

FACTORS THAT DETERMINE ENTREPRENEURIAL BEHAVIOUR:- A STUDY OF
SMALL SCALE ENTERPRISES IN KISUMU TOWN.

BY

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This Research Project is my original work and has not been presented for a degree in any other University.

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This Research Project has been submitted for examination with my approval as University Supervisor.

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To my Uncle, Dr. Vitalis Musewe;
my parents, Martin and Jenipher; my
husband, Joseph, and my daughter,
Florence.

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ABSTRACT

This study is concerned with the factors that determine entrepreneurial behaviour. The study was aroused by the fact that whereas studies conducted in other countries have identified certain factors that condition entrepreneurial behaviour, no study appears to have been conducted in Kenya to find out the extent to which entrepreneurial behaviour of Kenyan Businessmen and women are conditioned by such factors.

To achieve the objective, a sample of 50 entrepreneurs from Manufacturing, merchandising and service subsectors was selected from Kisumu town. Primary data was collected by the use of questionnaire.

The entrepreneurial behaviours investigated were: risk-taking, innovativeness, Knowledge of results and individual responsibility, while the influencing factors included formal education, training, experience, access to resources and motivation.

Data was analysed using multiple regression and correlation analyses. The regression analyses revealed the following findings:

1. that motivation variable was significant determinant of risk-taking among the entrepreneurs interviewed, but it did not influence innovativeness, knowledge of results and individual responsibility.

2. that the variables - formal education, training and experience were not significant determinants of risk-taking, innovativeness, knowledge of results and individual responsibility, while access to resources did not influence risk-taking and innovativeness among the entrepreneurs interviewed.

The conclusions reached was that most of the variables were not statistically significant determinants of any of the entrepreneurial behaviours analysed, except for motivation that had some influence on risk-taking.

CHAPTER ONE
INTRODUCTION.

1.1 Background.

The small enterprise sector as a primary means of strengthening Kenya's economy was highlighted in Sessional Paper No. 1 of 1986 and the Sixth National Development Plan (1989 - 1993). Kenya's population is projected to be approximately 35 million people by the year 2000. The sector, therefore has a major role of expanding the present labor force of approximately 8 million (1989 ILO report) to 14 million workers by the year 2000. The major actor in the private sector is the entrepreneur who is motivated to take risks, be innovative, develop new business ideas and invest money in other resources to establish an enterprise and steer its growth.

The entrepreneur is a role model in the community, a provider of employment for others, a stabilizing factor and a primary contributor of resources for the development of the basic economic structure in a nation. "The entrepreneur imparts new energy and performs a positive function in the society's development" (GOK/ILO/UNDP, 1989, p. 1).

In an attempt to foster entrepreneurial spirit in Kenya, several governmental agencies provide financial and educational support for enterprising individuals. These agencies include:- Development Finance Company of Kenya (DFCK), Industrial and Commercial Development Corporation (ICDC),

Kenya Industrial Estates (KIE), Kenya Industrial Training Institute (KITI), among others. "In spite of this effort, the measurable results have not been satisfactory" (GOK/ILO/UNDP, 1989, p. 2). Many individuals are reluctant to establish new businesses or to expand the ones in existence. There is the general unwillingness to undertake risks, a factor necessary for economic growth.

To establish a method of revitalizing the economy through the formation of new businesses and expanding the existing ones, it is first important to understand the behavioral characteristics of Kenyan entrepreneurs. While a body of research has provided a foundation for the understanding of entrepreneurs and their role in economic development, very few studies have been conducted specifically to determine the behavioral characteristics of entrepreneurs (see Hisrich, 1988 and Hornaday and Aboud, 1971).

Studies on entrepreneurship that emerged after the Second World War stressed on the importance of social background characteristics such as occupational and class origin factors. Their findings indicate, for example, that relative to their size in the total population, some occupational groups tend to be more prolific as entrepreneurs than others. The prominence of mercantile and/or crafts background has been noted among the entrepreneurs in Pakistan, Turkey and Nigeria (Papanek, 1962; Alexander, 1960 and Harris, 1970 respectively).

Other researchers have also documented the existence of entrepreneurial talent among members of high-status groups. Geertz (1963) found that the traditional elite in an Indonesian community was the source of entrepreneurial leadership. Similarly, Aubey (1969) reported on entrepreneurial abilities of El Salvador's Plantation based elites.

Another tradition in the literature provides contrasts to the studies just cited by emphasizing the importance of socio-psychological processes in determining entrepreneurial action. Early examples of this perspective are represented by the works of Max Weber (1932) and John Schumpeter (1947). Weber's central focus is on a system of religious belief whose implications for the conduct of practical life - especially within ones occupation, brings about entrepreneurial action. For Schumpeter, entrepreneurship is the expression of certain personality characteristics that are independent of any system of belief. His economic leaders are motivated by an "ataristic will power" and are distributed randomly in any ethnically homogeneous population (Kilby, 1965).

The more recent works by McClelland (1961) and Hagen (1962) provide further support for the view that personality, motivation, attitude and values affect entry into entrepreneurship. For Hagen (1962), the authoritarian creative personality distinction is important in understanding how entrepreneurs emerge. He argues that under stable circumstances, the child rearing practices of traditional

societies tend to create authoritarian personalities whose characteristics are not compatible with innovative entrepreneurial action.

McClelland identified a motivational force called need achievement (n-achievement) and linked it to entrepreneurship. People with high n-achievement are motivated by a concern for meeting standards of excellence and the desire to do well - not so much to earn money or recognition but for their own satisfaction. They also prefer situations where personal responsibility is assumed for solving problems, have a tendency towards realistic risk-taking, prefer moderate achievement goals and have a desire for concrete feedback on their performance. These characteristics tend to make high n-achievement individuals gravitate toward entrepreneurship because these very characteristics are required and can well be expressed in entrepreneurial activities.

The notion that entrepreneurs have certain unique personality, motivation, attitude and value attributes (subjective attributes) has also stimulated research into their value systems. Hirschmeier (1964), for example, argues that the emergence of industrial entrepreneurship and other aspects of modernization in Japan was influenced by ideologically based commitments. More recently, Stokes (1974), demonstrated that the emergence of Afrikaner industrial entrepreneurs is related to value exchanges brought about by nationalism. There is an assumption that

as societies modernize, values shift from traditional pattern to one that is more compatible with modern social systems.

The few cross cultural-studies which have been conducted indicate that similarities exist among entrepreneurs and entrepreneurial process in various nations, although they reflect the characteristics and aspects of specific cultures. The current study focuses on the extent to which entrepreneurs and entrepreneurship in Kenya follow the patterns disclosed.

The few studies that have been conducted among the African businessmen and women have tended to be general even though some of them have looked at characteristics of entrepreneurs.

Although the few studies that have been conducted in Kenya have mainly focused on failures of small businesses, some of them have identified entrepreneurial behaviour and factors that influence them. For example, Child (1973), identified six factors that influence entrepreneurial behaviour as capital hoarding, tolerance for disorder, communication entropy, planning horizons, craftsmanship and general conditions of entrepreneurial behaviour. While Maris and Somerset (1971) and Inukia and Okelo (1972) in their studies concluded that African entrepreneurs are affected by lack of experience, ambitions, higher education, social contacts and that they give business less than their full-time attention.

The above Studies conducted in Kenya appear to be general. No distinction seems to have been made between entrepreneurial role behaviour and factors that influence them. Further more, no study has been carried out specifically on entrepreneurial behaviour in Kenya.

1.2 Definitions, Distinctions and Assumptions.

1.21 Who is an Entrepreneur?

Most writers and researchers have had problems with the definition of an entrepreneur (Wortman Jr., 1987). Definitions that have been given range from those of economics (Schumpeter, 1934) and Psychology (McClelland, 1961) to those that have been empirically derived. The definitions given by the economists vary to some extent. Schumpeter (1934, p. 26) defines an entrepreneur as "one who successfully innovates" and that by so doing he directs the use of capital resources. Livingstone and Ord (1980) on the other hand, argue that the definition of an entrepreneur should cover skilled decision taking including administration and coordination, risk-taking and innovation. They disagree with the tendency by many writers and researchers, to treat entrepreneurship as a single category. Based on their research findings in Eastern Africa, they suggested that entrepreneurship should be properly divided into sub-categories according to level. They concluded that different activities require different kinds of enterprise. Thus, ac-

ording to them, the types of entrepreneur required in peasant agriculture, in retail trade and large scale manufacturing are likely to be very different. In line with this argument, they define an entrepreneur according to his/her two main functions as "one that ensures that resources are available for production and, that who copes with risk and uncertainty" (1980, p. 86).

McClelland (1961, p. 65), a psychologist, gives two perspectives of an entrepreneur in the context of agricultural (cash crops) production and "full time" entrepreneurship. According to the former perspective, he defines an entrepreneur as "someone who exercises some means of control over the means of production and produces more than he can consume in order to sell (for household) income". In the latter context, he defines entrepreneurs as:

those who receive 75 percent or more of their incomes from entrepreneurial activities. Such people include traders (who do not produce, but acquire for resale or rental), independent artisans (for example shoemakers, smiths, carpenters, etc. when they control the means of production rather than when they work for a wage) and firm operators (e.g. innkeepers, export holders, fisheries, etc.)

Both Livingstone and Ord (1980) and McClelland (1961) have not treated entrepreneurship as a single category. They both realize that different activities require different enterprise.

It should be clear at this point that a well defined entrepreneurial population does not exist. In this study, an entrepreneur is defined as a risk-taking, innovative in-

dividual who establishes a business for the purposes of profits and who seeks business growth or expansion as a means of increasing the profits. Small business owners who are not innovative and growth oriented are not considered entrepreneurial. A systematic analysis of entrepreneurial role behaviour (as will be discussed later) should then lead to a better understanding of what an entrepreneur is or at least to an understanding what he or she is not.

1.22 Distinction between a Manager and an Entrepreneur.

The distinction between a manager and an entrepreneur is not clear (Wortman Jr. 1987). While some writers make distinctions between the two (Baumol, 1968; Redlich, 1958 and Leibenstein, 1968), others find such distinctions confusing and use the two interchangeably (e.g McClelland, 1961) yet others feel that the distinction depends on the study being conducted (Wortman Jr. 1987).

Baumol (1961, p. 64) defines a manager as "the individual who oversees the on-going efficiency of a continuing process." To him, a manager's task involves seeing to it that the available processes and techniques are combined in proportions appropriate for current output levels and future outputs that are already in prospect, ensuring that the inputs are not wasted; that contracts are met, and, making routine pricing and advertising outlay decisions, among others. In short, the manager takes the charge of the activities and decisions in an organization. An entrepreneur, on the other hand, is faced with the task of

locating new ideas and putting them into effect. He must lead and even inspire. For him, today's practice is not good enough for tomorrow (Baumol, 1961, p. 64). Thus, according to Baumol, an entrepreneur exercises leadership in a business organization.

In agreement with Baumol's distinction, Kierulff (1979, p. 7) states that an entrepreneur introduces new products to new markets and is different from innovative manager who may engage and even participate in the activities of creative marketing, personnel or engineer/investors. The entrepreneur must use market skills (within himself or as the coordinator of others) to direct the business into a significantly new area.

Redlich (1958) .. makes a tripartite division of entrepreneurial functions into capitalist - the supplier of funds and other non-human resources for the enterprise, Manager - the supervisor and coordinator of productive activities, and, an entrepreneur in the narrow sense of the term - a planner, innovator and an ultimate decision-maker in an enterprise.

Redlich's distinction is rather confusing. McClelland (1961, p. 209) expressed this sentiment when he wrote:

The difficulty with such distinctions is that they confuse 'roles' and 'status', they try to define entrepreneurial roles in terms of particular status. It is difficult to determine which status are entrepreneurial ones and which ones are not.

Leibenstein (1968), in an attempt to clear the confusion, distinguishes two broad types of entrepreneurial activities as routine type and new type (N-entrepreneurship). In routine entrepreneurship, the manager performs similar functions as those given by Baumol's definition of a manager. In the N-entrepreneurship, the activities of a manager (in Baumol's case referred to as entrepreneur) include those necessary to create or carry an enterprise where not all markets are clearly defined and/or in which the relevant parts of production are typically in an unstable environment where the entrepreneur has to fill the market deficiencies. Leibenstein assumes that an entrepreneur can be both a manager and a pure entrepreneur.

In reaction to Leibenstein's distinction, Ersey (1968) claimed that well organized markets do not exist in the developed countries. He went ahead to say that managers of mere routine nature can and do exist where markets are imperfect.

Chuta and Okpechi (1979) argued that in the African situation, an entrepreneur and a manager cannot be distinguished from each other easily considering the nature of business ownership among indigenous people. Thus, the type of business operation may determine the extent of management from business ownership.

Entrepreneurship is associated with small business in developing countries (Livingstone and Ord, 1980). Thus, difficulty arises in isolating an entrepreneur from a

manager. For purposes of this project a manager is defined as a "Person who manages but does not own a business", whereas an entrepreneur is "the owner of a business or owner and manager of a business".

1.23 Small scale Enterprise:

The point below which an enterprise is deemed to be small and the way in which its size is measured has been the subject of debate (Harper, Malcolm, 1984). The small enterprise sector covers many different types of productive activities that respond to a wide range of market opportunities. This makes it difficult to establish any universal categorization or ready comparison of performance between enterprises or sub-sectors. Analyzing the problems of the small enterprise sector in Kenya is even further complicated by differences and ambiguities in the terminologies used. Some writers define the sector for regulatory or statistical purposes in terms of the volume of labor or amount of capital employed. A different definition may be used for establishing eligibility for government assistance. Other definitions, relating to functional characteristics, such as type of management, ownership, product specialization, production technique or even market orientation are used for analytical purposes to measure performance. At present, there is no explicit legal definition in Kenya of the term "small enterprise."

For the purposes of this project, the definition of small enterprise as given by GOK/ILO/UNDP Center Project will be adopted, i.e. "as an enterprise consisting of 0 - 50 employees," (GOK/ILO/UNDP Center Project p. 6).

The small enterprise sector in Kenya is composed of a range of enterprises including self-employed artisans, (i.e. jua kali enterprises having a few employees), cottage industries, sole proprietors, and small enterprise in the formal business sector having some 10 or more employees (GOK/ILO/UNDP Center Project, 1989, p. 7) These small enterprises may engage in trade, commerce, distribution, transport, construction, agro-business, manufacturing and maintenance or repair services.

1.24 Distinction between a study of behaviour of an Entrepreneur and Entrepreneurial behaviour.

In order to understand the actual behaviour of an entrepreneur, it is important that a distinction be made between a study of behaviour of an entrepreneur and entrepreneurial behaviour since an entrepreneur can behave in a non-entrepreneurial way without necessarily performing the roles inherent in an entrepreneurial status. To do this, it is important to distinguish between status and roles.

Status is used here to refer to a position in society and role to the behaviour required by definition, of an occupant of that status (McClelland, 1961, p. 206). Thus, it is theoretically possible, though empirically not likely, that all occupants of a given position or status will not behave according to the role requirement of that position. McClelland (1961) offers an illustration of a 'garbage man' as the status or position in a society who carries with it the role requirement, by definition, of collecting and somehow disposing of garbage. Yet some or all of the occupants of this position in any given town may not fulfill the role requirement. Instead of collecting garbage, they may sit in the shade and play darts. If one began with an empirical study of actual behaviour of garbage collectors rather than theoretical analysis of role requirements, he might conclude on the basis of this sample of garbage collectors that playing darts was part of the role. Thus, a study of behaviour of entrepreneurs is conceptually distinct from a study of entrepreneurial behaviour.

Entrepreneurs, or those occupying entrepreneurial status need not show entrepreneurial behaviour, just as garbage collector may not always collect garbage. Furthermore, it is quite possible for individuals occupying their statuses to behave in an entrepreneurial way just as a parent may occasionally collect garbage when regular garbage collector is not available. Thus, a politician, a

physician, a university professor or a ditch digger may show all of the components of entrepreneurial role behaviour even though his status is not primarily that of an entrepreneur.

From the foregoing discussion, it should be apparent that the primary interest is in "entrepreneurial role behaviour" as opposed to "behavior of an entrepreneur."

1.3 Statement of the problem.

Although many small scale Kenyan businessmen and women have expressed a desire to improve and expand, the overwhelming majority of them have remained relatively stagnant. This is most likely due to their deficiency in education and experience, among other factors that determine entrepreneurial behaviour. Lack of these factors have been found to limit the capacity of individuals to understand the requirements of modern forms of economic activity and the need to modify traditional values and practices.

* It seems reasonable to suggest that the efforts of the government of Kenya, foreign companies and international aid agencies to assist and stimulate Kenyan entrepreneurship will be more productive if they concentrate on small groups of people who have the desire and capacity to innovate, improve and expand their businesses. To scatter funds and technical assistance personnel among comparatively large number of people who have shown little or no capacity to meet modern economic disciplines and business standards is, in large part, to waste these very scarce development

resources. Better still, it would be more productive in the long run to find ways to develop such factors in as many Kenyan (current and potential) businessmen and women as possible. To apply resources in this direction the government would need to be reasonably certain that such factors, if developed, would indeed lead to the desired state.

While studies conducted in other countries have attributed lack of entrepreneurial dynamism to deficiency in factors that influence entrepreneurial behaviour, studies conducted in Kenya (mainly concerning failures of small businesses), while not refuting the role of such factors, have identified other factors such as extended family, inclination towards polygamous marital status as income increases. The presence of these additional factors makes the Kenyan context somewhat different from those of the developed countries. It is therefore necessary to conduct studies in Kenya to find out the extent to which entrepreneurial behaviours of Kenyan businessmen are conditioned by the factors that have been identified in other countries. The proposed study is, therefore, a response to this need. In short, this study seeks to establish the extent to which some selected factors (eg. formal education, training, and experience) explain entrepreneurial orientations or behaviours such as innovation.

1.4 Objective of the study.

The objective of the study is:

To determine the factors that influence entrepreneurial behaviour among the Kenyan entrepreneurs.

1.5 Importance of the study:

The results of this study may be useful to:

(1) The Kenyan Government, Foreign companies and International Aid Agencies when giving both financial and technical assistance and more especially when formulating their training policies.

(2) Education and manpower planners when deciding on the areas on which to lay more emphasis when preparing the potential entrepreneurs.

(3) The prospective entrepreneurs and their advisors.

(4) The scholars and researchers who might have an interest in developing the findings further or taking other related field on entrepreneurship and as a source of reference.

CHAPTER TWO

LITERATURE REVIEW

In this chapter, entrepreneurial behaviour (namely; risk-taking, innovativeness, knowledge of results and individual responsibility) and factors influencing them (namely; education, experience, motivation, access to resources, ethnicity and political connections are discussed. The available studies were conducted mainly on entrepreneurship and economic development. Very few studies have been conducted to determine entrepreneurial behaviour and factors influencing them. In the Kenyan situation, the few studies that have been conducted have tended to be general, only touching marginally on entrepreneurial behaviour and the determining factors. Further still, the studies, both in Kenya and other parts of the world, have not isolated entrepreneurial behaviour and factors influencing them. The rest of this section will highlight some of the landmark studies which have been conducted on entrepreneurship.

2.1 Entrepreneurial behaviour

The following entrepreneurial behaviours are discussed below, namely; risk-taking, innovativeness knowledge of results and individual responsibility.

2.11 Risk-taking

Risk-taking is one of the major entrepreneurial behaviours running across many discussions on entrepreneurship (Baumal, 1968; McClelland, 1961; Livingstone and Ord, 1980; Coughline and Ikiara, 1988 and Kierulff, 1976). A relevant question to ask when considering an entrepreneurial venture is: "are potential rewards commensurate with risks?" (Masters and Meier, 1988, p. 31). Brockhaus (July, 1987, p. 1) defined risk-taking propensity as,

the perceived probability of receiving the rewards associated with a proposed undertaking which is required by an individual before he will subject himself to the consequences associated with the failure, the alternative situation providing less reward as well as less severe consequences than the proposed situation.

The above definition was adopted in this study. Risk is inherent in factors that determine the outcome of business efforts. These factors are numerous and difficult both to access and to control. For example, the sale of goods in a more or less perfect market where the products are identical and producers (or sellers) offer a limited amount for sale and prices are fixed may be a major source of these difficulties, as is the predisposition of buyers which is subject to only limited control and prediction (McClelland, 1961). The factors are in turn influenced by those difficult but important factors which go under the label of general business conditions and possible causes of action which may go beyond ready prediction and control i.e. conditions of

uncertainty (Harris, 1968). A great part of business is thus directed towards minimizing uncertainties (McClelland, 1961).

✓ The entrepreneurial role appears to call for decision-making under uncertainty (McClelland, 1961). If there is no significant uncertainty, if action called for involves applying known procedure, however complicated, to produce a known and predictable result, then entrepreneurship cannot be said to be involved since there are no risks in such situation. To be more sure, all human activities involve decisions under some uncertainty even those highly skilled and experienced plumber making repairs, but the degree of uncertainty is measurable less than for business executives who must decide under the variable conditions.

It therefore follows that people who perform well in entrepreneurial role should be those who like working under conditions of uncertainty that have been described above, or, who perform better under such conditions. "This is precisely the working situation which individuals with high n-achievement prefer and work best under" (McClelland, 1961, p. 211)

Worley, Joel, Green and Fess (1989, p. 27) have given a number of components that go into estimating risk of investigating a particular financial instrument, in this case, a small business. These are:

- 1) risk associated with competition, e.g direct competition in the market or an alternative

product being developed.

- 2) Risk of product or service being developed.
- 3) risk associated with the general economy, e.g unemployment, tax changes and inflation.
- 4) risk associated with being small and vulnerable to changes in local conditions, e.g re-routing of traffic or changes in local ordinances.
- 5) risk associated with illiquidity, i.e being unable to find a buyer if a decision is made to get out of business.
- 6) risk measured by variability overtime in cash flows.

2.12 Innovativeness

It can be said with greater confidence that entrepreneurial roles involve, by definition, almost doing things in a new and better ways (Livingstone and Ord, 1980, p. 209). The two authors argued that a businessman who does not innovate but simply behaves in a traditional way is not, strictly speaking an entrepreneur. Baumol (1968, p. 65) sums the whole argument in the following statement: "it is thought desirable that an entrepreneur searches and discovers new information into markets, techniques and goods". It thus follows that an entrepreneur has to locate new ideas and put them into effect. To succeed in this effort an entrepreneur should perceive opportunities;

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this is greatly enhanced if he is sufficiently innovative (Harris, 1968)

2.13 Individual Responsibility

The entrepreneurial role has also been assumed to imply individual responsibility (McClelland, 1961). In fact, some people would define an entrepreneur as he who is ultimately responsible for making decisions (Alexander, 1964) although it is recognized that decisions of varying complexity are made at all levels of responsibility, Suttan et al (1956) noted that the key definitions for businessmen seem to center around the concept of responsibility, and that responsibility of this sort implies individualism. It is not tolerable unless it embraces both credit for success and blame for failures and leaves individuals free to claim or accept the consequences, whatever they may be. The assumption made is that since an entrepreneur does everything for himself, the success or failure of business depends on his activities. This motivates him to work towards the desired results.

2.14 Knowledge of results

A person acting in an entrepreneurial capacity almost cannot, by definition, avoid knowing in concrete terms, how well he has performed in terms of meeting his production quotas (McClelland, 1961), profitability, percentage control of the market, rate of growth, etc. A businessman can operate according to

the best established business procedures and still fail. Despite doing business correctly, his products may not sell or even bring a sufficient return to keep the business going. His success is determined by results, not by following business practices. This is unlike a priest, who, on the other hand, knows only that he is a better priest if he obeys more rigorously the rules of his profession, or more scrupulously follows the prescribed rituals. He cannot fail, in the same concrete sense that the businessman can (McClelland, 1961).

From the foregoing discussion, it is evident that scholars in the field of entrepreneurial development have discussed extensively, diverse behavioural elements of entrepreneurship.

GOK/ILO/UNDO center project (Government of Kenya, 1989) summarised the behavioral characteristics usually associated with entrepreneurial talent as; highly motivated, risk-taker, innovative, problem solver, result-oriented and independent, and, that to be successful, Kenyan entrepreneurs must possess those qualities.

What factors then account for entrepreneurial role behaviour? No study has been carried out to match entrepreneurial role behaviour and factors influencing them. The few studies that have been conducted as-

sociate performance of an entrepreneur with certain factors which are then assumed to underlie entrepreneurial role behaviour.

2.2 Factors that determine entrepreneurial behaviour

Discussed below are factors that determine entrepreneurial behaviour, namely; education, experience, motivation, access to credit, ethnicity and political connections.

2.2.1 Education

Entrepreneurs with high levels of formal education (that which is attained in the normal classroom setting) are more likely to perform well in the projects they have undertaken (Harris, 1968; Marris and Somerset; 1971; Chuta and Okpechi, 1988; and Liedholm and Chuta, 1976). These researchers hypothesized individually that education contributes to the general organizational, managerial and technical skills as well as to particular skills which affect the ability to undertake risks, be innovative, independent and self accounting.

The findings of the above researchers on the level of education and business success were mixed. For example, Kilby (1965) and Harris (1968) found no relationship between formal education and business success. Harris (1968) contends that technical skills

which are normally acquired through formal education will become important to entrepreneurs as business expands in scale and technical complexity. Furthermore, Stepaneck (1960) suggests that technical knowledge is closely related to educational level of the manager applying it, while Vepa (1967, p. 259) points out that one reason for the productivity of labour in Japan is "the highest level of literacy of workers".

In Africa, studies of small scale entrepreneurs in west Africa revealed that most of the managers/owners do not have any basic education (Aluko, 1973). In Nigeria for instance, studies showed that 90% of the rural small scale entrepreneurs had less than primary 6 education while 44% were virtually illiterate. In Sierra Leone, over 75% of small scale proprietors did not have any formal schooling (Liedholm and Chuta, 1976).

Harris (1968) suggested that while literacy can be useful, successful entrepreneurs can be in a position to hire clerks who can read and interpret written materials to them. Arithmetic ability is useful to an entrepreneur but many illiterate traders seem to carry fairly elaborate arrays of numbers on their heads (also see Okelo, 1972). Infact, "much of what passed as formal schooling can even be detrimental, since there is excessive emphasis on rote-learning; creative ability tends to be squelched (Harris, 1968, p. 23).

Chuta and Okpechi's (1988) studies among West African firms and those by Marris and Somers's (1971) in Kenya concluded that limited level of education has led to poor management practices among small-scale businesses. Problems are ill-defined or ill-conceived, adequate records are not kept, production plans and market forecasts are absent and rudimentary management skills are equally absent. The continued malpractices of small entrepreneurs may continue resulting into business failures

2.22 Experience

Child (1973, p. 87) stated that:

"I expected profitability to be positively correlated with the quality of management willingness to adopt good management practice, in turn, to be associated with prior experience.....".

Entrepreneurs with greater experience are likely to be more successful in the projects they undertaken (Harris, 1968). The argument here is similar to the previous one on formal education. "Experience should be considered both in terms of years and in the usable relevance of the particular experience for imparting usable skills and knowledge (Harris, 1968, p. 18). Harris (1968) and Okelo (1972) have given two components of experience as age and occupation.

Age at which an entrepreneur founded his business provides a measure of the number of years of prior experience (Harris, 1968). It would appear reasonable to expect that individuals starting business at later ages would

have more years of relevant experience before, hence age is directly related to experience (Okelo, 1972, p. 14). Studies among the Nigerian firms by (Harris, 1968) confirmed this except in Lagos where he found a negative relationship between the two variables. Harris suggested that the finding may be so because Lagos' political connections are more important than specific experience to entrepreneurial success. He later tested this and confirmed his previous finding. Studies by Child (1971) among the Kenyan firms were in agreement with Harris' findings.

Occupational background was found to be positively correlated with experience in Pakistan, Turkey, Nigeria and Kenya (Papanek, 1962. Alexander, 1960; Harris, 1968 and Marris and Somerset, 1971 respectively). Their findings are that previous employment in clerical or government jobs seemed to be important source of entrepreneurial talents and that majority of industrial entrepreneurs came from craft background. In Nigeria for example, except in Lagos, Harris (1968) found that those who were formerly in business controlled a sizeable number of very large firms. In Lagos however, Harris (1968) found that those who were in business before controlled smaller and less successful average firms and that entrepreneurs with less experience in clerical or governmental work controlled the largest number of firms.

Marris and Somerset (1971, p. 225) had the following to say in their conclusion remark about the African entrepreneurs in Kenya:

An African entrepreneur is typically intelligent, he has found more responsible and skilled employment than most men of his education....., has travelled widely, understood how business is run, learned crafts and this appears to have given him confidence in his ability. It has also made him dissatisfied.

Most of the people interviewed by the two researchers were between 30 and 50 years old and had already followed a variety of occupations before they turned to business. About 25% of them had been hawkers and petty traders and a similar proportion had run other kinds of businesses, worked as laborers and skilled employees or clerks. 17% had been school teachers and junior government officers and another 17% had been soldiers or policemen. 13% were self employed craftsmen and only 8% had been full-time farmers. Majority of these people who could not get better posts in wage employment due to their limited education were being frustrated in their jobs. These frustrations increased their ability to recognize opportunities (Marris and Somerset, 1961, p. 26).

2.23 Motivation

Motivation is "a process of providing motives for action" (McClelland, 1961, p. 26). It provides the will to do or a reason for exerting some sort of effort. Thus, motivation springs forth from individual need(s) (a state of felt deprivation), want(s) (desire for specific satisfiers of needs) and derive(s) (a strong internal stimuli impelling

actions (Atkinson, 1957). Motivation is directed towards some desired payoff or reward. When one is motivated, one does something that he might not do if not motivated.

McClelland identified a motivational force called need achievement (n-achievement) and linked it to entrepreneurship. People with high n-achievement are motivated by a desire to meet standards of excellence and to do well. They also prefer situations where personal responsibility is assumed for solving problems, have a tendency towards realistic risk-taking, prefer moderate achievement goals and have a desire for concrete feedback on their performance.

Several studies have been conducted to determine what motivated people to enter into business. Marris and Somerset's (1971) study among the African entrepreneurs in Kenya came up with several findings. The groups they interviewed, to a large extent, lacked formal educational qualifications which would have entitled them to promotion above the subordinates post in the occupational hierarchy. This was the underlying cause of their frustration with formal employment. They wanted to show that business can generate even better returns than occupations based on higher levels of formal education.

From another perspective, some businessmen in Kenya had previously been active in the struggle for independence, but as an African government came to power, their own part in the political life began to seem less meaningful. These people, thus transferred their patriotism to entrepreneur-

ship. Business became a substitute for both administrative influence and for political leadership where lack of educational sophistication was a drawback (Marris and Somerset, 1971). The two researchers (Marris and Somerset) also found that some men were already in comparatively well paid and secure jobs, but they saw business as their only chance of being independent and creative. Business gave them a sense of fulfillment which they could not find in formal employment.

Harris' (1968) findings among the Nigerian firms were in agreement with those of Marris and Somerset (1971). Motivation or a high desire to achieve (McClelland, 1961) seems to be a determining characteristic of African businessmen and hence a source of their success - that an entrepreneur who is (highly) motivated will be imaginative, more disciplined and innovative, and self accounting. (Coughline and Ikiara, 1988).

Although the few studies cited indicate that entrepreneurs showed some signs of motivation, a study by Coughline (1988) showed that most projects in Kenya especially those financed by the Kenya Industrial Estates (K.I.E) were performing poorly. Coughline attributed this to a possible lack of commitment by the investors (Coughline and Ikiara, 1988).

2.24 Committment by investors

A study by Okelo (1972) among the Kenyan entrepreneurs found that those entrepreneurs who are highly committed to their businesses are almost always successful. Studies conducted by Marris and Somerset (1971) among the African businessmen in Kenya had the same findings with Okelo's (1972). The two researchers concluded that in a case where businessmen have divided loyalties arising from ownership of more than one business they are bound to invest more of their business profits into other activities and to leave the running of the businesses wholly in the hands of inexperienced people. Coughline (1988) noted that of the 600 projects of various sizes financed by K.I.E about 33% were 'sick'. Lack of commitment by the investors was reported to be a major cause of poor performance in such projects. Coughline's conclusion suggests that some entrepreneurs (especially the non-K.I.E financed ones) could be equally committed to their businesses. This appeared to be especially true of those entrepreneurs who were either self-financed or got their finances from sources other than K.I.E. They would commit themselves fully to earn profits on their hard acquired capital.

2.25 Access to Credit

Entrepreneurs with access to credit or other sources of capital in sizeable amounts are more likely to earn higher profits than those who lack such access (Harris, 1968;

Child, 1971; Harper, 1972; and Marris and Somerset, 1971). This proposition is based on the notion that access to capital is important determinant of the scale of operation which is in turn related to profits (Harris, 1968). Initial loans reflect the ability of entrepreneur to obtain credit for establishing a firm whereas any other loan thereafter reflects the ability of an entrepreneur to obtain credit for expanding an existing business. Since capital markets in Africa are highly imperfect and there are practically no personal fortunes, one would expect a considerable advantage to be obtained by individuals who have access to credit which would enable them to start firms on large scale (Harris, 1968).

A widespread feeling among the Nigerian and Kenyan entrepreneurs is that lack of capital presents a big obstacle for industrial development (Harris, 1968; Child, 1971; Marris and Somerset, 1971 and Harper, 1972). Child's studies (1971) conducted among Kenya's small scale rural enterprises, however, revealed that there was a tendency among Kenyan businessmen to keep excessive raw material inventory. His data confirmed that some firms kept excessive stock of raw materials on hand; for example, a firm offering repair service whose spares on hand, assuming they were compositions required for future use would fill the firm's need for four years. "This is heavy investment for a small enterprise, not only is scarce capital stock tied up in excessive stocks, deterioration or spoilage rate is likely to be

substantial" (Child, 1971, p. 28). Child suggested that the accumulation of capital might be a hedge against inflation, but this was rarely mentioned by the respondents. He found that purchase of stock is a normal business function and that large stock on hand is a sign of success. The concept of 'optimum' stocks were unfamiliar to the respondents. This phenomena had its roots in the traditional accumulation where capital is seen as store of wealth for consumption in times of emergency or other needs like crop failure, bride price, feast or rites of passage. The normal form of that wealth is livestock. But this was not bound to deteriorate as in the case of stock held by businessmen. One would argue that the study was carried out in a rural setting where problems of transport and ready availability of raw materials is not guaranteed and, hence, the need to keep reserve stock. However, research findings by Harper, (1971) and Marris and Somerset (1971) among the Kenyan firms confirmed Child's results.

Studies conducted by Harris (1968) in Nigeria found that individuals without access to credit had done as well as (or even better than) those who had such access. Harris concluded that capital was probably not an obstacle since a firm could start on a small scale and grow through reinvested profits, and that firms in shaky conditions (frequently with substantial excess capacity) were the ones which most actively seek loans and complained the loudest about lack of credit facilities.

2.26 Ethnicity

Entrepreneurial performance is likely to vary among ethnic groups since different ethnic groups have different traditions and customs. These differences tend to have differential effects on child rearing practices, which, in turn, condition an individual's (or groups) attitude towards risk and affects the modes of interpersonal relationships with an organization (Harris, 1968). These factors will also affect social and occupational mobility. Lack of this kind of mobility limits the level of experience and ability to adopt to any kind of environment (Harris, 1968).

Harris' (1968) studies in Nigeria proved that entrepreneurial performance varied among ethnic groups. Marris and Somerset (1971), on the other hand, conducted studies among the Kenyan firms and found that Kenyan entrepreneurs had travelled widely and had understood how business was run. Ethnicity was therefore, not a measure of success as it would not hinder mobility of Kenyan entrepreneurs. The findings from the two countries (Nigeria and Kenya) are inconsistent. Thus, there is need for further research to throw more light on the effects of ethnic differences on entrepreneurial activities.

2.27 Political Connections

In some countries, the capacity to obtain finance may depend on family connections rather than on the willingness to pay some interest rate (Marris and Somerset, 1971). It is

held that entrepreneurs with political connections are likely to be more successful (Harris, 1968). This proposition is based on the fact that political connections are important in gaining access to resources, credits and markets on favorable terms (Marris and Somerset, 1971, p. 26). Whereas findings from Kenya by Marris and Somerset (1971), Child (1971) and Harper (1972) appear not to have supported the proposition, Harris's (1968) study among the Nigerian firms supported it. This was especially the case in Lagos (a Federal capital) where the requirement for success depended more on political connections. Whether or not this is currently applicable in Kenya is an issue that requires further research.

The foregoing studies, mostly from Kenya and Nigeria where most data was available, do not seem to tie entrepreneurial role behaviour to factors that influence them. They tend to be suggestive rather than conclusive. They have mostly been geared to such measures of performance (success) like profitability and sales volume. None of them has addressed the issue or the relationship between entrepreneurial role behavior identified and such influencing factors as education, experience, motivation, ethnicity and political connections, among others. The aim of the current study is to fill this gap.

CHAPTER 3.

RESEARCH DESIGN.

3.1 The Population

The population of interest in this study consisted of all owners of small-scale business enterprises in Kisumu town classified into 3 categories as:-

(i) Manufacturing

(ii) Service

(iii) Merchandising

Kisumu town was chosen because it was convenient for the researcher. Given that Kisumu town is smaller compared to other towns like Nairobi and Mombasa, it was felt appropriate to carry out the study in the whole of Kisumu town.

3.2 Sample and Sampling design

There was no complete list of entrepreneurs or enterprises from which the sample could be selected. However, the list of number of establishments by industry, Province and main towns employing 49 or less people prepared by the Central Bureau of Statistics, Ministry of Planning and National Development was used. Based on this list, the number of establishments in the 3 categories were:-

(i) Manufacturing 77

(ii) Service 124

(iii) Merchandising 231

Thus, the total population was composed of 432 enterprises in all the above sub-sectors. The proportions of the sub-sectors were 17.8%, 28.7% and 53.5% respectively. A stratified sample of 50 entrepreneurs was selected. One widely used rule of thumb states that the sample size should be 30 or more (Daniel and Terrell, 1975, p. 97). It was felt that due to limited time, it would be difficult to manage a sample size of more than 50. Using the same proportions in each sub-sector, the number of respondents was distributed as follows: 9 from Manufacturing, 14 from Service and 27 from Merchandising.

3.3 Data Collection Method.

A semi-structured questionnaire was used to collect the data. It was suspected that some of the respondents did not know how to read and write. It was, therefore, necessary for the researcher and her assistant to read, and, where necessary, translate the questions to the respondents and fill in the blanks on their behalf.

Although entrepreneurial theory suggests some general relationship, there was little priori basis for developing measures of the variables used. The researcher, therefore, operationalised the variables as follows:

Risk-taking:

It appeared from the literature that risk-taking variable had three attributes, namely, selling above competitors' prices, selling on credit to customers and start-

ing activities of a group were used by McClelland (1961). These three attributes suggested a kind of willingness on the part of an entrepreneur to take chances.

To the above were added questions on certain business situations adopted from an instrument developed by Kenya Institute of Management (K.I.M). The situations were taken as indicators of risk (these are listed as questions 12 to 16 in appendix 1B). In each question, two options were given of which only one was correct. A score of 1 (one) was assigned to each correct answer. The maximum score for risk-taking variable was 8.

Innovativeness:

Innovativeness, by definition, involves establishing something new. The respondents were asked whether the products/services they sell/produce were their original products/services. For those respondents who had negative responses to the above question, they were further asked whether they had made some modifications to their existing products/services. The respondents were further asked whether or not the selling methods that they use are different from their competitors. Those respondents who gave negative responses to this question were again asked whether their selling methods were their original ideas or copied from the competitors. The positive responses to these questions suggested some form of innovativeness on the part of the respondents. A value of one (1) was assigned to each positive response and zero to the negative ones.

Knowledge of Results:

The attributes used in the measure of knowledge of results pertained to whether or not the respondents kept simple financial records (e.g cash book), plan their business activities and were satisfied with the performance of their businesses.

Since small businessmen generally do not keep elaborate financial records, the cash book appeared to be the most appropriate financial record to base the test on. To determine whether or not the businessmen were result-oriented, a four-level classification on "how often the respondents analyse their financial records given as daily, weekly, monthly and annually" were used and scores ranging from 1 - 4 were assigned respectively. The same methodology was applied for planning horizon with scores ranging from 1 - 4.

Individual Responsibility:

To measure the accountability for their businesses, the respondents were required to indicate, from a given a list of activities, those which could not be done without their authority. These included; purchasing of stock, selling of products/services, authorizing credit to customers, and, accepting returned or defective goods. Each activity was assigned a value of one (1). The total score for individual responsibility was 4.

Formal Education:

A six-level classification of education was used. A dummy variable equal to one was assigned if the entrepreneur had gone up to class seven or above and zero otherwise. Harris (1968) used 6 years and above as an indicator of higher level of education in his Nigerian study. Given that the highest level of primary education in Kenya is 7 years under the old education system and eight years under the new system, class seven and above have been used in this study as indicative of higher levels of formal education.

Formal Training:

Dummy variable equal to one was assigned if an entrepreneur had had some formal training and if this was related to the running of his/her current business and zero otherwise.

Experience:

Experience was measured using two variables. The age of an entrepreneur at the time of starting his business provided a measure of the number of years of prior experience. Previous studies have found a positive relationship between age and experience. Harris (1968), for example, had found, in his study, that those entrepreneurs who went into business at the age of thirty (30) were more likely to be successful in their undertakings as they had gone through social experiences and economic hardships. This would enable them to concentrate more fully in their businesses. The other measure was previous experience in other occupations. A

dummy variable equal to 1 was assigned if an entrepreneur was 30 years old and had some experience and zero (0) otherwise.

Access to Resources:

Entrepreneurs were offered a list of possible difficulties that they were likely to face in running their businesses. These difficulties were; selling products/services, getting loans, acquiring supplies and finding experienced and qualified people to employ. A dummy variable equal to one was assigned if in two or more out of four cases an entrepreneur did not have difficulties in acquiring these resources and zero otherwise.

Motivation:

Respondents were asked why they decided to go into business and five options were offered, namely; there was no suitable job, wanted to be independent, was frustrated in formal employment, and, business is more profitable. Each of the options were assigned a value of one, with the total score being four. To confirm the motivation level of the respondents, they were further asked whether they would accept to be employed by someone if offered a wage higher than their current earnings per month. A negative response to this question implied that the respondents were motivated to their businesses and this was assigned a value of 1. Positive responses were assigned a value of zero. The total score for motivation was five (5).

The scores for the variables; risk-taking, innovativeness, knowledge of results, individual responsibility and motivation were converted into probability values ranging from 0-1 in order to standardize them. This was necessary because the total scores for these variables were different. Further still, standardization would allow for the comparisons of the Beta coefficients obtained from the regression analyses. Where standardization was not used, as in the variables; education, experience, training and access to resources, dummy variables were used.

3.4 Data analysis techniques.

Data was analyzed using multiple linear regression and correlation analyses. The coefficient of Multiple Determination, R^2 was used to determine the explanatory power of the models. F-test was used to test the null hypothesis that all the regression coefficients are zero, while t-ratios were used to test the predictive power of the independent variables. The regression models that were used are given below:

The Regression Models:

The following symbols were used in the regression model:

<u>Behavioral Characteristics</u> <u>(response variables)</u>	<u>Symbol</u> <u>used</u>
Risk-taking	Y1
Innovativeness	Y2

Knowledge of results	Y3
Individual responsibility	Y4

Determining Factors
(predictor variables)

Formal education	Ed
Training	Tr
Experience	Ex
Access to resources	Ac
Motivation	Mot

The following hypotheses were tested:-

(1) Entrepreneurs with high levels of formal education (Ed), (those who have completed class 7 or above in formal education) will show greater entrepreneurial behaviour as compared with those with low levels of education. From this hypothesis, the following hypotheses were derived:

- 1a) entrepreneurs with high levels of formal education will show greater inclination towards risk-taking as compared to those with low levels of formal education.
- 1b) Entrepreneurs with high levels of formal education will show greater inclination towards innovativeness as compared to those with low levels of formal education.
- 1c) Entrepreneurs with high levels of formal education will show greater concern for knowledge of results as compared to those with low levels of formal

education.

1d) Entrepreneurs with high levels of formal education will show greater sense of individual responsibility as compared to those with low levels of formal education.

2) Entrepreneurs who have had some training (Tr) relevant to their present undertakings will show greater entrepreneurial behaviour as compared to those who have had very little or no such training.

From this, the following hypotheses were derived:

2a) Entrepreneurs who have had some training relevant to their present undertakings will show greater tendency towards risk-taking as compared to those who have had no training or those whose training was not relevant to their present undertakings.

2b) Entrepreneurs who have had some training relevant to their current businesses will show greater tendency towards innovativeness as compared to those who have had no training or those whose training was not relevant to the running of their current businesses.

2c) Entrepreneurs who have had some training relevant to the running of their current businesses will show greater need for knowledge of results as compared to those with no or with training not relevant to the current running of their businesses.

2d) Entrepreneurs who have had some training relevant to the running of their current businesses will show greater degree of individual responsibility than those who have had no training or those whose training was not relevant to their current undertakings.

3) Entrepreneurs with experience (Ex) will show more entrepreneurial behaviour as compared to those with little or no experience. The following hypotheses were derived from the above hypothesis:

3a) Entrepreneurs with experience will show greater tendency towards risk-taking as compared to with little or no such experience.

3b) Entrepreneurs with experience will show greater inclination towards innovativeness as compared to those with little or no such experience.

3c) Entrepreneurs with relevant business experience will show a greater desire for knowledge of results as compared to those with little or no such experience.

3d) Entrepreneurs with relevant experience will show greater degree of individual responsibility as compared to those with little or no such experience.

4) Entrepreneurs with greater access to resources (Ac) will show greater entrepreneurial behaviour as compared to those with little or no access to resources. From this hypothesis, the following hypotheses were derived:

4a) Entrepreneurs who have access to resources will show greater tendency towards risk-taking as compared to those with no access to resources.

4b) Entrepreneurs who have access to resources will show greater tendency towards innovativeness as compared to those with no such access to resources.

5) Entrepreneurs with stronger achievement motives (Mot) will show greater entrepreneurial behaviour as compared to those with low levels of achievement motive. Given below are the hypotheses that were derived from this hypothesis:

5a) Entrepreneurs with stronger achievement motives will show greater risk-taking ability as compared to those with low levels of achievement motives.

5b) Entrepreneurs with stronger achievement motives will show greater innovativeness as compared to those with low levels of achievement motives.

5c) Entrepreneurs with stronger achievement motives will have a strong desire for knowledge of results as compared to those with low levels of achievement motives.

5d) Entrepreneurs with stronger achievement motives

will show greater individual responsibility as compared to those with low levels of achievement motives.

The Relationships:

Given that the influencing factors are independent of each other and that they affect the dependent variables; risk-taking, innovativeness, knowledge of results and individual responsibility, in an additive manner, the relationships can be written symbolically as:-

$$Y1 = a + a1 Ed + a2 Tr + a3 Ex + a4 Ac + a5 Mot + E$$

$$Y2 = a + a1 Ed + a2 Tr + a3 Ex + a4 Ac + a5 Mot + E$$

$$Y3 = a + a1 Ed + a2 Tr + a3 Ex + a4 Ac + a5 Mot + E$$

$$Y4 = a + a1 Ed + a2 Tr + a3 Ex + a4 Ac + a5 Mot + E$$

Where:-

a = a constant

E= a random error term

CHAPTER 4

DATA ANALYSIS AND FINDINGS

4.1 Introduction

In this chapter, the results of the regression analyses are presented for all the hypotheses. The data obtained from the respondents on risk-taking, innovativeness, knowledge of results and individual responsibility are presented in appendix 2, while those on education, experience, training, access to resources and motivation are presented in appendix 3. Each model representing each criterion variable was regressed once on all the predictor variables (education, training, experience, access to resources and motivation). The coefficient of multiple Determination, R^2 , was used to determine the proportion of the variation of each criterion variable (risk-taking, innovativeness, knowledge of results and individual responsibility) which is explained by the relevant criterion variable, while correlation coefficients were used to detect the presence of multi-collinearity. t-statistics were used to test each Beta coefficient for significance. Stepwise regression analyses - forward selections, were performed using all predictor variables to determine how well each performed in predicting the criterion variables.

4.2 Risk-taking

Regression Results.

All the five hypotheses presented in chapter 3 that related to risk-taking behaviour were tested using multiple regression analysis. The results of these tests are presented in table 1.

It was hypothesised that entrepreneurs with stronger achievement motives would show greater risk-taking as compared to those with low levels of achievement motives (hypothesis 5a). As shown in table 1, the hypothesis was confirmed ($\beta_5 = 0.16$, $p < 0.05$, $df = 5/44$). This indicates that those respondents who went into business primarily because they preferred it as a career have greater inclination towards risk-taking as compared to those who went into business because they expected higher returns.

It was hypothesised that entrepreneurs with high levels of formal education (those have gone up to class seven or above) would show greater inclination towards risk-taking as compared to those with low levels of formal education (Hypothesis 1a). As shown in table 1, the hypothesis was not confirmed, showing that risk-taking behaviour is not affected by the level of education attained by the entrepreneurs who were interviewed.

It was also hypothesised that those entrepreneurs who have had some training relevant to their present undertakings would show greater tendency towards risk-taking as compared to those who have had very little or no such training

(Hypothesis 2a). Again, this hypothesis was not confirmed as shown by the results in table 1. This implies that entrepreneurs with training related to the current running of their businesses may not necessarily have greater inclination towards risk-taking. One did not, therefore, need to have training in the relevant business undertaking to be able to take greater risks.

Hypothesis 3a stated that entrepreneurs with experience would show a greater tendency towards risk-taking as compared to those with little or no such experience. As shown by the results table 1, this hypothesis was not confirmed. This indicates that experience did not seem to be a determinant of risk-taking among the entrepreneurs interviewed.

Hypothesis 4a predicted that entrepreneurs who have access to resources would show greater tendency toward risk-taking behaviour as compared to those with no access to resources. From the results in table 1 this hypothesis was not confirmed. This suggests that access to resources did not appear to be a determining factor in risk-taking behaviour of an entrepreneur.

The Coefficient of multiple Determination, R^2 , shows that 17% of the total variation in risk-taking behaviour is explained by all the predictor variables as shown in table 1 ($R^2 = 0.17$). The R^2 value indicates a weaker relationship between the criterion (risk-taking) and predictor variables, education, training, experience, access to resources and motivation. This suggests that the predictor variables com-

TABLE 1

bined might not have been good explanatory variables in the model. The unexplained variation in risk-taking might have been due to other factors not considered in the model. This further confirms the low and statistically insignificant Beta coefficients of the predictor variables (see table 1).

TABLE 1

Sets of Beta weights and coefficient of determination for risk-taking

Beta weights for Predictor Variables

Criterion Variables	R ²	Education (β_1)	Training (β_2)	Experience (β_3)	Access to resources (β_4)	Motivation (β_5)
Risk-taking	0.17	-0.75	0.09	0.01	-0.05	0.16*

* P < 0.05, df = 5/44

To detect the presence of multi-collinearity, correlation matrix was used. The results are as shown in table 2. The very low and statistically insignificant correlation coefficients suggest very low or no multi-collinearity effects.

To confirm the findings further, stepwise regression - forward selection, was performed at $P < 0.05$. At this confidence level, motivation and training entered the model. Training, however, had a very low Beta coefficient as shown in table 1 ($\beta_2 = 0.09$ at $P < 0.05$), hence not statistically significant. The results confirmed that only motivation appeared to predict risk-taking behaviour of an entrepreneur. From the results presented in the foregoing section, it is evident that only motivation appeared to predict risk-taking behaviour of the entrepreneurs.

Table 2

Correlation matrix for risk-taking behaviour and predictor variables

	Risktaking	Education	Training	Experience	Access to resources	Motivation
Risk taking	1					
Education	-0.09	1				
Training	0.25	0.042	1			
Experience	-0.013	-0.124	-0.169	1		
Access to resources	-0.167	-0.107	0.05	-0.02	1	
Motivation	0.025	-0.074	-0.074	-0.24	-0.11	1

4.3 Innovativeness

Regression Results

The hypotheses presented in chapter 3 that relate to innovative behaviour of an entrepreneur were tested using multiple linear regression analysis. The results of these tests are presented in table 3.

Hypothesis 1b predicted that entrepreneurs with high levels of formal education (those who have completed seven or more years of formal education) would show greater inclination towards innovativeness as compared to those with low levels of formal education (less than 7 years). As shown in table 3, this hypothesis was not confirmed. This indicated that education did not predict innovativeness on the part of the entrepreneurs.

Hypothesis 2b stated that entrepreneurs who have had some training relevant to their current businesses would show greater tendency towards innovativeness as compared to those who have had no training or those whose training was not relevant to their current undertakings. From the results presented in table 3, this hypothesis was rejected. This suggests that training relevant to the current undertakings did not predict innovativeness on the part of an entrepreneur.

It was hypothesised that entrepreneurs with experience would show greater inclination towards innovativeness as compared to those with little or no experience (hypothesis 3b). From the results in table 3, it is evident that this

hypothesis was not confirmed. This implies that experience did not seem to determine innovativeness on the part of an entrepreneur.

Hypothesis 4a stated that entrepreneurs who have access to resources would show greater tendency towards innovativeness as compared to those with no such access to resources. The result from table 3 show that this hypothesis was rejected. Access to resources, therefore did not seem to predict innovativeness on the part of an entrepreneur.

Hypothesis 5b predicted that entrepreneurs with stronger achievement motives would show greater innovativeness than those with low levels of achievement motives. As shown in table 3, the hypothesis was not confirmed. This indicates that those respondents who went into business basically because they preferred it as a career did not appear to have inclination towards innovativeness any more than those who went into business because they expected higher returns. Motivation, therefore, did not seem to predict innovative behaviour on the part of an entrepreneur.

The coefficient of multiple Determination (R^2) value indicates a very weak relationship in which about 3% of the variation in innovativeness has been accounted for by the predictor variables in the regression equation. As shown in table 3, $R^2 = 0.03$. The unexplained variation (97%) in innovativeness might have been due to other factors not con-

sidered in the model. This confirms the very low and statistically insignificant Beta coefficients of the predictor variables presented in table 3.

Table 3

Sets of Beta weights and coefficient of determination for innovativeness

Beta weights for Predictor Variables

Criterion Variables	R ²	Education (β_1)	Training (β_2)	Experience (β_3)	Access to resources (β_4)	Motivation (β_5)
Innovativeness	0.03	-0.09	0.017	0.093	-0.068	0.008

To detect the effects of multi-collinearity, correlation matrix was used. The results are presented in table 4. As shown by the results, there appears to be very low or no multi-collinearity effects since the Beta coefficients are low and insignificant (e.g $\beta_1 = -0.05$, $\beta_3 = -0.12$, $\beta_4 = -0.084$, $\beta_5 = -0.05$ and $\beta_2 = 0.047$).

Stepwise regression - forward selection, was performed at $P < 0.05$ for further confirmation of the results. None of the predictor variables entered the model. This further shows that none of the variable is statistically significant. In other words, none of the variables (education, training, experience, access to resources and motivation) appear to predict innovative behaviour of an entrepreneur.

Table 4

Correlation matrix for innovativeness behaviour and predictor variables

	Innovativeness	Education	Training	Experience	Access to resources	Motivation
Innovativeness	1					
Education	-0.05	1				
Training	0.047	0.04	1			
Experience	- 0.12	- 0.12	-0.17	1		
Access to resources	-0.084	- 0.11	-0.05	0.02	1	
Motivation	0.05	0.14	-0.074	-0.024	-0.11	1

4.4 Knowledge of results

Regression Results

Regression results of the tests of hypothesis pertaining to knowledge of results variable are presented in table 5.

Hypothesis 1c predicted that entrepreneurs with high levels of formal education would show greater concern for knowledge of results as compared to those with low levels of formal education. From table 5, the results show that this hypothesis was not confirmed. Education, therefore, did not appear to predict an entrepreneur's desire to know the results of his business operation.

It was stated in hypothesis 2c that entrepreneurs who have had some training relevant to the running of their current businesses would show greater need for knowledge of results as compared to those with no or with training not relevant to the current running of their businesses. This hypothesis was rejected as shown by the results in table 5. This indicates that training relevant to the current business undertaking of an entrepreneur was not a predictor of the need for knowledge of results. In other words, those who went into business after attaining some training in those lines related to their businesses did not show greater desire for knowledge of results as compared to those who went into business without training or with training but in unrelated areas.

It was stated in hypothesis 3c that entrepreneurs with relevant business experience would show a greater desire for knowledge of results as compared to those with little or no experience. From table 5, the results show that this hypothesis was not confirmed. This indicates that experience did not seem to be a good predictor of an entrepreneur desire for knowledge of results.

It was hypothesised that entrepreneurs with stronger achievement motives would have a stronger desire for knowledge of results as compared to those with low levels of achievement motives (hypothesis 5c). As shown in table 5, this hypothesis was not confirmed. This indicates that motivation did not account for a desire for knowledge of results of the entrepreneurs investigated.

The coefficient of multiple Determination value ($R^2 = 0.16$) indicates a weaker relationship in which only about 16% of the variation in knowledge of results has been explained by the regression equation as shown in table 5. The unexplained variation might have been due to other factors not considered in the model.

Table 5

Sets of Beta weights and coefficient of determination for knowledge of results.

Beta weights for Predictor Variables

Criterion Variables	R ²	Education (β_1)	Training (β_2)	Experience (β_3)	Access to resources (β_4)	Motivation (β_5)
Knowledge of results	0.16	0.18	0.077	0.01	0.14	0.13

To detect the effects of multi-collinearity, correlation matrix was used. The results are presented in table 6. Multi-Collinearity effects are low or non-existence as shown by the extremely low and insignificant correlation coefficients.

To confirm the findings further, stepwise regression - forward selection, was performed at $P < 0.05$. The Beta coefficient for access to resources is, however, low as shown in table 5 ($\beta_4 = 0.14$). Further still, the F value is also not significant ($P < 0.05$, $df = 5/44$).

From the foregoing findings it can be concluded that the variables education, training, experience and motivation are not predictive of the desire for knowledge of results. This is contrary to the expectations.

Table 6

Correlation matrix for knowledge of results behaviour and predictor variables

	Knowledge of results	Education	Training	Experience	Access to resources	Motivation
Knowledge of results	1					
Education	0.16	1				
Training	0.11	0.042	1			
Experience	0.15	-0.12	-0.17	1		
Access to resources	0.23	-0.11	-0.45	0.02	1	
Motivation	-0.05	0.13	-0.074	-0.024	-0.114	1

4.5 Individual responsibility

Regression Results

Like in the other entrepreneurial behaviours already discussed, the hypotheses presented in chapter 3 that relate to individual responsibility of an entrepreneur were all tested using multiple linear regression analysis. The results of the tests are presented in table 7.

Hypothesis 1d stated that entrepreneurs with high levels of formal education would show greater sense individual responsibility as compared to those with low levels of formal education. As is the case with all other entrepreneurial behaviours already presented, this hypothesis was rejected as the results in table 1 show. Education, therefore, did not appear to predict individual's sense of responsibility.

Hypothesis 2d stated that entrepreneurs who have had some training relevant to the running of their current businesses would show greater degree of individual responsibility than those who have had no training or those whose training was not relevant to their current undertakings. Again from the results in table 7, this hypothesis was not confirmed.

This indicates that those who went into business with relevant training would not show greater concern for individual responsibility as compared to those who went into business without or with training but not relevant to the running of their current businesses.

It was predicted in hypothesis 3d that entrepreneurs with relevant experience would show greater individual responsibility as compared to those with little or no experience. This hypothesis was not confirmed as shown by the results in table 7. This indicates that entrepreneurs with experience did not appear to have a greater sense of individual responsibility as compared to those with little or no experience.

Table 7

Sets of Beta weights and coefficient fo determination for knowledge of results.

Beta weights for Predictor Variables

Criterion Variables	R ²	Education	Training	Experience	Access to resources	Motivation
		(β_1)	(β_2)	(β_3)	(β_4)	(β_5)
Individual responsibility	0.09	-0.079	0.08	-0.088	-0.12	0.11

Hypothesis 5d stated that entrepreneurs with stronger achievement motives would show greater individual responsibility as compared to those with low levels of achievement motives. This hypothesis was rejected as shown by the results in table 7. Motivation did not appear to predict individual responsibility of an entrepreneur.

The value of the coefficient of determination indicates a very weak relationship in which only about 9% of the variation in individual responsibility was explained by the regression equation as shown in table 7. Again, the unexplained variation in individual responsibility might have been due to other factors not considered in the model. This is in conformity with very low and statistically insignificant coefficients as presented in table 7.

As can be seen in the correlation matrix presented in table 8 there appears to be no effects of multi-collinearity since the Beta coefficients are very low and statistical insignificant.

To confirm the findings further stepwise regression - forward selection, was performed at $P < 0.05$ none of the predictor variables entered the model. This implies that none of the predictor variables appeared to predict individual responsibility of an entrepreneur.

As evident from the above results, it is logical to conclude that none of the variables in the model was important in predicting individual responsibility of an entrepreneur. This is contrary to the expectations.

Table 8

Correlation matrix for individual responsibility behaviour and predictor variables

	Individual responsibility	Education	Training	Experience	Access to resources	Motiv- ation
Individual responsibility	1					
Education	-0.032	1				
Training	0.15	0.042	1			
Experience	0.15	- 0.12	-0.17	1		
Access to resources	0.20	- 0.11	-0.05	0.20	1	
Motivation	0.10	- 0.14	-0.074	-0.024	-0.11	1

CHAPTER 5

DISCUSSION AND CONCLUSION

Included in this chapter are: discussion of the results of the regression analyses, conclusions, recommendations, limitations of the study and suggestions for further research.

5.1 Discussion and conclusion.

From the regression results presented in chapter 4, motivation variable was statistically significant in predicting risk-taking. This was in agreement with the findings of McClelland (1961). On the other hand, motivation did not predict innovativeness, knowledge of results and individual responsibility on the part of the entrepreneurs interviewed. These results contradicted McClelland's (1961) findings. It could well be that those factors that motivated these businessmen and women into business (namely: lack of suitable jobs, desire for independence, frustrations in formal employment and, business being more profitable and challenging) were not directly related to the entrepreneurial behaviours mentioned above. Among the businessmen and women who were interviewed, the major cause of their taking up businesses was frustration in formal employment. Business was, therefore, seen by these respondents as a substitute for formal employment and that so long as they could get

returns enough to keep them going, these businessmen and women appeared not to be bothered with other entrepreneurial activities.

From the foregoing discussion, it can be concluded that entrepreneurs who had high achievement motives had a tendency towards risk-taking among the businessmen and women who were interviewed. Motivation, on the other hand, did not predict innovativeness, knowledge of results and individual responsibility among the respondents interviewed.

Level of formal education was found to have no significant influence on any of the entrepreneurial behaviours considered. This is in agreement the findings of various researchers (for example, Kilby, 1965, and Harris, 1968). It is possible that formal education is not related to risk-taking, innovativeness, knowledge of results and individual responsibility because the current system of education does not involve those types of situations to a significant degree.

Formal schooling, as gathered from the respondents, is required for the advancement in higher paying jobs. The respondents indicated that they were motivated to enter into businesses because they were deterred from entering or advancing in the formal wage employment due to their lack of formal qualifications. They indicated a strong desire to prove to all that they could succeed despite the fact that they could not make it for higher paying jobs.

On the basis of the above discussion, it is apparent that level of formal education does not determine the entrepreneurial behaviours considered, namely: risk-taking, innovativeness, knowledge of results and individual responsibility.

Formal training, like in education variable, was not significant in any of regression analyses in which it was included. It is thus logical to conclude that formal training may not have any connection with risk-taking and innovativeness on the part of an entrepreneur. The most likely reason for this is that the formal training system may not involve these kinds of situations to some degree, as is the case with education. Formal training might however, influence knowledge of results and individual responsibility. This is so because much of what is involved in the two kinds of behaviours can be incorporated in the formal training system. For example, how to keep books of accounts and how to manage business effectively, among others, have all been incorporated in business training courses. The businessmen and women involved in such kinds of training would then put these skills acquired in training into practice in the process of running their businesses. The findings of this study were, however, not in agreement with the arguments raised. Most of the entrepreneurs interviewed indicated that the kind of training they received was not in line with

their current undertakings. This implies that for formal training to be meaningful, it has to be related to the current job that one is involved in.

Formal training therefore, was not a determinant of any of the entrepreneurial behaviors considered.

Experience gained by the entrepreneurs did not appear to predict any of the entrepreneurial behaviours considered. This was contrary to the findings of various researchers (for example, Papanek, 1962; Alexander, 1960; Harris, 1968 and Marris and Somerset, 1971). In the first place, it was expected that individuals starting business at later ages (30 years and above), would have more years of general experience in life than those who started business at earlier ages. The findings of the study did not confirm this expectation. Most of the entrepreneurs interviewed entered into business when they were young (e.g 18 years old). They might not have had general experience as postulated. For those entrepreneurs who had this kind of experience, it could be that their experiences were totally irrelevant to running of their business. Further still, the type of general experiences these entrepreneurs had gone through like the financial difficulties, especially in their homes, might have been short-lived; no sooner had they started getting positive returns from their businesses than they forgot all about their past sufferings.

Secondly, it was postulated that previous experience in other similar occupations seemed to be important source of entrepreneurial behaviour, namely, risk-taking, innovativeness, knowledge of results and individual responsibility. The findings of this study were contrary to the expectations. Most entrepreneurs interviewed indicated that they had experience in other kinds of occupations totally deferent from their current ones, while others had not worked elsewhere before.

From the discussions above, it can be concluded that both general and similar occupational experiences, did not determine any of the entrepreneurial behaviour discussed.

5.2 Recommendation

On the basis of the findings of this study, a factor that needs consideration by the relevant bodies is motivation.

Motivation was found to have a significant influence on risk-taking. In line with this, there would appear to be need for the kenyan government, donor agencies and financial institutions to identify those people with high need for achievement and need for independence and whose working environment does not allow for these, so as to give them the necessary assistance. This is likely to encourage this king of behaviour. To do this the concerned bodies, together with the other tests used should administer need for achievement and independent tests on those potential and current

businessmen and women who apply for loans. Those businessmen and women that score highly in these tests should get the financial assistance.

5.3 Limitations of the study

This study had some limitations as given below:-

- (1) It was difficult to develop measures for the variables included in the regression models. The measures developed were not tested for validity and reliability. The results would have probably been more meaningful if these were done.
- (2) Due to limited time, only a few variables that determine entrepreneurial behaviour were included in the regression models. The findings would have been different if more variables were considered.
- 3) The researcher and her assistant had to convert the language used in the questionnaire to those understandable by the respondents. This was a limitation since some words were difficult to translate into appropriate languages.

5.4 Suggestions for further research

From the findings of this study, it is evident that further research may be necessary. The following areas could be studied.

The current study was conducted on businessmen and women in Kisumu town. The findings might be unique to this particular town. Similar studies should be conducted in other parts of the country both in urban and rural areas to compare the results.

A comparative study should be conducted between businessmen and women to find out which group is more entrepreneurial than the other. The current study did not allow for the comparison since there were fewer women (five in number) than men (forty-five in number).

A similar study should be conducted to find out if entrepreneurial behaviour exist more among business owners of some sub-sectors like manufacturing service and merchandising. A sub-sector like manufacturing for example, might have entrepreneurial behaviours (e.g risk-taking) that might be completely different from those of service sub-sector. The current study was more general.

Finally, due to limitations encountered in this study (like time factor), it was not possible to incorporate more factors (e.g cultural and political) that might determine entrepreneurial behaviour. A similar study should be conducted that can incorporate more determining factors for meaningful conclusions to be made.

APPENDIX 1A

Letter to the respondent

Dear Respondent:

I am a Postgraduate student in the Faculty of Commerce, at the University of Nairobi. I am conducting a research for my final year Project. For this reason, I would appreciate if you would kindly give me a few minutes of your time to fill in the blanks in the attached list of questions to the best of your knowledge as they apply to yourself and your business.

The results of this study will, hopefully, enable the Government and the donors to identify the business qualities which should be developed and given subsequent support.

The information you provide will be treated as strictly confidential. Neither your name nor that of your business will be recorded.

Your cooperation will be greatly appreciated.

Thank you in advance.

Yours faithfully

OMBOK MARGARET ALICE (MRS)

M.B.A. STUDENT

APPENDIX 1B
Questionnaire

1. Is Your business
(a) Manufacturing oriented? Yes() No()
(b) Service oriented? Yes() No()
(c) Merchandising oriented? Yes() No()
(put a tick in the appropriate blank)
2. How old were you when you started this business?.....years.
3. How long have you been in this business?_____ years.
4. What class did you reach in your formal education?
(a) No schooling ()
(b) Std 1 - 5 ()
(c) Std 6 - 8 ()
(d) Form 1 - 2 ()
(e) Form 3 - 4 ()
(f) Above Form 4 ()
5. Did you have any formal training? Yes() No()
6. If your answer to No. 5 is yes, was the formal training you had related to the running of your business? Yes() No()
7. Did you work elsewhere before you started the current business?
Yes() No()
8. Do you find any difficulty in:
(a) selling your products/services? Yes() No()
(b) getting loans? Yes() No()
(c) acquiring supplies? Yes() No()
(d) finding experienced and qualified people to employ? Yes() No()

(e) Other (specify).....

(tick the appropriate ones)

9. Which of the following reasons would explain your decision to go into business?

(a) there was no suitable job ()

(b) business is more challenging ()

(c) business is more profitable ()

(d) wanted to be independent ()

(e) was frustrated in formal employment ()

(f) Other (specify) _____

(tick the appropriate blanks)

10. Suppose you are offered a job in the formal sector at a wage higher than your current earnings per month, would you take it? Yes() No()

(tick one)

11. Indicate your choice by ticking the appropriate blank:

Like Indifferent Dislike

(a) selling a good
or service, quoted
10% above competi-
tion () () ()

(b) starting activities
of my group () () ()

(c) selling on credit

to customers () () ()

From question 12 to 16, tick the action You would take when faced with the situations given.

12. You read an invitation for tender in the newspaper. The tender includes only products which you can make but it seems that the tender might be too big for your financial resources.

Which would you do?

- a) Write to the tender board to get the tender documents ()
or b) Assume that I will not win the tender and do not waste valuable time applying for the tender. ()

13. You have been in business for some years. Over that time there has been growth in sales and profits, although it has been slower than you would have liked.

Which would You do?

- a) Look for an additional area in which to extend my business. ()
or b) Concentrate on existing products and maintain the current rate of growth. ()

14. Your business has been using a given method of production for years. Although the demands of your business keep growing, You are able to meet these demands.

Which would You do?

- a) Try to develop new products or services that can be made by the existing processes. ()
or b) Work to maintain the existing successful production program. ()

15. In the same situation as 14 above, which would You do?

- a) Not to hire better qualified staff until the existing staff cannot cope anymore with the growing demand. ()
- or b) Begin looking for better qualified staff. ()
16. You have learned through discussions with other businessmen that there is a need for a product that is similar to the one you are already making. Which would you do?
- a) see the new product as a new opportunity to build and expand my business. ()
- or b) Focus my efforts on making the products I am now providing and which have been profitable so far. ()
17. For the products/services that You sell,
- a) Were they Your original products/services? Yes() No()
- b) If the answer to 17 (a) is no, have You made some modifications to your existing products/services? Yes() No()
- c) Are Your selling methods different from those used by Your competitors? Yes() No()
- d) If Your answer to question 17(c) is no, are Your selling methods Your original ideas or copied from competitors?
- Original ideas ()
- Copied from competitors ()
- (tick one)
18. Do You manage Your business alone? Yes() No()
19. Which of the following may not be done without Your authority?

- a) Purchasing of stock ()
- b) selling of products/services ()
- c) authorising credit to customers ()
- d) accepting returned or defective goods ()

(tick the appropriate one(s))

20. Do you keep financial records (e.g a cash book)?

Yes() No()

If your answer to question 19 is Yes, how often do you analyse your financial records to determine the performance of your business?

- (a) daily ()
- (b) weekly ()
- (c) monthly ()
- (d) annually ()

Other (specify) _____

(tick one)

21. (i) Do you prepare schedules for your business activities?

Yes() No()

(ii) If your answer to question 20(i) is Yes, how often do you prepare plans?

- (a) daily ()
- (b) weekly ()
- (c) monthly ()
- (d) annually ()

(tick one)

APPENDIX 2: Data on entrepreneurial behaviour

Respondent__	Risk- taking	Innova- tiveness	Individual Responsibility	Knowledge of results
1	0.375	0	0.9	0.4
2	0.584	0	0.7	0.4
3	0.625	1	1	0.6
4	0.584	1	1	0.8
5	0.5	0.5	0.7	0.4
6	0.431	1	1	0.4
7	0.584	0.5	0.8	1
8	0.334	0.5	1	0.4
9	0.5	1	0.5	1
10	0.625	0.5	0.6	1
11	0.413	0.5	0.4	1
12	0.584	0.5	0	1
13	0.582	0.5	0.7	1
14	0.5	0	0.8	0
15	0.413	0.5	0	0.6
16	0.563	0.5	0	1
17	0.584	0.5	0.7	1
18	0.459	0.5	0.9	0.2
19	0.584	0.5	0.5	1
20	0.163	1	1	1
21	0.788	0.5	0.9	1
22	0.875	1	0.7	0.6
23	0.584	1	0.7	1

(Appendix 2. continued)

24	0.913	1	0.9	0.4
25	0.5	1	0	1
26	0.5	0.5	0.4	1
27	0.663	1	0.6	1
28	0.625	0.5	1	1
29	0.913	1	0.8	1
30	0.375	1	0.5	0.6
31	0.709	1	0.6	1
32	0.5	1	0.9	1
33	0.788	1	1	0.6
34	0.538	0	0.9	0.9
35	0.625	1	0.7	1
36	0.625	1	0.9	1
37	0.709	1	1	1
38	0.375	1	0.4	0.4
39	0.75	1	0.8	1
40	0.75	1	0.9	0.4
41	0.334	0.5	0.8	1
42	0	0	0.5	0.04
43	0.5	0.5	0.6	1
44	0.538	0	0.5	0.2
45	0.5	1	1	1
46	0.913	0	0.4	0.4
47	0.625	1	0.6	0.6
48	0.5	0.5	0.6	0
49	0.538	0.5	0.4	0.4

1. The first of these is the fact that the system is not in equilibrium.

2. The second is that the system is not in equilibrium.

3. The third is that the system is not in equilibrium.

4. The fourth is that the system is not in equilibrium.

5. The fifth is that the system is not in equilibrium.

6. The sixth is that the system is not in equilibrium.

7. The seventh is that the system is not in equilibrium.

8. The eighth is that the system is not in equilibrium.

9. The ninth is that the system is not in equilibrium.

10. The tenth is that the system is not in equilibrium.

11. The eleventh is that the system is not in equilibrium.

12. The twelfth is that the system is not in equilibrium.

13. The thirteenth is that the system is not in equilibrium.

14. The fourteenth is that the system is not in equilibrium.

15. The fifteenth is that the system is not in equilibrium.

16. The sixteenth is that the system is not in equilibrium.

17. The seventeenth is that the system is not in equilibrium.

18. The eighteenth is that the system is not in equilibrium.

19. The nineteenth is that the system is not in equilibrium.

20. The twentieth is that the system is not in equilibrium.

21. The twenty-first is that the system is not in equilibrium.

22. The twenty-second is that the system is not in equilibrium.

23. The twenty-third is that the system is not in equilibrium.

24. The twenty-fourth is that the system is not in equilibrium.

25. The twenty-fifth is that the system is not in equilibrium.

APPENDIX 3: Data on factors that determine entrepreneurial behaviour.

Respondent	Access to				
	Education	Training	Experience	Resources	Motivation
1	1	0	1	1	1
2	1	1	0	1	0.9
3	1	0	0	0	1
4	1	1	0	0	0.9
5	1	1	1	0	0.1
6	1	1	0	1	0.2
7	1	1	0	1	0.9
8	1	1	0	1	0.1
9	0	1	1	0	0.6
10	0	1	0	1	0.1
11	1	0	0	0	0.8
12	1	0	1	0	0.9
13	1	0	0	1	0.1
14	1	0	1	0	0.6
15	1	0	0	0	0.9
16	1	1	0	1	0.7
17	1	1	0	0	0.9
18	1	1	0	1	0.1
19	0	0	1	0	0.2
20	1	0	1	0	0.1
21	1	1	1	0	0.9
22	1	1	1	0	0.9
23	1	1	0	0	0.9

(Appendix 3. continued)

24	0	1	1	1	0.7
25	1	1	0	0	0.9
26	1	1	0	0	0.9
27	1	1	0	0	0.1
28	1	1	0	0	1
29	1	0	0	0	0.6
30	1	0	0	0	0.9
31	1	0	0	1	0.9
32	1	0	0	1	0.7
33	1	1	1	1	0.8
34	1	1	1	1	0.6
35	1	1	1	0	0.8
36	1	0	1	1	0.7
37	1	0	0	0	0.7
38	1	0	0	1	0.7
39	1	0	1	0	0.8
40	1	0	1	1	0.8
41	1	0	1	1	0.6
42	1	0	1	1	0.6
43	1	0	0	1	0.6
44	1	0	1	0	0.6
45	1	0	1	1	0.7
46	1	0	0	0	0.9
47	1	0	0	0	0.1
48	0	0	1	0	0.6
49	0	0	0	1	0.9

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