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**AN EXAMINATION OF THE RELATIONSHIP BETWEEN EMOTIONAL
INTELLIGENCE AND OPPORTUNITY IDENTIFICATION AMONG SMALL AND
MEDIUM SIZED ENTERPRISES IN KENYA**

FAUZIA AHMED ARALE

REG NO: 153246



**A THESIS SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR
THE AWARD OF DEGREE OF MASTER OF BUSINESS ADMINISTRATION AT
STRATHMORE BUSINESS SCHOOL (SBS). STRATHMORE UNIVERSITY**

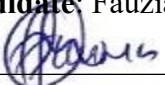
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DECLARATION

I declare that this work has not been previously submitted and approved for the award of a degree by this or any other University. To the best of my knowledge and belief, the dissertation contains no material previously published or written by another person except where due reference is made in the dissertation itself.

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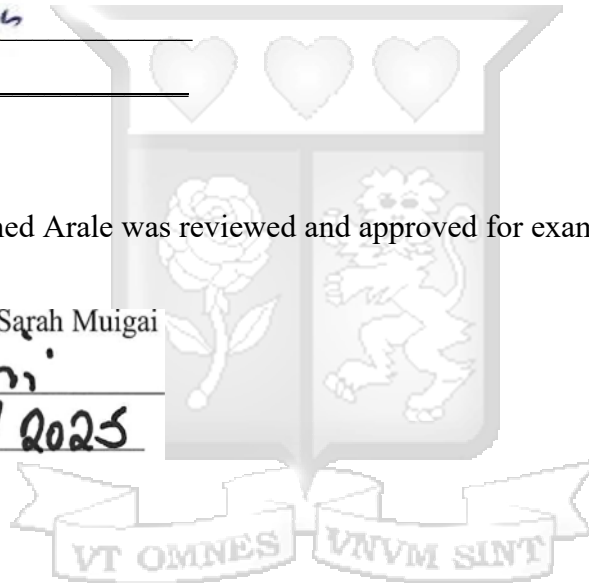
Approval:

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Name of Supervisor: Dr. Sarah Muigai

Signature: 

Date: 13/02/2025



DEDICATION

This research is dedicated with deep love and gratitude to: My husband, for his unwavering support, constant encouragement, and sacrifices that allowed me to pursue my dreams. Your belief in me kept me going even in the most difficult moments. My beloved mother, whose prayers, strength, and unconditional love have been my anchor. Your resilience inspires me every day. My precious children, Shyheim, Faheim, Hasheim and Faheima for being my greatest motivation. Every step I take is with the hope of building a brighter future for you. This achievement is as much yours as it is mine.



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I express my deepest gratitude to the Almighty Allah for His mercy, and the gift of good health that sustained me throughout this academic journey.

To my dear husband, your unwavering belief in me, your constant push when I felt tired, and your quiet strength behind the scenes were the foundation on which I stood. Through the countless days and late nights of balancing family, work, and academic pressure, you were my calm, my cheerleader, and my safe place. Your sacrifices, patience, and love gave me the space to grow, to focus, and to rise. I could not have done this without you this achievement is as much yours as it is mine

A heartfelt thank you goes to my supervisor, Dr. Sarah Muigai, for her exceptional wisdom, profound knowledge, and consistent guidance. Your mentorship has been a cornerstone of this research and a significant influence on my academic and professional development. I am sincerely grateful for your patience, insights, and belief in my work.

A very special appreciation goes to my daughter, Faheima Ally, my accountability partner and biggest cheerleader. Your powerful words “a broken glass ceiling is a door for another woman” have fuelled my determination every single day. This journey is for you.

To everyone who contributed to this academic journey in ways big and small thank you. Your support, prayers, and presence have been truly appreciated, and I carry each of your contributions in my heart.

TABLE OF CONTENTS

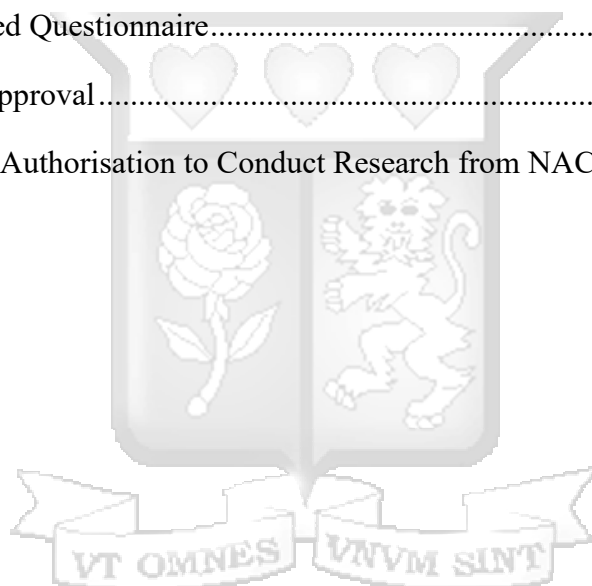
DECLARATION	ii
DEDICATION	iii
ACKNOWLEDGEMENT	iv
LIST OF TABLES	x
LIST OF FIGURES	xii
LIST OF ABBREVIATIONS	xiii
DEFINITION OF TERMS	xiv
ABSTRACT	xv
CHAPTER ONE	1
INTRODUCTION	1
1.1 Background of the Study	1
1.1.1 Emotional Intelligence	3
1.1.2 Opportunity Identification	4
1.1.3 Small and Medium Sized Enterprises in Kenya	6
1.2 Problem Statement	8
1.3 Research Objectives.....	10
1.3.1 Specific Research Objectives.....	10
1.4 Research Questions	10
1.5 Scope of the Study	10
1.6 Significance of the Study	11
1.6.1 Practical Significance.....	11
1.6.2 Policy Significance	11
1.6.3 Academic Significance.....	11

1.7 Chapter Summary	12
CHAPTER TWO	13
LITERATURE REVIEW.....	13
2.1 Introduction.....	13
2.2 Theoretical Review	13
2.2.1 Theory of Multiple Intelligences	13
2.2.2 Social Cognitive Theory	15
2.3 Empirical Review.....	16
2.3.1 Self-Awareness and Opportunity Identification in SMEs.....	16
2.3.2 Social Awareness and Opportunity Identification in SMEs.....	19
2.3.3 Self-Management and Opportunity Identification in SMEs	21
2.4 Research Gaps.....	23
2.5 Conceptual Framework.....	32
2.6 Operationalisation of Variables.....	32
2.6 Chapter Summary	34
CHAPTER THREE	35
RESEARCH METHODOLOGY	35
3.1 Introduction.....	35
3.2 Research Philosophy.....	35
3.3 Research Design.....	35
3.4 Population of the Study.....	36
3.5 Sampling Design.....	36
3.6 Data Collection Method.....	37
3.7 Data Analysis	38

3.8 Diagnostic Tests	39
3.8.1 Multicollinearity Test.....	39
3.8.2 Normality Test.....	40
3.8.3 Heteroscedasticity Test	41
3.8.4 Linearity Test	42
3.9 Research Quality	43
3.9.1 Validity Tests.....	44
3.9.3 Reliability Test	46
3.10 Ethical Considerations	46
3.11 Chapter Summary	47
CHAPTER FOUR.....	48
PRESENTATION OF RESEARCH FINDINGS	48
4.1 Introduction	48
4.2 Response Rate	48
4.3 Demographic Characteristics	49
4.3.1 Gender of Respondents.....	49
4.3.2 Age of Respondents.....	49
4.3.3 Respondents' Highest Level of Education.....	50
4.3.4 Respondents' Approximate Annual Revenue.....	51
4.3.5 Age of Respondents' SMEs	52
4.3.6 Number of Businesses Owned or Managed Before by the Respondents.....	52
4.3.7 Whether Respondents Have Attended Any Emotional Intelligence Training.....	53
4.4 Descriptive Statistics	54
4.4.1 Self-Awareness and Opportunity Recognition.....	54

4.4.2	Social Awareness and Opportunity Recognition.....	55
4.4.3	Self-Management and Opportunity Recognition.....	57
4.4.4	Opportunity Recognition	58
4.5	Inferential Analyses.....	60
4.5.1	Correlation Analysis.....	60
4.5.2	Regression Analysis	61
4.7	Chapter Summary.....	68
CHAPTER FIVE		69
DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS		69
5.1	Introduction	69
5.2	Summary of Results	69
5.3	Discussion of Results	70
5.3.1	Self-Awareness and Opportunity Recognition.....	70
5.3.2	Social Awareness and Opportunity Recognition.....	71
5.3.3	Self-Management and Opportunity Recognition	71
5.4	Conclusions	72
5.5	Recommendations	73
5.5.1	Policy Recommendations.....	73
5.5.2	Managerial Recommendations.....	74
5.5.3	Implications for Academia and Research	74
5.6	Suggestions for Further Studies	74
5.7	Limitations of the Study.....	75
5.8	Chapter Summary.....	75
REFERENCES.....		76

APPENDICES	97
Appendix 1 – Letter of Introduction	97
Appendix 2 – Research Instruments	98
Appendix 3 – List of SMEs Operating in Nairobi CBD.....	103
Appendix 4 – Study Budget.....	105
Appendix 5 – Work Plan.....	105
Appendix 6 – Participant Information Sheet	106
Karatasi ya Taarifa ya Mshiriki.....	110
Appendix 7 – Translated Questionnaire.....	114
Appendix 8 – Ethics Approval.....	119
Appendix 9 - Letter of Authorisation to Conduct Research from NACOSTI	120



LIST OF TABLES

Table 2. 1: Summary of Knowledge Gaps	25
Table 2. 2: Operationalisation of Variables	33
Table 3. 1: Sample Distribution per SME Category	37
Table 3. 2: Multicollinearity Test Results	39
Table 3. 3: Normality Test Results	41
Table 3. 4: Heteroscedasticity Test Results.....	42
Table 3. 5: Linearity Test Results.....	43
Table 3. 6: Construct Validity Results.....	44
Table 3. 7: Reliability Test Results	46
Table 4. 1: Response Rate	48
Table 4. 2: Gender of Respondents	49
Table 4. 3: Respondents' Approximate Annual Revenue.....	52
Table 4. 4: Age of Respondents' SMEs.....	52
Table 4. 5: Number of Businesses Owned or Managed by the Respondents	53
Table 4. 6: Whether Respondents have attended any Emotional Intelligence Training	53
Table 4. 7: Descriptive Statistics of Self-Awareness	55
Table 4. 8: Descriptive Statistics of Social Awareness	56
Table 4. 9: Descriptive Statistics of Self-Management.....	58
Table 4. 10: Descriptive Statistics of Opportunity Recognition	59
Table 4. 11: Multicollinearity Test Results	Error! Bookmark not defined. 61
Table 4. 12: Normality Test Results.....	62
Table 4. 13: Heteroscedasticity Test Results.....	62
Table 4. 14: Linearity Test Results.....	63
Table 4. 15: Correlations Analysis	61
Table 4. 16: Model Summary.....	66
Table 4. 17: ANOVA Statistics.....	67
Table 4. 18: Beta Coefficients.....	68
Table 4. 19: Model Summary – Self-Awareness.....	62

Table 4. 20: ANOVA Statistics – Self-Awareness.....	62
Table 4. 21: Beta Coefficients – Self-Awareness.....	63
Table 4. 22: Model Summary – Social Awareness.....	63
Table 4. 23: ANOVA Statistics – Social Awareness.....	64
Table 4. 24: Beta Coefficients – Social Awareness.....	64
Table 4. 25: Model Summary – Self-Management.....	65
Table 4. 26: ANOVA Statistics – Self-Management.....	65
Table 4. 27: Beta Coefficients – Self-Management.....	66



LIST OF FIGURES

Figure 2. 1: Conceptual Framework 32
Figure 4. 1: Age of Respondents..... 50
Figure 4. 2: Respondents’ Highest Level of Education 51



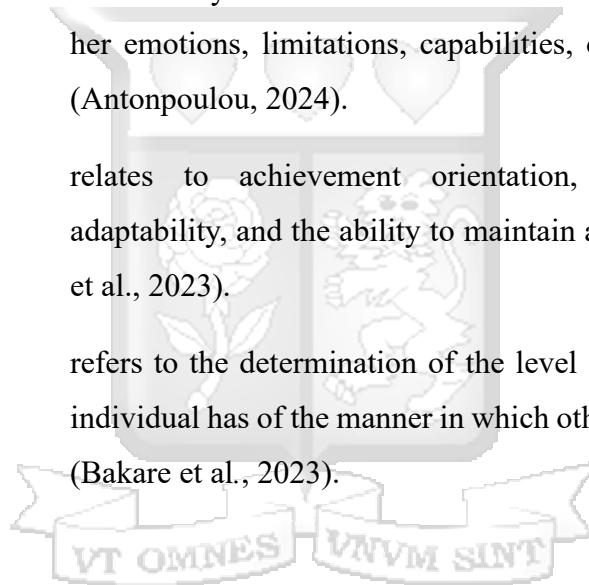
LIST OF ABBREVIATIONS

DPA	Dispositional Positive Affect
GDP	Gross Domestic Product
HR	Human Resource
KNBS	Kenya National Bureau of Statistics
MI	Multiple Intelligences
SMEs	Small and Medium Sized Enterprises
SCT	Social Cognitive Theory



DEFINITION OF TERMS

- Emotional Intelligence** refers to the capacity, skill, or ability to identify, assess and manage one's own emotions and those of others (Boyatzis, 2018).
- Opportunity Identification** refers to the cognitive process through organisations are able to isolate likely business opportunities through an extensive scanning of the environment to understand the existing unmet needs, emerging trends that represent potential opportunities for exploitation, and the gaps in the operational market (Zur, 2015).
- Self-Awareness** is the ability of an individual to understand and acknowledge his or her emotions, limitations, capabilities, objectives, and principles (Antonpoulou, 2024).
- Self-Management** relates to achievement orientation, emotional self-control, adaptability, and the ability to maintain a positive outlook (Brown et al., 2023).
- Social Awareness** refers to the determination of the level of comprehension that an individual has of the manner in which others think, feel and behave (Bakare et al., 2023).



ABSTRACT

Emotional antecedents of opportunity identification have long been neglected by researchers but have become more critical towards the survival and success of entrepreneurs. Indeed, there has been a deficiency in the level of understanding of the manner in which positive and negative emotions influence the identification of opportunities and the variation in these influences amongst novice and experienced entrepreneurs alike. The general objective of the study is to assess the relationship between emotional intelligence and opportunity identification in Small and medium enterprises in Kenya(SME). Its specific objectives include: to determine the effect of self-awareness on opportunity identification in SMEs in Kenya; to examine the impact of social awareness on opportunity identification in SMEs in Kenya; and to ascertain the role of self-management on opportunity identification in SMEs in Kenya. The study was underpinned by the Theory of Multiple Intelligences and the Social Cognitive Theory. It applied the positivism philosophy and a correlational research design. Primary data was collected from 398 individuals (the business owners of 398 firms within the Medium Trader Shop or Retailer Services and Small Trader Shop or Retail Services sector located within the Nairobi CBD using structured questionnaires. The data from the questionnaires was then cleaned, coded, and inserted in the Statistical Package for Social Sciences to facilitate the conduct of both descriptive and inferential statistical analysis. The study established that there is a positive correlation between emotional intelligence dimensions – self-awareness, social awareness, and self-management - and opportunity recognition. The implication is that SME proprietors who are self-aware are more capable of recognising opportunities. The study further established that there is a positive correlation between social awareness and opportunity recognition. This implies that SME proprietors who have higher social awareness are more capable of recognising opportunities. It also established that there is a positive correlation between self-management and opportunity recognition. The implication is that SME proprietors who have good self-management are more capable of recognising opportunities. The study recommends that policymakers and SME regulators expand emotional intelligence training initiatives to support opportunity recognition. Management should also foster emotionally intelligent work environments by enhancing self-awareness and encouraging empathy and adaptability to promote strategic decision-making and entrepreneurial resilience. Additionally, an enhanced focus on self-awareness will ensure the application of self-assessment which enhances the determination of whether conditions are prime for opening new business ventures.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The discovery and use of entrepreneurial opportunities are shaped by a diverse set of elements, including socioeconomic, environmental, demographic, technological, and psychological factors (Lyu et al., 2023). Among these, psychological factors are particularly significant due to the inherently emotional nature of entrepreneurship, which necessitates specific behavioural adaptations such as determination, a goal-oriented mind set, strength of character, and resilience (Przepiorka, 2017). Emotional intelligence, defined as the capacity to perceive, assess, and manage one's own emotions and those of others (Boyatzis, 2018), is one such psychological factor. Furthermore, emotional intelligence encompasses the various moods individuals experience, which influence certain cognitive processes and, consequently, are components of entrepreneurial decision-making, including the identification of opportunities (Rauch et al., 2018). This is especially noticeable in Small and Medium-sized Enterprises (SMEs), where owners face seemingly overwhelming obstacles in capitalizing on entrepreneurial opportunities due to limited resources, small scale, reliance on individual effort, and intense competition from larger corporations (Treffers et al., 2017).

Emotional antecedents of opportunity identification have long been neglected by researchers but have become more critical towards the survival and success of entrepreneurs (Othman et al., 2020). Indeed, there has been a deficiency in the level of understanding of the manner in which positive and negative emotions influence entrepreneurial opportunity evaluation and exploitation and the variation in these influences amongst novice and experienced entrepreneurs alike (Bui et al., 2024). The confluence of emotions, risks, challenges and experiences makes for a complex cocktail of variables whose influence on entrepreneurial opportunity identification has yet to be fully explored (Treffers et al. (2017). The great intensity of work and instability of income contribute towards pushing the vast majority of entrepreneurs to give up on their dreams before the attainment of success with only a few of the most driven managing to persist and ultimately succeed due to the positive emotional experiences overwhelming the negative ones (Su et al., 2020).

The identification or recognition of opportunities is a crucial aspect of organizational establishment and development. According to Chemwei (2021), it facilitates the creation of new ideas that are used to generate and develop innovative products and services, and it fosters the development of competitive advantages for many organizations, especially SMEs. Soelaiman and Liediana (2021) asserted that an entrepreneur's ability to spot opportunities is contingent on several factors, including entrepreneurial alertness, which involves a heightened awareness and sensitivity to shifts in the operational environment resulting from established social networks. Nafukho and El Mansour (2023) suggested that in addition to social networks, SMEs require prior knowledge, self-efficacy, creativity, and entrepreneurial passion to effectively recognize and utilize entrepreneurial opportunities. Claudary and Trzecieliński (2021) argued that given the increasingly volatile, dynamic, ambiguous, and complex operational environment that SMEs face, it has become very crucial for them to adopt agile practices that leverage on new technologies to optimise the identification of opportunities.

Qureshi (2021) outlined several perspectives on opportunity identification, including the cognitive perspective, the social studies network perspective, and the prior knowledge and information perspective. Alim et al. (2023) proposed that opportunity identification comprises three main viewpoints: the exploitation of entrepreneurial opportunities based on market failure dynamics, the awareness of both objective and subjective available opportunities, and the differentiation between two interconnected phases of entrepreneurial activity. The first phase involves the subjective linking of opportunity recognition and resource availability, and the second phase involves evaluating an individual's drive to act on the identified opportunity.

Existing research on opportunity identification has several gaps. Firstly, Magala and Mwesigwa (2024) concluded that there has been insufficient attention paid to the cognitive processes involved in opportunity recognition, a lack of emphasis on the impact of context and social networks on opportunity identification, and the role of emotions in the identification and use of opportunities. Furthermore, a few studies, as indicated by Regan et al. (2024), have exhibited methodological shortcomings, such as a scarcity of detailed and reliable data sources for ensuring a thorough understanding of opportunity recognition, limitations in access to validated tools for measuring

key constructs like the attractiveness of opportunities, and challenges in establishing clear causal links between specific determinants and opportunity identification.

The research intended to fill this gap by investigating how emotional intelligence interacts with different aspects of opportunity identification. Specifically, it explored the role of emotional intelligence as a dynamic factor that influences how entrepreneurs manage stress, cultivate relationships, and make decisions under uncertain conditions, alongside other important variables like funding limitations and industry characteristics. By examining emotional intelligence as an interacting component rather than an independent variable, this study sought to offer a more nuanced understanding of its role in shaping the entrepreneurial journey.

1.1.1 Emotional Intelligence

Emotional intelligence in SMEs is essential towards the establishment of positive and amicable interpersonal relationships between entrepreneurs and other individuals as well as provision of effective leadership since it enhances the thorough comprehension and management of team members' emotions that ensures improved decision making (Umar et al., 2024). Additionally, emotional intelligence endows decision makers with valuable, unique, non-substitutable, and inimitable insights regarding various aspects of organisational management and execution of tasks, which stands the organisation in good stead in terms of performance (Cuellar-Molina et al., 2019). Whilst emotional intelligence is strongly associated with the enhancement of SME performance, this relationship is mediated by organisational citizenship behaviour through actions such as volunteering to carry out roles outside of individuals' job descriptions, altruistic intentions of helping out those in need, and the promotion of a positive work environment (Alenezi et al., 2024).

Researchers have long shown a deep interest in evaluating emotional intelligence (EI), resulting in the development of various conceptual frameworks over time. Goleman (1995), for instance, highlighted the significance of interpersonal and communication abilities as essential aspects of EI. Meanwhile, Cooper and Sawaf (1997) concentrated on concepts such as emotional resilience, emotional understanding, emotional depth, and the transformative power of emotions. Salovey and Mayer (1990) proposed a foundational model that breaks EI down into three main categories: recognizing and expressing emotions, effectively using emotions, and regulating them. Despite these varied interpretations, the dimensions most frequently employed to assess EI are self-

awareness, social awareness, and self-management (Barhami et al., 2024; Bru-Luna et al., 2021; O'Conner et al., 2019). These indicators have been widely adopted and serve as the foundation for measuring emotional intelligence in numerous studies.

The studies reviewed provided important insights into the significant influence on emotional intelligence of firms and SMEs performance. They highlight specific EI dimensions such as self-awareness, social awareness, and self-management as crucial for leadership, decision-making, and overall performance enhancement. However, much of this research was conducted in general organizational or managerial contexts, leaving a notable gap in understanding how emotional intelligence specifically influenced opportunity identification. This disparity was especially noticeable in the context of SMEs, where business owners must quickly adapt and innovate while dealing with distinct difficulties including limited resources and high levels of uncertainty. Given these complexities, there was a pressing need to explore how EI shapes entrepreneurial behaviours, facilitates opportunity identification, particularly in the dynamic SME environment in Kenya. By investigating the function of emotional intelligence in opportunity identification, this research aimed to close this gap and develop the field's theory and practice. The study operationalized emotional intelligence using self-awareness, social awareness and self-management.

1.1.2 Opportunity Identification

Opportunity identification refers to the cognitive process through organisations are able to isolate likely business opportunities through an extensive scanning of the environment to understand the existing unmet needs, emerging trends that represent potential opportunities for exploitation, and the gaps in the operational market (Zur, 2015). As far as SMEs are concerned, the most critical challenge in the identification and exploitation of opportunities is resource constraints since it can both hinder and enhance opportunity identification such that surplus resources provide the capacity for an organisation to be more innovative and resourceful in the generation of new ideas; while resource constraints can restrict the capacity to innovate and identify promising opportunities (can Burg et al., 2012). Additionally, SMEs have been constrained by the lack of proper infrastructure, deficiencies in the availability of skilled specialists, issues surrounding credit allocation systems, and high interest rates which have hampered their ability to effectively identify opportunities (Gaybullaev & Olinski, 2020).

The one of the core components of opportunity identification is entrepreneurial alertness. This concept refers to an SME's ability to detect and recognize potential opportunities in its business environment (Soelaiman & Liediana, 2020). According to Hu and Ye (2017), both entrepreneurial alertness and self-efficacy have shown strong links to entrepreneurial intention within Chinese firms, largely due to the use of environmental scanning mechanisms. In a cross-national study, Bai et al. (2024) discovered that the connection between entrepreneurial alertness and SME performance in five European nations was shaped by the influence of flexible strategies (effectual flexibility) and guided by predictive reasoning. Additionally, Odebunmi et al. (2020) noted that for new entrepreneurs in Nigeria, the availability of resources and a supportive ecosystem referred to as entrepreneurial munificence was a significant factor that enhanced alertness and, consequently, opportunity recognition.

Prior knowledge is another fundamental element in identifying entrepreneurial opportunities. It is understood as the industry-specific experience and expertise held by the decision-makers within an SME (Soelaiman & Liediana, 2020). Research by Choongo et al. (2016) in Zambia found that prior knowledge, along with hands-on business experience, were among the most significant factors enabling opportunity identification. These experiences help entrepreneurs apply learned insights effectively to recognize or even create opportunities. Ismail (2022) reinforced this by showing a positive and meaningful relationship between entrepreneurial competence and the ability to identify and pursue business opportunities in Tanzanian SMEs competence that often stemmed from earlier knowledge and experience. Mayanja et al. (2019) also argued that innovative ecosystems played a partial mediating role in the link between networking and opportunity exploitation in Ugandan SMEs. The entrepreneurs' earlier business interactions further strengthened their capacity to seize emerging opportunities.

A third vital aspect of opportunity identification is creativity, the ability of individuals within an organization to conceive fresh and innovative ideas (Soelaiman & Liediana, 2020). In Kasarani Sub-County, Kenya, Chemwei (2019) found that low levels of entrepreneurial alertness had a negative impact on creativity, thereby hindering SMEs in identifying and leveraging opportunities. Kimathi (2020) added that an entrepreneurial mindset characterized by creativity, innovation, and knowledge of available SME support services was positively linked to business performance in

Kenya. Creative thinking equips individuals with the ability to devise new solutions and improve business strategies. Saulo (2016) also emphasized that entrepreneurs who exhibit traits like creativity and self-assurance are more capable of recognizing and acting on opportunities. Kivuitu and Karugu (2021) alluded to the need for SME managers and proprietors in Kenya to have a strong entrepreneurial orientation as a precursor to an enhanced level of entrepreneurial alertness.

1.1.3 Small and Medium Sized Enterprises in Kenya

In Kenya, the operations and development of Small and Medium-Sized Enterprises (SMEs) are governed by the Micro and Small Enterprises (MSE) Act of 2012. This legislation established the MSE Authority, which is tasked with creating and updating policies and programs designed to support the sector's expansion. It also introduced the MSE Fund, aimed at enhancing SME growth by improving access to financing, encouraging innovation through research and development, and supporting skills enhancement initiatives (Fauzi & Sheng, 2022). In addition, the Kenya Private Sector Alliance (KEPSA) launched the country's first SME Policy Index in 2018. This was developed through consultations with over 1,300 micro, small, and medium enterprises, and it evaluated eight policy areas to assess how conducive the regulatory and policy environment both at the national and county levels is for SME development (Fauzi & Sheng, 2022).

The SMEs sector represents the largest employer in many economies. Indeed, Algan (2019) asserted that SMEs (which he defined as companies with 200 or less employees) represent approximately 90% of the total businesses in the world, provide job opportunities to around 60-70% of the world's employed people, and 55% of the developing economies' Gross Domestic Product (GDP) can be attributed to them. Al-Haddad et al. (2019) affirmed that SMEs, by virtue of their size, are more flexible and generate a more entrepreneurial environment in economies around the world, they contribute significantly to industries that are characterised by self-proprietary and labour-intensive natures, as well as being more efficient and better income distribution outlets. Muriithi (2017) posited that Kenyan SMEs contribute about 40% of the nations' GDP, employ more than 80% of the workforce, and in excess of 50% of new jobs. Given Kenya's high SME failure rate, it is critical to address the variables affecting their long-term viability. According to a 2016 study by the Kenya National Bureau of Statistics, nearly half (46%)

of SMEs fail within their first year, with approximately 400,000 SMEs shutting down annually (KNBS, 2016).

Nearly 70% of SMEs in Kenya are operated by sole proprietors, with most falling into the category of micro-enterprises employing fewer than ten individuals (Azzan, 2021). This highlights a prevalent trend where a large portion of SME owners are financially constrained, many belonging to the 53% of Kenyans living on less than one US dollar a day (Kathambi et al., 2021). Furthermore, a substantial number of these enterprises exist primarily for survival rather than profit, often engaging in low-income activities in both urban and rural settings (Esaku, 2020). According to the 2020 Economic Survey published by the Government of Kenya, informal SMEs accounted for the creation of about 720,000 new jobs approximately 86% of total new employment while the formal sector was responsible for generating 120,000 jobs (Kiveu et al., 2019). Data from the Kenya National Bureau of Statistics (KNBS, 2022) shows that these enterprises are primarily concentrated in wholesale and retail trade (68%), followed by manufacturing (11.2%), accommodation and food services (8.8%), financial and insurance services (4.2%), education (2.4%), administrative and support services (1.6%), professional and scientific services (1.1%), transport and storage (1%), entertainment and recreation (0.9%), and information and communication technology (0.8%).

The overview of SMEs in Kenya highlights the important role they play in the country's economic landscape, particularly in job creation (Katua, 2014). With the informal SME sector accounting for approximately 86% of new jobs annually, their contribution to employment and economic sustenance is undeniable. However, a deeper analysis reveals underlying challenges that warrant further investigation (Nyaramba & Thurair, 2024). The sectoral breakdown of SMEs further highlights their concentration in wholesale and retail trade, which accounts for 68% of these businesses, followed by manufacturing (11.2%) and other smaller sectors. While this diversity indicates the wide-ranging nature of SMEs, it also suggests potential gaps in entrepreneurial innovation, particularly in underrepresented and high-potential sectors like information and communication technology, professional services, and scientific fields. This research focused on 71,998 SMEs operating within Nairobi County's Central Business District (CBD). These included

16,804 classified under Medium Trader Shops or Retail Services and 55,194 under Small Trader Shops or Retail Services (Nairobi County, 2017).

1.2 Problem Statement

The most critical challenge by Kenyan SMEs is limited access to finance, including inability to meet stringent loan requirements, and high interest rates, which hampers their growth, investment ability, and dampens expansion of business (Kenya Banker's Association, 2016). This is reinforced by Ndemi (2018) who found that financing problems faced by Kenyan SMEs can be attributed to poor liquidity conditions, and low profitability; Mugo (2016) alluded to the inability of the Government to properly address the relatively high cost of finance; while Chirchir (2017) referred to high transaction costs which heightened the cost of borrowing and limited the accessibility of external finance to certain classes of SMEs. Muthembwa (2019) explained that many SMEs in Kenya tend to favour immediate business needs over long-term staff welfare leading to negative team dynamics which is an indicator of poor emotional intelligence.

SMEs are the backbone of global economies, representing approximately 90% of the global business population, employing 60-70% of the workforce, and contributing up to 55% of GDP in developed economies (Algan, 2019). In Kenya, SMEs play an equally critical role, contributing an estimated 33.8% of the country's GDP (KNBS, 2022). However, despite their economic significance, SMEs face staggering failure rates, with 80% closing within the first five years of operation and 46.3% failing within the first year (Bosire & Nduvi, 2019). Key challenges contributing to these high failure rates include restricted access to affordable funding, marketing deficiencies, intense competition (both from illegal and established businesses), and strict government regulations.

While scholars have extensively investigated structural and financial factors influencing SME sustainability (Jaramillo et al., 2019; Chege & Wang, 2020; Prasanna et al., 2019), the part that emotions and emotional intelligence (EI) play in opportunity identification has not received much attention. Although emotions are crucial in entrepreneurial decision-making, little is known about their impact, especially when it comes to SMEs. Barrett et al. (2019) argue that the subjective nature of emotions has made it challenging for researchers to establish a clear conceptual

framework linking emotions to entrepreneurial outcomes, leading to considerable controversy and a dearth of harmony in previous studies.

The ability to recognize, understand, and manage both personal emotions and those of others referred to as emotional intelligence (EI), has been recognized as a vital component contributing to entrepreneurial achievement. However, its impact on the opportunity identification remains poorly understood. Boohene et al. (2019) found that SME proprietors with low emotional intelligence often exhibit erratic and subjective behaviours, which can hinder their ability to make sound decisions. For instance, some SME owners fail to capitalize on viable business opportunities due to psychological biases stemming from negative emotions such as fear, anxiety, or overconfidence. Additionally, Serna-Zuluaga et al. (2024) further highlight that novice entrepreneurs are particularly susceptible to heightened anxiety and fear, which can lead to indecisiveness and missed opportunities. On the other hand, seasoned business owners with greater emotional intelligence are better able to handle pressure, make prompt judgments, and remain resilient when faced with obstacles (Musa et al., 2018). Notwithstanding these realizations, little empirical study has been done to investigate the ways in which emotional intelligence affects opportunity identification.

Despite growing interest in the intersection of emotional intelligence and entrepreneurship, notable gaps still exist within academic literature. Although researchers such as Muthembwa (2019), Kivuitu and Karugu (2020), and Maina and Lawrence (2023) have examined the role of emotional intelligence in influencing SME performance, its impact on the process of identifying entrepreneurial opportunities has received far less attention. This oversight points to a substantial theoretical gap. In addition, much of the previous research has primarily focused on developed economies or large-scale enterprises, often neglecting the realities faced by SMEs in emerging markets such as Kenya. For instance, investigations by Maina and Lawrence (2023), Okonkwo and Obidike (2016), Rajamani et al. (2022), and Serna-Zuluaga et al. (2024) have centered on institutional frameworks that differ greatly from those encountered by African SMEs. As a result, the relevance and applicability of their conclusions to the Kenyan SME sector remain limited due to differing economic conditions, cultural dynamics, and regulatory systems.

The principal research gaps this study aimed to address lied in the limited exploration of how emotional intelligence relates to opportunity identification within the context of Kenyan SMEs. This research sought to offer locally grounded insights that could support the formulation of targeted policies and strategies to improve the resilience and growth of small businesses. In doing so, it also enriched the existing body of knowledge on emotional intelligence and entrepreneurship by directly engaging with the conceptual, contextual, and methodological shortcomings highlighted in earlier work.

1.3 Research Objectives

The general objective of the study was to assess the relationship between emotional intelligence and opportunity identification in SMEs in Kenya.

1.3.1 Specific Research Objectives

The specific objectives that helped in achieving the general objective were:

- i. To determine the effect of self-awareness on opportunity identification in SMEs in Kenya
- ii. To examine the impact of social awareness on opportunity identification in SMEs in Kenya
- iii. To ascertain the role of self-management on opportunity identification in SMEs in Kenya

1.4 Research Questions

The research answered the following questions:

- i. What is the effect of self-awareness on opportunity identification in Kenyan SMEs?
- ii. What is the impact of social awareness on opportunity identification in Kenyan SMEs?
- iii. What is the role of self-management on opportunity identification in Kenyan SMEs?

1.5 Scope of the Study

This study focused on examining the relationship between emotional intelligence and the ability of Kenyan SMEs to identify entrepreneurial opportunities. The core objective was to assess how

each independent variable namely self-awareness, social awareness, and self-management impacted the dependent variable, which was opportunity identification among SMEs. The research utilized cross-sectional data collected from a sample of 398 SMEs operating within the professional services sector in Nairobi County, specifically Nairobi City. The theoretical foundation for the study was based on the Social Cognitive Theory and the Theory of Multiple Intelligences. The research took place over a five-month period, beginning in December 2024 and concluded in April 2025.

1.6 Significance of the Study

The study was significant to various parties as follows: -

1.6.1 Practical Significance

Since SMEs were the largest employers in the country, the study offered insightful information to managers and owners of SMEs who dealt with emotional difficulties. The findings supported their efforts in achieving enhanced opportunity identification with the aid of emotional intelligence. The study findings were published for free access on the university website and were also available in the library for physical access.

1.6.2 Policy Significance

Given the high rate of SME collapse in Kenya, the research findings assisted government authorities in the state department of MSMEs in understanding how emotional intelligence influenced SMEs' opportunity identification, thereby contributing to improved sustainability of SMEs.

1.6.3 Academic Significance

The knowledge gaps identified in the problem statement provided an adequate basis for researchers and scholars interested in the emotional intelligence SME opportunity identification link. The study also contributed to the proposed theories. It encouraged more researchers to explore the effect of emotional intelligence on SME opportunity identification.

1.7 Chapter Summary

This chapter provided an overview of the key concepts relevant to the study, offering essential background context for each. It proceeded to present the problem statement, highlighting the core issues that necessitated the undertaking of this research. Additionally, it outlined the research objectives along with the guiding research questions. The chapter also defined the scope of the study by specifying its geographical setting, the intended population, the main variables under investigation, the sampling strategy, and the timeframe. Lastly, it detailed the significance of the research by identifying the individuals and groups who are likely to benefit from its findings.



CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter presented the literature review, which encompassed the theoretical framework, empirical review, identification of research gaps, and the conceptual framework. The theoretical framework outlined the key theories that supported the relationship between emotional intelligence and opportunity identification within Kenyan SMEs. These included the Theory of Multiple Intelligences and the Social Cognitive Theory. The empirical review aligned existing literature with both the independent and dependent variables of the study. The conceptual framework, on the other hand, visually represented the hypothesized relationships among the variables under investigation.

2.2 Theoretical Review

As opined by Collins and Stockton (2018), a theory seeks to provide a logical and scientific explanation for the occurrence of a given phenomenon on the basis of a systematic observation in a manner that can be tested and amended where necessary. Adom et al. (2018) defined theoretical framework as the basis through which a given piece of research is built. The theories that will underpin this study are Gardner's (1983) Theory of Multiple Intelligences and Bandura's (1977) Social Cognitive Theory.

2.2.1 Theory of Multiple Intelligences

The Multiple Intelligences (MI) hypothesis, which was developed by Gardner (1983), postulated that all individuals are born with the potential to develop multiple intelligence, a number of which are ignored by society, but which can facilitate enhanced competences. Additionally, in order for individuals to achieve their potential the multiple forms of intelligence need to augment the traditional competences; and that these intelligences include motor ability, music, spatial, logical, intrapersonal, naturalistic and intrapersonal. Chaidi and Drigas (2022) affirmed that the theory of MI includes two new dimensions of intelligence, namely: interpersonal intelligence which amounts to an individual's ability to discern other's moods, desires, feelings and motivations; and

intrapersonal intelligence which relates to the ability of an individual to comprehend one self's feelings, desires, moods, and motives.

The MI theory draws its relevance from the pluralistic perspective that it takes in relation to the conceptualisation of intelligence by focusing on the evolutionary dimensions of research including neuroscience, biology, psychometrics, anthropology and psychology in relation to the studies of savants and prodigies (Davis et al., 2011). The theory has also found a lot of application in the teaching-learning process where educators have focused on the multiplicity of intelligences as a source of expanded knowledge base for students and tutors alike in terms of the application of suitable strategies in their mode of instruction so as to enhance the attainment of learning outcomes (Lai & Yap, 2016). MI theory has been used in task-based teaching approach to act as a foundation for the exploitation by students of their multiple intelligences so as to enhance their language skills in various teaching activities (Zhu, 2011).

The MI theory has attracted a number of criticisms. The theory is based on subjective value-judgements rather than on empirical studies on peoples' behaviour rendering his suppositions whimsical or based on chance (Sternberg, 1994). Gardener's contention that intelligence is a singular characteristic has been challenged by Willingham (2004) as false and not supported by any empirical evidence. In a different argument, White (2005) opines that the number of intelligences identified by Gardner are too few and lack adequate generalisability given the wide variety of behavioural traits.

The MI theory established linkage to the study variables as follows. Since each of the three independent variables (self-awareness, social awareness, and self-management) as elements of emotional intelligence are manifestations of interpersonal and intrapersonal intelligences then it followed that there is a strong linkage with the theory. In other words, the MI theory can be used to explain how people are able to apply emotional intelligence in improving their understanding of their environment. The enhanced competences that stem from heightened emotional intelligence are well captured by the MI theory. Additionally, since opportunity identification involved the use of emotional intelligence such as through an improved sense of self-awareness, it follows that it was consistent with the MI theory.

2.2.2 Social Cognitive Theory

Albert Bandura introduced the Social Cognitive Theory (SCT) in 1977, proposing that individuals learn through observing the actions of others within a social environment. These social interactions enable people to internalize and replicate behaviors they find acceptable or beneficial (Nabavi, 2012). Bandura emphasized that such observational learning occurs as individuals replicate the motor actions they have seen. As a result, learning stems more from the observation of behaviors than from direct reinforcement, with stimuli and feedback playing a crucial role in shaping how teachers engage in mediating learning processes (McLeod, 2016). According to Luszczynska and Schwarzer (2015), Bandura identified three main elements that influence human behavior: self-efficacy, which refers to an individual's belief in their ability to achieve desired outcomes through their actions; outcome expectations, which involve anticipated results from specific behaviors; and goals, along with perceived obstacles and enablers. Tamir and Mauss (2011) supported this idea by highlighting the connection between emotional regulation and social cognition, particularly regarding beliefs about control, value systems, personal goals, and skill sets.

Despite its wide application, SCT has drawn criticism. Widodo and Astuti (2024) questioned the theory's broad assumption about the role of cognition in learning, arguing that it overlooks other key contributors like reinforcement. Liao and Ho (2011) contended that although SCT is often framed in educational contexts, not all its methods are ethically or practically applicable across various educational levels. McGregor (2009) also noted concerns about the model, especially in cases where behaviors conflict with moral or ethical standards were observed. Burt et al. (2005) further pointed out that SCT does not adequately consider psychological issues like depression or anxiety that can influence behavior in youth beyond social learning.

SCT was useful in explaining how leaders cultivate emotional intelligence in their team members, which in turn leads to improved job performance and reduced emotionally draining behaviors (Yen, 2022). Additionally, the capacity to manage negative emotions during challenging moments was positively linked to a robust self-concept, a construct closely tied to self-efficacy and reflective of SCT principles (Cheng et al., 2024). Higher levels of emotional intelligence were also associated with better emotional control and regulation, which contributed to enhanced self-awareness and the development of a solid self-concept (Fernández-Berrocal & Extremera, 2006). This highlighted

the strong link between both self-awareness and social awareness with Social Cognitive Theory. The SCT facilitates the linkage with EI by providing the framework for comprehending the manner in which people learn and develop the competencies necessary for EI.

2.3 Empirical Review

An empirical review involves a structured and systematic analysis of research methodologies and techniques with the aim of answering specific research questions (Cooper & Schindler, 2014). It also represents a process through which insights are derived by objectively analysing measurable and real-world experiences (Smith et al., 2011).

The first of the key components of emotional intelligence is self-awareness. As defined by Antonpoulou (2024), self-awareness involves the ability to identify and understand one's own emotional responses, strengths, limitations, personal goals, and guiding principles. Todorova (2024) expands on this by stating that self-awareness encompasses awareness of both subconscious and conscious emotional states, as well as an understanding of life experiences that foster openness to new perspectives, learning opportunities, and social influences. The second element of emotional intelligence is social awareness. This refers to how well an individual can interpret and understand the thoughts, emotions, and behaviors of others (Bakare et al., 2023). It also includes the capacity to empathize and genuinely connect with others on an emotional level (Selvi & Aiswarya, 2023). The final dimension is self-management. This aspect of EI relates to maintaining motivation, managing emotions constructively, being flexible in the face of change, and sustaining a hopeful and proactive mindset (Brown et al., 2023). Ahsan (2023) describes it as the individual's ability to regulate their thoughts, feelings, and behaviors in a way that supports their goals and emotional well-being. The subsequent subsections presented the empirical studies relevant to this research.

2.3.1 Self-Awareness and Opportunity Identification in SMEs

A key component of self-awareness is emotional self-awareness. This refers to an individual's foundational understanding of emotional intelligence, which enhances their capacity to make thoughtful decisions that satisfy both their own emotional needs and those of others around them (Bratton et al., 2011). A study by Osieko et al. (2016) examined how emotional self-awareness impacts strategic decisions in private schools across Nairobi County, Kenya. Targeting 168

institutions, the study collected data from 151 school leaders using questionnaires. Findings revealed that emotional self-awareness played a significant role in effective strategic decision-making by helping leaders remain composed under pressure. However, Rubens et al. (2018) found that while self-awareness is vital, its influence is greatly amplified when combined with strong leadership abilities. Since this study focused broadly on leadership rather than SMEs, it presents a contextual gap. Furthermore, it did not directly address opportunity identification, which points to a conceptual gap, leaving the influence of emotional intelligence on entrepreneurial challenges insufficiently examined.

Umar et al. (2024) explored how emotional intelligence contributes to entrepreneurial leadership effectiveness among SMEs in Nigeria. Based on the Emotional Capacity Model, data was gathered from 122 farming entrepreneurs through structured questionnaires. The results indicated a strong, positive connection between emotional traits such as empathy, self-awareness, and emotional control, and improved leadership effectiveness. The study highlighted that leaders with greater emotional self-awareness were better at regulating their responses, which in turn enhanced their decision-making. However, applying these findings to Kenya requires caution due to differing national contexts. While Nigeria's SME landscape is heavily shaped by its oil-driven economy, Kenya's is more diversified, relying on sectors such as agriculture, tourism, and technology. These structural differences, alongside variations in financial access, governmental support, and cultural influences, introduce a contextual gap. Additionally, the use of a different theoretical framework such as Emotional Capacity Model rather than one focused on opportunity identification, points to a theoretical gap.

Another important dimension of self-awareness is accurate self-assessment. Rambe et al. (2019) explored how emotions influence entrepreneurial attitudes, self-efficacy, and intentions among university students. Grounded in the theory of planned behavior, the study collected data from 211 participants in Lesotho through structured questionnaires. The findings demonstrated a strong link between emotional states and attitudes toward entrepreneurship. The ability to assess allowed participants to better evaluate whether they were in the right conditions to start a business. However, this study focused on a different geographical region, Lesotho which has distinct economic characteristics compared to Kenya, creating a contextual gap. Moreover, the fact that the research centered on university students and not SMEs adds another layer to this gap. The

theoretical basis, differing from those typically used to assess opportunity identification, also introduces a methodological gap.

Ristovoska and Blazheska (2021) assessed how emotional intelligence affects business success in entrepreneurial settings. Using a descriptive survey design, they gathered data from 60 individuals across 30 businesses in the Republic of North Macedonia. The results showed a meaningful positive relationship between emotional intelligence and the success of entrepreneurial ventures. Notably, self-assessment emerged as a key factor contributing to this success, highlighting its importance in emotional self-regulation. However, the focus on a different economic context, the Republic of North Macedonia presents a contextual gap, as its economic landscape contrasts sharply with Kenya's. The study also lacked a defined theoretical framework, which limits its methodological robustness.

Self-confidence is another critical indicator of self-awareness. Putra et al. (2020) investigated how business knowledge and self-confidence influence business performance, with business innovation acting as a mediating variable, in SMEs located in Padang City, Nepal. Data was collected from 225 enterprises using questionnaires. The findings revealed strong positive relationships between self-confidence, business knowledge, and innovation, all of which contributed to improved business performance. Additionally, innovation served as a key mediator between self-confidence and business knowledge. However, because the study was conducted in Nepal a region with different economic dynamics from Kenya it introduces a contextual gap. Furthermore, the absence of a relevant theoretical framework and the use of a different research design mark significant methodological limitations.

Garaika et al. (2019) explored how self-efficacy, personal traits, and self-confidence influence entrepreneurial intention, focusing on new businesses. The study employed a survey method and collected responses from 200 participants through questionnaires. Results confirmed that self-efficacy, personality, and self-confidence were all positively associated with entrepreneurial intent. Additionally, self-confidence helped entrepreneurs make sound decisions when launching their ventures by improving adaptability, embracing innovation, and preparing for risks. However, the research was conducted in a different geographical setting and did not specifically target SMEs,

which bring about contextual gaps. Also, the lack of a guiding theoretical framework contributed to a methodological gap.

2.3.2 Social Awareness and Opportunity Identification in SMEs

Social awareness involves understanding how others think, feel, and act within social interactions (Bakare et al., 2023). One key aspect of social awareness is empathy. Empathy is the ability to mentally place oneself in another person's situation, allowing for a deeper understanding of their experiences, whether emotional or contextual (Lishner et al., 2020). Zhao et al. (2023) investigated how empathy affects the performance of new business ventures, specifically analyzing the role of entrepreneurial orientation as a mediating factor. This research used a descriptive survey design and gathered data from 500 startups located in three Chinese provinces: Shaanxi, Henan, and Guangdong. The findings showed that perspective taking had a significant positive impact on venture performance. However, excessive empathetic concern was found to reduce performance after a certain threshold phenomenon known as the "too much of a good thing" effect. The Chinese economic environment differed greatly from that of Kenya, presenting a contextual gap. Furthermore, focusing on entrepreneurial orientation as a mediator represented a conceptual gap, and the absence of a guiding theoretical framework indicated a methodological gap.

Khalid and Sekiguchi (2018) explored how empathy contributes to recognizing entrepreneurial opportunities in Japan and Pakistan. Using an experimental research design, the study gathered primary data from 131 and 120 management students at public universities in Japan and Pakistan, respectively. The research demonstrated a strong link between perspective taking and the recognition of business opportunities. Moreover, combining both empathic concern and perspective taking proved more beneficial for opportunity recognition than using either approach alone. These results aligned with the earlier work of Prandelli et al. (2016). However, the study's context in Japan and Pakistan economies distinct from Kenya presented a contextual limitation. The lack of a clear theoretical framework and reliance on a different research design also introduced a methodological gap.

Another indicator of social awareness is organizational awareness. Kim et al. (2019) describe this as the ability to perceive unspoken cues, interpret hidden signals, and grasp unwritten organizational norms. Swadi (2021) examined how characteristics of organizational

entrepreneurship, including organizational awareness, influence entrepreneurial orientation. Drawing on the Resource-Based View (RBV) theory, the study gathered responses from 734 participants in Iraq. The findings indicated that variables such as top leadership support, organizational awareness, transformative leadership, and proactiveness were closely linked to entrepreneurial orientation. However, this focus on entrepreneurial orientation instead of opportunity identification creates a conceptual gap. Additionally, using a different theoretical framework and conducting the study in Iraq a country with significantly different economic conditions from Kenya introduced methodological and contextual gaps, respectively.

Brunet (2020) studied the roles of awareness, learning, and knowledge within the context of entrepreneurship and firm leadership. The research adopted a systems thinking model supported by causal loop diagrams, and it collected qualitative data through face-to-face interviews and direct observation. Findings revealed that newer learning processes were strongly associated with higher levels of organizational awareness. Additionally, intangible resources were found to be critical in supporting different learning pathways. The research also showed that systemic knowledge, combined with personal mastery, helped improve leadership and entrepreneurial performance particularly when supported by strong management and a clear vision. Despite these insights, the study emphasized leadership development rather than SMEs specifically, creating a contextual gap. Furthermore, the absence of a theoretical foundation and use of a different research approach represented methodological gaps.

Service orientation is the third major element of social awareness. It refers to an individual's or organization's tendency to be cooperative, attentive, and helpful in responding to the needs of others (Solimun & Fernandes, 2018). Bekata and Kero (2024) examined how customer orientation and open innovation impact the performance of SMEs in Ethiopia. Guided by both the Resource-Based View (RBV) and Dynamic Capabilities theories, the study used questionnaires to collect data from 321 SMEs in Hawassa City. Results indicated that customer-centered strategies significantly improved enterprise performance. Furthermore, by integrating customer insights into internal operations, SMEs were able to create innovative strategies that spread knowledge and ideas throughout the organization. However, Ethiopia's economic structure is different from Kenya's, leading to a contextual gap. The application of alternative theories and research design also introduced methodological concerns.

Lu and Zhang (2016) explored the effects of customer and entrepreneurial orientation on the performance of SMEs in China and South Korea. This research targeted 223 SMEs in the retail sector and showed that both dimensions of customer orientation, customer response and customer focus were strongly and positively associated with business performance. However, the distinct economic contexts of South Korea and China compared to Kenya highlighted a contextual gap. Additionally, the study did not use a clear theoretical framework and employed a different research design, which created a methodological issue. Lastly, the emphasis on SME performance instead of opportunity identification presented a conceptual gap.

2.3.3 Self-Management and Opportunity Identification in SMEs

A key aspect of self-management is emotional self-control, which refers to one's ability to remain composed and manage emotional responses effectively during high-stress or emotionally intense situations (Anderson, 2019). Frese and Gielnik (2023) explored entrepreneurial psychology by referencing multiple theories, including the action theory process model, the theory of planned behavior, and action theory itself. Their study employed an empirical literature review approach, analyzing publications from several databases such as Ebscohost, Emerald Insight, Taylor and Francis, and JSTOR. The findings revealed that emotional self-control enhanced the likelihood of translating intentions into action, whereas doubt about the effectiveness of those actions weakened this effect. These outcomes were consistent with the findings of van Gelderen et al. (2015). However, this study did not examine opportunity identification as the primary variable, which created a conceptual gap. Moreover, the application of different theoretical perspectives and research methods, along with its general focus rather than SMEs specifically, introduced methodological and contextual limitations.

Baron et al. (2016) conducted research to assess how self-efficacy influences entrepreneurs' tendencies to pursue unattainable goals, emphasizing the regulatory role of emotional self-control. Grounded in goal-setting theory, the study gathered data from 167 entrepreneurs based in the Midwestern region of the United States. The results suggested that entrepreneurs with high self-efficacy were more likely to set overly ambitious goals. However, those with strong emotional self-control demonstrated a more balanced approach, setting achievable goals and moderating the risks of overreaching. Furthermore, it was noted that while goal difficulty can initially enhance

business performance, performance declines once the complexity exceeds a manageable threshold. The study, however, did not specifically explore opportunity identification, representing a conceptual limitation. Its U.S.-based context economically distinct from Kenya and its lack of focus on SMEs presented contextual gaps. In addition, the variation in research design and absence of a specified theoretical model also reflected methodological shortcomings.

The second major indicator of self-management is adaptability. This refers to an individual's ability to adjust their behavior, thoughts, and emotions in response to changes in their environment (Martin, 2012). Kumasey et al. (2024) examined how career adaptability affects entrepreneurial intentions among university students in Ghana. Guided by self-regulatory and socio-emotional selectivity theories, they collected primary data from 397 students using structured questionnaires. The study concluded that students who exhibited higher levels of adaptability were more inclined toward entrepreneurial ventures. These findings align with earlier work by Tolentino et al. (2014) and Zhang (2024). However, the study was not centered on SMEs, which introduces a contextual gap for the purposes of this research.

Savitri et al. (2021) conducted a study examining how innovation mediates the relationship between adaptability, entrepreneurial orientation, and overall business performance. Using the Resource-Based View (RBV) theory, they surveyed 115 SMEs located in coastal regions of Indonesia. Findings revealed that many SMEs struggled to innovate or adopt customer-centered strategies due to limited adaptability, an essential quality for fostering innovation. The study also established that firms with strong entrepreneurial orientation tended to be more innovative. Still, the use of innovation as a mediating variable presents a conceptual gap, while the distinct geographical context and theoretical foundation reflected contextual and methodological limitations, respectively.

Another crucial element of self-management is achievement orientation, which describes the internal drive to attain success and accomplish meaningful goals (Butera et al., 2024). Mibey et al. (2023) analyzed how the need for achievement and entrepreneurship training influences the growth of MSMEs in Bomet County, Kenya. The research was anchored in the Need for Achievement Theory and used structured questionnaires to collect primary data from 384 MSMEs, along with various sources of secondary data. The results confirmed a strong positive relationship between

the desire for achievement and MSME growth. Additionally, the need for achievement acted as a moderator in the link between entrepreneurship training and enterprise growth. However, the study did not directly investigate opportunity identification, and its use of the need for achievement as a moderating factor presented a conceptual gap. The theoretical orientation used also differed from those typically employed in studies of opportunity identification, highlighting a methodological gap.

Kamendi (2016) explored how entrepreneurial orientation affects SME growth in Kenya. This study was built upon Schumpeter's Innovation Theory and McClelland's Psychological Theory and relied on primary data from 226 respondents gathered via structured questionnaires. The findings indicated that entrepreneurial orientation was influenced by factors such as the drive for achievement, proactiveness, and risk-taking which contributed to SME expansion. While informative, the differing theoretical perspective used introduced a methodological limitation.

2.4 Research Gaps

The literature review revealed several research gaps. Osieko et al.'s (2016) lack of focus on SMEs represents a contextual gap, while the absence of concentration on opportunity identification represents a conceptual gap. Umar et al. (2024) had a different geographical focus which represents a contextual gap, while the different theoretical framework represents a methodological gap. Rambe et al. (2019) had a dissimilar geographical focus and was not contextualized on SMEs which represent contextual gaps; while the dissimilar theoretical framework represents a methodological gap. In Ristovoska and Blazheska (2021), the choice of the Republic of North Macedonia represents a contextual gap, while the lack of a theoretical framework represents a methodological gap. Putra et al. (2020) had a different geographical focus represents a contextual gap, while the lack of a theoretical framework and different research design represent methodological gaps. Zhao et al.'s (2023) Chinese geographical focus represents a contextual gap; the focus on the mediating effect of entrepreneurial orientation represents a conceptual gap; and the lack of theoretical framework represents a methodological gap. Khalid and Sekiguchi's (2018) main knowledge included: the dissimilar geographical contexts which represent contextual gaps; and the absence of theoretical framework as well as the dissimilar research design which represent methodological gaps. Swadi's (2021) focus on entrepreneurial orientation represents a conceptual

gap; the different theoretical framework represents a methodological gap; and the different geographical context represents a contextual gap. Brunet's (2020) focus on leadership processes represents a conceptual gap; the lack of a theoretical framework and different research design represent methodological gaps; and the lack of institutional focus on SMEs represents a contextual gap. Bekata and Kero (2024) had a different geographical focus representing a contextual gap, while the different theoretical framework and research design represent methodological gaps.

Frese and Gielnik (2023) failed to concentrate on opportunity identification as a dependent variable which represents a conceptual gap; its different theoretical framework and research design which represent methodological gaps; and the lack of focus on SMEs which represents a contextual gap. Baron et al.'s (2016) main knowledge gaps include: the lack of focus on opportunity identification as a dependent variable which represents a conceptual gap; the different geographical region and failure to concentrate on SMEs which represent contextual gaps; and the differences in the research design as well as the absence of a suitable theoretical framework which represent methodological gaps. Kumasey et al. (2024) failed to concentrate on SMEs which represent a contextual gap. Baron et al. (2011) had a dissimilar geographical location which represents a contextual gap; the absence of a suitable framework represents a theoretical gap, while the absence of concentration on opportunity identification is a conceptual gap. Kijkasiwat and Phuensane (2020) failed to concentrate on emotional intelligence representing a conceptual gap; the absence of theoretical framework and dissimilar research design represent methodological gaps; and the dissimilar geographical region represents a contextual gap. The summary of the research gaps was captured in Table 2.1.

Table 2. 1: Summary of Knowledge Gaps

Study	Focus of Study	Findings	Research Gap	Focus of Current Study
Osieko et al. (2016)	Studied emotional self-awareness and strategic decision making in private school enterprises in Nairobi County, Kenya.	The findings indicated that emotional self-awareness was found to be a strong predictor of managers' strategic decision making since it enables them to cope with turbulent circumstances by keeping a calm demeanor.	The lack of focus on SMEs represents a contextual gap; while lack of focus on opportunity identification represents a conceptual gap.	An examination of the relationship between emotional intelligence and the opportunity identification among SMEs in Kenya.
Umar et al. (2024)	Conducted an assessment of the role of emotional intelligence in enhancing entrepreneurial leadership effectiveness amongst SMEs in Nigeria.	The results showed that empathy, self-awareness and emotional management were positively and significantly associated with the enhancement of leadership effectiveness.	The different geographical focus represents a contextual gap; while the different theoretical framework represents a methodological gap.	An examination of the relationship between emotional intelligence and the opportunity identification among SMEs in Kenya.

Rambe et al. (2019).	Studied the effects of emotions on the entrepreneurial attitudes, self-efficacy, and intentions of university students.	The results indicated that there is a significant and positive association between emotions and moods, and attitudes and perceptions regarding entrepreneurial ideas.	The study had a different geographical focus and was not contextualised on SMEs which represents contextual gaps; while the different theoretical framework represents a methodological gap.	An examination of the relationship between emotional intelligence and the opportunity identification among SMEs in Kenya.
Zhao et al. (2023)	Studied the role of entrepreneurs' empathy in new venture performance by focusing on the mediating effect of entrepreneurial orientation.	According to the results, whilst perspective taking had a strong and positive correlation with new venture performance; empathetic concern was effective to a certain point after which too-much-of-a-good-thing effect takes effect leading to poorer new venture performance.	The Chinese geographical focus represents a contextual gap; the focus on the mediating effect of entrepreneurial orientation represents a conceptual gap; and the lack of theoretical framework represents a methodological gap.	An examination of the relationship between emotional intelligence and the opportunity identification among SMEs in Kenya.
Khalid and Sekiguchi (2018).	Investigated the role of empathy in	The results showed that there is a strong association	The study 's main knowledge include: the	An examination of the relationship between

	entrepreneurial opportunity recognition in Japan and Pakistan	between the use of perspective taking and entrepreneurial opportunity recognition in the market; and the use of both perspective taking and empathic concern was more valuable than using either of these factors singly in enhancing entrepreneurial opportunity recognition for both geographic jurisdictions.	different geographical contexts which represents contextual gaps; and the lack of theoretical framework as well as the different research design which represent methodological gaps.	emotional intelligence and the opportunity identification among SMEs in Kenya.
Swadi (2021)	The impact organisational entrepreneurship characteristics on entrepreneurship orientation by focusing on the moderating role of	The results indicated that dimensions of organisational entrepreneurship characteristics including top management support, organisational awareness, transformative leadership, and proactiveness have a	The study's focus on entrepreneurial orientation represents a conceptual gap; the different theoretical framework represents a methodological gap; and the different geographical	An examination of the relationship between emotional intelligence and the opportunity identification among SMEs in Kenya.

	firm size and education.	strong association with entrepreneurship orientation.	context represents a contextual gap.	
Frese and Gielnik (2023)	Studied the psychology of entrepreneurship.	The results indicated that self-control reinforced the effect of intentions by taking the necessary action, whereas action doubts lessened the impact of intentions owing to uncertainty regarding the manner in which the intention would be implemented.	The study was limited by its lack of focus on opportunity identification as the dependent variable which represents a conceptual gap; its different theoretical framework which represents a theoretical gap; different research design which represents a methodological gap; and the lack of focus on SMEs which represents a contextual gap.	An examination of the relationship between emotional intelligence and the opportunity identification among SMEs in Kenya.
Baron et al. (2016)	Investigated self-efficacy and entrepreneurs'	The results indicated that high self-efficacy was strongly associated with the	The lack of focus on opportunity identification as a dependent variable	An examination of the relationship between emotional intelligence

	adoption of unattainable goals by focusing on the restraining effects of self-control.	setting of unrealistic goals; however, self-control acts as a restrainer of this inclination by encouraging entrepreneurs to exercise more caution in the setting of goals so that they are more attainable.	represents a conceptual gap; the different geographical region and lack of focus on SMEs represents contextual gaps; and the lack of the differences in the research design represents methodological gaps.	and the opportunity identification among SMEs in Kenya.
Kumasey et al. (2024)	Carried out a study on career adaptability and entrepreneurial intentions.	According to the results, career adaptability was strongly associated with entrepreneurial intentions amongst students.	The study was limited by its lack of focus on SMEs which represents a contextual gap.	An examination of the relationship between emotional intelligence and the opportunity identification among SMEs in Kenya.
Baron et al. (2011)	Studied the downside of being up by	The findings indicated that entrepreneurs' DPA was	The study's different geographical location	An examination of the relationship between

	<p>focusing on entrepreneurs' dispositional positive affect (DPA) and firm performance.</p>	<p>strongly associated with product innovation and sales growth rate, to a discrete point, beyond which the performance started declining.</p>	<p>represents a contextual gap; the lack of a theoretical framework represents a theoretical gap; while the lack of focus on opportunity identification is a conceptual gap.</p>	<p>emotional intelligence and the opportunity identification among SMEs in Kenya.</p>
<p>Kijkasiwat and Phuensane (2020).</p>	<p>Carried out a study on innovation and firm performance by focusing on the moderating and mediating roles of firm size and SME finance</p>	<p>The results showed that innovation played the most significant role in determining firm performance followed by financial capital. Additionally, financial capital was found to play a significant mediating effect on the relationship between innovation and firm performance.</p>	<p>The study's lack of focus on emotional intelligence represents a conceptual gap; the lack of theoretical framework and different research design represents methodological gaps; and the different geographical region represents a contextual gap.</p>	<p>An examination of the relationship between emotional intelligence and the opportunity identification among SMEs in Kenya.</p>

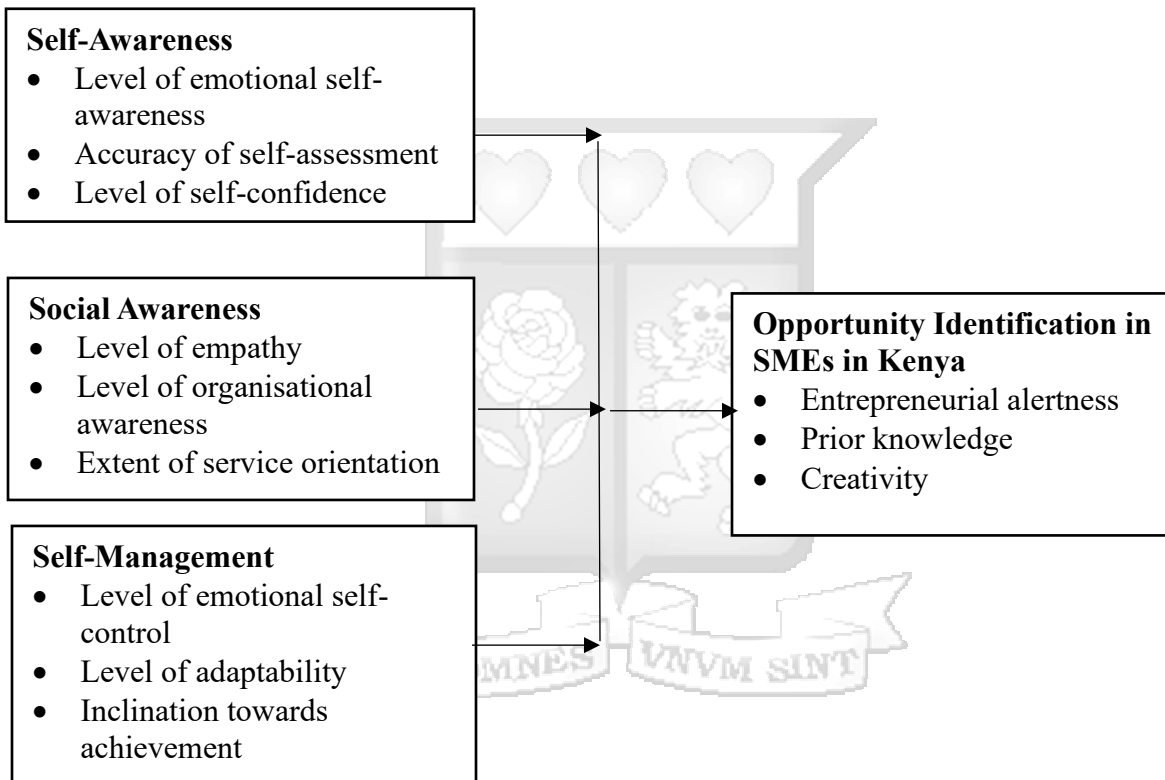
<p>Darus et al. (2017).</p>	<p>Examined the factors enhancing the performance of SMEs' services sector.</p>	<p>The results indicated that the most critical determinants of SME performance included internationalisation, innovation, global food demand, and access to finance. Additionally, the access to finance was dependent upon a firm's market capitalisation since firms with higher market capitalisations were able to attract debt financing from banks as well as equity financing from equity investors</p>	<p>The study's different geographical location represents a contextual gap; its lack of theoretical framework represents a theoretical gap; differences in the research design represents methodological gaps; while the lack of focus on the opportunity identification represents a conceptual gap.</p>	<p>An examination of the relationship between emotional intelligence and the opportunity identification among SMEs in Kenya.</p>
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Source: Author (2025)

2.5 Conceptual Framework

A conceptual framework provided a basis for the determination of the importance of a given study so as to facilitate the answers to research questions (Ravitch & Riggan, 2016); or a foundation that guaranteed the association with concepts, empirical literature, and important theories used in describing the envisioned knowledge in a systematic manner (Adom et al., 2018). The study's conceptual framework was captured in Figure 2.1.

Figure 2. 1: Conceptual Framework



Independent Variables

Dependent Variable

Source: Author (2025)

2.6 Operationalisation of Variables

Gonzales (2021) defined operationalisation as the means through which the definition and implementation procedure of constructs and concepts associated with a given study is ensured. Carrasquillo (2023) opined that the operationalisation of variables is based on the identification of

an effective, and quantifiable index is utilised in their definition and management. Table 2.1 represented the operationalisation of the study variables.

Table 2. 2: Operationalisation of Variables

Variable	Constructs	Operational Definition	Measurement Scale	Source(s)
Self-Awareness	Level of emotional self-awareness Accuracy of self-assessment Level of self-confidence	Refers to the ability by an individual to acknowledge and comprehend one's own thoughts, feelings and emotions	Five-point Likert Scale 1-Strongly Disagree 2-Disagree 3-Neutral 4-Agree 5-Strongly Agree	Osieko et al. (2016); Umar et al. (2024); Rambe et al. (2019); Ristovoska and Blazheska (2021); Putra et al. (2020); Garaika et al. (2019)
Social Awareness	Level of empathy Level of organisational awareness Extent of service orientation	Refers to the ability of an individual to accurately discern and empathise with the feelings of others.	Five-point Likert Scale 1-Strongly Disagree 2-Disagree 3-Neutral 4-Agree 5-Strongly Agree	Zhao et al. (2023); Khalid and Sekiguchi (2018); Swadi (2021); Brunet (2020); Bekata and Kero (2024); Lu and Zhang (2016)
Self-Management	Level of emotional self-control Level of adaptability Inclination towards achievement	The ability of an individual to regulate their own behaviour, emotions and thoughts in a manner that enhances their productivity	Five-point Likert Scale 1-Strongly Disagree 2-Disagree 3-Neutral 4-Agree 5-Strongly Agree	Frese and Gielnik (2023); Baron et al. (2016); Kumasey et al. (2024); Savitri et al. (2021); Mibey et al.

				(2023); Kamendi (2016)
Opportunity Identification	Entrepreneurial alertness Prior knowledge Creativity	Refers to the cognitive process through which organisations are able to isolate likely business opportunities through an extensive scanning of the environment to understand the existing unmet needs, emerging trends that represent potential opportunities for exploitation, and the gaps in the operational market	Five-point Likert Scale 1-Strongly Disagree 2-Disagree 3-Neutral 4-Agree 5-Strongly Agree	Slavik et al. (2023); Borges et al. (2018); Ogujiuba et al. (2021); Mansour et al. (2018); Ismail (2022); Kabatunzi (2022); Kivuiti and Karugu (2020)

Source: Author (2025)

2.6 Chapter Summary

This chapter explored the constituent elements of the literature review, including the theoretical review, which featured two theories underpinning the study namely, the Theory of Multiple Intelligences and the Social Cognitive Theory; the empirical review, which encompassed past studies on the study variables; research gaps; and the conceptual framework.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlined the entire research methodology adopted in the study. It specifically covered the research philosophy, research design, target population, sampling approach, data collection procedures, diagnostic evaluations, assessments of validity and reliability, and considerations related to research ethics.

3.2 Research Philosophy

Mauthner (2020) describes research philosophy as the foundational lens through which a study is approached, encompassing how problems are conceptualized, strategies are selected, and data is collected, processed, and analysed. According to Saunders et al. (2009), there are several philosophical standpoints that researchers can adopt, depending on the alignment between their assumptions, beliefs, and the research design. For instance, positivism emphasizes an objective understanding of the social world; pragmatism is grounded in practicality and the usefulness of results; and realism considers assumptions that acknowledge the subjective nature of human perception. Since this study aimed to examine the relationship between emotional intelligence and the identification of opportunities, it employed a positivist approach. As noted by Park et al. (2020), positivism is appropriate when the goal is to explain relationships and build predictive models that improve understanding and control of the research variables.

3.3 Research Design

Khanday and Khanam (2019) define research design as a structured plan that guides researchers in generating valid answers to research questions. Kothari (2016) categorized research designs into several types: exploratory designs, which aim to define a problem more precisely and uncover insights; descriptive designs, which focus on detailing the characteristics of individuals or groups; and hypothesis-testing designs, which seek to examine the validity of theoretical assumptions. This study utilized a descriptive cross-sectional research design. This design was selected because it allowed the study to collect quantitative data from a specific segment of the population at one point

in time. According to Wang and Cheng (2020), this approach is ideal for capturing distinctive traits of a population in a snapshot, making it suitable for the objectives of this study.

3.4 Population of the Study

The study population refers to the total group of elements or subjects that provide the foundation for drawing inferences about the data (Majid, 2018). This research focused on 71,998 SMEs operating within Nairobi County's Central Business District (CBD). These included 16,804 classified under Medium Trader Shops or Retail Services and 55,194 under Small Trader Shops or Retail Services (Nairobi County, 2017). A cross-sectional approach was used for data collection. The selection of this specific group was based on the SME classification provided in Section 1.1.3. A comprehensive list of the SMEs and their respective sectors can be found in Appendix 3.

3.5 Sampling Design

As noted by Shieh (2010), the sample size refers to the specific number of items selected from the total study population. Sampling design involves the method researchers use to select a smaller, more manageable subset of participants or units from the entire group. Van Haute (2021) distinguishes between two main sampling strategies: random sampling, where every element has an equal chance of selection, and non-random sampling, where selection is influenced by non-random factors such as researcher judgment or specific characteristics. The purpose of determining an appropriate sample size is to ensure the collection of meaningful and representative data that will support valid conclusions and recommendations.

In this study, Yamane's (1967) formula was used to calculate the required sample size since it enables the specification of the required margin of error and acknowledges the finite nature of the population while adjusting appropriately, thus leading to a more accurate depiction of the population. This is illustrated below:

$$n = N / (1 + N(e)^2)$$

Where: n is the sample size, N is the target population, and e is the level of significance.

Therefore,

$$n = N / (1 + N(e)^2) = 71,998 / (1 + 71,998(0.05)^2) = 71,998 / 180.995 = 397.79 \approx 398$$

Thus, primary data was collected from 398 individuals (the business owners of 398 firms within the Trader Shop or Retailer Services and Small Trader Shop or Retail Services Sector who will be sampled purposively. This comprised the study’s unit of observation. Accordingly, the sample distribution per SME Category was computed as follows:

Table 3. 1: Sample Distribution per SME Category

SME Category	Population	Sample Distribution
Medium Trader Shop or Retailer Services	16,804	93
Small Trader Shop or Retail Services	55,194	305
TOTAL	71,998	398

3.6 Data Collection Method

According to Taherdoost (2021), the collection of primary data entails a number of methods including questionnaires, interviews, and observation. Since this study chose a correlational research design, it utilised a structured questionnaire where pre-designed questions were administered to participants. The researcher used the Google Forms platform to administer the questionnaires for those individuals who will be accessible through email (the researcher was able to access some of the email addresses of the SME owners through door to door visits) while a drop and pick later arrangement was also employed for those who had to be accessed physically. Questionnaires feature a collection of questions that are aimed at extracting suitable responses from participants so as to fulfil the primary informational needs of the researcher.

The questionnaire used in this research was organized into distinct sections. Section A gathered background and demographic information, which included questions on gender, age, level of education, and duration of employment. Section B comprised six structured questions aimed at examining the link between self-awareness and opportunity identification in SMEs. Similarly, Section C featured six structured questions focused on exploring the relationship between social awareness and opportunity identification. Section D included six questions designed to assess the connection between self-management and opportunity identification. Lastly, Section E presented six questions that addressed various aspects of opportunity recognition. To capture participants' responses, a five-point Likert scale was employed. The scale ranged from: strongly disagree (1),

disagree (2), neutral (3), agree (4), to strongly agree (5). This scale allowed respondents to express the extent of their agreement with each statement. Moreover, it facilitated the effective coding and analysis of the data using SPSS software.

3.7 Data Analysis

Data analysis refers to the method of converting raw data into useful insights and understandable patterns (Taherdoost, 2020). After initial collection, the data underwent several preparation stages, this included coding responses, entering them into a statistical software program, checking for missing values, and performing any necessary transformations. Once prepared, the data was processed using Statistical Package for the Social Sciences (SPSS) version 22. Both descriptive and inferential statistics were applied during analysis. Descriptive analysis included central tendency measures such as mean and standard deviation, providing a summary of participant responses. For inferential analysis, the study utilized regression analysis and the Pearson Correlation Coefficient to examine relationships between variables. As Haining (1991) notes, the Pearson correlation test is useful for determining whether a linear relationship exists between independent variables and the dependent variable. This method was appropriate since none of the variables in this study were manipulated. The outcomes of the analysis were then illustrated through tables and graphs for clearer interpretation.

The research used the following multiple regression model:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where:

Y = Opportunity Identification

X₁ = Self-Awareness

X₂ = Social Awareness

X₃ = Self-Management

ε = the error term

β₀ = the constant term

β₁₋₃ = Beta coefficients

3.8 Diagnostic Tests

To confirm the appropriateness of the multiple regression model used in this study, several diagnostic tests were carried out. These included assessments for normality, multicollinearity, heteroscedasticity, and linearity. Each of these tests were explained in detail in the subsections below.

3.8.1 Multicollinearity Test

Multicollinearity refers to a situation in regression analysis where two or more independent variables are highly correlated, potentially distorting the results (Kalnins, 2018). This study applied the Variance Inflation Factor (VIF) method to detect multicollinearity, as recommended by Shrestha (2020). VIF values were computed for each predictor using SPSS. A VIF of 1 indicated no multicollinearity, while values between 1 and 5 suggested moderate correlation. Values greater than 5 points indicated severe multicollinearity, which would impact the reliability of the model's estimates. The results of the multicollinearity test are shown in Table 3.2. According to the results, the VIFs for three independent variables were 1.084, 1.096, and 1.170, for Self-Awareness, Social Awareness, and Self-Management, respectively. Given that these values were greater than 1 and less than 10 then it is apparent that there is no multicollinearity. In other words, there is no strong relationship between each of the independent variables and the dependent variable and are, thus statistically significant meaning that they contribute significantly to the model when each of them is included. This confirms the suitability of the multiple regression model for the pilot.

Table 3. 2: Multicollinearity Test Results

Model	Coefficients ^a	
	Tolerance	VIF
(Constant)		
Self-Awareness	.923	1.084
Social Awareness	.912	1.096
1 Self-Management	.855	1.170

a. Dependent Variable: Opportunity Recognition

3.8.2 Normality Test

Khatun (2021) described normality tests as parametric procedures used to check whether data follow a normal distribution. Both visual and statistical methods are available for this test. Graphical tools include probability-probability (P-P) plots, histograms, and stem-and-leaf diagrams. On the other hand, statistical approaches include the Kolmogorov-Smirnov (K-S) test, Lilliefors-corrected K-S test, and the Shapiro-Wilk test. The Shapiro-Wilk test is most suitable when the sample size is under 50, while the K-S test is preferred for samples larger than 50. Since the sample size in this study was less than 50, the Shapiro-Wilk test was applied to assess the normality of the data.

The results of the normality tests are presented in Table 3.3. According to the results, the p-values for Self-Awareness were 0.004, 0.000 and 0.001 indicating that it was statistically significant and, therefore, not normally distributed. Additionally, the p-values for Social Awareness was 0.001 and 0.001 indicating that it was statistically significant and, therefore, not normally distributed. Further, the p-values for Self-Management were 0.000 and 0.001 indicating that it was statistically significant and, therefore, not normally distributed.

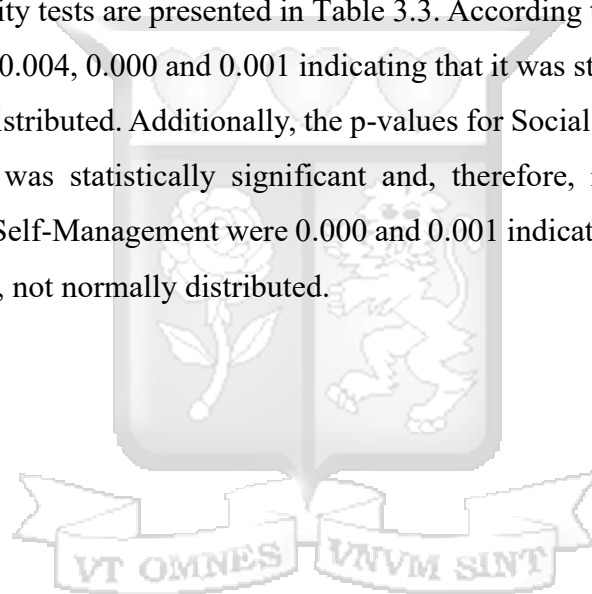


Table 3. 3: Normality Test Results

		Tests of Normality					
		Kolmogorov-Smirnov ^a			Shapiro-Wilk		
		Statistic	df	Sig.	Statistic	df	Sig.
Self-Awareness							
Opportunity	Neutral	.319	6	.056	.683	6	.004
Recognition	Agree	.289	29	.000	.837	29	.000
	Strongly Agree	.441	4		.630	4	.001

a. Lilliefors Significance Correction

		Tests of Normality^b					
		Kolmogorov-Smirnov ^a			Shapiro-Wilk		
		Statistic	df	Sig.	Statistic	df	Sig.
Social Awareness							
Opportunity	Neutral	.290	16	.001	.760	16	.001
Recognition	Agree	.333	22	.000	.820	22	.001

a. Lilliefors Significance Correction

b. Opportunity Recognition is constant when Social Awareness = Strongly Agree. It has been omitted.

		Tests of Normality					
		Kolmogorov-Smirnov ^a			Shapiro-Wilk		
		Statistic	df	Sig.	Statistic	df	Sig.
Self-Management							
Opportunity	Neutral	.353	11	.000	.649	11	.000
Recognition	Agree	.293	28	.000	.844	28	.001

a. Lilliefors Significance Correction

Source: Author (2025)

3.8.3 Heteroscedasticity Test

Heteroscedasticity examines whether the regression model maintains consistent prediction accuracy across different values of the independent variables (Khaled et al., 2019). It can be checked through visual tools such as scatterplots or through statistical tests like the Breusch-Pagan test, which uses a chi-square distribution. This study opted to use the Breusch-Pagan test, as recommended by Raza et al. (2023), because of its simplicity and effectiveness in handling models with multiple explanatory variables. The results of the heteroscedasticity test are shown in Table 3.4. According to the results, using the Breusch Pagan test, it can be observed that the p-value was 0.701 which is above 0.05 indicating that it is not statistically significant and confirming the absence of heteroscedasticity. This means that the standard errors that are in the output table of the regression are reliable.

Table 3. 4: Heteroscedasticity Test Results

ANOVA ^a					
Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	.571	3	.190	.476	.701 ^b
Residual	14.016	35	.400		
1 Total	14.588	38			

a. Dependent Variable: sq_res

b. Predictors: (Constant), Self-Management, Self-Awareness, Social Awareness

Source: Author (2025)

3.8.4 Linearity Test

According to Montgomery et al. (2021), linearity exists when the relationship between independent variables and the dependent variable can be represented by a straight line. This condition is typically evaluated using the Analysis of Variance (ANOVA). A significance level greater than 0.05 indicates that the assumption of linearity holds. This study employed the ANOVA output to confirm the linear nature of the relationships between variables. The results of the linearity tests are shown in Table 3.5. According to the results, the levels of significance for the relationship between Self-Awareness and Opportunity Recognition was 0.115 while the deviation from linearity is also 0.466 indicating the absence of a linear relationship but a lack of significant deviation from linearity. Additionally, the level of significance for the relationship between Social Awareness and Opportunity Recognition was 0.225 while the deviation from linearity is also 0.126 indicating the absence of a linear relationship but a lack of significant deviation from linearity. Given that there were fewer than three groups, the measures for the relationship between Opportunity Recognition and Self-Management could not be computed.

Table 3. 5: Linearity Test Results

			ANOVA Table				
			Sum of Squares	df	Mean Square	F	Sig.
Opportunity Recognition * Self Awareness	Between Groups	(Combined)	1.441	2	.720	1.576	.221
		Linearity	1.193	1	1.193	2.609	.115
		Deviation from Linearity	.248	1	.248	.542	.466
	Within Groups		16.457	36	.457		
	Total		17.897	38			
			Sum of Squares	df	Mean Square	F	Sig.
Opportunity Recognition * Social Awareness	Between Groups	(Combined)	1.784	2	.892	1.993	.151
		Linearity	.683	1	.683	1.526	.225
		Deviation from Linearity	1.101	1	1.101	2.460	.126
	Within Groups		16.114	36	.448		
	Total		17.897	38			
			Sum of Squares	df	Mean Square	F	Sig.
Opportunity Recognition * Self-Management	Between Groups	(Combined)	.456	1	.456	.967	.332
	Within Groups		17.442	37	.471		
	Total		17.897	38			

a. With fewer than three groups, linearity measures for Opportunity Recognition * Self-Management cannot be computed.

3.9 Research Quality

As outlined by Cooper and Schindler (2014), research quality is ensured through adherence to proper procedures during data collection and analysis, as well as the achievement of study objectives. In this study, research quality was demonstrated using validity and reliability checks. These procedures confirmed the consistency, accuracy, and credibility of the research tools used. Further details on these assessments are provided in the sections that follow.

3.9.1 Validity Tests

According to Ahmed and Ishtiaq (2021), validity refers to the extent to which an instrument measures what it is intended to measure. To ensure content validity, the expertise of the research supervisor was utilized. Criterion-related validity was achieved by treating all participants fairly during data collection. For construct validity, the study applied exploratory factor analysis, using a factor loading cutoff of 0.5 in line with the guidelines provided by Beavers et al. (2019). The findings are summarized in Table 3.2. As shown, all items tested during the pilot phase had factor loadings above 0.5, confirming that the tool was valid and that the questions were distinct enough to be retained.

Table 3. 6: Construct Validity Results

Communalities		
	Initial	Extraction
My emotional self-awareness is a strong predictor of my strategic decision making since it enables me to cope with turbulent circumstances by keeping a calm demeanour in my organisation.	1.000	.890
I have observed that leaders in my SME who were emotionally self-aware were more in control of their reactions and behaviours, which improved their decision making.	1.000	.757
Through self-assessment, I am better able to determine whether the conditions are prime for opening a new business venture in my organisation.	1.000	.792
The foremost aspect of emotional intelligence that influences entrepreneurial success is self-assessment since it speaks to my capability to be in control of my own emotional status.	1.000	.812
I have found that business innovation strongly mediates the relationship between self-confidence and business knowledge in my SME.	1.000	.615
My self-confidence eases my decision-making process regarding the establishment of business ventures by enhancing my adaptability to environmental changes.	1.000	.646
Empathetic concern was effective to a certain point after which too-much-of-a-good-thing effect started manifesting leading to poorer new venture performance in my organisation.	1.000	.685
The use of both perspective taking and empathic concern was more valuable than using either of these factors singly in enhancing entrepreneurial opportunity recognition in my SME.	1.000	.780

My organisational awareness has ensured improved my entrepreneurship orientation at my SME.	1.000	.752
My adoption of a newer learning process has increased my level of organisational awareness in my organisation.	1.000	.832
My organisation was able to generate customer-focused innovation strategies that distributed acquired knowledge and new ideas across the internal decision-making processes by leveraging on customer insights.	1.000	.772
Through the enhanced customer response and customer focus, as dimensions of customer orientation, I have been able to improve my performance in my SME.	1.000	.668
My enhanced emotional self-control has reinforced the effect of intentions by taking the necessary action in my organisation.	1.000	.609
My self-control has encouraged me to exercise more caution in the setting of goals so that they are more attainable.	1.000	.849
Career adaptability has enhanced my entrepreneurial intentions at my organisation.	1.000	.661
The SME lacked the ability to create change, adopt a strong customer focus and integrate organisational learning owing to its poor adaptive values that are essential for enhancing innovation.	1.000	.795
I have noted that the need for achievement has enhanced the growth of my SME.	1.000	.647
The adoption of an entrepreneurial orientation at my organisation was driven by a number of factors including the need for achievement, which in turn influenced the growth of the SME.	1.000	.786
The SME has been successful in identifying viable opportunities.	1.000	.735
The SME lacks the capacity to invest in the appropriate knowledge management tools to facilitate opportunity identification.	1.000	.673
The development of ideas in the SME has been hampered by resource constraints.	1.000	.828
Owing to the reliance on only the proprietor for ideas, my organisation has been unable to benefit from broader sources of ideas.	1.000	.754
My organisation was unable to carry out effective execution of ideas due to the lack of experience during its start-up phase.	1.000	.811
The inability to recruit the most competent staff has made it difficult for the SME to execute its ideas effectively.	1.000	.756

Extraction Method: Principal Component Analysis.

3.9.3 Reliability Test

As noted by Sürücü and Maslakci (2020), reliability refers to the extent to which consistent results are obtained when a particular research instrument is applied repeatedly under the same conditions. In this study, reliability was assessed using Cronbach's alpha, with a benchmark value of 0.7, following the recommendation of Taber (2018). A score of 0.7 or higher reflects a satisfactory degree of internal consistency; scores between 0.5 and 0.7 are considered borderline but acceptable; and scores below 0.5 suggest that the internal consistency is insufficient. The reliability outcomes are presented in Table 3.3, showing that all study variables had Cronbach's alpha values above the 0.7 threshold, thereby indicating that the instrument used demonstrated acceptable reliability across all constructs.

Table 3. 7: Reliability Test Results

Variable	Cronbach's Alpha	N of Items
Self-Awareness	.717	6
Social Awareness	.713	6
Self-Management	.833	6
Opportunity Recognition	.776	6
Combined	.753	24

3.10 Ethical Considerations

Bartneck et al. (2021) define ethics as the guiding principles, behaviours, and value systems that determine what is considered right or wrong. Akaranga and Makau (2016) elaborate that ethical considerations in research include several core principles: informed consent, where participants knowingly and voluntarily agree to take part; beneficence, which involves safeguarding participants' physical and emotional well-being; anonymity, which ensures that individuals' true identities are protected; confidentiality, which refers to the safeguarding of private and sensitive information; and respect for privacy, which prohibits the sharing of personal data without consent. In this study, all ethical protocols were upheld. Participants were given the opportunity to provide informed and voluntary consent before engaging in the research. The researcher committed to upholding the safety and welfare of all participants throughout the process. Further, strict measures were taken to ensure anonymity, confidentiality, and privacy. The study received official approval

from the relevant authorities, including Strathmore University and the National Commission for Science, Technology and Innovation (NACOSTI). Ethical clearance was also obtained from the institutional ethics review board.

3.11 Chapter Summary

This chapter presented a detailed overview of the research methodology used in this study. It included the philosophical underpinnings, research design, description of the study population, sampling approach, tools for data collection, procedures for data analysis, and both validity and reliability assessments. The chapter also addressed the ethical considerations considered to ensure the integrity and credibility of the research process.



CHAPTER FOUR

PRESENTATION OF RESEARCH FINDINGS

4.1 Introduction

This chapter presented the key findings of the research. The primary objective of the study was to explore the connection between emotional intelligence and opportunity identification among SMEs in Kenya. The chapter detailed general results, pilot study outcomes, demographic profiles of respondents, as well as both descriptive and inferential statistical findings. The presentation of results included SPSS-generated tables and figures for each variable, followed by interpretation, discussion, and summaries of the findings.

4.2 Response Rate

Response rate refers to the proportion of completed questionnaires or interviews relative to the total number distributed or planned, as defined by Morton et al. (2012). The study's response rate was illustrated in Table 4.1. Out of 398 questionnaires that were distributed, 282 were returned fully completed, yielding a response rate of 71%. This figure exceeded the 60–70% benchmark which was considered acceptable for social science research, as recommended by Morton et al. (2012). The impressive response rate was attributed to the effectiveness of the research assistants involved in the study.

Table 4. 1: Response Rate

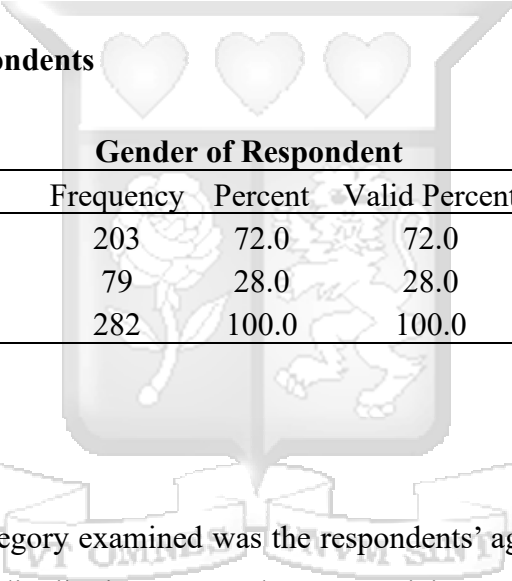
Responded Questionnaires	282	71%
Unresponded Questionnaires	116	29%
Total	398	100%

4.3 Demographic Characteristics

4.3.1 Gender of Respondents

The first demographic attribute captured was the gender of participants. As indicated in Table 4.2, out of the 282 respondents, 203 were male and 79 were female accounting for 72% and 28% of the total sample, respectively. This revealed a significant gender imbalance within SMEs operating in the Medium Trader Shop or Retailer Services and Small Trader Shop or Retail Services sectors within Nairobi's Central Business District (CBD). This is a reflection of the fact that most of the entrepreneurial opportunities in medium or small trader shops or retailer services in Nairobi were available to males rather than females.

Table 4. 2: Gender of Respondents



		Gender of Respondent			
		Frequency	Percent	Valid Percent	Cumulative Percent
	Male	203	72.0	72.0	72.0
	Female	79	28.0	28.0	100.0
Valid	Total	282	100.0	100.0	

4.3.2 Age of Respondents

The second demographic category examined was the respondents' age. Data displayed in Figure 4.1 reveal the following age distribution among the 282 participants: 1 respondent was under 20 years, 17 were aged 20–30, 131 were in the 31–40 age bracket, 109 fell between 41–50 years, and 24 were aged over 50. These figures represented 0.4%, 6%, 46.5%, 38.7%, and 8.5%, respectively. These results suggested that most SME owners were aged between 31 and 50 years, indicating a mature and experienced demographic profile within the sector. Additionally, it is a reflection of the fact that success with this segment of the SMEs in Nairobi is dependent upon the physical and maturity and experience of the owners.

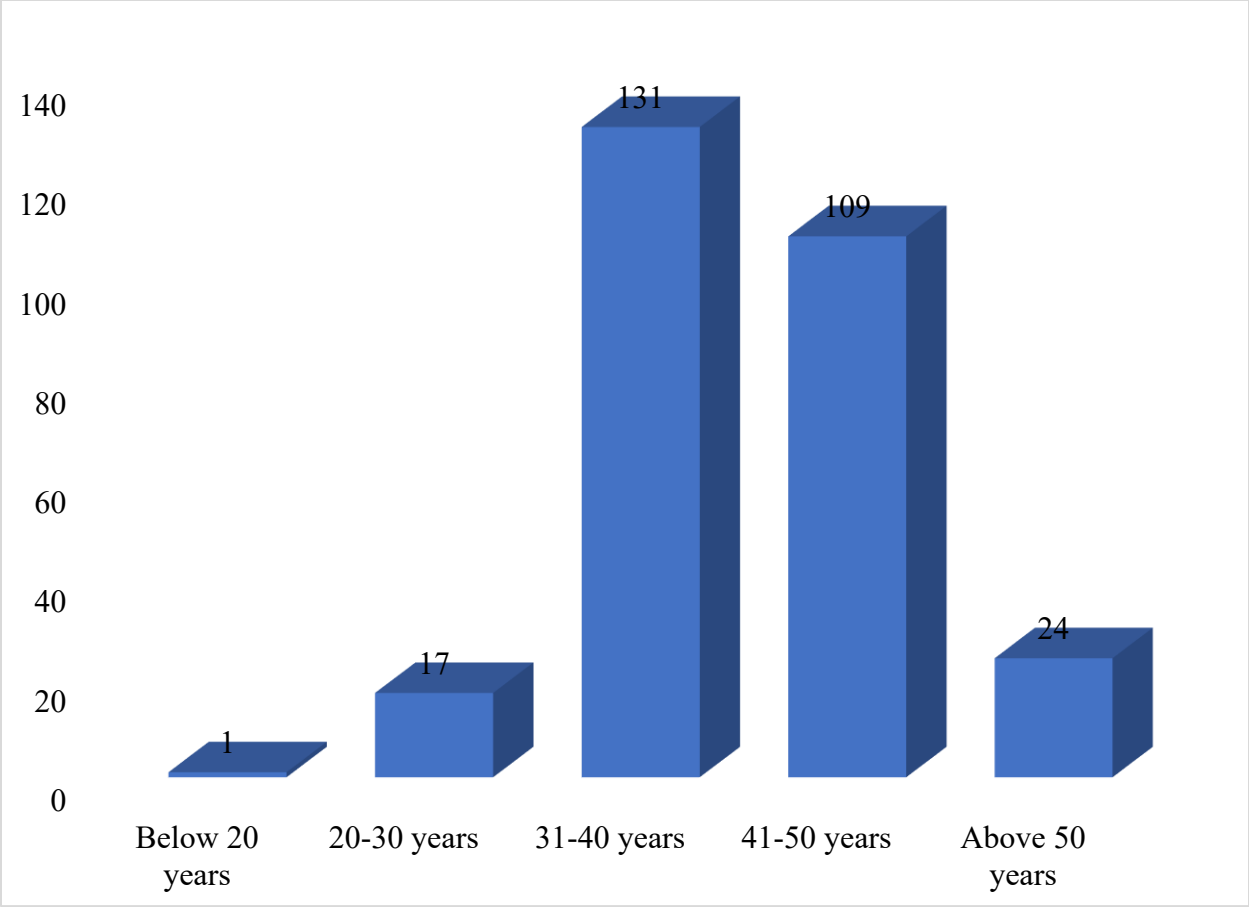


Figure 4. 1: Age of Respondents

4.3.3 Respondents’ Highest Level of Education

The third demographic factor reviewed was the respondents’ highest attained education level. Figure 4.3 shows that 1 respondent had completed primary education, 43 had reached secondary education, 131 held diplomas, 106 had obtained bachelor’s degrees, and 1 respondent held a master’s degree. These correspond to 0.4%, 15.2%, 46.5%, 37.6%, and 0.4%, respectively. These findings suggested that a significant portion of respondents possessed relevant qualifications and professional expertise to effectively manage their businesses. They affirm the importance of academic credentials of the owners in running these SMEs effectively.

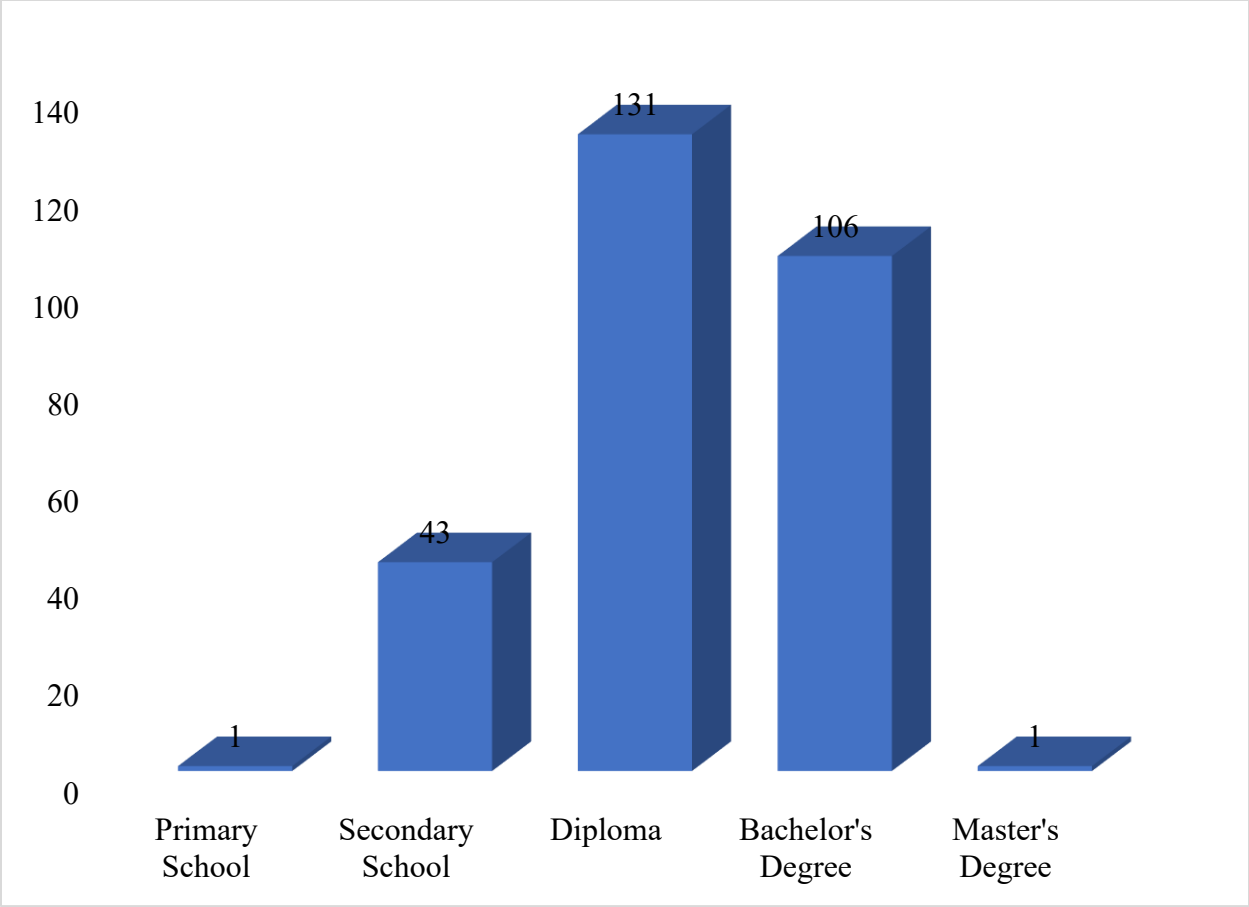


Figure 4. 2: Respondents' Highest Level of Education

4.3.4 Respondents' Approximate Annual Revenue

The fourth classification of the demographic characteristics of the respondents was in accordance with their approximate annual revenues. This information, which is presented in Table 4.3, shows that out of 282 respondents, 29 had between 1,000,000 – 5,000,000 KES, 194 had between 5,000,001 and 50,000,000 KES, 59 had above 50,000,000 KES. This is an indicator that most of the proprietors of SMEs in the studied sectors made between 1,000,000 - 5,000,000 KES annually reflecting this as a key characteristic of SMEs. In other words, in order for these organisations to qualify as SMEs, one of the criterion is the amount of annual revenue earned.

Table 4. 3: Respondents' Approximate Annual Revenue

		What is your approximate annual revenue?			
		Frequency	Percent	Valid Percent	Cumulative Percent
	1,000,000 - 5,000,000 KES	29	10.3	10.3	10.3
	5,000,001 - 50,000,000 KES	194	68.8	68.8	79.1
	Over 50,000,000 KES	59	20.9	20.9	100.0
Valid	Total	282	100.0	100.0	

4.3.5 Age of Respondents' SMEs

The fifth demographic variable assessed was the operational age of the SMEs owned by the respondents. As summarized in Table 4.4, 2 SMEs had been operating for less than one year, 47 for a period of 1–5 years, 160 had been active for 6–10 years, and 73 had operated for more than 10 years. These figures represent 0.7%, 16.7%, 56.7%, and 25.9%, respectively. The data suggested that a majority of SMEs surveyed have been in existence for a substantial duration, indicating relative business stability and longevity in the sector. The results also indicate that the relationships that these SMEs have built over the years have enabled them to flourish.

Table 4. 4: Age of Respondents' SMEs

		What is the age of the SME?			
		Frequency	Percent	Valid Percent	Cumulative Percent
	Less than 1 year	2	.7	.7	.7
	1-5 years	47	16.7	16.7	17.4
	6-10 years	160	56.7	56.7	74.1
	Over 10 years	73	25.9	25.9	100.0
Valid	Total	282	100.0	100.0	

4.3.6 Number of Businesses Owned or Managed Before by the Respondents

The sixth classification of the demographic characteristics pertaining to the respondents is the number of businesses owned or managed before by the respondents. This information, which is

illustrated in Table 4.5, shows that 60 respondents had not managed or owned businesses before, 145 had owned or managed 1-2 businesses before, 65 had owned or managed 3-5 businesses, while 12 had owned or managed more than 5 businesses before, representing 21.3%, 51.4%, 23%, and 4.3%, respectively. This is an indicator that most of the proprietors have owned or managed at least 2 businesses before showing their experience and courage. This is a reflection of the importance of previous entrepreneurial experience in the successful ownership or management of SMEs in this segment.

Table 4. 5: Number of Businesses Owned or Managed by the Respondents

How many businesses have you owned or managed before?				
	Frequency	Percent	Valid Percent	Cumulative Percent
None	60	21.3	21.3	21.3
1-2	145	51.4	51.4	72.7
3-5	65	23.0	23.0	95.7
More than 5	12	4.3	4.3	100.0
Total	282	100.0	100.0	

4.3.7 Whether Respondents Have Attended Any Emotional Intelligence Training

The last demographic category assessed in this study was whether the respondents had taken part in any emotional intelligence training. As detailed in Table 4.6, out of the 282 individuals surveyed, only 29 had received training in emotional intelligence, while the remaining 253 had not. This equates to 10.3% and 89.7%, respectively. These results revealed that most business owners lacked formal exposure to emotional intelligence concepts, potentially leaving them vulnerable to making poor decisions when faced with emotionally intense situations. This suggests that whilst emotional intelligence is important, its importance on its own is not that critical towards the success of SMEs.

Table 4. 6: Whether Respondents have attended any Emotional Intelligence Training

Have you attended any emotional intelligence training?				
	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	29	10.3	10.3	10.3
No	253	89.7	89.7	100.0
Valid Total	282	100.0	100.0	

4.4 Descriptive Statistics

4.4.1 Self-Awareness and Opportunity Recognition

Descriptive statistics related to self-awareness are presented in Table 4.7. The data showed that the statement, “my emotional self-awareness is a strong predictor of my strategic decision making since it enables me to cope with turbulent circumstances by keeping a calm demeanor in my organization”, received a mean score of 4.0780, indicating strong agreement among respondents. These findings are in line with those reported by Osieko et al. (2016). Another statement, “I have observed that leaders in my SME who were emotionally self-aware were more in control of their reactions and behaviors, which improved their decision making”, had a mean score of 3.7305, also reflecting a high level of agreement. This aligns with the findings of Umar et al. (2024).

Respondents also reacted positively to the statement, “through self-assessment, I am better able to determine whether the conditions are prime for opening a new business venture in my organization”, which yielded a mean of 3.9133. These insights support the findings of Rambe et al. (2019). Similarly, the statement, “the foremost aspect of emotional intelligence that influences entrepreneurial success is self-assessment since it speaks to my capability to be in control of my own emotional status”, received a mean score of 3.9610, reinforcing the observations made by Ristovoska and Blazheska (2021). Another key statement, “I have found that business innovation strongly mediates the relationship between self-confidence and business knowledge in my SME”, recorded a mean of 3.9113, demonstrating considerable agreement among participants. This reflected the results shared by Putra et al. (2020).

Finally, the statement, “my self-confidence eases my decision-making process regarding the establishment of business ventures by enhancing my adaptability to environmental changes”, had a mean of 4.0603, strongly affirming the findings of Garaika et al. (2019). Across all the self-awareness items, the standard deviations ranged from 0.68091 to 0.72945, showing minimal variability in responses. This suggests that participants generally shared similar views, highlighting a high level of consensus. The collective data further supports the conclusion that self-awareness significantly influences the recognition of entrepreneurial opportunities among SMEs.

Table 4. 7: Descriptive Statistics of Self-Awareness

Descriptive Statistics			
	N	Mean	Std. Deviation
My emotional self-awareness is a strong predictor of my strategic decision making since it enables me to cope with turbulent circumstances by keeping a calm demeanour in my organisation.	282	4.0780	.68091
I have observed that leaders in my SME who were emotionally self-aware were more in control of their reactions and behaviours, which improved their decision making.	282	3.7305	.72945
Through self-assessment, I am better able to determine whether the conditions are prime for opening a new business venture in my organization.	282	3.9113	.70277
The foremost aspect of emotional intelligence that influences entrepreneurial success is self-assessment since it speaks to my capability to be in control of my own emotional status.	282	3.9610	.70224
I have found that business innovation strongly mediates the relationship between self-confidence and business knowledge in my SME.	282	3.9113	.72275
My self-confidence eases my decision-making process regarding the establishment of business ventures by enhancing my adaptability to environmental changes.	282	4.0603	.74979
Average	282	3.9421	.71465

4.4.2 Social Awareness and Opportunity Recognition

Table 4.8 presents the descriptive statistics on social awareness. The statement, “empathetic concern was effective to a certain point after which too-much-of-a-good-thing effect started manifesting leading to poorer new venture performance in my organisation”, received a mean score of 3.0319, indicating moderate agreement among respondents. This aligns with the observations of Zhao et al. (2023). Additionally, the statement, “the use of both perspective taking and empathic concern was more valuable than using either of these factors singly in enhancing entrepreneurial

opportunity recognition in my SME”, had a mean of 3.6454, signifying broad agreement, which supports the conclusions of Khalid and Sekiguchi (2018).

Respondents also strongly agreed with the statement, “my organisational awareness has ensured improved my entrepreneurship orientation at my SME”, which earned a mean score of 3.9468, consistent with Swadi (2021). Similarly, the item, “my adoption of a newer learning process has increased my level of organisational awareness in my organisation”, scored a mean of 3.8085, reflecting widespread agreement and reinforcing Brunet’s (2020) findings.

The statement, “my organisation was able to generate customer-focused innovation strategies that distributed acquired knowledge and new ideas across the internal decision-making processes by leveraging on customer insights”, achieved a mean of 3.7837, indicating high affirmation and supporting Bekata and Kero (2024). Lastly, the statement, “through the enhanced customer response and customer focus, as dimensions of customer orientation, I have been able to improve my performance in my SME”, received a mean of 3.8369, which was in line with Lu and Zhang’s (2016) results. All items had standard deviations ranging from 0.71501 to 0.91003, suggesting limited variability and consistent agreement among respondents. These outcomes confirm that social awareness significantly contributes to opportunity recognition in SMEs.

Table 4. 8: Descriptive Statistics of Social Awareness

Descriptive Statistics			
	N	Mean	Std. Deviation
Empathetic concern was effective to a certain point after which too much-of-a-good-thing effect started manifesting leading to poorer new venture performance in my organization.	282	3.0319	.91003
The use of both perspective taking and empathic concern was more valuable than using either of these factors singly in enhancing entrepreneurial opportunity recognition in my SME.	282	3.6454	.79710
My organizational awareness has ensured improved my entrepreneurship orientation at my SME.	282	3.9468	.74557

My adoption of a newer learning process has increased my level of organizational awareness in my organization.	282	3.8085	.71501
My organization was able to generate customer-focused innovation strategies that distributed acquired knowledge and new ideas across the internal decision-making processes by leveraging on customer insights.	282	3.7837	.83901
Through the enhanced customer response and customer focus, as dimensions of customer orientation, I have been able to improve my performance in my SME.	282	3.8369	.78350
Average	282	3.6755	.79837

4.4.3 Self-Management and Opportunity Recognition

The Descriptive results for self-management are provided in Table 4.9. The statement, “my enhanced emotional self-control has reinforced the effect of intentions by taking the necessary action in my organization”, had a mean of 3.9078, indicating strong agreement. This supports Frese and Gielnik’s (2023) findings. Another item, “my self-control has encouraged me to exercise more caution in the setting of goals so that they are more attainable”, achieved a mean of 3.6809, showing clear respondent endorsement and reflecting the conclusions of Baron et al. (2016).

The statement, “career adaptability has enhanced my entrepreneurial intentions at my organization”, received a mean score of 3.7553, again pointing to high levels of agreement and affirming Kumasey et al. (2024). Conversely, the item, “the SME lacked the ability to create change, adopt a strong customer focus and integrate organizational learning owing to its poor adaptive values that are essential for enhancing innovation”, had a mean of 3.1312, showing modest agreement and aligning with Savitri et al. (2021).

The statement, “I have noted that the need for achievement has enhanced the growth of my SME”, recorded a mean of 3.8794, suggesting strong consensus and supporting Mibey et al. (2023). Finally, the item, “the adoption of an entrepreneurial orientation at my organization was driven by a number of factors including the need for achievement, which in turn influenced the growth of the SME”, had a mean of 3.7624, which echoed Kamendi’s (2016) findings. Standard deviations for these items ranged between 0.56469 and 1.03694, reflecting consistent agreement with little

variation. Collectively, the results suggest that self-management plays a vital role in enabling opportunity recognition among SMEs.

Table 4. 9: Descriptive Statistics of Self-Management

Descriptive Statistics			
	N	Mean	Std. Deviation
My enhanced emotional self-control has reinforced the effect of intentions by taking the necessary action in my organization.	282	3.9078	.56469
My self-control has encouraged me to exercise more caution in the setting of goals so that they are more attainable.	282	3.6809	.68869
Career adaptability has enhanced my entrepreneurial intentions at my organization.	282	3.7553	.81384
The SME lacked the ability to create change, adopt a strong customer focus and integrate organizational learning owing to its poor adaptive values that are essential for enhancing innovation.	282	3.1312	1.03694
I have noted that the need for achievement has enhanced the growth of my SME.	282	3.8794	.71561
The adoption of an entrepreneurial orientation at my organization was driven by a number of factors including the need for achievement, which in turn influenced the growth of the SME.	282	3.7624	.83321
Average	282	3.6862	.77550

4.4.4 Opportunity Recognition

Table 4.10 displays the descriptive statistics on opportunity recognition. The statement, “the SME has been successful in identifying viable opportunities”, had a mean score of 3.6525, indicating general agreement from respondents, which is consistent with Hu and Ye (2017). On the other hand, the statement, “the SME lacks the capacity to invest in the appropriate knowledge management tools to facilitate opportunity identification”, had a lower mean of 2.6418, suggesting limited agreement but still aligning with Odebunmi et al. (2020).

The item, “the development of ideas in the SME has been hampered by resource constraints”, received a mean score of 2.9787, showing that a fair number of respondents affirmed the statement, consistent with Choongo et al. (2016). Conversely, the statement, “owing to the reliance on only the proprietor for ideas, my organisation has been unable to benefit from broader sources of ideas”, had a mean of 2.2270, indicating that most respondents disagreed with it contradicting Ismail’s (2022) conclusions.

The statement, “my organisation was unable to carry out effective execution of ideas due to the lack of experience during its start-up phase”, received a mean score of 3.2518, indicating moderate agreement, consistent with Chemwei (2019). Lastly, the item, “the inability to recruit the most competent staff has made it difficult for the SME to execute its ideas effectively”, had a mean of 2.3475, suggesting general disagreement and contrasting with Kimathi (2020). The standard deviation values ranged from 0.71572 to 1.08687, reflecting relatively small differences between individual responses and the mean. These results reinforce the interpretation that opportunity recognition remains a strategic focus within SMEs despite a few operational challenges.

Table 4. 10: Descriptive Statistics of Opportunity Recognition

Descriptive Statistics			
	N	Mean	Std. Deviation
The SME has been successful in identifying viable opportunities.	282	3.6525	.71572
The SME lacks the capacity to invest in the appropriate knowledge management tools to facilitate opportunity identification.	282	2.6418	.95602
The development of ideas in the SME has been hampered by resource constraints.	282	2.9787	1.08676
Owing to the reliance on only the proprietor for ideas, my organization has been unable to benefit from broader sources of ideas.	282	2.2270	.93084
My organization was unable to carry out effective execution of ideas due to the lack of experience during its start-up phase.	282	3.2518	1.02135

The inability to recruit the most competent staff has made it difficult for the SME to execute its ideas effectively.	282	2.3475	1.08687
Average	282	2.8499	.96626

4.5 Inferential Analyses

4.5.1 Correlation Analysis

Schober et al. (2018) define correlation coefficients as metrics that express the degree of association between two variables specifically how one variable changes in relation to another. Pearson correlation coefficients are particularly suitable for datasets that exhibit a bivariate normal distribution. Table 4.15 presented the Pearson correlation results for this study. The independent variables Self-Awareness, Social Awareness, and Self-Management showed strong, positive correlations with the dependent variable (Opportunity Recognition), with coefficients of $r = 0.685$, $r = 0.749$, and $r = 0.611$, respectively. All p-values were ≤ 0.05 , signifying that the relationships were statistically significant, which aligned with the recommendations of Di Leo and Sardanelli (2020).

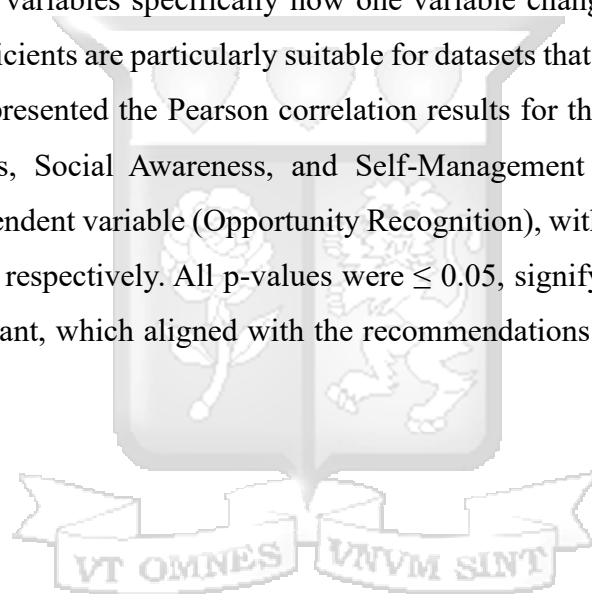


Table 4. 11: Correlations Analysis

		Correlations			
		Self-Awareness	Social Awareness	Self-Management	Opportunity Recognition
Self-Awareness	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	282			
Social Awareness	Pearson Correlation	.089	1		
	Sig. (2-tailed)	.137			
	N	282	282		
Self-Management	Pearson Correlation	.095	.155**	1	
	Sig. (2-tailed)	.113	.009		
	N	282	282	282	282
Opportunity Recognition	Pearson Correlation	.685	.749*	.611**	1
	Sig. (2-tailed)	.004	.012	.007	
	N	282	282	282	282

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

* . Correlation is significant at the 0.05 level (2-tailed).

4.5.2 Regression Analysis

Multiple linear regression is a statistical approach used to predict the value of a dependent variable (Y) using two or more independent variables (Jeon, 2015). This section presented findings from the regression analysis, covering both the overall model and individual regressions for each predictor variable in relation to the outcome variable.

4.5.2.1 Self-Awareness and Opportunity Recognition

The regression summary results specific to Self-Awareness were outlined in Table 4.16. The model recorded an R Square value of 0.107, suggesting that 10.7% of the variance in Opportunity Recognition was attributed by Self-Awareness.

Table 4. 12: Model Summary – Self-Awareness

Model Summary^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.185 ^a	.107	.104	.62692

a. Predictors: (Constant), Self-Awareness

b. Dependent Variable: Opportunity Recognition

Table 4.17 presented the ANOVA results for Self-Awareness. The Fcal value was 2.039, which is lower than the Fcrit value of 2.45. Additionally, the p-value was 0.154, which exceeds the 0.05 significance level. This implies that the model is not statistically significant at the 95% confidence level and that Self-Awareness alone does not significantly explain variations in Opportunity Recognition. Therefore, this model lacks a strong goodness of fit.

Table 4. 13: ANOVA Statistics – Self-Awareness

ANOVA^a					
Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	.801	1	.801	2.039	.154 ^b
Residual	110.050	280	.393		
1 Total	110.851	281			

a. Dependent Variable: Opportunity Recognition

b. Predictors: (Constant), Self-Awareness

The results of the Beta Coefficients analysis of Self-awareness were shown in Table 4.18. The values of the constants and coefficients enabled the generation of the following multiple regression model:

$$Y = \beta_0 + \beta_1 X_1 + \varepsilon = 2.465 + 0.116 X_1 + 0.332$$

According to the equation, taking Self-Awareness as zero, Opportunity Recognition was a constant equivalent to 2.465. Additionally, a unit increase in Self-Awareness led to an 0.116 increase in

Opportunity Recognition. The p-value for self-awareness was above 0.05, which indicated that there was no statistically significant relationship with Opportunity Recognition.

Table 4. 14: Beta Coefficients – Self-Awareness

Coefficients^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.465	.332		7.431	.000
1 Self-Awareness	.116	.081	.085	1.428	.154

a. Dependent Variable: Opportunity Recognition

4.5.2.2 Social Awareness and Opportunity Recognition

The regression summary for Social Awareness is presented in Table 4.19. Here, the R Square was 0.122, indicating that 12.2% of the changes in Opportunity Recognition was explained by Social Awareness.

Table 4. 15: Model Summary – Social Awareness

Model Summary^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.249 ^a	.122	.119	.62215

a. Predictors: (Constant), Social Awareness

b. Dependent Variable: Opportunity Recognition

As per the ANOVA results in Table 4.20, the Fcal value stood at 6.381, which was greater than the Fcrit value of 2.45, suggesting a significant association. The corresponding p-value was 0.012, which is below the 0.05 threshold, confirming that the model was statistically significant at the 95% confidence level. These results suggested that Social Awareness was a meaningful predictor of Opportunity Recognition and that the model had a strong goodness of fit.

Table 4. 16: ANOVA Statistics – Social Awareness

ANOVA ^a					
Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	2.470	1	2.470	6.381	.012 ^b
Residual	108.381	280	.387		
1 Total	110.851	281			

a. Dependent Variable: Opportunity Recognition

b. Predictors: (Constant), Social Awareness

The results of the Beta Coefficients analysis of Social Awareness were shown in Table 4.21. The values of the constants and coefficients enabled the generation of the following multiple regression model:

$$Y = \beta_0 + \beta_2 X_2 + \varepsilon = 2.154 + 0.207 X_2 + 0.312$$

According to the equation, taking Social Awareness as zero, Opportunity Recognition was a constant equivalent to 2.154. Additionally, a unit increase in Social Awareness led to a 0.207 increase in Opportunity Recognition. The p-value for Social Awareness was below 0.05, which indicated that there was a statistically significant relationship with Opportunity Recognition.

Table 4. 17: Beta Coefficients – Social Awareness

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.154	.312		6.907	.000
1 Social Awareness	.207	.082	.149	2.526	.012

a. Dependent Variable: Opportunity Recognition

4.5.2.3 Self-Management and Opportunity Recognition

The regression analysis summary for Self-Management were shown in Table 4.22. Based on the results, the R Square value was 0.126, indicating that 12.6% of the variation in Opportunity Recognition was explained by differences in Self-Management among SME owners.

Table 4. 18: Model Summary – Self-Management

Model Summary^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	.261 ^a	.126	.122	.62101	

a. Predictors: (Constant), Self-Management

b. Dependent Variable: Opportunity Recognition

Table 4.23 presented the ANOVA results for Self-Management. The F-calculated (Fcal) value was 7.433, which exceeds the F-critical (Fcrit) value of 2.45 at a 5% significance level. Additionally, the model yielded a p-value of 0.007, which was below the 0.05 threshold. This confirmed that the relationship between Self-Management and Opportunity Recognition was statistically significant at the 95% confidence level, and that the variation explained by the model was meaningful. These findings indicated that the model had a strong goodness of fit and effectively demonstrated how Self-Management influenced Opportunity Recognition in SMEs.

Table 4. 19: ANOVA Statistics – Self-Management

ANOVA^a					
Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	2.867	1	2.867	7.433	.007 ^b
Residual	107.985	280	.386		
1 Total	110.851	281			

a. Dependent Variable: Opportunity Recognition

b. Predictors: (Constant), Self-Management

The Beta Coefficient analysis results for Self-Management were provided in Table 4.24. From this data, the following regression equation was developed:

$$Y = \beta_0 + \beta_3 X_3 + \varepsilon = 2.125 + 0.214 X_3 + 0.300$$

According to the equation, taking Self-Management as zero, Opportunity Recognition was a constant equivalent to 2.125. Additionally, a unit increase in Self-Management led to a 0.214 increase in Opportunity Recognition. The p-value for Self-Management was below 0.05, which indicated that there was a statistically significant relationship with Opportunity Recognition.

Table 4. 20: Beta Coefficients – Self-Management

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.125	.300		7.082	.000
1 Self-Management	.214	.078	.161	2.726	.007

a. Dependent Variable: Opportunity Recognition

4.5.2.4 Overall Multiple Regression

Table 4.25 provided a summary of the multiple regression model. The R Square value was reported at 0.545, indicating that 54.5% of the variability in the dependent variable, Opportunity Recognition, was explained by the independent variables related to emotional intelligence. This reflected a substantial explanatory power of the model.

Table 4. 21: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.613 ^a	.545	.535	.61696

a. Predictors: (Constant), Self-Management, Self-Awareness, Social Awareness

b. Dependent Variable: Opportunity Recognition

The second part of the multiple regression analysis involved conducting an Analysis of Variance (ANOVA). ANOVA is a statistical technique used to assess whether there are any significant differences between the means of three or more groups (Gelman, 2005). Table 4.26 displayed the ANOVA results. Based on the findings, the F-calculated (Fcal) value was 10.539, which was higher than the F-critical (Fcrit) value of 2.45 at a 5% significance level. This indicated the presence of a significant relationship between Emotional Intelligence and Opportunity Recognition. Furthermore, the p-value associated with the model was 0.005, which was less than 0.05, showing that the model was statistically significant at the 95% confidence level. These results suggested that the variation explained by the model was meaningful, confirming that Emotional Intelligence was a valid predictor of Opportunity Recognition in SMEs. This affirmed the overall model's goodness of fit.

Table 4. 22: ANOVA Statistics

ANOVA ^a						
Model	Sum of Squares	df	Mean Square	F	Sig.	
Regression	12.034	3	4.011	10.539	.005 ^b	
Residual	105.817	278	.381			
1 Total	117.851	281				

a. Dependent Variable: Opportunity Recognition

b. Predictors: (Constant), Self-Management, Self-Awareness, Social Awareness

The final component of the multiple regression involved evaluating the Beta Coefficients, which were estimated as constants that represented the strength and direction of the relationship between each predictor and the dependent variable (Ziglar, 2017). These coefficients indicated how much Opportunity Recognition was expected to change with a one-unit change in each independent variable, assuming all other predictors were held constant.

Table 4.27 presents the Beta Coefficient results, which generated the following multiple regression equation:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon = 1.267 + 0.284 X_1 + 0.371 X_2 + 0.281 X_3 + 0.486$$

According to the equation, taking the predictor variables as zeros, Opportunity Recognition was a constant equivalent to 1.267. Additionally, a unit increase in Self-Awareness led to a 0.284 increase in Opportunity Recognition. A unit increase in Social Awareness led to an 0.371 increase in Opportunity Recognition. Lastly, a unit increase in Self-Management led to a 0.281 increase in Opportunity Recognition. The p-values for all the predictor variables were below 0.05, which indicated that there was a statistically significant relationship with Opportunity Recognition.

Table 4. 23: Beta Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.267	.486		2.605	.010
Self-Awareness	.284	.081	.261	1.038	.000
Social Awareness	.371	.083	.323	2.065	.040
1 Self-Management	.281	.079	.236	2.286	.023

a. Dependent Variable: Opportunity Recognition

4.7 Chapter Summary

The chapter provided a comprehensive presentation of the study's findings. It covered key elements such as the response rate, respondents' demographic profiles, descriptive statistics, diagnostic test outcomes, and inferential statistical analyses. The descriptive section focused on means and standard deviations, while the inferential section included correlation and regression analyses. These results collectively informed the extent to which emotional intelligence variables self-awareness, social awareness, and self-management contributed to opportunity recognition in SMEs.

CHAPTER FIVE

DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a detailed overview of the study's findings, elaborates on the conclusions drawn from the results, and outlines key recommendations based on those conclusions. It also includes suggestions for areas where future research could be conducted, outlines the implications of the study, and acknowledges the limitations encountered during the research process.

5.2 Summary of Results

The findings from the Pearson Correlation analysis revealed that all the independent variables had a positive and statistically significant relationship with the dependent variable. Among the predictors, Social Awareness exhibited the strongest association with Opportunity Recognition, followed by Self-Awareness, and then Self-Management. The overall results from the Multiple Regression analysis highlighted several important insights. First, the model accounted for 54.5% of the variation in Opportunity Recognition. Second, the ANOVA results confirmed the presence of statistically significant relationships between the predictor variables and the outcome variable. Third, based on the Beta Coefficient output, Social Awareness emerged as the most influential factor in predicting Opportunity Recognition, with Self-Awareness and Self-Management following in importance.

Further insights were drawn from the individual regression analyses conducted for each independent variable in relation to Opportunity Recognition. The regression model focused on Self-Awareness explained 10.7% of the variance, but the associated ANOVA results indicated that this relationship was not statistically significant. In contrast, the regression model for Social Awareness accounted for 12.2% of the variation in Opportunity Recognition and demonstrated a statistically significant relationship. Similarly, the regression model for Self-Management explained 12.6% of the variance, and this relationship was also found to be statistically significant.

5.3 Discussion of Results

5.3.1 Self-Awareness and Opportunity Recognition

The study findings revealed a positive association between self-awareness and opportunity recognition. This suggests that SME owners who possess a strong sense of self-awareness are better positioned to identify viable business opportunities. Enhancing their self-awareness enables these entrepreneurs to sharpen their opportunity recognition abilities. The findings are closely aligned with the Multiple Intelligences Theory, as self-awareness is recognized as a fundamental aspect of emotional intelligence and it is also a manifestation of interpersonal and intrapersonal intelligences. Moreover, the capacity to manage negative emotions during challenging moments was positively linked to a robust self-concept, a construct closely tied to self-efficacy and reflective of SCT principles.

Emotional self-awareness emerged as a crucial factor influencing strategic decision-making among SME proprietors, helping them maintain composure during challenging situations. Owners observed that emotionally self-aware leaders within their businesses managed their responses more effectively, leading to better decisions. Through consistent self-assessment, these entrepreneurs could accurately judge the timing and readiness for launching new ventures. Among the components of emotional intelligence, self-assessment proved to be especially significant in influencing entrepreneurial success, as it reflects one's capacity to regulate their own emotional responses. Furthermore, it was established that business innovation played a mediating role in the relationship between self-confidence and business knowledge. SME owners noted that increased self-confidence improved their decision-making abilities, particularly by enhancing their responsiveness to environmental changes. These findings are consistent with Osieko et al. (2016), Umar et al. (2024), Rambe et al. (2019), Ristvoska and Blazheska (2021), Putra et al (2020) and Garaika et al. (2019). However, they contradicted the findings of Rubens et al. (2018), Görgens-Ekermans and Roux (2021), Dash et al. (2024), Bakri (2020), Tambunan and Damanik (2023), and Arif and Hamid (2023).

5.3.2 Social Awareness and Opportunity Recognition

The research findings also showed a positive relationship between social awareness and opportunity recognition. This implies that SME owners with a higher degree of social awareness are better able to spot entrepreneurial opportunities. Strengthening social awareness enables these individuals to expand their capacity for identifying such prospects. This supports the Multiple Intelligences Theory, given that social awareness is a key element of emotional intelligence. Additionally, the link to Social Cognitive Theory is evident, as behavior modeling plays a role in shaping social awareness among entrepreneurs.

Empathetic concern was identified as beneficial only up to a certain threshold beyond which excessive empathy could negatively impact the performance of new ventures. The combined use of empathic concern and perspective-taking was found to be more effective than using either in isolation when it came to identifying entrepreneurial opportunities. The study also showed that heightened organizational awareness among SME proprietors contributed positively to their entrepreneurial orientation. Their commitment to embracing new learning approaches improved their awareness of internal organizational dynamics. Furthermore, the enterprises successfully implemented customer-driven innovation strategies by utilizing customer insights to inform internal decision-making. Through stronger customer focus and responsiveness—both essential aspects of customer orientation SME owners were able to enhance business performance. These results are consistent with Zhao et al. (2023), Khalid and Sekiguchi (2018), Swadi (2021), Brunet (2020), Bekata and Kero (2024), and Lu and Zhang's (2016). However, they contradicted the findings of Zhang et al. (2019), Wu et al. (2020), Sriboonlue (2019), Erić-Nielsen et al. (2019), Ataei et al. (2024), and Anwar et al. (2022).

5.3.3 Self-Management and Opportunity Recognition

The findings also indicated a positive link between self-management and opportunity recognition. This suggests that entrepreneurs who excel at self-management are more likely to identify and act on emerging business opportunities. Enhancing self-management capabilities allows SME proprietors to better navigate entrepreneurial challenges. These outcomes reinforce the relevance of the Multiple Intelligences Theory, which includes self-management within the emotional

intelligence framework. Likewise, the ability to manage oneself through learned behavior connects these findings to Social Cognitive Theory.

Improved emotional self-control among SME owners contributed to turning intentions into concrete actions within their businesses. Additionally, self-control helped them set more realistic and attainable goals, reducing the likelihood of pursuing unachievable targets. The study also showed that career adaptability positively influenced entrepreneurial intention, reinforcing the importance of flexibility in career planning. However, some SMEs struggled with embracing change, focusing on customer needs, and integrating learning within their operations due to a lack of adaptive capacity factors crucial for driving innovation. A strong need for achievement was also linked to the growth of these businesses. Entrepreneurial orientation within the SMEs was influenced by multiple factors, including this need for achievement, which played a significant role in fostering business growth. These findings were aligned with Frese and Gielnik (2023), Kumasey et al. (2024), Savitri et al. (2021), Mibey et al. (2023), and Kamendi (2016). However, they contrasted with Asante and Affum-Osei (2019), Yitshaki (2021), Aghazadeh and Zandi (2022), Wang et al. (2020), Bouarir et al. (2023), and Camelo-Ordaz et al. (2020).

5.4 Conclusions

The study determined that the proprietors' emotional self-awareness is a strong predictor of their strategic decision making since it enables them to cope with turbulent circumstances by keeping a calm demeanour in their organisations. The proprietors observed that leaders in their SMEs who were emotionally self-aware were more in control of their reactions and behaviours, which improved their decision making. Through self-assessment, the proprietors were better able to determine whether the conditions were prime for opening a new business venture in their organisations. The foremost aspect of emotional intelligence that influences entrepreneurial success is self-assessment since it speaks to their capability to be in control of their own emotional status. Additionally, the study established that business innovation significantly mediates the connection between self-confidence and business knowledge within SMEs. The proprietors' self-confidence eases their decision-making process regarding the establishment of business ventures by enhancing their adaptability to environmental changes.

In terms of social awareness, the study found that empathetic concern had a positive influence on venture performance up to a point, beyond which excessive empathy began to negatively impact outcomes a phenomenon referred to as the "too much of a good thing" effect. Utilizing both perspective taking and empathetic concern in tandem proved to be more effective in recognizing business opportunities than employing either trait alone. Organizational awareness among SME owners also contributed positively to their entrepreneurial orientation. Their embrace of continuous learning fostered deeper organizational awareness, enhancing internal capabilities. Moreover, the businesses were able to develop innovation strategies that centered on customer needs by utilizing customer insights to inform internal decision-making. Improvements in customer responsiveness and focus further supported SME performance.

The proprietors' enhanced emotional self-control has reinforced the effect of intentions by taking the necessary action in their organisations. The proprietors' self-control has encouraged them to exercise more caution in the setting of goals so that they are more attainable. Career adaptability has enhanced the SME proprietors' entrepreneurial intentions at their organisation. The SMEs lacked the ability to create change, adopt a strong customer focus and integrate organisational learning owing to their poor adaptive values that are essential for enhancing innovation. The drive for achievement was identified as a key factor in SME growth. The adoption of an entrepreneurial mindset in these businesses was largely shaped by this need for achievement, which ultimately played a role in facilitating their expansion.

5.5 Recommendations

5.5.1 Policy Recommendations

Regulatory bodies overseeing SMEs should consider expanding emotional intelligence training programs across the sector. This recommendation was informed by the study's findings, which emphasized the essential role that emotional intelligence especially its core dimensions played in enabling SMEs to identify and seize new opportunities, particularly within the sectors which were covered in this research.

5.5.2 Managerial Recommendations

The management of SMEs was encouraged to ensure that their staff were more emotionally self-aware to improve their strategic decision-making. Additionally, an enhanced focus on self-awareness ensured the application of self-assessment, which enhanced the determination of whether conditions were prime for opening new business ventures. Furthermore, to improve opportunity recognition, the management of SMEs needed to incorporate the combination of perspective taking and empathetic concern by their staff. The management of SMEs also needed to improve their adaptive values by becoming more proactive in the establishment of resilient mechanisms that fostered a greater ability to create change, adopt a strong customer focus, and integrate organisational learning.

5.5.3 Implications for Academia and Research

This study contributed to academic discourse by addressing a gap in existing literature, as most prior research on emotional intelligence had not been tailored to the SME context. Additionally, much of the existing work had examined emotional intelligence in relation to other dependent variables, leaving a gap regarding its influence on opportunity recognition. This research also offered new perspectives on the Theory of Multiple Intelligences, particularly in how various dimensions of emotional intelligence related to opportunity identification. Moreover, the study strengthened understanding of the Social Cognitive Theory by exploring how observed behaviours influenced the application of emotional intelligence within workplace environments.

5.6 Suggestions for Further Studies

Future research should aim to build upon the current study by further exploring the connection between emotional intelligence and opportunity recognition within the SME sector. There remains a significant gap in literature specifically addressing this relationship, which future scholars are encouraged to address. While this study focused on three core dimensions of emotional intelligence, upcoming research should broaden the scope to examine additional emotional intelligence components that may influence opportunity recognition.

5.7 Limitations of the Study

This research process, while aiming to fulfil its objectives, experienced a few significant limitations. Firstly, several participants showed reluctance in sharing their personal information. This was handled by the researcher's assurance that data collection was strictly for academic reasons and would be treated as confidential. Secondly, the study's boundaries were confined to SMEs in the Medium Trader Shop or Retail Services and Small Trader Shop or Retail Services categories, specifically within Nairobi's Central Business District. To counter this, it is advisable for future research to expand to other industries or locations to assess if similar findings emerge when employing the same conceptual model. Thirdly, the investigation concentrated solely on three independent variables. Future studies are encouraged to delve into supplementary factors, like potential moderating and intervening variables, that might affect the relationship between emotional intelligence and opportunity recognition.

5.8 Chapter Summary

This chapter provided an in-depth examination of the study's outcomes, along with the derived conclusions and suggestions. The Pearson Correlation analysis indicated a positive and significant relationship between each independent variable and the dependent variable. Of the predictive factors, social awareness showed the strongest correlation with opportunity recognition, with self-awareness and self-management following. The multiple regression analysis revealed several important findings. Firstly, the regression model accounted for 54.5% of the variance in the dependent variable. Secondly, the ANOVA results demonstrated that the connection between the predictors and the outcome variable was both statistically significant and practically relevant. Finally, the Beta Coefficient analysis showed that social awareness had the most substantial impact on opportunity recognition, followed by self-awareness and then self-management.

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APPENDICES

Appendix 1 – Letter of Introduction

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Cell: +254 703 034 414/6/7
X/Twitter/Tiktok: @SBSKenya
Facebook/Linkedin: Strathmore University Business School
Email: sbsinfo@strathmore.edu or visit www.sbs.strathmore.edu



Thursday, 6th March 2025

To Whom It May Concern.

Dear Sir/Madam,

RE: FACILITATION OF RESEARCH—ARALE FAUZIA AHMED

This is to introduce Arale Fauzia Ahmed, who is a Master of Business Administration student at Strathmore University Business School, admission number MBA/153246/23. As part of our MBA program, Fauzia is expected to do applied research and undertake a project. This is in partial fulfillment of the requirements of the MBA course. To this effect, she would like to request appropriate data from your organization.

Fauzia is undertaking a research paper on "**An Examination of the Relationship Between Emotional Intelligence and Opportunity Identification in SMES in Kenya.**" The information obtained from your organization shall be treated confidentially and shall be used for academic purposes only.

Our MBA seeks to establish links with industry, and one of these ways is by directing our research to areas that would be of direct use to industry. We would be glad to share our findings with you after the research, and we trust that you will find them of great interest and of practical value to your organization.

We appreciate your support and shall be willing to provide any further information if required.

Yours sincerely,

Alois Njenga,
Manager, MBA Programs,
Strathmore University Business School.

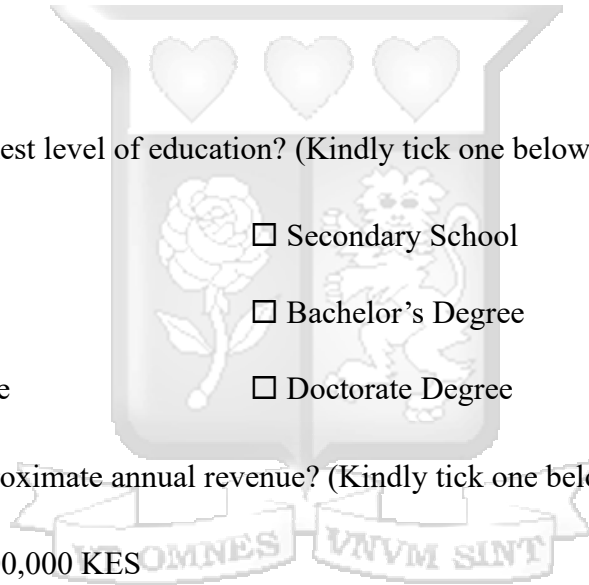
Strathmore University Business School is a Proud member of:



Appendix 2 – Research Instruments

SECTION A: DEMOGRAPHIC INFORMATION

1. Gender of Respondent Male Female Other
2. What is your age? (Kindly tick one below):
 - Below 20 years
 - 20-30 years
 - 31-40 years
 - 41-50 years
 - Above 50 years
3. What is your highest level of education? (Kindly tick one below):
 - Primary School
 - Secondary School
 - Diploma
 - Bachelor's Degree
 - Master's Degree
 - Doctorate Degree
4. What is your approximate annual revenue? (Kindly tick one below):
 - 1,000,000 -5,000,000 KES
 - 5,000,001-50,000,000 KES Above 50,000,000 KES
5. What is the age of the SME? (Kindly tick one)
 - Less than 1 years 1-5 years
 - 6-10 years Over 10 years
6. How many businesses have you owned or managed before?
 - None 1-2
 - 3-5 More than 5



7. Have you attended any emotional intelligence training?

Yes

No

SECTION B: Influence of Self Awareness on Opportunity Identification.

Kindly (√) tick appropriately on a scale of 1-5. 1-Strongly Disagree (SD), 2-Disagree (D), 3-Neutral (N), 4-Agree (A), 5-Strongly Agree (SA).

	Statement	SD	D	N	A	SA
1.	My emotional self-awareness is a strong predictor of my strategic decision making since it enables me to cope with turbulent circumstances by keeping a calm demeanor in my organisation.					
2.	I have observed that leaders in my SME who were emotionally self-aware were more in control of their reactions and behaviours, which improved their decision making.					
3.	Through self-assessment, I am better able to determine whether the conditions are prime for opening a new business venture in my organisation.					
4.	The foremost aspect of emotional intelligence that influences entrepreneurial success is self-assessment since it speaks to my capability to be in control of my own emotional status.					
5.	I have found that business innovation strongly mediates the relationship between self-confidence and business knowledge in my SME.					
6.	My self-confidence eases my decision-making process regarding the establishment of business ventures by enhancing my adaptability to environmental changes.					

SECTION C: Influence of Social Awareness on SMEs' Opportunity Identification.

Kindly (√) tick appropriately on a scale of 1-5. 1-Strongly Disagree (SD), 2-Disagree (D), 3-Neutral (N), 4-Agree (A), 5-Strongly Agree (SA).

	Statement	SD	D	N	A	SA
7.	Empathetic concern was effective to a certain point after which too-much-of-a-good-thing effect started manifesting leading to poorer new venture performance in my organisation.					
8.	The use of both perspective taking and empathic concern was more valuable than using either of these factors singly in enhancing entrepreneurial opportunity recognition in my SME.					
9.	My organisational awareness has ensured improved my entrepreneurship orientation at my SME.					
10.	My adoption of a newer learning process has increased my level of organisational awareness in my organisation.					
11.	My organisation was able to generate customer-focused innovation strategies that distributed acquired knowledge and new ideas across the internal decision-making processes by leveraging on customer insights.					
12.	Through the enhanced customer response and customer focus, as dimensions of customer orientation, I have been able to improve my performance in my SME.					

SECTION D: Influence of Self-Management on SMEs' Opportunity Identification.

Kindly (√) tick appropriately on a scale of 1-5. 1-Strongly Disagree (SD), 2-Disagree (D), 3-Neutral (N), 4-Agree (A), 5-Strongly Agree (SA).

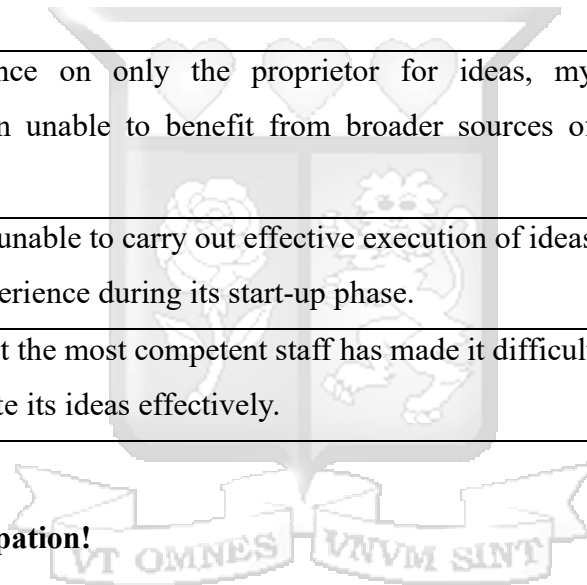
	Statement	SD	D	N	A	SA
13.	My enhanced emotional self-control has reinforced the effect of intentions by taking the necessary action in my organisation.					
14.	My self-control has encouraged me to exercise more caution in the setting of goals so that they are more attainable.					
15.	Career adaptability has enhanced my entrepreneurial intentions at my organisation.					
16.	The SME lacked the ability to create change, adopt a strong customer focus and integrate organisational learning owing to its poor adaptive values that are essential for enhancing innovation.					
17.	I have noted that the need for achievement has enhanced the growth of my SME.					
18.	The adoption of an entrepreneurial orientation at my organisation was driven by a number of factors including the need for achievement, which in turn influenced the growth of the SME.					

SECTION E: Opportunity Recognition in SMEs.

Kindly (√) tick appropriately on a scale of 1-5. 1-Strongly Disagree (SD), 2-Disagree (D), 3-Neutral (N), 4-Agree (A), 5-Strongly Agree (SA).

	Statement	SD	D	N	A	SA
19.	The SME has been successful in identifying viable opportunities.					
20.	The SME lacks the capacity to invest in the appropriate knowledge management tools to facilitate opportunity identification.					
21.	The development of ideas in the SME has been hampered by resource constraints.					
22.	Owing to the reliance on only the proprietor for ideas, my organisation has been unable to benefit from broader sources of ideas.					
23.	My organisation was unable to carry out effective execution of ideas due to the lack of experience during its start-up phase.					
24.	The inability to recruit the most competent staff has made it difficult for the SME to execute its ideas effectively.					

Thanks for your participation!



Appendix 3 – List of SMEs Operating in Nairobi CBD

SME Category	Business Code in Nairobi Area	Number of SMEs in Nairobi County
Medium Trader Shop or Retail Services	110	16,804
Small Trader, Shop or Retail Service	115	55,194
Small Transportation Co.	315	2,844
Small Petrol Filling	335	895
Small Storage Facility	365	945
Small Communications Co.	380	175
Small Agric. Producer/Processor/Dealer	415	2,452
Medium Lodging House With Restaurant or Bar	515	274
Small Lodging House with Restaurant/Bar	518	236
Medium Lodging House	524	328
Small Lodging House Basic Standard	527	415
Small Restaurant with Bar	546	956
Large Eating House; Snack Bar; Tea House	549	612
Medium Eating House; Snack Bar; Tea House	552	1,054
Medium Professional Services Firm	610	508
Small Professional Services Firm	615	5,235
Medium Financial Services	630	512
Small Financial Services	635	478

Small Private Health Facility	735	65
Doctor/Dentist/Physiotherapist	740	912
Small Entertainment Facility	760	75
Small Industrial Plant	815	704
Medium Workshop, Services-Repair Contractor	825	3,124
Small Workshop Service Repair Contractor	830	9,124
TOTAL	NA	103,921

Source: Nairobi County, Trade and Licensing Department (2017)



Appendix 4 – Study Budget

Description	Quantity	Unit Cost	Total Cost
Printing Letters	20	60	1,200.00
Pre-test Questionnaires	10	60	600.00
Final Questionnaires	210	60	12,600.00
Binding Reports	10	60	600.00
Data collection costs			40,000.00
Printing Reports	10	1,200.00	12,000.00
Internet costs	3	2,900.00	8,700.00
Transport costs	10	1,000.00	10,000.00
Pilot study	10	1,500.00	15,000.00
Miscellaneous			30,000.00
TOTAL			130,700.00

Appendix 5 – Work Plan

ITEM	December-24				January-25				February-25				March-25			
	w k1	w k2	w k3	w k4	w k1	w k2	w k3	w k4	w k1	w k2	w k3	w k4	w k1	w k2	w k3	w k4
Introduction																
Literature Review																
Research Methodology																
Data Analysis, Findings and Discussion									Defense and review period							
Summary, Conclusions and Recommendations																

Appendix 6 – Participant Information Sheet

Investigator: Fauzia Ahmed Arale

Institutional affiliation: Strathmore Business School (SBS)

1. Why is this study being carried out?

To assess the relationship between emotional intelligence and opportunity identification in SMEs in Kenya. Since SMEs are the largest employers in the country, the purpose of this study is to offer insightful information to managers and owners of SMEs who deal with emotional difficulties. Since there is a very high rate of SME collapse in Kenya, the research findings will also assist government authorities in the state department of MSMEs on how to address the influence of emotional intelligence on SME's opportunity identification to improve the sustainability of SMEs.

2. Do I have to take part?

No. Taking part in this study is entirely optional and the decision rests only with you. If you decide to take part, you will be asked to complete a questionnaire to get information on “an assessment of the relationship between emotional intelligence and opportunity identification in SMEs in Kenya”. If you are not able to answer all the questions successfully the first time, you may be asked to sit through another informational session after which you may be asked to answer the questions a second time. You are free to decline to take part in the study from this study at any time without giving any reasons.

3. Who is eligible to take part in this study?

Managers and owners of SMEs

4. Who is not eligible to take part in this study?

Individuals who are below 18 years old

Individuals who are not of sound mind

5. What will taking part in this study involve for me?

You will be approached and requested to take part in the study. If you are satisfied that you fully

understand the goals behind this study, you will be asked to sign the informed consent form (this form) and then taken through a questionnaire to complete. You should be rest assured that the research team is competent in term of their expertise, since the PI has a Bachelor's degree and is currently pursuing her Masters, while the research assistants have attained at least Tertiary College qualifications. As far as your own participations is concerned, your selection has been done purposively by focusing on your own knowledge and experience with emotional intelligence. Additionally, provision has been made for those who are incapable of reading by designing braille as well as audio interviews.

6. Are there any risks or dangers in taking part in this study?

There are no risks in taking part in this study. All the information you provide will be treated as confidential and will not be used in any way without your express permission.

7. Are there any benefits of taking part in this study?

The information will be used to improve the understanding of the relationship between emotional intelligence and opportunity identification in SMEs in Kenya.

8. What will happen to me if I refuse to take part in this study?

Participation in this study is entirely voluntary. Even if you decide to take part at first but later change your mind, you are free to withdraw at any time without explanation.

9. Who will have access to my information during this research?

All research records will be stored in securely locked cabinets. That information may be transcribed into our database but this will be sufficiently encrypted and password protected. Only the people who are closely concerned with this study will have access to your information. All your information will be kept confidential. This study findings will be published for free access on the university website as well as available in the library for physical access.

10. Who can I contact in case I have further questions?

You can contact me, Fauzia Ahmed Arale, at SBS, or by e-mail (Fauzia.arale@strathmore.edu),

or by phone (+254722555336). You can also contact my supervisor, Dr. Sarah Muigai, at the Strathmore Business School, Nairobi, or by e-mail (smuigai@strathmore.edu) or by phone (XXXXXXX)

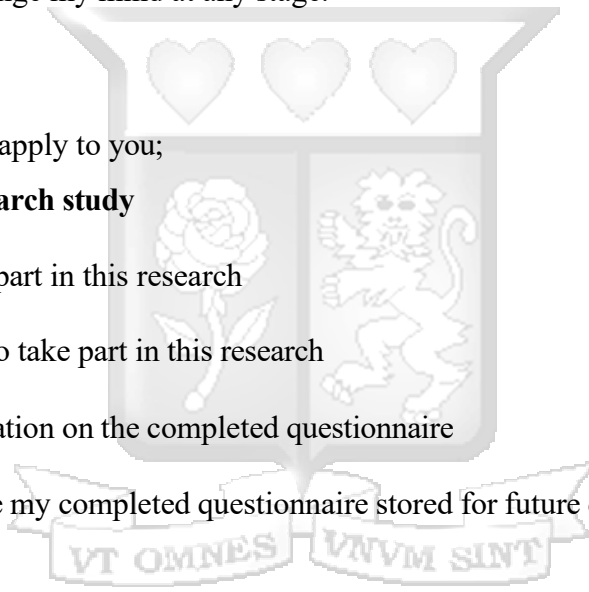
If you want to ask someone independent anything about this research please contact:

The Secretary–Strathmore University Institutional Ethics Review Board, P. O. BOX 59857, 00200, Nairobi, email ethicsreview@strathmore.edu Tel number: +254 703 034418

I, _____, have had the study explained to me. I have understood all that I have read and have had explained to me and had my questions answered satisfactorily. I understand that I can change my mind at any stage.

Please tick the boxes that apply to you;

Participation in the research study

- 
- I AGREE to take part in this research
- DON'T AGREE to take part in this research
- Storage of information on the completed questionnaire
- I AGREE to have my completed questionnaire stored for future data analysis
- DON'T AGREE to have my completed questionnaire stored for future data analysis

Participant's Signature:

Date: _____/_____/_____

DD / MM / YEAR

Participant's Name:

Time: _____/_____

HR / MN

(Please print name)

I, _____ (Name of person taking consent) certify that I have followed the SOP for this study and have explained the study information to the study participant named above, and that s/he has understood the nature and the purpose of the study and consents to the participation in the study. S/he has been given opportunity to ask questions which have been answered satisfactorily.

Investigator's Signature:

Date: _____ / _____ / _____

DD / MM / YEAR

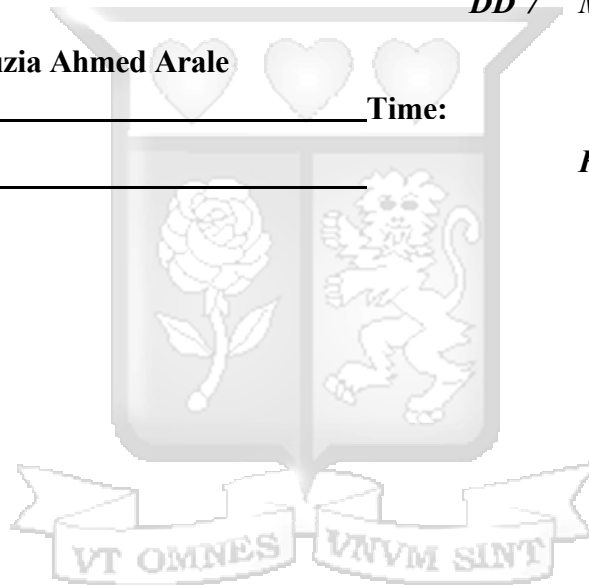
Investigator's Name: Fauzia Ahmed Arale

Time:

/

(Please print name)

HR / MN



Karatasi ya Taarifa ya Mshiriki

Mpelelezi: Fauzia Ahmed Arale

Uhusiano wa taasisi: Strathmore Business School (SBS)

1. Kwa nini utafiti huu unafanywa?

Kutathmini uhusiano kati ya akili ya kihisia na utambuzi wa fursa katika SMEs nchini Kenya. Kwa kuwa SMEs ndio waajiri wakubwa zaidi nchini, madhumuni ya utafiti huu ni kutoa taarifa za utambuzi kwa wasimamizi na wamiliki wa SMEs ambao hushughulika na matatizo ya kihisia. Kwa kuwa kuna kiwango cha juu sana cha kuporomoka kwa SME nchini Kenya, matokeo ya utafiti pia yatasaidia mamlaka za serikali katika idara ya serikali ya MSMEs kuhusu jinsi ya kushughulikia ushawishi wa akili ya kihisia kwenye utambuzi wa fursa za SME ili kuboresha uendeleo wa SMEs.

2. Je, ni lazima nishiriki?

Hapana. Kushiriki katika utafiti huu ni hiari kabisa na uamuzi unategemea wewe tu. Ukiamua kushiriki, utaombwa kujaza dodoso ili kupata taarifa kuhusu “tathmini ya uhusiano kati ya akili ya hisia na utambuzi wa fursa katika SMEs nchini Kenya”. Iwapo hutaweza kujibu maswali yote kwa mafanikio mara ya kwanza, unaweza kuombwa ukae kupitia kipindi kingine cha habari ambacho baada ya hapo unaweza kuulizwa kujibu maswali mara ya pili. Uko huru kukataa kushiriki katika utafiti huu wakati wowote bila kutoa sababu zozote.

3. Ni nani anastahili kushiriki katika utafiti huu?

Wasimamizi na wamiliki wa SMEs

4. Ni nani asiyestahili kushiriki katika utafiti huu?

Watu ambao wako chini ya miaka 18

Watu ambao hawana akili timamu

5. Kushiriki katika utafiti huu kutahusisha nini kwangu?

Utafikiwa na kuombwa kushiriki katika utafiti. Iwapo umeridhika kwamba unaelewa kikamilifu malengo ya utafiti huu, utaombwa kutia sahihi kwenye fomu ya idhini iliyo na taarifa (fomu hii)

na kisha kuchukuliwa kupitia dodoso ili kujaza. Unapaswa kuwa na uhakika kwamba timu ya utafiti ina uwezo katika muda wa utaalumu wao, kwa kuwa PI ana shahada ya kwanza na kwa sasa anafuatilia Shahada yake ya Uzamili, wakati wasaidizi wa utafiti wamefikia angalau sifa za Chuo cha Juu. Kwa kadiri ushiriki wako unavyohusika, uteuzi wako umefanywa kimakusudi kwa kuzingatia maarifa na uzoefu wako na akili ya kihisia. Zaidi ya hayo, mpango umetolewa kwa wale ambao hawawezi kusoma kwa kubuni breli na mahojiano ya sauti.

6. Je, kuna hatari au hatari zozote katika kushiriki katika utafiti huu?

Hakuna hatari katika kushiriki katika utafiti huu. Taarifa zote utakazotoa zitachukuliwa kuwa siri na hazitatumika kwa njia yoyote bila ruhusa yako ya moja kwa moja.

7. Je, kuna manufaa yoyote ya kushiriki katika utafiti huu?

Taarifa hiyo itatumika kuboresha uelewa wa uhusiano kati ya akili ya kihisia na utambuzi wa fursa katika SMEs nchini Kenya..

8. Nini kitatokea kwangu ikiwa nitakataa kushiriki katika utafiti huu?

Kushiriki katika utafiti huu ni kwa hiari kabisa. Hata ukiamua kushiriki mwanzoni lakini baadaye ukabadili mawazo yako, uko huru kujitoka wakati wowote bila maelezo.

9. Nani atapata taarifa zangu wakati wa utafiti huu?

Rekodi zote za utafiti zitahifadhiwa katika makabati yaliyofungwa kwa usalama. Taarifa hiyo inaweza kuandikwa kwenye hifadhidata yetu lakini hii itasimbwa kwa njia fiche vya kutosha na kulindwa kwa nenosiri. Watu ambao wanahusika kwa karibu na utafiti huu pekee ndio wataweza kufikia maelezo yako. Taarifa zako zote zitawekwa siri. Matokeo ya utafiti huu yatachapishwa kwa ufikiaji wa bure kwenye tovuti ya chuo kikuu na pia kupatikana katika maktaba kwa ufikiaji wa kimwili.

10. Ninaweza kuwasiliana na nani iwapo nitakuwa na maswali zaidi?

Unaweza kuwasiliana nami, Fauzia Ahmed Arale, kwa SBS, au kwa barua-pepe (Fauzia.arale@strathmore.edu), au kwa simu (+254722555336). Unaweza pia kuwasiliana na msimamizi wangu, Dkt. Sarah Muigai, katika Shule ya Biashara ya Strathmore, Nairobi, au kwa barua-pepe (smuigai@strathmore.edu) au kwa simu (XXXXXXX)

Ikiwa ungependa kumuuliza mtu asiyejitegemea chochote kuhusu utafiti huu tafadhali wasiliana:

Katibu–Bodi ya Mapitio ya Maadili ya Taasisi ya Chuo Kikuu cha Strathmore, P. O. BOX 59857, 00200, Nairobi, barua pepe ethicsreview@strathmore.edu Nambari ya simu: +254 703 034418

Mimi, _____, utafiti umefafanuliwa kwangu. Nimeelewa yote niliyosoma na nimeeleza na kujibiwa maswali yangu kwa njia ya kuridhisha. Ninaelewa kuwa ninaweza kubadilisha mawazo yangu katika hatua yoyote.

Tafadhali weka alama kwenye visanduku vinavyotumika kwako;

Kushiriki katika utafiti

NAKUBALI kushiriki katika utafiti huu

SIKUBALI kushiriki katika utafiti huu

Uhifadhi wa taarifa kwenye dodoso lililojazwa

NAKUBALI dodoso langu lililojazwa lihifadhiwe kwa uchanganuzi wa data wa siku zijazo

SIKUBALI kuwa dodoso langu lililojazwa lihifadhiwe kwa uchanganuzi wa data wa siku zijazo

Sahihi ya Mshiriki:

Tarehe: _____/_____/_____

Siku / Mwezi /Mwaka

Jina la Mshiriki:

Wakati: _____/_____

(Tafadhali chapisha jina)

Saa / Dakika

Mimi, _____ (Jina la mtu anayekubali) kuthibitisha kuwa nimefuata SOP ya utafiti huu na nimeeleza maelezo ya utafiti kwa mshiriki aliyetajwa hapo juu, na kwamba ameelewa asili na madhumuni ya utafiti na amekubali ushiriki katika utafiti. Amepewa nafasi ya kuuliza maswali ambayo yamejibiwa va kuridhisha.

Saini ya Mpelelezi:

Tarehe: _____/_____/_____

Siku / Mwezi /Mwaka

Jina la Mpelelezi: Fauzia Ahmed Arale

Wakati: _____/_____

(Tafadhali chapisha jina)

Saa / Dakika



Appendix 7 – Translated Questionnaire

SEHEMU A: TAARIFA ZA KIDEMOGRAFI

1. Jinsia ya Mhojiwa • Mwanaume • Mwanamke • Nyingine

2. Una umri gani? (Weka tiki hapa chini):

- Chini ya miaka 20
- Miaka 20-30
- Miaka 31-40
- Miaka 41-50
- Zaidi ya miaka 50

3. Kiwango chako cha juu cha elimu ni kipi? (Weka tiki hapa chini):

- Shule ya Msingi • Shule ya Sekondari
- Diploma • Shahada ya Kwanza
- Shahada ya Uzamili • Shahada ya Uzamivu

4. Mapato yako ya kila mwaka ni yapi? (Weka tiki hapa chini):

- Chini ya KES 500,000 • KES 500,001-5,000,000
- KES 5,000,001-20,000,000 • Zaidi ya KES 20,000,000

5. Umri wa SME ni nini? (Weka tiki moja)

- Chini ya mwaka 1 • Miaka 1-5
- Miaka 6-10 • Zaidi ya miaka 10

6. Je, umemiliki au kusimamia biashara ngapi hapo awali?

- Hakuna • 1-2
- 3-5 • Zaidi ya 5

7. Je, umehudhuria mafunzo yoyote ya akili ya kihisia?

- Ndiyo • Hapana

SEHEMU B: Ushawishi wa Kujitambua kwenye Utambulisho wa Fursa.

Weka tiki ipasavyo kwa mizani ya 1-5. 1-Sikubaliani Vikali (SV), 2-Sikubaliani (S), 3-Siegemei upande wowote (SUW), 4-Nakubali (N), 5-Nakubali sana (NS).

	Taarifa	SV	S	SUW	N	NS
25	Kujitambua kihisia ni kitabiri dhabiti cha maamuzi ya kimkakati ya wasimamizi kwa kuwa huwawezesha kukabiliana na hali zenye msukosuko kwa kuwa mtulivu.					
26	Viongozi waliojitambua kihisia walikuwa na udhibiti zaidi wa miitikio na mienendo yao, jambo ambalo liliboresha maamuzi yao.					
27	Kupitia utumaji wa tathmini binafsi, watu binafsi wanaweza kubaini kama masharti ni muhimu kwa kufungua mradi mpya wa biashara.					
28	Kipengele kikuu cha akili ya kihisia ambacho huathiri mafanikio ya ujasiriamali ni kujitathmini kwa kuwa inazungumzia uwezo wa watu binafsi kudhibiti hali yao ya kihisia.					
29	Ubunifu wa biashara ni mpatanishi mkubwa wa uhusiano kati ya kujiamini na maarifa ya biashara.					
30	Kujiamini hurahisisha mchakato wa kufanya maamuzi wa wajasiriamali wachanga kuhusiana na uanzishaji wa miradi ya biashara kupitia kuboreshwa kwa kubadilika kwa mabadiliko katika mazingira.					

SEHEMU C: Ushawishi wa Uelewa wa Kijamii kwenye Mchakato wa Ujasiriamali wa SMEs.

Weka tiki ipasavyo kwa mizani ya 1-5. 1-Sikubaliani Vikali (SV), 2-Sikubaliani (S), 3-Siegemei upande wowote (SUW), 4-Nakubali (N), 5-Nakubali sana (NS).

	Taarifa	SV	S	SUW	N	NS
31	Wasiwasi wa huruma ulikuwa mzuri kwa hatua fulani ambapo athari-ya-kitu-nzuri sana huanza kutumika na kusababisha utendakazi mbaya zaidi wa mradi.					
32	Matumizi ya kuchukua mitazamo na kujali hisia ilikuwa muhimu zaidi kuliko kutumia mojawapo ya vipengele hivi katika kuboresha utambuzi wa fursa za ujasiriamali.					
33	Ufahamu wa shirika una uhusiano mkubwa na mwelekeo wa ujasiriamali.					
34	Mchakato mpya wa kujifunza unahusiana vyema na kwa kiasi kikubwa na kuongezeka kwa viwango vya ufahamu wa shirika.					
35	SME zinaweza kuzalisha mikakati ya ubunifu inayolenga wateja ambayo ilisambaza maarifa yaliyopatikana na mawazo mapya katika michakato ya ndani ya kufanya maamuzi kwa kutumia maarifa ya wateja.					
36	Mwitikio wa wateja na umakini wa wateja, kama vipimo vya mwelekeo wa wateja, vilihusiana vyema na kwa kiasi kikubwa na utendaji wa SME.					

SEHEMU YA D: Ushawishi wa Kujisimamia kwenye Mchakato wa Ujasiriamali wa SMEs.

Weka tiki ipasavyo kwa mizani ya 1-5. 1-Sikubaliani Vikali (SV), 2-Sikubaliani (S), 3-Siegemei upande wowote (SUW), 4-Nakubali (N), 5-Nakubali sana (NS).

	Taarifa	SV	S	SUW	N	NS
37	Kujidhibiti kihisia kuliimarisha athari za nia kwa kuchukua hatua muhimu.					
38	Kujidhibiti huwahimiza wajasiriamali kuwa waangalifu zaidi katika kuweka malengo ili yaweze kufikiwa zaidi.					
39	Kubadilika kwa kazi kunahusishwa sana na nia ya ujasiriamali.					
40	SME nyingi zilikosa uwezo wa kuleta mabadiliko, kuzingatia umakini wa wateja na kuunganisha mafunzo ya shirika kutokana na maadili yao duni ya kubadilika ambayo ni muhimu kwa kuboresha uvumbuzi.					
41	Kuna uhusiano mkubwa kati ya hitaji la mafanikio na ukuaji wa SMEs.					
42	Kupitishwa kwa mwelekeo wa ujasiriamali kulichangiwa na mambo kadhaa ikiwa ni pamoja na hitaji la mafanikio, ambayo pia huathiri ukuaji wa SME.					

SEHEMU E: Mchakato wa Ujasiriamali wa SMEs.

Weka tiki ipasavyo kwa mizani ya 1-5. 1-Sikubaliani Vikali (SV), 2-Sikubaliani (S), 3-Siegemei upande wowote (SUW), 4-Nakubali (N), 5-Nakubali sana (NS).

	Taarifa	SV	S	SUW	N	NS
43	SME imefanikiwa katika kutambua fursa zinazowezekana.					
44	SME haina uwezo wa kuwekeza katika zana zinazofaa za usimamizi wa maarifa ili kuwezesha utambuzi wa fursa.					
45	Maendeleo ya mawazo katika SME yametatizwa na vikwazo vya rasilimali.					
46	Kwa sababu ya kutegemea mmiliki pekee kwa mawazo, biashara ndogo ndogo hazijaweza kufaidika na vyanzo vipana vya mawazo.					
47	Waanazishaji wengi wameshindwa kutekeleza vyema mawazo kutokana na ukosefu wa uzoefu.					
48	Kutokuwa na uwezo wa kuajiri wafanyikazi waliohitimu zaidi kumefanya iwe vigumu kwa SMEs kutekeleza mawazo yao kwa ufanisi.					

Asante kwa ushiriki wako!



Appendix 8 – Ethics Approval



8th April 2025

Mrs Arale Fauzia,
fauzia.arale@strathmore.edu

Dear Mrs Arale,

RE: An Examination of the Relationship Between Emotional Intelligence and Opportunity Identification in SMEs in Kenya

This is to inform you that SU-ISERC has reviewed and **approved** your above **SU-masters** proposal. Your application reference number is **SU-ISERC2751/25**. The approval period is from **8th April 2025 to 7th April 2026**.

This approval is subject to compliance with the following requirements:


- i Only approved documents including (informed consents, study instruments, MTA) will be used.
- ii All changes including (amendments, deviations, and violations) are submitted for review and approval by SU-ISERC.
- iii Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to SU-ISERC within 72 hours of notification.
- iv Any changes anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to SU-ISERC within 72 hours.
- v Clearance for the export of biological specimens must be obtained from relevant institutions.
- vi Submission of a request for renewal of approval at least 60 days prior to the expiry of the approval period. Attach a comprehensive progress report to support the renewal.
- vii Submission of an executive summary report within 90 days of completion of the study to SU-ISERC.

Before commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology, and Innovation (NACOSTI) <https://research-portal.nacosti.go.ke/> and obtain other clearances needed.

Yours sincerely,

**Mr Ambrose Rachier,
Chairperson; SU-ISERC**

Appendix 9 - Letter of Authorisation to Conduct Research from NACOSTI

 <p>REPUBLIC OF KENYA</p>	 <p>NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION</p>
Ref No: 834391	Date of Issue: 20/March/2025
RESEARCH LICENSE	
	
<p>This is to Certify that Ms.. fauzia Ahmed of Strathmore University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nairobi on the topic: AN EXAMINATION OF THE RELATIONSHIP BETWEEN EMOTIONAL INTELLIGENCE AND OPPORTUNITY IDENTIFICATION IN SMES IN KENYA for the period ending : 20/March/2026.</p>	
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