_4 = Social awareness
 X_5 = Social skills
 ϵ = the error of term.

IV. DATA ANALYSIS

4.1 Response Rate

This study sought to investigate effects of emotional intelligence of managers on performance of SMEs in Nakuru East Sub-County, Kenya. To achieve this, a sample of 131 questionnaires were administered to SMEs managers in Nakuru Central Business District. After data entry, cleaning, and validation, all the 131 questionnaires were found complete translating to 100 % response rate. Mugenda & Mugenda (2003) observed that a 50% response rate is adequate, 60% good and above, while 70% rated very well. Based on this assertion, the response rate of 100% in this case is therefore very good and is considered satisfactory to make conclusions for the study.

4.2. Reliability

Reliability refers to the measure of the degree to which a research instrument yields consistent results on across time and across the various items of the instrument. Reliability is the extent to which an instrument is

Table 1: Reliability Results

Item	Cronbach's Alpha	N of Items	Comment
Self-Awareness	.799	6	Accepted
Self-Regulation	.776	5	Accepted
Self-Motivation	.813	4	Accepted
Social awareness	.756	5	Accepted
Social skill	.844	5	Accepted
SMEs Performance	.787	4	Accepted

Table 2: Reliability Statistics for the Whole Questionnaire

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.814	.927	32

The computed Cronbach's alpha coefficient was found to be 0.799 for self-awareness, 0.776 for self-regulation, 0.813 for self-motivation, 0.756 for social awareness, 0.844 for social skills, 0.787 for SMEs performance and 0.814 for the overall questionnaire. As a general rule, this was found to be good reliability according to George and Mallery (2003).

4.3 Pearson's product moment correlation

Pearson's product moment correlation was adopted since the variables were continuous. The Pearson's product moment correlation statistic is used to assess the strength and direction of relationship between two variables. The statistic value ranges from -1 to 1 where values ranging from -1 to 0 indicates a negative linear relationship while values from 0 to 1 indicate a positive relationship.

predictable, accurate and dependable to yield the same results every time it is administered (Kothari & Garg, 2014). Reliability is the ability of the research instrument to give the same answer in the same circumstances from time to time. If respondents answer a questionnaire the same way on repeated situations, then the questionnaire is said to be reliable (Sasaka *et al.*, 2014). Cronbach's alpha was developed by Lee Cronbach in (1951) to provide a measure of the internal consistency of a test or scale; it is expressed as a number between 0 and 1. Internal consistency describes the extent to which all the items in a test measure the same concept or construct and hence it is connected to the inter-relatedness of the items within the test. Internal consistency should be determined before a test can be employed for research or examination purposes to ensure validity (Tavakol & Dennick 2011).

This study investigated the reliability of the independent variables (that is self-awareness, self-regulation, self-motivation, social awareness and social skills,) and the dependent variable SMEs performance in order to check for internal consistency. Internal consistency of measures was tested by computing the Cronbach's alpha co-efficient.

Table 1: Correlation Analysis

		SMEs Performance	Conclusion	Direction	Magnitude
Self-Awareness	Pearson Correlation	.383**	Significant	Positive	Medium
	Sig. (2-tailed)	.000			
	N	131			
Self-Regulation	Pearson Correlation	.428**	Significant	Positive	Medium
	Sig. (2-tailed)	.000			
	N	131			
Self-Motivation	Pearson Correlation	.344**	Significant	Positive	Medium
	Sig. (2-tailed)	.000			
	N	131			
Social Awareness	Pearson Correlation	.342**	Significant	Positive	Medium
	Sig. (2-tailed)	.000			
	N	131			
Social Skills	Pearson Correlation	.454**	Significant	Positive	Medium
	Sig. (2-tailed)	.000			
	N	131			

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

After conducting the correlation analysis, this study found a significant ($r=0.383$, $p=0.00$) moderate positive linear relationship between self-awareness and SMEs performance. The study also found a significant ($r=0.428$, $p=0.00$) moderate positive linear relationship between self-regulation and SMEs performance. This study also established a significant ($r=0.344$, $p=0.00$) moderate positive association between self-motivation and SMEs performance in Nakuru East Sub County. There was also a significant ($r=0.454$, $p=0.00$) positive moderate linear relationship between social awareness and SMEs performance. The strength of this relationship was moderate. Social skills were also found to significantly ($r=0.454$, $p=0.00$) With SMEs performance.

The results show that all the five elements of emotional intelligence namely self-Awareness, Self-Regulation,

Self-Motivation, Social Awareness, and Social Skills are significantly associated with increase in SME performance. This suggests therefore if any of these dimensions of emotional intelligence increase, it will lead to an increase in business performance. Therefore, in the overall, the correlation analysis shows positive and significant association of emotional intelligence with SME performance.

4.4 Regression Analysis

This study conducted regression analysis to measure to what extent managers’ emotional intelligence would predict SMEs performance in Nakuru East Sub County. The study also regressed managers’ emotional intelligence (that is self-awareness, self-regulation, self-motivation, social awareness and social skills) jointly on performance of small and micro- sized enterprises in Nakuru East Sub-County, Kenya.

Table4: Multiple Model Summary

Model	R	R Square	Adjusted Square	R	Sig.
1	.487 ^a	.237	.206		0.00000

a. Predictors: (Constant), Social Skills, Self-Awareness, Social Awareness, Self-Motivation, Self-Regulation

The study found out that self-awareness, self-regulation, self-motivation, social awareness and social skills jointly explained 20.6 % variation in performance of small and micro- sized enterprises in Nakuru East Sub-County, Kenya. This model was significant since the p value on the F change

was less than 0.05.

ANOVA was use to assess whether the regression coefficients of is self-awareness, self-regulation, self-motivation, social awareness and social skills were jointly significant from zero.

Table5: ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	501.891	5	100.378	7.763	.000 ^b
Residual	1616.292	125	12.930		
Total	2118.183	130			

a. Dependent Variable: SMEs Performance

b. Predictors: (Constant), Social Skills, Self-Awareness, Social Awareness, Self-Motivation, Self-Regulation

Table 6 presents the multiple regression coefficients of the linear regression model.

The p value was less than 0.05 hence the study concluded that the coefficients were jointly significant from zero.

Table 6: Multiple Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		Sig.
		B	Std. Error	Beta	t	
1	(Constant)	-.187	2.547		-.074	.941
	Self-Awareness	.102	.117	.099	.872	.385
	Self-Regulation	.183	.147	.167	1.243	.216
	Self-Motivation	-.009	.156	-.007	-.060	.952
	Social Awareness	.027	.141	.020	.189	.850
	Social Skills	.362	.167	.271	2.172	.032

a. Dependent Variable: SMEs Performance

The results indicate that Self-Awareness, Self-Regulation, Social- Awareness and Social Skills are positive while self-motivation is negative although not significant. The results also show that holding Self-Awareness, Social Awareness, Self-Motivation, Self-Regulation, a unit change in Social Skills significantly influenced 0.362 change in in performance of small and micro- sized enterprises in Nakuru East Sub-County, Kenya.

The combined regression model was as follows:

$$SMEs\ Performance = -0.187 + 0.102Self-Awareness + 0.183Self-Regulation - 0.009Self-Motivation - 0.027Social\ Awareness + 0.362Social\ Skills$$

However, other aspects of managers' emotional intelligence were not significant. However, this does not mean that the other aspects of emotional intelligence are not important. Other studies have had such mixed results for instance Shahzad et al., (2011) in a study in Pakistan found that social awareness to be significant while the other elements were not. Other studies with mixed results include Mwathi (2010), Okpara&Agwu(2015), AlDosiryra, Alkhadher, AlAqraa, & Anderson, (2016) and Noel (2016).

Thus a 1 % increase in the level of social skills will increase SME performance by 0.362%. A number of studies have pointed out at the critical importance of social skills Mwathi, (2010) and Noel, (2016). Social skills can shape the relationship between leaders and their subordinates, which can in turn influence career success. Social skill is becoming increasingly important in today's workplace because

organizational structures are becoming flatter with more service-oriented positions.

V. CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions

The study was looking at the effect of emotional intelligence on the performance of SMEs in Nakuru East Sub-County. The elements of emotional intelligence are self-awareness, self-regulation, self-motivation, social awareness and social skills. A descriptive design approach was used in the study. The results show that managers of SMEs in Nakuru East Sub-County, Kenya have high levels of self-awareness, self-regulation, self-motivation, social awareness and social skills and thus emotional intelligence. The overall performance of SMEs has also increased. Moreover, emotional intelligence has a significant effect on SMEs performance. The individual elements of emotional intelligence that include self-awareness, self-regulation, self-motivation, social awareness and social skills have a significant effect on the performance of SMEs. Among these elements of emotional intelligence, social skills appear to be the most important.

5.2 Recommendations

Several recommendations emanate from the study. First, emotional intelligence is important. This means that efforts should be made towards increasing levels of emotional intelligence. This can be done through training and

development programs that may organized by the Nakuru County Government or the business associations. Second, of all the elements of emotional intelligence, social skills are critical. This suggests that more emphasis should be placed on improving social skills perhaps through sensitization workshops and encouragement of managers to join trader groups or associations. Third, given that male managers are dominant, deliberate efforts are needed to encourage increase of female SME managers. These include sensitization campaigns and increased access to finance. The latter can be done through provision of finance for business start-ups and further increase of percentage of government procurements reserved for women.

5.3 Areas for further Research

Because of the results of the multiple regression model, it may be important to undertake further research to look into the interaction of the various elements of emotional intelligence, in particular self-awareness, self-regulation, self-motivation and social awareness. Further, how demographic variables such as age, sex and experience moderate the effect of emotional intelligence on SME performance.

REFERENCES

- [1] Ahmed,Z, S. S. (2016). The impact of emotional intelligence on employee's performance in public and private higher education institutions of Pakistan. *Journal of business and management*, 63-71.
- [2] Akinboade, O. A. (2015). *Correlates of tax compliance of small and medium enterprises in Cameroon*. Managing global transitions. 13(4).
- [3] Al-Balawi, K. B. S. (2004). *Emotional Intelligence and Its Relation with Psychological Compatibility and the Social Skills among a Sample of Female Students of the Faculty of Education for Girls in the City of Tabuk*(Unpublished MA research paper). The Faculty of Education for Girls, King Saud University, Riyadh
- [4] AlDosiry,K. S., Alkhadher, O.H., AlAqraa, E. M. & Anderson, N.(2016). Relationships between emotional intelligence and sales performance in Kuwait. *Journal of Work and Organizational Psychology* 32.39-45.
- [5] Ali, M. (Ed.). (2013). Emotional intelligence of general educational diploma students. *Journal of Research in Education & Psychology*, 26(2), 206-233.
- [6] Aminu, I. M., & Shariff, M.N.M.(2015). Determinants of SMEs Performance in Nigeria: A Pilot Study.*Mediterranean Journal of Social Sciences*.6(1),156-164.
- [7] Asha, B., & Krishan, J. (Eds.). (2015). A Study on Emotional Intelligence And Its Impact on Job Performance of Employees In Hyundai Dymos at Sriperumbudur, Chennai. *Indian Journal of Research, peripex*, 4(2).
- [8] Ashforth, B. (1995). Emotion in the workplace. *Human relations*, 97-125.
- [9] Ashkanasy, N. M., & Daus, C. S. (Eds.). (2005). Rumors of the death of emotional intelligence in organizational behavior are vastly exaggerated. *Journal of Organizational Behaviour*, 26, 441-452.
- [10] Ashworth, R. S. (2013). *the relationship between the emotional intelligence of secondary public school principal and school performance* Doctoral dissertation. Texas A and M University.
- [11] Awad, M. S., & Kada, A. H. (2012). Emotional intelligence and entrepreneurial orientation. The moderating role of organizational climate and employees' creativity. *Journal of Research in Marketing and Entrepreneurship*, 146, 115-136.
- [12] Baloch, QB., Maimoona, S., Gohar, Z., & Asma, F. (2014). The Impact of Emotional Intelligence on Employees' Performance.*Journal of Managerial Sciences*, 2(2),208-227.
- [13] Bar-On, R. (1997). *The Bar-On Emotional Quotient Inventory (EQ-i): A Test of Emotional Intelligence*. Toronto, Canada.
- [14] Bar-On, R. (2000). *Emotional and social intelligence: Insights from the emotional quotient inventory*. (In) *Bar – On & Parker, J. (Eds)*. San Francisco.
- [15] Biech, E. (2009). *The 2010 Pfeiffer Annual: Training; Volume 53 of J-B Pfeiffer Annual Vol1*. John Wiley & Sons.
- [16] Bii, P. K. (2016). *Leadership style, emotional intelligence and innovative work behaviour in microfinance institutions in Kenya* (Doctoral dissertation, Moi University).
- [17] Bob, W. (2008). *Must "service with a smile" be stressful? The moderating role of personal control for American and French employees*. (1, Ed.) USA: Davis Black Publishing chapter 2.
- [18] Boohene, R., Gyimah, R. A., & Osei, M. B. (2019). Social capital and SME performance: the moderating role of emotional intelligence. *Journal of Entrepreneurship in Emerging Economies*.
- [19] Bougie, S. &. (2010). *A study population isa groupnof individuals taken from the ge*.
- [20] Boyatzis, G., Goleman,D., & Rhee. (2000). *Clustering competency in emotional intelligence: Insights from the emotional competence inventory*. San Fransico.
- [21] Bradberry, T. (2015). Why You Need Emotional Intelligence to Succeed in Business. *Entrepreneur*.
- [22] Brewer, J. & Cadman, C. (2001). Emotional intelligence: a vital prerequisite for recruitment in nursing. *Journal of Nursing Management*, 9, 321-324.
- [23] Briere, S., Tremblay, M., & Daou, A. (2014). 'Entrepreneurship in South Africa: Looking beyond funding', *Development and Learning in Organizations*. 28(2), 17-19.
- [24] Carmeli, A., & Josman, Z. E. (2006). The relationship among emotional intelligence, task performance, and organizational citizen behaviors. *Human performance*. 19(4), 403-419.
- [25] Chepng'eno, M. , & Ngui, T. (2017). Relationship between Emotional Intelligence and Leadership Styles: A Case Study of Leaders in Selected Banking Institutions in Kenya.*International Journal of Research in Humanities and Social Studies*, 4(2), 1 -12.
- [26] Cherise, D. S., & Bernard, N. (2017).). Influence of Information and Communication Technology (ICT) Adoption on Small and Medium Enterprise Performance In The Entertainment Sector In Nakuru Town, Kenya. *Journal of Entrepreneurship*, 5.
- [27] Cherniss, C., & Adler, M. (2000). Promoting emotional intelligence in organizations.
- [28] Cherniss, C., & Goleman, D. (1998). *Bringing emotional intelligence to the workplace*. Rutgers University, Consortium for Research on Emotional Intelligence in Organizations, New Brunswick.