

**THE EXTENT TO WHICH SMALL AND MEDIUM ENTERPRISES SUPPORT
AND SUSTAIN HOUSEHOLD NEEDS: THE CASE OF MUTHURWA MARKET,
NAIROBI COUNTY**

By

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**A research project submitted in partial fulfillment of the requirement for the award
of Master of Arts degree in entrepreneurship development**

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DECLARATION

I the undersigned declare that this research project is my original work and that it has not been submitted in any other college or institution of higher learning for award of academic credit.

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This research project has been submitted with my approval as the Supervisor

Signed -----

Date.....

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DEDICATION

This research project is dedicated to my family members who have always believed in my potential and encouraged me to join the program, thanks for your prayers.

To my daughter Lisa Kalunde, who is my daily reminder of all that is good in this world, God bless you.

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ABSTRACT

Recognition of the economic significance of small businesses, and high-tech household businesses in particular grew during the last quarter of the 21st century is inevitable of global millennium development goals were to be met. This study aimed at determining the role of Risk taking, Innovations, Proactive, Social network and self-efficacy in SMEs' role supporting and sustaining household needs focusing on Muthurwa market in Nairobi County. Sample of the study was 125 respondents. Data was collected using questionnaires and drop and pick technique was employed in the administration of the questionnaires. Simple random sampling was used to select the SMEs that participated in the study; Random sampling procedure ensured that all subjects have equal chances of being selected. SPSS was used in the coding and analysis of the data realized from the survey. The study found that the SMEs in Muthurwa mainly operated as sole traders. The SMEs had however outlived their initial stages of business establishment given that the enterprises had been in operation for a long time. The SME businesses remained small in size despite their many years of existence in business. The SME businesses were not diversified. A myriad of individual factors as well as environmental factors determined the success or failure of the SMEs in Muthurwa. The individual factors that determined business success were: gender, age, level of education, business training and entrepreneurial orientation. In terms of business challenges, the SMEs were affected by lack of credit, scanty market, technological handicap and unfavourable policy and regulatory environment. The entrepreneurs were also deficient of technical knowledge and business skills. The SMEs in Muthurwa were the sole source of support and sustenance of family needs. Income from the SME business were used to finance all the basic household needs. A significant share of income from the SMEs was spent on food, rent and school fees. Tailor-made business skills training programs should be developed in order to enhance the business acumen of the SME owners in Muthurwa. The right policies and regulatory environment should be created to encourage the entrepreneurs to engage in entrepreneurship. The SMEs themselves are encouraged to form marketing associations in order to address the problem of market scantiness. A similar study could be conducted in other locations to corroborate the findings of this study.

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Recognition of the economic significance of small businesses, and high-tech household businesses in particular grew during the last quarter of the 21st century. This is inevitable of global millennium development goals were to be met. The relationship between entrepreneurship and household income patterns has long had the attention of researchers. Research on entrepreneurship at the individual level has found some empirical evidence to support the idea that entrepreneurship is influenced from the organizational context, but literature about entrepreneurship at the corporate level is rare. In fact, a growing stream in these studies indicates that organizational context plays an important role in corporate entrepreneurship (Covin & Slevin, 2009).

Entrepreneurial Orientation has provided a useful framework, and many scholars have used it to understand the processes and activities within corporate entrepreneurship (Wiklund & Shepherd, 2003; Covin & Slevin, 1989). As Naldi et al. (2007) stated, EO is accepted as a concept to refer to a kind of “strategic orientation”. In order to support the well-being, competitiveness and goals of the family businesses, a strategic orientation must be brought to their operations (Miller et al., 2000). Resources and capabilities alone do not impact performance unless they are turned into process (Ray, 2004).

Kenya has made noteworthy walks in enhancing the expectations for everyday comforts of beforehand impeded groups, particularly those living in township regions. Thinks about on financial class progression affirmed that the African white collar class (township occupants) encountered the most critical picks up in regard of enhancements in social class and family pay amid the period 1998 to 2008 .The fast salary development of township tenants brought about generous changes, not just in the share of the African populace in absolute family unit wage and consumption additionally as to the structure of use. The last infers a considerably more broadened request structure far from essential every day needs, for example, sustenance and asylum to a full range of family unit

utilization things including semi-strong and sturdy merchandise. This retail rebuilding as far as geographic area (towards townships) and social class (towards the African populace gather) has affected, and will keep on impacting, on development systems of national retailers and franchisors, particularly grocery store chains, to progressively concentrate on market extension methodologies in township zones (Ligthelm,2008).

The supportability of these business sectors is likewise affirmed by the way that more than 80% of inhabitants of Muthurwa demonstrated that they plan to remain in Muthurwa forever .therefore, substantial shopping centers have been created in all township ranges with sizeable populace numbers amid the previous five years. This improvement has brought about a generous change in the shopping conduct of township inhabitants. Both outs-jumping (at the end of the day, the degree of shopping outside one's own particular township) and buys from little township organizations have been uprooted for shops situated in recently settled shopping centers, (Tustin 2008).

In Muthurwa, for instance, the rate of retail use by Muthurwa inhabitants expanded from 25.0% in 2004 (City of Nairobi 2005) to 81.2% in 2008 (Tustin 2008: 29). Despite this uplifted level of rivalry experienced by independent companies, an expansive rate of private companies outside strip malls were still in operation over a year after the opening of shopping centers. The dominant part of these independent ventures were exchanging an indistinguishable divisions from those situated in the recently settled shopping centers. This expanded level of rivalry holds a few preferences for township customers. Watchman (2008) contends that opposition is one of society's most intense strengths for enhancing conditions in many fields of human attempt. He expresses that opposition is inescapable, whether it includes organizations challenging markets, nations adapting to globalization or even governments reacting to administration conveyance needs.

1.2 Statement of the Problem

In Kenya, there are about 2.2million small household enterprises (SME banking sector report, 2007) of which 88% are non-registered. However, literature review indicates that many of these businesses which are started by business individuals and even families die at earlier stages of their establishment.(Baldwin and Gellatly, 2003; Onugu, 2005; Kenya National Bureau of Statistics, 2007). The ministry of Industrialization and enterprise development data base (2014) has 2,120 formal enterprises in Nairobi, most of which are in the following subsectors: glossaries, cloths, chemical, construction, art and craft, metal, construction, mining, agro-based.

Little and frequently casual organizations rule the financial existence of most creating nations (Gollin 2008). Until the mid-1990s, a comparative wonder was additionally apparent in the creating urban zones (townships) of Kenya. Independent ventures served as accommodation shops basically for the lower wage bunches, drawing in a sizeable bit of family use in less created urban zones (Ligthelm 2007). Studies in Muthurwa affirmed that a large portion of the retail consumption of the slightest wealthy salary gatherings was used at independent ventures inside Muthurwa itself in 2014 (City of Naironi 2015).

Although previous researchers have addressed the reciprocal nature of the family and business setting, few have explored quantitatively the family and its interaction with and effects on the business (Heck & Stafford, 2001). The F-PEC model employed in this study provides this quantitative measurement so the family business research area can move into the realm of strategic thinking by investigating the resources of the businesses and analyzing the strategic alternatives within the entrepreneurial nature.

Each association needs a procedure to guarantee the conveyance of better esteem than clients, particularly in exceptionally focused situations. The prior research introduces the accompanying two research questions, to be specific the capacity of little casual family organizations to make due in the midst of an increased level of rivalry from substantial

formal organizations and besides, on account of survival, what factors might be instrumental in guaranteeing maintainability.

This study was therefore guided by the following research questions;

- 1) What are the dimensions of Entrepreneurial Orientation?
- 2) What is the prevalence of sustainability of household needs in Nairobi County?

1.3 Overall objective

The general objective of this research was to study and establish how Small and Medium Enterprises support and sustain household needs in Muthurwa market, Nairobi county.

1.3.1 Specific Objectives

- 1) To establish the various dimensions of Small and Medium Enterprises that exists in Muthurwa
- 2) To examine the factors that contribute to the successes and failure of the Small and Medium Enterprises.
- 3) To analysis how Small and Medium Enterprises support and sustain family needs

1.4 Justification for the Study

The employment of these businesses typically included the proprietor with relatives and infrequently paid representatives also. Notwithstanding questions identified with the impact of shopping center improvement on respondent organizations, the examination instrument additionally asked on entrepreneurial and administration activities performed in and preceding building up the organizations. The scholars will find this study valuable as a contributory body of knowledge in this household businesses sector in term of scholarly dialogue. The study is important to the future researcher who may use this

research to expand more findings hence will fill in the research gap in this field of study. The policy makers will find this research as an authentic tool framework for the formulation and implementation of policies that promote household entrepreneurial culture in Kenya especially within the framework of Kenya vision 2030. The study is also important to the SME`s in Kenya who will find this research useful in assisting them position themselves in the sector and also grow into large industries.

1.5 Scope and limitations of the study

The study will focus on the various categories of households in Muthurwa market. Dimensions of entrepreneurship orientation with which this study is concerned are innovativeness, pro-activeness and openness towards risk. This study will only focus on Muthurwa market as it is one of the recently elevated vendor`s market to encourage entrepreneurial culture. Meeting sustainable household needs is a broad and multifaceted issue that is interconnected with many economic, social, political, and health related concerns. This study will only focus on the socio economic determinants of sustainability of households needs in determining needs status of households.

CHAPTER TWO: LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Introduction

Business has turned into an essential issue for approach. At one level, endeavor creation is perceived as critical for business development and affecting auxiliary change; at another, there is worry to urge existing firms to end up more entrepreneurial as a method for improving global aggressiveness. Entrepreneurial introduction reflected in repeating authoritative conduct, for example, creativity, expert liveliness and hazard taking is essential in the last setting.

Venkataraman (1997, in Li and Mitchell 2009) likewise keeps up that business enterprise and its setting are indivisible. This logical viewpoint is profoundly significant in assessing the observational consequences of the study because of the noticeable auxiliary changes happening in townships amid the previous decade.

2.2 Entrepreneurship in developing societies

There is little vulnerability among backers of private section change that venture is the best approach to money related improvement and headway (Minniti 2008). This growing energy for the piece of big business to make improvement has been vivified by, bury alia, the powerful advancement presentations in the economies of the assumed 'southern engines of advancement' (Brazil, China, India and Developing nations) and by the affirmation of the prerequisite for private zone headway in various sensitive and failed states (Naude 2008). Regardless, the movement of business are not saw just in making economies. Pushed economies are in like manner depicted by a grouping of support measures to engage entrepreneurial change. Understanding business in these different money related settings is imperative in informing the arrangement with respect to fitting methodology measures. In Developing nations, the less made reaches (townships and normal zones) attempted, as it were, as specific budgetary components until the mid-

1990s. From a business and entrepreneurial perspective, they show strong properties of making economies, emerging unmistakably from the more made and advanced money related zones of Developing nations.

Exact studies propose a relationship between entrepreneurial movement (independent work) and the level of improvement. At generally low levels of per capita wage, reliance is moderately high on independent work because of an absence of adequate wage business. At low levels of financial action, families are to a great extent in charge of battling for themselves without bigger organizations offering business as well as governments providing standardized savings benefits. Naude (2008: 27) affirms that at low levels of financial action, numerous people return to independent work, frequently with restricted beneficial open doors. More elevated amounts of per capita GDP through monetary development and advancement frequently liken to developing urban agglomeration, developing markets and economies of scale. The last result in the accessibility of expanding paid-work openings. This expands the open door expenses of independent work, with a subsequent decrease in the proportion of independent work to wage-business and in this way declining entrepreneurial movement. The move from a capital-driven stage in monetary development to an information driven stage makes numerous more open doors for business proprietorship.

In both cases, a monetary change from less created to more progressed is assumed that may affect (also) on the levels of independent work (proxied for enterprise). Be that as it may, the time traverse on account of township change is a great deal faster than in typical national financial change. Investigation particular to creating countries, relating individual wage levels to independent work, indicates comparative examples with respect to entrepreneurial elements. Except for the minimum well-to-do wage aggregate (under R1 000 every month), a U-formed bend is likewise clear. Individuals with moderately low livelihoods (principally situated in townships and collective territories) have a tendency to be genuinely dynamic in casual, less profitable organizations (see next section).

2.3 Entrepreneurship and small business sustainability

Enterprise is characteristically heterogeneous. Wennekers and Thurik (1999: 30) doled out no less than 13 particular parts to enterprise, shifting from being a trend-setter and expecting dangers to being a chief and mechanical pioneer. Enterprise need not bring about the production of new organizations. Naude (2009) affirms that the behavioral thought of business has been expanded to incorporate the ideas of corporate enterprise, business undertaking and different types of non-market enterprise (for instance, open and social enterprise). This area won't endeavor the overwhelming errand of depicting these ideas, particularly as concentrated on crosswise over many controls.

As indicated by Baumol (1990), not all business enterprise is gainful for monetary development and advancement. A refinement can be drawn between beneficial, useless and even dangerous (for instance, illicit) business enterprise. Beneficial enterprise incorporates the abuse of productive business openings with intrinsic business development prospects. Useless or casual enterprise is basically business development went for survival or getting away from a circumstance of unemployment and destitution.

In creating nations and social orders, it is evident that bigger quantities of individuals are being constrained to go into casual/survivalist/need independent work, which constitutes ineffective business (for instance, lease looking for) (Naude 2008). Gollin (2008: 219) affirms that, because of less formal work openings, the financial existence of most creating nations is overwhelmed by little need business people. In spite of the fact that this marvel raises the level of independent work (business enterprise) in the U-formed bend, this kind of business enterprise is regularly useless and as often as possible lease looking for.

Wennekers and Thurik (1999) affirm that little and smaller scale organizations are not really synonymous with enterprise, in light of the fact that a significant number of these organizations don't add to monetary development and advancement. As advancement advances, the extent of individuals in independent work decays, the same number of

casual/need business people discover more appropriate wage business. This viewpoint of entrepreneurial flow in a creating setting will be considered in deciphering the decrease in little casual organizations in the experimental area of the study.

Since the center of the most recent century, a significant assortment of research by identity scholars has developed to clarify entrepreneurial conduct and expectations as far as identity attributes (Cromie 2000; Müller and Gappisch 2005). Be that as it may, they neglected to display indisputable confirmation on profiling a business person (Llewellyn and Wilson 2003: 343). This infers measuring the level of enterprise ex bet to business arrangement and development through identity attribute estimation is not a solid instrument.

Amid the 1980s, business enterprise analysts began to concentrate more on what business visionaries do as opposed to what their character characteristics are. This movement based concentration was emphatically engendered by specialists in the monetary and administration sciences (Kruger 2004). Timmons (1999) additionally affirms that the investigation of business enterprise is moving past qualities towards the behavioral stage, focusing not on what identities business people have but rather on what it is that they do.

They relate nearly to inventive and innovative activities to guarantee business supportability in elevated focused conditions. No obvious order is conceivable in such manner. Wenekers and Thurik (1999) express that enterprise is not an occupation and that business people can't be viewed as an independently characterized occupation class. Indeed, even clear business people may show their enterprise just amid a specific period of their vocation as well as practice it just amid a piece of their business-related exercises. Hitt, Ireland, Camp and Sexton (2001) keep up that enterprise can regularly be viewed as a major aspect of the administration work inside organizations.

This contention is particularly pertinent if entrepreneurial activity does not bring about the production of new organizations (for instance, business undertaking and corporate enterprise). In any case, Naude (2009) contends that there is presently generous

understanding that there is a distinction between the business visionary and the administrator of a firm. Advancement is highlighted as the fundamental recognizing trademark or capacity of the business visionary instead of the administrator. Notwithstanding, top to bottom meetings with independent company respondents later in the study affirm that the refinement between business administration and entrepreneurial exercises stays obscured and hard to unmistakably separate and measure in logical enquiry.

2.4 Dimensions of Entrepreneurial Culture-Review

Assessment of entrepreneurial culture in five measurements was initially created in a hypothesis by Miller (1983 and Lumpkin, and Dess (1996). In research of entrepreneurial culture, Miller (1983) utilized the measurements of "ingenuity," "hazard taking," and "professional animation" to portray and test business. Two more measurements, as per Lumpkin, and Dess, are depicted as independence and focused forcefulness. Along these lines for the most part recommended by Miller, Lumpkin, and Dess, there are five striking measurements to investigate the multi-perspectives audits in entrepreneurial culture which comprises of self-sufficiency, imaginativeness, hazard taking, expert animation, and focused forcefulness.

Entrepreneurial culture is an ordinarily utilized measure as a part of the business enterprise writing. The most generally used operationalization of entrepreneurial culture in both the business and key administration writing was created by Covin and Slevin (1989), in light of the prior work of Khandwalla (1977) and Miller and Friesen (1982). In building up this measure, Covin and Slevin speculated that the three measurements of business enterprise culture advancement, genius animation, and hazard taking acted together to "contain a fundamental uni-dimensional vital introduction" and ought to be totaled together when directing examination in the field of business (Garcia-Morales et al, 2006).

2.4.1 Risk Taking

In seizing openings in the commercial center, chance taking concerns firms' inclination to take strong activities, for example, wandering into obscure markets, conferring a generous measure of assets to wanders with dubious results, and also the propensity to obtain intensely planning to harvest exceptional yields (Dess et al., 2007).

Chance taking is a segment of entrepreneurial culture and a particular aspect of entrepreneurial conduct (Frese et al, 2007). Hazard taking can be an individual level (Dess and Lumpkin, 2005) or a firm-level quality that contrasts by an association's phase of improvement. Acs and Catherine (2007) recognized administrative hazard, which identifies with decisions connected with dubious results, and authoritative dangers, which includes unstable pay streams. Filion (2005) depict business people's impression of hazard as the "instability and potential misfortunes connected with the results which may take after from a given arrangement of practices." Defined as generous change in critical results, chance speaks to the probability that an individual will forego a protected option with a known result for a more alluring decision with a more indeterminate reward. A few parts of vital hazard incorporate wandering into new and obscure regions, which is particularly pertinent for IEBVs. It likewise includes conferring a moderately substantial share of benefits and huge acquiring (Blais and Chiasson, 2005).

A few specialists contend that a few business visionaries may see wanders as less dangerous than non-business people because of subjective inclinations of the previous (Jambulingam et al, 2005) and the way that they might be careless (Wickham, 2005) and tend to casing business circumstances all the more hopefully (Baptista and Thurik, 2005). Others contend that hazard taking is an inalienable piece of beginning an entrepreneurial wander (Timmons and Spinelli, 2007). Business visionaries by and large acknowledge that enterprise includes chance taking and will go for broke in kind for potential prizes (Segal et al., 2005).

Business visionaries normally are considered to hold up under hazard while seeking after circumstances, and frequently are connected with imaginative and inventive activities. Business visionaries are constantly stood up to, either intentionally or mandatorily, the difficulties of vulnerabilities and potential money related and social misfortunes while maintaining their business. Business visionaries are daring individuals since it is hazard taking soul that urges business people to have their consideration and activities added to the investigation of benefit acknowledgment.

Business people must experience chance regardless of how proactive or receptive a business visionary is while maintaining their business. In spite of the fact that Schumpeter does not think business people are daring people, business visionaries who are occupied with business exercises really can't deal with their endeavors without being gone up against with the potential business hazard. In spite of the fact that the administration decentralization and share of proprietorship come increasingly into the cutting edge economy and administration, business people's capacity to handle the business hazard is one of the major files which demonstrate the basic nature of being entitled as a business visionary.

2.4.2 Innovativeness

Creativity is basic to contemporary meanings of business (Naldi et al, 2007). Kropp and Zolin (2005) recognized that the creativity part of an entrepreneurial culture is critical to the achievement of another business. Taking after on their rationale, we contend that ingenuity is not connected with new section. Entrepreneurial firms work in element situations where client tastes, item benefit advances, and focused weapons frequently change capriciousness. Inventiveness is required for item/advertise improvement in these situations to manage the persistent change and vulnerability (McDougall and Oviatt, 2005). The more prominent the ecological dynamism and antagonistic vibe, the more noteworthy the advancement required. Imaginative and creative firms will beat other firm sorts in more dynamic situations.

Business people are quick to discover the imaginative strategies and get them used in order to implement focused quality of their business over the contenders. Creativity is a standout amongst the most critical focused elements for improvement of enterprise. Development is a recognizing normal for the business person. This limit is connected to the nonstop learning procedures of individual firms and their between firm systems. Advancement is characterized as a methods by which business visionaries may misuse change keeping in mind the end goal to make new administration and business openings. Advancement is the "brand" uniquely claimed by business visionaries. Ability to develop (imaginativeness) along these lines is the most unmistakable characteristic comprising of the embodiment of being a business person. In this way advancement, innovativeness, and disclosure are the fundamental center subjects characterized by the development situated researchers headed (Mtigwe, 2005; Jambulingam et al, 2005).

Imaginativeness is a basic component relating to a business visionary. Creativity, as indicated by the late business enterprise research, is the essential property that recognizes a business person from different experts. Because of the embodiment drawn from the six schools of business, development and inventiveness are taken as the vital measurement along which the most regular elements in entrepreneurial culture are expected to be uncovered. As all the business enterprise scientists concur, development is at the heart of enterprise. The inventive part of the business visionary is doing new things by recombining parts of what is as of now being finished. Lindsay et al, (2007) in an examination of the learning district writing recognized various key topics including: non-material favorable circumstances sourced locally instead of all around can be a noteworthy premise of taking in; the creation and exchange of area particular information encourages agglomeration of authority businesses; and trust is an element restricting systems together and manages firms' contribution in procedures of aggregate learning'.

2.4.3 Pro-activeness

Expert animation is worried with 'first mover' and different activities went for trying to secure and ensure piece of the pie and with a forward-looking viewpoint reflected in

moves made in reckoning of future request (Wiklund, 2006). The pointers of master animation utilized here involved joint effort; frequency and degree, advancements, (specifically the occurrence of "novel" developments); exercises intended to ensure licensed innovation and market structure. Dess et al (2007) conceptualize star liveliness as a mentality that spotlights on presenting new items or administrations in foresight of future request and molding the earth. A portion of the exercises connected with professional liveliness incorporate new open door recognizable proof and assessment, ID and checking of market patterns, and new pursuit group arrangement. Opportunity acknowledgment is one of the key components of the entrepreneurial procedure (Schwartz et al., 2005). An expert liveliness mentality prompts to building up a dream for another business thought to gain by a business opportunity. A portion of settling on the new section choice includes effectively observing the earth, inquiring about the market, masterminding account, and composing a strategy for success.

Genius animation upgrades the likelihood that a forthcoming business person will attempt the essential errands driving into setting up and building up an undertaking. Additionally, there is a positive relationship between state of mind toward setting up a business wander, intrigue (which are both subject to expert liveliness) and really beginning a business (Mondal and Espana, 2006). Business people have a prior readiness and execute their striking goals to begin their organizations. In total, new passage will be hastened by genius liveliness.

Star animation has gotten less consideration from analysts (Small, 2006). Expert animation is acting astutely fit as a fiddle nature by impacting patterns and making request and turning into a first mover in a focused market (Frese et al, 2007). Professional animation has additionally been characterized as a reaction to circumstances. Proactive firms step up and get to be pioneers in the commercial center by abusing openings. These organizations investigate the assets, look for circumstances in the market and make new specialties which require experimentation and revelation (Dess and Lumpkin, 2005).

Individuals as a rule don't be unemployed or unemployable (Acs and Catherine, 2007). Over the previous decade, numerous organizations have scaled down or left business. As a piece of scaling back, a few workers acknowledge intentional repetition or retirement. Notwithstanding the purpose behind unemployment, more youthful workers tend to discover business speedier than more established representatives. Confronted with long haul unemployment, more seasoned people may swing to independent work through setting up/procuring their own business wanders. Such more established individuals get to be hesitant business visionaries (Garcia-Morales et al, 2006). This issue is exacerbated by a maturing populace.

2.5 Context of Small household Enterprises in Kenya

To comprehend why little scale undertakings/organizations are built up, it is critical to comprehend the procedure of business and the different speculations with respect to the inspiration to make new ventures. Independent companies are by and large manifestations of business people. The word business person intends to attempt. In the business setting, it implies people who embrace the danger of new undertakings (Oyeyinka and Lal, 2006).

Business can be considered as a procedure of making quality through the acknowledgment of a business opportunity and activating elements of generation with administration abilities to acquire the undertaking to profitability under states of hazard and uncertainly. Business thusly shapes the heading of big business and the execution of the endeavor relies on upon the inventiveness, hazard taking and advancement, which are key components of enterprise.

A solid little scale venture area is basic as far as the merchandise and ventures it gives to substantial undertakings and to casual, miniaturized scale endeavors. In created nations casual smaller scale ventures have been to a great extent supplanted, and it is recommended that this example will likewise happen in more propelled creating nations. Then again, in the created nations vast scale undertakings progressively are down-estimating and relying upon systems of little scale endeavors (Minniti et al, 2005). It is

recommended that a mechanically solid little scale undertaking framework in creating nations will likewise be important to create, draw in and work with expansive ventures.

Business advancement in Kenya was basically gone for youth in specialized preparing organizations yet is presently being extended to incorporate the Universities. It includes acquainting youth with business enterprise instruction with the point of inspiring them to see self as work as a vocation decision. One noteworthy issue is the manner by which to coordinate business enterprise ideas and practices to impact development of little and medium enterprises. Past studies have not concentrated on expert business. Rather, much has been done on little and medium endeavors improvement (McCormick, 1996; Namusonge, 2003; Minniti and Nardone, 2007).

2.6 Opportunities for Entrepreneurial Growth in Kenya

Little scale ventures in any nation do add to financial development. In any case, there are difficulties and openings that they confront. Kenya has a creating economy, farming being the boss monetary movement. The vast majority of individuals in Kenya work in agrarian part. Some practice subsistence cultivating while a little number practice expansive scale cultivating. A few people act as wage workers in espresso homesteads or tea ranches. They rely on upon the little wages and life turn out to be somewhat intolerable now and again. For the individuals who hone little scale cultivating, their wellspring of wage is essentially from the offer of the ranch deliver.

Some are in private companies like offering of agrarian merchandise in commercial centers while others exchange animals and offering of drain. There are a wide range of independent companies identified with Agricultural segment (Covin and Slevin, 1989).

Muteti (2005), producing linkages amongst undertakings and outside multinational companies can hurry little scale venture improvement in creating nations like Kenya. Linkages can be delegated either forward or in reverse. For example, multinationals may fashion forward linkages with local people firms. One such linkage would advertise outlets where multinationals outsource the appropriation of fresh out of the plastic new

items. An empowering domain is an open door that ought to be used by the miniaturized scale and little endeavors in Kenya. With evolving governments, which accompany guarantees of a superior tomorrow and meaning of new business arrangements, recreation of economy, change of foundations and security, private companies are normal do well.

The lawful and financial structure in which undertakings work is pivotal to their execution. In the writing on big business improvement, it has been contended strongly that the lawful structure of numerous nations serves as a hindrance against big business. By and large crosswise over Africa, the lessening of open antagonistic vibe has been more imperative for littler ventures than any positive program of engagement from the state (Bigsten et al, 2005).

In principle, basic conformity and exchange progressions should convey advantages to miniaturized scale and little endeavors. Be that as it may, there is proof crosswise over Africa of both negative and positive effects of these approaches on little scale undertaking improvement. It can maybe be said as a speculation that those with better abilities and learning, and situated in solid market specialties, have profited. Then again, those confronted with low hindrances to passage have seen an immersion of business sectors and developing destitution.

Little scale ventures are clearly unequipped for sourcing, assessing, and adjusting innovations successfully. The administration approach ought to, in this manner, expect to build up these abilities in little scale endeavors through steady establishments. Arrangement can energize the improvement of help projects to encourage little scale endeavors' entrance to assets, data, preparing, and innovation. Facilitate, arrangement ought to advance the improvement of innovations fitting for little scale ventures. Despite the fact that it is conceivable to create approaches intended to enhance the conditions of little scale undertakings, it might be more possible to bolster the improvement of advancements good with the little scale ventures' conditions.

2.7 Theoretical Framework

Hypothesis of arranged conduct' Ajzen, (1991), fights that authoritative conduct and human choice procedures are firmly interconnected. This demonstrates financial components are basic to the improvement of local systems administration. Taylor and Plummer (2003) contend that making a situation where endeavor culture is induced "is the total direct opposite of current bunch strategies" which concentrate on approach activities for encouraging new firm arrangement and new occupations. This is an essential perception in light of the fact that the last approach has not demonstrated manageable. Rather than focussing on individual firms, a much more supportable approach is the help of an endeavor culture by building up discussions where coalitions can frame and re-shape on a necessities premise. Here, bigger firms in areas required in such coalitions give the framework and fund to their littler partners.

Firms can partake in more than one coalition at once and, thusly, these entrepreneurial SMEs thrive. Venture culture is not about building up new endeavors; rather, it includes giving an information sharing environment that encourages the development of coalitions of SMEs with the goal that they can misuse rising business open doors for their esteem making potential.

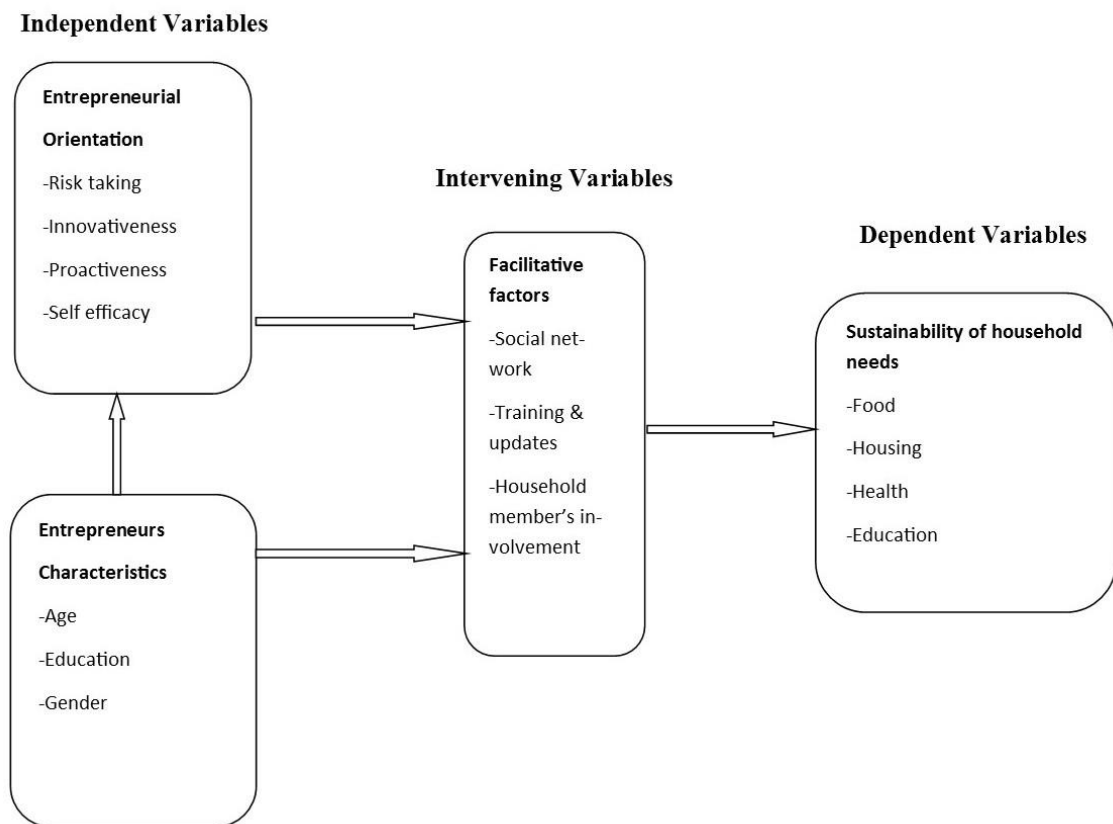
The hypothesis stresses their monetary potential by belligerence that maintaining upper hand in a globalized world depended on collaboration at the nearby level among assembling firms which generally contended with each other. At the point when such participation is accomplished, more grounded groups rise with expanded territorial efficiency. New developments are made and new organizations are set up. With the ascent of the worldwide data economy, the concentration of rivalry moved from physical assets to the capacity to make, prepare, and productively apply learning. European financial experts have investigated neighborhood and provincial advancement forms (McDougall and Oviatt, 2005) and separated the inventive milieux required for this new learning driven economy from conventional modern locale. The imaginative milieu is described by aggregate learning, participation and the exchange of information. This

outcomes in inventive cooperative energy as opposed to just in connection. The capacity to change the aggregate learning of the imaginative milieu into benefit depends on both the association's inside capacity to adventure it and the techniques the firm uses to acquire upper hand from it. At the point when this is effective, a learning area develops with supported upper hand. This has been accomplished in high-innovation bunches of which Silicon Valley is a pre-prominent case (Forlani and Mullins, 2007).

2.8 Conceptual Framework

A conceptual framework is very important in any research. It shows the relationship between the dependent variables and the independent variable. Figure 2.1 shows the study's conceptual framework which illustrates the relationship between the variables of the study. The dependent variable is the sustainability of household needs and dimensions of entrepreneurial orientation which include pro-activeness, risk taking, innovativeness proactive, social network, self-efficacy and entrepreneur profile are the independent variables.

Figure 2.1 Conceptual framework



CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

Having conducted a comprehensive literature review in Chapter Two, a design is developed to collect data, analyze and illustrate the results of the study in regard to establish how entrepreneurial orientation and sustainability of household needs in Muthurwa market, Nairobi county. Particularly the accompanying subsections are incorporated; explore configuration, target populace, examining outline, information gathering instruments, information accumulation techniques lastly information investigation.

3.2 Site selection and Description

3.2.1 Site Description

This study was done in Muthurwa market is situated in Kamukunji inside the Eastlands range of Nairobi East District in the bigger muthurwa zone, Nairobi County. The market sits on a 17 section of land real estate parcel at the edge of the focal business region toward the east. Its sandwiched between Haile Selassie Avenue, Iddies street, Wakulima showcase and the muthurwa transport end that ship suburbanites to east grounds. The degree activity territory will be the whole peddlers showcase.

3.2.2 Site Selection

The site was for the most part chosen because of the way that its development was advertised as one of the boldest moves to control selling and activity clog in Nairobi. The market's development began in 2006 and went on for around 1 year. It was to go about as end for all open administration vehicles from Eastlands. This 17-hectare complex is possessed by the Nairobi region power.

3.2 Research Design

Research design is the general arrangement of how one approaches noting the exploration questions. It gives the paste that holds the examination extend together. The structure demonstrates the majority of the significant parts of the examination extend. The two primary techniques when examining and gathering information are quantitative and subjective methodologies, where a quantitative approach is unequivocally connected to deductive testing of speculations through theories, while a subjective way to deal with research by and large is worried with inductive testing (Saunders et al, 2003). The principle center of this study was quantitative. However some subjective approach was utilized as a part of request to pick up a superior comprehension and perhaps empower a more savvy elucidation of the outcomes from the quantitative study. This examination study was an exploratory research.

3.3 Population of the Study

Target population is the specific population about which information is desired. Population is referred to as the total membership or “universe” of a defined class of elements, people, objects or events (Kothari, 2007). He further refers to population as all homogeneous items in any field of inquiry or a census of inquiry.

The target population in this study comprised of a total of all the 268 registered venders dealing in Food, Beverages and Tobacco; Textile and Apparels; Timber, Wood products and Furniture; Pharmaceutical and Medical Equipment; Metal and Allied; Plastics and Rubber. The main focus of this study was on the 125 household business. A summary of the target population is as summarized in table 3.2 below:

Table 3.1: Population Distribution

Sector(s)	Population	Percentage (%)
Food, Beverages and Tobacco	100	37.3
Textile and Apparels	38	14.2
Timber, Wood products and Furniture	15	5.6

Pharmaceutical and Medical Equipment	20	7.5
Metal and Allied	40	14.9
Plastics and Rubber	55	20.5
Total	268	100.0

Source: Source: Kenya Association of Manufacturers (KAM), (2016)

3.4 Sample Size and Sampling Techniques

Because of time and resources, the researcher sampled a total of 125 respondents using proportionate technique. Further random sampling was used in every stratum to ensure the SMEs to be interviewed are chosen purely by chance and that each SME has an equal chance to be included in the sample. This is summarized in table 3.2 below.

Table 3.2 Sample Size Distribution

Sector (s)	Population	Sample Size
Food, Beverages and Tobacco	100	56
Textile and Apparels	38	18
Timber, Wood products and Furniture	15	7
Pharmaceutical and Medical Equipment	20	9
Metal and Allied	40	19
Plastics and Rubber	55	26
Total	268	125

3.5 Data Collection methods and Instruments

3.5.1 Instruments

A questionnaire as tool to collect data is used in large samples where each item in the questionnaire is developed to address a specific objective, research question or test hypothesis of the study (Mugenda and Mugenda, 2003). In this research study, a detailed structured questionnaire that ensures that all the variables in the study are included was used to collect data.

3.5.2 Pilot Test

The organization of the surveys was gone before by a pilot study, including 10 other disconnected managing. The reason for the pilot study was to survey the face legitimacy and the unwavering quality of the psychometric measures incorporated into the study. From the input got, the poll was refined and a few of the measures which may require amendment was updated to make them all the more hypothetically important (Mugenda and Mugenda, 2003). Taking after the finish of the pilot contemplate, a reexamined self-report poll was sent by the scientist to the respondents.

3.6 Ethical Consideration

The analyst complied with the rule of intentional assent where just ready respondents took an interest in the study. Educated assent depended on the data with respect to: the motivation behind the exploration consider, distinguishing proof of the specialist, any advantages that might be gotten. The scientist imparted this to the respondents before the begin of the study. To maintain a strategic distance from written falsification, all work obtained from different researchers was recognized. The analyst encourage looked for the endorsement to direct the study from the state open parts and additionally from National Council for Science and Technology.

3.7 Data Processing and Data Analysis

Information from the poll was cleaned, coded and broke down. Things were gathered together in the normal measurement build. The information then was coded to empower the reactions to be assembled into different classifications. An enlightening investigation was utilized. Spellbinding insights was utilized to investigate the information. This included rates and frequencies.

Tables and other graphical presentations as fitting were utilized to introduce the information gathered for simplicity of comprehension and examination. Tables were utilized to outline reactions for further investigation and encourage examination. This created quantitative reports through arrangements, rates, and measure of focal inclination. Cooper and Schindler (2003) noticed that the utilization of rates is vital for two reasons; first they streamline information by decreasing every one of the numbers to run somewhere around 0 and 100. Second, they make an interpretation of the information into standard shape with a base of 100 for relative examinations.

3.8 Data Analysis

After information accumulation, the filled-in and returned surveys was altered for culmination, coded and passages made into Statistical bundle for sociologies (SPSS variant 18). This guaranteed the information was precise, reliable with other data, consistently entered, finish and organized to disentangle coding and organization. With information passage, the information gathered was caught and put away. Expressive were directed. Unmistakable examination included the utilization of frequencies in their total and relative structures (percentage).

CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter presents the data that was found on the extent to which small and medium enterprises support and sustain household needs. The chapter is presented in four sections. The first section presents the descriptive statistics of respondents' demographic information. Section 2 presents the analysis of the various dimensions of Small and Medium Enterprises that exists in Muthurwa. Section 3 analyzes the factors that contribute to the successes and failure of the Small and Medium Enterprises. Section 4 presents the analysis of how Small and Medium Enterprises support and sustain family needs. The research was conducted on sample size of 125 respondents out of which 70 respondents completed and returned the questionnaires duly filled in making a response rate of 56% as shown in Table 4.1. Mugenda and Mugenda (1999) stated that a response rate of 50% and above is good for statistical reporting. Therefore, the response rate was adequate for analysis.

Table 4.3 Response Rate

Category	Frequency (n)	Percent(%)
Responded	70	56.0
Did not respond	55	44.0
Total	125	100.0

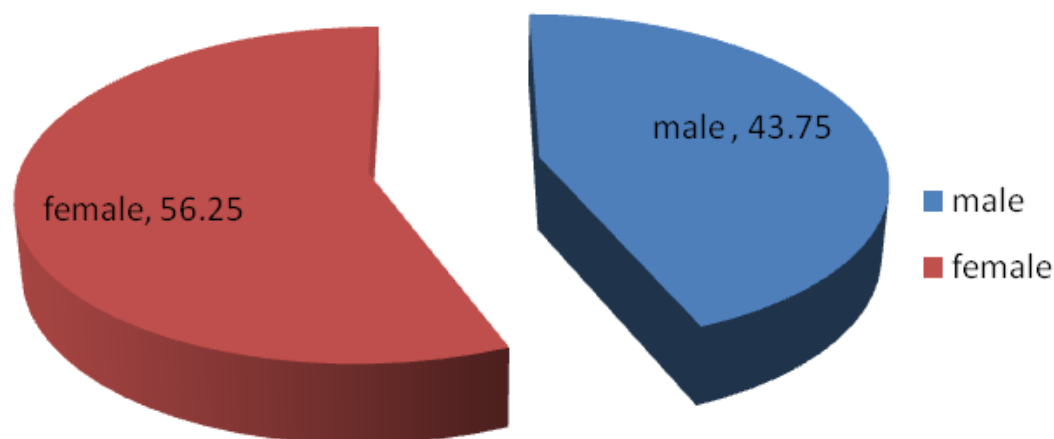
4.2 Descriptive Statistics of Respondents' Demographic Information

The respondents' demographic information analyzed in this section included gender, age and level of education.

4.2.1 Respondents' Gender

The respondents were requested to indicate their gender. The findings are as presented in the figure 4.1 below. From the findings, 56.25% of the respondents were female while 43.75% were male. This shows that majority of entrepreneurs in Mathura were female. This finding suggests that women were active participants in economic development through enterprise creation and development. The finding agrees with the reports by International Labour Organization (2008) which noted growth in women participation in the SME sector. This makes women an important constituent to be considered when developing microfinance policies and products.

Figure 4.2 Distribution of respondents by gender (N=70)

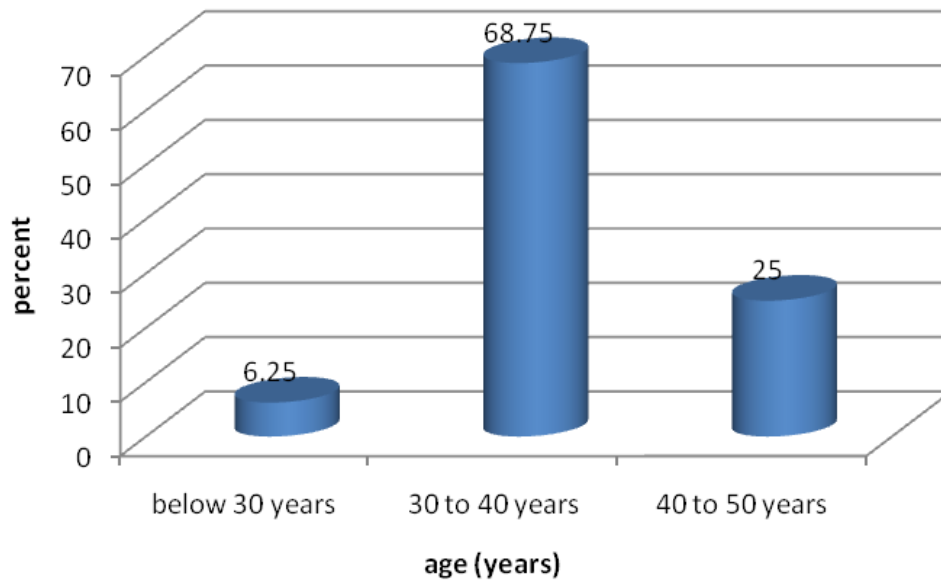


4.2.2 Respondents' distribution by Age

The study sought to establish the age of the respondents and the findings are as shown in figure 4.2. According to the findings, majority (68.75%) of the respondents were 30-40 years old, 25% were 40-50 years old and only 6.25% of the respondents were <30 years old. The findings suggest that the prime age for entrepreneurial activity was between 30-40 years. This finding agrees with the results of a study by Nonato, Leal and Rocha

(2014) which established that the age of entrepreneurial activity in most of the cases was between 28 to 48 years; accounting for 56.4% of respondents in their sample..

Figure 4.3 Distribution of respondents by age (N=70)



4.2.3 Level of Education

The study sought to establish respondents' highest level of education. The findings are shown in Table 4.2. The findings show that majority (51.4%) of the respondents attained Certificate/Diploma level of education; 27.1% had a secondary school level certificate; 11.4% had a University level of education; 7.1% had post graduate level of education while 3.0% of the respondents had other forms of education. Therefore, the respondents were educated and could give valid and reliable information based on their level of understanding of various issues concerning small and medium enterprises support and sustaining household needs. The findings are consistent with an empirical study by Bilic, Prka and Vidovic (2011) which associated higher levels of education with involvement in business and entrepreneurial activity.

Table 4.4 Distribution of respondents by level of education

Level of Education	Frequency (n)	Percent (%)
Secondary School Level	19	27.1
Certificate/ Diploma	36	51.4
University	8	11.4
Post graduate level	5	7.1
Adult education	2	3.0
Total	70	100.0

4.3 Dimensions of Small and Medium Enterprises at Muthurwa

In this section, the findings of the various dimensions of SMEs that exists in Muthurwa such as form of business organization, number of years in existence, size of the business as measured by number of employees, ownership of other businesses and income from other businesses.

4.3.1 Form of Business Organization

The distribution of the SMEs by form of business organization is shown in Table 4.3. The findings in the table show that majority (62.9%) of the respondents' were sole traders, 30% were joint owners while 7.1 % of the respondents were limited companies. The finding suggests that most SMEs operated as sole traders. This contradicts the finding of a study by Rahman, Elahi, Gupta and Imanur (2014) which found that limited liability company was the most common form of business organization among SMEs in their study sample in Bangladesh, accounting for 54% of the SMEs.

Table 4.5 Distribution of respondents by form of business organization

Form of business organization	Frequency(n)	Percent (%)
Sole Trader	44	62.9
Jointly Owned	23	30.0
Limited Company	3	7.1
Total	70	100.0

4.3.2 Number of Years of Business Existence

The study sought to establish how long the SME businesses had been in existence. The findings in table 4.4 shows that most (45.7%) of the SME businesses had been in existence for 5-6 years, 30.0% of the SMEs had been in existence for 3-4 years, 17.1% of the SMEs had been in existence for 2 and below years, 4.3% of the SMEs had been in existence for 7-8 years and 2.9% had been in existence for more than 9 years. The results suggests that most of the SME businesses in Muthurwa had outlived the initial three years during which most SME business fail according to Arasti (2011). This implies that the SME businesses in Muthurwa were resilient to business failure factors.

Table 4.6 Number of years of existence of the SME businesses at Muthurwa

Duration	Frequency (n)	Percentage (%)
Below 2 Years	12	17.1
3 to 4 Years	21	30.0
5 – 6 Years	32	45.7
7 - 8 Years	3	4.3
9 Years and above	2	2.9
Total	70	100.0

4.3.3 Number of Employees

The study requested the respondents to indicate the number of employees. The findings are shown in Table 4.5. As per the findings, majority (80%) of the SME businesses had 1-10 employees suggesting that they were microenterprises, 17.1% had 11-49 employees, implying that they were small enterprises while 2.9% of the respondents had 50-99 employees, implying that they were medium sized enterprises. Thus, microenterprises accounted for the majority of the SME business in Muthurwa. This agrees with the definition of SMEs by Financial Sector Deepening Kenya (2016).

Table 4.7 Size of the SME businesses in terms of number of employees

Number of employees	Frequency (n)	Percentage (%)
1-10 (Micro enterprises)	56	80.0
11-49 (Small enterprises)	12	17.1
50-99 (Medium enterprises)	2	2.9
Total	70	100.0

4.3.4 Ownership of other businesses

The entrepreneurs were asked whether they owned other businesses apart from their current business. As per the findings in Table 4.6, majority (80%) of the respondents did not own other businesses whereas 20% of the respondents had other businesses apart from their main business. This suggests that the SMEs in Muthruwa were the primary source of livelihood for their owners. The finding agrees with the perspective of Ali, Rashid and Khan (2014) who asserted that SMEs make a major contribution to livelihood of many people in developing countries.

Table 4.8 Distribution of respondents by ownership of other businesses

Responses	Frequency (n)	Percentage (%)
Yes	14	20.0
No	56	80.0
Total	70	100.0

4.3.5 Income from other businesses

The study sought to establish the monthly income from other businesses owned by the respondents. Table 4.7 presents the findings. The table shows that majority (71.4%) of the respondents earned less than Ksh.10,000 per month from the other businesses they owned. However, 21.4% of the respondents earned between Ksh. 10,000 to 50,000 per month from their other businesses while 7.2% of the respondents earned more than Ksh.50,000 every month from the other businesses that they run. The results suggest that the income from other businesses was low. This means that income from other businesses supplemented the livelihood sources of the business owners in small way. The finding reinforces the idea by Kaniainen and Keuschnigg (2003) that diversification of income sources makes little contribution to many small startups.

Table 4.9 Monthly income from other businesses owned by the respondents

Monthly income range	Frequency (n)	Percentage (%)
< Ksh.10,000	10	71.4
Ksh. 10,000-50,000	3	21.4
>Ksh.50,000	1	7.2
Total	14	100.0

4.4 Factors that Contribute to the Successes/Failure of SMEs at Muthurwa

This section analyzes the factors that contribute to the success or failure of SMEs at Muthurwa. It presents the findings on respondents' rating of their own perception of success in business. Factors such as gender, age, level of education, business training and entrepreneurial orientation were analyzed as contributory factors.

4.4.1 Business success

Respondents were asked to rate on a scale of 1 to 10, the extent they would say they were successful in their businesses. The findings are presented in Table 4.8. As per the findings, 40% of the respondents awarded a rating of 6 to 9; 18.6% of the respondents awarded a score of 4; 14.3% of the respondents awarded a score of 3 and 7 each and 5.7% of the respondents awarded a score of 2 while 2.9% and 1.4% of the respondents awarded a score of 8 and 9, respectively. The minimum rating was 2 while the maximum was 9. The results suggests that most of the respondents rated their businesses as fairly successful. Respondents were asked to explain their scores. Most of the respondents explained that their businesses had not collapsed as a reason for rating the level of business success as perceived by them. Some of the respondents mentioned that their business had grown in size and income as measured by number of employees and monthly revenues. Respondents who rated their business success on the lower end of the rating scale explained that they were struggling to keep their businesses afloat. These findings agree with the definition offered by Shonesy and Gulbro (2004) which measured business success in terms of growth in size and longevity.

Table 4.10 Respondent' rating of business success

Rating	Frequency (n)	Percentage (%)
Below 5	27	38.6
5	15	21.4
6-9	28	40.0
Total	70	100.0

4.4.2 Age and success/failure of business

The influence of age on success/failure of business was analyzed by comparing the percentage distribution in rating of respondents' perceived success in business between the age groups as shown in Table 4.9. As per the findings, 73% of the respondents aged between 30-40 years claimed they had not succeeded compared to 65% of the respondents in the same age group who claimed they had succeeded. However, 32% of the respondents aged over 40 years claimed they had succeeded compared to 18% of the respondents in the same age group who claimed they had not succeeded. Nine percent of the respondents aged less than 30 years claimed they had not succeeded compared to 3% of the respondents in the same age group who claimed they had succeeded. It can therefore be inferred from the findings that age was directly proportionate to perceptions of business success, with older entrepreneurs claiming they were successful compared to their younger counterparts. This agrees with the findings of a study by Walker (2004) which found that personal factors such as age influenced perception of success in business.

Table 4.11 Comparison of business success by age group

Age	Those who claimed they had succeeded		Those who claimed they had not succeeded		Total	
	n	%	n	%	%	n
<30 years	1	25.0	3	75.0	100.0	4
30-40 years	24	50.0	24	50	100.0	48
>40 years	12	66.7	6	33.3	100.0	18
Total	37	52.9	33	47.1	100.0	70

4.4.3 Influence of gender on success/failure of business

The influence of gender on success/failure of business was analyzed by comparing the percentage distribution of respondents' rating of business success between male and female respondents. Table 4.10 shows that 51% of male respondents claimed they succeeded compared to 49% of their female counterparts. Among respondents who claimed they had not succeeded, female respondents accounted for the majority at 65% compared to 35% of the respondents who were male. This suggests that success of the SME businesses varied by gender, whereby more male entrepreneurs realized success than female entrepreneurs. However, the difference between male and female gender in terms of perceived business success was insignificant. This finding agrees with the results of a study by Dafna (2009) which found a relatively marginal effect of gender in business success; implying that there was a very small gender gap in successful entrepreneurial businesses.

Table 4.12 Comparison of business success by gender

Gender	Those who claimed they succeeded		Those who claimed they had not succeeded		Total	
	n	%	n	%	%	n
Male	20	64.5	11	35.5	100.0	31
Female	19	48.7	20	51.3	100.0	39
Total	39	55.7	31	44.3	100.0	70

4.4.4 Influence of level of education on success/failure of business

The influence of level of education on success/failure of business was analyzed by comparing the average rating of respondents' business success. Table 4.11 shows the findings. The table shows that on aggregate, respondents with post secondary education who claimed they had succeeded was higher (100%) compared to their counterparts who had secondary level of education (0%). However, among the cohort who claimed that they had succeeded, the difference between respondents who attained university level of education and those who attained certificate/diploma level was insignificant as 51% of the respondents attained certificate/diploma level while 49% attained degree level. The findings imply that business success varied by level of education, whereby business success increased with advance in education to post-secondary level but this variation grew smaller as the entrepreneurs scaled up the education ladder. The results are in consonance with the view of Nkonoki (2010) that education is a key component of the human capital needed for business success since it provides the basis for intellectual development needed by SME owners in business to be successful. However, that the difference between levels of education at post-secondary level was insignificant suggests that higher education had diminishing returns.

Table 4.13 Comparison of business success by level of education

Level of education	Those who claimed they had succeeded		Those who claimed they had not succeeded		Total	
	n	%	n	%	%	n
Secondary school level	0	0.0	5	100.0	100.0	5
Certificate/Diploma	20	50.0	20	50.0	100.0	40
University/postgraduate	19	90.5	2	9.5	100.0	21
Total	39	59.1	27	40.9	100.0	66

4.4.5 Influence of entrepreneurial orientation on success/failure of business

The influence of level of entrepreneurial orientation on success/failure of business was analyzed by comparing the average rating of respondents' business success by entrepreneurial orientation. As per Table 4.10, 65% of respondents who were high on entrepreneurial orientation claimed they had succeeded compared to 35% of their counterparts who were low on entrepreneurial orientation. This finding suggests that more respondents who were high on entrepreneurial orientation were successful in their businesses. This agrees with the findings of a study by Mahmood and Hanafi (2013) which showed a significant relationship between entrepreneurial orientation and business success among SMEs in Malaysia.

Table 4.14 Comparison of business success by entrepreneurial orientation

Entrepreneurial Orientation	Those who claimed they had succeeded		Those who claimed they had not succeeded		Total	
	n	%	n	%	%	n
High	20	66.7	10	33.3	100.0	30
Low	11	27.5	29	72.5	100.0	40
Total	31	44.3	39	55.7	100.0	70

4.4.6 Influence of business training on success/failure of business

The influence of level of business training on success/failure of business was analyzed by comparing the proportion of respondents who claimed they had succeeded and those who claimed they had with respect to whether they were trained or not. Table 4.12 shows that 57% of the respondents who had business training claimed they had succeeded compared to 43% of the respondents who did not have business training. Among respondents who claimed they had not succeeded, 71% were untrained and 29% were trained. The findings suggest that more respondents who had been trained in business were successful compared to those who did not receive business training. The finding agrees with the observation made by Del Mel, McKenzie and Woodruff (2012) that business training appear to enable more successful businesses among SMEs.

Table 4.15 Comparison of business success by business training

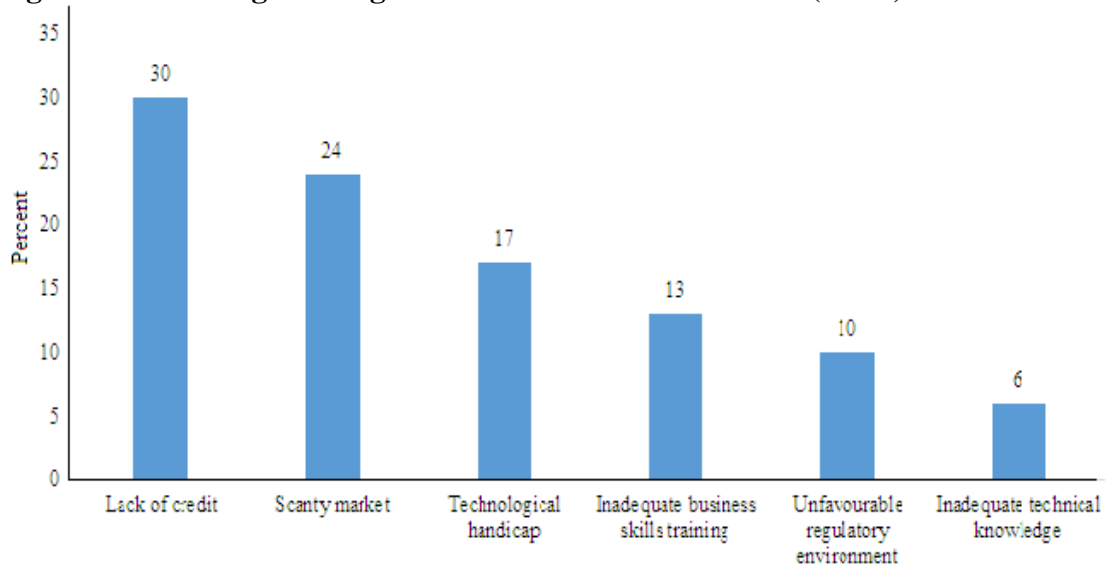
	Those who claimed they had succeeded		Those who claimed they had not succeeded		Total	
	n	%	n	%	%	n
Whether trained						
Trained	20	66.7	10	33.3	100.0	30
Untrained	15	37.5	25	62.5	100.0	40
Total	35	50.0	35	50.0	100.0	70

4.4.7 Challenges facing SME businesses at Muthurwa

Respondents were asked to list down some of the challenges they faced within their businesses. The findings were summarized into 6 main themes as shown in Figure 4.4. The figure ranks the themes by order of percentage frequency. As per the findings, lack of credit was the most frequently mentioned challenge faced by respondents (30%) followed by scanty market (24%), technological handicap (17%), inadequate business skills training (13%), unfavorable regulatory environment (10%) and inadequate technical knowledge (6%). These findings are consistent with the report of a study by Financial Sector Deepening Kenya (2016) which identified lack of credit, market access,

rudimentary technology and lack of business training as the main factors challenging SME businesses in Kenya.

Figure 4.4 Challenges facing SME businesses at Muthurwa (N=70)



4.5 How Small and Medium Enterprises Support and Sustain Family Needs

This section presents the analysis of how entrepreneurs at Muthurwa support and sustain family needs. Included in the analysis are: other sources of income, estimated monthly income from the other sources, and estimated household expenditure.

4.5.1 Sources of income apart from business

The study sought to establish whether respondents had other sources of income apart from business or they relied solely on their business to support and sustain family needs. Table 4.13 shows that 85.7% of the respondents relied solely on their businesses to support and sustain their family needs whereas 14.3% of the respondents had other sources of income. Therefore, majority of the SMEs relied on their business solely to support and sustain their family needs. The results suggest that the SMEs played a positive role in the support and sustenance of livelihood. This agrees with the observation by Ali, Mumtaz and Akhtar (2014) that SMEs had a positive impact on the economic

empowerment of their owners, especially women, enabling them to support and sustain the economic needs of their families.

Table 4.16 Sources of income to sustain and support family needs

Sources of income to sustain family	Frequency (n)	Percentage (%)
Had other sources of income	10	14.3
Relied solely on the business	60	85.7
Total	70	100.0

4.5.2 Level of income from other sources

Respondents who had other sources of income to sustain and support family needs were asked to indicate the monthly income from their other sources. Table 4.14 shows that 80% of the respondents earned a monthly income less than Ksh.10,000 from their other sources while 20% of the respondents earned between Kshs.10,000-50,000 from their other sources of income. This finding suggests that while all the respondents had earnings from other sources to supplement their income, the level of income was not substantial. The finding concurs with a study by Dung and Pattanaik (2013) which found that SMEs supplemented their income from a variety of sources by the income was too meager to sustain subsistence level of living. As the findings of this study suggests, the observation by these authors seem to be the scenario among entrepreneurs in Muthurwa.

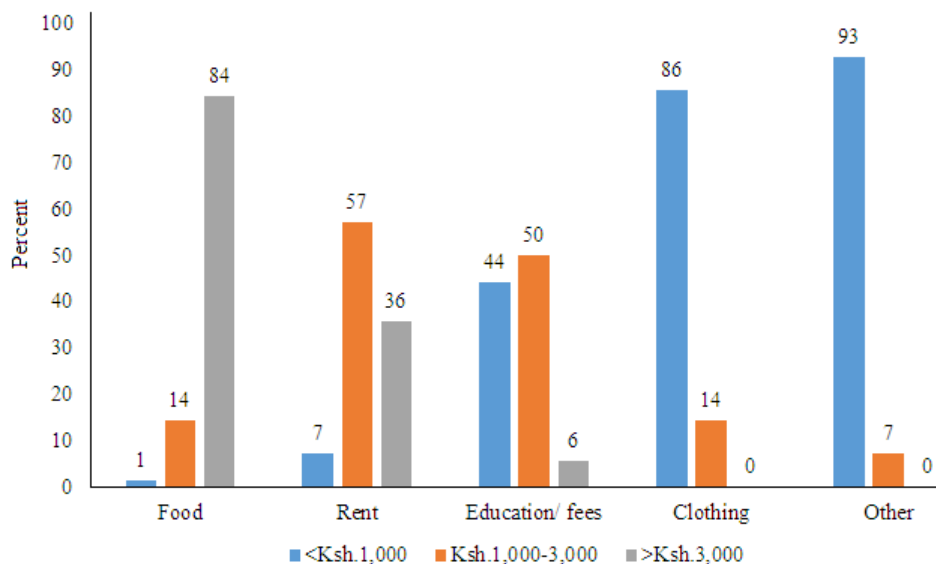
Table 4.17 Income from other sources of family sustenance

Monthly income range	Frequency (n)	Percentage (%)
< Ksh.10,000	8	80.0
Ksh. 10,000-50,000	2	20.0
>Ksh.50,000	0	0.0
Total	10	100.0

4.5.3 Household expenditure

Respondents were asked to estimate their monthly household expenditure on such items as education/fees, medical, clothing, food and rent. Figure 4.5 shows that food accounted for the highest household expenditure, with 84% of the respondents spending more than Ksh.3,000 on food. The next highest household expenditure was rent, whereby 57% of the respondents spent between Ksh.1,000-3,000 on a monthly basis. Education was the third highest household expenditure, with 50% of the respondents spending between Ksh.1,000-3,000. Clothing and other household expenditures accounted for the least share of monthly income, with 86% of the respondents spending less than Ksh.1,000 on rent and 93% of the respondents spending less than Ksh.1,000 on other household expenditure. The finding suggests basic household needs accounted for a significant share of the income of SMEs in Muthurwa. The finding is consistent with the assertion by Kibet, Achesa and Omwono (2015) that the SME sector can contribute to meeting the basic needs of the poor.

Figure 4.5 Respondents' estimation of their monthly household expenditure (N=70)



4.6 Chapter Summary

This chapter has presented the analysis, interpretation and discussion of the study findings. The results have been presented using descriptive statistical techniques such as frequencies and percentages. The findings have been presented using appropriate figures and tables for ease of interpretation. The next chapter summarizes the findings, draws conclusions and makes recommendations of the study.

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents summary, conclusion and recommendations on the extent to which small and medium enterprises support and sustain household needs. The summary of major findings is presented for each objective. Similarly, conclusions are drawn from the major findings. Recommendations are also suggested accordingly. The chapter also discusses the limitations of the study and makes suggestions for future studies.

5.2 Summary of Findings

5.2.1 Various dimensions of SMEs that exists in Muthurwa

With regards to the various dimensions of SMEs, it was found that majority (62.9%) of the respondents' were sole traders, most (45.7%) of the SME businesses had been in existence for 5-6 years, 80% of the SME businesses employed 1-10 staff, 80% of the respondents did not own other businesses whereas among the remaining entrepreneurs who had other businesses, majority (71.4%) of the respondents earned less than Ksh.10,000 per month from their other businesses.

5.2.2 Factors that contribute to the success and failure of SMEs

In terms of business success, the average rating for majority of the respondents was 5 on a 10 point scale, suggesting that they considered their businesses fairly successful. It was found that socio-demographic factors contributed to the success/failure of SMEs as respondents' rating of their business success varied by age, gender, level of education, entrepreneurial orientation and business training. Further, lack of credit was the most frequently mentioned challenge faced by respondents (30%) followed by scanty market

(24%), technological handicap (17%), inadequate business skills training (13%), unfavourable regulatory environment (10%) and inadequate technical knowledge (6%).

5.2.3 How SMEs support and sustain family needs

With regards to how SMEs in Muthurwa supported and sustained their family needs, 85.7% of the respondents relied solely on their businesses to support and sustain their family needs. Food and rent accounted for the highest household expenditure; whereby 84% of the respondents spent more than Ksh.3,000 on food and 57% of the respondents spent between Ksh.1,000-3,000 on rent on a monthly basis.

5.3 Conclusions

5.3.1 Various dimensions of SMEs that exists in Muthurwa

The SMEs in Muthurwa mainly operated as sole traders. The implication of this is that their liabilities were unlimited and this exposed their personal properties in case they were not able to meet their financial obligations. The SMEs had however outlived their initial stages of business establishment given that the enterprises had been in operation for a long time. The entrepreneurs therefore demonstrated resilience which an important ingredient for entrepreneurial success. The SME businesses however remained small in size despite their many years of existence in business, implying that there was little growth in them. The SME businesses were the main focus for the entrepreneurs in Muthurwa suggesting that the entrepreneurs did not diversify their business ventures.

5.3.2 Factors that contribute to the success and failure of SMEs

A myriad of individual factors as well as environmental factors determined the success or failure of the SMEs in Muthurwa. Gender influenced business success as male entrepreneurs were more successful than their female counterparts. Success in business also rose with rise in level of education, training in business and entrepreneurial orientation. Age also positively influenced business success, implying that the SME

businesses in Muthurwa became more established as their owners matured in age. In terms of business challenges, the SMEs were affected by lack of credit, scanty market, technological handicap and unfavourable policy and regulatory environment. The entrepreneurs were also deficient of technical knowledge and business skills.

5.3.3 How SMEs support and sustain family needs

The SMEs in Muthurwa were the sole source of support and sustenance of family needs. Income from the SME business were used to finance all the basic household needs. A significant share of income from the SMEs was spent on food, rent and school fees. Other household expenditure that were fulfilled by income from the SMEs were; medical, clothing and other expenses. Most notably, the SME owners spent considerably high amount of money on medical expenses.

5.4 Limitations of the study

While conducting the study the researcher met a number of challenges securing appointments with the respondents some of whom were unwilling to participate because of lack of time. To counter these problems, the researcher hired qualified assistants who professionally handled all kinds of respondents as well as followed up for the appointments.

5.5 Recommendations

The study recommends that the right policies and regulatory environment should be created to encourage the entrepreneurs to engage in productive entrepreneurship as the current environment upon which they operate is unfriendly and provides little incentives for business.

The SMEs themselves are encouraged to form marketing associations in order to address the problem of market scantiness since the SMEs are noted to be less competitive without

proper technology. Stakeholders such as the SME Authority and other private sector developers should direct attention towards supporting the SMEs on this front.

The study recommends that effective and business skills and training programs should be developed in order to enhance the business acuity of the SME owners in Muthurwa. This would confer to the entrepreneurs the business skills that they need to transform their businesses from their small size towards growth.

5.6 Areas for further research

Although the study offers vast knowledge and beneficial revelations on the entrepreneurs in Muthurwa market, it suffers a few limitations. The study has not considered the various methods used by the government to improve entrepreneurship in Kenya. Secondly, the study did not elaborate on the available alternatives of these entrepreneurial opportunities. Hence, more research needs to be done on this area. The study was also limited in scope to SMEs in Muthurwa. Therefore, a similar study could be conducted in other locations to corroborate the findings of this study.

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APPENDICES

APPENDIX I: QUESTIONNAIRE

Section 1: Demographics

Please read each question carefully and follow the instructions. Please answer all questions by circling the number in the box that best describes your answer. All individual answers will be kept confidential.

Q1. Please circle the number in the box best describes the range in which your age falls

Range In Years	Please Circle One
Below 20 Years	1
Between 20 to 29 Years	2
Between 30 and 39 Years	3
Between 40 and 49 Years	4
50 Years and above	5

Q2. Please indicate your gender (Please circle an appropriate Box)

Male

Female

Q3. To date, what has been your highest formal qualification? (Please circle one box only)

Level of Education	Please Circle One
Secondary School Level	1
Certificate/ Diploma	2
University	3
Post graduate level	4

Any Other

Q4. Please indicate the number of years this firm has been doing business here
_____ years

Q5. Form of business organization

Business Structure	Please Circle
Sole Trader	1
Jointly Owned	2
Limited Company	3
Other	4

Q6. Including those engaged in day-to-day activities, how many persons are employed in this business?

No Of Employees	Please Circle
1 – 20	1
21 – 40	2
41 – 60	3
Over 60	4

Section 2: Entrepreneurial challenges

Q7. Kindly list down some of the challenges you are faced with in your business.

Q8. Do you have any other business other than this?

Yes

No

Q9. If yes what is the estimated monthly income

Q 10. Do you have any other source of income other than from business or do you rely solely on the business for your household sustenance?

Yes

No,

Q 11. If yes what is the estimated monthly income

.....

Q 12. What is your estimated household expenditure?

ITEM	Expenditure
Education/Fees	
Medical	
Clothing	
Food	
Rent	
Other (specify)	

Q 13. On a scale of one to 10, to what extent would you say you have been successful in your business?

1 2 3 4 5 6 7 8 9 10

Q 14. Explain your answer above

.....
.....
.....
.....
.....

Q 14. On a scale of one to 5, to what extent would you agree with the following statements?

- a) I am a risk taker _____
- b) In my business, innovation is encouraged _____
- c) I take proactive measures to remain competitive _____
- d) I deliberately create and maintain an active social network _____
- e) I believe I have what it takes to start and run a successful business _____

THANK YOU FOR YOUR TIME AND CONSIDERATION