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# DBA AFRICA MANAGEMENT REVIEW

VOLUME 8 NO 2

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**THE CEO'S ENTREPRENEURIAL LEADERSHIP JOURNEY:  
THE MOTIVATIONS, TURNING POINTS AND THE  
ATTENDANT CHALLENGES**

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## THE CEO'S ENTREPRENEURIAL LEADERSHIP JOURNEY: THE MOTIVATIONS, TURNING POINTS AND THE ATTENDANT CHALLENGES

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### Abstract

**This article aims to trace the entrepreneurial journey of CEOs of successful mid-sized companies in Kenya. This was done by documenting their motivations, their turning points and the challenges they face in pursuits of their entrepreneurial pursuits. The study used primary data collected from Chief Executive Officers (CEOs) of mid-sized companies and entrepreneurial leadership experts through combination of methods namely: survey, case studies and the Delphi method. The results indicate that CEOs take different and unique routes in their entrepreneurial journey. This can be linked to variations in their family and social groups they belong to and their personal drive. Entrepreneurial journey is characterized by ups and downs which are experienced differently. The main challenges facing CEOs in Kenya include financial constraints, intrapersonal challenges, family pressures and demands, social obligations, unethical practices in business performance. Some of the challenges that CEOs encounter in the course of executing their duties challenges their character and societal ideals. A case in point is the rampant corruption that has currently permeated in every aspect of the society. In some cases to get a business opportunity both in government and private sector, one is required to bribe in order to be favoured. The big question to the CEOs is whether to or not to engage in corrupt dealings. In a society where the corrupt are the winners, being ethical may jeopardize chances of entrepreneurial survival. As such, corruption is a major detriment and work against personal efforts for development of entrepreneurial competencies.**

**Keywords:** Entrepreneurial leadership, entrepreneurial leadership journey, entrepreneurial pursuits

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## 1.0 Introduction

Entrepreneurship has been regarded as a main driver for economic growth, development and employment generation in many countries worldwide (Raposo et al, 2011; Szirmai et al, 2011). It has therefore captured the attention of policymakers, educators and researchers in the last few decades. However, scholars have not agreed on the key factors that impact entrepreneurial intention. Identifying the factors impacting individuals' entrepreneurial intention and motivations has a high level of significance in specifying the extent to which individuals are interested in starting-up a business. Why do some people but not others choose to become entrepreneurs? This is a basic question in the field of entrepreneurship (Baron, 2004). Scholars have used different approaches to examine this question including but not limited to trait, demographic, cognitive, and environmental reasons, but not a single approach is sufficient to explain this entrepreneurial behavior. It has been argued that reasons why some people and not others choose to become entrepreneurs cannot be understood adequately without consideration of both the individual and the environment.

## 2.0 Study Methodology

The study used a mixed methods research design which combined three different data collection methods to generate rich primary data, which were then subjected to both quantitative and qualitative analysis. This study used primary data obtained from CEOs of mid-sized companies and entrepreneurial leadership experts through a survey, case studies and Delphi methods.

The combination of these methods was intended to help improve the validity of results and also allow for complementarity in data collection for the purposes of attaining high levels of completeness. As a result, three research data collection methods that were adopted and their attendant three levels of collection; the study involved three levels of data analysis.

This study deployed both qualitative and quantitative research approaches. The qualitative approach was used to obtain in-depth information from purposively selected CEOs. This approach is suited to entrepreneurial leadership development research at a paradigmatic and methodological level.

Quantitative tools were used to collect and analyze quantitative data. Quantitative research deals with the measurement of quantity or amount. It is normally applicable to phenomena of which data can be presented in numerical terms. Experts Survey (quantitative), CEOs Survey (quantitative) and a set of ten Case Studies (qualitative) were conducted. Experts' survey was used to generate general information about entrepreneurial leadership development. This information was built on and validated through CEOs survey and case studies.

## 3.0 Findings and Discussions

### 3.1 Reasons for becoming Entrepreneurs

The survey participants were asked to rate the various reasons that led them to become entrepreneurs. The results of the study indicate that against the reasons presented to the entrepreneurs to rank in terms of what led them to becoming entrepreneurs, nine of those reasons scored

over 80% ( most important and important) on a scale of 1-5 from the most important (1) to least important (5) (See Table 4.3). The reason for wanting to make decisions crucial to the business successes scored the highest 93% with a mean of 1.52 followed by the ‘desire to have personal satisfaction of creating and running a successful business’ and ‘wanting to work directly with their customers’ at 92% and 91% and means of 1.51 and 1.47 respectively. The need to be able to work in fields that respondents really enjoy was ranked at 90% with a mean of 1.50 while wanting to participate in every aspect of running a business and wanting to be one’s own boss was ranked at 88% each.

The need to make money for self rather than for someone else was at 86% while the desire to learn and gain experience in a variety of disciplines and the need to build retirement value was at 84% and 80% respectively. The reason of being encouraged by family or close relative scored 71% while being forced to entrepreneurship due to unemployment scored 26% indicating least important to most of the entrepreneurs in the Top 100 mid-sized companies in Kenya. Table 1 simplifies the reasons that the CEOs gave for becoming entrepreneurs and their scores.

*Table 1: Reasons for becoming an entrepreneur*

<b>Reasons that led to being an entrepreneur</b>	<b>Very important/ important (%)</b>	<b>Not sure (%)</b>	<b>Least/less important (%)</b>
Wanted to be making decisions crucial to the business success	93	3	4
Wanted to have the personal satisfaction of creating and running a successful business	92	6	2
In order to work directly with my customers	90	6	4
Wanted to be able to work in a field I really enjoy	90	7	3
Wanted to be own boss	88	6	6
wanted to participate in every aspect of running a business	88	6	6
Wanted to make money for self rather than for someone else	86	4	10
Wanted to learn and gain experience in a variety of discipline	84	6	10
Wanted to build retirement value	80	10	10
Encouraged by family or close relative	70	6	24
Was forced due to unemployment	26	4	70

*Source: Survey Data 2014*

Further, a test of significance was done using Friedman's Chi-square and Kendall's W (Coefficient of concordance). The results presented in table 4.4 show that; Friedman's Test ( $\chi^2 = 398.282$ ; d.f=10 ; p= 0.000) implying there is statistical difference in the mean rank of the reasons that led the participants to

*Table 2: Test Statistics*

entrepreneurship. However, on the significance of the agreements, Kendall's coefficient of concordance (W = .330; df=10; p=0.000) show that the concordant on what led the participants to entrepreneurship was weak but statistically significant.

**ANOVA with Friedman's Test**

		Sum of Df	Mean	Friedman's	Sig	
		Squares	Square	Chi-Square		
Between People		31.569	104	.304		
<b>Within People</b>	<b>Between Items</b>	79.751 <sup>a</sup>	10	7.975	398.282	.000
	Residual	130.499	1040	.125		
	Total	210.251	1050	.200		
Total		241.820	1154	.210		

**Source: Survey Data 2014**

It can therefore be deduced from the study that the prospect of being own master is the strongest reason for people becoming entrepreneurs. When you are an employee, you work for others according to their plans, whims and finances. In entrepreneurial leadership, it is you who set the goal, plan the action and reap the satisfaction and rewards of having achieved the goal. Entrepreneurs are their own boss and boss to other people and they make decisions that are crucial to the business success or failure.

**3.2 Entrepreneurial Journey**

From the case studies, the participants were asked to describe their entrepreneurial journey. The responses were meant to elaborate on the CEOs drive and motivations. From the responses, it

emerged that entrepreneurs had experienced unique paths characterized by varying experiences and turning points. Their entrepreneurial journeys inform who they are today. Some entrepreneurs were introduced to business by their family members. This is especially the case with entrepreneurial families that run family businesses. One respondent said,

*“I grew up in an entrepreneurial family and my family enterprises date back to about three generations. My great-grandfather founded this enterprise in Mumbai, India. My father later on succeeded him and continued with the rice processing enterprise. As I grew up I took keen interest in the business and during the school holidays, I would help out at the processing industry in packaging. As I*

*grew older I developed keen interest in food processing and packaging. After my O-Levels as I was contemplating on my career choice, my father encouraged me to consider a career in food and beverage science. Ultimately I took up the challenge and pursued a degree in the same. In the meantime I would help my parents at their industry whenever I was home for holiday.” (Case 3)*

This clearly shows that the family can play a significant role as they introduce their young ones to entrepreneurial path and in addition walk with them. The footprints of their family members are visible throughout their entrepreneurial journey.

Other entrepreneurs can trace the source of their entrepreneurship journey from failure to secure a job as anticipated. They therefore joined business by default. Later in their lives they admit that it was a blessing in disguise. As indicated by one respondent,

*“I never dreamt of ever becoming an entrepreneur, like every other Kenyan child my dream was that I will work hard in school and upon my graduation get a very good job. Actually when I graduated I spent most of my time reading newspapers just to check out which opportunities were available for me both in the government and blue chip companies. As an industrial chemist graduate I believed that indeed out there was someone in the need of my skills. In the beginning I was very enthusiastic but days turned into months, months into years and with every passing day my hopes dwindled. Three years after my graduation the hope of ever getting a job was no more. With the reality of not getting a job I started strategizing on my next move. After a lot of contemplation I decided that I would try out my skills in*

*industrial chemistry to see if I could start manufacturing beauty products. I shared my new idea with my elder brother, a doctor, who had been supporting me all this time. He didn't seem enthusiastic about the idea. He even persuaded me to take up teaching in a local school as I waited for my fortunes to turn around. That was not what I ever wished, I therefore requested him to lend me Kshs. 20, 000 to start off my venture. Although he did not support my idea, he reluctantly gave me the money. I then rented a small double room in Rongai on the outskirts of Nairobi that would double up as my office and room. I bought chemicals worth Ksh.5, 000 and a few mixing containers. I would mix my chemicals to make beauty products such as hair shampoos and hair conditioners. I would then package the products in one litre cans and distribute among the salons around Rongai. It was not an easy job to convince the beauticians to take up my products. Majority of them would ask for credit and would take long to repay me. However, because I was desperate I had to operate under their terms so as to get loyal customers and have my products out there.”(Respondent 1)*

There are other entrepreneurs that started their journey as employees of other firms. They gained a lot of knowledge on business management. They were exposed to business opportunity identification and recognition. They therefore gained experience and confidence to start and drive their own businesses to success. This can be seen from a comment by a respondent, who indicated,

*“....As a child I always dreamt of completing my studies, getting employed*

*and rising above the ranks to top management. Banking was my career choice and every day when I went to school it was to me a journey towards becoming a banker. Indeed my dream of becoming a banker was fulfilled when after my undergraduate I took up an internship with the Barclays Bank Ltd. While on my internship, I was attached to the credit appraisal department and my role was to ensure that the clients filed all the necessary documents and that they were authentic. After about six months of internship I applied to be employed as a banker in the same bank. My application was accepted and I now joined the bank as a management trainee. As a management trainee I would be shipped around all the bank departments so as to learn and understand the operations of the bank. After three years of management trainee my first opportunity of being a team leader came calling as I was promoted to the position of branch customer service officer. My responsibility was to ensure that all the bank clients were properly handled and certified with the service we offered. I realized that clients who become happy with our services would always refer to us new clients while those who felt frustrated with our service would complain so much and make us see if the issues they raised were addressed within a reasonable time frame.” (Case4)*

Other entrepreneurs are forced to entrepreneurship due to frustrations they face in places of their employment. These frustrations emanate from different things including feeling underutilized, failure of recognition of personal effort, disillusion of creating value for another person not self among others. This is clearly captured

by the experiences of one respondent, who said,

*“Throughout my life I always perceived myself as a go-getter and I believed in my abilities. As a young girl I tried my level best to work hard in school and many a times I emerged top of my class. My desire was always to be competitive with the boys around me and there was no way I was going to allow the boys in our village to bully me around. My family especially my father would offer me a lot of support in my formative age and even allowed me to stand in for him at his shop. I guess it is this early interaction with my parents business that oriented me with making of profits and losses something my father was very enthusiastic about. He was also a man who strongly believed in education and he encouraged me to take up my studies very seriously. This would later bear fruits as I managed to pass my primary school very well and gain admission in a prestigious secondary school. After my A-level, against all odds, I chose to take up Architecture, a course that was then a reserve of men; actually we were only two ladies in the class of twenty. After my graduation I immediately got a job with the government and I was posted as a District Architect in the Rift Valley. Like many other young graduates I was enthusiastic about my new job and looked forward to actively participating in nation building. Unfortunately like many other government officers at the time, it would seem that there was no work for me in the country and even my seniors did not seem to bother about it. Indeed this was very frustrating as I felt that my career had now stagnated and there was no opportunity for growth. Frustrated by my new job, I began plotting on my next move*

*so that I could redeem my architectural career. I applied for a scholarship outside the country in England and I was fortunate to get an admission and a full scholarship. I therefore migrated to England for further studies and while there I joined a private architectural firm. This was indeed a turning point for me as I took up challenging assignments first as an assistant and later on as a lead architect. I cherish this period as the period of eye opening to the many opportunities unexploited back home. Therefore on my graduation I opted to head back home....” (Case 9)*

This clearly shows that people who are dissatisfied and yearning for more and craving to push the envelopes of success to higher level are likely to abandon employment and start their own businesses. This comes after realization that if put the same effort they put in employment into their own businesses, they stand to gain more.

There are other entrepreneurs whose humble background propels them to business as an escape route from poverty. They are driven by the urge to create wealth in order to improve their livelihoods and those of who depends on them. The fear of relapsing to poverty seems to push them in their entrepreneurial pursuits. There are significant cases of people who rose from humble beginnings and end up being towering figures in business. This is well articulated and captured by a respondent, who said,

*“It started long time when I was young. My mother used to allow us to milk goats and sell the milk; we also used to sell sisal. I knew if I wanted an extra coin I could get it by selling something. This is when I started teaching as a graduate teacher and*

*realized that I could not make ends meet. I started with getting handbags and selling them to fellow teachers in a rural school I was teaching, later I was posted to Matasia in Ngong but was already living in Ongata Rongai. I first set up a wholesale shop but managing the marketers became difficult. I sold the business and established a salon. This is when my eyes opened up because the salon had many clients; we had both the salon, kinyozi and a beauty shop. But the business came with signing of an Mpesa contract with Safaricom Ltd. Because of my networks I soon acquired sub-agents which made me know the power of working through others. Originally when the business was not saturated we made over 1m a month. This was good while it lasted because m-pesa came with a lot of fraud and the rules of operation were stringent.” (Case 10)*

The research also reveals that there are entrepreneurs who have over time and in their entrepreneurial journey engage in trial and error. They start a business, learn from it, and move on to another one and another.

### **3.3 Turning Points/Critical Entrepreneurial Moments**

Most entrepreneurs in the course of their entrepreneurial journeys encounter their turning points in their entrepreneurial pursuits. From the case studies conducted, these turning points mark the beginning of new entrepreneurial experiences. These turning points are characterized by dynamism and fluid state of business environment. The response to these turning points is the indicator of whether



one is going to sink, remain, afloat or turn a new leaf in their entrepreneurial journey.

The turning points are occasioned by different things. One of the factors leading to turning points is innovation and change of technology. Those entrepreneurs that are prepared for such change leap a lot and turn around their profitability. This is exemplified the response of one respondent who asserted that,

*“Getting the market was a bit challenging and it took us time to get where we are now. By the time we started this business, people had not ventured into technology and few organizations used computers. Many companies were using the filing system of storing data and this was the common trend especially in government institutions. Majority of employees were not conversant with computers. The changes occurred when organizations started embrace technology and employees were encouraged to learn and use computers. At that particular time, the demand was high and we managed to supply many government and non-governmental institutions, and here we are. Also when we partnered with big organizations like KPLC, Kengen, Toshiba etc. improved business.” (Case 7)*

Another respondent also in support of need for innovation and how that transformed her business indicated,

*“Back home I found that there were major transformations that had happened over the last seven years I had been away. The local middle class had grown tremendously over this period and also there was a lot of development taking place. However majority of the people were focusing on rental houses and very few were concerned about home*

*ownership. I carried out a market survey that indicated that indeed a majority of the Kenyan middle class were more interested in becoming home owners as opposed to tenants. Unfortunately what was available in the market was either too expensive or did not suit the need of the clients. Armed with only a little capital we together with my husband decided to venture into the real estate market and respond to the need that was there for affordable housing. It has been a long journey with its own share of ups and downs but which has brought a lot of satisfaction as we nurtured our business idea to what it is today.” (Case 9)*

Other entrepreneurs experience their turning point when they are looking for solutions to problems affecting their businesses especially financial problems. This is well captured by a respondent who was undergoing financial turmoil. He said,

*“I kept on trying my best, but I suffered serious financial flows because most of the customers were defaulting or taking too long to repay me. After two years, I almost gave up, but one of my younger brothers who was very good in marketing offered to join me. He injected in the business some capital, came up with a brand and vigorously marketed our products. Within six months our sale volumes had risen from approximately Kshs. 70, 000 a month to Kshs. 300, 000. We expanded our production team to about twenty employees. We also expanded our market area from Kajiado County to Nairobi, Nyeri, Thika, Nakuru, Machakos and Makeni. The real turn around came in 2010 when our products were displayed by Tusksys and Naivas Supermarkets country-wide. It has not always been bliss but we pride ourselves on our customers who are our brand ambassadors. Today we have a*

*fully fledged factory with production, procurement, finance, human resource and marketing units. We have about 80 employees who carry on the vision of our company.” (Case 1)*

Other entrepreneurs experienced their entrepreneurial eureka moment while they are working for other people. They were hit by entrepreneurial urge that no manner and form of discouragement can put off. This in addition to a drive to venture into their dream entrepreneurial ventures can form a launch pad from where a successful career in entrepreneurship can start. This is well captured by a respondent, who said,

*It was while working here that the entrepreneurial urge also hit me. My thinking was that if I put similar effort in my own firm I would then make a lot out of my career while growing my company profile. However, everyone I shared my dream with dismissed it as unviable owing to my age and the little experience I had. One day while sharing my dream with a colleague who had just been registered as a valuer, he became interested and even proposed that he would be interested in becoming my partner. The following months we would meet and strategize on how to go about it and in January, 2009 we opened our doors as a valuation and properly management firm. But the critical moment in my entrepreneurial journey is when I decided to diversify and venture into an area I had very little knowledge on, that is manufacturing. I had always wanted to be an industrialist and as soon as we set up the valuation firm I started doing a market research in plastic-containers manufacturing. The sector was dominated mainly by Kenyans of Indian origin, but I was determined to venture into it. I visited various countries seeking*

*knowledge on what equipment I needed and finally while attending an expo in China, I found a manufacturer who sold the machines required at a fair price. I approached a local bank with my business proposal and they agreed to fund the capital intensive venture. In 2012 I opened my industry and started manufacturing 5-litre and 1-litre jericans which I sell to various local packaging companies.” (Case 2)*

This indicates that people who are dissatisfied with being employees and have a drive to create their own value, the point they decide to leave their job and pursue their entrepreneurial journey through the unbeaten paths can constitute their turning point. It is also clear from the case studies that the exposure and experience that those who start as employees get go a long way in developing their business acumen, prowess and competencies. Their entrepreneurial opportunity recognition, identification and pursuit skills are sharpened through nurturance while still employees. A classic example is the narration by a respondent, who indicated that,

*‘My real turn around came when I was promoted to the position of branch manager. Although the branch was quite small, it gave me an insight of managing an enterprise focusing on the customer while maximizing profits. To me this opportunity was the one that actually set me up for the task of entrepreneurship. I started focusing more on how I would exit the employment world and start up a venture that would define my legacy. This was not an easy decision especially because everyone I shared my idea with wondered why I wanted to give up on my sterling and comfortable career to take up*

*something I was not even sure about. However, I chose to follow my inner conviction and drive to pursue business interests. I eventually submitted my intention to resign from Barclays Bank of Kenya. My Managing Director was taken aback by my decision and tried his level best to lock me out of my decision. After sharing with him my ultimate goal in life and the thought behind my decision, he reluctantly welcomed it and offered me his support. Later on when I founded my consultancy firm, I would also carry out assignments for my former employer, who I have a lot of respect for to date. It is fifteen years now since I founded my consultancy firm and I am proud in it that we have contributed greatly in product development of the financial industry which has had transformational results to the people of Kenya and East Africa in general.” (Case 4)*

Opportunities offered by family especially at young age can also be a turning point in entrepreneurial journey. It is leverage and the competitive advantage that entrepreneurs from entrepreneurial families enjoy compared to others. Those opportunities that emanate from one being a member of entrepreneurial family are the stepping stones and the ladder towards greater entrepreneurial journey and success. The mentorship, coaching and assistance in times of challenges, goes a long way towards facilitating and making entrepreneurial journey manageable. This is well explained by a respondent, who said,

*“After my graduation I joined my parents at their small company to start off the quality assurance department. This presented me with a perfect opportunity to excel in my career and also start my*

*entrepreneurial journey. With my professional input we were able to grade our products for various market segments and also the idea of diversifying set in. I discussed with my parents who were now my partners on emerging business opportunities especially on horticultural products such as tomatoes, butternut, carrots, French beans amongst others. The main concern was that we were not into farming and as such we would not meet the requirements for the international market especially Europe and North America. I did a business survey on the potential of the business and at last found a way of guaranteeing quality requirements. We would contact farmers who would produce for our market needs and standards. This saw us venture into fully fledged company in food processing and packaging for the local and international market. It is the opportunity granted to me by my parents that became my turning point to thrive and succeed.” (Case 3)*

Entrepreneurial journey is riddled by numerous and diverse challenges. These challenges at times can be an eye opener and beginning of a new and innovative strategy towards survival in the business arena. This is well captured by the experience of one respondent, who said,

*“One of my sub-agents committed a fraud and all our outlets were frozen for a month. This is now what I could call the turning point. I realized I could not rely on business that was controlled by another person; this realization drove me to starting a kindergarten in 2010. I did research and I specialized in what was not being offered by competitors like door-to-door transport, school meals, sports and extracurricular activities. The reception*

*was wonderful and in 2011 I embarked on building the primary school for transition. I admitted the first lot in 2012 and the growth has continued. My being at the salon also enlightened me on the hardships small scale business people went through. Among those challenges is lack of access to regulated credit because they were unbankable and exposure to informal lenders whose interest rates are very high. I witnessed business start and close. This experience is what informed my coming up with the M-ASCA model to afford the segment affordable credit at 1% that fits into their way of doing business. M-ASCA model is paperless that the clients will not be away from their business and also the fact that it allows them to save any amount as little as Ksh. 50 or repay loans little by little.” (Case10)*

### **3.4 Entrepreneurial Challenges and how CEOs deal with them**

There are multiple challenges that CEOs go through as they carry out their entrepreneurial duties. Their leadership competencies come in handy to help them chart their entrepreneurial journey, coming up with credible solutions towards those challenges. Entrepreneurial leadership competencies help the CEOs in handling the ‘dark’ and negative aspects that results from entrepreneurial pursuits. These elements include: financial risk, family pressures and demands, social risks, psychological distress, dealing with dishonest workers, risks related to clients and unfriendly business environment and also ego issues.

#### **3.4.1 Financial challenges**

Eight out of ten of the participants of case studies indicated that financial challenges are a major source of entrepreneurial

stress. Financial challenges take many forms and manifests themselves differently. Most of the enterprises are capital intensive especially those in manufacturing and ICT sectors. Credit in Kenya is very expensive and the conditions of a loan facility are often dictated by the financial institutions. This is very challenging for firms especially in their embryonic stage or when they are expanding.

Firms also incur losses. One CEO indicated that his firm lost about KES 15,000,000 due to fire disaster. The firm lost newly acquired machines and raw materials. This subjected the CEO to serious psychological distress. Another CEO in agro-processing firm indicated that unreliable weather causes them untold misery. He said:

*“The nature of my enterprise is such that it is capital intensive and in case of any risk we are bound to lose. When we contract farmers, we invest in them, giving inputs necessary for them to produce the quality we desire. Sometimes there is drought and even the irrigation water becomes a problem. This makes production to be low for our farmers and they are unable to meet the quantities and quality we desire to have. In such cases the losses can be too much and have a negative impact on our production especially in regard to the market demand” (Case3).*

Another challenge that CEOs face in delay in payment of goods and services they have delivered. One CEO explained,

*“As a consultancy institution we do not sell any tangible product, instead we sell services. This normally means that we have to finance the operations of the assignments with the hope of being paid as*

*soon as we are done. This is not always the case and the client might take longer than earlier anticipated leaving us in a financial quagmire” (Case 4).*

CEOs are plunged into major distress in case of a loss, a disaster or market failure. This is especially so given that most firms finance their operations through loans.

There are several measures that the CEOs have come up with to deal with those financial challenges. These include: insuring their firms against such losses; negotiating with financial institutions for overdraft and loans and improving efficiency in production, having a payment schedule before delivering goods or services. For example, one may have a client pay a deposit of a minimum percentage, normally 30% of the total fee note as down payment, minimizing financial losses by ensuring commitment of competent staff and also improving relations with financial institutions on top of prudent re-investment plans.

### **3.4.2 Family pressures and demands.**

The study established that the work of CEO is very demanding and that they spend most of their working hours and even weekends concentrating on their firm’s leadership functions. At times they are moving from one place to another, even on foreign trips performing their entrepreneurial leadership duties. This may cause a serious strain in their families and the society may perceive them as neglecting their duties at family level.

The fact that they work for long hours, even by the time they get home, they are too tired to engage in any meaningful familial responsibility. One CEO said,

*“Most of the assignments we undertake are time bound and respond to very urgent needs of the client. As such it means that I spend a lot of my time overseeing the accomplishment of these assignments successfully. This means that I have to also get to work very early in the morning, work late and even over the weekends. Also the bulk of the work is in the field and therefore we travel a lot on business both within the country and other countries too. This has had quite some strain on my social life especially at the family front and friends too. Some of my friends joke that they are only sure I will make to their event when they see me seated. While this was more pronounced in the formative years I have since capacity built my team members so that they can take responsibility in my absence” (Case 4).*

Other CEOs added their voices in support, and said,

*“Sometimes this affects our families. For instance, you will always receive calls at night and you have to attend to the problem. Sometimes family issues can affect your performance for example, when you lose someone close this will affect how you work and again, your family may need you while you are busy at work. There was a time when I lost a relative and by that time was in Tanzania attending to company issues, but my family felt that I am not participating in family activities” (Case 6).*

*“Also the nature of our business is such that I spend long times either at the factory or on business trips. Therefore I have very little time with my family on a day to day basis especially with my children”(Case 1).*

*“... Sometimes you miss out on family functions because you are busy at work. Again long working hours may also affect your health. For instance, sitting for long hours and starring at computer for long may cause health problems” (Case 7).*

*“.....at times you have a project which you want to finish on time and on other side, the family needs you. Like now I have a project in Karen. I even go there on Saturdays and Sundays which are supposed to be family days” (Case 5).*

As a result of missing family functions, having limited time with family, the CEOs feel guilty especially due to criticism they receive. This is a source of stress to the CEOs which may affect their performance of leadership functions.

CEOs indicated some of the ways they deal with family pressures and obligations is spending some days especially weekends with the family, going on vacation with family during school holidays; delegating duties to other staff after building their capacity and also creating time for personal rejuvenation and development.

### **3.4.3 Social obligations**

The research showed that the work of a CEO is time consuming. Performance of entrepreneurial duties and obligations occupy most of their time, thereby leaving no room for socialization. They are so much committed to the success of their business at times at the expense of their social well being. One respondent noted,

*“...Socially I have suffered both at the family level and at friend’s level. When I*

*ventured into manufacturing it meant that I spent a lot of time nurturing my business so that I do not lose my investment and also I be able to repay the creditors. This took toll on my time and I had very little time with my family. I also did not have time to attend many of my social activities. My life revolved mostly around the warehouse and on business trips getting home at mid-night and leave before dawn” (Case2).*

Dealing with friends as your employees or business partners is another serious challenge CEOs face. Some of them are a distraction to the performance of the business. CEOs have a difficult time punishing them. CEOs have to make a choice of either dealing with them professionally at the expense of social ties or safeguarding social ties at the expense of entrepreneurial performance.

There are several ways through which CEOs deal with the challenges associated to their social obligations. One way is by ensuring that they are in constant communication with their friends, mentors, extended family and relevant community members. They also spare time to attend important social functions such as weddings, funerals, fund raisers, and even birthday parties of significant people in their social circles.

In addition some CEOs have made a bold step of separating social obligations and business obligations. One CEO said,

*I learnt the need to run my business professionally and hire professional persons to assist me. I created various departments with sectional heads and supervisors who professionally manage my employees” (Case1).*

Another CEO indicated that, *“I also have a diary handler who is able to plan for me and ensure that I do not miss out on important appointments both social and official” (Case 3).*

### **3.4.4 Intrapersonal challenges**

Intrapersonal challenges are those that emanate from within oneself. These may include psychological and ego related challenges. Entrepreneurship involves taking risks and cut throat competition. One has to work extra hard to remain afloat. Business losses whether incurred or expected can be a source of stress with serious psychological implications. One CEO indicated that they lost their business to night fire that gutted their firm to ashes. He lost a life-time investment and kept fearing that his creditors would auction him. Despite the personal loss, he had to take the leadership role of assuring all his employees that they will re-open soon and that they will not lose their jobs. Also he had to reassure the suppliers and other clients that they will soon be in business. This is despite the psychological turmoil he was undergoing.

If the business environment is not conducive, this can result in anxiety and at times panic. This can be as a result of change of government policy, economy doing badly thereby affecting the purchasing power of the clients, conflicts especially the post-election violence of 2007/2008, aggressive actions of the competitors, global environment that is in a stable state of flux and other uncertainties.

There are fears that CEOs have to deal with in their entrepreneurial pursuit. These fears include loss of family or failure in parenting duties as a result of the time

spent away from them while striving to push the business to the next level. Also fear of losing friends and significant others; fear of failing in business; fear of being swindled by unscrupulous employees, suppliers and clients; fear of falling sick due to long hours present in business and stress; fear of the unknown due to business uncertainties and threats.

### **3.4.5 Unethical practices in business performance**

There are a number of ethical issues that are challenging to the CEOs. Corruption tops this list. In Kenya corruption is rampant and presents a big headache to the CEOs. The biggest dilemma is whether to engage in it or not to get business favours. One respondent indicated,

*“In Kenya there is nothing for free (corruption). As an entrepreneur you face such challenges before you can get any sensible job. At the end you will get yourself working for others. They take the bigger share of the profit leaving you with something small. For instance you may get a project of 5 Million, but at the end you will be left with half a million (500,000). Most of the money is distributed to those people. The bank statement reads huge amount but this money is not yours alone. You look like you are doing money laundering business because money comes in and goes out” (Case 5).*

Some of the CEOs admitted to giving in to corrupt dealings especially with government officials in order to secure government supply and services jobs.

Table 3 presents the challenges entrepreneurs go through in the process of their entrepreneurial pursuits. This is according to the responses given by the

CEOs during CEO survey. From the results, two major challenges facing entrepreneurs in the Top 100 mid-sized companies in Kenya were identified by the respondents. These were constraints of financiers, laborers, customers, suppliers and debtors curtail that freedom, which scored 85.7% and frustrations due to limited capital and other resources at 81.0%. Others scored as follows:

frustration due to non achievement of entrepreneurial objectives 60.0%; social and family life affected due to long hours of working 58.1% and risk of failure 58.1%. The results also show that frustration due to non achievement of entrepreneurial objectives, social and family life being affected due to long hours of working and risk of failure were other challenges to the entrepreneurs.

*Table 3: Challenges experienced by entrepreneurs*

Challenges	Yes		No		Std.		
	N	%	N	%	Mean	Devi	Variance
Constraints of financiers, labourers, customers, suppliers and debtors curtail that freedom	90	85.7	15	4.3	1.14	.352	.124
Frustrations due to limited capital and other resources	85	81.0	20	19	1.19	.395	.156
Social and family life affected due to long hours of working	61	58.1	44	42	1.42	.496	.246
Frustration due to non achievement of entrepreneurial objectives	63	60.0	42	40	1.40	.492	.242
Risk of failure	61	58.1	44	42	1.42	.496	.246

*Source: Survey Data 2014*

#### 4.0 Conclusions

The study established that there are various reasons why people choose to become entrepreneurs. The main reasons include desire to be making decisions crucial to the business success, drive towards satisfaction of creating and running a successful business, in order to work directly with the customers, in pursuit of working in their field of interest. Other reasons for becoming entrepreneurs

included: to be own boss, to participate in every aspect of running a business, in order to make money for self and not for someone else, desire to learn and gain experience in a variety of disciplines, drive to build retirement value and also as a result of being encouraged by family and close relatives.

The study established that there are multiple challenges that CEOs go through in their entrepreneurial pursuits. Financial



challenges are a major source of entrepreneurial stress. Financial challenges take many forms and manifest themselves differently. There are several challenges that entrepreneurs face while trying to access credit in Kenya. Credit is expensive and the conditions of loan facility are also dictated by financial institutions and most of the time the credit access conditions are not friendly to the entrepreneurs. This results in psychological distress. Some of the survival strategies that CEOs come up with to survive financial challenges include insuring their firms to cushion them in case of loss, negotiating with financial institutions for overdraft and loans, hiring competent staff, prudent investment plans and also exploiting social capital through loans or grants from family and friends.

Family pressures and demands represent challenges that a CEO has to deal with. CEOs spend a lot of time concentrating on their firm's leadership functions. This may cause a strain in their family as they do not spend enough time with them. One may be perceived as a failure for having neglected their duties at family level. This is also related to numerous social obligations that CEOs have especially amongst friends and community at large. A typical CEO work is time demanding. Performance of entrepreneurial duties and obligations leave them with little or no time to perform other social obligations.

Intrapersonal challenges that emanate from oneself also negatively affect CEOs entrepreneurial pursuits. These intrapersonal issues may include psychological and ego related challenges. CEO work involves taking risks and being involved in cutthroat competition. One is driven to work hard to remain a float.

Business losses whether incurred or anticipated can be a source of stress with serious psychological implications. There are fears that CEOs have to deal with. These fears include loss of family or failure in parenting duties, fear of losing friends, fear of being swindled, fear of falling sick due to long hours spent in business and stress and also fear of the unknown due to business uncertainties, risks and threats.

Some of the challenges that CEOs encounter in the course of executing their duties challenges their character and societal ideals. A case in point is the rampant corruption that has currently permeated in every aspect of the society. In some cases to get a business opportunity both in government and private sector, one is required to bribe in order to be favoured. The big question to the CEOs is whether to or not to engage in corrupt dealings. In a society where the corrupt are the winners, being ethical may jeopardize chances of survival. As such, corruption is a major detriment and work against personal efforts for development of entrepreneurial competencies.

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