

**THE NEXUS BETWEEN ENTREPRENEURIAL  
CHARACTERISTICS & BUSINESS PERFORMANCE IN KENYA  
AN EMPIRICAL ANALYSIS OF KINDERGARTEN OWNER MANAGERS IN NAIROBI**

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**Abstract**

*Purpose of this study is to investigate the relationship between entrepreneurial characteristics of the kindergarten owner managers and performance of their schools. A cross-sectional survey was carried out on kindergarten owner managers in Nairobi County. A sample of 80 entrepreneurs of Kindergartens was drawn from 29 locations of Nairobi County by stratified sampling technique. Pearson's chi-square test and Crammer's V Statistic were used to estimate the relationship. And, the results indicate that there is a statistically significant correlation between entrepreneurship characteristics and business performance. The kindergarten owners had an average age of 44 years. The owner managers were high on need for achievement and internal locus of control. The study shows that 50% of the owner managers were university graduates and had a business plan which they had implemented. The results further reveal that family business background has a significant relationship with Kindergarten ownership. The study recommends full implementation of the Kenya vision 2030 if entrepreneurial culture is anything to go by in the provision of early childhood quality education.*

*Keywords: Entrepreneur, Owner Manager, Entrepreneurship characteristics, Locus of Control, Need for Achievement, Business Performance and Kindergartens*

## INTRODUCTION

The term *kindergarten* is used to describe a variety of educational institutions for children ranging from two to seven years of age regardless of their teaching methods. Owner managers of the kindergartens in Kenya have a free hand in the teaching strategies of their kindergartens unlike their counterparts in large established primary and post primary schools. The kindergartens teaching strategies are believed to be related to the personality of the owner managers. As a result, entrepreneurial managerial decisions are highly correlated with the performance of the kindergartens. Maria Montessori is an example of an entrepreneurial educator of Kindergartens, who developed Montessori educational approach. This entrepreneurial approach is characterized by an emphasis on independence, freedom within limits, and respect for a child's natural psychological, physical, and social development. Although a range of practices exists under the name "Montessori", the Association Montessori Internationale (AMI) and the American Montessori Society (AMS) (2014) consider this approach as essential for quality early childhood education and conducive to sense learning and creative exploration.

Schumpeter (1934) described individuals who created new methods of doing business as entrepreneurs. They are the prime movers of economic development. Casson (2003) acknowledges that some scholars refer to owner-managers as entrepreneurs. This study also considers kindergarten owner managers as entrepreneurs from the Kirzner school of thought (Kirzner, 1973). Carland et al., (1988) contend that human beings tend to ignore the fact that beyond what is seen there are some underlying elements that trigger entrepreneurial behaviour among individuals. The individual is the prime mover of economic activity that leads to organizational performance. He/she is able to see opportunities, and undertakes the challenge to exploit them (Kirzner, 1973). Cooper (1998) explains that the major challenges of the entrepreneurs are to take decisions, to start, to manage, and to grow the business. This study therefore attempts to examine the extent of entrepreneurial characteristics of the owner-managers of Kindergartens and their relationship to school performance or business performance.

## ENTREPRENEURIAL TRAITS

Entrepreneurs are considered to have traits such as risk taking, high need for achievement, creativity & innovation, peripheral awareness, internal locus of control and problem solving Schumpeter, (1934); Cantillon (2003); Say (2005); Kirzner (1973); Thurik and Wennekers (2001); Knight (1921) Drucker (1970); Rauch and Frese, (2000); Llewellyn and Wilson, (2003), that are related to good business performance. However, inconsistencies between theory and

empirical findings have been identified in personality traits studies (Llewellyn and Wilson, 2003). Entrialgo et al., (2000); Littunen and Storhammar, (2000); Lee and Tsang, (2001); Jaafar and Abdul-Aziz, (2005) observed that it is common practice to associate the entrepreneurship traits with the startup businesses without going further to establish their relationship with performance. Johnson (1990) argues that there is no consistent universal entrepreneurship theory, but rather there are several different entrepreneurship approaches including psychology, sociology, anthropology, social science and economics. He emphasized that no common theoretical framework exists to synthesize the different entrepreneurship viewpoints. Some attempts have been made to develop a multidimensional approach to entrepreneurship from the different disciplines (Ntale, 2013). Economists for example view entrepreneurs as individuals who take initiatives and organize resources to produce consumer satisfaction or technological productivity. Cantillon (2003) defined entrepreneurs as individuals who are involved in the exchange for profit. Say (2005) looks at an entrepreneur as a person who moves resources from less productive to being more productive and thus creating wealth. He further explained that entrepreneurs used resources at their disposal to organize and direct the factors of production to achieve the satisfaction of human wants. In this they are not merely 'managers', but also strategists, forecasters, project appraisers, problem solvers, and risk-takers, hence creating wealth. Ntale (2013) argues that the family business background has an effect on entrepreneurial behaviour. Kirzner (1973) on the other hand, looked at an entrepreneur as a person with an ability to identify profit opportunities in any given economy. These economic perspectives share the view that the entrepreneur is the key player in the entrepreneurial function (Barreto, 1989), and were incorporated in varying degrees to the neoclassical microeconomics theory. According to the Schumpeterian school of thought, the entrepreneur is a fundamental agent in most production, distribution and growth theories. Entrepreneurship plays the crucial role of a driving force behind economic growth. Everybody is an entrepreneur when he/she comes up with new combinations of business production which is the engine that drives economic development. These "new combinations" are better ways to meet existing demand or create new products, new commerce, and new technologies, to displace the old way of doing business. This is famously referred to as "the process of creative destruction" (Schumpeter, 1934; Thurik and Wennekers, 2001).

Bygrave and Hofer (1991) argued that the process of entrepreneurship is initiated by an act of human volition. Sandberg (1986) criticized earlier researchers that they only provided conceptual discussions to challenge conventional theories, without establishing a relationship between the characteristics of the entrepreneur and their business performance. Llewellyn and

Wilson, (2003) highlighted that there are inconclusive research findings on the relationship between entrepreneurial traits and business performance.

On the other hand, different researchers have used different measures to estimate business performance. For example, Littunen and Storhammar (2000) used growth of the business, business profit margin, and entrepreneurs own assessment of success to estimate success of the business. Similarly, Lee and Tsang (2001) estimated the business performance through venture growth while Jaafar and Abdul-Aziz (2005) used composite elements to measure overall business performance. Blackman (2003) explains that the failure or under performance of business brings with it reduced earnings for the owner, staff, suppliers as well as a reduction in the average per capita spending power of the community where it is located.

Baron and Shane (2005) identified the five dimensions of entrepreneurship personality namely: *Conscientiousness* – the extent to which individuals are hardworking, organized, dependable and persevering versus being sluggish, disorganized and unreliable; *Extraversion versus introversion* – the degree to which individuals are gregarious, assertive and sociable versus being reserved, timid and quiet; *Agreeableness* – the extent to which individuals are agreeable versus uncooperative, disagreeable and belligerent; *Emotional stability* - the degree to which individuals are insecure, anxious, depressed and emotional versus calm, self-confident and secure; and *Openness to experience* – the extent to which individuals are creative, curious and have wide ranging interests versus practical and narrow interests. Carland et al. (1996), argued that entrepreneurial drive is infused with the knowledge of creativity and experience of a lifetime. It is then filtered through intuition. They go on to say that intuition is the driver which enables one to what is not there. They further explained that the primary function of intuition is to transmit images or perceptions into the entrepreneurial mind which could not be perceived in any other way. Consequently, intuition is an unconscious perception which encompasses the greatest awareness of the entrepreneur's possibilities.

Westhead and Wright (1998) agree that there is a need to consider the entrepreneur as the appropriate unit of analysis, rather than the business. Sandberg (1986) established that the structures of the industry and business strategy play a role in business performance, but he was unable to empirically establish the influence the characteristics of the entrepreneur on business performance. This is the knowledge gap this paper attempts to address. Kenya underscores the importance of entrepreneurship as it is evidenced in the Kenya Vision 2030. The vision is the country's development programme covering the period 2008 to 2030 whose objective is to transform Kenya into an industrialized, middle-income state. The Vision is based on economic, social, and political pillars (GoK, 2008).

## EMPIRICAL REVIEW

Brandstatter (1997) investigated the personality profiles of 157 owner managers, 98 people who had taken over a business and 104 people who expressed an interest in setting up a small business. He found out that the owner managers were more emotionally stable ( $t=1.96$ ,  $p=.051$ ), less rational and therefore more intuitive ( $t=-2.28$ ,  $p=.023$ ) and more independent ( $t=3.35$ ,  $p=.001$ ) than those who had taken over businesses from others. Chell et al. (1991) classified businesses on the basis of personality characteristics, strategies, and demographic attributes of the owner managers. They found out that the prototyped entrepreneurs were alert to business opportunities regardless of the resources they controlled. They were innovative, and utilized a variety of sources of finance. They had a high need to achieve. They constantly tried to modify the environment and create favorable situations.

Miner (1997) categorized business owners into four different personality types. The “personal achievers” is similar to the classical entrepreneur proposed by McClelland (1961). His business owner was characterized by need to achieve, a desire to get feedback, and to plan and to set goals, strong personal initiative, strong commitment to the venture, internal locus of control, and a belief in personal goals rather than those of others. The “real manager” possesses 13 characteristics that are similar to those of managers. Some of his characteristics are: a high supervisory ability, a need for occupational achievement, a need for self-actualization, positive attitudes towards authority, a desire to compete with others, directive in cognitive style and others. Miner (1997) showed that business founded by personal achievers had grown more than those of other types. There was also evidence, that those business owners were characterized by more than one pattern were more likely to be successful.

Nicholson, Fenton-O’Creevy, Soane and Willman (2002) examined the relationship between risk taking behaviours and personality in 1,669 university students and executives (576 females and 936 males). They used the NEO-PI-R a popular measure of the five main personality traits that has extensive validity evidence, and a risk taking behaviour scale. Using multiple regression analysis, they found out that entrepreneurial behaviors in relation to business start-ups, were related to career, finance and social risk taking ( $r = .138$ ,  $.085$  and  $.105$  respectively, all  $p < .05$ ). They also found that these forms of risk taking were all negatively related to neuroticism ( $r = -.091$  to  $-.146$ , all  $p < .01$ ) and agreeableness ( $r = -.167$  to  $-.196$ , all  $p < .001$ ), and positively related to openness to experience ( $r = .113$  to  $.327$ , all  $p < .001$ ). Social risk taking was positively associated with extraversion ( $r = .233$ ,  $p < .001$ ), but the relationship with financial risk taking was only of borderline significance ( $r = .090$ ,  $p < .05$ ), and no relationship was observed with career risk taking ( $r = .021$ ,  $p > .05$ ). Conscientiousness was negatively

related to financial risk taking ( $r = -.170$ ,  $p < .001$ ) and career risk taking ( $r = -.082$ ,  $p < .01$ ), but was not significantly associated with social risk taking ( $r = -.048$ ,  $p > .05$ ).

Schmitt-Rodermund (2001) examined the efficacy of psychological predictors of entrepreneurial success. 116 entrepreneurs from East Germany were interviewed using a semi-structured questionnaire and completed a German version of the NEO-PI-R. Structural equation modeling results suggested that low levels of agreeableness and neuroticism, high extraversion, openness to experience and conscientiousness were closely associated with entrepreneurial success. The weaknesses of Schmitt-Rodermund (2001) study is that there was a small number of subjects for the use of structural equation modeling where Boomsma (1983) suggests that 200 subjects are necessary to test small to medium sized models. The use of this scale is said to have little validity evidence. Despite this, the study suggests that while entrepreneurs may be more likely to be low in conscientiousness, successful entrepreneurs may in general be comparatively higher in conscientiousness.

Looking at the risk taking trait of the entrepreneur, Carland et al. (1995) examined the risk taking propensity of a sample of 114 entrepreneurs, 347 small business owners, and 387 managers using the Risk Scale of the Jackson Personality Inventory (JPI) test. They used a convenience sample, with participants located in 20 states, primarily in the Southeastern United States. The number of respondents ( $N=848$ ) suggested a level of confidence for this convenience sample approaching that of a random sample. The primary focus of their investigation concentrated on managers and business owners. The results revealed that the owners displayed a higher level of risk taking than managers did. They then examined differences among entrepreneurs, small business owners and managers, which revealed that the three groups of respondents displayed different levels of risk taking propensity. Entrepreneurs had the highest propensity for risk taking, followed by small business owners, with managers displaying the lowest level.

Stewart and Roth (2001) conducted a meta-analytic review of the differences in risk taking between entrepreneurs and managers, and included 12 studies published between 1980 and 1999. In all of these studies psychometric measures were used, and they included a variety of sample types such as small-business owners, growth-orientated founders, midlevel managers and immigrant founders. Stewart and Roth (2001) state that the results were affected by measurement difficulties, In particular they criticize the validity of the Kogan-Wallach Choice Dilemmas Questionnaire (CDQ). Stewart and Roth (2001) conclude that the risk propensity of entrepreneurs is higher than that of managers, and this is the case with entrepreneurs whose primary goal is venture growth instead of producing a family income.

## METHODOLOGY

The study used a cross-sectional survey research design because soft variables were under investigation. Ordinal scale was used to measure the variables in terms of magnitude and extent, while ratio scale was used to measure population, size, age and education. Furthermore, nominal scale was used for gender. A questionnaire was employed in data collection. The target population in this study was owner managers of the early childhood education institutions in Kenya. The sampling frame consisted of Kindergarten Head teachers Association (KHA) member schools. Stratified random sampling technique was used to select 80 schools from 30 locations where the owner managers were the respondents. The reliability and validity of the research instrument were assessed by Cronbach's Alpha coefficient. The average coefficients ranged from 0.50 to 0.90 with majority being over 0.70.

Descriptive and inferential statistics were used to estimate the results. Descriptive statistics estimated the extent of entrepreneurial traits among owner managers, while correlation analysis was used to estimate the relationship between entrepreneurial characteristics and owner managers of kindergartens.

Need for achievement (*n-Ach*) of owner managers was measured on personal needs, through a scale developed by Alderfer's (1972) 'Episodic Desire Measures' also used by Blackman (2003). The reliability of the 5 item *n-Ach* scale was Cronbach's Alpha coefficient of 0.6121 which is acceptable. Owner manager's locus of control was Cronbach's Alpha of 0.5696 which is acceptable. Correlation analysis was estimated by Pearson's Chi-square using the formula indicated:

Pearson's chi-square:

$$\chi^2 = \sum \frac{(O - E)^2}{E}$$

E - Expected Values for cells in the table:  $E = \frac{\text{Row Total} \times \text{Column Total}}{n}$

O - Observed frequency: These are the observed data in the contingency table

Degrees of freedom (df):  $(r - 1)(c - 1)$  r = number of rows, c = number of columns

P values were used to estimate the error made by rejecting the null hypothesis

## ANALYSES AND FINDINGS

### Qualitative Description

The factors that account for the wide variation observed in kindergartens growth trajectories are not clearly understood as some kindergartens expand rapidly, while others stagnate. In many kindergartens, the principal owner is most likely to be working in the school as compared to the

large post primary schools. Therefore the management and the entrepreneurial culture of the kindergartens are closely controlled by the owner managers who make most of the management decisions about the operations. This being the case, the entrepreneurial characteristics of the owner managers would have an impact on business performances.

It was observed that kindergartens contribute a lot to community development and creation of jobs. These are their top areas of achievement and satisfaction, as opposed to higher profits and lowering the costs of running their schools. This deviates a little from the expectations that entrepreneurs get into business for purely profits. There is a social call to this kind of business.

From the perception of the kindergarten owners, the entrepreneurs in this sector will benefit more if they have supporting financial institutions as well as government grants which would enable them grow their schools as they feel that early childhood education receives very little attention from the government yet it is so crucial in the education sector of any country. It was also observed that more men are now getting into kindergarten industry which has been female dominated from time immemorial.

### **Descriptive Statistics**

The study established that the owner managers of Kindergartens in Nairobi had an average age ranging from 25 to 65 years and had an average age of 43.7 years. 84.6% of entrepreneurs were female while 15.4% were male. Business ownership experience shows that 59.6% owner managers' mothers had businesses as compared to 44.2% fathers who had owned businesses. This study established that 65.4% of the owner managers had siblings who had owned or operated businesses. This seems to indicate that family background is associated with entrepreneurship. 55.8% of the kindergarten owners had professional fathers while 36.5% had professional mothers. The study established that 29% of the fathers of owner managers of kindergartens had at least secondary education as compared to 23% of their mothers who had secondary education. 16% of the fathers of the owner managers had a university degree while only 7% of the mothers of the owner managers had a degree. 50% of the owner managers had a degree and the other half had diplomas. The owner managers had training after completing school in various professional skills. Proportions were management skills (55.8%), occupational (32.7%) and business (11.5%). The need for achievement and locus of control were found to be high in the owner managers of kindergartens. This indicates that owner managers of kindergartens are entrepreneurs (Cassons, 2003).

## Business performance

The study established that 61.5% of the kindergarten owners founded their businesses and 38.5% purchased all or part of their schools. 57.8% of kindergartens in Nairobi are sole proprietorship while 42.3% are partnership businesses. The findings indicate that 61.6% of the owner managers had between 2 or 3 key decision makers; about 50% had one decision maker as a member of the family. The study shows that a large proportion of the owner managers involved their family members in decision making in the business.

The aspect of business performance was measured in two ways: one in terms of business plans and other by cash inflow. Results show that all those who had business plans implemented them. 67% of the entrepreneurs had documented business plans and 33% did not have. The results indicate that 55.7% of the owner managers had an increase in personal income and 42.3% had no change in personal income. The study shows that two-thirds of the entrepreneurs had experience of ten years utmost and a third for over 11 years. The study established that 94.2% of the owner managers had an internal locus of control while only 5.8% had an external locus of control. This finding supports Julian Rotter's theory. Entrepreneurs are characterized by their need for achievement (*n-Ach*), and locus of control, (McClelland, 1961:1987; Rotter, 1966; Robbin, 1989; Rauch and Frese, 2000; and Blackman, 2003) used by researchers and measured through various scales.

## Correlation Analysis

Pearson's chi-square test was used to establish associations between entrepreneurs' characteristics business performances. Findings on the entrepreneurial characteristic of Parents business ownership showed significant relationship between possession of a business plan and its implementation (Tables 1 and 2).

Table 1: Entrepreneurs' Parents owning business and possession of a business plan

		Possession of a Business Plan					
		No plan		Had Plan		Total	
		No.	%	No.	%	No.	%
Parents Business Ownership	No Business	8	15.4	7	13.5	15	28.8
	Owned Business	9	17.3	28	53.8	37	71.2
Total		17	32.7	35	67.3	52	100

$\chi^2(1) = 4.082, p < 0.05$       Crammer's V = .280

Table 1 shows that 53.8% of entrepreneurs who had parents with businesses had a business plan and also implemented them. The association is strong as the  $p$  – value of the  $\chi^2$  statistics is less than 5% ( $p < 0.05$ ).

Table 2: Entrepreneurs' Parents owning a business and implementation of a business plan

		Implementation of Business Plan					
		Did not use plan		Used Plan		Total	
		No.	%	No.	%	No.	%
Parents Business Ownership	No Business	9	17.3	6	11.5	15	28.8
	Owned Business	9	17.3	28	53.8	37	71.2
Total		18	34.6	34	65.4	52	100

$$\chi^2(1) = 6.002, p < 0.05 \text{ Crammer's } v = .340$$

It is clear in table 1 and 2 that there is a significant association between Entrepreneurs' parents owning businesses and possession of a business by their offspring as  $\chi^2(1) = 4.082, p < 0.05$  and implementation of the business plan  $\chi^2(1) = 6.002, p < 0.05$ . Rauch and Frese (1997) found that planning facilitated the relationship between achievement orientations and success. They found that strategies mediate the relationship between entrepreneurial personality and business success. Entrepreneurial personality is thus related to business performances (Blackman 2003).

Table 3 shows association of entrepreneurs' educational level and business ownership which is  $\chi^2(1) = 1.300, p = .196$ , while *n-Ach* and implementation of the business plan  $\chi^2(1) = 1.353, p = 0.199$ . The remaining attribute of parental skill and value of locus of control showed no associations to business performances. The results suggest that we reject the null hypothesis and therefore there is a relationship between entrepreneurship characteristics and business performance.

Analysis of the associations found between the entrepreneurs education level and business performance measured by number of employees is contained in contingency Tables 3, 4 and 5. In Table 3 the education level is associated with good performance as far as employment is concerned as  $\chi^2(1) = 8.497, p < 0.005$ . Crammer's  $v = .404$  shows that a 10% increase in the average education level of owner managers is associated with 40% increase in employment.

Table 3: Entrepreneurs' education level and number of employees

		Number of employees					
		1 - 15		16 and above		Total	
		No.	%	No.	%	No.	%
Education level	High school certificate /diploma	22	42.3	4	7.7	26	50
	Graduate/post graduate	12	23.1	14	26.9	26	50
Total		34	65.4	18	34.6	52	100

$$\chi^2(1) = 8.497, p < 0.005 \quad \text{Crammer's } v = .404$$

Table 4 indicates that 48% of the graduate owner managers and 37% of High school certificate and diploma holder owner managers were associated with the business goal of industry leadership. Crammer's  $v=0.390$  means that a 10% increase in the owner managers' education level is associated with a 39% increase in the belief in industry leadership.

Table 4: Entrepreneurs' education level and business industry leadership

		Business industry leadership					
		Important		Very important		Total	
Education level		No.	%	No.	%	No.	%
	High school certificate /diploma	9	13.5	17	36.5	26	50
	Graduate/post graduate	1	1.9	25	48.1	26	50
Total		8	15.4	44	84.6	52	100

$$\chi^2(1) = 7.924, p < 0.005 \text{ Crammer's } v = .390$$

It is interesting to note that from Table 5. It is estimated that 50% of the graduate owner managers felt that they had a positive contribution to the community.

Table 5: Entrepreneurs' education level and contribution to the community

		Business contribution to the community					
		Important		Very important		Total	
Education level		No.	%	No.	%	No.	%
	High school certificate /diploma	4	7.7	22	42.3	26	50
	Graduate/post graduate	0	0.0	26	50.0	26	50
Total		4	7.7	48	92.3	52	100

$$\chi^2(1) = 4.333, p < 0.05 \text{ Crammer's } v = .289$$

Findings in Table 6 indicate that 53.8% entrepreneurs who had parents with businesses felt that kindergarten were very profitable businesses and that there is a strong association between parent business ownership and the offspring perceptions of profitability,  $\chi^2(1) = 4.082, p < 0.05$ , Crammer's  $v = .280$

Table 6: Entrepreneurs' Parents owning a business and business profits

		Business profits					
		Important		Very important		Total	
		No.	%	No.	%	No.	%
Parents Business Ownership	No Business	8	15.4	7	13.5	15	28.0
	Owned Business	9	17.3	28	53.8	37	71.2
Total		17	32.7	35	67.3	52	100.0

$$\chi^2(1) = 4.082, p < 0.05 \text{ Crammer's } v = .280$$

Table 7 indicates that entrepreneurs who had parents with businesses were strongly associated with the feeling of industry leadership 44.2% of the owner managers felt that they were industry leaders. Family business background is highly correlated with the feeling of industry leadership  $\chi^2(1) = 7.589, p < 0.01$  and Crammer's  $v = .382$

Table 7: Entrepreneurs' Parents owning a business and feelings of industry leadership

		Satisfaction with industry leadership					
		Satisfied		Very satisfied		Total	
		No.	%	No.	%	No.	%
Parents Business	No Business	12	23.1	3	5.8	15	28.0
Ownership	Owned Business	14	26.9	23	44.2	37	71.2
Total		26	50.0	26	50.0	52	100.0

$$\chi^2(1) = 7.589, p < 0.01 \text{ Crammer's } v = .382$$

Table 8 shows entrepreneurs with parents owning businesses and the sense of contribution to the community. The table shows that 55.8% of the kindergarten owners with family business background feel that they are contributing very much to the community,  $\chi^2(1) = 5.039 p < 0.05$ , Crammer's  $v = .311$ .

Table 8: Entrepreneurs' Parents owning a business and satisfaction with contribution to community

		Contribution to community					
		Satisfied		Very satisfied		Total	
		No.	%	No.	%	No.	%
Parents Business	No Business	8	15.4	7	13.5	15	28.0
Ownership	Owned Business	8	15.4	29	55.8	37	71.2
Total		16	30.8	36	69.2	52	100.0

$$\chi^2(1) = 5.039 p < 0.05 \text{ Crammer's } v = .31$$

Table 9 shows that kindergarten owners with a business family background feel that they are creating jobs for the people,  $\chi^2(1) = 13.742, p < 0.001$ , Crammer's  $v = .514$ .

Table 9: Entrepreneurs' Parents owning a business and job creation

		Satisfaction with job creation					
		Satisfied		Very satisfied		Total	
		No.	%	No.	%	No.	%
Parents Business	No Business	12	23.1	3	5.8	15	28.0
Ownership	Owned Business	9	17.3	28	53.8	37	71.2
Total		21	40.4	31	59.6	52	100.0

$$\chi^2(1) = 13.742, p < 0.001 \text{ Crammer's } v = .514$$

Table 10 indicates the association of owner managers' family business background and feeling of stability. 46.2% of the kindergarten owners with family business background are associated with business stability. Family business background is strongly associated with business stability,  $\chi^2(1) = 6.266$   $p < 0.05$ , Crammer's  $v = .347$ .

Table 10: Entrepreneurs' Parents owning a business and satisfaction with business Stability

		Satisfaction with business Stability					
		Satisfied		Very satisfied		Total	
		No.	%	No.	%	No.	%
Parents Business	No Business	11	21.2	4	7.7	15	28.0
Ownership	Owned Business	13	25.0	24	46.2	37	71.2
Total		24	46.2	28	53.8	52	100.0

$$\chi^2(1) = 6.266 \quad p < 0.05 \quad \text{Crammer's } v = .347$$

In Table 11 there is almost equal distribution of entrepreneurs who had parents owning a business and business growth. However the slightly larger majority (38.5%) were very satisfied with their business growth. Family business is highly correlated with business growth  $\chi^2(1) = 5.018$ ,  $p < 0.05$ , Crammer's  $v = .311$ .

Table 11: Entrepreneurs' Parents owning business and business growth

		Business growth					
		Satisfied		Very satisfied		Total	
		No.	%	No.	%	No.	%
Parents Business	No Business	12	23.1	3	5.8	15	28.0
Ownership	Owned Business	17	32.7	20	38.5	37	71.2
Total		29	55.8	23	44.2	52	100.0

$$\chi^2(1) = 5.018, \quad p < 0.05 \quad \text{Crammer's } v = .311$$

Table 12 shows the association between Need for achievement (*n-Ach*) and business experience. The results show that 57.7% of the owner managers had owned their business for 10 years utmost. 21.2% of the kindergarten owners were associated with high *n-Ach* element of entrepreneurship, these concerns with David McClelland's theory of entrepreneurship. The results of the study show that there is very strong correlation between high need for achievement (*n-Ach*) and business experience.  $\chi^2(1) = 14.597$ ,  $p < 0.001$ , Crammer's  $v = .530$  which means that a 10% increase in the average business experience is associated with a 53% increase in the need for achievement by the owner managers.

Table 12: Entrepreneurs' need for achievement (n-Ach) and business experience

		Years of experience in business					
		1 - 10		11 and above		Total	
		No.	%	No.	%	No.	%
Need for achievement (n-Ach)	High	8	15.4	11	21.2	19	36.5
	Very high	30	57.7	3	5.8	33	63.5
	Total	38	73.1	14	26.9	52	100.0

$$\chi^2(1) = 14.597, p < 0.001 \text{ Crammer's } v = .530$$

Table 13 shows the association of need for achievement (*n – arch*) and business contribution. The results show that owner managers with very high need for achievement with very high need for achievement are associated with 13 a very strong feeling of business contribution to the community,  $\chi^2(1) = 7.880, p < 0.005$ , Crammer's  $v = .389$ .

Table 13: Entrepreneurs' need for achievement (n-Ach) and contribution to the community

		Business contribution to the community					
		Important		Very important		Total	
		No.	%	No.	%	No.	%
Need for achievement (n-Ach)	High	8	15.4	11	21.2	19	36.5
	Very high	3	5.8	30	57.7	33	63.5
	Total	11	21.2	41	78.8	52	100.0

$$\chi^2(1) = 7.880, p < 0.005 \text{ Crammer's } v = .389$$

Table 14 shows the association between locus of control and business experience. The results show that 57.7% of the owner managers had owned their business for 10 years utmost. 21.2% of the kindergarten owners were associated with internal locus of control element of entrepreneurship, this concurs with Julian Rotter's theory of entrepreneurship. The results of the study show that there is very strong correlation between locus of control and business experience.  $\chi^2(1) = 14.597, p < 0.001$ , Crammer's  $v = .530$  which means that a 10% increase in the average business experience is associated with a 53% increase in the locus of control by the owner managers.

Table 14: Entrepreneurs' locus of control and business experience

		Years of experience in business					
		1 – 10		11 and above		Total	
		No.	%	No.	%	No.	%
Locus of control	External	8	15.4	11	21.2	19	36.5
	Internal	30	57.7	3	5.8	33	63.5
	Total	38	73.1	14	26.9	52	100.0

$$\chi^2(1) = 14.597, p < 0.001 \text{ Crammer's } v = .530$$

Table 15 shows the association of locus of control and business contribution. The results show that owner managers with internal locus of control are associated with a very strong feeling of business contribution to the community,  $\chi^2(1) = 7.880$ ,  $p < 0.005$ , Cramer's  $v = .389$ .

Table 15: Entrepreneurs' Locus of Control and contribution to the community

		Business contribution to the community					
		Important		Very important		Total	
		No.	%	No.	%	No.	%
Locus of control	External	8	15.4	11	21.2	19	36.5
	Internal	3	5.8	30	57.7	33	63.5
Total		11	21.2	41	78.8	52	100.0

$\chi^2(1) = 7.880$ ,  $p < 0.005$  Cramer's  $v = .389$

The findings indicate that the relationship between entrepreneurial characteristics and business performance. Ket De Vries (1985) explained that the hardship background of entrepreneurs push them into entrepreneurship by working hard to protect themselves against such insecurities. This is in line with the major approach to entrepreneurship that looked at the social forces which shape entrepreneurs. Early socialization has been found to influence the decision to make entrepreneurship as a career. The presence of entrepreneurial role models in the family, or childhood insecurities stemming from rejection from a father or the hardships of poverty result in driving ambition, resistance towards authority and a tendency to take risks. Rauch and Frese (2000); Blackman (2003) agree that a general entrepreneurial traits can predict entrepreneurial behavior only through certain intervening processes. The most important processes are strongly related to actions as shown by the Giessen-Amsterdam model of small business owner's success (Rauch and Frese, 2000). Very similarly, Herron and Robinson (1993) argue that entrepreneurial personality traits are mediated by motivation in the determination of entrepreneurial behaviors. Research by Baum et al., (2001) showed that business strategies and motivation for growth facilitate the relationship between general entrepreneurial traits and business performance.

## CONCLUSION

Entrepreneurial characteristics theories describe the entrepreneur in terms of their behaviors and functions that they perform in the business. The entrepreneurs are recognized to identify business opportunities, marshal resources, design business systems and implement strategies to exploit the opportunities (Rauch and Frese: 2000). The study considers kindergarten owner managers as entrepreneurs and that they are in business of early childhood education. The study shows the relationships between broad personality traits such as locus of control and high

need for achievement which are the elements of the entrepreneurship. These elements contribute to the way the entrepreneurs manage their businesses which affect business performance either positively or negatively. It follows then that the study of entrepreneurial characteristics, traits and their relationship to business performance, enables added earnings for the entrepreneurs and kindergarten stakeholders and eventually growth of the economy. The focus the study is on how identified characteristics can be bolstered by training in management and leadership resulting in successful business and a growing economy. The entrepreneurs then would benefit if they were in a position to identify their characteristics and traits. The study has established that entrepreneurial characteristics are empirically linked to business performances.

The business of the innovative entrepreneur will consequently, grow through the dual process of taking market share from existing suppliers, increasing overall demand for the services offered in the market by extending the boundaries of economic activity. The process of creative destruction is built on dynamic and deliberate entrepreneurial efforts to change market structures and provide additional innovations and profit opportunities in the early education. The entrepreneurs in this study had characteristics of a high need of achievement and high internal locus of control enterprising research in the empirical review by McClelland (1961) Rotter (1966) and Robbins (1989). The entrepreneurs were educated at a higher level than their parents, most with a certificate diploma or degree, agreeing with Storey (1994). Storey (1995) stated that education provides a foundation from which the entrepreneur can undertake the personal and professional development necessary for successful entrepreneurship. In the area of education, it is necessary for the entrepreneurs to have some training in this field to setup and manage their schools, deal with customers confidently and government agencies.

Storey's ideas are also supported in the findings that it is likely that a trade qualification is more suited to success in many mainstream business and degrees to more high technology business. This may be seen in the equal number of entrepreneurs with qualifications above a certificate or diploma in relation to a degree. Nichter and Goldman (2005) state that business with better educated owners and managers tend to be more productive. This is supported in this study by the findings on level of education and its relation to industry leadership and contribution to the community. The entrepreneurs' family business background supports this research, Hisrich and Peters (2012) assert that the entrepreneurial background of a person influences him/her to become an entrepreneur.

The education level of the entrepreneur was found to be related to the number of employees in a business, and the feeling of industry leadership and significant business contribution to the community. Entrepreneurs with a family business background were found to

be strongly associated with business performances. Implementation of business plan was related to the business performance. Education level was also related to number of business i.e. the higher the education level of the owner manager, the higher the number of employees in the business. Entrepreneurial trait need for achievement (*n-Ach*) is associated with experience of the owner managers of the business. Kindergarten owner managers felt that their businesses had a strong contribution to the communities they were serving. Internal locus of control was found to be highly correlated to business performance.

## RECOMMENDATIONS

Kenya vision 2030 is the home grown entrepreneurship strategy for the Kenyan economy and therefore, the study makes the following policy recommendations:

1. The Kenya education institutions should play a key role in the formation of entrepreneurial culture in the education sector.
2. Kindergartens should be recognized as institutions that offer essential community service.
3. Since education level was found to be highly associated with good performance, we recommend the government to regulate the education of the owner managers.
4. Early education institutions should emulate creativity and innovation of the Montessori education system to ensure quality in the early childhood education.
5. Kindergarten owner managers should be encouraged to have the spirit of entrepreneurship in their undertakings as advocated in the Kenya Vision 2030.
6. Early childhood institutions of learning should incorporate business planning in their curriculum for prospective kindergarten owner managers.
7. Owner managers of kindergarten should be trained in entrepreneurial skills in order to come up with more effective and efficient way of teaching children.

## LIMITATIONS OF THE STUDY

Entrepreneurial characteristics which were under investigation are internal elements of an individual which are hard to measure the study could only infer locus of control and need for achievement. The study examined the strength of association between entrepreneurial characteristics and business performance. It did not go further to estimate the effect of characteristics on the performance of kindergartens.

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