FACTORS PERCEIVED TO CONTRIBUTE TO SUCCESS IN SMALL
BUSINESSES: THE CASE OF K-MAP TRAINERS AND CLIENTS

BY

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DECLARATION

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

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

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DEDICATION

To my father Bashirali Dossajee, my mother Shirin Patwa and my sisters Salma and Jumanna for all the good things they have done to me words cannot describe.

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ABSTRACT

This study sought to identify factors that are perceived to contribute to success in small businesses from the points of view of the small business owners and the trainers. The need for this study arose from the fact that a lot of small businesses perish no sooner they are started, and there is lack of identified factors that could indicate the chances of success or failure of small businesses.

In order to achieve the objective of this study, primary data was collected from a sample of 45 small business owners who were Kenya Management Assistance Programme (K-MAP) clients and a sample of 10 trainers drawn from K-MAP and Kenya Institute of Management(KIM). Individual factor analysis was conducted in order to establish the factors pertinent to each group.

The results of the analysis indicate that the small business owners perceive six factors as those contributing to success in their businesses:

(i) Personal approach to business.

(ii) Management ability.

(iii) Business skills.

(iv) Start - up Characteristics

(v) Management Training

(vi) Trade Credit.

For the trainers, the analysis indicated that they perceive the following factors as contributing to success in small businesses:

(i)   Start - up factors.

(ii)   Management ability.

(iii) Perseverance.

(iv)   Personal factor.

(v)   Personal approach to business.

(vi)   Accounting skills.

There is an element of commonality in the factors of the two parties indicating that the management ability and personal approach to business are emphasized by both groups as contributing to success.

CHAPTER ONE

1.0 INTRODUCTION

1.1 BACKGROUND

Small businesses are fast catching up in the Kenyan society. As the prospects of getting paid employment is becoming harder and harder, many people are reverting to being self employed. One of the ways of getting self employed is setting up of a small business or what is popularly known as "Jua Kali" business in the Kenyan context.

In the 1989-1993 Government of Kenya Development Plan it is stated that:

> "the potential of developing small scale and jua kali enterprises can not be ignored if the country is to meet targets for employment and income generation set out in this plan and sessional paper No. 1 of 1986"[1]

Development of small businesses is fast becoming a major pre-occupation in Africa. This is as it should be since most of the millions of jobs that the continent needs to create by the year 2000 and beyond will have to occur in the small business sector. The role of small business in the quest for substantial economic growth can therefore not be overstated.

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1. Government of Kenya : Development Plan 1989-1993, Government Printer p.164.

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In the Kenyan environment, the recent past has seen the mushrooming of small business consultancy institutions. In March 1988, a new ministry called the Ministry of Technical Training and Applied Technology, now commonly referred to as the "Jua Kali" Ministry was formed.[2] It's Portfolio embrasses the development of the "Jua Kali" sector (also called the informal sector). This ministry helps small businesses by providing guidance on the operations of small businesses.

Entrepreneurship is too often cited as a solution to all kinds of economic problems and social ailments in many parts of the world. Like the magical properties of "snake-oil",[3] Governments and entrepreneurship advocates alike are increasingly experimenting with entrepreneurship "cure".[4]

Despite the large number of small businesses and the diverse range of activities they do, all have one thing in common: in one way or another they are all striving to become successful. Success in business can be interpreted in many different ways. The most commonly adopted definition of success is financial growth with high level of profits. However, other definitions of success are equally applicable and many businesses set themselves alternative goals. Some entrepreneurs regard success as the job satis-

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2. Because of it's conspiquos involvement in "Jua Kali" activities.

3. Herbal Cure

4. Peterson, R.: "Understanding and Encouraging Entreprenuership Internationally". Journal of Small Business Management Vol. 26, No. 2 April 1988.

faction they derive from making a product, others gain satisfaction by developing new products. To others, if the business owner has adequate income, job satisfaction, a happy workforce and a stable market position, he/she is in a satisfactory and successful position.[5]

This study is concerned with the factors that are perceived to be contributory to success in small businesses as reported by owners of small businesses and their trainers/consultants.

1.2 DEFINITIONS.

1.2.1 SMALL BUSINESS.

There is no general concensus as to the definition of a small business. In a survey carried out in 1975 regarding the definitions adopted covering 54 countries both in the Industrialised and Developing World, Auciello et al came with the following survey results.[6]

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5. Foley, P. and Green, H.: Small Business Success, London, Paul Champman Publishing 1989, p. 1

6. Auciello et al as cited in Malcolm Harper's Small Business in the Third World". London, John Willey & Sons 1984.

Table 1.2.1 Criteria for determining sizes of enterprises
(Auciello et al 1975)

Criterion	Developing Countries	Industrialized Countries
Number of employees	6 countries	9 countries
Assets employed	10 countries	1 country
Sales turnover	1 country	--
Employees and turnover	1 country	2 countries
Employee and assets	16 countries	3 countries
Turnover and assets	1 country	--
Employee, Sales and assets	4 countries	--
Total Sample	39 countries	15 countries

Source: Harper M.: Small Business in the Third World p.2

It appears that what may be a small business in America
could be regarded as a very large business in Kenya. For example
the Small Business Administration (SBA) of the United States
defines a small business as "one that employs fewer than 500
people.[7]. According to Kenyan standards, this could not qualify

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7. As cited in Paul Alpar et al's "Predictors of MS/OR Applica-
tion in small businesses" Interfaces Vol. 20 No. 2 March-April
1990 p. 3

to be a small business.

In the Kenya Development Plan (1989-1993) it is stated that a small business is a company with less than 50 employees and has an annual turnover of upto Kshs 5 million. It goes further to state that these small-scale businesses are characterized by:[8]

a) ease of entry and exit

b) low capital requirement for establishment

c) dependence on local resources and recycled wastes

d) family ownership

e) labour intensive production techniques

f) low cost skill acquisition mainly outside formal
   school system

g) ability to operate under highly competitive
   market conditions.

For the purposes of this study, a small business is defined as one that employs fewer than 15 employees, is self-initiated, largely self financed, independently managed and localised in operation and of relatively small size when considered as part of the industry. This defination is chosen because the population of this study displays this peculiarity.

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8. Development Plan op cit p. 161.

1.2.2 SUCCESS.

According to the Oxford Advanced Learner's dictionary (4th Edition), success is defined as "achievement of a desired end".

As far as business is concerned there is no precise definition of success as there are many criteria which can be adopted to define success. For example, success can be pegged to financial rewards, independence, creativity, job satisfaction, and happiness which varies depending on the attitudes of each individual.

The diverse range of criteria which can be adopted has led many observers to view a business as unsuccessful when the owner manager regards it as highly successful by their own standards. As an example, many businesses opt to remain small because they do not want to lose personal control over their businesses which sometimes arise as a result of growth.[9]

In recognition of the above, this study views success as the sustanance of the small business beyond the first two years of operation which are viewed as critical.

1.3 THE KENYA MANAGEMENT ASSISTANCE PROGRAMME (K-MAP).

In 1986, having recognized the crucial and increasing role of small businesses in the economy, seventy four successful large and medium businesses accepted a revolutionary proposal for the support of fledgling small enterprises.

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9. Foley et al op cit. p. 5

They resolved to donate resources towards the assistance of struggling small businesses and to those who want to enter business. They agreed to set free their top and middle level management executives for one day in a month to counsel clients who had registered with K-MAP.

K-MAP is a non-profit organization and since 1986, its client base has risen significantly. The member companies set up the K-MAP secretariat with their own resources before obtaining funds from overseas donors to see the programme through for the first five years. To date a lot of fruitful counseling is going on for registered clients most of whom have experienced significant increases in turnover, employment and profits.

With a documented small business mortality rate of 60 and 80 percent within the first two years of operation, K-MAP was set up to help alleviate the plight of the small business entrepreneur. It is envisaged that the high mortality rate could be reduced to less than 10% given the necessary support systems.[10]

Experience with K-MAP clients already shows a failure rate of less than 5%. This is indicative not only of K-MAP effectiveness in helping small businesses, but also a manifestation of K-MAP's contribution to the economy in creating employment and fostering entrepreneurship development in line with sessional

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10. K-MAP catalogue :Enhancing development through promotion of small enterprise.

paper No. 1 of 1986, which calls for the active partnership between the public and the private sectors in national development efforts.

CLIENTS

K-MAP's clients are drawn from existing small businesses and those aspiring to go into business. Clients are charged nominal fees for services rendered on the premise that anything given free may not be appreciated.

COUNCELLORS

Counsellors are experienced company executives registered with K-MAP's skills bank. They visit small business operators in response to request for counselling and/or advice. Business problems are identified, discussed and solutions worked out with clients. Discussions with clients are treated with strict confidence.

ACTIVITIES

(a) Counselling

One-to-one counselling of small business clients is a core activity involving, a wide spectrum of clients and counsellors.

Range of counselling services available:

- How to prepare business plans
- Making a proper start

- Locating your business
- How to apply for loans
- Marketing and market research
- Minimizing cost
- Sales promotion
- Pricing
- Keeping business records
- Good customer relations
- Product management and quality assurance
- Credit control and debt management
- Procurement
- Stock or inventory control
- Building your business image
- How to deal with competition
- Export/import trade
- Other special problems of small businesses.

(b) Training Programmes

(i) General Workshops

These are training workshops that cater for the needs and requirements of the small businesses, through the dissemination of general business knowledge such as accounting, marketing, pricing, quality assurance, personnel management e.t.c.

(ii) Sectoral Workshops

These are industry-specific workshops designed to meet the needs of specific sectors of the economy. For example, retailers within the economy.

(iii) Custom-designed Training

These are sessions designed and conducted for NGOs and other institutions engaged in small business promotion. They are based on clients requirements after comprehensive needs assessment.

(c) Mobile Training Unit

This facility enhances K-MAP's ability to reach the rural areas without having to locate a branch office in every major town. The unit mostly conducts general workshops, but where cost-effective, sectoral workshops and on-the-spot counseling are also undertaken. The unit is also utilized in the implementation of custom designed training.

(d) Business Development Centre.

The business development centre focuses on pre-investment counselling i.e. assisting those who want to go into business with conceptualization, definition, and development of their business ideas into sound bankable proposals. This ensures that K-MAP skills are extended to potentially viable projects. The centre also undertakes feasibility studies.

(e) Publications.

K-MAP publishes booklets on basic business topics geared to the needs of small business operators and intending etrepreneurs. The books are easy to read and are kept as short as possible to enable the average business operator read through without difficulty. They are sold at nominal prices.

A business bulletin published regularly, updates members, counsellors and clients about K-MAP activities and on issues and developments in the business world. It also acts as an educational tool for small business operators and prospective entrepreneurs.

Sound cassettes on various business topics are also produced for sale to clients and other interested parties.

(f) Consultancy.

There is a growing demand for consultancy services from non-clients and in-active clients who cannot afford market consultancy rates; especially in rationalization of business, and sorting out specific business problems, such as personnel recruitment and motivation and review of business strategies, among others. K-MAP endeavors to satisfy this need at nominal fees.

(g) Rehabilitation Services.

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This is a specialised service, through which businesses which are facing serious management and/or technical problems are assisted.

(h) Sub-contracting.

K-MAP offers sub-contracting exchange services as it has reliable data on small firms and good linkages to large firms through its membership.

(i) Endownment fund

Most K-MAP clients are constrained from improving their market share and growth due to lack of working capital. The endownment fund meets this need by:

i) Arranging for revolving loans to clients

ii) Guaranteeing bank loans to clients.

(j) Exhibitions

K-MAP organises occasional exhibitions to promote the marketing of clients' products while at the same time providing a forum for exchange of ideas towards product improvement and better customer relations. A catalogue of clients' products is published and updated through the exhibitions.

(k) Promotion of Joint Ventures and Technology Transfer.

K-MAP is active in promoting cooperation between enterprises in Kenya with those in the industrialised world. For example, K-MAP cooperates with the United Nations Industrial Development

Organization (UNIDO) in the implementation of UNIDO's Enterprise- to- Enterprise cooperation scheme and other international agencies involved in technology transfer and promotion of joint ventures.

Unlike the other K-MAP activities which are primarily aimed at small enterprises, this activity is also for the benefit of member companies and other big businesses who may wish to enter into joint venture with foreign companies.

STRUCTURE

K-MAP is run by the business community through the following organs.

(i)The Secretariat

The secretariat consists of skeletal full time professional and general staff who co-ordinate all small business development activities and other operational work at K-MAP.

(ii) The Executive Committee

Drawn from the board of directors, the executive committee oversees the day-to-day management and helps steer the secretariat towards the organization's goals and objectives. The committee meets once a month.

(iii) Board of Directors

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The K-MAP board is composed of chief executives and other top professionals of member companies who volunteer their services. The chairman of the board is usually drawn from the membership. The board directs the overall affairs of the organization and sets its long term goals. The board meets quarterly.

1.4 STATEMENT OF THE PROBLEM

Suddenly, all over the world, entrepreneurs are the good guys! Not the individuals who sit on their accumulated wealth, counting dividend cheques, but those who create local jobs, commercialize technology and build enterprises that become internationally competitive.[11]

In the Kenyan environment, the hardship of getting paid employment is making many people to revert to being self-employed by setting up a small business. The area of small business is one that is increasingly being ventured into. Many small businesses are failing. Evidence from K-MAP indicates that the mortality rate of small businesses is between sixty and eighty percent within the first two years of operation.[12].

There is lack of identified factors that could indicate the chances of success or failure of small businesses. It is in this context that this study attempts to look at the factors that are perceived to contribute to success in small businesses. It is

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11. Peterson, R.: Op cit p. 1

12. KMAP Catalogue: Enhancing development through promotion of small enterprise.

hoped that by knowing these factors, other would be prospective small business owners shall benefit by having a priori factors that are considered important in having a successful small business ownership.

1.5 OBJECTIVES OF THE STUDY

The objective of this study is to identify what factors are perceived to contribute to success in small businesses from the points of view of small business owners and the trainers of small businesses.

1.6 IMPORTANCE OF THE STUDY

The results of this study shall, hopefully, be useful to :

1. Prospective small business owners as a way of knowing what are the likely factors that contribute to success in small businesses to enable them plan appropriately for their growth and survival.

2. Small business financiers as a way of knowing who should be given priority in advancing loans.

3. Trainers of small businesses as a way of knowing what areas they should concentrate on, or develop in prospective small business owners when they provide training.

4. Academicians, as an area to do further research on, and to add to the pool of knowledge currently existing.

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1.7 ORGANIZATION OF THE REPORT

This management project is presented in five chapters. Chapter one which has been concluded gives the introduction. In the introductory chapter, emphasis is layed on the definitions of small business and success. The Kenyan Management Assistance Programme, statement of the problem, objective and importance of the study.

Chapter two deals with the literature review. Here emphasis is layed on observations by experts on success in business, problems faced by small businesses and advantages of small businesses.

Chapter three deals with the research design. Specifically the population, sampling design, sample, data collection procedure and data analysis techniques.

Chapter four gives the computer output of factor analysis and discussion of findings emanating from the study.

Chapter five, the concluding chapter, presents the conclusions of the study, recommendations and limitations plus suggestions for further research.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 SURVEY OF EMPIRICAL AND THEORETICAL LITERATURE.

Empirical literature on business success per se is scarce. However, there exists quite a lot of theoretical literature based upon experience and observations made by professionals and other experts in this field.

Burch[13] gives a galaxy of personality traits that adore individuals who have a propensity to behave entrepreneurially. Among the nine traits he gives are:

a)" A desire to achieve": All entrepreneurs must have the push to conquer problems and give birth to a successful venture.

b) "Hard work": Entrepreneurs are workaholics. In many instances they have to achieve their goals.

c) "Nurturing quality": Entrepreneurs take charge of and watch over a venture until it can stand alone.

d) "Acceptance of responsibility": Entrepreneurs accept full responsibility for their ventures. They are morally, legally and mentally accountable.

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13. Burch, J.G.: "Profiling the Entreprenuer." Business Horizons Vol. 29 No.5 Sept/Oct. 1986

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e) "Reward orientation": Entrepreneurs want to be rewarded handsomely for their efforts. Reward can come in forms other than money, such as recognition and respect.

f) "Optimism": Entrepreneurs live by the philosophy that this is the best of times and that anything is possible.

g) "Orientation to excellence": Entrepreneurs often desire to achieve something that is outstand-ing that they can be proud of - something first class.

h) "Organization": Most entrepreneurs are very good at bringing together all the components of a ven-ture to make it achieve its goals. They are normally thought of as take-charge people.

i) "Profit orientation": Entrepreneurs want to make profit, but the profit serves primarily as a meter to gauge their degree of achievement and performance.

Apart from the above, Burch goes further to say that entrepreneurs seek independence, wealth, opportunity, innovation and venture, accept risk, and rely on intuition. He adds that people who possess a preponderance of these characteristics and tendencies are already or can become strong entrepreneurs.

Jenks[14] who has taught courses in entrepreneurship and new venture development at the University of New Hampshire for the last 20 years, has from his experiences and observations boiled down six factors which he considers to be the key to small business success:

a) Energy, Motivation, Resilience.

Every successful small business entrepreneur has a high level of energy, coupled with a high level of need to succeed. Another characteristic in successful small business entrepreneurs is resilience (the ability to bounce back from apparent defeat to fight again another day). Finally, in the face of frustration and setbacks, the successful entrepreneur must exhibit grace under pressure. This ability to stay calm in the midst of crisis is the essence of leadership. If the leader panics, there is little chance for successful outcome.

b) Innovative Marketing.

No business can succeed without a viable product or service to sell. But where do budding entrepreneurs get such ideas? Sometimes the initial spark is an innovation or invention that you are convinced can be marketable.

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14. Stephen Jenks: "Six Keys to Success for New Small Businesses:" Home-Office Computing. September 1991.

c) Knowledge of your Market.

Market research can be conducted by asking friends, relatives about your idea or by hiring a market research firm. By far the most common and useful way to get market information is from your own experience. Many small businesses are started by people with experience in the same fields as their businesses. These people use industry contacts and experience to shape their marketing and jump-start their businesses.

d) Solid Financial Planning.

As all business texts recommend, it is important to know costs intimately. By consulting financial planners, cost figures can be obtained through which a business plan can be prepared and performance measured. A business plan is important because writing the plan forces you to think through the assumptions you are making about your start-up costs as well as the ongoing costs of running the business. Planning helps to see how the various parts of the business connect with one another and determine what kind of financing to seek.

e) Staying Close to your Customer

Having a mechanism to identify how your first customers heard about your business and emphasizing those channels of advertising that produce results is essential. Customers are an important source of spreading information. Many people go to friends and colleagues when looking to buy a particular product

or service and rely on their advice. Whatever innovations you decide to try, seek, and listen to, feedback from your customers about what they like and don't like. Businesses that listen to what their customers want and give it to them are usually more successful than their competitors.

f) Embracing Technology.

Successful businesses take advantage of emerging technologies. If all other factors are equal, the company that uses up- to-date technology productively is going to succeed faster than the one that doesn't. Changes in the laws, market timing, consumer trends, and strength of the competition all peg on future of your business. But,if you position yourself to take advantage of outside factors, and build your business on a solid foundation, then you can afford to take the risks that may propel you to success.

Waterman,[15] the co-author of the famous book "In Search of Excellence", advices small-business owners to know where their money lies. That means getting a grip on simple but critical numbers like cash on hand, accounts payable and receivable,inventory,debt, overhead expense and available capital including lines of credit. He says that, a good financial control system ensures constant knowledge about what is going on. In the long run this ensures business success.

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15. As cited in, "Big ideas for your small business" Changing Times, November 1989. p57

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Kanter,[16] a Harvard Business School Professor sums up what she views as important advice to small-business owners into the Four F's, be fast, focused, flexible and friendly.

a) Fast: The rapid pace of change in business requires firms of all sizes to be quick on their feet, says Kanter.

b) Focused: She strongly advices small business owners to avoid taking part in extraneous activities "just because you think you have to be in them to look like big company".

c) Flexible. According to Kanter, developing a spirit of team work and cooperation in the business is very essential. What owners-operators should avoid is winner-take-all internal contests among employees.

d) Friendly. To Kanter, being friendly goes beyond flashing a toothy smile. "Its the idea that you can grow more quickly and more efficiently by forming strategic alliances with other businesses.

Mills[17],a Harvard Business School Professor says that the most limited of all resources in small companies is people. He suggests one solution to small-businesses. "In hiring, don't fit

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16. Ibid. p.58

17. Ibid

a person solely to one task .That's a dead end. If you think of employees as people to whom the business has made a long term commitment, then it changes the way you look at your business." He adds, "treat your employees well and they will be more produc- tive, thus ensuring success in the small business".

Kierulff[18] surveyed 91 companies in the United States. He developed a list of nineteen qualities that have been attributed to entrepreneurs by themselves, other businessmen and academics. He asked the executives surveyed using a questionnaire to rate the characteristic as detrimental, irrelevant or necessary to success as an entrepreneur in their companies. If the charac- teristics was necessary, they were asked to indicate the degree or extent of the quality the successful entrepreneur in the com- pany should have.

The study results are contained in table 2.1.1. As the results show, the most important characteristics for success are strong desire to succeed, enthusiasm about the product and busi- ness, perseverance, creativity and competitiveness in that order. The qualities most detrimental to success are inability to work well with others, unwillingness to communicate freely, disrup- tiveness, inability to delegate, and obstinacy.

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18. Kierulff,   H.E.:   "Finding   and   Keeping   Corporate Entrepreneurs." Business Horizons. Feb. 1979 p.6-15.

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Table 2.1.1
Characteristics of Entrepreneurs as Rated by Survey Respondents.

	Detri-mental	Irrelevant	Necessary			
			Below Average	Average	Above Average	Highly Developed
1. High achievement (i.e. strong desire to succeed)	0%	0%	0%	4%	37%	59%
2. Enthusiastic about product and business	0	1	0	13	37	49
3. Persevering	0	0	1	18	35	46
4. Creative	0					
5. Highly competitive	4	7	2	16	49	22
6. Unable to work well with others	93	5	1	0	0	1
7. Does not freely communicate information	76	10	2	8	2	2
8. Disruptive	74	8	9	7	2	0
9. Does not delegate well	66	22	4	6	2	0
10. Obstinate	65	15	4	13	3	0
11. Strong ego	6	22	5	16	42	9
12. Personal charisma	0	20	5	44	24	7
13. Makes decisions rapidly	12	17	5	34	29	3
14. Makes decisions intuitively	24	19	10	16	25	6
15. A good organization man	13	28	12	32	8	7
16. Willing to take large but calculated risks	3	4	5	30	40	18
17. Compulsive	60	18	1	11	7	3
18. Physically strong	1	51	5	27	10	6
19. A zealot	40	22	6	14	18	0

Source: Ibid p. 9

Child[19] conducted a descriptive study in Kenya on the features characteristic of the small Business operators in Jua Kali sector by obtaining responses from technical craft artisans. Among the features he looked at included literacy level, technical education background, age, initial capital, among other factors. He summarized that success and failure in business is partly a function of a persons inherent talents, partly a function of cultural values and ethical norms, and partly a function of experience and education.

Gichira and Dickson[20] studied the problems facing entrepreneurs in Kenya by studying 52 enterprises of the ILO "Improve your business" project.[21] Their findings revealed that the major contributory factor to the lack of success in small enterprises is the failure to manage their business efficiently.

Kariuki[22] in his 1989 M.B.A. project identified 15 socio-economic factors that he used to distinguish the potential entrepreneurs with high chance of success in the Jua Kali sector from those likely to perform poorly. Among the factors he cited

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19. Child, F.C.: Small Scale Rural Industry in Kenya. Operational paper No. 17, IDS, 1977. p.11

20. Gichira and Dickson as cited by Maalu's M.B.A. project 1990, "Factors influencing Record Keeping in Small Scale Enterprises. M.B.A. Project, University of Nairobi, 1990 p.17

21. This project participant's were given training in management by ILO's field representatives.

22. Kariuki C.N. Apriori determinants of perfomance of entreprenuers in the "Jua Kali" sector. Unpublished M.B.A. project, 1989, University of Nairobi

included: age of the entrepreneur at the time of starting the business, level of formal education at entry, whether or not entrepreneur did handicraft at primary school, whether or not the entrepreneur had formal technical training before entry, amount of initial capital in Kshs, among other background factors. The study results show that the technically related background factors i.e. formal technical training and primary school handicraft had significant effect on performance of Jua Kali entrepreneurs in the manufacturing sub-sectors, namely metal work and carpentry. Initial capital was also significant with respect to manufacturing subsectors.

Otieno[23] in his M.B.A. project summarizes that lack of adequate capital is the most important initial constraint facing "Jua Kali" enterprises, and once this initial constraint is somehow overcome these enterprises can almost sustain themselves through the use of retained earnings. He adds that businessmen are still very much in need of credit especially to improve their businesses.

Douglas[24] carried out a study in the United States relating education to entrepreneurial success. To achieve his objective, he interviewed 153 entrepreneurs in the Atlanta area. Business success was keyed to the growth in sales over the previous five

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23. Tom Otieno: Sources of Finance for Nairobi based "Jua Kali" Business firms. Unpublished M.B.A. project 1988. University of Nairobi

24. Douglass, M.E.: Relating Education to Entrepreneurial success. Business Horizons. December 1976 Vol 19 No 6.

year period. An interesting conclusion emanating from his study was that even though entrepreneurs have more education than commonly believed, education apparently does not contribute directly to business success.

Truskie[25] gives two dominant factors that characterizes successful organizations. Clarity and commitment. According to him clarity refers to an organizations ability to clearly define its reason for being. It starts with the mission of the organization, but goes far beyond. It blueprints basic concepts of ethics, principles and standards which provide a clear context within which the organization plans, hires, organizes, decides, executes, and evaluates. He adds that successful organizations have an amazingly simple statement of purpose which provides the driving force penetrating the entire organization.

Successful organizations according to Truskie, devote themselves to member commitment. They realise that the future success of their organizations depends on a super-concentration of purpose and aims by its members. In gaining member commitment, successful organizations are guided by a simple philosophy: "Members become committed to organizations committed to them". These organizations strive to achieve member commitment by adhering strongly to this philosophy through the reinforcements of words with action.

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25. Truskie, S.D.: The Driving force of successful organizations. Business Horizons. May-June 1984. force

Carrington et al[26] has this advice to small business owners which he calls openness and trust.

"the better your employees know you, the better you can manage, the better the market knows you, the better you can sell, the closer you are to suppliers, the more advantageous terms you can get, the only way to deal with your banker is to establish a personal and open relationship with him".

2.2 ADVANTAGES OF SMALL BUSINESSES.

There are a variety of areas in which the small business owner enjoys distinct advantages that are the direct result of being small.[27]

a) Personalized Customer Service.

The small business provides an environment in which management is close to its customers. This closeness and acquaintance with customers often on a first name basis, makes it possible to better serve the specific needs of customers, to respond to their suggestions and complaints and to provide a personal, friendly atmosphere.

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26. Carrington, J.H. et al: Survival tactics for the small business. Business Horizons. Feb. 1976. Vol.1 No 1.

27. Gaedeke et al: **Small Business Management** Second Edition ,London ,Scott Foresman and Company.

b) **Detailed knowledge of customers and Markets.**

Small companies frequently specialize on the basis of products carried and customers served. This makes it possible to acquire a detailed knowledge of customer characteristics, needs, and developing trends. This information is particularly important in reviewing current marketing efforts and planning marketing strategies. The small businessmen are in a unique position to sense and recognize changes as they occur and to respond to them quickly. If the market suddenly demands different merchandise assortments, price specials, or otherwise, the small business owner can respond without delay.

c) **Close ties to the Community.**

Being part of the local community, smaller businesses have an intimate knowledge of the community's needs and peculiarities. Usually residents of a community prefer to deal with and support local enterprises.

d) **Personalized approach with employees.**

The personalized approach of many small businesses is a fertile ground to attracting employees who want to be thought of and treated as individuals. Employees value the personal relationship with the manager brought about by direct, face - to - face communication.

e) **Flexibility in Management.**

Small firms have fewer procedures and less internal paper-work. The small business owner is relatively free to enter or leave a business, to grow or contract, and to succeed or declare bankruptcy. This inherent flexibility to meet changing market, production, and overall business conditions allows the small firm to adopt quickly to the ever changing environment of which it is a part.

2.3 PITFALLS IN MANAGING A SMALL BUSINESS[28]

The major pitfalls in managing a small business as reported to Dun and Bradstreet by people who are actually in business are:

1. Lack of experience
2. Lack of money
3. The wrong location
4. Inventory mismanagement
5. Too much Capital going into fixed assets
6. Poor credit - granting practices
7. Taking too much out for yourself
8. Unplanned expansion
9. Having the wrong attitude

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28. As cited in Gaedeke et al: **Small Business Management** Second edition, London, Scott Foresman and Company.

lack of experience.

Business owners, reporting to Dun and Bradstreet, agree that the greatest pitfall in managing a small business is lack of experience. It is argued that it's not only the time spent, that contributes to this but rather what was learned. What duties were performed? What responsibilities were discharged?

Dun and Bradstreet emphasize that what is needed is not just experience but "balanced" experience. They say you need:

. Knowledge of buying

. Knowledge of your products

. Knowledge of how to get customers

. Knowledge of handling finances.

Varied experience in business helps one acquire this type of knowledge, which is vital to the success of any business. Ample training prior to starting a new business is the solution to" lack of experience."

Lack of Money

Inadequate starting capital is the second major pitfall. When lack of money afflicts a business there is little time for anything but the struggle to appease creditors and worry about paying the bills.

The Wrong Location.

In planning a business, location is important. The cost of that location is rent. Ensuring enough room for future expansion is very essential. Rent is a problem for all business owners. It must be figured carefully, not only for what it costs but also for the revenue the location will produce.

Inventory mismanagement

Carrying an improper inventory is a common pitfall. Usually its not too much inventory that can be a problem, but rather too much of the wrong kind of merchandise. Many businesses are stuck with slow-moving outdated or excessive inventory. Carrving this inventory not only adds to costs but ties up money that could be employed more effectively elsewhere.

Too much capital going into fixed assets.

Dun and Bradstreet say that if you put capital into fixtures or into real estates, chances are the capital is going to come out of your working capital. When your business becomes larger and you need more working capital, it is just the time you have less of it. Some business owners get into trouble because they do not anticipate this. They fail to realize that as their business expands, there are twice the employees and largely expanded receivables, payables and inventory requirements.

Poor Credit - Granting Practices.

Pressure to sell on credit terms is strong. If other businessmen are granting credit, it is difficult not to follow suit. Dun and Bradstreet caution that a credit business can be handled profitably, but before you decide to extend credit you should evaluate and consider two questions.

(i) Do I have enough capital?

(ii) Do I know how to collect?

Credit granting and collecting demand skill. Judgment is needed in opening the credit account, and persistence in getting the money is a must.

Taking too much out for yourself

When you open a business, you must be prepared to lower your standards of living and make personal sacrifices until the business begins to prosper. Ensuring that whenever profits decline, personal expenses also decline is very essential.

Unplanned expansion.

Expansion of the firm can be from within - a steady, gradual growth in sales or profits while capital and experience grows. Business growth by addition or acquisition must be carefully planned. Recognizing one's limitation is important to running a successful business.

Having the wrong attitude.

Having the right attitude means recognizing plain, hard work. The feeling that "I'm the boss now and I can take off any time I want" may be the undoing of a good concern. It also requires knowing the extent to which one should get involved in things outside the business. If outside interests are not part of the operation, sound management raises the question "How much time and energy can I take from my business and have it still remain Healthy?"

In light of the numerous challenges facing small business, it is not surprising that many small businesses fail. Failure rates, as well as their causes should be studied in order to learn from mistakes made by others and thus increase one's own probability of success.

2.4 JUSTIFICATION OF DATA ANALYSIS TECHNIQUE

Majority of the studies done in this area are mainly descriptive in nature. For example Child did a descriptive study on the features characteristic of the Small Business operators in the" Jua Kali" sector.[29] Douglass used summary statistics to present his findings relating education to entrepreneurial success.[30] Kierulff also used summary statistics to analyse his data regarding characteristics for success among entrepreneurs.[31]

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29. Child F.C:op cit

30. Douglass M.E :op cit

31. Kierulff H.E: op cit

34

In view of the above, this study has taken this into considera-
tion and gone ahead to use factor analysis as a model to analyse
the descriptive nature of responses by borrowing from studies
done in other fields.It is viewed that this particular technique
can produce interesting results that are easy to comprehend.

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CHAPTER THREE

3.0 RESEARCH DESIGN

3.1   THE POPULATION

The population of this study consists of listed small business operators in Nairobi who have received some kind of training or consultancy or some advice from K-MAP plus trainers at K-MAP and KIM (Kenya Institute of Management).

3.2 SAMPLING DESIGN.

Due to the availability of a sampling frame for the small business operators, a simple random sampling design by use of random numbers was employed to get a sample of small business operators from the list provided to the researcher by K-MAP.

3.3 SAMPLE

A sample of 50 small business operators was drawn randomly from the K-MAP clients list. This represented the small businesses group as far as this study was concerned. A total of twenty trainers from K-MAP and KIM were each given a questionnaire to fill. The sample for the trainers was chosen purely on convenience grounds.

3.4 DATA COLLECTION PROCEDURE

Primary data was used for the purposes of this study. The data was collected by the researcher using a questionnaire as detailed in the Appendix . The questionnaire was personally administered to the small business operators selected. As far as the trainers were concerned, the researcher adopted a drop and collect later procedure to get the required information.

The Appendix gives the details of the questionnaire used for this study. Essentially the main purpose of the questionnaire was to get information leading to the factors perceived to contribute to success in small businesses. In order to achieve this primary objective, the researcher divided the questionnaire into two sections.

Section A, which contains 5 general questions, was meant to establish the type of small business, the amount of initial capital required, and the employment level of the business. This section was intended to gather background information and create acceptance of interviewing session by the small business owner.

Section B, which contains 29 questions relating to business success was designed to obtain information on business success per se. This section was to be answered by both the small business owners and the trainers. The Likert - type "5 scale" configuration was used ranging from strongly agree to strongly disagree.

The questions contained in this section were randomly sequenced so that there isn't any guessing of the underlying factor sought by the researcher. The selected questions in this section were partly arrived at using the information from the literature and the researchers own informal contact with the small business owners during the time of writing the independent paper and research proposal .

3.5 DATA ANALYSIS TECHNIQUE.

Factor Analysis was conducted individually for the responses of the small business owners and the trainers. It was viewed that both parties may have factors that are unique to each group. Although this tool has not been applied in similar studies to the knowledge of the researcher, the researcher has adopted the method by borrowing from studies done in other fields. For example, Kipngetich, used factor Analysis in his study on "Management satisfaction with the performance of computer mediated information systems".[32]

3.6 OVERVIEW OF FACTOR ANALYSIS

Factor Analysis is a generic name given to a class of techniques whose aim is to reduce data set. The single most distinctive characteristic of factor analysis is its data reduction

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32. Kipngetich J.K :"Management satisfaction with the performance of computer -mediated information systems" Unpublished MBA project 1991 .University of Nairobi.

capability. Given an array of correlation coefficients for a set of variables, factor analysis helps the researcher to see whether some underlying pattern of relationships exists such that the data may be "rearranged" or "reduced" to a smaller set of factors or components that may be taken as source variables accounting for the observed interrelation in the data.[33]

In factor Analysis:

(a) The analyst is interested in examining the "strength" of the overall association among variables in the sense that one would like to account for this association in terms of a smaller set of original variables that preserve most of the information in the full data set.

(b) No attempt is made to divide the variables into criteria versus predictor sets.

(c) The models are based on linear relationships.

(d) The models typically assume that the data are interval scaled, although it can also handle nominal and ordinal scaled data.[34]

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33. Nie, H.N. et al: Statistical package for the Social Sciences. New York, McGrawn Hill. 1970 p 209.

34. Green P.E; etal: Research for marketing Decisions Englewood Cliffs, Prentice Hall 1988. p 554.

STEPS IN FACTOR ANALYSIS.

Basically, three steps are involved namely:

    a) Preparation of the correlation matrix

    b) extraction of the Initial factors

    c) The rotation to a terminal solution

The correlation matrix gives the intercorrelations between a set of variables. This is the basis on which the factors shall be generated. Once the correlation matrix has been calculated, the communality, that is the percentage of each variable explained by the factors, is found. Also calculated is the eigen value, that is, the sum of squares of loadings of each factor. The initial factors are extracted via the rule of the thumb which is to extract that number of factors as there are eigenvalues greater than one.

Rotation is done to the initial factor matrix in order to arrive at the final solution. This is basically a process whereby the factors are rearranged to arrive at derived solutions. A common method of orthogonal rotation is known as the varimax procedure. The varimax procedure tries to simplify the columns of the factor matrix by making all values close to either zero or one.

CHAPTER FOUR.

4.0 DATA ANALYSIS AND FINDINGS

4.1 INTRODUCTION.

In this section, summary of computer outputs for factor analysis is presented. Two sets of separate analysis was done in order to get factors pertinent to each group, namely the small business owners and the trainers.The 45 small business responses were analysed using a statgraphics package. The trainers' responses were analysed using the SPSS/PC+ package since the statgrafic package could not invert the correlation matrix to obtain the varimax solution.

Numerical numbers were adopted to convert the responses into computer readable input. A figure of 5 was assigned to the response "strongly agree". 4 for"Agree", 3 for" Neither Agree nor Disagree", 2 for"Disagree" and 1 for"strongly Disagree".

In both cases, Small business operators and trainers, summary statistics for the responses were obtained to give additional information about the general view of success in small businesses.

TABLE 4.1.1
STATEMENTS IN THE QUESTIONNAIRE

Vi's (i= 1......29) are the variables chosen for this study that relate to business success.

V1. The greater the capital base the greater the chance of success.
V2. Hard work contributes to success in business.
V3. Optimism enhances success in business.
V4. The ability to organize increases chances of success.
V5. Creativity increases chances of success.
V6. Endurance increases chances of success.
V7. Luck contributes to success.
V8. Management Training contributes to success.
V9. Experience increases chances of success.
V10. The longer the training period the greater the chances of success.
V11. A desire to achieve increases chances of success in business.
V12. The larger the number of business contacts the greater the chance of success.
V13. The longer the duration of having business contacts the greater the chances of success.
V14. The younger the business owner the greater the chances of success.
V15. Profit orientation increases chances of success
V16. The more exposed the business is to public relations the greater the chance of success.
V17. Location near densely populated areas increases chances of success.
V18. If family background is in business then success is guaranteed.
V19. Capable manpower contributes to success
V20. Good Communication ability contributes to success.
V21. The more powerful the political connection the higher the chances of success.
V22. Competition contributes to success.
V23. Religious upbringing increases chances of success.
V24. Age of the business itself contributes to success.
V25. Trade credit availability contributes to success
V26. Good relationships with suppliers contributes to success
V27. Education level of the business owner contributes to success.
V28. Good record keeping increases chances of success.
V29. Sex of the business owner determines success.

4.2 SMALL BUSINESS OWNERS RESPONSES.

The table below (4.2.1) gives the summary statistics of small business owners responses to the statements contained in the questionnaire. The summary statistics include the mean , mode and standard deviation.

Table 4.2.1
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SUMMARY STATISTICS OF SMALL BUSINESS OWNERS RESPONSES TO SECTION B OF QUESTIONNAIRE.
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	Mean	Mode	Standard Deviation
V1	4.4	4	0.535
V2.	4.5	4	0.505
V3.	4.3	4	0.596
V4.	4.3	4	0.669
V5.	4.2	4	0.706
V6.	4.0	4	0.783
V7.	2.5	1	1.424
V8.	4.2	4	0.680
V9.	4.3	4	0.458
V10	3.4	4	1.035
V11.	4.1	4	0.532
V12.	4.0	4	0.583
V13.	3.9	4	0.737
V14.	2.4	2	1.156
V15.	3.6	4	0.802
V16.	4.2	4	0.505
V17.	3.7	4	0.640
V18.	2.9	3	1.031
V19.	4.2	4	0.471
V20.	4.2	4	0.471
V21.	2.4	1	1.373
V22.	3.6	3	0.725
V23.	2.0	1	1.108
V24.	2.9	3	1.070
V25.	4.2	4	0.570
V26	4.3	4	0.468
V27.	4.2	4	0.650
V28.	4.4	4	0.490
V29.	2.3	3	0.920

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It can be inferred from the means above, that the small business owners have a tendency to agree or strongly agree with the following statements in the questionnaire. V1, V2, V3, V4, V5, V6, V8, V9, V11, V12, V16, V19, V20, V25, V26, V27 and V28. This implies that on average the small business owners agree that the greater the capital base, Hard work, optimism, ability to organize, creativity, endurance, management training, experience and desire to achieve contributes to success in business.

Further, the small business owners also agree that, the larger the number of business contacts, the more business exposure to public relations, capable manpower, communication ability, trade credit availability, good supplier relationship, education level and record keeping, all could on average contribute to success in business.

On average, the small business owners disagreed with the following statements, V7,V14,V21,V23,V24 and V29. This means that they don't agree that, luck, age of the business owner, political connections, religious upbringing, age of the business and sex of the owner, could contribute to success in business.

The small business owners neither disagree or agree with the following statements, V10,V13,V15,V17,V18 and V22. That is, the duration of the training, duration of business contacts, profit orientation, location near populated areas, family background and competition do neither contribute nor retard business success.

As far as the mode is concerned, majority of the small business owners agree with the 20 statements in the questionnaire. However, V7, V21 and V23 have a mode of 1, implying that majority of the small business owners strongly disagree that luck, political connections and religious upbringing have any bearing on business success. A greater majority of the small business owners also Neither agree nor disagree on the following statements, V18, V22, V24 and V29. That is, family background, competition, age of the business, and sex of the business owner are seen as having a 50 - 50 bearing on business success. Variable V14 has a mode of 2, implying that most of business owners disagree to the statement that the younger the owner the greater the chance of success.

The statgraphics package used for analyzing the small business owners responses can only accommodate 18 variables in the correlation matrix. One way of eliminating the other extra 11 variables is through the standard deviation. Hence the standard deviation was calculated for each variable. Those variables with a lower standard deviation were retained while the rest were eliminated. It is viewed that those variables with a lower standard deviation had more consistent responses from the small business owners and hence these variables are considered better in determining business success.

Table 4.2.2.
STATEMENTS SELECTED FROM SMALL BUSINESS OWNERS RESPONSES.

Variable	STATEMENT.
V1.	The greater the capital base the greater the chance of success
V2.	Hard work contributes to success in business
V3.	Optimism enhances success in business
V4.	The ability to organize increases chances of success
V5.	Creativity increases chances of success
V8.	Management training contributes to success
V9.	Experience increases chances of success
V11.	A desire to achieve increases chances of success in business
V12.	The larger the number of business contacts the greater the chance of success
V16.	The more exposed the business is to public relations the greater the chance of success
V17.	Location near densely populated areas increases chances of success.
V19.	Capable manpower contributes to success
V20.	Good communication ability contributes to success
V22	Competition contributes to success
V25.	Trade credit availability contributes to success
V26.	Good relationships with suppliers contributes to success
V27.	Education level of the business owner contributes to success
V28.	Good record keeping increases chances of success

Table 4.2.3
CORRELATION MATRIX FOR SMALL BUSINESS OWNERS RESPONSES

	1	2	3	4	5	8	9	11	12	16	17	19	20	22	25	26	27	28
1	1	.59	.40	.43	.20	.05	.19	.01	.19	-.12	-.16	-.16	-.16	.21	.29	.06	.32	-.04
2		1	.72	.64	.37	.26	.48	.23	.19	.07	-.21	.13	.22	.02	.07	.24	-.05	.19
3			1	.78	.64	.26	.41	.25	.18	.09	-.08	.15	.23	.01	.04	.03	-.26	-.02
4				1	.67	.03	.29	.35	.33	.01	-.02	.14	.28	.24	-.02	.05	.08	.05
5					1	.15	.21	.32	.05	.10	.07	.09	.09	.14	-.04	-.29	-.26	-.17
8						1	.42	.17	.04	.25	-.28	.18	.18	-.19	-.16	-.03	-.10	.19
9							1	.61	.40	.33	-.05	.33	.22	.19	-.19	.20	-.18	.21
11								1	.65	.08	.18	.08	.17	.19	-.17	.13	-.26	.27
12									1	.14	.20	.06	-.02	.19	-.02	.31	-.07	.29
16										1	-.14	.48	.38	0	.30	.31	.03	.24
17											1	.03	-.35	.26	-.14	-.17	-.35	-.24
19												1	.69	.16	-.12	.40	-.13	.42
20													1	.03	-.03	.40	-.06	.42
22														1	-.17	.08	.08	.03
25															1	.22	.31	.23
26																1	.19	.76
27																	1	.21
28																		1

The correlation matrix (table 4.2.3), is the starting point of factor analysis or principal component analysis. It is through this correlation matrix that the factors are extracted. A casual look at the correlation matrix above reveals that variables 3 and 4, 26 and 28, 2 and 3, have a high positive correlation. Also, variables 4 and 5, 2 and 4, 11 and 12, 19 and 20 have a slightly less but high enough positive correlation. Variables 17 and 8, 20 and 17 are also correlated but negatively. Other variables, inter alia 16, 17, 25, 26 are weakly correlated with the rest indicating weak association .

Table 4.2.4.

FACTOR ANALYSIS OUTPUT OF VARIABLE AND COMMUNALITY FOR SMALL BUSINESS OWNERS RESPONSES.

VARIABLE	COMMUNALITY.
V1	0.74
V2	0.76
V3	0.80
V4	0.84
V5	0.74
V8	0.53
V9	0.77
V11	0.83
V12	0.69
V16	0.64
V17	0.62
V19	0.81
V20	0.81
V22	0.42
V25	0.62
V26	0.74
V27	0.52
V28	0.81

The communality gives the percentage of each variable explained by the factor. In this particular instance we find that 83% of V11 is found in the factors, or 81% of V28 is found in the factors. On the other hand V22, V27, and V8 do not contribute much to the factors.

Table 4.2.5.
EIGENVALUES OUTPUT FOR SMALL BUSINESS OWNERS RESPONSES.

FACTOR	EIGEN VALUE	PERCENT VARIABLE	CUMULATIVE%
1	4.35050	24.2	24.2
2	2.85867	15.9	40.1
3	2.18822	12.2	52.2
4	1.82766	10.2	62.4
5	1.35418	7.5	69.9
6	1.09704	6.1	76.0
7	.96646	5.4	81.3
8	.75121	4.2	85.5
9	.54498	3.0	88.5
10	.46499	2.6	91.1
11	.37326	2.1	93.2
12	.34785	1.9	95.1
13	.25285	1.4	96.5
14	.21659	1.2	97.7
15	.16157	.9	98.6
16	.10181	.6	99.2
17	.09158	.5	99.7
18	.05059	.3	100.0

Table 4.2.5 gives the eigen values, which is the sum of squares of loadings of each factor. Essentially it is a measure of the variance of each factor, and if divided by the number of variables (i.e. total variance), it is the amount of variance summarized by the factor.[35] In this connection we find that Fac-

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35. Ibid p 566

tor 1 explains 24.2% of the total variation, Factor 2 explains 15.9% of the total variation, Factor 3 explains 12.2% of the total variation and so on.

Table 4.2.6
INITIAL FACTOR MATRIX FOR SMALL BUSINESS OWNERS RESPONSES.

VARIABLE	FACTOR 1	FACTOR 2	FACTOR 3	FACTOR 4	FACTOR 5	FACTOR 6
V1	0.37	0.29	-0.68	0.28	-0.04	-0.14
V2	0.75	0.19	-0.39	-0.06	-0.08	-0.10
V3	0.74	0.43	-0.20	-0.25	0.08	0.10
V4	0.73	0.41	-0.19	0.3	0.29	-0.03
V5	0.52	0.55	0.01	-0.26	0.24	0.19
V8	0.39	-0.09	0.06	-0.44	-0.58	-0.11
V9	0.72	-0.01	0.24	0.05	-0.35	-0.10
V11	0.59	0.12	0.43	0.36	-0.30	0.08
V12	0.49	0.01	0.22	0.63	-0.26	0.17
V16	0.37	-0.48	0.09	-0.20	0.07	0.47
V17	-0.14	0.36	0.52	0.40	0.25	0.27
V19	0.48	-0.49	0.35	-0.23	0.40	-0.07
V20	0.51	-0.49	0.13	-0.37	0.32	-0.15
V22	0.21	0.12	0.16	0.48	0.46	-0.37
V25	-0.01	-0.26	-0.59	0.14	0.09	0.65
V26	0.37	-0.71	-0.09	0.33	0.07	-0.02
V27	-0.15	-0.33	-0.62	0.27	0.02	-0.23
V28	0.41	-0.71	-0.05	0.23	-0.07	-0.04

Table 4.2.6 above gives the initial factor matrix, which provides us with the loading of a variable on a factor, that is , the correlation between a variable and the factor. Variables having significant load on factor 1 are V2, V3 and V4. Factor 2 is heavily loaded by variables V26 and V28. Factor 3 is heavily

loaded by variable V1. Factor 4 is heavily loaded by variable
V12. Variables V8 load heavily on Factor 5, while Factor 6 is
heavily loaded by variable V25.

Table 4.2.7
FINAL VARIMAX ROTATED FACTOR MATRIX FOR SMALL BUSINESS OWNERS
RESPONSES.

VARIABLE	FACTOR 1	FACTOR 2	FACTOR 3	FACTOR 4	FACTOR 5	FACTOR 6
V1	0.61	-0.29	0.10	0.56	0.05	0.08
V2	0.77	0.09	0.22	0.27	-0.22	-0.01
V3	0.89	0.08	0.11	-0.12	-0.16	0.04
V4	0.88	0.11	0.17	0.01	0.17	-0.05
V5	0.76	0.01	0.00	-0.39	0.03	0.02
V8	0.14	0.14	0.20	-0.05	-0.77	-0.16
V9	0.32	0.25	0.64	-0.03	-0.30	-0.20
V11	0.19	0.08	0.82	-0.19	-0.02	-0.11
V12	0.10	-0.09	0.86	0.04	0.15	0.10
V16	0.03	0.57	0.14	-0.14	-0.18	0.48
V17	-0.10	-0.19	0.27	-0.51	0.58	-0.01
V19	0.08	0.88	0.05	-0.12	0.05	-0.09
V20	0.19	0.86	-0.07	0.02	-0.13	-0.08
V22	0.17	0.15	0.20	0.14	0.64	-0.38
V25	0.07	-0.02	-0.08	0.28	0.05	0.88
V26	-0.12	0.59	0.36	0.49	0.08	0.20
V27	-0.10	-0.05	-0.16	0.77	0.07	0.13
V28	-0.13	0.58	0.39	0.44	-0.09	0.16

Table 4.2.7 gives the final varimax rotated factor matrix.
Varimax rotation is an orthogonal procedure. It tends to produce
high loadings and some near - zero loadings on each factor. The
varimax technique leads to a new set of uncorrelated axes, keep-
ing the sum of squared loadings for each row of the factor -
loading matrix intact.[36] Essentially this table gives us the
final solution of our factors.

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36. Ibid P 571

As can be inferred from this matrix, Variables V2, V3, V4 and V5 load heavily on factor 1. Factor 2 is heavily loaded by variables V19 and V20. Factor 3 is heavily loaded by variables V9, V11 and V12. Factor 4 is heavily loaded by variables V27, V17 and V1. Factor 5 is heavily loaded by variable V8. Factor 6 is heavily loaded by variable V25.

The specific variables that constitute the respective factors are summarised in Table 4.2.8 below.

Table 4.2.8
SUMMARY OF THE FACTORS FOR SMALL BUSINESS OWNERS RESPONSES.

Factor 1 is made up of the following statements.
    Hard work contributes to success in business
    Optimism enhances success in business
    The ability to organize increases chances of success
    Creativity increases chances of success

Factor 2 is composed of the following statements.
    Capable manpower contributes to success
    Good communication ability contributes to success

Factor 3 is composed of the following statements
    Experience increases chances of success
    A desire to achieve increases chances of success in business
    The larger the number of business contacts the greater the chances of success

Factor 4 is composed of the following statements.
    Location near populated areas increases chances of success
    Education level of the business owner contributes to success
    The greater the capital base the greater the chance of success

Factor 5 is composed of the following statement
    Management Training Contributes to success

Factor 6 is composed of the following statement.
    Trade credit availability contributes to success

4.3 TRAINERS RESPONSES.

The table below (4.3.1) gives the mean and mode for the trainers responses to the statements contained in the questionnaire. The standard deviation is not calculated since the SPSS/PC+ can accomodate all the variables and hence there is no need of elimination of some of the variables.

Table 4.3.1

SUMMARY STATISTICS OF TRAINERS RESPONSES TO SECTION   B   OF   QUES-
TIONNAIRE.

	Mean	Mode
V1	3.2	3
V2	4.4	4
V3	4.2	4
V4	4.6	5
V5	4.6	5
V6	4.5	4
V7	3.7	4
V8	4.5	4
V9	4.3	4
V10	2.7	2
V11	4.4	4
V12	3.9	4
V13	3.6	4
V14	2.2	2
V15	4.0	4
V16	4.0	4
V17	3.5	4
V18	2.9	4
V19	4.3	4
V20	4.2	4
V21	3.4	4
V22	3.5	4
V23	2.6	2
V24	2.6	2
V25	3.8	4
V26	4.5	4
V27	3.2	4
V28	3.9	4
V29	2.2	2

It can be inferred from the means in the table above, that
the trainers have a tendency to agree or strongly agree with the
following statements in the questionnaire.   Namely, V2, V3, V4,
V5, V6, V8, V9, V11, V15, V16, V19, V20, and V26.   This implies
that on average the trainers agree that hard work, optimism,

ability to organize, creativity, endurance, management training, experience, desire to achieve and profit orientation contributes to success in business.

Further, the trainers also agree that exposure of business to public relations, capable manpower, good communication ability and good supplier relationship could on average contribute to success in business.

On average, the trainers disagreed with the following statements, V10, V14, V18, V23, V24 and V29. This means that the trainers don't agree that duration of the training, age of the business owner, family background, Religious upbringing, age of the business and sex of the business owner could contribute to success in business.

The trainers neither disagree or agree with the following statements, V1, V7, V12, V13, V17, V21, V22, V25, V27 and V28. The implication of this is that, the greater the capital base, luck, the larger the business contacts, duration of business contacts, location near populated areas, political connections, competition, trade credit, education level of business owner and good record keeping do neither contribute nor retard business success. Thus the trainers are indifferent to these elements in contributing to business success.

As far as the mode is concerned, majority of the trainers agree with 23 statements in the questionnaire. However statements V10, V14, V23, V24 and V29 have a mode of 2, implying that majority of the trainers disagree that duration of the training,

age of the business owner, religious upbringing, age of the business and sex of the business owner has any bearing on business success. Statement V1 has a mode of 3, which implies that majority of the trainers neither agree or disagree that the capital base of a business contributes to success in business.

The next table gives the correlation matrix for the trainers responses. The package used is SPSS/PC+, hence there was no need to eliminate any variables, as this is a powerful package and could take all the variables, unlike in the case of statgraphic package.

Table 4.3.2

CORRELATION MATRIX FOR TRAINERS RESPONSES

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29
1	1																												
2	-0.19	1																											
3	-0.08	0.79	1																										
4	-0.05	0.67	0.61	1																									
5	0.42	-0.17	0.27	0.16	1																								
6	0.46	0	0.33	0.4	0.81	1																							
7	0.07	0.04	-0.07	-0.04	-0.24	-0.09	1																						
8	0.68	0.4	0.33	0.41	0	0.2	0.29	1																					
9	0.35	0.35	0.14	0.08	-0.35	-0.21	-0.24	0.65	1																				
10	0.38	-0.21	-0.08	0.21	0.47	0.64	0.52	0.12	-0.59	1																			
11	-0.42	0.16	0.06	0.25	-0.58	-0.41	-0.16	0	0.35	-0.47	1																		
12	0.72	-0.11	-0.26	0.1	0.28	0.44	-0.28	0.44	0.44	0.19	-0.11	1																	
13	0.83	-0.12	-0.05	0.12	0.43	0.6	0.03	0.6	0.39	0.34	-0.12	0.87	1																
14	0.49	0.07	-0.11	0.27	0.27	0.33	-0.56	0.33	0.5	-0.08	0.06	0.19	0.7	1															
15	0.29	0.26	0.21	0.52	0	0.51	0.12	0.51	0.28	0.33	0	0.34	0.38	0.21	1														
16	0.29	0	0	0.26	-0.26	0.26	0.38	0.51	0.28	-0.33	0.26	0.22	0.38	0	0.83	1													
17	0.17	0.3	0.49	0.3	0	0.44	0.37	0.44	0.16	-0.28	0	-0.06	0.22	-0.25	0.76	0.76	1												
18	0.57	-0.5	-0.28	-0.07	0.31	0.09	-0.31	0.28	0.27	-0.08	0.07	0.49	0.52	0.51	-0.12	0	-0.35	1											
19	0.1	0.35	0.14	0.53	0.08	0.22	-0.67	0.21	0.52	-0.3	0.35	0.63	0.39	0.87	0.28	0	-0.16	0.27	1										
20	0.11	0.41	0.44	0.61	0.27	0.33	-0.56	0.33	0.51	-0.29	0.41	0.46	0.45	0.72	0.21	0	0	0.35	0.87	1									
21	0.24	0.08	-0.29	-0.08	0.12	0	0.41	0.19	-0.04	0.27	-0.52	0.29	0.23	0.19	-0.12	-0.25	-0.29	-0.05	-0.04	-0.13	1								
22	0.68	-0.61	-0.49	-0.3	0.3	0.44	0.22	0.14	-0.16	0.66	-0.3	0.59	0.67	0.25	-0.19	0.38	0.11	0.35	-0.16	-0.24	0.14	1							
23	-0.72	0.49	0.45	0.43	-0.18	-0.3	-0.48	-0.3	0.06	-0.62	0.49	-0.45	-0.59	-0.05	-0.19	-0.38	-0.22	-0.2	0.39	0.45	-0.35	-0.89	1						
24	-0.03	0.18	-0.3	0.12	-0.18	-0.3	-0.48	0	0.39	-0.42	0.18	0.47	0.09	0.7	-0.19	-0.38	-0.67	0.23	0.72	0.45	0.38	-0.22	0.31	1					
25	-0.2	0.18	0.2	0.43	0.43	0.6	-0.3	0.3	-0.59	0.54	-0.43	-0.05	-0.13	-0.05	0.38	0	0.22	-0.49	0.06	-0.05	0.08	0	0.09	-0.13	1				
26	-0.23	0.41	0.33	0.4	-0.41	0.2	-0.49	0.2	0.65	-0.64	0.81	0.08	0	0.33	0.25	0.25	0.14	0.09	0.65	0.66	-0.58	-0.44	0.6	0.3	-0.3	1			
27	0.47	0.04	-0.08	0.42	0.42	0.46	-0.15	0.22	-0.15	0.52	-0.42	0.52	0.31	0.49	0.29	0	-0.17	0.24	0.35	0.11	0.24	0.34	-0.2	0.31	0.48	-0.22	1		
28	0.08	-0.41	0.11	-0.27	0.4	0.33	-0.09	-0.33	-0.51	0.29	-0.41	-0.32	0.2	-0.44	0	0	0.24	-0.03	-0.51	-0.44	-0.52	0.24	-0.2	-0.7	0.3	-0.23	0.07	1	
29	0.34	0.05	-0.08	-0.28	0.18	-0.22	-0.16	0.22	0.3	-0.35	-0.42	0.22	0.13	0.31	-0.44	-0.59	-0.51	0.35	0.1	0.11	0.58	-0.17	-0.35	0.48	-0.38	-0.23	0.07	-0.31	1

A casual look at the table reveals that most of the variables have high correlations. For example, variable 2 and 3, 1 and 12, 1 and 13, 11 and 26, 24 and 28 have high positive correlations. Variables 10 and 23, 17 and 24 have a high negative correlation. While this listing is not exhaustive it suffices for the general appreacition of what the correlation matrix has done.

Table 4.3.3
FACTOR ANALYSIS OUTPUT FOR VARIABLE, COMMUNALITY AND EIGEN VALUES FOR TRAINERS RESPONSES.

VARIABLE	COMMUNALITY	FACTOR	EIGENVALUE	%OF VARIABLE	CUM PCT.
V1	1.00	1	6.93308	23.9	23.9
V2	1.00	2	6.71021	23.1	47.0
V3	1.00	3	4.92348	17.0	64.0
V4	1.00	4	3.56311	12.3	76.3
V5	1.00	5	2.62767	9.1	85.4
V6	1.00	6	1.96180	6.8	92.1
V7	1.00	7	.99595	3.4	95.6
V8	1.00	8	.85160	2.9	98.5
V9	1.00	9	.43309	1.5	100.0
V10	1.00	10	.0000	.0	100.00
V11	1.00	11	.0000	.0	100.00
V12	1.00	12	.0000	.0	100.00
V13	1.00	13	.0000	.0	100.0
V14	1.00	14	.0000	.0	100.0
V15	1.00	15	.0000	.0	100.0
V16	1.00	16	.0000	.0	100.0
V17	1.00	17	.0000	.0	100.0
V18	1.00	18	.0000	.0	100.0
V19	1.00	19	.0000	.0	100.0
V20	1.00	20	.0000	.0	100.0
V21	1.00	21	.0000	.0	100.0
V22	1.00	22	.0000	.0	100.0
V23	1.00	23	.0000	.0	100.0
V24	1.00	24	.0000	.0	100.0
V25	1.00	25	.0000	.0	100.0
V26	1.00	26	.0000	.0	100.0
V27	1.00	27	.0000	.0	100.0
V28	1.00	28	.0000	.0	100.0
V29	1.00	29	.0000	.0	100.0

The table 4.3.3 gives the combined communality, and eigen values for the trainers responses. As earlier explained, the communality gives the percentage of each variable explained by the factor. In this instance, we find that all the variables are significant in each factor as all communalities are 1. We also find that Factor 1 explaines 23.9% of the total variation. Factor 2 explains 23.1% of the total variation and so on. There are 6 eigenvalues greater than one, thus 6 factors shall be extracted to explain business success.

Table 4.3.4
INITIAL FACTOR MATRIX FOR TRAINERS RESPONSES.

VARIABLE	FACTOR 1	FACTOR 2	FACTOR 3	FACTOR 4	FACTOR 5	FACTOR 6
V1	.69	.55	-.17	-.23	.03	.31
V2	.17	-48	.51	.19	.59	.11
V3	.08	-26	.67	.29	.18	.56
V4	.43	-24	.64	.36	.20	-.14
V5	.32	.48	-.03	.63	-.17	.40
V6	.49	.55	.40	.43	-.17	.12
V7	-.32	.47	.21	-.43	.57	-.11
V8	.65	.07	.26	-.41	.41	.29
V9	.59	-.49	-.01	-.51	.12	.23
V10	.09	.85	.23	.18	.10	-.25
V11	.02	-.69	.23	-.39	-.31	-.26
V12	.90	.19	-.25	-.05	-.07	-.18
V13	.85	.37	-.05	-.19	-.06	.09
V14	.91	-.16	-.27	.15	-.11	-.14
V15	.47	.21	.70	-.15	.03	-.22
V16	.28	.26	.62	-.59	-.10	-.25
V17	.09	.27	.85	-.31	.05	.17
V18	.52	.06	-.46	-.16	-.41	.23
V19	.76	-.52	.01	.26	-.12	-.21
V20	.72	-.51	.16	.23	-.13	.13
V21	.17	.27	-.45	.10	.76	-.17
V22	.32	.79	-.18	-.26	-.27	-.19
V23	.19	-.84	.19	.41	-.05	.03
V24	.44	-.53	-.53	.19	.18	-.36
V25	.05	.33	.43	.72	.06	-.34
V26	.32	.79	.34	-.21	-.30	-.02
V27	.51	.35	-.05	.47	.07	-.26
V28	-.38	.50	.20	.21	-.52	-.35
V29	.22	-.12	-.69	.09	.43	.46

Table 4.3.4 gives the Initial factor matrix, which provides
the loadings of a variable on a factor. Factor 1 is heavily
loaded by variables V12, V13 and V14. Factor 2 is heavily loaded
by variables V10,V22, V23 and V26. Factor 3 is loaded heavily by

variables V15 and V17.   Factor 4 is heavily loaded by variable

V25.   Factor 5 is heavily loaded by variable V21 and Factor 6 is

heavily loaded by variable V3.

Table 4.3.5
FINAL VARIMAX ROTATED FACTOR MATRIX FOR TRAINERS RESPONSES

VARIABLE.	FACTOR 1	FACTOR 2	FACTOR 3	FACTOR 4	FACTOR 5	FACTOR 6
V1	.96	-.02	.17	-.01	-.05	-.02
V2	-.16	.12	-.03	.11	.87	.34
V3	-.05	.07	.06	.06	.92	-.32
V4	-.06	.41	.32	.39	.62	.16
V5	.35	.13	.71	-.32	.12	-.41
V6	.40	.16	.74	.25	.19	-.31
V7	.08	.84	.01	.30	.05	.31
V8	.74	-.03	-.16	.26	.48	.24
V9	.48	.35	-.63	.08	.30	.23
V10	.24	-.37	.75	.34	-.16	.02
V11	-.29	.44	.63	.40	-.01	.01
V12	.72	.49	.21	.09	-.21	.29
V13	.88	.25	.17	.18	-.05	.06
V14	.51	.77	.13	-.05	-.05	.29
V15	.28	.09	.21	.78	.27	.05
V16	.33	-.11	-.11	.91	.00	-.01
V17	.21	-.30	.02	.71	.45	-.28
V18	.60	.39	-.14	-.23	-.33	-.19
V19	.14	.92	.03	.07	.18	.26
V20	.22	.82	-.04	.02	.42	.01
V21	.25	-.28	.29	-.36	-.00	.75
V22	.61	-.16	.32	.26	-.60	-.07
V23	-.67	.49	-.21	-.16	.44	-.05
V24	-.01	.64	-.09	-.34	-.10	.65
V25	-.35	.02	.86	.22	.15	-.01
V26	-.11	.67	.56	.33	.29	-.07
V27	.26	.28	.69	.01	-.06	.23
V28	-.07	-.29	.31	.00	-.15	-.83
V29	.38	.01	-.13	-.83	.14	.29

Table 4.3.5 gives the final varimax rotated factor matrix.

As can be inferred from the matrix, Variables V1,V8,V12 and V13

are loaded heavily by factor 1.   Factor 2 is heavily loaded by

variables V19 and V20. Factor 3 is heavily loaded by variables V6,V10, and V25. Factor 4 is heavily loaded by variables V15, V16 and V29. Factor 6 is heavily loaded by variables V21 and V28. Essentially we have arrived at the terminal solution for factors. The specific variables that constitutes the respective factors are summarised in Table 4.3.6.

Table 4.3.6
SUMMARY OF THE FACTORS FOR TRAINERS RESPONSES.

Factor 1 is composed of the following statements.
    The greater the capital base the greater the chance of
    success
    Management Training contributes to success
    The larger the number of business contacts the greater
    the chances of success
    The longer the duration of having business contacts
    the greater the chance of success

Factor 2 is composed of the following statements.
    Capable manpower contributes to success
    Good communication ability contributes to success

Factor 3 is composed of the following statements.
    Endurance increases chances of success
    The longer the training period the greater the chances
    of success
    Trade credit availability contributes to success

Factor 4 is composed of the following statements.
    Profit orientation increases chances of success
    The more exposed the business is to public relations
    the greater the chance of success
    Sex of the business owner determines success

Factor 5 is composed of the following statements.
    Hardwork contributes to success in business
    Optimism enhances success in business

Factor 6 is composed of the following statements.
    The more powerful the political connections the higher
    the chances of success
    Good record keeping increases chances of success

CHAPTER FIVE

5.0 CONCLUSIONS AND RECOMMENDATIONS

5.1 CONCLUSIONS

The findings of the study summarised in chapter four indicate that a number of variables combined could contribute to success in small businesses. As per the responses of the small business owners and the trainers, they both agree that hard work, optimism, ability to organize, creativity, endurance, management training, a desire to achieve, business exposure to public relations, capable manpower, good communication ability and good supplier relationship, combined contributes to success in small businesses.

The small business owners however add to the above list, in that they also agree that the capital base of a business, business contacts, trade credit, education level of the business owner and good record keeping are additional variables that contribute to success in their businesses. According to the trainers, they generally agree that experience and profit orientation can also contribute to success in small business while the small business owners have remained neutral on these two variables.

Both the trainers and the small business owners disagree that age of the business owner, religious upbringing, age of the business and sex of business operator have got no bearing on business success. As far as the small business owners are con-

cerned, they further disagree that Luck and Political connections do not contribute to success in their business. The trainers on the other hand disagree that the duration of training and family background have got anything to do with success in business.

The factor analysis results of the small business owners responses brings out six broad factors that are perceived to contribute to success in small businesses. The first factor pegs on personal approach to business. This factor emphasizes that Hard work, optimism, ability to organize and creativity have a very important bearing on success in small businesses. Naturally, the greater the personalized approach one has to business the better the outcome.

The second factor can be said to be the management ability. In this connection the ability to communicate well and capable manpower are emphasized to be essential to success in business. Without good management a business cannot achieve its long term goals.

The third factor is business skills. This factor emphasizes that experience, a desire to achieve and the larger the business contacts combined contributes to success in business.

The fourth factor is initial start-up characteristics. In this connection,the location of a business, education level of the business owner and the capital base of a business has important bearing on business success.

Management Training is the fifth factor. According to the businessmen this is the single most important factor in business success. It is a common fact that unless businessmen are well versed on marketing, record keeping and other functional areas of the business, they cannot make the most of the opportunities surrounding them.

The final factor is Trade credit. Small business owners consider it very essential to have access to trade credit, as this ensures that they are not so much stretched as far as their resources are concerned.

It can be summarized that the small business owners cite the following factors as important in contributing to success in their businesses.

Table 5.1.1

CONDENSED SUMMARY OF FACTORS ACCORDING TO THE SMALL BUSINESS OWNERS.

Personal approach to business

Management ability

Business skills

Initial start-up characterisitcs

Management Training

Trade credit

The results of factor analysis for the trainers responses also brings out six factors that the trainers perceive to contribute to success in small business. There is an element of commonality among the factors of the two parties. The first factor is based on the start up factors, namely the capital base of a business, management training, the extent and the duration of having business contacts. These start up factors according to the trainers are very essential in ensuring business success.

The second factor is the management ability. Just like the small business owners, the trainers emphasize that communication ability and capable manpower are very essential in ensuring success in business. The second factor is the same across both groups.

Factor three is the perseverence factor. In this connection, endurance, the longer the training period and trade credit availability are seen as important to the trainers as far as success in business is concerned.

The fourth factor is personal factor. In this connection, the more exposed the business is to public relations and the sex of the business owner combined have a bearing on business success.

The fifth factor according to the trainers pegs on personal appraoch to business. The trainers emphasize that hard work and optimism have an important bearing on success. This factor is in line with the first factor for the small business owners.

The final factor is Accounting skills. In this connection the trainers emphasize that good record keeping is very essential in ensuring business success. This factor is unique in that it is the only one that comes out on its own.

It can be summarized, that the trainers cite the following factors as important in contributing to success in small businesses.

Table 5.1.2

CONDENSED SUMMARY OF FACTORS ACCORDING TO THE TRAINERS.

Start-up factors

Management ability

Perseverence

Personal factors

Personal approach to business

Accounting skills

5.2 LIMITATIONS OF THE STUDY.

The findings of this study should be interpreted in light of the following limitations.

a) This study was restricted to small business owners who were K-MAP clients. It did not consolidate the views of non-K-MAP clients or other small business owners. There is a pos-sibility of biasness in responses.

b) The trainers were chosen from only two institutions, namely K-MAP and KIM. Views of other trainers of small businesses could have made the results more comprehensive.

c) Due to time constraints this study sample constituted only 45 business onwers responses. A larger sample could have made the study results more generalizable.

d) Empirical literature on small business success per se is very scarce, and hence the researcher had to rely more on theoretical literature as a basis for this study.

5.3   SUGGESTIONS FOR FURTHER RESEARCH.

From the findings of this study, there is need for furthur research. A number of areas could be looked into.

First, a larger sample, incorporating views of small business owners from a cross-section of small business operators and trainers countrywide could be carried out to consolidate what they consider important to succeed in business.

Second, a study could be carried out purely on financial basis, that would calculate financial ratios that could give an indication for success or failure of a business.

Third, a more comprehensive study based on more variables of success that are measurable could be carried out so as to arrive at a discriminant model to differentiate the views of trainers and small business owners themselves.

Finally, a study could also be carried out incorporating the "Jua Kali" sector, the rural - based businesses and the urban - based small businesses to find their opinions and problems that they face, so as to come up with a more substantive model based on "Soft - OR"[37] that could indicate what it is to be in business.

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37. A branch of operations research that uses qualitative models.

APPENDIX

UNIVERSITY OF NAIROBI

DEPARTMENT OF MANAGEMENT SCIENCE

FACULTY OF COMMERCE

RE: SURVEY OF SMALL BUSINESSES IN NAIROBI

I am a post graduate student in the Faculty of Commerce, University of Nairobi. I am doing research on small business success.

Please spare some time to complete the attached questionnaire to the best of your knowledge and ability. The information you provide will be treated in strict confidence.

Your co-operation is highly appreciated.

Thank you.

Dossajee H.B.

M.B.A. Student

Supervisor

Kariuki, C.N.

Lecturer, Department of Management Science

SECTION A: To be completed by the small business owner.

SECTION B: To be completed by both the small business owner and
the trainers.

SECTION A

1. What type of business are you engaged in ?.................

2. How long has your business been in existence?.............

3. How much initial capital did you require?

      Under Ksh. 20,000   ( )

      Ksh. 20,000 - 50,000   ( )

      Over Ksh. 50,000   ( )

4. How many employees did you start with?

      Less than 2   ( )

      More than 2 less than 5   ( )

      More than 5   ( )

5. How many employees do you currently have?

      Less than 2   ( )

      More than 2 less than 5   ( )

      more than 5   ( )

SECTION B

Indicate the extent to which you agree or disagree with the following statements:

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
1. The greater the capital base the greater the chance of success	( )	( )	( )	( )	( )
2. Hard work contributes to success in business	( )	( )	( )	( )	( )
3. Optimism enhances success in business	( )	( )	( )	( )	( )
4. The ability to organise increases chances of success	( )	( )	( )	( )	( )
5. Creativity increases chances of success	( )	( )	( )	( )	( )
6. Endurance increases chances of success	( )	( )	( )	( )	( )
7. *Luck contributes to success*	( )	( )	( )	( )	( )

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
8. Management Training contributes to success	( )	( )	( )	( )	( )
9. Experience increases chances of success	( )	( )	( )	( )	( )
10. The longer the training period the greater the chances of success	( )	( )	( )	( )	( )
11. A desire to achieve increases chances of success in business	( )	( )	( )	( )	( )
12. The larger the number of business contacts the greater the chances of success	( )	( )	( )	( )	( )
13. The longer the duration of having business contacts the greater the chance of success	( )	( )	( )	( )	( )
14. The younger the business owner the greater the chances of success	( )	( )	( )	( )	( )

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
15. Profit orientation increases chances of success	( )	( )	( )	( )	( )
16. The more exposed the business is to public relations the greater the chance of success	( )	( )	( )	( )	( )
17. Location near densely populated areas increases chances of success	( )	( )	( )	( )	( )
18. If the family background is in business then success is guaranteed	( )	( )	( )	( )	( )
19. Capable manpower contributes to success	( )	( )	( )	( )	( )
20. Good communication ability contributes to success	( )	( )	( )	( )	( )
21. The more powerful the political connections the higher the chances of success	( )	( )	( )	( )	( )

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
22. Competition contributes to success	( )	( )	( )	( )	( )
23. Religious upbringing increases chance of success	( )	( )	( )	( )	( )
24. Age of the business itself contributes to success	( )	( )	( )	( )	( )
25. Trade credit availability contributes to success	( )	( )	( )	( )	( )
26. Good relationships with suppliers contributes to success	( )	( )	( )	( )	( )
27. Education level of the business owner contributes to success	( )	( )	( )	( )	( )
28. Good record keeping increases chances of success	( )	( )	( )	( )	( )
29. Sex of the business owner determines success	( )	( )	( )	( )	( )

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
30.Others	( )	( )	( )	( )	( )

THANK YOU FOR YOUR COOPERATION

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