FACTORS INFLUENCING THE SUCCESS OF FAMILY OWNED BUSINESSES AMONG THE ASIAN COMMUNITY IN NAIROBI

BY

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UNITED STATES INTERNATIONAL UNIVERSITY
NAIROBI

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OF FAMILY OWNED BUSINESSES AMONG
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STUDENT'S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University in Nairobi for academic credit.

Signed: Hiren Patel (ID 600330)  
Date: 8th MAY, 2003

This project has been presented for examination with my approval as the appointed supervisor.

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Deputy Vice Chancellor, Academic Affairs
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ABSTRACT

The main purpose of this study was to determine the factors influencing the success of family owned businesses among the Asian community in Nairobi. The study explored and answered the following broad questions:

- What are the unique characteristics of the Asian family owned business entrepreneurs?
- What are the critical success factors among the Asian family owned businesses?
- What challenges or problems do Asian family owned business entrepreneurs face?

The research design was a survey. The population of this research was the Asian family owned businesses in Nairobi. The main business areas included the Central Business District, Industrial Area and suburbs such as Parklands, Westlands and Muthaiga. The target respondents for the research were mainly managing directors. The study employed probability sampling with a stratified sampling method. The firms came from different business sectors such as manufacturing, service, construction, retail trade and wholesale. The primary data was collected using a questionnaire that had structured questions. Data analysis was done using descriptive statistics technique.

In terms of unique characteristics of the Asian family owned business entrepreneurs, the research findings revealed that most Asian entrepreneurs challenge the established order and the complacency of traditional, social and economic systems. The study results indicated that Asian entrepreneurs dislike
repetitive and routine work. The findings further revealed that the Asian entrepreneurs' leadership style reflects on their business personality.

As regards the critical success factors among the Asian family owned businesses, the results indicated that Asian family owned business entrepreneurs usually solicit for advice within the family. The study results also revealed that the Asian entrepreneurs have been successful due to their secretive nature and ability to stick to the family knitting. The results also showed that Asian entrepreneurs regard community information sources and networks as key critical success factors.

In terms of the challenges that Asian family owned business entrepreneurs face, the findings revealed that searching for shortcuts to quickly succeed in business poses a major challenge for family owned business entrepreneurs. The results further indicated that Asian entrepreneurs feared being criticized by other people and that discrimination was also a major challenge that family owned business entrepreneurs' faced.

The study recommends that the Asian family owned business entrepreneurs should not fear being criticized or discriminated whenever their business is either doing well or not doing well. The Asian entrepreneurs should regard criticism as helpful to their business. The study further recommends that Asian entrepreneurs should identify and solve the problems that lead to licensing and contract renewal difficulties. This will in turn eliminate the need for searching shortcuts to success using illegal means.
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It is not possible to mention everyone's contribution towards this research project but I earnestly thank everyone who have assisted me in this project either directly or indirectly.
DEDICATION

I would like to dedicate this research project to my guru, H.S.D.H. Pujya Pramukh Swami Maharaj, to my mother, Kaushika Patel, and my sister, Harsha Patel.
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1.0 INTRODUCTION

1.1 Background

Running a business is a very complex task. More so, establishing a business and making it successful is also difficult. The motivation for entrepreneurial activities is to acquire profits. Thus, "Profit seeking is a primary factor in entrepreneurship" (Shumpeter, 1934, p.45). Entrepreneurship can be defined as, "The process that takes place in different environments and settings that causes changes in the economic system through innovations brought about by individuals who generate or respond to economic opportunities that create value for both individuals and society" (Hills, 1994, p.16).

Many people would like to know why certain businesses are more successful than others particularly family owned business. For family owned businesses to succeed, Dailey (1993) has proposed the following factors:

1. Deal objectively with each person's qualifications: As an entrepreneur in a family owned business, one should consider each individual's unique talents, education, and experience, and place people in your organization based on their abilities, not just their age. Don't assume that age brings wisdom.

2. Relative should preferably acquire practical experience somewhere else. This allows the person to grow and mature.
3. Responsibilities should be clearly defined. Goals, tasks and responsibilities should be clearly defined. Just because you are working with family, an entrepreneur can't assume that family members can read your mind.

4. Responsibilities should be divided to avoid power struggles. Each family member should be assigned a job that he or she does best.

5. Working hours should be established in advance. In general, individuals going into a family business should expect to work longer hours and much harder than they have ever worked before.

6. As an entrepreneur, in a family owned business, he or she must make sure that the reporting hierarchy is clear, is understood and completely agreed upon up front. Individuals in positions of responsibility should be there because of ability, period.

7. Salary and benefits must be discussed in advance. This includes policy on raises, bonuses, vacation, time, health, insurance, sick time and other benefits.

8. For a family business to succeed, the entrepreneur must fight issues, not emotions. Family issues should not spill over to the work environment. The business should be run like a business.

9. It is very important to establish a family council. This is an excellent way to communicate and to air any problems or differences that might otherwise be
overlooked or ignored if they had to be discussed during the normal course of business.

10. One should consider each relative carefully before hiring him or her. Firing a relative puts strains on the entire family. Not firing a relative that deserves to be fired just because he or she is a relative creates just as much strain both on you, as the entrepreneur, and the rest of your employees.

1.2 Problem Statement

Companies can succeed or fail due to many reasons. A business can succeed when owners are equipped with the business skills and management techniques that are crucial for successful performance and growth (Luk, 1996). With the presupposition that there tends to be common underlying factors that are associated with success, small business research has been undertaken to identify these success factors (Hills and Narayana, 1990).

There have been a considerable number of studies running from single case studies to comprehensive surveys, which explicitly aim to unveil the secret of success of small business (Vesper, 1990). Most of these studies conclude that business success is the result of a web of factors. For instance, Steiner and Solem (1998) found that relevant managerial background, experience, and flexibility in operations are significant factors in determining success.

The research carried out by Hills and Narayana (1990) enumerated a total of twenty factors identified by entrepreneurs as important to success
such as total commitment, hard working and family support. However, most of these previous studies were based on the experience of small firms operating either in North America or in European Countries. Whether one can apply these same factors equally well to the behaviors of family owned businesses in Nairobi is still open to question. Moreover, factors of success may vary from country to country, depending on economic, geographical and cultural differences. Therefore, this study dealt with the factors that have influenced the success of family owned businesses among the Asian community in Nairobi.

1.3 Purpose of the study

The primary objective of this study was to determine the factors that influence the success of Asian-family owned businesses in Nairobi.

1.4 Research Questions

The following research questions were used to guide the study:
(1) What are the unique characteristics of the Asian family owned business entrepreneurs?
(2) What are the critical success factors among the Asian family owned businesses?
(3) What challenges or problems do Asian family owned business entrepreneurs' face?
1.5 Importance of the Study

The findings of this study will raise awareness to potential entrepreneurs in that they will be able to recognize how the Asian family owned businesses succeed. Another importance of this study is that it will be useful to economic development planners as well as the government especially when fiscal and monetary policies for the economy are formulated. The findings of this study will benefit future researchers since it can give them a base for further in-depth study of Asian family owned businesses.

1.6 Scope of the Study

This study was primarily based in Nairobi, especially in the Central Business District and Industrial area. The target respondents were the Asian owned family businesses. The sectors that were targeted in this study were the manufacturing, service, construction, retail trade, and wholesale sectors respectively.

1.7 Definition of terms

1.7.1 Business success:
A business can be successful when the financial performance of stock valuation measures show positive figures (Hills and Narayana, 1990).
1.7.2 Family Owned Business:
As many authors have noted, there is no consensus definition of a family owned business (Upton and Heck, 1997). However, multiple conditions such as family ownership and control, family influence on decision making, and intent to transfer the firm to the next generation can be used to identify family businesses.

1.7.3 Value Manipulator:
This is an entrepreneur who acquires assets at a low price and who then, through manipulation of the financial structure, is able to sell at a higher price (Schell, 1996).

1.7.4 Lifestyle Entrepreneur:
This is an entrepreneur to whom a family business is a means to the end of making possible the good life. Consistent cash flow is the primary business rather than high growth, which might involve too much time commitment (Anderson and Woodcock, 1996).

1.7.5 Marketing Factors:
For a business to succeed the marketing factors play a critical role. These include the market, size of demand, sales promotion skills, advertising, good service, customer satisfaction and finding a market niche among others (Yusuf, 1995).
1.7.6 Entrepreneurship:

The process that takes place in different environments and settings that causes changes in the economic system through innovations brought about by individuals who generate or respond to economic opportunities that create value for individuals and society (Hills, 1990).

1.7.7 Family-Centeredness:

Family is important in any culture. Many Asian firms are family-run businesses. Family relationships are inevitably brought into the organization and are run like a family (Lee, 1996).

1.7.8 Centralization of Power:

In a family-owned business, the power structure is controlled by the boss or a small number of people (usually family members) and employees (relatives, friends or outsiders) (Lee, 1996).

1.8 Chapter Summary

This chapter has considered the background information on the factors that have influenced the success of Asian family businesses by stating the reasons as to why certain family owned businesses are more successful than others. The purpose of the study was to determine the factors that influence the success of Asian-family owned businesses in Nairobi. The research questions were:
(1) What are the unique characteristics of the Asian family owned business entrepreneurs?

(2) What are the critical success factors among the Asian family owned businesses?
What challenges or problems do Asian family owned business entrepreneurs’ face?

The target respondents were the Asian owned family business.

Chapter II considered the literature review according to the research questions. Chapter III focused on the research methodology. The results of this research are presented in Chapter IV and the final chapter looks at the discussions, conclusions, and the recommendations.
CHAPTER II

2.0 LITERATURE REVIEW

2.1 Introduction

The literature review was mainly pegged on the main research questions. It is divided into three main areas according as follows: the characteristics of the Asian entrepreneurs, the success factors and the challenges that the entrepreneurs have to face.

2.2 Entrepreneurial Characteristics

While it is a historical fact that there have always been entrepreneurs in societies across the globe, what is different today is the high esteem in which they are generally held in most countries. Culturally, being an entrepreneur has gradually become socially and economically legitimate. Furthermore, entrepreneurs are frequently exhibited as role models worthy of emulation, and associated with positive connotations (Morrison, 1998).

It is assumed that all intentions of entrepreneurship are morally sound and socially responsible. Entrepreneurship is concerned with the initiation of change. As such, it challenges, and perhaps destroys, the established order and the complacency of traditional social and economic systems. Furthermore, one of the key principles of entrepreneurship is the absence of clear and fast rules. With no rulebook to control the game that is entrepreneurship, it is inevitable that there will be winners, losers and unruly behavior. Consequently, it would be
delusory to accept that all outcomes from the process of entrepreneurship will be positive (Gilder, 1971).

In addition, Reid and Jacobsen (1988) asserts that we must question the reality of why persons enter into entrepreneurship. Such persons are in fact 'buying' personal independence and control through the process of new venture creation. In this respect, entrepreneurship may be seen as an aspect of the theory of choice. Frequently, the truth is that in a situation of high unemployment, or other deprivations of a social or economic nature, persons are frequently forced to choose entrepreneurship as the only alternative to no job and no income. In this scenario, Cook (1997) suggests that individuals may then be pushed into becoming entrepreneurs. This then leads to the choice between earning money or not earning - starving or eating. Thus, it is important to recognize that the routes towards becoming an entrepreneur may be various - a response to a crisis situation, exploitation of a market opportunity, or both.

Furthermore, it has been suggested that entrepreneurs often share common features and experiences in a social context, which distinguish them from other individuals. For instance, ethnic minority groups, family businesses, and female self-employed. These are termed as antecedent influences and this thinking contributes to the social development of the entrepreneur (Carter and Cachon, 1988).

De Vries (1977) offers an extreme generalization regarding the social development of entrepreneurs. A persistently controversial author, he is quoted as follows (p.49): "... a prominent pattern among entrepreneurs appears to be a
sense of impulsivity, a persistent feeling of dissatisfaction, rejection and pointlessness, forces which contribute to an impairment and depreciation of his sense of self-esteem and affect cognitive processes."

According to De Vries (1977) it is the formative role of family background and other deprivations which shape, what he describes as, the personality to be found in entrepreneurs! In this opinion, it is a personality that is insecure and unable to operate effectively in an imposed and structured environment.

De Vries' (1977) perspective represents an extreme interpretation that is unlikely to fit entrepreneurs in general. Academics are generally uncomfortable with this model, as it reduces the understanding of the entrepreneur to a deviant, who is a misfit in conventional organizational life. Deviant or marginal characters exist in the population at large in the form of, for example, pop stars, tramps or dropouts. Thus, this certainly cannot be regarded as a necessary condition for becoming an entrepreneur. Furthermore, successful entrepreneurs have proven capable of succeeding within existing frameworks of society. This presupposes that their behavior is innovative and constructive, rather than deviant and destructive (Chell, Haworth and Brearly, 1991).

Viewed from the Chell et al. (1991) perspective, the entrepreneur can be a productive member of society. According to Jennings et al. (1994, p.144) entrepreneurs are:
"... truly well adjusted individuals, in harmony with the environment and community, do not need to achieve great things but simply their own ambitions..."

What are entrepreneurs like? What distinguishes them from other business people? What makes them so special? Although as a group they are not easy to get a handle on, some characteristics seem to be common to all of them (Birley and Muzyka, 1998).

Cook (1997) suggests that entrepreneurs seem to be achievement oriented, like to take responsibility for decisions and dislike repetitive, routine work. Creative entrepreneurs possess high levels of energy and great degrees of perseverance and imagination, which combined with a willingness to take moderate, calculated risks enable them to transform what began as a very simple, ill-defined idea into something concrete.

Entrepreneurs can instill highly contagious enthusiasm in an organization. They convey a sense of purpose and determination. By doing so, they convince others that they are where the action is. Whatever it is - seductiveness, gamesmanship or charisma - entrepreneurs somehow know how to lead an organization and give it momentum. Most importantly, entrepreneurs are the driving force of any country's economy as they represent the wealth of a nation and its potential to create employment (Morrison, 1998). An extremely successful entrepreneur is Richard Branson, the Chairman of the Virgin Group, an empire that encompasses travel, communications (books, radio and television stations, computer/video games), retail and hotels (Dailey, 1993).
Dailey (1993) notes that Branson's leadership style is a unique combination of energy, originality and shrewdness. He is the major driving force in the company, a master of motivation and knows how to get the best out of his people. Furthermore, he is aware of some of his weaknesses and had hired others to compensate for these, having in the process created a highly executive constellation made up of executives with diverse skills.

Branson, however, is an exception in the way he has taken on the entrepreneurial role. Entrepreneurs are not a homogeneous group. They come in all shapes and sizes, each with his or her own characteristics. In some cases, entrepreneurs possess personality quirks that, while originally may have been a source of great strength, can - when excessive - cause serious problems for the entrepreneur and the enterprise (Chell et al., 1991).

A significant theme in the life and personality of many entrepreneurs is the need for control, a preoccupation that inevitably affects the way they deal with power relationships and their consequences for interpersonal action (Fass, 1990). Some entrepreneurs are strikingly ambivalent when an issue of control surfaces - they are filled with fantasies of grandiosity, influence, power and authority yet they also feel helpless. They like to be in control but fear being controlled by others (Drucker, 1986).

Some entrepreneurs have serious difficulties addressing issues of dominance and submission and are suspicious towards people in positions of authority. This attitude contrasts greatly with that of managers. While managers seem able to identify in a positive and constructive way with authority
figures - using them as role models - many entrepreneurs lack the executive's fluidity in changing from a superior to a subordinate role (De Vries, 1977).

Instead, entrepreneurs often experience authority relationships and the accompanying structures as stifling. They find it difficult to work with others in structured situations unless, of course, they created the structure and the work is done on their terms (De Vries, 1977). Listening to entrepreneurs' case histories, one can find many situations where it was their inability to accept authority and organizational rules that drove them to become entrepreneurs in the first place. Many of them need to create their own environment (Dailey, 1993).

According to Gilder (1971), people who are overly concerned about being in control have little tolerance for subordinates who think for themselves. In an organizational context this desire for control can go to extremes - for example an entrepreneur wanting to be informed about every minute operation of the company - will increasingly become a burden as it stifles the information flow, hampers decision making and inhibits the attraction and retention of capable executives.

The late Robert Maxwell, of the Maxwell House coffee range, was a good example of an entrepreneur obsessed with control. In his companies there was only one way of doing things. It was his way or the highway. He had to control everything around him, whether people or companies. Everything, however, trivial had to be approved by him. There was no management structure; everything revolved around and depended on him. Through this kind of
fragmentation, which created a considerable amount of obscurity, he kept control over all decisions (Reid and Jacobsen, 1988).

Carter and Cachon (1988) are of the opinion that closely related to the need for control is a proclivity toward suspicion of others. Some entrepreneurs have a strong distrust of the world around them. They live in fear of being victimized. They want to be ready should disaster strike.

Paradoxically, quite a few feel best when their fortunes are at their lowest. When at the top of the success wave, they imagine themselves incurring the envy of others. No wonder that they respond that business is only 'so, so' or 'not too bad' when they are asked how things are going. If their fortunes turn and they are close to bankruptcy, it is as if they have paid the price, done their penance for being successful. As this produces a sense of relief, their predicament can have a positive effect. With the alleviation of anxiety, they have the energy to start anew, which they do with enthusiasm and a sense of purpose (Anderson and Woodcock, 1996).

McClelland (1961) suggests that since some entrepreneurs have a pervasive fear of being victimized, they are continually scanning the environment for confirmation of their suspicions. This behavior pattern does, of course, have its constructive side: it makes them alert to moves by competitors, suppliers, customers or government that affect the industry. Anticipating the action of others protects them from being taken unaware.
However, such vigilance can also lead them to lose any sense or proportion. Focusing on certain trouble spots and ignoring others, entrepreneurs may blow up trivial things and lose sight of the reality of the situation (McClelland, 1961).

When a strong sense of distrust assisted by a need for control takes over, the consequences for the organization are serious. Sycophants set the tone, people stop acting independently and political gamesmanship is rampant. Such entrepreneurs can interpret harmless acts as threats to their control and see them as warranting destructive counteractions (Chell et al., 1991)

According to Deakins (1996), the problem of contending with such distorted form of reasoning and action is that behind the false perception that leads to fear and suspicion, one can always find some confirmation. Unfortunately, the person who manages in this way forgets the price the company pays in deteriorating morale, low employee satisfaction and declining productivity.

The heroic myth begins with the hero's humble birth, his rapid rise to prominence and power, his conquest of the forces of evil, his vulnerability to the sin of pride and finally his fall through betrayal or heroic sacrifice (Drucker, 1986).

The basic symbolic themes here - of birth, conquest, pride, betrayal and death - are relevant to all of us. Some entrepreneurs act out the same myth, as
we have seen, with a Greek chorus in the background applauding their achievements but warning them about pride (Jennings, et al., 1994).

Anderson and Woodcock (1996) further suggest that perhaps the myth explains why so many entrepreneurs live under a great amount of tension. They feel they are living on the edge, that their success will not last (their need for control and their sense of distrust are symptomatic of this anxiety) but they have also an overriding concern to be heard and recognized—to be seen as heroes. Some entrepreneurs experience a strong urge to show others that they amount to something, that they cannot be ignored.

A manifestation of this strong narcissistic need is the interest some entrepreneurs show in building 'monuments' as symbols of their achievements. Sometimes the monument is an imposing office building or production facility; sometimes it is a product that takes on a symbolic significance (Bennet, 1989).

Maxwell, for example, was indefatigable in seeking (and getting) attention. He constantly needed an entourage and an audience. He was a great self-promoter and was irrepressibly boastful. His objective was to be in the news constantly. The Daily Mirror was turned into a kind of family album, with Maxwell writing his own headlines. He even acquired a soccer club, another highly effective way to stay in the public eye (Dailey, 1993).

According to Schell (1996), some entrepreneurs also resort to some peculiarly primitive defensive processes, which can lead to a great discrepancy between the narrative truth and the historical truth; facts are arranged to suit
the individual's needs. Splitting - a behavior pattern whereby everything is seen in extremes, black or white, friend or foe - is a defense mechanism used by some entrepreneurs. Maxwell was no stranger to this way of dealing with others. If you disagreed with him, you were his enemy. He did not take easily to different points of view. He did not forget or forgive his enemies' 'crimes'. On the contrary, he had a memory like an elephant and would go to great lengths to get even (Dailey, 1993).

Some entrepreneurs also have a tendency to blame others for what goes wrong. They do not see their own responsibility in the matter. Scapegoating is an excellent way of blaming others while feeling virtuous oneself. In assigning blame elsewhere, entrepreneurs may rationalize away whatever responsibility they have for questionable events. Their capacity to delude themselves can be tremendous (Schell, 1996).

Schweikart (2000) suggests that many entrepreneurs are also capable of sitting still. There is a cyclical quality to behavior. They are prone to great mood swings. They have difficulty in controlling their impulses and managing anxiety and depression. They fear that being passive would make them overdependent and in the end fall victim to control by others. Moreover, passivity evokes depressive reactions.

Human nature is such that we can rarely remain untouched by daily exposure to a range of values, situations and experiences. Every day individuals are meeting people and dealing with experiences which will influence their behavior, attitudes and values. People live in the real world, not a vacuum. Each
person has their own life story to tell, of the experiences that have shaped, inspired and deflated them at different points in time. What is important then, is not to generalize that entrepreneurs can be categorized as resulting from being processed through a specific social development model. Life is not that simple (Chell et al., 1991).

The social development model is considered useful in that it situates individuals within their social contexts, working through personal transitions to satisfy their changing goals, needs and ambitions at particular points in the life cycle. In this way we can understand the persistence of entrepreneurial action over time in some people, and how such variation may be triggered on or off as the entrepreneur moves in and out of their various societal and life cycle transitions. The influences that are generally associated with the social development model of entrepreneurial behavior are: availability of role models, career experience, family background, family position, inheritance of entrepreneurial tradition and level of education (Siropolis, 1977).

According to Stokes (1995), entrepreneurs are generally committed and determined characters. They need these qualities to survive. This represents a positive approach to life, in part due to their high level of self-confidence. Commitment is demonstrated relative to intense dedication to the job. They work long hours and regard their firm as by far the most important element in their lives, with the possible exception of their families. Clearly, much of their personal fulfillment, and confirmation of their worth as successful individuals, comes from their dedication to their work ethic.
The leadership style will reflect the personality of the entrepreneur. Consequently, it can range from authoritarian to participative. However, the skills required are the same. These include the ability to select appropriate team members, communication mediation, negotiation and persuasion skills. Furthermore, motivation and empowerment, and the sharing of credit for achievement with team members and employees is crucial. In this way, entrepreneurs appreciate their own strengths and weaknesses when it comes to managing the business. Moreover, they understand its future prospects depend on addressing existing skills and knowledge deficit through entrepreneurial teams and external networks. Building and developing such relationships to sustain an effective internal team requires strong leadership and vision (Deakins, 1996).

Hill (1960) also suggests that entrepreneurs are market driven, continuously seeking that one idea on which the window of opportunity is opening and which offers the prospects of a worthwhile return on effort and resources, for some time to come (Vesper, 1990). The entrepreneur is steeped in the market and sensitive to market challenges. They seek to grasp opportunities and have the innovative and creative skills to envision how it can be enhanced and value added. The outputs of this opportunity obsession are directed at self-actualization and the fulfillment of their ambitions (Schweikart, 2000).

The environment of the entrepreneur is characterized by ambiguity, inconsistencies and substantial knowledge. For many, such an environment would be unacceptable and debilitating. For the entrepreneur, in such dynamic change
lies opportunity from which the potential degree of risk is evaluated. Potential risk takes the form of financial, and damage to personal standing and reputation. This is not only in the entrepreneur's own eyes but also in those of social peers. This results in a level of caution and measured calculation of the risk element in entrepreneurial decision making. Thus, it is helpful to regard entrepreneurs as risk-managers, rather than risk-takers. In this role, they deal with uncertainty by identifying, assessing, evaluating, managing and transferring risk. It is a systematic process, not a function left solely to chance, luck or the 'lottery' of life. This represents a critical entrepreneurial skill (Reid and Jacobsen, 1988).

Entrepreneurs are creative and innovative. They are not constrained by existing systems, and challenge established procedures and assumptions. They often produce something new rather than just modifying what currently exists. Entrepreneurs combine these creative and innovative skills with the ability to analyze a problem and quickly reach an effective solution (Siropolis, 1977). Such problem solving is seen as a fundamental skill, often not highly intellectual or rational, but more intuitive in nature. Central to this theme is an entrepreneurial learning curve that involves an experiential iterative process. It is highly personal, established from observation and confirmation of both a positive and negative nature. Thus, the entrepreneur tends to act first and learn later from experiences of his or her actions. In this respect, entrepreneurs need a willingness to accept failure, learn from it, and act boldly in the shadows of doubt (Birley and Muzyka, 1998).
We have seen that entrepreneurs come in many different shapes and sizes. Some manage for the good; others can become quite destructive. Some of the darker notes on entrepreneurship are quite real, however, and pose serious quandaries for those working for them. Entrepreneurs do not necessarily have more personal problems than other people do, nor do they inevitably have personality disorders. However, entrepreneurs have their own unique ways of dealing with the stresses and strains of daily life (Kets de Vries, 1977).

It should be noted that the boundaries between creative and aberrant behavior could be blurred. The mix of creative and irrational is what makes entrepreneurs tick and accounts for many of their positive contributions. Entrepreneurs create new industries and stimulate the economy. Their visionary abilities and leadership qualities make it possible for their employees to transcend petty concerns and accomplish good work. There are three kinds of people in this world: those who make it happen, those who see it happen, and those who wonder what has happened. We know where entrepreneurs fit in (Dailey, 1993).

2.3 Critical Success Factors

People usually say, "No pain, no gain." However, one can only say this if he or she experienced the winnings after going through the difficulties. It has been noted that for entrepreneurs that a correlation exists between suffering and success. Entrepreneurs with modest objectives undergo moderate success and adversity. Those with larger ambitions will, before they succeed, endure painful struggles and overcome long bitter periods of intense anxiety. The
greater the suffering, the greater seem to be the inevitable rewards (Reid and Jacobsen, 1988).

As Edward Acheson, founder of Carborundum Corporation said, "History records few careers which not marked in their early stages by inordinate, almost superhuman difficulties and trials, calling for immeasurable courage and faith" (Cook, 1997, p. 153).

According to Morrison (1998), one of the most endearing factors for a successful entrepreneur is total honesty in handling things he or she does not understand. When someone gives a dissertation on a subject, the entrepreneur should frequently interrupt and ask, "What does that mean?" even if it was something he should have known. This refreshing approach can stand out only if people are forthright. The lack of pretense can earn an entrepreneur far more respect and insight than bluffing his way through would have.

Dailey (1993) suggests that there's no need for entrepreneurs to be particularly sophisticated or adroit early in a business. Entrepreneurs should ask for advice or instructions and they will get them. Only phonies nod their heads as if they know something when they don't. For entrepreneurs to succeed they will face a lot of sagas. It has been noted that frequent bad experiences are shrewd instructors. For, without the rejection and bitter defeat, without financial peril and failure, and without periodic plunges into anxiety and despair success remains elusive (Baty, 1990). It is rarely possible for an entrepreneur to succeed without a measure of suffering.
Emerson depicted these benefits as follows, "When man ... is pushed, tormented, defeated, he has a chance to learn something; he has been put on his wits, on his manhood, he has gained facts, learns his ignorance, is cured of the insanity of conceit; has got moderation and real skill" (Fass and Scothorne, 1990, p. 87).

For entrepreneurs, the delays, disappointments and setbacks can lead to new plans and greater efforts, all of which will pay huge dividends downstream. Each second of pain and struggle for the entrepreneur adds to a store of grains and benefits to be harvested later. These difficulties can be traced, tracked, and added to a ledger in your name to be drawn on at some future time (Gilder, 1971).

Gilder (1971) suggests that we may greet personal pain with aversion or self-pity and let it sap our will. However, an entrepreneur will be glad and even rejoice in it, for it is the stuff that clinches his or her eventual victory.

The best cure for "racking anxiety" is work. As tea company founder Thomas Lipton said, "Work, work always work, is the only talisman." To banish depression, worry, and fear, go to work. Thomas Edison said, "I have always found when I was worrying, that the best thing to do was put my mind upon something, work hard and forget what was troubling me" (Carter and Cachon, 1988, p.120)

Many people assume that simply because they venture into business, quick success would follow. They grievously underestimate the time necessary for a
new project to get into the black. Most of the difficulties they may encounter cannot be forecasted and usually catch the entrepreneur by surprise (McClelland, 1961).

According to Baty (1990), for a struggling entrepreneur who wants to get off to a fast start, the following simple analogy should be kept in mind. Imagine you're pushing a huge ball, larger than yourself, up a mountainside. This heavy ball almost rolls away from you and sometimes nearly rolls back over you. You strain, groan, and try your best to shoulder it. Time and again the incline seems too steep, your muscles too painful to keep pushing. Nevertheless, you stubbornly keep on edging the ball upward. The struggle seems endless and, at times, futile. Near the pinnacle, the incline becomes even steeper, the struggle unbearable. For some reason, you push on. Finally, you reach the crest, and the ball is suddenly lighter. You are still striving mightily, blind to the fact that it rolls more easily. Suddenly, the momentum picks up and the ball tumbles free.

One of the crucial elements to ultimate to success respects the entrepreneur's reception and response to the word no. For various reasons, many people are fond of saying no. They have rules and guidelines to follow, but no gives them power and often saves them work. In business start-ups, it is a far more universal response than yes. The examples are endless. No, we can't deliver the new furniture this week. No, we can't fix the photocopier until next week. No, you can't get the permit. No, you can't reprint that. No, we don't have a room. No, we can't reinstate that. No, we can't get it placed on time. No, we can't ship it today (Dailey, 1993).
You can't do this or you can't do that. Life in business seems often to be an unbroken string of refusals and elaborate reasons why something you want can't be done. Most people seem ready to accept no for an answer, but it should be the starting point in the pursuit of a yes. Most of these rejections can be turned around. You can talk the naysayer into changing his or her mind. You can talk to the supervisor. You can bring the pressure of other people to bear. For an entrepreneur to be successful in such negative responses, he or she can bluster, soft-soap, wheedle, or weep. Alternatively he or she can argue, threaten, promise, or beg. Successful entrepreneurs have found out that when they want something and are met with a no, nine out of ten times they can turn the answer around (Deakins, 1996).

Jennings et. al (1994) suggests that much of this may seem obvious, but nevertheless, for most people a no means exactly that. They are stopped flat in their tracks. They don't even try to get around this minor obstacle. Accepting no from vendors, service people, bureaucrats, suppliers, shippers, or booking agents, to say nothing of potential customers, cannot be tolerated by any entrepreneur wishing to build a sound and efficient enterprise speedily and successfully.

Sales lore spills over with examples of persistence turning no's into yes. Good salespeople invariably call again and again. In fact, most sales don't happen until four or five contacts have been made (Jennings et al., 1994). This kind of gritty determination proves priceless to entrepreneurs, and it is only part of an ongoing philosophy of total devotion to the cause. The decision to become a successful entrepreneur means far more than a short-term fling at one's own
business. It really means a new way of living, with a dominating and demanding commitment, particularly if one has ambitions to become a successful superentrepreneur (Reid and Jacobsen, 1988).

A distinction should be drawn between an entrepreneurial company and a business that has lost that edge. Many one-person start-ups rapidly lose their entrepreneurial aspects. They cease innovating. They reach a satisfactory business level and settle for a comfortable income, reasonably free of stress. Casualty insurance agents, for example, often quit selling after their business can no longer be considered entrepreneurial (Timmons, 1994).

According to Hill (1960), company founders who continue to innovate, to take risks, and to grow remain entrepreneurs. If they keep at it long enough, they become highly successful superentrepreneurs with large regional or national companies.

It should be noted that entrepreneurial success requires total commitment. The best word to describe such a behavioral state is intensity. For example, Willis H. Carrier (Carrier Corp., now part of United Technologies), inventor and developer of air conditioning, was considered dangerous at the wheel of a car when concentrating on the solution to a problem. Once, when he was deep in thought, he boarded a train and completely forgot where he was going (Hill, 1960).

As a consequence of this kind of intensity, the entrepreneur's business becomes his or her world. Virtually all other considerations are shunted into the
background. The company and the task at hand become all-important. The
superentrepreneurs funnel their essence into their business. Creativity, labor,
love, inspiration and concern pour into the enterprise. In time, this intense
application evolves into genius (Birley and Muzyka, 1998).

According to Baty (1990), few entrepreneurs start out with a single
business concept or organization and follow a straight line to glory. The path is
checkeried and strewn with an assortment of deals, schemes, pitfalls, and
fantasies. An assemblage of wheelers and dealers, wizards and crackpots,
peacocks and 'bullshitters', embroider the journey.

Henry Ford left several auto companies he was instrumental in forming
before he went on to raise enough money to the start the Ford Motor Company.
Among those investing in the new company were the Dodge brothers, a crusty
pair of characters who reaped a fortune from Ford, started their own
successful car company, and sued Ford in a monumental and bitter round of
litigation (Hill, 1960).

Thomas Edison, from the initiation of his career, was wrapped up in so
many tortuous relationships that it is hard to follow his tangled path.
Unquestionably, he went overboard on deals. Naturally optimistic, he accepted
help from anyone who might back him or reinforce his efforts. Consequently, he
wasted time stalling or extricating himself from innumerable lawsuits (Bird,
1989).
Although everyone's entrepreneurial experiences are different, they all have a strikingly similar thread. The actors change, the stage differs in time and place, but the play stays the same. It's a delightfully entertaining, brisk, and exciting adventure (Bennett, 1989).

Bird (1989) suggests that the interminable string of deals and relationships, laced with the inescapable blunders and setbacks of blossoming enterprise, offers priceless experience. The keen insights of the clever innovator and sharp perception of the wise decision-maker are thus honed. Only through experience does the subtle mastery of the entrepreneur's construct come about. It is this rich tapestry of events, of partners and problems, of setbacks and survivors, that teaches these powerful and invaluable lessons.

Experience leads directly to higher levels of success. The sub-conscious and the sixth sense become influential, ever-present directors. The seasoned entrepreneur instinctively comes to feel what is right or wrong. Gut-level bull's eyes astonish competitors. People and personalities are adroitly employed; weaknesses and strengths assessed and catalogued. The subtle focusing of all experience, crowning achievement of the entrepreneurial mind, brushes the infinite and fosters wisdom (Dailey, 1993).

According to Schell (1996), the art of winning comes through constant application and attention. Neglect and pride whisk it away. Neither will impatience hurry its coming. These talents begin only with proper intervals of time. One will feel the presence of a successful entrepreneur when they have made their commitment, paid their dues, and proved their merit. If an
entrepreneur lasts, keeps on and maintains his or her zest for the battle, then
ultimately he or she will become a successful entrepreneur. Form the earliest
days of their entrepreneurial career; their view of the future will help shape
their success. Successful entrepreneurs keep sight of bigger things, lay down
healthy and spectacular ambitions for themselves (Bird, 1989).

Many family owned businesses usually start as small businesses. There
have been a considerable number of studies ranging from single case studies to
comprehensive surveys, which explicitly aim to unveil the secret of success of
small business. Most of these studies conclude that business success is the
result of a web of factors (Chaganti, R. and Chaganti, S., 1983).

For instance, in one study, it was found out that success in a small
business can be attributed to hard work, dedication and a commitment to
service (Yusuf, 1995). Another study showed that the positive impact of growth
potential, quality, innovation and operating efficiency on successful performance
(Daviddson, 1991).

Bird’s (1989) research disclosed that small firms with successful
performance were characterized by innovation and risk taking behavior and that
small businesses started by a team of partners who had advance training were
more likely to achieve successful performance.

The research carried out by Hills and Narayana (1990) enumerated a
total of twenty-three factors identified by entrepreneurs as important to
success. Some of the factors including high quality products and services, a
good reputation, appropriate response to customer desires and requests, hard work and devotion to business, high employee devotion and spirit, and good management/employee relations, significantly explain variations in business performance.

Certain factors are thought to influence the likelihood of small business success. They are entrepreneurial characteristics, start-up behavior and the firm's strategy (Busch, 1989). Other factors that appear to make greater contributions to successful performance include: prior start-up business experience, an effort to reduce business risk, long working hours, ability to communicate well, good customer service, a clear and broad business idea, willingness to spend more time in planning, and a flexible participative and adaptive organization (Luk, 1996).

When Steiner and Solem (1988) investigated factors crucial for success of small manufacturing firms, they found that relevant managerial background and experience, flexibility in operations, availability of labor and possession of identifiable competitive advantages are by far the factors significant to determining success.

One of the studies that focused on the impact of owner-manager personality attributes on the success of small businesses in general is by Huck and McEwen (1991). From their survey of 54 Jamaican entrepreneurs who were involved in manufacturing and service businesses, it was identified that entrepreneurial behavior and managerial skills of owner-managers are key success factors in small business.
In yet another study, it was observed that innovativeness, know-how, creativity and managerial competence (particularly in the management of cash flow) were important for success in small business (Chaganti and Chaganti, 1983).

Education is highly regarded by parents as an important part in the upbringing of their children. This is even more evident in the concerns raised by parents in Kenya at a time when the schoolteachers are on a nationwide strike which begun on 23rd September 2002 (Daily Nation, 23rd Sept. 02).

For one to understand clearly how education plays part in the success of small business, the research carried out by Attahir Yusuf (1995) of the University of Technology (Lae Papua New Guinea) gives a clear insight into the relationship between education level and business success.

His research was based on 220 entrepreneurs from Melanesian Papua New Guinea and Vanuatu, Polynesian Western Samoa, the Micronesian State of Marshall Islands and Fiji. He found out that a majority of the entrepreneurs started their business from scratch while in other cases they inherited the businesses, married into them or bought them from a partner. The survey indicated that nearly eighty percent of the respondents had gone through the formal school system at one level or the other (Yusuf, 1995).

It was noticed in Yusuf's (1995) study that there was an observed difference between the views of the entrepreneurs without formal education
and the educated entrepreneurs concerning the importance of three factors critical to small business success. These factors are level of education and training, prior experience in business and personal qualities. Furthermore, most of the entrepreneurs had little family background in business and not much general business experience. For such kind of entrepreneurs, education compensated for lack of experience thus enabling them to deal with business problems and run more sophisticated but profitable businesses (Yusuf, 1995).

A few studies have focused their empirical investigations on both internal and external factors that impact small business success. One such study is by Daviddson (1991). The study surveyed 432 small manufacturing firms in Sweden and found that industrial, managerial and entrepreneurial experiences of owner-managers, as well as favorable geographic location and membership in any particular industry groups, positively contributes to the growth of small business (Daviddson, 1991).

Focused on similar factors, another study revealed that several other factors can be positively and significantly to small business success Wijewardena and Coorey, 1995). Some of the factors include financial support by the government, the entrepreneur's prior experience, a quality product and/or service, good customer service and being larger among small scale firms (Wijewardena and Tibbits, 1999).

Another firm-specific factor is the age of firms. A study on small manufacturing firms in India reported that the age of firms was negatively
correlated with their growth, thus indicating that older firms grew less rapidly than younger ones (Little, 1987).

2.4 Entrepreneurial Challenges

The most difficult and momentous step for an entrepreneur is the decision to go ahead and start. It takes a dash of bravery and guts to begin (Jones and Rose, 1995). A new entrepreneur cannot overcome all objections and account for every contingency. There is no assurance of safety, no security - only risk and a host of unknowns. Everything goes on the line. The entrepreneur stands alone, doubted, ridiculed, or ignored and believing in self, having faith in an idea, and relying on an intangible dream as an anchor (Baty, 1990).

According to Bird (1989), the exhilarating emotions that surround the start-up periodically give way to agonizing doubt. The total absence of job, paycheck, and security kindles fear and weakens resolve. Worry and stress usually plague the entrepreneur in his quest to become successful. Discomfort and pain start from the very first day.

The daily tasks of sounding and running a business often seem insurmountable. Generally, these experiences are bungled the first time through. Nobody does anything well the first time. When Thomas Edison presented his first sizable royalty check ($500) to be cashed, he did not even know enough to endorse it. When asked to do so by the teller, he misunderstood, thought something was wrong, and stumbled out of the bank in awkward embarrassment (Hill, 1960).
Morrison (1988) suggests that in any entrepreneurial venture, there comes a time when the entrepreneur has to ask for an order. Consequently, all entrepreneurs suffer serious rejections that they must learn to handle. The initial embarrassment of asking for an order and being rejected terrifies many people. Constant bouts of rejection are visited upon entrepreneur. At first, they are excruciating experiences. In time, the skin thickens and rejection can be more easily shrugged off.

Any entrepreneur faced with introducing a new service or product will be confronted with intense rejection. The cure for the subsequent pain comes from having enough tenacity to keep taking this rejection. Consequently, it ceases to bother, becomes expected, and spurs additional effort. In time, the entrepreneur learns to become tougher, stronger, more persistent, and eminently more persuasive (Gilder, 1971).

Rejection, however, takes a backseat to the worst of all adversities - lack of money. There’s no more grievous problem of painful circumstance than running out of cash (Busch, 1989). The thought of no funds crushes the will and spirit. It gives counsel to fear and leads to a negative mind-set. Nothing else leads so quickly into giving up and quitting. Many would-be entrepreneurs flee this pain and never consider establishing their own venture again. Andrew Carnegie wanted enough capital in his business so he "should never again be called upon to endure such nights and days or racking anxiety." Nothing describes this experience better than Carnegie’s phrase, racking anxiety (Hill, 1960).
Cook (1997) suggests that some company founders do manage to escape this misery. Smaller ventures can often get by without cash binds. Some larger start-ups are financed by public offerings. Nevertheless, the odds are that most entrepreneurs will have to face this nastiest of all confrontations. At this financial high noon, some entrepreneurs will back down and some will remain steadfast and fight. Those who plug on inevitably succeed.

Any successful entrepreneur can chronicle the perpetual scarcity of money that plagued his or her first venture. When bill-paying time arrives, entrepreneurs who choose to survive the financial high noon can decide to pay part of the original bill. In this way, at least the entrepreneur feels that he has paid something to offset the bill. In due course, vendors become flexible and they appreciate the entrepreneur's commitment to offsetting the debt (McCormick and Pedersen, 1996). In most cases, such entrepreneurs scrape, struggle, and make do. Such entrepreneurs usually find out that somehow the money always appeared. Entrepreneurs can limp along for months with no personal income as the business is merely breaking even. However, as they persevere, they find out that something always breaks loose to help solve a financial crisis (Birley and Muzyka, 1998).

Lee De Forest, inventor of the vacuum tube that made modern radio broadcasting possible, advised, "There were times when I felt as if I had gone my limit. Some of my setbacks were stunners. It seemed as if I couldn't get the stamina to start again. Every time when I had studied things over a little, I
would find a way out. No matter how hopeless things look, there is always a way out, if you look for it hard enough” (Bennett, 1989, p. 168).

According to Hill (1960), monetary deprivation is a time of true testing. It requires an exceptional brand of persistence and courage. Entrepreneurs who have the zeal to succeed in challenging times will find out that money always turns up. The entrepreneur simply has to hang in there like a stubborn post, suffering in silence, with a blind faith that all will be well and time and again, circumstances improve (Baty, 1990).

When problems arise, entrepreneurs usually have to stick with something long enough. The experience will wash over the entrepreneur and in time wear down and eliminate the unpleasant qualities from his or her personality that impede success. Furthermore, rudeness, superiority, and overoptimism vanish. Poor ideas, quackery, and impractical thoughts are replaced by realism (Baty, 1990).

Failure, in itself, is impossible. An entrepreneur doesn’t fail, he merely quits. It is said that you can’t fail if you don’t give up, because keeping on precludes failing. No matter how desperate circumstances are, no event can force you to quit. Only you can make that decision. There is no such thing as entrepreneur who failed in business – only one who gave up (Carter and Cachon, 1988).
It could be argued that a company forced into bankruptcy takes the decision of quitting out of the entrepreneur's hands. However, many companies survive this debacle and go on to prosper (Reid and Jacobsen, 1988).

Walt Disney suffered through a bankruptcy and a breakdown. Milton Hershey went bankrupt. H.J. Heinz saw his fledgling firm forced into bankruptcy. His misery spilled out into these depressing notes in his diary, jotted down at the time of his failure during Christmas in 1875, "I feel sad, as though I had not a true friend in the world. ... People care little about you without money. ... Friends are seemingly so as long as it costs them nothing ... It is hard to lose trade, money, friends and reputation. ... People talk terribly. I feel sad and constantly worried. It's hard to bear ... all of us are called rascals" (Dailey, 1993). Within a few years, H.J. Heinz had the company that bears his name flourishing.

Baty (1990) suggests that even if the entrepreneur is squeezed out of his or her company, with all the attendant humiliation, a fresh start means there was no failure but only temporary defeat. Will C. Durant founded the company that would become General Motors and was subsequently forced out. He started another Auto Company, Buick, and in time took control of General Motors again.

There are other setbacks that damage every venture. For some, there are canceled orders and broken contracts, for others, dishonest employees or foolish expenditures. Disappointments are endemic to new companies (Bennett 1991).
According to Reid and Jacobsen (1988), most entrepreneurs believe that a lack of persistence is the real enemy that stands between you and noteworthy achievement. Lack of persistence as failure can arise from failure to recognize and to define clearly what one wants. Another important challenge that entrepreneurs’ face is to deal with procrastination which can be with or without cause.

Some entrepreneurs’ lack of interest in acquiring specialized knowledge or skills can pose a serious challenge to their venture. This combined with indecision and the habit of “passing the buck” on all occasions, instead of facing the issues squarely could lead an entrepreneur not establishing himself in the venture. Furthermore, some entrepreneurs have the habit of relying upon alibis instead of creating definite action plans for the solution of problems (Deakins, 1996).

As mentioned earlier, entrepreneurs come in all shapes and sizes. As such, some may know how to deal with potential problems whereas others show indifference. This is usually reflected in one’s readiness to compromise on all occasions, rather than meet the opposition and fight it. Entrepreneurs who can’t deal with first sign of defeat have the habit of blaming others for one’s mistakes, and accepting unfavorable circumstances as being unavoidable (Cook, 1997).

Busch (1989) suggests that another roadblock to noteworthy achievement for entrepreneurs is the weakness of desire due to neglect in the choice of motives that imply action. Again, some entrepreneurs show willingness,
or even eagerness, to quit trying at the first sign of defeat. An entrepreneur can face problems in his or her business if there is a lack of organized plans placed in writing where they may be analyzed to find out whether the business is attempting to fulfil those plans or is it in the reverse gear (Cook, 1997).

Certain entrepreneurs usually lament on the lack of opportunities. However, they have to learn that they have to change their habit of neglecting to move on ideas or to grasp opportunity when it presents itself (Lee, 1996). Entrepreneurs should not wish instead of doing. When entrepreneurs compromise instead of dealing with issues head on, their business could be heading for the rocks (Carter and Cachon, 1988). Furthermore, searching for all the shortcuts and trying to get without giving a fair equivalent could land the business into stormy periods. Most entrepreneurs don't get far due to the fear of criticism. This is the failure to create and implement plans because of what other people will think, do, or say. In most cases, when there are problems that the business encounters, the solutions will have to come from the attitude of the entrepreneur towards the situation. Otherwise it will be a case of a driver attempting to drive a vehicle without even putting the keys in the ignition (Bird, 1989).

2.5 Chapter Summary

From the literature reviewed, there have been a variety of factors that can possibly lead to the success of small businesses. However, the results of most of the above studies were based on countries that have a relatively higher development in terms of economic structure and infrastructure. Needless to say, some factors could be applicable to this study but that remains to be seen.
The ability of Asian enterprises to perform well in their businesses has led to many people wondering what is their formula for success. Despite facing difficulties both from the commercial and political angle and societal concept, Asians have not been deterred from their quest for leading their businesses to success.
CHAPTER III

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter deals with the research methodology. It considers the research design, the population and sample, data collection method and the data analysis method.

3.2 Research Design

The research design was a survey. According to Cooper and Schindler (2000), a survey is a means of questioning a respondent via a collection of questions. The characteristics of a survey are that it involves the idea of empirical research, takes into account a specific point in time and the coverage is wide and inclusive.

The justification for choosing a mail survey was:

(i) Allows contact with otherwise inaccessible respondents like Managing Directors.
(ii) Often the lowest-cost option.
(iii) Requires minimal staff.
(iv) Perceived as more anonymous.
(v) Rapid data collection.
3.3 Population and Sample

3.3.1 Population

The population of this research was the Asian family owned firms in Nairobi. The main business areas included the Central Business District, Industrial Area and suburbs such as Parklands, Westlands and Muthaiga. Their key characteristics are:

- Members of a certain family usually establish the business.
- The ownership of the business purely rests within the family members.
- In most cases, they are sole proprietors or private companies.
- Most of the firms have been in operation for ten years or more.
- Business decisions and succession rests only in the hands of immediate family members.

There was an identified population of 70 firms from the manufacturing industry, 60 firms from the service industry, 100 firms from the construction industry, 100 firms from the retail trade industry and 70 firms from the wholesale industry.

3.3.2 Sample

3.3.2.1 Sampling Frame

The sampling frame was obtained from Asian community directories. In the directories, the name of the person, the physical address and all other relevant contacts are included. The community directories were obtained from Charotar Patidar Foundation, Shri Cutchi Leva Patel Samaj, BAPS Swaminarayan.
Sanstha, Lohana Mahajan Mandal, Gurjar Suthar, Sorathia Prajapati and from the Visa Oshwal Community. The community membership is based on the Hindu caste system.

3.3.2.2 Sampling Technique

The study employed probability sampling with a stratified sampling method. According to Cooper and Schindler (2000), probability sampling is based on the concept of random selection. This is a controlled procedure that assures that each population element is given a known non-zero chance of selection.

Stratified sampling divides a population into sub-populations and uses simple random on each stratum (Cooper and Schindler, 2000). The population was divided using the type of business sectors namely manufacturing, service, construction, retail trade and wholesale. The target respondents for the research were the Managing Directors of the respective family owned firms.

3.3.2.3 Sample Size

Table 1 shows the distribution and sample of Asian family owned business according to the type of business. In the manufacturing sector where there were 70 firms, a sample of 18 was selected. From the construction and retail trade sectors that had 100 firms each, a sample of 25 firms was selected from each sector. In the wholesale sector, a sample of 15 firms was selected from a population of 70 firms.
Table 1: Sample Size

<table>
<thead>
<tr>
<th>Type of Business</th>
<th>Population</th>
<th>% Sample</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>70</td>
<td>25%</td>
<td>18</td>
</tr>
<tr>
<td>Service</td>
<td>60</td>
<td>25%</td>
<td>15</td>
</tr>
<tr>
<td>Construction</td>
<td>100</td>
<td>25%</td>
<td>25</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>100</td>
<td>25%</td>
<td>25</td>
</tr>
<tr>
<td>Wholesale</td>
<td>70</td>
<td>25%</td>
<td>17</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>400</strong></td>
<td><strong>25%</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

3.4 Data Collection Methods

The primary data was collected through the use of questionnaire using structured questions. The questionnaire was divided into four parts. The first part dealt with respondent's demographic data. The remaining three parts each arose from the research questions. Part 1 had questions on the unique characteristics of family owned business entrepreneurs. Part 2 had questions on the critical success factors for family owned businesses to succeed. Part 3 contained questions relating to challenges or problems that family owned business entrepreneurs' face.
3.5 Research Procedures

The researcher developed the data collection instrument, which was the questionnaire, in relevance to the research questions. The questionnaires were hand-delivered, by the researcher, in an envelope addressed to the Managing Director. The completed questionnaires were collected, by the researcher, from the businesses after three days. A reminder was sent on the second day after delivery through a telephone call. The questionnaire was tested in five firms. These were Bobmil Group, Eldema (K) Limited, Kingsway Tyres, Kenindia Assurance Company and Laxmanbhai Construction. After pilot testing the questionnaire was revised with six questions being omitted from the original questionnaire.

3.6 Data Analysis

The data was analyzed using descriptive statistics. The descriptive statistics were employed to analyze quantitative data in terms of frequency distributions and graphs. The data was summarized and presented in tables, bar graphs and pie charts. The research questions formed the basis of the data analysis. The analytical tool that was used was Microsoft Excel (Office 2000 Version).
3.7 Chapter Summary

The chapter principally dealt with the methodology that was adopted in carrying out this research. It highlighted the research design whereby the target population and the geographical parameters were identified. The chapter also described the various characteristics of the population. Furthermore, the sampling procedure was mentioned and through the use of questionnaires, data was collected. Finally, the data analysis methods were discussed which in turn paved way for the research findings, conclusions and recommendations.
CHAPTER IV

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter will consider the results and findings from the questionnaire. The results were divided into four areas as follows: demographic data, entrepreneurial characteristics, critical success factors and entrepreneurial challenges. The results were presented in tables and graphs.

4.2 Demographic Data

Table 2 shows that all of the questionnaires in the study were filled in by Managing Directors.

<table>
<thead>
<tr>
<th>Title</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>f</td>
</tr>
<tr>
<td>Managing Director</td>
<td>100</td>
</tr>
</tbody>
</table>

Figure 1 illustrates that most of the family owned businesses targeted in the study ranged from small (40%) to medium size (50%). However, a few of them were large in size (10%).
Figure 1: Size of Business

Table 3 shows that 85% of all the respondents were family owned and the remaining 15% were inherited from the family.

Table 3: Business Ownership

<table>
<thead>
<tr>
<th>Ownership</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>f</td>
</tr>
<tr>
<td>Family</td>
<td>85</td>
</tr>
<tr>
<td>Inherited</td>
<td>15</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
</tr>
</tbody>
</table>
Table 4 shows that for this study, the business sectors that were chosen were manufacturing (17%), service (18%), construction (25%), retail trade (25%) and wholesale (15%).

<table>
<thead>
<tr>
<th>Sector</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>f</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>17</td>
</tr>
<tr>
<td>Service</td>
<td>18</td>
</tr>
<tr>
<td>Construction</td>
<td>25</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>25</td>
</tr>
<tr>
<td>Wholesale</td>
<td>15</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100</td>
</tr>
</tbody>
</table>

Figure 2 shows that 43% of the respondents were fourth generation Asians in Kenya while 39% were third generation Asians.

![Figure 2](image-url)
4.3 Entrepreneurial Characteristics

Table 5 summarizes the results of the responses to whether being an entrepreneur is socially and economically legitimate and whether respondents believe that entrepreneurship deals with the invitation of change.

Table 5: Legitimacy and Initiation of Change

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>f</td>
<td>%</td>
<td>f</td>
<td>%</td>
<td>f</td>
</tr>
<tr>
<td>Being an entrepreneur</td>
<td>7</td>
<td>7</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>is legitimate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Initiation of change</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>24</td>
</tr>
</tbody>
</table>

Table 5 shows that 40% of the respondents indicated that being an entrepreneur is socially and economically legitimate whereas 7% strongly disagreed. Asked if entrepreneurship deals with the invitation of change, 24% strongly agreed; 32% agreed and 10% strongly disagreed.

Table 6 shows the results that were obtained from the respondents concerning various entrepreneurial characteristics. Investigation on whether entrepreneurs are achievement oriented gave the following results, 32% strongly agreed, 42% agreed, 25% were neutral and 1% disagreed. Asked if entrepreneurs are creative and ethical, 21% strongly agreed, 25%
agreed and 15% strongly disagreed. The study results also showed that 50% of all respondents strongly agreed that entrepreneurs like to be in control. Fifty-two percent of all the respondents strongly agreed to the fact that entrepreneurs dislike repetitive and routine work whereas 38% agreed, 7% were neutral 1% disagreed and 2% strongly disagreed.

Table 6: Characteristics of Entrepreneurs

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Strongly Agree</th>
<th>Strongly Disagree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
<td>F</td>
</tr>
<tr>
<td>Achievement oriented</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>25</td>
<td>25</td>
<td>42</td>
</tr>
<tr>
<td>Dislike repetitive and routine work</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>7</td>
<td>7</td>
<td>38</td>
</tr>
<tr>
<td>Creative and Ethical</td>
<td>15</td>
<td>15</td>
<td>25</td>
<td>25</td>
<td>14</td>
<td>14</td>
<td>25</td>
</tr>
<tr>
<td>High Energy and Imagination</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>19</td>
<td>19</td>
<td>38</td>
</tr>
<tr>
<td>Like to be in control</td>
<td>3</td>
<td>3</td>
<td>7</td>
<td>7</td>
<td>15</td>
<td>15</td>
<td>25</td>
</tr>
</tbody>
</table>

Table 7 shows the responses that were obtained as regards entrepreneurs being suspicious towards people in authority positions. The results showed that 37% agreed, 18% were neutral and 20% disagreed. Thirty six percent of the respondents agreed that most entrepreneurs have a fear of being outsmarted by competitors. Asked if entrepreneurs live under tension and on the edge, 52% strongly agreed, 35% agreed, 10% were neutral, 2% disagreed and 15% strongly disagreed.
Table 7: Entrepreneurial Characteristics

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F %</td>
<td>f %</td>
<td>f %</td>
<td>f %</td>
<td>f %</td>
</tr>
<tr>
<td>Suspicious towards authority</td>
<td>10 10 20 20 18</td>
<td>18 18 37</td>
<td>37 15 15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work done on their terms</td>
<td>1 1 2 2 10</td>
<td>10 10 35</td>
<td>35 52 52</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fear of being outsmarted</td>
<td>10 10 10 10 20</td>
<td>20 20 36</td>
<td>36 24 24</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Live on the edge</td>
<td>10 10 1 1 9</td>
<td>9 9 38</td>
<td>38 52 52</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Societal and Life Cycle</td>
<td>1 1 2 2 15</td>
<td>15 15 45</td>
<td>45 37 37</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 8 summarizes the results of the responses towards an entrepreneur's leadership style, whether they are market-driven, learn from experience and whether they act boldly in shadows or doubt. Forty-seven percent of the respondents agreed that an entrepreneur's leadership style reflects on their business personality, 32% strongly agreed, 6% disagreed and 2% strongly disagreed. Investigation on whether entrepreneurs are market driven and problem solvers gave the following results, 39% strongly agreed, 10% were neutral and 8% disagreed, 40% of the respondents strongly agreed to the fact that entrepreneurs learn a great deal from experience whereas 5% disagreed. Asked if entrepreneurs act boldly in shadows of doubt, 30% strongly agreed, 41% agreed, 19% were neutral and 3% disagreed.
### Table 8: Leadership Style

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F</td>
<td>%</td>
<td>f</td>
<td>%</td>
<td>f</td>
</tr>
<tr>
<td>Leadership Style</td>
<td>2</td>
<td>2</td>
<td>6</td>
<td>6</td>
<td>13</td>
</tr>
<tr>
<td>Market Driven</td>
<td>4</td>
<td>4</td>
<td>8</td>
<td>8</td>
<td>10</td>
</tr>
<tr>
<td>Learn from Experience</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>5</td>
<td>20</td>
</tr>
<tr>
<td>Act boldly in doubt</td>
<td>7</td>
<td>7</td>
<td>3</td>
<td>3</td>
<td>19</td>
</tr>
</tbody>
</table>

### 4.3 Critical Success Factors

Table 9 summarizes the respondents' opinion towards the struggle that entrepreneur endure total honesty of entrepreneurs, whether entrepreneurs solicit advice from within the family and whether successful entrepreneurs accept rejection and bitter defeat. As can be seen in table 6, the results indicate that 47% of the respondents strongly agreed that successful entrepreneurs endure struggles, periods of anxiety and despair. Investigation on whether total honesty is essential for success gave the following results, 38% strongly agreed, 30% agreed, 21% were neutral, 7% disagreed and 4% strongly disagreed. Asked if entrepreneurs solicit advice from family, 45% strongly agreed, 40% agreed, 10% were neutral, 3% disagreed and 2% strongly disagreed. The results also showed statistics on whether entrepreneurs accept rejection and bitter defeat and whether bad experiences are shrewd instructors.
### Table 9: Struggles, Honesty and Learning from Bad Experience

<table>
<thead>
<tr>
<th>Factor</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endure Struggles</td>
<td>0</td>
<td>2</td>
<td>2</td>
<td>10</td>
<td>41</td>
</tr>
<tr>
<td>Total Honesty</td>
<td>4</td>
<td>4</td>
<td>7</td>
<td>7</td>
<td>21</td>
</tr>
<tr>
<td>Solicit advice from family</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>Learning from bad experience</td>
<td>15</td>
<td>15</td>
<td>20</td>
<td>20</td>
<td>5</td>
</tr>
<tr>
<td>Accept rejection and defeat</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>8</td>
</tr>
</tbody>
</table>

Table 10 shows that 48% of the respondents strongly agreed that successful entrepreneurs have to undergo delays, disappointments and setbacks. Asked if the Asian entrepreneurs are very secretive and stick to the family knitting, 53% strongly agreed, 35% agreed, 2% were neutral, 6% disagreed and 4% strongly disagreed. Investigation into whether the cure for anxiety is working hard gave the following results, 25% strongly agreed, 26% agreed, 19% were neutral, 11% disagreed and 19% strongly disagreed. Forty eight percent of the respondents strongly agreed that entrepreneurs accept suffering with self aversion and pity.
Table 10: Delays, Disappointments and Setbacks

<table>
<thead>
<tr>
<th>Factor</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>f</td>
<td>%</td>
<td>f</td>
<td>%</td>
<td>f</td>
</tr>
<tr>
<td>Delays are eminent</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>Accept suffering</td>
<td>48</td>
<td>48</td>
<td>37</td>
<td>37</td>
<td>14</td>
</tr>
<tr>
<td>Cure for anxiety</td>
<td>19</td>
<td>19</td>
<td>11</td>
<td>11</td>
<td>19</td>
</tr>
<tr>
<td>Very secretive</td>
<td>4</td>
<td>4</td>
<td>6</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>Forecasting difficulties</td>
<td>19</td>
<td>19</td>
<td>39</td>
<td>39</td>
<td>12</td>
</tr>
</tbody>
</table>

Table 11 shows that 44% of the respondents strongly agreed that successful entrepreneurs stubbornly keep on despite failure. Investigation into whether family support is vital, 52% strongly agreed, 36% agreed, 7% were neutral, 3% disagreed and 2% strongly disagreed. Forty eight percent of the respondents strongly agreed that successful entrepreneurs do not take no for an answer. Asked whether cultural links help in business operations, 51% strongly agreed, 37% agreed, 6% were neutral, 35 each disagreed and strongly disagreed respectively. Thirty eight percent of the respondents strongly agreed that total commitment and hard working is a critical success factor and a further 36% agreed and 6% disagreed.
Table 11: Family Support and Cultural Links

<table>
<thead>
<tr>
<th>Factor</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>f</td>
<td>%</td>
<td>f</td>
<td>%</td>
<td>f</td>
</tr>
<tr>
<td>Stubbornly keep on</td>
<td>3</td>
<td>3</td>
<td>7</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Family support is vital</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Don't take no for an answer</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Cultural links</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Commitment and hard working</td>
<td>0</td>
<td>0</td>
<td>6</td>
<td>6</td>
<td>20</td>
</tr>
</tbody>
</table>

Table 12 shows that 44% of all respondents agreed that the Asian entrepreneurs like taking risks and are devoted to their business. The study also revealed that 52% strongly agreed experience plays a significant role in the success of the business, 40% agreed, 4% were neutral and 2% disagreed. Investigation on strong community information sources and networks gave the following results, 50% strongly agreed, 42% agreed, 5% were neutral and 3% disagreed. Asked if family members work as one team, 49% agreed of all the respondents strongly agreed, 43% agreed, 4% were neutral and 1% strongly disagreed. Forty six percent of all respondents felt that clear organized plans and a customer orientation is a critical success factor.
Table 12: Risk Taking, Experience, Networks and Plans

<table>
<thead>
<tr>
<th>Factor</th>
<th>Strongly</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>f</td>
<td>%</td>
<td>f</td>
<td>%</td>
<td>f</td>
</tr>
<tr>
<td>Risk taking &amp; Devotion to business</td>
<td>2</td>
<td>2</td>
<td>6</td>
<td>6</td>
<td>9</td>
</tr>
<tr>
<td>Role of Business Experience</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Information Sources &amp; Networks</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Family Teamwork</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Clear &amp; Organized plans</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>12</td>
</tr>
</tbody>
</table>

Figure 3 illustrates the responses obtained from the respondents regarding the impact of entrepreneur's level of education on the success of business.

Figure 3: Importance of Education
Figure 3 shows that 49% of the respondents strongly agreed that education is important. It also shows that 8% were neutral and 2% disagreed.

Figure 4 summarizes the results for the view that sources of capital and credit are broad. Figure 2 shows that 51% of the respondents strongly agreed that for Asian entrepreneurs, the sources of capital and credits are broad. A further 37% agreed, 3% were neutral and 2% strongly disagreed.

![Responses]

Figure 4: Availability of Capital and Credit

4.4 Entrepreneurial Challenges

Figure 5 illustrates the responses obtained from the respondents regarding the failure by entrepreneurs to recognize and define clearly what they want. It reveals that 43% of respondents strongly agreed with 15% being neutral.
Figure 5: Failure to define & recognize what one wants

Figure 6 illustrates that 35% strongly agreed that procrastination is a major entrepreneurial challenge. A further 33% agreed, 10% were neutral, 12% disagreed and 10% strongly disagreed.

Figure 6: Procrastination
Figure 7 depicts the results of lack of interest in specialized skills by the entrepreneur as an entrepreneurial challenge. It reveals that 31% of the respondents disagreed, 19% strongly agreed, 19% were neutral 12% strongly disagreed and 19% agreed.

**Figure 7: Lack of Interest in acquiring specialized skills**

Figure 8 shows the results for indecision on occasions by entrepreneurs. It reveals that 18% strongly agreed, 15% were neutral and 10% strongly disagreed.
Figure 8: Indecision on occasions

Figure 9 shows the responses towards the inquiry of lack of organized and written plans as an entrepreneurial challenge. It reveals that 49% strongly agreed, 44% agreed while 7% were neutral.

Figure 9: Lack of organized and written plans
Entrepreneurs feel that the use of scapegoating techniques can be a challenge for the business. Figure 10 reveals that 34% of all respondents agreed with another 34% also disagreeing, 12% strongly agreed and 1% strongly disagreed.

![Use of scapegoating techniques](image)

**Figure 10: Use of scapegoating techniques**

Figure 11 summarizes the results obtained from respondents pertaining to the issue of wishing instead of doing on the part of entrepreneurs as a business challenge. It reveals that 12% strongly agreed, 33% agreed, 15% were neutral, 33% strongly disagreed and 8% disagreed.
Figure 11: Wishing instead of doing

Figure 12 shows that when entrepreneurs begin compromising instead of dealing with issues, it can lead to the rise of unforeseen challenges. It results that 60% strongly agreed, 19% agreed, 8% disagreed and 4% strongly disagreed.

Figure 12: Compromising instead of dealing with issues
Table 13 shows an investigation on searching for shortcuts by entrepreneurs, which had the following results, 64% strongly agreed, 12% were neutral and 3% strongly disagreed.

**Table 13: Searching for Short Cuts**

<table>
<thead>
<tr>
<th>Factor</th>
<th>Strongly Agree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Searching short cuts</td>
<td>f</td>
<td>%</td>
<td>f</td>
<td>%</td>
<td>f</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>3</td>
<td>5</td>
<td>5</td>
<td>12</td>
</tr>
</tbody>
</table>

Table 14 shows the results that were obtained from the respondents concerning the fear of criticism and discrimination. Investigation on the fear of criticism by the respondents gave the following results, 64% strongly agreed, 23% agreed, 12% were neutral and 1% disagreed. Asked if discrimination (ethnic, religious or gender) was a challenging factor for entrepreneurs, 66% strongly agreed, 23% agreed, 8% were neutral and 3% disagreed.
Table 14: Fear of Criticism and Discrimination (ethnic, religious or gender)

<table>
<thead>
<tr>
<th>Factor</th>
<th>Strongly Agree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F</td>
<td>%</td>
<td>f</td>
<td>%</td>
<td>f</td>
</tr>
<tr>
<td>Fear of Criticism</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>12</td>
</tr>
<tr>
<td>Discrimination</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>Total</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>4</td>
<td>20</td>
</tr>
</tbody>
</table>

Figure 13 shows the results for quitting at the first sign of defeat by entrepreneurs. It reveals that 58% agreed, 11% strongly agreed, 6% were neutral, 24% disagreed and 1% strongly disagreed.

Figure 13: Quitting at the first sign of defeat
Figure 14 shows the results obtained from the respondents concerning licensing and contract renewal difficulties in the course of their business. It reveals that 63% strongly agreed, 25% agreed, 6% were neutral, 6% disagreed.

![Responses](chart.png)

Figure 14: Licensing and Contract Renewal Difficulties

4.5 Summary

In this chapter, the research results have been presented. The information was gathered from the respondents through the use of a questionnaire. The results were categorized according to the research questions. The categories were entrepreneurial characteristics, critical success factors and entrepreneurial challenges. The findings were presented using tables and charts.
In terms of entrepreneurial characteristics, 51% of the respondents strongly agreed that family background role is vital in entrepreneurship. Fifty two percent of all the respondents strongly agreed to the fact that entrepreneurs dislike repetitive and routine work. Furthermore, 52% of the respondents strongly agreed that entrepreneurs usually live under tension.

As regards the critical success factors, 45% of the respondents strongly agreed that advice is usually solicited from family members. The study is usually solicited from family members. The study also revealed 53% strongly agreed to the fact that Asian entrepreneurs are very secretive and stick to the family knitting.

Furthermore, 51% of the respondents strongly agreed that cultural links help in business operations. The results also revealed that 49% of all respondents strongly agreed that most Asian family owned entrepreneurs succeed because the family members work as one team.

In terms of entrepreneurial challenges, 64% of the respondents strongly agreed that searching for shortcuts is a major challenge for entrepreneurs. The study also revealed that 64% of the respondents strongly agreed that most entrepreneurs fear being criticized. As regards discrimination, 66% strongly agreed that discrimination is a great challenge entrepreneurs have to overcome.
CHAPTER V

5.0 DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter will have the summary of the entire report. The discussions that arise from the data analysis in chapter IV will be the backbone of the chapter. The discussions have taken into account the Asian entrepreneurial characteristics, the success factors and entrepreneurial challenges. The conclusions were established from the research findings and recommendations were given for practice and for future research.

5.2 Summary

The main purpose of this study was to determine the factors influencing the success of family owned businesses among the Asian community in Nairobi. The research questions that guided this study were:

(i) What are the unique characteristics of family owned business entrepreneurs?

(ii) What are the critical success factors for family owned businesses to succeed?

(iii) What challenges or problems do family owned business entrepreneurs face?

The research was a survey. The population, the sample frame, the sample size and the sampling technique were also determined. The population of this
research was the Asian family owned firms in Nairobi. The main business areas included the Central Business District, Industrial Area and suburbs such as Parklands, Westlands and Muthaiga.

The study employed probability sampling with a stratified sampling method. The primary data was collected through the use of questionnaire using structured questions. The questionnaire was tested in five firms. These were Bobmil Group, Eldema (K) Limited, Kingsway Tyres, Kenindia Assurance Company and Laxmanbhai Construction. The data was analyzed using descriptive statistics. The descriptive statistics were employed to analyze quantitative data in terms of frequency distributions and averages. The research questions formed the basis of the data analysis. The analytical tool that was used was Microsoft Excel (Office 2000 Version).

As far as the responses on entrepreneurial characteristics were concerned, 33% of the respondents felt that being an entrepreneur deals with the initiation of change. The study results indicated that 52% of all respondents agreed to the fact that Asian entrepreneurs dislike repetitive and routine work. The findings indicated that 47% of all entrepreneurs' leadership style reflects on their business personality.

In terms of critical success factors, the findings revealed that 45% of all successful family owned business entrepreneurs usually solicit for advice within the family. The study results also portrayed that 53% of the Asian entrepreneurs are very secretive and stick to the family knitting. The results that were obtained also showed that 50% of all successful Asian
entrepreneurs felt that community information sources and networks are a critical success factor.

In terms of entrepreneurial challenges, the results indicated that 64% of the Asian entrepreneurs felt that searching for shortcuts to succeed in business is a major challenge that family owned business entrepreneurs' face. The results also indicated that 64% of the entrepreneurs feared being criticized by other people and 66% felt that discrimination is another major challenge that family owned business entrepreneurs' face.

5.3 Discussion
5.3.1 Entrepreneurial Characteristics

The study showed that quite a high number of respondents interviewed in this study felt that being an entrepreneur has gradually become legitimate not only culturally but also socially and economically which lends authenticity to Morrison's (1998) proposition that being an entrepreneur is accepted widely. The study also showed that the formative role of family background shapes the personality to be found in entrepreneurs. This view is highly debatable by many people and most of them might not share the same view. The majority of the respondents felt that a family background role is very crucial for an Asian family owned business entrepreneur, especially during the introduction and growth stages of the business and this adds authenticity to de Vries' (1977) proposition on the social development of entrepreneurs.
The study revealed that Asian entrepreneurs are usually achievement oriented, like to take responsibility for decisions and dislike repetitive and routine work. As such this study validates Cook’s findings and proves that the willingness of entrepreneurs’ to take moderate, calculated risks enable them to transform simple, ill-defined ideas into something concrete. Most of the respondents felt that an entrepreneur must be in total control of his or her business. The justification for this could be that in most cases, the entrepreneur has invested heavily in the business and would not fancy seeing his or her business being in the red. This then leads them to enforce that everything in the business is done on their terms.

This study proved that societal and lifecycle transitions usually shape entrepreneur’s goals and decisions. Human nature is such that we can rarely be untouched by daily exposure to a range of values, situations and experiences. Each person has something new to tell of the experiences that we have shaped, inspired and deflated them at different points in time.

The leadership style usually reflects on the personality of the entrepreneur. A participative leadership style may prove to be effective in the early stages of the business. This supports Deakins (1996) view on an entrepreneur’s leadership style since building and developing business relationships requires a strong leadership and vision.
The study also revealed that Asian entrepreneurs tend to act first and learn later from the experiences of their actions. However, entrepreneurs can only do this if they portray a willingness to accept failure, learn from it and act boldly in the shadows of doubt.

5.3.2 Critical Success Factors

The study showed that before Asian entrepreneurs find success in business venture, they endure painful struggles and overcome long bitter periods of intense anxiety. This adds impetus to Reid and Jacobsen's (1988) view on entrepreneurs path to success and that just goes to prove that Asian family owned business entrepreneurs know that the path to success is very tricky and thorny but it is an achievable goal.

Most of the respondents felt that total honesty is a critical success factor. In some of the respondents' offices, there was a common phrase on their office boards. The phrase was "Honesty is the best policy". Morrison (1998) has observed that honesty can earn an entrepreneur far more respect than bluffing could have. It is very important for entrepreneurs to be honest otherwise they will have to pay a very high price for using dishonest business practices.

The study showed that without rejection and bitter defeat, without failure and without periodic plunges into anxiety and despair, success remains elusive. Some of the respondents felt that success in business usually has a formula. It should be noted that just as entrepreneurs are
different from each other, in the same way their paths to success might also be different. There is no doubt that some Asian entrepreneurs may find success easily because of their foundations whereas others may constantly fail for a number of times before they achieve success.

This study found out that a majority of the Asian entrepreneurs started their business from scratch while in a few cases, the entrepreneurs either inherited the businesses or married into them. This perhaps lends impetus to the study of Yusuf (1995) in Melanesian Papua New Guinea and Fiji who had similar findings. Similarly, this study also revealed that family support has played vital role in the success of Asian owned family businesses. The study also showed that most of the Asian entrepreneurs are successful because they usually solicit for advice within the family and have strong community information sources and networks.

This study revealed that most of the respondents in this study felt that experience is a major success factor among the Asian entrepreneurs. This is supported by Steiner and Solem's (1988) view that relevant business experience is a significant factor that determines the success of a business.

5.3.3 Entrepreneurial Challenges

This study showed that Asian entrepreneurs have faith in their business ideas. This study thus supports Baty's (1990) observation that it takes a dash of bravery and guts by an entrepreneur to begin a new business. This study also showed that Asian entrepreneurs are of the opinion that
searching for all shortcuts and fear of criticism can lead the business into failure. This study also revealed that discrimination and licensing and contract renewal difficulties were a major stumbling block for Asian entrepreneurs.

5.4 Conclusion

Asian family owned business entrepreneurs have almost similar entrepreneurial characteristics. Although they come from different backgrounds, most of their goals are the same. They want to succeed in their line of business, be it a manufacturing firm, a construction company or a wholesale shop. They are ever striving to progress ahead in their business venture and are always on the look out for business opportunities. Most of them are hardworking. For most of them making money is a pleasure in itself and they will put in their best to be successful.

Most of these family owned businesses have portrayed some common success factors. It should be noted that most of these entrepreneurs succeed due to contribution of the whole family. This leads to fast decision making and responsibility is shared. Furthermore, there is a lot of networking among the Asian entrepreneur community. Most of them are always scouting for expansion opportunities and this is usually made possible due to their saving mentality. In addition to the above, the Asian family owned entrepreneurs have easy and cheap availability of credit and loans. There is a lot of lending among relatives and friends.
This study has revealed that Asian family owned business entrepreneurs face the same challenges in business operations as any other entrepreneur. However, most of them feel that a lot of discrimination, especially ethnic discrimination takes place when licences of their business ventures are to be renewed.

In a nutshell, Asian family owned businesses' success emulates from a range of factors that are intertwined. It should be noted that most of the businesses succeed due to the support they receive from their immediate social environment.

5.5 Recommendations
5.5.1 For Practitioners

The study recommends that the Asian family owned business entrepreneurs should have clear, organized and written plans. The business plan will assist the entrepreneur in judging whether the business is heading in the right direction as regards business growth in terms of sales volume and profitability. If the results are not according to the plan, then remedial action needs to be taken to get the business back on track.

The study also recommends that the Asian family owned business entrepreneurs should not fear being criticized or discriminated whenever their business is either doing well or not doing well. The Asian entrepreneurs
should regard criticism as constructive to their business. The entrepreneurs can also use the criticism to seal any shortcomings in the way the business operates.

The study further recommends that Asian entrepreneurs should not quit at the first sign of defeat. For any business to succeed, it has to experience some storms. The entrepreneur should build on these difficult experiences to be able to build a strong foundation for future success. The study also recommends that it is very important for the Asian entrepreneurs to clearly recognize what they want their business to achieve.

The study further recommends that Asian entrepreneurs should recognize the reasons that lead to licensing and contract renewal difficulties. It is important to make sure that all business licenses have been acquired using the proper channels. This will in turn eliminate the need for searching shortcuts to success using illegal mechanisms.

5.5.2 For Researchers

This study basically dealt with the success factors from the point of view of Asian family owned business entrepreneurs. The researcher suggests that family owned businesses from other communities should be studied and a comparative analysis be done. Future research could also explore on the management practices that Asian family owned businesses employ in the running of the business.
REFERENCES:


APPENDIX 1

QUESTIONNAIRE ON ASIAN FAMILY OWNED BUSINESS

1. DEMOGRAPHIC DATA

Job Title ____________________________

Size of Business: Large [] Medium [] Small []

Business Ownership: ____________________________

Sex:  Male [ ] Female [ ]

Sector of Activity:  Manufacturing [ ] Service [ ] Construction [ ]

Retail Trade [ ] Wholesale [ ]

Generation in Kenya ____________________________

Please complete the following questions by circling either 1, 2, 3, 4 or 5 to every one of them as follows:

1 - Strongly Disagree - 5 Strongly Agree

2. ENTREPRENEURIAL CHARACTERISTICS

<table>
<thead>
<tr>
<th>Statement</th>
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<tbody>
<tr>
<td>Being an entrepreneur is socially &amp; economically legitimate</td>
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<td>Entrepreneurship deals with initiation of change</td>
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<td>Family background is vital in entrepreneurship</td>
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<td>Entrepreneurs are achievement oriented &amp; responsible</td>
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<td>Entrepreneurs dislike repetitive &amp; routine work</td>
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<td>Entrepreneurs are creative &amp; ethical</td>
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<td>Entrepreneurs possess high energy, perseverance &amp; imagination</td>
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<td>Entrepreneurs like to be in control</td>
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<td>Entrepreneurs are suspicious towards people in authority positions</td>
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<td>Work is done on their terms</td>
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<td>Entrepreneurs have a fear of being out-smarted by competitors</td>
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<td>Entrepreneurs live under tension &amp; on the edge</td>
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<td>Societal and life cycle transitions shape their goals &amp; decisions</td>
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<td>Leadership style reflects on their business personality</td>
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<td>Entrepreneurs are market driven and problem solvers</td>
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<td>Entrepreneurs learn from experience</td>
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<tr>
<td>Entrepreneurs act boldly in shadows of doubt</td>
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</table>
3. **CRITICAL SUCCESS FACTORS**

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<tbody>
<tr>
<td>1</td>
<td>Endure struggles, periods of anxiety &amp; despair</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>2</td>
<td>Total honesty</td>
<td>1</td>
<td>2</td>
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<td>3</td>
<td>Usually ask for advice within the family</td>
<td>1</td>
<td>2</td>
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<td>4</td>
<td>Bad experiences are shrewd instructors</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
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<tr>
<td>5</td>
<td>Accept rejection &amp; bitter defeat</td>
<td>1</td>
<td>2</td>
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<td>4</td>
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<tr>
<td>6</td>
<td>Delays, disappointments and setbacks are eminent</td>
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<tr>
<td>7</td>
<td>Accept suffering with aversion &amp; self pity</td>
<td>1</td>
<td>2</td>
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<td>8</td>
<td>Cure for anxiety is working hard</td>
<td>1</td>
<td>2</td>
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<td>9</td>
<td>Very secretive and stick to family knitting</td>
<td>1</td>
<td>2</td>
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<tr>
<td>10</td>
<td>Difficulties in business can be forecasted</td>
<td>1</td>
<td>2</td>
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<td>11</td>
<td>Stubbornly keep on despite failure</td>
<td>1</td>
<td>2</td>
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<tr>
<td>12</td>
<td>Family support is vital</td>
<td>1</td>
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<td>13</td>
<td>Don't take no for an answer</td>
<td>1</td>
<td>2</td>
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<td>14</td>
<td>Cultural links help in business operations</td>
<td>1</td>
<td>2</td>
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<tr>
<td>15</td>
<td>Total commitment &amp; hard working</td>
<td>1</td>
<td>2</td>
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<tr>
<td>16</td>
<td>Like taking risks &amp; devoted to their business</td>
<td>1</td>
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<tr>
<td>17</td>
<td>Experience plays a significant role in success</td>
<td>1</td>
<td>2</td>
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<td>18</td>
<td>Strong community information sources and networks</td>
<td>1</td>
<td>2</td>
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<tr>
<td>19</td>
<td>Family members work as one team</td>
<td>1</td>
<td>2</td>
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<tr>
<td>20</td>
<td>Clear organized plans and customer oriented</td>
<td>1</td>
<td>2</td>
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<tr>
<td>21</td>
<td>Good level of Education is important</td>
<td>1</td>
<td>2</td>
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<tr>
<td>22</td>
<td>Sources of capital and credit are broad</td>
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4. **ENTREPRENEURIAL CHALLENGES**

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<td>Failure to recognize clearly what one wants</td>
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<td>2</td>
<td>Procrastination, with or without cause</td>
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<tr>
<td>3</td>
<td>Lack of trust in acquiring specialized skills</td>
<td>1</td>
<td>2</td>
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<tr>
<td>4</td>
<td>Indecision on occasions</td>
<td>1</td>
<td>2</td>
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<td>5</td>
<td>Lack of organized and written plans</td>
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<td>2</td>
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<td>6</td>
<td>Use of scapegoating techniques</td>
<td>1</td>
<td>2</td>
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<tr>
<td>7</td>
<td>Wishing instead of doing</td>
<td>1</td>
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<td>8</td>
<td>Compromising instead of dealing with issues</td>
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<tr>
<td>9</td>
<td>Searching for short-cuts</td>
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<tr>
<td>10</td>
<td>Fears of criticism</td>
<td>1</td>
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<td>11</td>
<td>Discrimination (Ethnic, or Religious or Gender</td>
<td>1</td>
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<tr>
<td>12</td>
<td>Quitting at first sign of defeat</td>
<td>1</td>
<td>2</td>
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<tr>
<td>13</td>
<td>Licensing and contract renewal difficulties</td>
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<td>2</td>
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</table>

- **THANK YOU** -

- 82 -
[RESPONDENT'S ADDRESS]

Dear Sir/Madam,

I am currently undertaking Masters in Business Administration. As one of the requirements towards the award of MBA, we have to carry out a research in our field of concentration.

I am undertaking a research to find out the success of Asian firms in Nairobi. To do this, of course, means going to firms such as yours to gather information. Your help with a few questions on the attached paper will make a real contribution to the accuracy and success of this study.

Your reply will be treated in strict confidence and will be utilized for the sole purpose of academic research only. Any publication will be only of statistical totals for the firms. Your assistance will be greatly appreciated.

Sincerely,

HIREN PATEL
M.B.A. STUDENT
ID#600330