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**ASSESSING THE VULNERABILITY OF SOLE PROPRIETOR
BUSINESSES IN AWENDO TOWN, KENYA**

BY

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ABSTRACT

Sole proprietor is one of the most vulnerable businesses. Issues affecting them are shortage of working capital, intensity of competition, inadequate business development services, collateral requirement by financial institutions, and conflict with neighbors and lack of transparency in their businesses. Vulnerabilities faced by sole proprietors have resulted in underachievement of full business potential. The purpose of the study was to assess the vulnerability of sole proprietor businesses in Awendo Town, Kenya. The objectives of the study were to; characterize sole proprietor businesses; identify factors that influence growth of sole proprietor businesses and identify work-family conflicts of sole proprietor businesses in Awendo Town. Descriptive research design was applied. This involved field survey of sole proprietor businesses in the Town. The target population was 1,175 sole traders all located within the Town. The population was stratified according to supermarkets, wholesalers, retailers, Jua kali workshops and market Stalls/Kiosks. The study applied simple random sampling to select 96 traders registered by municipal council. Questionnaires used were administered on traders to collect data on business characteristics and challenges while interviews were administered to municipal officers as well as officers of line ministries. Secondary data was obtained from both published and unpublished materials. Data analysis technique used was qualitative and quantitative which was by use of content analysis and frequencies and was presented by use of graphs and bar charts. From the study, sole proprietor business could be characterised according to the age, experience, and education of the sole trader. The study revealed that Entrepreneurs with vast experiences in managing business are more capable of finding ways to open new business compared to employees with different career pathways and that those with higher levels of education are more successful because university education provides them with knowledge and modern managerial skills, making them more conscious of the reality of the business world and thus in a position to use their learning capability to manage business. The sole proprietor's growth is influenced by cost of running business, accessibility of finance, marketing strategy, management and control, financial size, age of businesses, innovations, legal status of business, competition, and location of the business, cash-flow and taxation. Obstacles were lack of capital for expansion of business and cash flow problems, marketing constrains, and crime among others. The study also revealed that Business-family conflicts are caused by lack of sole proprietor separating business and family issues and not putting succession plan in place. The study concluded that the greatest challenge to the sole traders in Awendo Town is the high cost of getting finances to boost their businesses. The study recommends that sole traders should be sensitized more about the advantages of taking up loans from loaning institutions, for their business and be encouraged to intensify their training, marketing and innovation skills. Sole traders should also be encouraged to keep proper books of accounts of the activities they carry out in their businesses to enable them track their incomes and expenditures and also access credit facilities from other organizations and agencies that can support their courses. Sole traders should consider organizing themselves into groups to give them the capacity of accessing adequate capital to invest in relatively reasonable sizes of businesses to reap a better return due to economies of scale. Sole Traders should also pay themselves salaries and keep off business issues from family conflicts.

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CHAPTER ONE

1.0 Introduction

1.1 Background of the study

The sole proprietorship type of business is owned by one person. The sole trader can, employ people but these employees are not likely to be involved in the control, financing, or decision making of the business (Diane *et. al*, 2001). Sole proprietor can operate under the name of its owner or it can do under fictitious name such as Nancy's saloon (Spadaccini, 2007). The fictitious name is simply a trade name. It does not create legal entity separate from the sole proprietor owner. The sole proprietor is a popular form of business due its simplicity, ease of set up and nominal cost (Spadaccini, 2007).

The sole proprietor need only register his or her name and secure local licenses and the sole proprietor is ready for the business (Spadaccini, 2007). A distinct disadvantage however is that the owner of sole proprietorship remains person liable for all the business debts. So if a sole proprietor business runs into financial trouble, creditors can bring law suits against the business owner. If such suits are successful the owner will have to pay the business debts with his or her own money (Spadaccini, 2007). Businesses owned and operated by sole proprietorships constitute the vast majority of firms around the world. Experience is an important characterization of a Sole Trader. In many countries, the average age of a new business owner tends to be 35 years of Age (Brickman 2008).

Young sole traders have the advantages of having a lot of energy, and fewer responsibilities while for the older sole traders; they tend to have higher levels of skills, knowledge and broader range of ties. Sole traders with average levels of education are likely to start businesses than those with higher or lower levels of education (Brickman, 2008) Factors influencing growth for Sole Trader is usually by increasing adoption of technology to innovate raise capital and new customers. Other factors that influence are by use of increased use of shared services and outsourcing specialists' functions enabling business owners to keep costs down, stay nimble and respond rapidly to new opportunities (Graffham, 2010)

These Businesses are found in all industrial segments, from retail and service establishments to heavy manufacturers. Their sizes and revenues range from the smallest venture of a husband and wife

roadside food stall in rural India to the largest multinational, highly diversified corporations in the United States and Europe (Carsrud et.al, 2012) Many challenges, such as competition, regulation, environmental concerns, access to capital, and macroeconomic factors confront sole proprietorships. In addition, sole proprietorships grapple with such issues of succession, continuity, conflict resolution, identity and organizational roles, estate and financial planning that are idiosyncratic to them; when psychological, social, and emotional factors are in play, constantly changing familial relationships influence the strategic and financial choices they make (Carsrud et.al, 2012) Yet, there has been comparatively little theoretical or empirical research undertaken on sole proprietorships businesses, relative to entrepreneurship and strategic management. Most Sole proprietors maintain gainful employment in order to sustain some minimum standards of living. A person starts his or her business to fulfil the needs of his or her family (Anju, 2007)

Sole proprietors managed businesses are spread across the globe. In U.S. almost one third of the companies in S & P 500 have links to a founding sole proprietor (Anju, 2007) Sole proprietors businesses face a lot of challenges stemming from the dynamics of family ownership, sharing of power between family members, succession plans, the emotional attachment to the business as well as managing the divergent interests of family members as the family grows with each generation. The sole proprietorship the predominant form of business organization around the world can make numerous, critical contributions to the economy and well-being in both financial and qualitative terms (Giudice *et. al.*, 2011) But dysfunctional sole proprietorship businesses can be difficult to manage, painful experiences at best, and they can destroy family wealth and personal relationships (Giudice *et. al.*, 2011)

It is prudent to explore the dynamics of sole proprietorship business management, in the context of constantly changing market conditions and the role that knowledge management plays in strategic planning and adaptation. Sole proprietors should address questions such as how their businesses can compete in the new knowledge economy, how to manage a business when knowledge is its main asset, how to transfer knowledge and how to keep it alive through family generations. In the United Kingdom, the sole trader is the most form of business ownership. Over 3 million people in business are sole traders. Many young people today are setting up their own businesses helped by startup grants from central government or charities such as the prince trust (Diane at. al 2001)

Kenya's new development blueprint covering the period 2008 to 2030 aims to transform Kenya into a newly industrializing, "middle-income country providing a high quality life to all its citizens by the year 2030". The Vision is based on three "pillars": the economic, the social and the political. The adoption of the Vision by Kenya comes after the successful implementation of the Economic Recovery Strategy for Wealth and Employment Creation (ERS) which has seen the country's economy back on the path to rapid growth since 2002, when GDP grew from a low of 0.6% and rising gradually to 6.1% in 2006. The economic pillar aims to improve the prosperity of all Kenyans through an economic development program, covering all the regions of Kenya, and aiming to achieve an average Gross Domestic Product (GDP) growth rate of 10% per annum beginning in 2012 (Kenya Republic of, 2007).

The vision for wholesale and retail trade is to move towards greater efficiency in the country's marketing system by lowering transaction costs through institutional reforms. The vision plans to enumerate informal sector operators, to provide them with permanent and serviced facilities, training and access to credit and markets. The simplification of business registration and trade licensing will continue in order to create a more enabling business environment for all trading activity. At producer level, the plan aims to establish "Producer Business Groups" (PBGs), which will in turn feed large wholesale hubs principally in rural areas. These hubs will be "Tier 1" retail markets that will provide the primary producer with better value than at present where markets are heavily fragmented. The Government will continue to strengthen the producer co-operative movement and assist in branding and marketing Kenyan products in regional and international markets (Kenya Republic of, 2007)

1.2 Statement of the problem

Sole proprietor businesses stand at a critical threshold; they don't keep on top of the changing business environment. It is generally recognized that sole proprietorship businesses face unique challenges, which affect their growth and profitability and hence, diminish their ability to contribute effectively to sustainable development. Businesses are characterised by age, level of education and experience. Lack of experience and business ties is a great impediment to success of business as a sole trader is not able to get personalised training which comes as a result of networking. Lack of access to credit is almost universally indicated as a key problem for sole traders businesses. Credit constraints operate in variety of ways in Kenya where undeveloped capital market forces entrepreneurs to rely on self-financing or borrowing from friends or relatives. Issues affecting them

are shortage of working capital, intensity of competition, inadequate business development services, collateral requirement by financial institutions, and conflict with neighbors and lack of transparency in their businesses.

Vulnerabilities faced by sole proprietors have resulted in underachievement of their full business potential. Sole proprietor businesses differ from other businesses due to owner's involvement in the business. Managing Sole proprietor business is in itself not a mean task. It is draining and stressful apart from sapping the business of energy. This could be as a result of lack of business training, increased cost of capital and also lack of it among other challenges faced by sole traders. Sole proprietorship often gives the feeling that a business person is making one step forward and several steps backwards. Problems recur in different permutations. While sole proprietorship can make decisions quickly and decisively without having to consult others, it can end with the incapacity or death of the owner, since it is dependent upon the amount of money the owner has saved or can borrow, usually it does not develop into a large-scale enterprise. This therefore makes the business more prone to work-family conflict and especially where there was no succession plan in place.

One of the most significant problems is perhaps that sole traders are liable with all their assets before third parties, and this can, in times of crisis, prove a very substantial problem when faced with insolvency. Another is a lack of finance. In order to resolve their cash flow problems many small business owners have had to increase their level of debt, mainly with financial institutions. With the downturn in business, many of these traders are now finding it very difficult to repay their debts, with the only apparent solution being to get into even further debt, often secured against their own personal assets. The high level of default and late payment of invoices likewise increases this risk, which can even undermine the viability of the business. This study therefore seeks to look at issues of vulnerability of Sole proprietor businesses in the town. Sole proprietor businesses which are started as businesses in this town start very well, only to later end up in bankruptcy or total collapse. This has led to stunted growth of the town and lack of participatory achievement of the envisaged Kenya's vision.

1.3 Research Objective

The purpose of the study was to assess vulnerability of sole proprietor businesses in Awendo Town. The specific objectives of the study were,

- i. To characterize Sole proprietor businesses in Awendo Town.
- ii. To identify factors that influence growth of sole proprietor businesses in Awendo Town.
- iii. To identify businesses-family conflicts faced by Sole Proprietors in Awendo Town.

1.4 Research Questions

This study attempts to answer the following questions.

- i. How are sole proprietor businesses characterized in Awendo Town?
- ii. What are the factors that influence growth of sole proprietor businesses in the Town?
- iii. How are businesses-family conflicts faced by Sole Proprietors in Awendo Town?

1.5 Significance of The Study

This study will help sole proprietors maximize strengths and minimize vulnerabilities of doing business and apply practices that will lead to high business performance. This will be achieved by exploring ways of how the challenges affecting sole traders can be minimised. The sole proprietors will understand key issues which should be dwelt with for the businesses to grow and develop and therefore realize their full potential. This study went towards looking at ways financiers can finance sole traders businesses without losing their money and ways of designing strategies to help sole traders reach common goals for their future success.

Sole proprietor businesses were sources of revenue for Sub-county County and therefore this study will help the municipal council determine whether it has conducive environment for business which in turn is a continuous source of their revenue. Sole proprietor businesses are renowned for their entrepreneurial and innovative spirit and are a key driver for the Kenyan economy. The study will help the government able to evaluate factors that hinder business growth and come up with intervention measures. This will help the country manage to achieve Vision 2030.

Through the understanding of issues that lead to Sole proprietor business failure, the sole traders will devise possible intervention measures by ensuring that factors that contribute to business failure are reduced. The Awendo Sub-county will look unto ways of encouraging the businesses through

reduction of council levies and rates. The Sole proprietor will seek alternative strategies to overcome the factors that led to businesses failure. These being high cost of sourcing for capital, marketing strategies, issues to deal with innovations etc.

1.6 Scope of the study.

The study characterised sole proprietors into their ages, education, and experience. It assessed sources, cost, and challenges of doing business in Awendo Town. The study was undertaken in Awendo Town. It involved gathering information Published and non-published information from the sole trader Businesses Records, and Awendo Sub-county Records. The study covered data for 2012 which was both primary and secondary.

1.7 Limitation of the Study

There was limitation of availability of financial and non-financial information from some Sole traders since they feared that the report was going to expose them to the Kenya Revenue Authority. This came as a result of another researcher who did a Research on “Effectiveness of Municipal Council levies to the Municipal Council” The Research was later discussed in an open forum by the then town mayor of the time. He made a decree that all traders who had not paid levies should be made to pay together with penalties. This resulted in many businesses closing down. This was a major drawback to this research. The cost and time involved for following up respondents to ensure that questionnaire was filled was also a limitation. Respondents felt that a lot of research on related topics had been done without success.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Evolution of the Competitive global business environment

The competitive global business environment of the 1990' began evolving after World War II and started to change in the late 1970 when the global firms were organising international forces that contributed to the emergence of global firms and the present competitive business environment. These include: The rise of Japans and Germany dominant economies which supported many of non-US multinational corporations now responsible for ending American dominance in several world markets. There is entrance of newly industrialised countries such as Spain, Taiwan, and Korea which produce and push low cost, high quality products into markets faster than US firms (Dewan at. al.1996)

The convergence of consumers need and preferences in what Kinichi Chamae termed as "Triad" which includes economies of Japan, Europe and North America – a combined market of 640 million people with purchasing power. The firm that penetrates and control these markets dominate their global competition. Since 50% of the free world trade is concentrated on triad the global firms that can mass produce consumer products ahead of competition will win markets share. the emergence of other Newmarket economies and blocs in addition to triad such as Eastern Europe, the CIS, Canada United States/Mexico are also dropping trade barriers , expanding the competitive playing field, and produce new opportunities, rules and success criteria for competing (Dewan at. al.1996)

Some of the major competitive success factors of the global firms in this emerging global economy include the capability to design manufacture and deliver high quality innovative products to world market at a lower costs the ability to deliver products that compete in service and price, just in time manufacturing capability to transform innovative ideas into commodities backup by service and the ability to be flexible organised around customers and end users in order to close the gap between service and delivery (Dewan at. al.1996)

2.2 Business in developing countries

Small businesses make up a major portion of businesses in developing countries (in some countries the percentage is higher than in developed countries) Recognising their importance, many

government are providing support programs for small businesses. One of the major barriers faced by small businesses in developing countries is access to information, especially information used in decision making. Another problem is lack of data sources from which to obtain the type of information required. Problems with the technological infrastructure of developing countries only exacerbate this. Such businesses in developing countries have difficulties in accessing trade information. New technologies can provide these businesses with an opportunity to catch up with the rest of the world to be able to access some of the benefits of e-commerce such as faster service and shipments and precise transmittal of orders, it is necessary to have an efficient telecommunications structure a problem in many developing countries (Coebitt et.al, 2004)

2.3 Defining a small business

The United Nations International Development Organisation (UNIDO) provides two types of definitions each for developing countries and industrialised countries. For developing countries UNIDO sees a large firm having more than 100 employees, medium firm with 20-99 employees, small firms between 5-19 employees and micro enterprise firm with less than 5 employees. For industrialised countries (according to UNIDO) a large firm employs 100-499 workers, a smaller firm has lesser than 99 employees. (Oghbor, 2009)

For industrialised nations there are no micro-firms particularly in sub-Saharan Africa small medium enterprise are very heterogeneous group. They include a variety of firms, village handicraft makers, small machine shops, restaurants, furniture manufacturers, agriculture ventures and computer software firms that possess a wide-range of sophistication and skills and operate in very different markets and social environments. The owner may or may not be poor. Some are dynamic, innovative and growth-oriented; others are traditional "lifestyle" enterprises that are satisfied to remain small. Micro-enterprises are normally family businesses or self-employed persons operating in the semi-formal and informal sectors, most have little chance of growing into larger scale firms, accessing bank finance or becoming internationally competitive (Oghbor, 2009)

Serving them often require distinct institutions and instruments such as group based leading methodology used by some micro finance instruments. In contrast SME'S usually operate in the formal sector of the economy, employ mainly wage earning workers and participate more fully in organised markets. SME'S access to formal finance is desirable possibility and SME'S are more

likely than micro- enterprises to grow and become competitive in domestic and international market (Oghbor, 2009)

Sole Proprietor and their enterprise are not legally distinct but are subject to the ordinary civil and criminal law. This means the sole proprietor is personally vulnerable. Sole Proprietor alone bears the responsibility for all of the debts and liabilities of the enterprise. They can lose personal assets such as their house, in order to have some protection against possible bankruptcy or loss; sole proprietors may transfer some of their personal assets to other people such as members of their family or into trust. Such steps however be set aside by the courts and should only be taken with legal advice. On the positive side while the sole proprietor provides capital, the sole proprietor is also entitled to all of the profit (Esteban 2012)

2.4 Business Idea

Business owners start their business with a notion of size other than the word “small” and that is why their business never grows beyond their notion. Most businesses no matter their age remain adamantly small. 70% of all company’s and 100% of some businesses are sole proprietorships. one person or two and that’s all to operate business. These businesses are populated by owners working for a living; they are working at a job and nothing more. But of course that’s all they wanted to do. All they ever wanted was to create a place to working and a place to do what they know how to do or, if not to do something , anything through which they can turn their labour and ideas into money. In short they want to be self-employed. For sole traders to succeed they must be source of great idea of business (Gerber, 2009).

2.5 Entrepreneur Leadership

This is characterised by judgement in decision-making. Judgement is where individuals take decisions without access to any generally agreed rule that could be implemented using publicly available information known to be true. An entrepreneur who buys before he knows the price at which it can be sold must make a judgement about what the future price will be for instance. Judgement refers primarily to business decision making when the range of possible future outcomes is generally unknown. Judgement is required when no obvious correct model or decision rule is available or when relevant data is unreliable or incomplete. Entrepreneur and judgement is ultimate judgement about control of resources. As an innovator, a leader, creator, a discoverer and an

equilibrator, the entrepreneur exercises judgment in terms of resource acquisition and allocation to prosper from business opportunities. As a founder and developer of business enterprise the entrepreneur must exercise judgement and decision-making under conditions of uncertainties (Dana, 2011)

2.6 Keys to Entrepreneurial Success

There are three important keys to entrepreneur success: age, experience, and education. Although Zimmerer and Scarborough (1998) point out that most of entrepreneurs in the United States start business during their 30s and 40s, many researchers found that there is no limit of age for their entrepreneurial aspirations. Age variation at the start of business seems to have no direct relation to business success.

According to (Staw, 1991), at the start of any business age is not a decisive factor, but with enough training and preparation, the earlier someone starts business the better. Staw (1991) also notes that age is related to business success if it includes both chronological age and entrepreneurial age. This means that the older an entrepreneur is, the more experiences in business he has. Age thus implies extensive experience.

(Staw 1991) asserts that experience is the best predictor of business success, especially when the new business is related to earlier business experiences. Entrepreneurs with vast experiences in managing business are more capable of finding ways to open new business compared to employees with different career pathways. The importance of experience for small-scale business success is also underscored by other experts.

Haswell *et al.* (in Zimmerer & Scarborough, 1998) note that prominent reasons behind business failures are managerial and experiential incapacibilities. Wood (in Zimmerer & Scarborough, 1998) confirms this. Kim (in Meng & Liang, 1996) found that 30% of successful entrepreneurs have no work experiences, compared to just 3% of unsuccessful entrepreneurs (significant at $p = 0.01$). This means that experience is not critically important for business success. A study conducted by Kim (in Meng & Liang, 1996) involving entrepreneurs in Singapore disclosed that successful entrepreneurs have higher education levels compared to that of unsuccessful entrepreneurs ($p = 0.01$).

Seventy percent of successful entrepreneurs are university graduated, while 23% are not. According to Kim (in Meng & Liang, 1996), Staw (1991), and Katz (in Holt, 1992), after entering the entrepreneurial world, those with higher levels of education are more successful because university education provides them with knowledge and modern managerial skills, making them more conscious of the reality of the business world and thus in a position to use their learning capability to manage business (Prihahn 2004)

2.7 Factors and forces that threaten and challenge entrepreneurship

Entrepreneurship is crucial for development of emerging economies because entrepreneurs are engines of investment, employment and innovation. (Esteban 2012) Therefore it is important to determine what factors encourage the appearance of entrepreneur for example a well-developed financial sector, strong contract enforcement and investor protection will be positive factors at the social level. At the individual levels factors such as individual attitudes to risk and personal exposure to an entrepreneurial culture become more important. Entrepreneurship is not created spontaneously. The proper environment for the entrepreneur requires well-functioning methods that nourish profitable entrepreneurial projects but avoid subsidizing unprofitable ones. The factors that threaten and challenge entrepreneurs can be classified into two according to their choice. (Esteban 2012)

The first one being government and political challenges. These are local in nature and have to do with enduring structural and institutional problems, public safety and political challenges. The second is globalized challenges. These threats are not country specific but are as a result of global behavior. These include anti-market backlash, wealth gaps (inequality) underdevelopment of finance market and risk aversion (Esteban 2012)

These are very small businesses, often involving only the owner, some family member(s) and at the most one or two paid employees. They usually lack 'formality' in terms of business licenses, value-added tax (VAT) registration, formal business premises, operating permits and accounting procedures. Most of them have a limited capital base and only rudimentary technical or business skills among their operators. However, many microenterprises advance into viable small businesses. Earning levels of microenterprises differ widely, depending on the particular sector, the growth phase of the business and access to relevant support. Small enterprises constitute the bulk of the

established businesses, with employment ranging between five and about 50. The enterprises will usually be owner-managed or directly controlled by the owner-community and are mostly family owned. They are likely to operate from business or industrial premises, be tax-registered and meet other formal registration requirements (Herndon 2007)

Classification in terms of assets and turnover is difficult, given the wide differences in various business sectors like retailing, manufacturing, professional services and construction – Lack formalities. Medium enterprises constitute a category difficult to demarcate vis-à-vis the "small" and "big" business categories. It is still viewed as basically owner/manager-controlled, though the shareholding or community control base could be more complex. It is characterized by the employment of more than 200 employees and capital assets of a substantial amount of about Ksh. 2 million excluding property (Herndon 2007)

Financing from family or friends is an important phenomenon. It is a dominant source of seed capital for small business in developed economies and more so in less-developed ones. It is the most common source of finance for the poor (Collins et al., 2010), especially for the third of the world's population without access to formal finance. Moreover, it is important for small and medium enterprises (SMEs), a sector that comprises much of worldwide economic activity. A recent industry report estimates that financial institutions have yet to tap into a potential global market for SME financing worth about \$5 trillion (MasterCard, 2008).

The competitiveness of Kenya's trade in the global market has been on the decline, a situation that is in stark contrast to the government's ambition to attain its economic blueprint – the Vision 2030 launched earlier this year. This has been blamed on the high cost of production attributed to a number of factors both internal and external. At the national policy level, a web of government laws and regulations, administrative procedures, poor labour productivity, poor infrastructure, corruption, and high input costs have become a major drawback to the country's efforts to remain competitive (Maina 2013)

Firm level inefficiencies also such as the use of outdated technologies have a major role to play in this scenario. Externally though, Kenyan firms continue to grapple with challenges posed by

subsidized imports, counterfeit and substandard goods. This would mean locally manufactured goods would be more costly than such imports. Over and above this, the average import tariff of 12 per cent for the EAC Customs Union is perceived not to be protective enough compared to say for instance that of India which is said to be at 60 per cent. Partner states are also notorious for using discretionary powers failing to honour the Customs Union by importing goods at lower tariff rates than agreed. The same is not helped by failure by partner states to harmonise quality standards. Such acts can only undermine industries that are trying to be competitive as the market gets flooded by cheaper products. All these factors combined have made the cost of doing business in Kenya unacceptably high. The best way forward in making Kenya an attractive destination for investors would be to reduce the cost of doing business by easing the burden imposed on businesses by excessive regulation (Maina 2013)

It is a bright sunny morning in the leafy suburbs of Nairobi's Westland area and 60-year-old Timothy Kamau is seated at his palatial 10th floor executive suite offices, staring lazily at the heavy traffic on the highway below. Although he knows it is time for him to climb down from the family business, now in its third generation, Kamau has not made up his mind of who among his three sons will take over this thriving exotic family-owned furniture business. Indecision on a crucial matter such as this is not confined to Kamau's furniture business but is replicated across the country (Okoth 2012)

Experts are calling on Kenyan firms, especially small and medium sized enterprises, to have a succession plan. This is to ensure minimal disruptions when the owner dies or wrangles erupt among family members. A list of some of the most successful family-run business enterprises include Bidco oil refineries that is run by a second generation of the Vimal Shah family, the multi-million shilling Philip Ndegwa's banking and insurance empire and Nakumatt supermarket chain. Those that have been embroiled in bitter wrangles and court battles include the late Gerishon Kirima's real estate business and Tuskys supermarket where sibling rivalry is boiling to the surface. Former Cabinet Minister Kenneth Matiba's business, which has run into trouble since his health deteriorated, is a classic case of a family business that has failed to move to the next generation (Okoth 2012)

Many business owners ignore the idea that they will one day exit the business. But for their enterprises to survive, this attitude has to change. Cases of poor succession planning leading to business collapse especially where the founder dies have become fairly common. The situation

becomes even more complicated where polygamy is a factor as siblings wrangle over control of assets, severely disrupting or even killing the business. The issue of who owns what shares in the family business or even how decisions are made is often forgotten. This can be source of problems in the future. There is need to clearly define who does what to reduce any conflict. In most family businesses, there are no clear criteria on how profits should be shared. Problems usually occur when this company begins to make money with some family members suddenly realizing that they are doing more than the rest and therefore deserve a bigger share. Top leadership in the family business also assumes that they know what all the rest feel and want. In some instances, candid feedback from a son to a father or wife to a husband in a family business can also be taken by the father or husband as a personal assault by son or wife (Okoth 2012)

The Kenyan Government encourages private sector participation in economic activities in the country and also engages in public-private partnerships in areas which require a huge capital outlay or technical expertise such as infrastructure development and exploration. The Government is presently divesting its interests in various non-strategic commercial enterprises in which it owns shareholding as part of its privatization program. The stated aim of the Government is to have minimal interference in the operation of the private sector and is increasingly relegating itself to the role of a regulator rather than an active participant. In line with improving business environment objectives, the licensing regime in Kenya was in 2006 overhauled with a view to reducing the number of licenses required (Ashvir, 2011)

The Licensing Laws (Repeals and Amendments) Act, 2006, which came into effect on 1st May 2007, reduced the number of business permits required for a distributor of goods or provider of services to carry on its business activities. Applicants having obtained a business permit to operate from one local authority are not required to obtain another business permit in another local authority. In addition, business permit applicants have an opportunity to elect whether to apply for a 1 or 2-year permit. The 2006 law also eliminated the requirement to obtain a trading license in addition to the permit. There are certain sectors like the financial services sector which require licenses from the regulators in addition to the single business permit. For some regulated professions like accountancy, the license to operate is provided by the regulator and such professions are not subject to a single business permit. The fee to apply for a business permit varies by type of business, number of employees, and size of the company's premises (Ashvir, 2011)

In Nairobi, the fee is payable to the Nairobi City Council, Licensing Department which is charged with the issue of business permits. For a medium trader, shop, or retail service with 5 to 20 employees and/or premises 50-300 sq. m. (fair location) the fee payable is Shs 5,000, and for a mid-size business with over 50 employees and premises in excess of 300 sq.m., the fee ranges from Shs 20,000 to Shs 50,000, depending on the nature of the business (Ashvir, 2011)

A family business is a complex mass of intertwined relationships especially vulnerable to wounds, notations and ruptures. The vulnerability comes at least in the part of interpersonal dilemma easily fostered in family business environment. It is expressed in ambivalent compliant "I can't live with you and I can't live without you" Many family business relationships have the earmarks of this classic hostile, dependent relationship which is characterized by the power plays for money and position and by resulting anger, competition and escalated conflicts. Breaks in relationships are inevitable and they occur regularly especially when the family members work together (Mclendon et. al.2012)

Many small breaks caused perhaps by irritable remarks and irritating behaviour, repair automatically in the course of a regular days work. People go on their way without having to discuss every hurt, however some breaks are not repaired automatically perhaps because they are both reflections of repatriations of aspects of a traumatized past relationship or are so immense in offence content that they cannot be easily mend. Family discord that fails to fade and go away over time requires special attention when it occurs and endures in a way that seriously interferes with the wellbeing of a family business enterprise the need to resolve the matter can become acute. In family business there is also strong pull toward regressing into past feelings responses and behaviour (Mclendon et. al.2012)

Negative feelings emerge in the workplace and managing these emotions is hard to do especially when people already feel inadequate and even bad about themselves. These conditions frequent create extreme volatile conflict situations because they are combined with an emotional and financial dependency on the family businesses along with the constant pressure from the demands of the business itself. Conflict nevertheless sometimes can serve as a positive purpose because it creates distance between entwined people and permits establishments of the self-outside the hostile dependent relationship. This distance also carries with it future need, emotional, social and probably

economic reestablishment of family connection. Thus a break up in a family relationship can be useful if it feeds to relationship repair. It is possible even probable that a successful resolution of the conflict may help settle and even prevent in future other conflicts within the family and its business (Mclendon et. al.2012)

Family businesses employ 60% of the working people in the United States, and are responsible for 78% of new jobs created each year. The health and succession of a family business unit is vital to the US economy. Two out of three family businesses fail to transition from the first to the second generation, so the challenges these businesses face are immense. Being successful at a family-owned business is no easy task, but employing certain skills, and understanding the family dynamics can ease the stress of working with family. When brought into the family business, the children of the business owner often become targets for resentment (Goddard 2010)

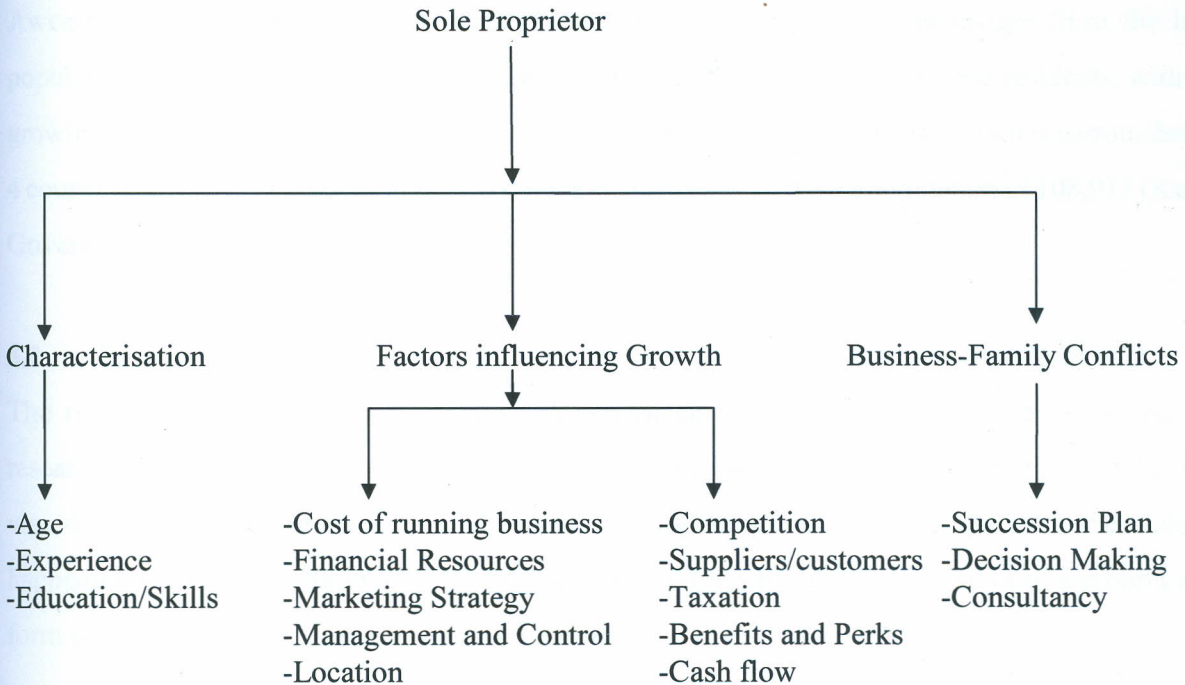
Current employees view these children, no matter how qualified for the position, as lazy, incompetent and owing their job to their name. These employees will seize any opportunity to point out, or invent a fault of the heir. While some seasoned employees are correct in making this judgment, the vast majority of heirs are unfairly criticized. Because of the assumption that all successors are incapable of fulfilling their duties, successors are presented with the opportunity to prove their value to the company. They must work harder, smarter, and longer than any other employee. Work up the ranks as much as is possible, develop solid management skills before accepting a position, guard the tongue, and with time, even an heir will be appreciated as a capable member of the team (Goddard 2010)

In addition to the employees, sometimes the boss has trouble properly evaluating the performance of his child in a family business. The parental relationship has long been established, and relating to a son or daughter as an employee can be especially difficult. The father often expects much more of his heir than he expects of his employees, and the standards of dress and conduct may be stricter. Parents in general find it tough to accept the transition from child to adult. At the office, the parent may still see the irresponsible sixteen-year-old, who climbed out his window at night, instead of the mature, educated adult who is ready for management. In this situation, the son must have an open conversation with his father. Usually, the discrepancies between the employees and the heir are not intentional, and merely pointing them out to the father will correct the situation. At the very least, the son will further understand his father's actions. Family employees, even those with no direct

ownership, are often expected to act as though they own the business (Goddard 2010)

They are expected to be more productive; more concerned with the bottom line than their peers, and are not always properly financially compensated for this additional stress. They do not have the luxury of clocking-in, doing their jobs, and leaving the office at the office. The heir is on-call, whether he wants to be or not. If someone is needed to attend a trade show, lock up at night or open early, he often gets the job. No volunteering is necessary; his father has his number on speed dial. These additional responsibilities can interrupt many quiet evenings and weekends with the family. Being forced into high stress situations, or just being the general go-to guy without receiving additional pay or power leads to frustration. Keeping perspective can preserve sanity when these situations arise. Understand the role of the employee, the role of the boss, and where this position or duty fits into those roles. Draw a line as an employee, a manager, or as an owner, and do not be afraid to say no to unreasonable requests that fall well outside the typical job duties. Make exceptions for unusual circumstances, but do not let being taken advantage of become a habit (Goddard 2010)

2.8 Conceptual Design: Sole proprietor Business Model



Business Model: Modified from (Lim, 2010)

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This section seeks to define the research design, the target population and sample and sampling techniques. It also outlines the data collection tools. The main tools of data collection were structured questionnaires targeting business people and key informants within the town. The analysis was based also on qualitative information gained from discussions with proprietors and on data provided through structured questionnaire.

3.1.1 Area of Study

This town was founded in the late 1970s following the establishment of the South Nyanza Sugar Company, popularly known as SonySugar. The town came out of a need to house sugar firm workers. Today the town is one of the fastest growing in the region owing to the fact that a multibillion shillings white sugar mills the SonySugar Company Limited is located within the town making it the busiest hub of trade in the region. The town is strategically placed between Kisii and Migori towns. Awendo has continued to attract investors and homeowners seeking an escape from the high population and the noise within the two towns. The rural town has about 30,000 residents, with the growing population already exerting pressure on the available space. Awendo town is surrounded by 4 county wards which cover an area of 262 sq. km. These wards have a population of 108,913 (Kenya Government of. 2009)

3.2 Research Design

The researcher applied descriptive research design since it involved a field survey where the researcher visited the target population and asked certain issues about the problem under study. This was done by researcher explaining the state of happenings without manipulating the state of happening. This was by describing the characteristics of a particular individual or of a group i.e. in form of sole traders' age, education, and experience.

3.3 Study Population

This was the aggregate of all study units from which data was gathered from. The target population was 1,175 sole traders all located within the Town. The population was stratified according to

supermarkets, wholesalers, retailers, Jua kali workshops and market Stalls/Kiosks.

3.4 Samples and Sampling Procedure

The study applied Simple Random Sampling to select 96 traders registered by municipal council. Every element of the target population stood an equal chance of being included in the representative sample. Targeted population was divided into similar groups/segments and then a simple random sample was taken from each group/stratum. These were 1 Supermarkets, 1 Wholesalers, 39 Retailers 21 Jua Kali Workshops and 38 Market stalls/ Roadside Kiosks where the researcher went to their place of business and guided them in discussions to challenges, obstacles and factors that lead to failure of sole traders businesses and a catalogue of appropriate interventions measures. This was by identifying the challenges faced by sole traders and how their issues can be addressed

Simple Random Sampling Method

In this method every element of the target population stood an equal chance of being included in the representative sample. The businesses were first classified according to particular business type. These were 1 Supermarkets, 1 Wholesalers, 38 Retailers 20 Jua Kali Workshops and 36 Market stalls/ Roadside Kiosks.

$$P(\text{including an element}) = \frac{n}{N}$$

Where n = Sample size

N = the size of the population

E.g. Selecting 96 items from a population of 1175 items.

$$P(\text{an element being included}) = 96/1175 * \text{No of Businesses in each Strata.}$$

The research selected 96 items out of 1175 through the table below.

Source: Kothari (2008)

Sample of Businesses

Business Type	No of Business in Each Strata		Sample taken from each Strata
Supermarket	8	008/1175*96	01
Wholesale	6	006/1175*96	01
Retailers	468	468/1175*96	38
Jua kali	249	249/1175*96	20
Stalls/Roadside Kiosks	444	444/1175*96	36
Total	1,175		96

3.5 Instrumentation

Questionnaires used were administered on traders to collect data on business characteristics and challenges while interviews were administered to municipal officers as well as officers of line ministries. Secondary data was obtained from both published and unpublished materials.

3.6 Data Collection

Primary data was collected to gather quantitative and qualitative information from the target respondents outlining issues relevant to the study. This was a direct description of any occurrence by respondents who actually observed or witnessed the occurrence. This was achieved by use of self-administered structured open questionnaires; the detailed questionnaires was constructed using open ended; closed ended questions. Questions contained in the questionnaire were in different sections to simplify the work of the respondents as well as classified purposes. To supplement the questionnaires, secondary data inform of Awendo Sub-County, and business records were obtained. Unpublished information was also used. Other documents used include policy papers and research reports owned by governments, some of which are normally sponsored by international agencies.

3.7 Data Analysis and Presentation

Data analysis techniques used were qualitative and quantitative which were by use of content analysis and frequencies. The quantitative approach involved collecting of quantitative data, which were put to rigorous quantitative analysis in a formal and rigid manner. On the other hand qualitative approach used method of subjective assessment of opinions, behavior and attitudes. This was used to summarize the results and to make generalizations on the target population. The data collected was

evaluated, assessed and comparisons made so as to select the most accurate and quality information from the feedback given by various respondents. To analyse the questionnaires, the researcher used descriptive statistics which was by use of content analysis and frequencies and presented by use of graphs and bar charts. These statistics helped the researcher establish the distribution of the variables. The use of computers packages such as M/S Excel, SPSS, and statistical packages made data analysis easier and faster.

3.8 Ethical Considerations

The major ethical issues of concern of this study were informed consent of the respondents and confidentiality of information given. The respondents felt that the information given may be used against them, or may be passed to some other parties without their consent. Once the respondents were identified, their informed consent was sorted out before administering the questionnaires or conducting interviews. Above all, the study ensured that information provided by each and every respondent was privileged and not to be passed to third parties. And to avoid individual exposure, the study reported data as a pool instead of individual data.

CHAPTER FOUR

4.0 DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

The main purpose of this section was to present the results of the data analysis in a systematic way. This was to assess the vulnerability of sole proprietor businesses in Awendo Town. Variables identified for characterisation were age, experience and education of the respondent. The other objective was to identify factors that influence growth of sole proprietor. These were cost of running the business, Marketing strategy used by the business, management and control of the business, Location, Suppliers and Competitors. The Last objective was to identify businesses- family conflicts. This was promoted by lack of proper planning for the sole proprietor and his family in terms of not putting succession plan in place, limitations in decision making and lack of separating family with business issues.

4.2 Characteristics of the Respondents

Gender

The study sought to know what gender does business within the town.

Table 1

Gender	Frequency	Percentage %
Male	80	83
Female	16	17
Total	96	100%

From the table above, it indicates that 83% of respondents were Male while 17% were Female. This shows that most businesses are run by men and are patriarchal. In most societies, entrepreneur is defined as a masculine endeavour (Hurley, 1999). As such it is hardly surprising that men on average are twice more likely to start a business than women. There is great need for women to be in business as they are very good savers and manage business well. The questionnaire shows that many women prefer to be in their shamba's concentrating on cane growing and other crops other than being in business. It also shows that men are risky takers than women. The study also shows that women may shy away from business that will make them be away from home. This is as a result of time used to source for goods in faraway markets. The study also showed that women were so bogged down by

child bearing responsibilities and therefore not able to manage businesses at their prime age, until after 45 years

Female owned firms are less likely to be involved in innovation activity. This might be explained by the fact that women entrepreneurs are risk-averse. Female entrepreneurs are more family oriented and thus less interested in expansion of their business (Szirmai et.al 2011)

4.3 To characterise sole proprietor businesses in Awendo Town

This section will characterise sole proprietor businesses in Awendo Town by Age, Education, and Experience.

Age

Table 2

Age Group	Frequency	Percentage %
Under 21	05	05
21-34	08	08
35-44	27	44
45-54	42	28
55 and above	14	15
Total	96	100%

From the table above the study indicates that age group under 21 were 5% doing business, ages 21-34 were 8%, ages 35-44 were 44%, ages 45-54 were 28%, and 55 years and above 15% were doing business. This shows that younger people were not likely to be in business as they were in schools or colleges. Ages 35-44 preferred business as a form of earning their livelihood and it is at this stage where this age has to be aggressive in order to meet their families' obligations. The study revealed that age 35-44 took business as a last resort. This was due to high rates of non-employment. Most Sole traders who were over 55 years did not feel compelled to try business as most of them were in retirement and most of their children had finished school and had left home to fend for themselves. Lack of vision of excellence in business in this Town remains low as those who are doing it, do it with hope that they will still get a white collar job. This therefore does not make sole proprietors excel in it as their hopes are vested elsewhere.

Previous work experience

The study sought to know whether the respondents had previous experience

Table 3

Experience	Frequency	Percentage %
Had Experience	85	89
No Experience	11	11
Total	96	100%

From the table above, 89% of respondents did not have previous business experience, while 11 per cent had previous experience. There is a positive link between experience and performance of Sole proprietorships. This implies that potential traders can benefit from prior experience by first being apprentices in other businesses before managing their own business.

Level of Education

The study sought to know the level of education for those who were doing business in the town.

Table 4

Level of Education	Frequency	Percentage %	Average Net Profit per Month in Kshs
1 st Degree and above	03	03	20,000-500,000
Diploma /Certificate	09	10	15,000-300,000
High School	35	36	10,000-50,000
Primary	21	22	0-50,000
None	28	29	0-20,000

From the table above, 3% of the respondents had 1st Degree and above level of education, 10% had Diploma /Certificate, 36% had High School education, 22% had Primary education while 29% had none. This shows that people with high level of education do not want to go into business though they may be exposed to sound business management. This could be as a result of high level of uncertainty and high costs of running it and that most people prefer blue collar jobs where security is guaranteed. Most business people go into business in this town as last resort. They site lack of job as a great motivator for doing business. The study revealed that those respondents were little or no education, are likely to venture into business as form of livelihood. This was as a result of the

education system developing in Kenya thus the level of qualifications rising up thus locking out people with little education. High school respondents were assumed as people who cannot get jobs as a result of improved education system that prefers people who are graduates.

The survey seems to reveal that inadequate education is a major reason why sole proprietors are unsuccessful. The study therefore shows that education is a major drawback for the success of sole proprietors. The education levels of the sole proprietors were correlated with net profit to find whether education has an impact on the business performance. These residual scores were then correlated with other possible determinants of net profit in the questionnaire, thereby establishing the marketing practices of the more successful retailers. Education has an impact on the overall business performance as measured by net profit.

Experience of the business owner affects the performance of the businesses, whether the age of the owner/manager, level of education, and the age of the business are significant variables that affect the financial performance of sole proprietor operations. The findings indicate that previous work experiences, education levels, age of the owner and the length of business operation have a significant impact on the profitability of the business. The study indicates that the sole traders often have good ideas and are competent but they do not have a clue on how to run a business and have no underlying appreciation of business fundamentals.

Professional experience is an important factor affecting many aspects of sole proprietors. It may take many guises for example, industry experience, start-up experience, etc. Experience was shown to be an important factor driving the performance of firms, with the number of previous jobs positively related to new business performance. There is a strong link between business experience, education and business success.

The likelihood of vulnerability was also found to be associated with the owner/manager's work experience prior to business launch and education. For example, businesses where the owners had previous work experience and had college/university education were less likely to fail. Knowledge gained from previous experience is essential for sole proprietor success. The study found that to achieve high growth, a technology based start-up firm must possess both technical and business knowledge. The absence of this knowledge does not imply the firm cannot be successful it just means

that the firm should follow a more moderate growth strategy that would enable the founder learn the necessary skills and abilities required to increase future growth rates.

Lack of Education is one of the factors that affect running of a Small Business in Kenya. Those entrepreneurs with larger stocks of human capital, in terms of education and vocational training, are better placed to adapt their enterprises to constantly changing business environments. Only a small proportion of the business owners have reached university level or above. It can be proved that Small Businesses in Kenya are dominated by people with relatively low levels of education. Lack of Experience is another challenge to running Small Businesses in Kenya. There is need to improve ways of gathering customer information for the purpose of personalized marketing and service. The more a business owner knows about its customers, the better they can meet their needs, thus the more successful a business will be (Athanne, 2013)

Innovation activity increases at an early age, but tends to decline beyond a certain age. This is an indication to owner's altitude towards risk. There is positive relationship between firm's age and innovation due to accumulated business experience and market knowledge. Entrepreneur with more education and previous experience and those who are older are more likely to grow (Szirmai et.al., 2011)

Education is one of the factors that impact positively on growth of firms. Those entrepreneurs with larger stocks of human capital, in terms of education and (or) vocational training, are better placed to adapt their enterprises to constantly changing business environments (King et.al., 2002)

4.4 Factors that influence growth of sole proprietor businesses in Awendo Town.

This section identifies factor that influence growth of sole proprietor as cost of running business, marketing strategy used, management and control of business, business location, suppliers and competitors

Cost of running Business

This section will identify cost of running business. This is in terms of having business plan in place before inception, Cost of finance and financial assistance, marketing strategy, management and control , Cash-flow, cost of renting business premises and taxes.

Business Plan

The study sought to know whether family businesses had business plan at inception.

Table 5

Business Plan	Frequency	Percentage %
Occasionally	03	03
Always	04	04
Rarely	09	09
Never	80	84
Total	96	100%

The above diagram shows that 84% never had business plan, 9% rarely had, 4% always had and 3% occasionally had. Lack planning for business is detrimental, as the sole trader may not have goals or strategies in place for business growth. A business plan is an essential roadmap for business success. This living document generally projects 3-5 years ahead and outlines the route a company intends to take to grow revenues. Lack business plan shows lack of training before many sole proprietors start business in this town. The study shows that only a partly 3% of respondents make a business plan before they start business. This shows that majority of the respondents either were ignorant of the importance of the business Plan.

Financial Assistance

The study sought to know whether business persons go to the banks for loans

Table 6

Financial Assistance	Frequency	Percentage %
Occasionally	07	08
Always	10	10
Rarely	19	20
Never	60	62
Total	96	100%

62% of respondents rarely go to banks for bank loans, 20% rarely go for loans ,10% always go for loans while 8% occassionally go for loans. Many respondents are discouraged by high interest rates

and felt that if they took the loan they may not be able to repay therefore declining to take Bank loans and looking for other sources of financing for their business. Other respondents cited embarrassment that was melted to their business neighbours when there were unable to pay where their household items were taken to recover unpaid loans. The study generally shows that many respondents were risk averse. The study also reveals the likelihood of untamed interest rates which keep on rising and therefore increasing the vulnerability of the sole trader.

Understanding Cash Flow

The study sought to know whether the respondents understood cash flow requirements of their businesses.

Table 7

Understanding Cash Flow	Frequency	Percentage %
Occasionally	43	45
Always	33	34
Rarely	13	14
Never	07	07
Total	96	100%

45% of respondents occasionally understood cash flow in business, 34% always understood, 14% rarely understood while 7% never understood. Business that does not keep track of its cash flow may not be able to properly plan for their receipts and expenditures. This showed also that many respondents did not keep their records properly. Knowledge of book keeping was limited. The study revealed that many respondents did not see the need of keeping track of their incomes and expenditures. Only 34% always did cash-flows did not keep track of their records. It is therefore not easy for the sole trader to be able to know whether they are making profits or loss. This may surprise the sole proprietor to wake up to the fact that the business cannot longer progress because of lack of cash to buy new supplies.

Business permits

The study sought to know from the respondents whether their businesses required business permits or licenses to operate.

Table 8

Business permits	Frequency	Percentage %
Occasionally	11	12
Always	77	80
Rarely	07	07
Never	01	01
Total	96	100%

12% of respondents occasionally know their business require business permit to operate, 80% always know they have to have business permit, 7% rarely know that business permits are required, while 1% never know business permits are required. For sole trader business to operate, the owner may have to pay sub-county levies to be allowed to operate. Payment of business permit is cost to the business. Some respondents prefer to pay daily, others monthly, and others annually. It is always good to pay for the permit to avoid harassment for self and also for customers.

Rent

The study sought to know whether the respondents were renting their business premises or they owned them.

Table 9

Rent	Frequency	Percentage %
Occasionally	03	03
Always	77	80
Rarely	09	09
Never	07	07
Total	96	100%

3% of the respondents occasionally paid rent, 80% always paid rent, 9% rarely paid rent, and 7% never paid rent. From the diagram above the respondents who owned buildings hosting their businesses were very few. Majority of respondents rented their places of businesses therefore increasing their cost of doing business. Majority of the respondents did not own buildings where they have set their businesses. This study shows that these are struggling business people since if they had reached their full potential they may have built their own places to trade from.

Legal Issues

The study sought to know whether the respondents understanding legal issues relating to their business in the Town.

Table 10

Legal Issues	Frequency	Percentage %
Occasionally	39	05
Always	43	06
Rarely	11	11
Never	03	78
Total	96	100%

5% of the respondents occasionally understood legal issues affecting their businesses, 6% always understood, 11% rarely understood while 78% never understood. This shows that when the sole traders are faced with legal challenges, they may not be able to know how to go about them. Issues facing them may be lack of knowledge that you can register a business as a sole trader which is distinct and separate from the natural person, therefore shielding the sole trader from unlimited liability. The study shows that the business community in this town need to be trained on issues relating to legality of businesses so that they may be able to know how to progress in case there is a legal suit slapped on them. The sole traders need to be trained on issues of coming together as groups so that they can be able to exploit services rendered by ministry of trade and commerce.

Taxes

The study sought to know whether the respondents paid taxes for their business.

Table 11

Taxes	Frequency	Percentage %
Occasionally	22	23
Always	19	20
Rarely	17	18
Never	38	39
Total	96	100%

23% of the respondents occasionally pay taxes 20% always pay taxes 18% rarely pay taxes while

39% never pays taxes at all. The sole trader maybe vulnerable and especially where there are given tax demand notice by Kenya Revenue Authority for non-taxes payment. This obligation increases the cost of business. The study revealed that most of the traders in the town were not aware of paying of tax to KRA. This increased cost of business since if the KRA found them non-compliance in issues of non-payment of tax, they instated they pay tax plus penalties

Marketing Strategy

This is one the factors that influence growth of sole proprietors. It involves advertisement, effective costumer care, Marketing and issues of visiting other businesses.

Adverting

The study sought to know whether the respondents advertised their goods to customers.

Table 12

Advertising	Frequency	Percentage %
Occasionally	04	04
Always	09	09
Rarely	29	30
Never	54	57
Total	96	100%

4% of the respondents occasionally advertised, 9% always did, and 30% rarely did while 57% did not advertise. This is an indication that the sole traders in this town are not aggressive in show case of goods that they sell. This could impart negatively since advertising also opens ways of innovation and thus increase business turnover. The study shows that most traders just open their places of businesses and wait for the customers without putting any effort in advertising. The study reveals that if there was advertising, customers would also come from nearby counties

Customer's complaints

The study sought to know whether the respondents had effective channels for handling customer complaints

Table 13

Customer's complaints	Frequency	Percentage %
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Occasionally	05	05
Always	10	10
Rarely	39	41
Never	42	44
Total	96	100%

5% of the respondents occasionally handled customers complaints, 10% always did, 41% rarely did while 44% never did. For any business to thrive, the businessmen should focus on customer satisfaction. This is because the customer is important for driving growth in business environment. The study revealed that the issue of customer is “always right” has not been embraced. This could be due to lack of proper training on customer care.

Marketing

The study sought to know whether the respondents thought marketing increase customers

Table 14

Marketing	Frequency	Percentage %
Occasionally	33	34
Always	59	62
Rarely	02	02
Never	02	02
Total	96	100%

34% of the respondents thought that marketing occasionally increases customers, 62% thought marketing always increases customers, 2% each for rarely and never respectively thought that marketing does not impact any increase in customer. Most of sole traders in this town thought marketing increased sales however they were not using it. Most traders in this town relied on word of mouth and they targeted past customers to come back. Though they admired marketing, they were unable to meet the cost of marketing or they deemed it as unnecessary cost out to eat into their profits.

Visiting Businesses

The study sought to know whether the respondents visited other family businesses within or outside

town to see how they operate their business.

Table 15

Visiting Businesses	Frequency	Percentage %
Occasionally	09	09
Always	11	11
Rarely	34	36
Never	42	44
Total	96	100%

9% of the respondents visit other businesses, 11 % always do, and 36% rarely visit while 44% never visits at all. Visiting other businesses may give insight on shortcoming of a trader. By visiting other businesses, the sole trader may be able to increase business acumen which comes by observation, enquiry of how businesses are done from other successful business people. Visiting other businesses may be a training ground, and places of learning how to improve sole trader businesses. The study reveals that only 11% visit other businesses. This study shows that there is no circulation of business knowledge.

Management and Control

This section shows how lack of proper management increases sole proprietor vulnerability

Goal Setting

The study sought to know whether the respondents does goal setting for the business.

Table 16

Goal Setting	Frequency	Percentage %
Occasionally	08	08
Always	13	14
Rarely	33	34
Never	42	44
Total	96	100%

8% of the respondents occasionally set goals for their businesses, 14 % always do, and 34% rarely set goals for their businesses while 44% never did at all. This shows that sole traders in Awendo do not

map way forward for their businesses. This makes business not be able to prepare itself for the ever changing business environment. Setting goals enables the sole trader focus on ways of achieving the targets he/she has set. It also leads to innovation.

Training

The study sought to know whether the respondents go for training to horn their business skills.

Table 17

Training	Frequency	Percentage %
Occasionally	01	01
Always	01	01
Rarely	05	05
Never	89	93
Total	96	100%

1% of the respondents occasionally attended training, 1% always attended training% 5% rarely attended trainings while 93% never attended training at all. The respondents who attended training only attended training in order to get loans facility which was a requirement, and not out of free will. The respondents felt that there is no need for training, as it will eat into the time they were supposed to further their business and thus increase sales. The respondents said that the time out for training will make them lose to their competitors.

Salary

The study sought to know whether the respondents paid him/her salary for running the business.

Table 18

Salary	Frequency	Percentage %
Occasionally	09	09
Always	10	11
Rarely	32	33
Never	45	47
Total	96	100%

9% of the respondents occasionally paid themselves salaries, 11% always paid themselves 33% rarely

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map way forward for their businesses. This makes business not be able to prepare itself for the ever changing business environment. Setting goals enables the sole trader focus on ways of achieving the targets he/she has set. It also leads to innovation.

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Table 17

Training	Frequency	Percentage %
Occasionally	01	01
Always	01	01
Rarely	05	05
Never	89	93
Total	96	100%

1% of the respondents occasionally attended training, 1% always attended training% 5% rarely attended trainings while 93% never attended training at all. The respondents who attended training only attended training in order to get loans facility which was a requirement, and not out of free will. The respondents felt that there is no need for training, as it will eat into the time they were supposed to further their business and thus increase sales. The respondents said that the time out for training will make them lose to their competitors.

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Table 18

Salary	Frequency	Percentage %
Occasionally	09	09
Always	10	11
Rarely	32	33
Never	45	47
Total	96	100%

9% of the respondents occasionally paid themselves salaries, 11% always paid themselves 33% rarely

paid themselves while 47% never paid themselves salaries. This shows that the respondents may not be able to know how much was drawn from the business for personal or family use. The study reveals that majority of respondents may not be able to quantify how much they take away from the cash till for personal business. The study reveals that this has compounded to challenges facing business as the sole trader may not be able to quantify how much he has taken in a day or a month in cases where records are missing

Professional Advisers

The study sought to know whether the respondents had a team of professional advisors for their business.

Table 19

Professional Advisers.	Frequency	Percentage %
Occasionally	02	02
Always	02	02
Rarely	44	46
Never	48	50
Total	96	100%

2% occasionally of the respondents had professional advisers 2% always had, 46% rarely had while 50% never had professional advisers. The respondents feel that professional advisers do not add value to their businesses, and where they felt they did, they felt that professional services will eat into their profits. Knowledge management is important for any business. The study shows that it is as a result of not embracing professional help that makes business growth because of lack of embracing innovations and new creations. Majority of the respondents may have continued doing businesses year in year out the same way.

Effective Debt Management

The study sought to know whether the respondents were able to develop an effective debt management system.

Table 20

Effective Management	Debt	Frequency	Percentage %

Occasionally	33	03
Always	44	09
Rarely	11	12
Never	08	76
Total	96	100%

From the table above, 3% occasionally did effective debt management 9% always did, 12% rarely did while 76% never effectively managed debts. Majority of the respondents did not know for a person to succeed in business, effective debt management had to be done. Effective debt management will help business stay afloat. Great leverage in business may make business not able to know when and to whom to pay its debts. Where there is lack of effective debt management, the creditors will fail to supply goods sitting non-payment for previous good delivered. This is also likely to impart negatively on the personal finances of the trader and especially where the creditor institutes bankruptcy proceedings

Record keeping

The study sought to know whether the respondents were able developed a system for record keeping.

Table 21

Record keeping	Frequency	Percentage %
Occasionally	17	08
Always	19	09
Rarely	24	15
Never	36	68
Total	96	100%

8% of the respondents occasionally kept records, 9% always did, and 15% rarely did while 68% never kept records at all. The respondents said this is a big challenge as most of them were not trained on book and record keeping and they thought it was expensive for them to maintain a book keeper. The study shows lack of training in basic business survival technics. The study shows also that some traders keep incomplete records.

Location

The study sought to know whether the respondents were satisfied with the location of their business.

Table 22

Location	Frequency	Percentage %
Occasionally	05	05
Always	10	10
Rarely	43	45
Never	38	40
Total	96	100%

5% of the respondents occasionally were satisfied with the location of their business, 10% always did, and 45% rarely did while 40% never felt that that business location was appropriate. The respondents felt that many customers visit Central Street than other streets that are far away from the preferred street. The choice of location was influenced by availability of space and also how much the sole proprietor was willing to pay in terms or rent. These two were great impediment to sole proprietors.

Suppliers Deliveries

The study sought to know whether the respondents were satisfied with supplier's deliveries

Table 23

Suppliers Deliveries	Frequency	Percentage %
Occasionally	30	31
Always	45	47
Rarely	13	14
Never	08	08
Total	96	100%

31 % of the respondents occasionally were satisfied with supplier's deliveries 47% always did, and 14% rarely did while 8% never. Most suppliers rely on goods from other parts of the country for furtherance of their trade. This depends on political climate of the country. Challenges were experienced when there was political unrest or inter-tribal wars as the sole trader are not able to sell as supplies chain is affected.

Supplier's payments

The study sought to know whether the respondents paid on spot for supplies delivered

Table 24

Supplier's payments	Frequency	Percentage %
Occasionally	36	38
Always	55	57
Rarely	03	03
Never	02	02
Total	96	100%

From the table above 38 % of the respondents occasionally paid on spot for supplies delivered 57% always did, and 3% rarely did while 2% never. This shows that many did not depend on trade credit which is also a source of business financing. Sole proprietor should deal with suppliers who give goods on credit. This will help the trader able to buy extra goods which may increase his productivity. The study showed because of level of risk in debt management , many suppliers were not willing to sell their goods on credit as some traders were very poor payers if not repeat defaulters

Competitor's advertisements

The study sought to know whether the respondent's competitors advertise for their businesses

Table 25

Competitor's advertisements	Frequency	Percentage %
Occasionally	07	07
Always	11	12
Rarely	47	49
Never	31	32
Total	96	100%

From the table above 7 % of the respondent's competitors advertise for their businesses 12 % always did, and 49 % rarely did while 32% never. This shows that the level of innovation which comes as a result of competition is not a driving force to sole proprietors in Awendo Town. Many sole traders have left the customer to decide where to buy without guidance from them.

Incentives

The study sought to know whether the respondents often give incentives to their customers.

Table 26

Incentives	Frequency	Percentage %
Occasionally	10	10
Always	13	14
Rarely	33	34
Never	40	42
Total	96	100%

10 % of the respondents occasionally give incentives to their customers 14 % always did and 34 % rarely did while 42% never. This shows that majority of sole proprietors feel that negative effects may out-weigh the positive impacts of giving away incentives. Respondents felt that though incentives keep and attract customers, giving incentives may bankrupt their businesses. The study shows the perception of incentives down spiral business however an incentive is not necessary an expense to the business, but a way of attracting customers

The survey reveals that cost of running business is an important factor in growth of business. Business plan is an important tool as it gives the sole proprietor a road map on the business. Majority of sole proprietorships are vulnerable as a result of lack of accessible Finances. Cost of finance has become too high. This is due to untamed rising costs of interest rates. Sole proprietors shy away from taking loans because they do not have limited liability. Lack of managing cash-flows is a great impediment to business. Traders should ensure that they are able to track their incomes and expenses. The survey also indicates that marketing increase business. This is due to increase in customer base.

The survey reveals that sole traders should manage and control their business by goal setting as lack of it makes business vulnerable by lack of getting proper direction. The location of business is another aspect that was revealed by survey as making business vulnerable. Respondents preferred business premises that are located in the central business area, as they were likely to attract customers.

Each business has its own unique combination of critical success factors, but some are important for all businesses. First small businesses should have a 'global outlook'. Businesses of all sizes across the globe can interact and share information, technology and products. Small businesses should consider what global trends are affecting availability of resources, increasing or decreasing demand for products or service and where there is an unfilled need one might be able to meet. This may prove a challenge to SMEs but the government can step in here to provide information on business trends. Further, there is need to improve ways of gathering customer information for the purpose of personalized marketing and service. The more a business owner knows about its customers, the better they can meet their needs. (Bowen et.al.,2009)

Most enterprises have their markets within their locality. This may pose a challenge given that they have to compete for the same market with enterprises from other nations and regions given the reality of globalisation. It is important that businesses look beyond their local catchment area (Ronge *et al.*, 2002). Globalisation presents both challenges and opportunities. As much as SMEs remain local, they need to consider markets beyond their national and regional boundaries.

4.5 Businesses-Family Conflicts

This section identifies business-family conflicts faced by Sole Proprietors. These are conflicts that arise as a result of the sole proprietor not being about to separate business from family issues. Sole traders discussed business over dinner table. This makes business lack professional advice which may be lacking in the business. Succession plan is key in ensuring continuity of sole proprietor business throughout generations.

Table 27

Work-Family Conflict in Business.	Frequency	Percentage %
Yes	87	91
No	09	09
Total	96	100%

From the table above 91% of the respondents acknowledged that there were work-family conflicts while 9% thought there were no conflicts. Family-Work conflicts are there as there are no boundaries between the family and business. The study revealed that when a sole proprietor seems to do well, there was tendency of the family sending in more relatives so that they can be helped financially. This

was a great impediment for the business as the sole trader could not be able to plough back profits to the business instead consumed the same helping relatives

Succession Plan

The study sought to know whether the respondents had a workable ownership and leadership transfers/succession plan.

Table 28

Succession Plan	Frequency	Percentage %
Occasionally	05	05
Always	05	05
Rarely	21	22
Never	65	68
Total	96	100%

5% of the respondents occasionally had a succession plan, 5% always had it, and 22% rarely had it while 68% never heard about it. This makes sole proprietor businesses in this town very vulnerable as the death of the sole trader means the death of business. Lack of succession plan fails to spell out the clear vision of business and its continuity. It fails to leave business trail for future generations. The study revealed that most businesses are vulnerable because when the owner of business dies without leaving the vision for the business, the business is likely to collapse as result of infighting against members.

Solving Conflict

The study sought to know how families solve their business-family disputes

Table 29

Solving Conflict	Frequency	Percentage %
The family	41	43
None	50	51
Consultants	02	03
Other Business persons	03	03
Total	96	100%

From the table above, 43% solve the family-business conflict through the family, 51% do not get any help from anyone apart from themselves 3% have help from consultants, while 3% get help from other business persons. This shows that a lot of people experiencing family-business conflict choose not to get help from anyone apart from themselves. Business people do not want to divulge their problems to outsiders as they perceive them as people who will expose them to outside hostile business environment.

Planning

The study sought to know who planned for the sole proprietor.

Table 30

Planning for the family business	Frequency	Percentage %
The family	35	36
Owner	59	62
Consultants	01	01
Board of Directors	01	01
Total	96	100%

From the table above, 36 % of family business is planned by family members, 62% planned by the owner, 1% by consultants and 1% by board of directors. The above diagram shows that the owners of business rely mostly on their own decisions. The study reveals that most of sole traders rely on their own knowledge other than getting information from other people. The study shows that they may rely on their families but not on their consultants or board of directors. This study shows that new creations and innovations may not be encouraged.

Dinner table discussions

The study sought to know whether family business is discussed in dinner table.

Table 31

Dinner table business discussions.	Frequency	Percentage %
Occasionally	21	22
Always	71	74

Rarely	03	03
Never	01	01
Total	96	100%

From the table above, 22 % of the respondents occasionally discussed family business over dinner table 74 % always did and 3% rarely did while 1% never did. The shows that majority of respondents discuss business at dinner time other than engage the services of professional when discussing business. Respondents felt that it is safer to discuss business with people who are close to you than outsiders. The study shows that lack of embracing people out of the family may make business vulnerable as the sole trader may not know how to deal with new issues that are competing with his business or are happening in the market.

Consulting on business problem

The study sought to know who the sole trader consults on issues relating to business.

Table 32

Consulting on business problem	Frequency	Percentage %
The family	23	24
None	61	64
Consultant	02	02
Other Business persons	10	10
Total	96	100%

From the table above, 24 % of family businesses consult the family, 64% consult none apart from self 2% consult consultants while 10% consult other business persons. The above diagram shows that the owners of business rely mostly on their own to solve their business problems. The study reveals that the sole trader is not likely to take the view of other people. The study shows that in this business environment there is a lot of distrust as sole traders are not open to each other.

Business as form of Livelihood

The study sought to know whether business was the means of livelihood for the business persons.

Table 33

Business as form of Livelihood	Frequency	Percentage %
Yes	92	96
No	04	04

The above pie chart reveal that 92% of respondents rely on business for livelihood while only a partly 4% does not rely on the business for day today needs. This shows that business cannot grow since a lot of money which should be used by the business for improvement end up being taken for family needs. This also shows that many sole proprietor's resort to business because of lack of blue colour jobs. The 4% may be employed elsewhere and therefore the do business as a way of supplementing their pay. The study shows that 4% of respondents might have employed somebody to do business for them. 96% were sorely relying on business for their day to day needs. This shows that where there is no proper control then business is likely to go under as the sole trader may not be able to meet his need out of his business

Legally Registered Business Name

The study sought to know whether businesses are legally registered as legal persons.

Table 34

Legally Registered Business Name	Frequency	Percentage %
Yes	88	08
No	08	92
Total	96	100%

The above diagram reveals that 92% of business persons do not have legally registered names, while only 8% are registered. This shows that the business is not separate from the owner and there may be no "lifting of the veil" in case of bankruptcy instituted by creditors and other borrowers. This shows that 92% of businesses are not distinct and separate from their owners or founders therefore making them most vulnerable. The study further reveals that in-case the sole trader is not able to meet his debts from business; his other personal property may be attached. Where business is legally registered, the creditor is only limited to the shares of the trader, and not to his property. The study shows that the Sole-traders have not been able to exploit the fact that they can register their business

as a wife and husband. This will make them separate and distinct persons with the business.

Running of the businesses

The study sought to know how businesses in Awendo town are run.

Table 35

Running of the businesses	Frequency	Percentage %
Managers/Employees	04	04
Family Members/Owners	90	94
Partners	02	02
Total	96	100%

From the table above, 4% of businesses were managed by employees, 2% managed by partners while 94% were managed by the owners or family members. The study shows that many businesses in this town are solely owned and managed by their owners. This study shows that the sole traders play a part in the economy of the county, and the county government should organise cheap ways of getting credit and also capacity building on the improvement of the business. The county government can increase many people into business if they only make cost of doing business cheaper. Thus will in return, increase County revenues due increased number of people doing businesses.

Operation of business to full potential

The study sought to know whether businesses were operating to their full expectations.

Table 36

Operation of business to full potential	Frequency	Percentage %
Yes	14	15
No	82	85
Total	96	100%

85% of the respondents felt that family businesses are not operating to their full expectations 5% felt otherwise. This could be as a result of businesses drawing reserves meant for expansion for family usage. Respondents also cited lack of finances to increase their stocks. The study reflects the sorry state of the sole traders. There are very many impediments to the success of their business such that it

discourages a person who would want to enter into sole proprietorship. Only 15% felt they were achieving their potential and therefore though many are not breaking even, they don't have alternative other than just sticking with the business. The study leaved that if there was option for something else, 85% would leave business to do it.

Succession planning seeks to manage issues of setting up a smooth transition between sole trader and the future owners of the business. Succession planning can be especially complicated because of the relationships and emotions involved - and because most people are not that comfortable discussing topics such as aging, death, and their financial affairs. Perhaps this is why more than 70 percent of family-owned businesses do not survive the transition from founder to second generation. In most cases family discord is the main killer of sole proprietorships (Ward, 2012).

Many small business owners strive to perform concurrent demanding roles. One role frequently involves a shared or sole responsibility for managing a family. The other role involves successfully creating and managing a new venture. Both roles usually require substantial time and use of the owner's physical and mental resources. These roles can frequently result in conflicting demands for these personal resources. This reduction in availability of resources potentially impairs the performance of both roles. Poor startup decisions that result in poor fit between the new venture and its environment may threaten the performance or even survival of the new venture (Venkatraman 1990).

A small business owner typically makes a series of very important decisions before, during and after starting a new business. These include strategic decisions such as what products and services to offer, how to promote them, and where to procure the resources that are needed to begin business operations. Poor initial decision-making may require changing locations because of incorrectly estimating market demographics or competitive density, or may involve replacing furnishings or remodeling in order to care for a different age or number of children than originally planned. Owners who possess little relevant business experience and business education at startup and are unable to make important startup decisions they should use professionals or consultants logic-based reasoning on business (Venkatraman 1990).

CHAPTER FIVE

5.0 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.

5.1 Summary of Findings

1. The first specific objective of the study was to characterize sole proprietor businesses in Awendo Town. From the study, sole proprietor business could be characterised according to the age, experience, and education of the sole proprietor. The study revealed that ages under 21 were 5%, 21-34 were 8%, 35-44 were 44% 45-54 were 28% while 55 years and above were 15%. The study revealed that ages 35-44% have a lot of responsibilities and therefore most settled on business in order to fulfil their many responsibilities. Ages 21 and under were still in school and therefore not many are in business.

The study also revealed that with enough training and preparation, the earlier someone starts business the better. This means that the older an entrepreneur is, the more experiences in business he has. Age thus implies extensive experience and asserts that experience is the best predictor of business success, especially when the new business is related to earlier business experiences. Entrepreneurs with vast experiences in managing business are more capable of finding ways to open new business compared to respondents who did not have prior business experience at all, or those with different career pathways.

The study further revealed that 3% had a 1st degree and above, 10% had diploma /Certificate 36% had high school education, 22% had primary education, and 29% had none. Though those with higher levels of education can be more successful because university education provides them with knowledge and modern managerial skills, making them more conscious of the reality of the business world and thus in a position to use their learning capability to manage business, the study revealed that most of them did not want to do business. Business was left to people who had little or no education at all. This shows perhaps the businesses fail to pick up because of lack of knowledge management.

2. The second objective was to identify factors that influence growth of sole proprietor businesses in Awendo Town. The data collected shows that the sole proprietor's growth is influenced by Cost of

running business, Financial Resources, Management and control, Marketing Strategy, Building/Location of the business, Suppliers/Customers, Cash-flow and debt management. 62% of respondents rarely go to banks for bank loans, 20% rarely go for loans, 10% always go for loans while 8% occasionally go for loans. The survey revealed that majority of respondents are discouraged by high interest rates and felt that if they took the loan they may not be able to repay therefore declining to take Bank loans and looking for other sources of financing for their business. Other respondents cited embarrassment that was melted to their business neighbours when there were unable to pay where their household items were taken to recover unpaid loans. Untamed interest rates was cited as a reason why the respondents do not take loans from the banks.

The study also revealed lack of understanding cash-flow management. Results indicate 45% of respondents occasionally understood cash flow in business, 34% always understood, 14% rarely understood while 7% never understood. Business that does not keep track of its cash flow may not be able to properly plan for their receipts and expenditures. This showed also that many respondents did not keep their records properly. Knowledge of book keeping was limited. The study revealed that many respondents did not see the need of keeping track of their incomes and expenditures. It is therefore not easy for the sole trader to be able to know whether they are making profits or loss.

3. The third objective of the study was to assess work related conflict. This makes sole proprietor businesses in this town very vulnerable as the death of the sole trader means the death of business. Lack of succession plan fails to spell out the clear vision of business and its continuity. It fails to leave business trail for future generations. The study revealed that most businesses are vulnerable because when the owner of business dies without leaving the vision for the business, the business is likely to collapse as result of infighting against members. Issues relating to professional advice also featured with the sole trader preferring advice from the family rather than from business experts

5.2 Conclusion

1. The responses on the key themes that affect profitability covered in research such as previous work experience, age of the sole proprietor, level of education of the owner and the age of the firm are elaborated. Most of the respondents did not have previous experience of running a business. Only 11 of the respondents had previous experience of running a business. There is a positive link between experience and performance of Sole proprietorships. This implies that potential traders can benefit

from prior experience by first being apprentices in other businesses before managing their own business.

Graduates are underrepresented in the Sole proprietorship business. This could be the result of the low turnover and also to the fact that graduates are unlikely to remain committed over the long term due to ambitious career plans. The average number of years which owners/managers have in running their business is worrying since they likely to cease operations after collar jobs are available. The mortality rate of sole traders in Awendo has been a cause for concern. The different interventions by government and private agencies are not reaping the desired fruits. Furthermore the County government is not taking the efforts of sole traders seriously since there is no dedicated data on sole traders in Awendo Town. Without a dedicated database of sole traders it is difficult to track the mortality rates of Sole proprietorships. This calls for the county government to form a body which will enable better utilization of resources and manpower to assist Sole proprietors

People should start business at an early stage. This helps somebody get experience and helps them improve their business acumen with time. There is a lot of potential in business if a person is well learned and puts business knowledge in practice. This allows a person to be innovative and a creator of new ideas. Business should not be for school dropout or as a last resort for non-employment. People should go into business with a set mind of excelling despite business vulnerabilities.

2. In order to resolve their cash flow problems many small business owners should increase their level of debt, mainly with financial institutions. Business costs in this town include permits, rent, salaries for employees, electricity, water and owner's salary. The study concluded that the greatest challenge to the sole traders in Awendo Town is the high cost of getting finances to boost their businesses. The high cost of getting loans from banks and other micro-financing organisations was great impediment towards getting loans. The sole proprietor's response to these loans is very discouraging from their rating of the various aspects of the loans including the terms and methods of recovery. Loans to sole proprietors will result in improved returns to both the sole proprietor's and the businesses. The study concluded that lack of finances is great impediment towards achieving full business potential.

3. Work-Family conflict should be resolved. This is by the vision bearer articulating the way forward for the business through succession plan. The relatives should also be made to know that controls have to be put in place and especially on family related expenses for the business to remain afloat or break even.

5.3 Recommendations

1. The study recommends that sole traders should start business early in life. Sole traders should gain prior experience before starting their own businesses. This can be done by being employed by other sole proprietors so that one can learn on success and pitfalls of business from another trader. The education system should be geared towards training on entrepreneurship skills, and encourage innovations to ensure people are equipped on those skills from early age.

2. The study recommends that sole traders should reduce the costs of running their businesses. This can be done by ensuring they have business plan in place, as this ensures that it gives them a road map on the business. Business plan can reduce costs in terms of sole proprietor being able to plan in advance and seeing whether the business is going to break even before inception. Sole traders should also consider organizing themselves into groups to give them the capacity of accessing adequate capital to invest in relatively reasonable sizes of businesses to reap a better return due to economies of scale.

The sole proprietors should be sensitized more about the advantages of taking up loans from loaning institutions, for their business and be encouraged to intensify their marketing and innovation skills. This is likely to yield better returns for them. Sole traders should also be encouraged to keep proper books of accounts of the activities they carry out in their businesses to enable them access credit facilities from other organizations and agencies that can support their courses.

The study recommends that the Sole Traders should pay themselves salaries. This will have an effect of reducing the cost of not accounting for cash taken from business for personal use as the risks associated with lack of accounting will have been dwelt with. This should however be done with caution as it could be detrimental to the business and especially where the sole proprietor may not have a standard salary paid to self.

3. The study further recommends that the Sole proprietor should have succession plan in place. This will reduce vulnerabilities that are caused by the business after the death of the trader. The sole trader should engage services of professional advisers other than discussing business at dinner table where professional advice is not likely to come from. The study also recommends that the sole trader should separate his business from family issues. This will help the business growth and reduce conflicts that make business vulnerable. This could come as a result of debts incurred by the trader, which are treated as debts for the whole family since the sole proprietorship is not a legal person. Family wrangles should be kept out of the sole proprietor businesses.

5.4 Further Research

This study recommends areas for further research. Reasons behind sole proprietor not going to the banks to get loans to boost their capital should be explored. These were supposed to assist sole traders in acquiring or procuring goods for furtherance of their businesses and making business managed to reach their full potential. Lack of sole traders not getting loans from banks created a vacuum to which the sole traders were left vulnerable to the challenging business environment. A study should also be carried out to determine an efficient and cost effective channel of training sole traders on business management and especially in areas of book keeping and to keep track of their receipts and expenditures.

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