## A STUDY ON HOW A CHANGE IN STRATEGY CAN HELP A SMALL-SCALE BUSINESS GROW INTO A LIMITED MEDIUM/LARGE SCALE ENTERPRISE



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**Subject** A study on how a change in strategy can help a small-scale

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**ABSTRACT** 

The aim of the study was to establish how a change of strategy can help a sole proprietor grow into a private limited company. The study was guided by two general objectives which highlighted the factors that shape the entrepreneurial mindset and why enterpreneurs hind their own growth past 20 employees. The beneficiaries for the present study include family business owners, sole proprietors, and community members.

Purposive sampling was used to select participants for the study. The study utilized a sample of 10 business that comprised of seven men and three women from family-owned businesses across Nairobi Kenya. The qualitative study used face to face interviews as data collection instrument. Collected data were analysed using the SPSS software.

The study established that several factors shaped the mindset of a sole proprietorship. Some of the factors included, motivational influence, established relationship, adequate capital, operational policies, innovation and goal setting, positive and strategic thinking.

Additionally, the study established that employee turnover, inadequate funds and lack of training are fundamental factors which contributed to the lack of growth in the number of small business past 20 employees. In conclusion, sole proprietorship should acquire the necessary skills, training and ensure access to adequate funds to effectively run their business

**Keywords** Entrepreneur, strategy, mind-set.

Pages 35 pages

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#### 1 INTRODUCTION

#### 1.1 Background Study

Entrepreneurship is a significant element which fosters economic development and therefore, it's prudent for the sole proprietors to have strategies which can accelerate their growth (McDowel et al., 2016, p. 3). The business ecosystems are rich of resources which provides an opportunity for the entrepreneurs to utilize these resources address economic, social and cultural gaps. There are many sole proprietors who have emerged with the alluring ideologies and many are yet to evolve into limited and international companies. The sole proprietors are exposed to adverse challenges as they growth into fully fledged limited companies.

Many of the growing enterprise have crippled and some of them failed because these hurdles. Some of the predominant challenges affecting the sole proprietors include liability, lack of adequate capital, poor leadership, poor decision making and higher taxations (Mbonyane & Ladzani, 2011 p. 551). These obstacles vary across nations depending on their policies and the nature of the ventures the entrepreneurs have decided to pursue. For instance, lack of adequate capital has pushed much small businesses into liquidation (Mardjono, 2005, p. 272).

According to Adisa (2014, p.6), many sole proprietors have challenges in the raising of the capital for their demanding operations. Most entrepreneurs face hurdles in securing the loans from the banks and other financial institutions because of the issues which are associated with credibility. It seems risky offering higher loans to the sole proprietors because the creditors fear defaults in case the ventures fail to pick up or they do or become disabled therefore, most of the sole proprietors have to rely on their saving s and other unreliable forms to run their small and medium enterprises (Adisa et al., 2014, p.6).

Additionally, the sole proprietors are faced with the liability issues. The entrepreneurs are always held responsible in case of lawsuits, debts or other emerging obligation from the daily operations of their business Adisa et al., 2014, p.8).

Whenever the company gets sued they are always at the risk of losing their properties, the entire company assets or the family assets. Furthermore, the sole proprietor is liable for the actions of his or her employees. Moreover, decisions that are motivated and informed by leadership qualities is a big challenge the sole proprietor's face as they grow into fully fledged limited companies.

The entrepreneurs are in full management of their business and most of them do not have expertise in leadership management to aid in strategic decision making and other top management duties for their ventures (Fatoki, 2014, pg. 924). In this scenario, there is no feedback from the expertise in case the wrong decisions, that could be adopted for the organization operations. The business is likely to suffer greatly from poor decisions which contradict the company expectations. The limited companies have the opportunity for the diverse decisions from the officers, departmental heads, chief executive officers and the board of directors to arrive at a final decision which is effective to address the organization mess.

Additionally, poor policies such as higher taxation for the sole proprietors greatly affect their operations. According to Fatoki (2014, pg. 924)., the heavy taxation does not provide a good working environment for the small business especially those competing with the bigger institutions or the government institutions to offer the same services.in the event the sole proprietors fail to meet the taxa requirement, they are often penalized with the huge fines which become the genesis for the failure of the organization to pick up and make an impact to the community (Atawodi & Ojeka, 2012, p.89).

Additionally, it's difficult for the sole proprietors to set up their routines because of the heavy workload without the adequate number of the employees. In the limited companies, there are team members who are structured to perform definite duties, therefore, promoting efficiency and easy management and enhanced operational efficiency. Some of the entrepreneurs have failed to them lack definite work plans.

#### 1.2 Problem Statement

The myriad challenges facing the entrepreneurs have become the biggest nightmare among the sole proprietors, therefore, increasing the probability of the sole proprietors to fail in a competitive business ecosystem. Most of the sole proprietors lack strategies on how to mitigate these challenges so as to grow into the fully fledged limited companies. Numerous numbers of businesses are started daily, and only a few of those survive. Majority of those that do, they remain stagnant after growing to around twenty employees. Most of the sole proprietors do not have the required skills and knowledge for the management of their ventures (Adisa et al., 2014, p.9).

They lack the leadership and the operational strategies; therefore, they end up hindering their own growth past the 20 employees.

Additionally, some of the enterprises have the less skilled employees who perform below the expectations, therefore, dragging the growth of the ventures. Empirical studies have projected that most of the

entrepreneurship lack the right mindset to enable them to achieve their objectives. They work with the unmotivated workforce, which results in lower performance (Drnovšek et al., 2010 pg. 334). Additionally, most of the entrepreneurs lack the strategic decisions which ensure the prosperity of the business in future. Most of them are limited to daily operations without having a forecast of the organization in the near future exposing the companies to the unpredictable calamities such as political instability, market crash, civil strife and political animosity.

#### 1.3 Research Question

This research was guided by the following research question;

How can Change of strategy help a sole proprietorship grow into a private limited company?

## 1.4 Objectives of the study

To determine the factors which shape the entrepreneurial mind-set. To understand why entrepreneurs hinder their own growth past 20 employees.

#### 2 THEORETICAL BACKGROUND

## 2.1 Shaping the entrepreneurship mindset

Empirical studies have examined the shaping of the entrepreneurship mindset by addressing entrepreneurship self-efficacy, entrepreneurial identity, Positive and strategic thinking and self-motivation and risk perception.

#### 2.1.1 Entrepreneurship self-efficacy

Entrepreneurship self-efficacy is based on the abilities of the entrepreneur to perform the role and duties of entrepreneurship successfully. It is best on one's optimistic beliefs and competencies which are manifested in desirables outcomes. In the process of starting a new venture or established business, self-efficacy plays a poignant role in the

progress of the business. The mindset of the enterprise should incorporate the control beliefs which aim at propelling the initiative to achieve their small and medium enterprises objectives.

A right mindset will be focused on increasing the sole proprietor engagement in the business growth activities without relenting (Drnovšek et al., 2010 pg. 341). Self-efficacy projects confidence and the ability of the entrepreneur to accelerate the venture into maturity phase. Entrepreneurship self-efficacy is anchored on fives pillars which include innovation, marketing, risk-taking, management and financial control. The fives subcomponent project the ability of the sole proprietor to successfully produce favourable outcomes. For instance, Innovation. Is critical for the prosperity of the entrepreneurs.

An innovative mindset will implement innovative ideologies and modify the business models in response to the dynamic market demand while remaining competitive and overcoming the ambiguous hurdles (Kraus, et al., 2012, p.268). According to, the belief control within the entrepreneurial mindset pushes them to pursue excellence and remain persistence whenever the problems are overwhelming.

Self-efficacy has an immense influence on the business start- ups and the outcome of the business. Self-efficacy outlines the business intentions of the entrepreneur and determines whether the entrepreneurial intentions will be addressed to achieve the organization desired outcome. Additionally, personal efficacy is projected in the entrepreneur's ability to establish start-ups. According to Albert Bandura social cognitive theory, individual's efficacy variability projects the diverse in goal achievement among the entrepreneurs (Bagheri, et al., 2013 pg.691). An entrepreneur who utilizes his or her personal cognitive abilities invests immense personal skills to address the challenges he or she is likely to face and therefore, attaining the desired success ((Drnovšek et al., 2010 pg. 334).

#### 2.1.2 Entrepreneurial identity

The entrepreneurial identity has great influence on the entrepreneurial process. Having a positive entrepreneurial identity accelerates growth among the different business ventures. Whenever the entrepreneurs are able to identify their identities they develop a positive mindset on the resources which are essential for the operation of their business (Yitshaki, R., & Kropp, 2016 p.17) There are different ways in which the entrepreneurs can manage their identity that upholds their distinctiveness therefore, promoting their business wellbeing.

Additionally, there are mechanisms which can help the sole proprietors manage their identity conflict. The entrepreneur identity is essential in enabling them to achieve their basic needs since they are able to distinguish themselves from the other people (Morris et al, 2016, p. 550). A

sole proprietor venture provides the entrepreneurships with an opportunity to fulfil their psychological needs of aiming to be unique and providing the market needs. The entrepreneurs are exposed to the micro identities conflict since having a unique venture from the others thwarts their belonging within the community (Yitshaki, R., & Kropp, 2016, p.19). This makes most of the entrepreneurs to feel alienated and therefore, becoming alienated psychological.

Distinctiveness is essential in the sustenance of the entrepreneurial identity. According to Morris et al (2016, p. 551) when someone distinguishes himself or herself from the others, he or she establishes a foundation for constructing a unique identity. Having greater similarity to others trigger intense emotions and worries about the ventures because of the stiff competition. Having self-identity among the entrepreneurs is like a motivation which enhances the abilities of the sole proprietor to perform better because of the enhanced self-esteem.

According to the social identity theory, human beings are motivated to interpret the different groups to have constructive self-evaluation. The need to belong to given sector of people is greater challenge among the human beings (Schmidts, 2013, p.74). The enhanced belonging among the human beings do trigger positive emotions where an individual gains momentum of their roles and responsibilities. The negative emotions might have a long-lasting effectiveness on the entrepreneur's development. Distinctiveness among the entrepreneurs provides them with autonomy and therefore, more influence on their ventures (Morris et al, 2016, p. 552).

Additionally, this provides them with an opportunity to have absolute control over their lives. The entrepreneurs must have partnership with the other entrepreneurs while maximizing their distinctiveness. Whenever the entrepreneurs situate their ventures with strong bonds with other specialists they unlock the limitation which are the hurdles that hold the ventures in a stagnant position for long.

According to the social identity theory, the differentiation among the entrepreneurs enhances their positions within the markets. The ones identity provides an opportunity where the entrepreneurs have control over their ventures and they can make advancements in their business (Schmidts, 2013, p.75). The entrepreneurs are distinct from their colleagues because of their motivation, personality and cognition. The distinctiveness of the entrepreneurs must accelerate their achievements in their small business and medium enterprises. The entrepreneurs who see their creation of the new ventures and the utilizing of the opportunity as personal growth are mostly likely to achieve higher performances.

Additionally, some of the entrepreneurs have created some of the products and the provision of the services which are anchored on their internal needs and desires. The inventions express their concept of the emotion, beauty and aesthetic deal

(Morris et al, 2016, p. 552). Whenever the entrepreneurs identify their uniqueness they have to create the products and provide the services which address their personal interest which is characterized by higher quality.

When the entrepreneurs have a mind to identify the unique of their teams they have incorporated in their business, they are able to suppress their best and therefore, helping to overcome the dark side of entrepreneurship. The team members are able to unite where each member gives their best that enables the venture to prosper through the fulfilment of the entrepreneurship roles and responsibilities (Kraus et al 2012, p.281).

Furthermore, an entrepreneur can emerge as a leading member of his or her venture through differentiation. Differentiation provides an opportunity for diverse skills to be incorporated within the companies therefor realizing higher growths. The entrepreneurial identity should be based on the commitment to emerging opportunities, control of the resources, strategic orientation and the peripheral attributes which essential for the operation of the business enterprise (Morris et al, 2016, p. 553). s. The sole proprietors must have the strategies which will enable them to work towards the right direction. The transitioning from one identity to another have an immense effect of the entrepreneurial psychological health which in turn have lasting effects on the operation of the organization.

Most often, transitionings are likely to incur higher psychological costs which have lasting negative effects on the business ventures. The higher psychological cost will promote more dark sides of the entrepreneurship which might sink the business venture of the sole proprietor (Shepherd & Haynie, 2009, p. 381). The changing of the identities might subject the entrepreneurs to the countless setbacks which might encompass disputes with the partners, increased competition, struggling with the staffs on their engagement and how to handle their payrolls. Some of them might be faced the struggles which they cannot talk about therefore, becoming the genesis for the failure of their ventures. Dealing with multiple identities requires the entrepreneur to set strong boundaries to aid in minimizing the interruptions from one identity to the other (Shepherd & Patzelt, 2018, p. 140). The limited transition enables the entrepreneurs to balance their distinctiveness and therefore, trigger success in their areas of specialization.

## 2.1.3 Positive and strategic thinking

According to Zara (2012, p.221), strategic thinking influences the entrepreneurial activities in the business ecosystem. Strategic thinking is critical in business ecosystem which is characterized by established competitions and strong collaborations. During the competition in the business ecosystem, an entrepreneur needs to be equipped with the array of the strategic thinking about the organization capabilities, core competencies, opportunities and the challenges. The sole proprietor has the challenge of navigating the competition arena which is not based on the digital dimensions neither the physical domination but the global networks which the firm operates and aims to realize greater benefits (Per mwanichagun, 2014, p. 82).

The global networks are very essential to the new and established ventures since they avail the significant resources, poignant information about the market conditions and the alliance partners who provide an avenue for funds and other essential business requirements.

Additionally, the in the process of sharing, creating, exploiting and navigating the business ecosystem requires the entrepreneur to have an in-depth insight based on the strategic thinking. The strategic thinking is manifested and portrayed in the strategic actions and creativity which accelerates the deployment of the resources in to the business enterprises therefore, establishing the sole proprietors as the forces of competition and change since they are capable of transforming and adapting to the business ecosystem (Zara, 2012, p.222). When the entrepreneurs invest in strategic thinking are likely to discover the new opportunities, while exploiting the other measures and the opportunities that are vital for the expansion and the success of their business.

In the ecosystem, the entrepreneur's needs to synchronize the strategic thinking which provides an opportunity for the new knowledge which enhances immense support to the entrepreneurial activities. The interplay between the strategic thinking and entrepreneurship is affects the business ecosystem since the strategic thinking is the hub for industrial knowledge that determines the competition moves and the customers' needs and expectations (Zara, 2012, p.221). The strategic thinking reinforces the business enterprises domination in the business ecosystem economic activities where the organization is able to bond its goals and objectives to realize the desired business missions. The new ventures are always exposed to the strategic challenges which come at the different timeframes and thus, they require allocation of the special resources to ensure they are managed effectively.

Some of the established ventures are cooperate owned while some are owned by the independent entrepreneurs. Most of cooperate owned ventures are sponsored by the government cooperation's and they therefore, pose greater competition edges to the exploitation of the resources within the business ecosystems. The healthy competition promotes the co specialization among the independent entrepreneurs which in turn provide enrichment to the entrepreneurial activities. The independent entrepreneurs need to integrate some of their business activities by thinking strategically in order to remain vibrant in the evolving business ecosystem (Bagheri et al., 2013, p.703). The independent entrepreneurs have to think critically about the ecosystem in which they exist therefore, to provide the opportunities for their members, cultivate their relationship with their employees and establish their position in such business ecosystems.

The strategic actions should address the fundamental issues such as the position the organization and healthy working relationships to overcome the potential business barriers which are evident during the organization evolution. Strategic thinking alludes for the time transcend, space and the allocation for the resources which are critical in offering of the innovative solutions to address the emerging issues for the business enterprise. Some of the approaches in strategic thinking include the long-term orientations, creativity, systematic and integrated approach in solving of the enterprise problems (Zara, 2012, p.222).

In the strategic thinking, an entrepreneur is obliged to consider the different scenarios which define the set assumptions and clear description for the future therefore, entrepreneurs are able to integrate the divergent views to realize the desired actions. The integration of the future planned and decision require an intense creativity and intelligence. The strategic thinking requires the utilization the organization resources to the implement the long-term process which give birth to higher performance within small business.

## 2.1.4 Self-motivation and risk perception

Self-motivation is very essential for the entrepreneurial development. An entrepreneur does not only carry his burdens, but the business and the people who have been employed in the venture. In addressing these needs, the entrepreneur ought to be positive outlook, be pragmatic, exude confidence and be generally optimistic (Bagheri et al., 2013, p.701). Optimism is the immediate recipe for calamities within the organization whenever it's ignored. The optimism secures for the future of the organization and the employees are able to have a greater believe within the organization.

The self-motivation is portrayed whenever the entrepreneurs have the absolute reason to venture into business despite the array of the challenges in which they are exposed. The entrepreneurs should behave in consistent manner and perceive the risks as the opportunities that can

be converted into essential lessons for the growth of the business. Self-motivation requires no giving up and facing the emerging challenges with boldness. The entrepreneurs must have ways in which they can motivate themselves in all the situations

## 2.2 Why the entrepreneurs hinder their own growth past 20 employees?

Many of the entrepreneurs often fizzle once they have started their ventures. Most of the entrepreneurs usually fail to scale their enterprise in to the executive mode because of some of the poor decisions and measures they adopt as entrepreneurs. Many companies have worked a long period, but they have failed to have more than a handful of employees. Most of the organizations have employees who are less than twenty. There are habits among the entrepreneurs which have inhibited their abilities transform their ventures into larger organizations. Some of these tendencies such blind loyalty, task orientation, single mindedness, working in isolation, social pressure, lack of experience, skills and capital have hindered the growth of the entrepreneurs past the twenty employees (Adisa et al., 2014, p.2).

#### 2.2.1 Loyalty

Lack of loyalty is one of the reasons which hinder the growth of some of the enterprises. An entrepreneur has the responsibility of acting as a leader for his or her own venture. The employees are charge of the combat which determines the growth of the business since each unit is composed of the employees who paly critical roles at each department to ensure success in the provision of the services and the manufacture of the products (Fatoki, 2014, pg. 922). Blind loyalty has been the critical factor which has undermined the development of the business enterprises through hindering the growth of the ventures. Some of the leaders of the small business enterprises have placed excessive loyalty to some of the employees and who in contrast become the worst enemies of the struggling business.

Team allegiance is essential for the flourish of the organization because the different skills are utilized for the greater good of the organization. It's the responsibility of the leaders of the organization to identify the blind loyalty that is projected among the members weakness to engage and aspire the achieving of the goals of the organization.

Many of the organization do reflect the stubborn loyalty that greatly influences their performance. Some of the employees often become relaxed when the leaders do not employ performance management and other performance evaluation methods. The success of the ventures is based on the strengths and success of each of the organization team members. The organization must realize a broader allegiance among the customer's employees and investors to grow and create other branches

where the other employees can be accommodated. Engaged employees are fundamental for the organization to open new ventures, growth and integration of the other departments which provide the opportunities for the employment opportunities of the other employee to address the increased workload.

#### 2.2.2 Task orientation

Another factor which hinders the growth of the business enterprises is the task orientation. Many of the entrepreneurs do focus on the jobs and tasks they have at hand to which they perform brilliantly forgetting the long-term strategy that are essential for the growth of the organization. The company starts to grow but fails to achieve the long-term strategy because of the priorities for the future were not set right Mbonyane & Ladzani, 2011, p.552). Some of the ventures are doing great but it's the management which fails to create the future strategy such as adoption of the technology in the daily operations, enhancing the marketing sector and the public relations which create adverse opportunities for the organization to flourish. The streamed lined strategies are essential for the growth of the organization therefore, the entrepreneurs have the responsibility to ensure they create the long term goals which when attained the organization growths into the executive model.

## 2.2.3 Single mindedness

Single mindedness is another factor which kills the growth of the entrepreneurs. Most of the sole proprietors do focus on the single issues like quality but forget other aspects such as the differentiation of the services and the products. Whenever the entrepreneur concentrates on the one aspect within his or her new venture they hinder the growth of such an organization. A single-minded entrepreneur's focus on the single issues which matters most to a fraction of the customers and locks up listening from the opinions and the diverging opinions from the employees therefore, they feel alienated from the organization and they end up losing their allegiance to the organization (Fatoki, 2014, pg. 924. Some of the mangers are focused on technology alone but the company needs to diversify their products to increase sales. They sometimes need to invest in advertisement while the manager is focused production and one aspect and seems satisfied with the organization performance.

## 2.2.4 Working in isolation

Additionally, working in isolation affects the growth of the entrepreneur past the twenty employees. Since the gestation development for the most ventures demand protections, the entrepreneurs are always

secretive during this period. The entrepreneurs end up protecting the entire ideas and remain isolated from the team members therefore, hindering the growth of the organization (Mardjono, 2005, p. 272). Whenever an organization finds a breakthrough, the management should shift the internal the internal demand and share ideologies with the customers on the managing the market demands of their products and the services.

#### 2.2.5 Social pressure

Another factor which hinders the development is the social pressure. Most of entrepreneurs in developing countries are exposed to the forced mutual help whey they are pressured their wealth and incomes with their needy relatives and some of their extended family. Some of the family members end up securing the employment opportunities in the strong position in the ventures and perform dismal because their relatives have limited control on their performance (Thornton, RibeiroSoriano & Urbano, 2011, p.109). They cannot be sacked, and their positions are secured. These people are the enemies of entrepreneurship and they end up propelling the failing of the ventures. The entrepreneurs must employ the qualified personnel instead of awarding the vacancies to their family members at expense of the professionals who can oversee the growth of the organization to higher levels.

The social pressure from the family members and the close friend constraints the growth of the business ventures across the globe. The family members within the organization promote the misallocation of Labour and misuse of the organization of the family funds since they directed to solve the family feud and other outrageous demand instead of increasing the stock, opening new markets and employing of the new personnel who can increase the fireworks within the organization (Alby et al., 2014, p.4). Whenever most of the entrepreneurs start performing better, they are pressurized to start sharing with the community and the family members. Sharing is a moral principle in some of the community particularly in the African community.

Majority of the enterprises in Africa have failed because a lot of funds are lost in the other secondary projects leading to the collapse of the enterprises because of lack of the adequate capital to run the organization operations (Alby et al., 2014, p.4). Some of the entrepreneurs are forced to use the credit to pretend they are poor is o that they can inject some considerable funds to their business. The conflict between the economic differentiation and the social norms has become a hindrance for the entrepreneurs to realize higher profits which can promote the growth of their business.

## 2.2.6 Lack of training in management level

Lack of experience and training in the management of the enterprises has become an undoing for the developing enterprises. Some of the entrepreneurs of not have required management skills therefore they end up failing to meet the needs of their clients and mission of the organization. Lack of the adequate skills in their ventures and expertise subject the ventures to collapse or production of the lower quality products and the undesired services from the customers (Fatoki, 2014, pg. 92)4. The poor management gives rooms wrangles where some of the enterprises start having higher turnout rates of the employees. The employees cannot even stay longer within the organization.

The entrepreneurs should provide the proper training to their employees to ensure their skills match the dynamic market therefore, addressing the customer needs effectively. Training motivates the employees thus increasing their engagement in the organization activities therefore, promoting higher outcomes. The untrained employees hinder the growth of the organization since they do not provide the desired services by the customers. Some of the untrained employees increase the long waiting times or breakage of the system because they are not familiar with the modern tools which are critical for higher performance.

The organization needs to have structures which can promote growth because by holding the employees in their positions. Most of the employees are ready to quit and leave the ventures because they become disengaged as time grows within the organization. When an organization had more than 20 employees, it's likely for the top management to lose engagement with the employees with time therefore, it becomes difficult to understand their needs and address them effectively.

#### 2.2.7 Communication

The lack of communication is a big problem among the growing ventures and there is need to adopt structure were the roles of each team members are well defined and the employees have seniors to communicate to and report. Whenever they work for lengthy period they are assured of promotion according to the structure stipulated within the organization. The organization should have the employee manuals, documentation for the daily industry processes and the duties of the employees are well aligned to the goals, mission and vision of the organization. The entrepreneur needs to be patient in the implementation of the organization structure to ensure there is no overlapping of the roles and some of the important aspects are not eliminated from the manuals. The consistent implementation promotes the satisfaction of the workers.

## 2.2.8 Capital and cash flow problems

Lack of the funds is another factor which kills the growth of the entrepreneurs. The small ventures do need adequate funds for the operational efficiency. The entrepreneurs have to spend money to make more money. The entrepreneurs need to have the adequate funds so as to make in all the stages of business. Capital is essential from the start up stages until when the money starts streamlining in you additionally require the adequate funds to expand the business and employ many employees and provide them with the good salary according to their job description (Mbonyane & Ladzani, 2011, p.553).

Most entrepreneurs don not spend the money therefore, their ventures become limited to growth. A lot of funds are not invested in the employment for the qualified staffs, technology, marketing and the having the best working environment the business cannot employ more than twenty employees, and neither can it grow (Atawodi & Ojeka, 2012, p.99). A business enterprise requires a lot of money to successfully go through all the stages of development and expand to provide employment opportunities to more employees because of the increased workload. Funds are essential for the timely salaries, training and the provision of the tips to the employees to ensure they are motivated therefore, being able to invest their best skills within the organization.

#### 3 RESEARCH METHODOLOGY

The present methodology utilized the qualitative research methods to analyse small family business and the aspects which hindered their growth past twenty employees and factors which influence their mindset. The process enabled the application of knowledge on how the family business is run and the challenges they face on their daily operations.

#### 3.1 Research design

Research design is a significant blueprint in answering the research question by either giving a descriptive or having a control on the variables to generate the desired outcome. The research design is essential in the controlling of the confounders which affect the outcome of the study, therefore, resulting in biases and misleading findings by the researchers. The descriptive research design provides a systematic and accurate description of the population under study, portray the characters of the individuals accurately and avail the answers to the on-going events.

#### 3.2 Data collection instruments

Information from the participants was collected through the face to face interviews. The questions for the interviews were formulated in regard to the nature of the family business. 8 questions were constructed where the participants had to provide detailed feedback. The first section of the interviews addressed the shaping of the entrepreneur mindset while the other section addressed why the factors which hinder their own growth past the twenty employees. Building a relationship with the participants was essential to establish a rapport before the interview. I started with a general conversation with the participant to make them ready for the interview. I summarized the information during the interview and shared with the participant to ascertain the accuracy.

## 3.3 Target population and sampling

The targeted population for this study included 10 families owned small business around Nairobi Kenya. The owners of this business were required to have established their business past 5 years. The study adopted purposive sampling, which is a technique adopted in most of qualitative researches. This is because it poses features that are relevant to the designed research question, available resources and time in the field (Leedy & Ormrod, 2013 pg.75). This sampling technique provides an opportunity for the researcher to identify those participants who are free and open to sharing detailed information and are highly knowledgeable in the researcher's areas of interest. Purposive sampling allows the selection of the participants based on the criteria of the study in times might be non-random and targeted deliberately.

## 3.4 Research procedure

The participants comprised of 7 men and 3women and were supposed to have an active business in operation. Their business operations and management were supposed to be managed by family members who were selected for the study. The business was supposed to be generating profits but there were financial, or income limits placed on the business owners in order to participate in the study. I interviewed each participant using the interview in the semi-structured format. I collaborated with the participants and organized the interviews at their convenient time. The interviews were carried out in the private section of their business. According to Ritchie et al (2013 pg.10), the participants are likely to share detail information and not be distracted when the interview is carried in their convenient time schedule in the comfort of their environment. Purposive sampling avails an equal opportunity to the participants to provide detailed information. It focuses on the number of the participants rather than the procedures used in the selection of the participants. According to Dworkin (2012, pg. 1319), qualitative studies uses small sample sizes rather than large sample sizes like those adopted

by the quantitative studies. The small sample sizes are supposed to meet data saturation because it aims at an understanding of the situation under study. Data saturation address the richness of the data, not the sample size. The rich data here refers to the quality of the data. According to Parker (2013 pg.134), data saturation encompasses the coding, sample size, ending points and evaluation. Data saturation arises when the data becomes repetitive. This ensures data collection and quality supports the study. When a researcher uses a purposeful sample there is a greater opportunity to achieve data saturation.

## 3.5 Reliability and validity

According to Street & ward (2012, pg.160), reliability is achieved when the results are consistent and project a similar outcome when replicated. Reliability is characterized by consistent outcome and replicable results which is dependable. A qualitative study reliability has to showcase data trustworthiness, credibility, dependability of the evidence and consistency. According to Ritchie (2013 pg. 15), a detailed information ought to be provided to enhance reader's trustworthiness and interpretation. In the present study, I identified factors which influence the performance of the chosen organizations. I adopted methodological triangulation on the data collected from the participants to establish credibility. The respondents were active to confirm meaning of the transcribed data.

Validity, on the other hand, aims at generating valid and authentic results for the study. Validity in the qualitative research is related to credibility, transferability, and conformability. Conformability address accuracy and data neutrality. I achieved conformability creating word frequencies and emergent themes.

#### 3.6 Data analysis

The process involves the gathering, comprehending and managing data outcomes. Data analysis provides an opportunity for the researcher to perform rigorous and comprehensive data articulation. In the present study, used the SPSS for a comprehensive analysis. I uploaded data into SPSS to analyse different themes, identification of patterns and enhancing data transparency. I used the generated themes to examine the research questions and generate findings.

## 4 ANALYSIS

The entrepreneurial theory which guided the present study aimed at the creativity, entrepreneurial vision and the ability of the sole proprietors to create business and run them successfully. The present chapter presents the findings from the interview after qualitative analysis.

## 4.1 Q1. How long have you been in the business?

## **Emergent Theme: 5 years and above**

The first theme which emerged from the study is that most of the sole proprietors I entered had been in business for more than 5 years. Their business had been growing steadily with immense support from the family members. According to the IMF, family businesses grow so faster compared to sole proprietors which are not family owned. The family business has been creating a lot of job opportunities. Most of the family business is aimed at alliance to enhance their innovation and growth. Those entrepreneurs who have spent more than five years in the market project that they had experienced enough challenges to make them part of the study.

Table 1

				Cumulative
	Frequency	Percentage	Valid Percentage	Percentage
Valid 5 years	4	40.0	40.0	40.0
6 years	2	20.0	20.0	60.0
7 years	4	40.0	40.0	100.0
Total	10	100.0	100.0	

## 4.2 Q2. What business strategies did you use to support your entrepreneurial vision?

**Emergent theme: Motivational influence.** 

The second theme which emergent from the coding and analysis of the data collection was the entrepreneurs having a strong motivation to create, start and ensure a successful small business of their choice. Each of the ten participants I interviewed expressed and discussed their motivation which pushed them to start and merge one of the successful small businesses in Kenya. Motivation is essential for creating a successful business and lack of it hinders the growth of the business. When addressing motivation in the interview, the business owners expressed it was their driving force to own business. There were motives which the participants identified that were essential in the start of their business. The motives included the desire for financial rewards, independence, and flexibility.

Additionally, these entrepreneurs expressed a similar desire of quitting cooperate work because they were not satisfied with the salary and the job. These findings were in collaboration to the study by McGowen (2013, pg. 53), who examined that starting a small business is driven by the desire of flexibility, independence and the ability to become stable economically. Entrepreneurship self-efficacy and success is anchored on fives pillars which include innovation, marketing, risk-taking, management and financial control. The fives subcomponent project the ability of the sole proprietor to successfully produce favorable outcomes. Motivation is critical for the prosperity of the entrepreneurs since a motivated mindset will implement innovative ideologies and modify the business models in response to the dynamic market demand while remaining competitive and overcoming the ambiguous hurdles without relenting. (Kraus, et al., 2012, p.268).

The sub-themes are represented in the figure below.

Table 2

				Cumula tive
	Frequency	Percent	Valid Percent	Percent
	4	40.0	40.0	40.0
Independence	3	30.0	30.0	70.0 100.0
Flexibility Financial rewards	3	30.0	30.0	
Total	10	100.0	100.0	

## 4.2.1 Independence

The motivation for success in the family business was guided by the desire for independence. The owners of the business reported that they wanted to stay independent and dedicated to their business because of the job dissatisfaction in what they had undertaken in the early years of their careers. The inequalities in their workplace derived their desire to start something of their own where they would find satisfaction. Some of the independence was pushed from the family members.

For instance, the fourth and fifth respondents were forced into Entrepreneurship by the family members. They had not anticipated of becoming entrepreneurs, but the family members changed their mindset towards entrepreneurship. The other family members had experienced a challenge in their full-time jobs therefore, they pushed for a family venture which could sustain them economically. The respondent's number 10 was not into entrepreneurship until his wife pushed him into entrepreneurship because of the challenges from the day job. The push motivated her to look for a venture which attracted his strong skills to start a family business to overcome the struggles in their full-time job.

The respondents provided a detailed explanation of their desires to venture into the small business ownership. Independence to own and manage their own business motivated them to venture into entrepreneurship in the areas where they had the greatest impacts and skills. Family members push individuals to take advantage of the existing opportunities to start their own business. According to Chamorro (2012 pg. 6), individuals is motivated to start a business in areas of their interest and skills if they are not satisfied with what they are doing in their workforce. According to some of the participants, working as a business owner had more demands compared to regular employment it was more satisfying. The personal business has greater and longer working hours, involvement and commitment. Individuals are motivated to start their own ventures because of higher rates of job dissatisfaction.

## 4.2.2 Flexibility

All the participants stated that flexibility was a motivating factor to start their own business. The occupational flexibility provided an opportunity for the individual to balance their family life and the working hours. Working in a family venture provides greater time to interact with the family members and provide their needs effectively compared to

working in regular employment where there is limited time to interact with the family members. Most of the individual come home tired and the following day they have to attend to the same routine. The family business provided an opportunity for the opportunity to frequently interact with their family members. Some of the family members are employees. Some of the businesses were owned by the spouse therefore, they had adequate time for each other.

The participants attributed that the flexibility of the family business was a motivator which reduced the stressors of the regular employment environment. The major stressor is ensuring balance with the family and the work. The family roles worked as motivation for the individuals to start their own business. All the participants were married and therefore, they had a lot of responsibilities. For instance, the participant revealed that they comfortable not rely on the support of the caregivers to take care of the family since their business provided an opportunity for them to have maximum time with their family members.

Another importance of flexibility it allowed them to actively participate in the community activities which provide them with great satisfaction. It provided opportunities for mentoring the young people or employees, providing services which contributed to the sustainability and success of the community and offering of the employment opportunities to the community members.

# 4.3 Q3. How do you ensure that your products remain attractive to your existing and new customers?

#### **Emergent theme: Managing customers**

The participants said have embarked on measures such as advertising to attract customers to their business. According to participant 1, 3, 5, 6 and 7, the online advertisement has become significant in attracting the customers and promoting product and brand awareness. The other measures the participants had advocated were the provision of offers to the customers. When the customers are provided with offers they are likely to feel appreciated and therefore, become loyal to the business. Some of the offers given to the customers include a discount on the items, provision of the after-sales services and selling of the goods on high commission.

How do you ensure that your products remain attractive to your existing and new customers?

				Cumulative
	Frequency	Percent	Valid Percent	Percent
Valid	3	30.0	30.0	30.0
Advertisement	3	30.0	30.0	60.0
Discounts  Commissions	2	20.0	20.0	80.0
After sales services	2	20.0	20.0	100.0
Total	10	100.0	100.0	

## 4.4 Q4. What strategies did you use to influence the growth of your business?

#### **Emergent Themes: Innovation and goals setting**

Another poignant theme which emerged was the owner ability and need to start and manage business sustainability as noted in question four of the interview questions. All the participants reported having had the desire to start and expand their business. Some of the factors which they mentioned that were relevant in the creating and running business operations was having robust career plans, entrepreneurial visions and longterm goals. Some of the themes which merged as a foundation for successful business included mentoring programs and building of the robust business brand.

Most of the family business especially participant 1, 2 4 and 5 used the mentoring programs to learn about business operations and procedures, therefore, maintaining the steadiness of their business. Some of the participants enrolled in the professional colleges where they acquired the relevant skills which were significant in the managing of the business operations.

The studies provided knowledge and skills which they applied to their respective business. Participant 1,2 and 7 had certificates in business management while the rest had degrees which they had used to source for employment in the regular employment before embarking on entrepreneurship. The working experience in the formal sectors had provided them with the skills and abilities to run some of the operations on their own. Participant 5 had sponsored the employees for the

workshop twice therefore, the employees had vast knowledge and motivation to execute their duties effectively.

## **Emergent Themes: Human Relationships**

The other theme which emerged was the relationships between the small business owners and their workers. The human relationships are significant in establishing the value for the business. A strong relationship was reported to give all the business competitive advantage and economic sustainability. According to Bengesi and Roux (2014 pg. 88), the business strategies should address the customer needs to provide an enabling competitive business environment. The participants said that they advocated for good relationships with their employees through the creation of positive environment at the workplace, provision of employment, respecting of the employees and addressing their general needs such as timely salaries and resources to perform their duties effectively.

According to a study by Alby et al., (2014 pg.4), enhanced positive relationship with the employees and other family members in the management teams was a recipe for economic growth and higher business performance. The sub-themes which merged under the frequency of human relation included; employee and customer's relationship and networking.

## 4.4.1 Employees and customer relations

Participant in the response to question 5, stated that a good relationship between the employees and customers was a strategy which provided growth of their business. Participant 1 indicated that a good relationship between the employees and the customers increased the customer traffic because of satisfied and created loyalty. Another participant revealed that a good relationship among the employees prompted teamwork. When the employees work as a team, they become committed to the same goals of the organization and therefore, they can easily achieve the goals and objectives of the organization.

## 4.4.2 Networking and community development

Building networks and involving community members was another strategy which promoted the success of the family business. All the participants indicated that networking with other organizations, local leaders, and community members promoted the success of business in their designated regions. All the participants addressed networking when addressing question 6. Even though the present literature failed to

address community networking, Compton and Pollak (2013 pg. 72) started in their research that networking was vital for the success of the business with the region since it promotes the brand of the business and positive reviews from the customers who feel that they are part of the business. They acknowledge the operation and benefits for the business in addressing their needs and creation of employment to the local population.

What strategies did you use to influence the growth of your business?

Table 3

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		4	40.0	40.0	40.0 80.0
	Innovation and Goal setting Human relationships	4	40.0	40.0	90.0
	Employees and Customers relations	1	10.0	10.0	100.0
	Networking and Community Involvement	1	10.0	10.0	
	Total	10	100.0	100.0	

## 4.5 **Q5.** Which challenges have you experienced as an entrepreneur?

#### **Emergent Theme: Fatigue**

Most of the participants revealed that they had to work for extra hours to ensure that everything in their business was running as expected. All the participants mentioned spending a lot of time on their premises from the opening in the morning until in the evening. Participant 9 mentioned that he had to travel daily to his store at 6 am. He spends all the day to oversee the operations up to 7 pm and reaches home at night. Most of the employees are tired because they have to do the same thing every day. They have limited to recharge or relax. The business is located in the city, therefore, each day they have to attend to many clients.

**Emergent Theme: Managing customers** 

Another challenge was how to get and manage the customers. Some of the participants experienced difficulties in getting customers for services or products over \$20. Most of the customers want to purchase those products which are affordable. Additionally, there are many established small business which offers the same services, therefore making it difficult to keep the customers when the competitors reduce the price of the same goods. There are limited regulations in the country to manage how the products and services are supposed to be charged. There are no standard prices for some of the prices, therefore, managing the customers in the price fluctuating environment was a problem for most business.

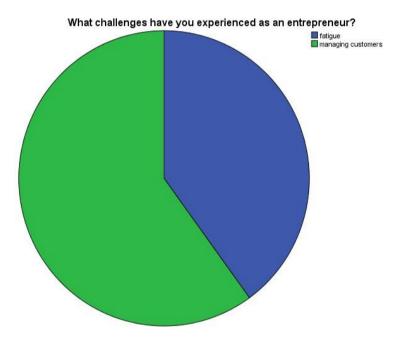


Figure 1

#### 4.6 Q6. What strategies have you set to overcome these barriers?

#### Emergent Theme: Financial success and income security.

The participants used the financial strategies to ensure the success of their business. The financial strategies were significant for the creation of wealth for their business. The participants were motivated to create a business enterprise which would return more income than their regular employment. Most individuals are pushed to starting their own ventures because of the motivation and the need to initiate the financial wealth and generate wealth from their small business enterprise. According to participant 1 and 5, they were determined to

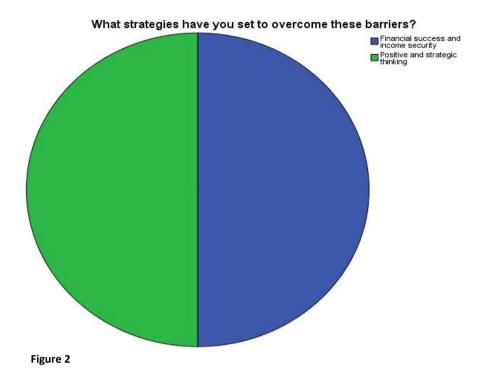
exhaust their personal savings and start ventures which would generate more wealth after a designated period which is significant in the growth of their business.

There were challenges in the utilizing of the personal savings because they would later experience pressing family issues at the start of their ventures. Some of them faced challenges meeting the family obligations since a lot of money was being channelled to support their ideologies.

One of the participants advised that it was not prudent for the small business owners to use their personal savings for their business but rather seek for loans and grants from the innovation and the incubation centres, local authorities and banks. Using the personal funds would result to management issues in their business. The issues arise when there is an urgent personal obligation but there not funds because they were utilized in the business. According to participant number 5, strategic planning is essential when planning for funds for your business. Having a strategic financial plan enable the entrepreneurs to comfortable plan for their business. Panning enable the entrepreneur to allocate necessary funds for the business and remain with funds which would aid in the management of their personal obligations effectively.

## **Emergent Theme: Positive and strategic thinking**

Some of the participants adopted positive and strategic thinking to overcome the challenges. For instance participant 6 narrated cooperation with the friends and family members for loans because the problem was seasonal. The participants had a positive attitude towards the challenges and they prepared to manage those challenges. According to Zara (2012, pg.222), strategic thinking influences the entrepreneurial activities in the business ecosystem. Strategic thinking is critical in the business ecosystem which is characterized by established competitions and strong collaborations. During the competition in the business ecosystem, an entrepreneur needs to be equipped with the array of the strategic thinking about the organization capabilities, core competencies, opportunities and the challenges.



## 4.7 Q 7. How many workers has your business employed?

#### **Emergent Theme: Number of workers**

Most of the participants reported that their business had between 4 to 11 employees. The participants revealed that a majority of their employees were family members. Family members were provided with the employment opportunities because of trust, limited employment opportunities in Kenya. According to Fatoki (2014 pg. 924), loyalty determines the number of employees in the organization. Business owners want those employees are ready to sacrifice a lot for the startup.

Some participant argued that had employed his two sons because they were dedicated as they understood the importance of their business to their family. It was the source of family income therefore, they are cautious in their operations, unlike outsourcing employment. The outsourcing employees demand a heavy salary depending on their level of education. The family employees are connected to the company. Another reason for the limited number of the employees is because

most of this small business had specialized in one product. The one product requires fewer employees because the processes involved are limited. Employing many employees would results in a lot of salaries yet the outcomes are less.

According to Mbonyane & Ladzani (2011 pg.552), lack of adequate funds hinders the growth of the business. The operation of the business fails because there are no funds to motivate the employees or employee many workers to enhance operational efficiency.

#### 4.8 Q8. What are the challenges hindering your growth beyond 20 employees?

#### **Emergent Theme. Employee Turnover.**

Half of the participants reported that high turnover rates were one of the problems affected their business. According to participant 8, employees would leave after they have found a job in a bigger organization. Some of the bigger organizations offer bigger salary which becomes difficult for the employees with college or degree certificate to resist. He lost three of his employees to dominant telecommunication companies such as Safaricom and Telecom because they had good salaries and reputation. Although turnover is expected in business, it has adverse effects on the organization.

Higher turnover rates promote inefficiency in the organization. Higher turnover rates enhance higher operational costs in the organizations, a lot of time is wasted and less productivity because of the productive workers have been lost to the best organizations.

## 4.9 Q9. Which strategies have you adopted to succeed past 20 employees?

Some of the participants suggested strategies they have tried they have adopted to overcome the employee challenges.

## **Emergent Theme: Managing cash flow.**

According to all participants, the business owners suggested that they are likely to fail if they do not have constant cash flow. They have come up with ways to ensure constant flow cash to support the business operations. They use forecast methods to forecast their sales and projected profits, therefore, they plan in advance for their business.

Some of the activities for managing the cash flow include timely sending of the invoices, paying off the employees and the bills on time. According to Mbonyane & Ladzani (2011 pg. 552), Lack of the funds is another factor which kills the growth of the entrepreneurs. The small ventures do need adequate funds for the operational efficiency. The

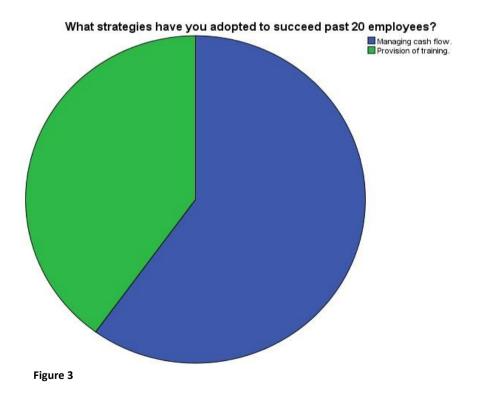
entrepreneurs have to spend money to make another money. The entrepreneurs need to have the adequate funds so as to make in all the stages of business.

## **Emergent Theme: Provision of training.**

Participants 1, 2 and 4 reported providing training to the employees to enhance their productivity and reduce turnover rates. The employees are selected to participate in workshops and sponsored to professional training to ensure their skills address the customer needs. Training motivates employees and reduces the high turnover rates. Workshops and seminars provides the employees with the knowledge and skills to become more productive in their actions.

According to (Fatoki, 2014 pg.924), training enhances passion in service delivery since the employees understand their roles and responsibility. Lack of experience and training in the management of the enterprises has become an undoing for the developing enterprises.

Some of the entrepreneurs of not have required management skills therefore, they end up failing to meet the needs of their clients and mission of the organization. Lack of the adequate skills in their ventures and expertise subject the ventures to collapse or production of the lower quality products and the undesired services from the customers



#### 5 **CONCLUSION**

This study facilitated the drawing of the following conclusions on the factors which shape Entrepreneurship mindset.

In conclusion, the following factors shape entrepreneurship mindset.

## 5.1 History of business

The history in business is one of the factors which shape family business in Kenya. The study established that most of the sole proprietors had been in business for a period of five years and above. Most of the employees are family members who have provided the necessary support to the entrepreneurs to ensure their business run steadily despite the demographic challenges which have faced the country in recent years. the more than five years in the business has given the entrepreneurs skills and knowledge on how to manage their operations in a dynamic environment such as during long electioneering periods when the country economy is doing badly, therefore, posing greater challenges to the organization. Withstanding the challenges for long period has given small business owners in Kenya positive attitude in running their business.

#### 5.2 **5.2 Motivation**

Motivation is another poignant factor which shapes the mindset of the small and medium business owned by the family members. Motivation provides the entrepreneurs with a sense of identity and vision to start their own business and manage them effectively. Most participants attributed that motivation pushed them beyond their limits in addressing the prominent challenges facing their small and medium business. Majority of the participants expressed that motivation was essential in driving them to create employment opportunities and generate profit from selling valuable products and provision of services to their clients.

According to McGowen (2013, pg. 53) flexibility, and independence in managing their own money motivated them to establish a strong family business. According to Bagheri et al (2013 pg. 701), positive attitude, confidence, and optimism make the business owners start a high-quality business to address the gaps in the different industries. The entrepreneurs who are self-motivated performed better despite the numerous challenges.

## 5.3 Established customer relationship

Sole proprietors are likely to perform better when they have managed their customers. Most of the family business managed their clients through effective marketing strategies. When the customers are happy and there is a higher retention rate, the employees are shaped to continue performing at higher levels. The sole proprietors are likely to perform better when they have a strong connection with the clients.

## 5.4 Innovation and goal setting

Innovation was significant for the entrepreneurs to start their own business. Having a long-term goal pushed the employees to implement their projects, therefore, starting a new business providing unique services to the clients. Some of the family members like parents who had been in business mentored their children to start and run their own small and medium business. Mentorship shapes the entrepreneurial identity of the sole proprietors, therefore, making them remain committed to their goals (Yitshaki, R., & Kropp, 2016 p.17).

## 5.5 Established relationships

Positive relationship provided an effective working environment for business owners to run their enterprises. According to a study by Alby et al., (2014 pg.4), enhanced positive relationship with the employees and other family members in the management teams was a recipe for economic growth and higher business performance. The employees are encouraged to work positively in addressing the challenges facing their enterprises. There is a likelihood of higher performance when the business is established in an enabling working environment. 10% of the employees agreed that networking and community environment was influential in promoting a harmonious working environment.

## 5.6 Robust financial capability

The study established that finance of the main fa tor which determined whether someone would venture into entrepreneurship or will decide will look for formal employment. The amount of capital also determined the type of business an individual will venture into practicing. When an entrepreneur has a lot of funds they are likely to start manufacturing factors which have the heavy financial demand to start and operate.

Additionally, income insecurity also motivates the sole proprietors to start their own business which would likely to generate more finance to addressing their financial insecurity. The ability of the sole proprietors to achieve financial success motivates them to start their own business. According to Mbonyane & Ladzani (2011, p.553), adequate funds is the determining a factor for the startup to scale all the initial steps and launch a successful business.

## 6 RESEARCH QUESTION ANSWERED

Why most do most small businesses struggle to grow past 20 employees?

During the study, and after the analysis of data, it was found that most of the businesses included in the study were unable to grow past twenty employees because of the following factors.

## 6.1 Government policies

The established irregular government policies on the small and medium enterprise is an essential factor which influenced the small business in starting a business. Some of the governmental factors which influence the growth of the small business passed 20 employees included higher taxation. High taxes results to lower profits among the small business and they cannot alter the prices because when they increase the prices of their good and services, they are likely to lose their customers. They cannot afford to employ more employees when they receive lower profits.

## 6.2 Lack of adequate training

When the employees are not provided adequate training their productivity decline steadily they cannot meet the current market expectations. To address the training issues, they are supposed to provide training to reduce higher turnover rates. According to Fatoki (2014 pg.924), training of the employees enhances their passion to deliver in the organization. Training provides the employees with the required skills to address various gaps and be able to compete favorably with other companies.

## 6.3 **Poor management skills**

Poor management impacts the operation of the small and medium business enterprises when the top management fails to run their organization, they open the possibility for the organization to fail. Poor management is unable to account for the management for the management of the organization and the working of the employees are unlikely to grow into fullfledged organizations.

## 7 RECOMMENDATIONS

A small and medium business which are family owned should outsource employees who have greater potential.

The employees should have the necessary skills to perform their duty and this will enable the business to grow rapidly.

Sole proprietors should ensure they have adequate access to finance to support their innovation. Most of the entrepreneurs are demotivated when they are unable to compete favorably with the established business entities. Adequate finance enables the operation of the business and they are able to employ more than twenty employees.

Sole proprietors should invest in training and workshops in their areas of specialization to acquire the required skills to effectively run their operations. Specialization motivates the sole proprietors to invest more in their business because they obtain the necessary skills to manage their business.

The small and medium family business is supposed to address succession. Succession from one generation to another is inevitable therefore, they need to lay out a stable organization which can benefit all the generations. Some of the family business fails one the innovators are dead and the business become stagnant to growth and it is unable to grow passed twenty employees. Succession disputes result in poor management and misappropriation of funds.

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