Impact of Self-Leadership Competencies on Small and Medium-Sized Enterprises in Kenya During the COVID-19 Pandemic

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Since the first COVID-19 case was identified in Kenya, the challenges it brought to small and medium-sized enterprises (SMEs) have occupied the same prominence as challenges in health. The containment measures put in place by government to manage the pandemic have affected SMEs in multiple ways, including changing consumption patterns, downsizing of staff and operations, changing business lines, and even closure. This article summarizes the results of a study that investigated the impact of self-leadership competencies on SMEs in Kenya during the COVID-19 pandemic. Specifically, the study investigated the self-leadership competencies adopted by SME leaders to cope with the challenges of COVID-19. The study was anchored on the situational theory of leadership. It used a qualitative approach to collect data from SME leaders during three focus group discussions. The results indicated that business leaders who practiced various self-leadership approaches were able to adjust their work practices and sustain their enterprises.

Key words: COVID-19, Kenya, self-leadership, self-leadership competencies, SMEs

Kenya, like any other country in the world that tracks and reports its daily infections of coronavirus (COVID-19) disease to the World Health Organization (WHO), is in the thick of the pandemic. Since the first case was reported in the country on March 13, 2020, roughly three months after the first human case of the disease was reported in Wuhan, China, Kenya has had more than 60,000 cases, with more than 1,000 deaths by early November 2020 (World Health Organization, 2020). The disease, which initially affected the capital city of Nairobi and its environs, plus the coastal counties of Mombasa, Kilifi, and Kwale, has since spread and affected the entire country, more so in counties with significant urban populations. This is despite the government of Kenya instituting a raft of containment measures, including travel bans; night curfews; quarantine centers; and closures of borders, institutions of learning, and entertainment places to stave off the epidemic.

But as the Kenyan experience has shown, the issues of health and economics are perfectly intertwined. Along with the morbidities and the mortalities associated with COVID-19, the pandemic has affected other areas, including the economy (Baldwin & Weder di Mauro, 2020). The containment measures enacted in many parts of the world at the onset of the disease have interrupted global production and supply chains, slowing down economic activities in nearly all categories of business (International Trade Centre, 2020). The containment measures have also altered consumer patterns, creating abnormalities in the markets (Organization for Economic Co-operation and Development [OECD], 2020) that make it difficult for small and medium-sized enterprises (SMEs) to sustain operations (International Labor Organization, 2020; OECD, 2020).

**Small and Medium-Sized Enterprises (SMEs) and the COVID-19 Pandemic**

There is no universal criterion of what constitutes an SME. This is more to do with disparities in sizes of economies across the globe, where large economies with big corporations regard an SME to be businesses employing fewer than 500 people while medium economies put that number at 250 (Ayyagari et al., 2007). Kenya’s Micro and Small Enterprises Act of 2012 (Republic of Kenya, 2013) defines a *small enterprise* as one that employs between 10 and 50 people. In Kenya, the Small and Medium-sized Enterprise Development Initiatives (2020) considers a *medium-sized enterprise* to be one that employs between 50 and 100 employees.

SMEs play a crucial role in the global economy. Statistics indicate that SMEs provide about 70% of jobs in most countries around the world. In Kenya, they account for 98% of all businesses and more than 80% of the income for the working population (International Trade Centre, 2019). But with workers and customers staying indoors because of the COVID-19 pandemic, the resulting change in consumption patterns and supply chain challenges have stressed economic activities across the globe (International Trade Centre, 2020). A survey of SMEs in 132 countries indicated that the pandemic has affected two-thirds of SMEs, and some are at risk of permanent closure (International Trade Centre, 2020). Locally,
the Kenya Private Sector Alliance (KEPSA; 2020) indicates that 61% of Kenyan businesses have been affected by COVID-19 containment measures and face challenges like downsizing of operations and staff, cash flow problems, stock-outs, reduced demand, reduced working hours, or even closing of operations. It is not known whether the effects will be medium term or long term.

Because of the challenges SMEs face due to the COVID-19 pandemic, we are convinced that SMEs require strong leadership to cushion businesses from failure and collapse. Most SMEs across the world are run and managed by owners. Since the owners are key decision-makers, their self-leadership is crucial in navigating the challenges to which the SMES are exposed. But while studies have been carried out on how to mitigate the impact of the COVID-19 pandemic on SMEs (Development Initiatives, 2020; United Nations Development Programme, 2020; Zeidy, 2020) none have examined the role of self-leadership competencies of SME leaders in preserving enterprises during the COVID-19 pandemic. This study is an attempt to fill the gap.

**Self-Leadership Competencies**

The Hersey and Blanchard’s *situational theory of leadership* of 1969 proposes that different situations require different leadership styles to get results (Raza & Sikandar, 2018). Therefore, it is the task of a leader to recognize different situations they face in their leadership and apply specific types of approaches to obtain results. As such, if Kenyan SME leaders are to be successful during the COVID-19 pandemic, they should be flexible. They must exercise self-leadership, allowing them to adjust to and cope with the challenges posed by the pandemic.

But what is self-leadership? Browning (2018) defines *self-leadership* as having a sense of the person you are, your vision, and your ability to communicate your behavior and emotions to get where you want. Manz (1986) defines it as a process in which one controls one’s behaviors, creates influence on others, and leads himself or herself through using cognitive and behavioral skills. Self-leadership enables leaders to successfully face challenges through strengthened self-leadership competencies (Tat & Zeitel-Bank, 2013). It has been touted as the best

*Emotional intelligence* is the ability of leaders to be able to understand and control their own emotions, strengths, weaknesses, and motivations while also recognizing those of others (Goleman, 2005). Emotional intelligence strengthens leaders’ self-awareness through an understanding of their own strengths and weaknesses. The literature suggests that emotional intelligence enhances self-leadership through a change in behavior pattern and the ability to regulate one’s emotions, which leads to improvements through constructive thinking, positive talk, and imagination of positive experiences (van Zyl et al., 2017). Other aspects of emotional intelligence include empathy and self-regulation.

*Locus of control* refers to individuals’ perception of their ability to influence work performance and the extent to which they believe they can control events they encounter. It is classified as either internal or external locus of control (Rotter, 1966). Leaders with either internal or external locus of control show different leadership styles (Spector, 1982). Those with *internal orientation* influence outcomes through their efforts and skills, while those with *external orientation* have the perception that outcomes are influenced by external forces that cannot be controlled or predicted (Rastegar & Heidari, 2013). However, according to Dumitriuet al. (2014), a leader needs to have an internal locus of control to be successful.

*Self-efficacy* is considered to be individuals’ judgment on their capability to successfully handle situations (Buenaventura-Vera, 2017; Mesterova et al., 2015). It enables people to not only focus on the abilities of others, but also on their own ability to know their capability and skills (Bandura, 1997; Buenaventura-Vera, 2017). *Self-observation* involves leaders’ ability to know when to engage in a specific form of behavior, while *self-awareness* helps leaders’ do away with unproductive and ineffective behaviors, especially where there are challenges.
Self-goal setting is one’s ability to self-direct by setting personal goals and working toward them for successful performance (Houghton & Neck, 2002). Those goals need to match those of the organization. In this competitive environment, leaders are advised to set specific and challenging goals to increase the performance of individuals for the short- and long-term performance of organizations.

Self-reward involves a person awarding themselves either mentally or physically after accomplishing a task. For example, a leader may upon accomplishing a task may reward self by proceeding for a holiday. Self-reward is the converse of self-punishment. In the former situation, a reward is only applicable where a goal has been achieved. However, self-punishment can also be positive, if a leader self-correcs by shaping his or her behavior in a desired way (Hardy, 2007).

Self-talk is vital when a leader is handling challenges. Self-talk can be either constructive or dysfunctional (Houghton & Jinkerson, 2007; Neck & Manz, 1992). Constructive self-talk seeks to find explanations for peoples’ behavior, current situations, and responses to arising challenges. Dysfunctional self-talk focuses on the negative aspects that come with challenges. Constructive self-talk is self-reflexive, substantive, thoughtful, motivational, and insightful and is crucial for business owners facing challenges (Rogelberg et al., 2013).

It is evident that these self-leadership competencies are crucial for empowering business leaders to visualize the immediate future performance of their businesses by understanding the current situation and the decision-making process to realize a vision. SME leaders are responsible for conveying their business visions to their teams to reach a common goal. This study examined whether SME leaders in Kenya are innovative enough to embrace self-leadership competencies to keep their businesses afloat during the COVID-19 pandemic. It was guided by the following research question:

What are the self-leadership competencies adopted by SME leaders in Kenya to cope with the challenges of COVID-19?

This study contributes to contextual literature on self-leadership competencies, as it provides data on how SME leaders in Kenya have navigated business challenges during the COVID-19 pandemic. It is also useful to business leaders
who wish to develop programs aimed at improving self-leadership competencies among SME leaders. It will help the Kenyan government design policies that can cushion SME leaders from such challenges in the future.

**Method**

This study employed a qualitative approach for data collection. The author conducted three focus group discussions (FGDs), each comprised of six to eight SME leaders in Nairobi, Kenya, identified through personal networks. Because of the COVID-19 pandemic, all FGDs were conducted via Zoom meetings. The study used the self-competency parameters from Houghton et al.’s (2012) Abbreviated Self-Leadership Questionnaire (ASLQ) to develop the FGD guide. However, the questions were expanded to include emotional intelligence, locus of control, and self-efficacy, as they have been used by similar studies on aspects of self-leadership. The collected data were transcribed, uploaded to MAXQDA software, and analyzed using thematic content analysis in line with the research question.

**Results**

All respondents agreed that the COVID-19 pandemic caused a shift in consumer patterns, slowing down businesses and even crippling some. They observed that the larger population was concerned on spending money only on essential goods and services. One respondent said:

> It became a priority for people to be buying specific things, which is nowadays called essentials. Currently, you cannot find somebody buying clothes or doing interior decoration because of the economic uncertainties. People have become so cautious about what they spend their money on.

The SMEs in the construction sector were most affected, as this kind of business in Kenya almost came to a complete halt. One of the SME leaders noted:

> The construction industry has been majorly affected. This is because people are facing financial constraints. They have to choose between feeding their families and constructing. This has made the construction business go down. I would say we are managing and trying our best to stay afloat.

The dusk-to-dawn curfew restrictions imposed by the government to contain the COVID-19 pandemic also meant that businesses that operated during those times
could not do so. These SMEs felt inconvenienced and had to shift their working hours to comply with the government restrictions.

Self-Leadership Competencies That SME Leaders Adopted to Cope With COVID-19 Challenges

The study analyzed several self-leadership competencies, including self-goal setting, self-awareness, and self-observation. Most respondents indicated that they adjusted their goals to remain in business. They changed their approaches to business to stay afloat as the pandemic altered consumer patterns. They also ventured into other businesses and partnerships and embraced technology, like e-commerce, to increase sales. One SME leader in the entertainment industry said:

They normally say that the only constant thing is change, and as an entrepreneur, change comes along no matter how abrupt it is . . . It calls for diversity. If you are doing events and you are in the entertainment industry and all these things that are not so essential, you need to go back and check what is selling right now, which kind of businesses are thriving. This also calls for a lot of partnerships here and there. If I am doing ‘A,’ I can partner with a company that is doing ‘B.’ We have seen things like e-commerce thriving a lot right now because people are being encouraged to stay at home.

This study explored the aspect of self-awareness among SME leaders by assessing their abilities to keep track of their business performance and whether they achieved their set goals. One respondent said “okay, I know myself well, and through this stress management, I think it has helped me.” The same respondent also noted:

There are situations I feel let me live one day at a time and then there are others that I feel, okay, I can go step one and then step two. . . . That’s basically what I am also going through in both my consultancies and my other business. Some of the businesses I had to close down and fire people and say all right, until next time. . . . But there are others that I had to keep going, and I had to be agile and change and see how best to be impactful and still make a living.

For the competency of self-observation, the majority of the respondents reported that they were not doing well and had to re-strategize by downsizing staff, cutting down expenditures, changing their lines of business, or shutting down completely. However, one respondent said:
I am a serial entrepreneur, and there are aspects of my business that are shut down completely because I don’t have the mental capacity at the moment to handle them. And then there are those aspects of a business that I have had to re-strategize and refocus and see how best to navigate and go about it. So, it’s on a business case by case for me.

The SME leaders were able to make decisions, stay in control of their businesses, and focus on businesses that were working, while at the same time, adjusting to changes created by the pandemic. They considered it an opportunity to advance into technology to render services to their customers.

For self-efficacy, the study evaluated the ability of SME leaders to successfully handle situations and navigate their businesses through the COVID-19 pandemic environment. The majority of the respondents believed in their ability to steer through business by believing that there are opportunities amid the pandemic, as evidenced from the response below:

It is also about mindset, and how able we are to go through this phase. That is why, when you are starting a business, no matter how big or small the business is, you have to set goals. When you are setting goals, you also factor in obstacles. A pandemic is a mesh of obstacles that we experience in businesses because anything can happen along the way. So, first you need to have the mindset. Usually, how do we sustain our businesses? How do we maintain the mindset that this business is actually what I wanted to do because at some point, you ask yourself like. . . . Take someone that settled on school uniforms, no school is on now because of the pandemic, so there is a way out. It is just having a mindset that there is way out. . . . If I am selling school uniforms, I could diversify, I could talk about probably how to start training people online because what is happening right now is online. Everything has gone online. . . . There are those of us who still have that mindset of being able to cope in such challenging situations.

When it came to self-reward, most SME leaders indicated that they rewarded themselves upon the successful completion of a task and the achievement of a goal. They added that they did not reward themselves when they failed to complete a task or achieve a goal. One respondent said:

Most of the time, I buy myself something and pat myself [on the back]. I tell myself I have to do something when I have reached a target or achieved a specific goal. I have to buy myself what I promised. If I don’t reach that goal or if I don’t fulfill that task, I don’t buy myself that thing. For instance, there was a time I wanted to buy myself a new laptop. I told myself that I was able to choose between completing my task successfully, and then I would buy myself
a new laptop. Unfortunately, I did not get it done, so I did not buy myself a laptop. . . . I tried to do it again and the second [time], I got it done and I bought myself a laptop . . . that is what gives me the motivation to keep on working.

Another respondent added:

COVID-19 has forced some of us to adjust our business goals. We have adjusted both the short-term and long-term goals. It’s a tricky situation. The moment you don’t achieve a particular task or goal that you set, you sometimes sit back and pat yourself at the back and move forward. Sometimes, you know, especially toward the end of March when the reality was dawning on us with the cessation of movement. . . . it became so tricky that we could not see the light at the end of the tunnel. So, at that point, you had to adjust so fast. We were not sure if we were going to achieve the small goals that we had set. So, every time we would meet them, at least you would go and buy yourself something as positive regard to yourself. You feel that you have achieved so much because it’s something that you never expected, so you have to self-reward.

From the above responses, it is evident that self-reward motivates leaders to keep on working to achieve the set goals of their business during the pandemic.

For emotional intelligence, the study explored the ability of SME leaders to understand their own emotions as well as the emotions of those they were leading and their customers. The findings showed that the majority of the respondents exhibited very high emotional intelligence. However, some leaders felt overwhelmed by the situation, as evidenced by one respondent:

Sometimes you question yourself on what is happening. You feel like crying and getting angry. The good thing is that I have been able to talk to other people including my clients and they tell me to relax. I am working with people who have been in business for quite a long time, some more than 20 years. They tell me that there are some ups and downs. Some clients give you money for you to keep moving for a while. I also talk to people so that I can understand their situation while they also understand mine. I discuss so that I get my mind not to concentrate on the bad things but the positive.

Possessing emotional intelligence helped the leaders to remain stable and adjust their modes of business operations. One respondent said:

COVID might be here for a long time. What we are doing is adjusting and learning to live it. . . . In the past, we used to make payments in cash but this time we are using mobile payments. Where we are sourcing our sand, we don’t use cash. We use MPESA to make those payments.
Some leaders also focused on themselves by working on their mental and physical wellbeing through exercising more and keeping a positive attitude together with being empathetic. One respondent said:

What I have done is to start by first focusing on myself. I exercise more these days. . . . to ensure that I have a sharp focus. I focus on the positives. I try as much as possible to avoid consuming a lot of COVID news because there is so much news about COVID that is coming through and most of it is misinformation. . . . As a leader am trying to be very empathetic in the way am relating to people. I now listen a lot because I realized people are now living on the edge. They are like walking dynamites just ready to explode. I am trying to listen a lot and to encourage people as I encourage myself as well as I focus on positive talks. I also teach online a lot of positive things.

The study analyzed locus of control by testing the ability of the SME leaders to influence their business performance. The findings indicated that the majority of the leaders exhibited internal locus of control. As one respondent noted:

As a businessperson, I have to try, too. Yes, my business has been affected. Do I stay there crying that, you know, corona is here, business is down, so who should I wait to come and help me out of this situation? I believe that despite this being a global pandemic, as a person, I have that ability within me to either metamorphosize and do something different.

A few others exhibited an external locus of control and wanted the government to provide financial assistance to SMEs to help overcome the challenges brought by COVID-19. One respondent reported:

I don’t think the government is interested in SMEs. They might be doing a whole lot, but they are not getting to the grassroots. They are not getting to the people. . . . They need to provide SMEs with financial help so that we can be able to cope with such situations.

Most of the SME leaders said they would accept 100% of the responsibility for their business performance. As one respondent stated:

You have to accept whatever is happening because, first of all, the situation we are in is a global pandemic. It’s not peculiar to Kenya. Everybody is facing it. I have also learned to plan to rebuild during this situation. . . . Right now, things might look [bad], but some people are thriving [during] this time. It’s not that gloomy. I think it is a matter of positioning yourself and looking at the next best step that you could take to steer through this period. I welcome everything that has come as I also work my way through this.

Another added:
I do accept 100% responsibility. . . . You need to be flexible enough and also position your business, regardless of the scenarios. You have to position the business in case anything happens—whether small or big—you can adjust to it accordingly.

This is not the time to apportion blame. I do accept the challenges that have been brought about by COVID because it’s affecting everyone. This is not the time to blame the government. There is so much misinformation that you can get online, but this is not the time to apportion blame but the time to position your business, to reduce expenses and some costs, and [to] stay afloat.

Everything has to do with me. . . . Being able to think of it, how I can cope, being able to go through it. That is what helps me to understand who I am, because I know myself.

Self-talk reflected on the ability of leaders to mentally evaluate the accuracy of their beliefs about the situations they were currently in. One SME leader said:

I think from the onset, there was a lot of miscommunications about this whole thing. With the new changes that have come, it has made me realize that this is real and it might be here for some time, and we must align ourselves with the new way.

Overall, the SMEs are repositioning themselves to cope with the challenges brought by COVID-19, as one respondent notes:

I think looking at the state of affairs at where we are right now, it just brings us to realize that there is no abroad and local. . . . I think it’s just to [attune] ourselves to what is happening far and wide, not just in the local scene, just look way beyond here in terms of positioning the business and everything that revolves around that. What is happening in the global scene is something that we should look [at] and adopt locally, not say that that is for them, but here it operates differently. Sooner or later, we will be caught up. What we are talking about right now, if we started to think in those lines earlier before we were hit, I think we would have positioned ourselves better, and we would have been [in] a better place.

Discussion

This study utilized a qualitative approach to better understand how self-leadership competencies among Kenyan SME leaders helped them cope with the challenges of the COVID-19 pandemic. The emerging challenges facing SMEs due to the pandemic are loss of work, changes in working hours, financial constraints, changes in or diversification of business, and closure of businesses. These findings are similar to those of other research (see International Trade Centre, 2020); and KEPSA, 2020), which have established that the pandemic has greatly
affected business operations in terms of lack of finances, decreases in demand of goods and services, disruptions in supply chains, reductions in staff working time, and travel restrictions.

The study explored many self-leadership competencies among the SME leaders and the role they play in helping the leaders cope with the challenges of the pandemic. It found that the majority of the SME leaders exhibited the goal-setting skill and have evaluated their business performances and made observations on what they need to adjust to cope with the situation. Some leaders have ventured into e-commerce and Facebook advertising, among many innovations. This is consistent with the findings of a study by Ghandour et al. (2007), which established that self-goal setting, together with planning, helps improve business performance, especially those that have incorporated e-commerce.

Again, most SME leaders possessed self-efficacy, as evidenced in their ability to visualize their performance. The SME leaders were able to venture into other businesses that they found favorable during the COVID-19 pandemic. This agrees with the findings of Buenaventura-Vera (2017), who reported self-efficacy as a factor that determines innovative behavior. The leaders also practiced self-reward whenever they accomplished a task successfully. They did not reward their efforts when they failed to accomplish a set task. This finding aligns with that of Manz (1992), who notes that rewards can either be mental or physical, and they serve the purpose of improving motivation in pursuit of goals.

Further, results on emotional intelligence revealed that most of the leaders showed high emotional intelligence, were empathetic, and managed their relationships well. This agrees with Sy et al.’s (2006) study, which established that a positive correlation between emotional intelligence and satisfaction in work leads to a better and improved performance in the areas of self-awareness and in work–life balance.

The study also established that different SME leaders exhibited internal and external locus of control. The majority exhibited an internal locus of control, as they believed that they were in control of the situation and accepted full responsibility for their businesses. Dumitriu et al. (2014) found similar results and established
that leaders with an internal locus of control are task-oriented, persevere, and take high responsibility in the establishment and achievement of objectives. Additionally, most of the SME leaders lamented that they previously had misinformation about the pandemic but have now adjusted and worked it out after engaging in constructive self-talk. Similar work by Rogelberg et al. (2013) reported that constructive self-talk increased the ability of a leader to lead and experience less strain in work.

Lastly, a few leaders pointed out that self-leadership can be improved if leaders network and exchange ideas on how to cope with the business challenges of the pandemic. The need for networking among businesspeople has also been emphasized in several studies (see Håkansson & Snehota, 1995; Soetanto, 2017; Turner & Endres, 2017).

**Limitations**

This study only explored the impact of self-leadership competencies of SME leaders in dealing with the challenges brought by the COVID-19 pandemic. It is limited in time and geographical scope and cannot be used to explore wider trends in the performances of SMEs.

**Conclusion**

The study established that most SME leaders in Nairobi, Kenya, demonstrated good self-leadership and employed various competencies to cope with the challenges of operating in a COVID-19 environment. This vindicates the situational theory of leadership by Hersey and Blanchard of 1969 upon which this study is based. However, while self-leadership competencies of SME leaders are commendable, there is a need for self-leadership training through skill development courses so that they can gain additional leadership skills that can help them thrive better in different situations. It is also not enough for SME leaders to just employ their self-leadership competencies and navigate through the business challenges caused by the COVID-19 pandemic. This study shows that the Kenyan government should partner with smaller SMEs to guarantee their sustainability. Financial service providers like banks and financing firms should
provide SMEs with low-interest loans to cushion them from stress during these times of crisis.

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