Int Journal of Social Sciences Management and Entrepreneurship 4(2): 190-210, 2021

ISSN 2411-7323

www.sagepublishers.com

ENTREPRENEURIAL ORIENTATION AND GROWTH OF FAMILY-OWNED ENTERPRISES IN KISUMU COUNTY, KENYA

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Abstract

Family-owned enterprises in Kenya play a very important role in the economy through provision of employment and contribution to the GDP. Even though there is significance in the economy, growth of family-owned enterprises has been a challenge over a long period of time with many of the firms not surviving under more than one generation It is estimated that over 40% of family-owned enterprises collapse after the exit of the initiators with most of them ending up in disputes and misunderstanding among the family members. In addition, the statistical data on the registration and liquidation of a specific form of commercial activity for the last 21 years reveal the issue of viability of the enterprises in Kenya. The purpose of this study was to examine the role of entrepreneurial orientation on growth of family owned enterprises in Kisumu City, Kenya.The specific objectives of the study were to: examine the role of innovativeness on growth of family owned enterprises in Kisumu City, Kenya; Determine the role of proactiveness on growth of family owned enterprises in Kisumu City, Kenya; Establish role of risk taking propensity on growth of family owned enterprises in Kisumu City, Kenya; Find out the role of creativity on growth of family owned enterprises in Kisumu City, Kenya. The study was based on the Diffusion Innovation Theory, Componentail Theory of Creativity, Competency Theory and Frank Knight's Risk Bearing Theory. The target population of this study was 633 family owned enterprises in Kisumu County, Kenya. The study adopted a descriptive survey and systematic sampling technique was used for the data collected through the use of questionnaires. On the other hand, secondary data was obtained from published documents such as journals, periodicals, magazines and reports to supplement the primary data. A pilot study was conducted to pretest the validity and reliability of instruments for data collection. The data was analyzed with help of SPSS. The study adopted a regression analysis at 0.05 level of significance to determine strength and direction of the relationship of the variables under study. Results revealed that all the entrepreneurial orientation had a positive and significant relationship with growth of family-owned enterprises in Kisumu City, Kenya. However, the magnitude of the influence was different for the specific entrepreneurial orientation dimension. The proactiveness contribution had the largest effect followed by risk taking propensity then innovativeness and finally the aggressiveness. Consequently, this study provides family-owned enterprises with insights of how to improve growth of family-owned enterprises through entrepreneurial orientation. The key recommendations are that family-owned enterprises should embrace proactiveness, risk taking, aggressiveness in order to realize growth in their businesses. Policies regarding training of entrepreneurs in the family-owned enterprises should be put in place in order to help them innovate and be successful in their businesses.

Keyword: Business Growth, Entrepreneurship, Entrepreneurial Attitudes and Behaviour Entrepreneurial Orientation, Innovation, Risk-Taking and Pro-activeness.

Introduction

The family-owned business is the most frequently encountered ownership model in the world and their impact on the global economy is considered to be significant. Despite their great number, the academic and business communities have yet to uniformly define what exactly constitutes a family-owned business. The long running debate has never garnered conclusive results. When defined as businesses that are majority-owned by a single family's members, it is estimated that the total contribution of family businesses to global GDP is over 70% (Pwc, 2018). Family-owned businesses have been an important feature of business circles for a long period of time. They may start of as micro and grow into small, medium and large corporations if well nurtured (Chege & Wang, 2020). The enterprises play an important role in employment, income generation and wealth accumulation. Ibrahim, Keat and Abdul-Rani (2017) defined a family-owned business as a family business bearing component of the family involvement, family ownership, management and/or business succession. It is a business governed and/or managed on a substantial, potentially cross generational basis, to shape and perhaps pursue the vision of the business held by members of the same family or a small number of families. Family-owned businesses bear some element of family involvement whereby the family members are involved in one way or another in the life cycle of the business.

Globally, two thirds of all enterprises are said to be family owned and/or managed (Ngugi, 2012). Tanui (2020) holds the view that family is an inseparable term in family business because essential family functions determine the business functions and vice versa. According to Abouzaid (2014), in Spain, 75% of the businesses are family-owned and contribute to 65% of the country's GDP on average and in Latin America family businesses contribute to about 60% of the aggregate GDP. Some of the best performing family businesses across the globe include; Salvatore Ferragamo, Benetton, and Fiat Group in Italy; L'Oreal, Carrefour Group, LVMH, and Michelin in France; Samsung, Hyundai Motor, and LG Group in South Korea; BMW, and Siemens in Germany; Kikkoman, and Ito-Yokado in Japan; and Ford Motors Co, and Wal-Mart Stores in the United States.

In Nigeria, family-owned enterprises have been found to be the key economic drivers for a long period of time. According to Crabtree (2015) family-owned enterprises in the country (Nigeria) have been cherished to be very virtuous and with a development motive and it is on this motive that the government has even for numerous cases stepped in to assist the business to stem up and enhance their growth. However, most of these firms also have had numerous cases of collapse due to mismanagement and lack of competent successor as noted by (Onu, Akinlabi & Fakunmoju, 2013). In addition, most family-owned enterprises in Nigeria lack entrepreneurial orientation to sustain the business beyond 3 years following the death of the founder (Efferin & Hartono, 2015). Seventy percent of family businesses fail to survive to the second generation, while 88% fail to survive to the third generation (Mokhber, Rashid, Vakilbashi, Zamil, & Seng, 2017). The general business problem is that most family-owned business owners in Nigeria do not apply entrepreneurial orientation, which results in the collapse of the family business after the death of the founder. The specific business problem is that some family business owners lack strategies to implement entrepreneurial orientation required for business continuity.

In Kenya as in most other developing countries, family business represents the oldest, most prevalent and the foundation of many forms of business ownership. Matama (2006) observes that the concept of the family business is as old as that of commercial enterprise itself. Moreover, majority of the business' world over start as family business though their ownership may change during their life-cycle. Individual family members start enterprises to supplement family income or as a source of livelihood. The most predominant enterprises are those owned and managed by one or more family members. According to Kenya Nation MSE baseline survey (2019) Kenyan male entrepreneurs owned about 52.3 percent of the MSEs While Women owned about 47.7 percent. More women 74.7 percent than men 55.2 percent were in the trade sector.

In Kenya, family-owned businesses constitute up to 60% of the businesses, and accounts for over 50% of all people employed in the country every year (Kimunge & Were, 2014; and Nduati, 2016). Family businesses in Kenya range from small and medium-sized companies to large conglomerates that operate in multiple industries and countries. Some of the well-known family businesses in Kenya include: Nakumatt Holdings Limited, Tuskys supermarket, Chandaria Group among others. However, these firms have in some occasions experienced performance challenges most of which has been brought by succession misunderstandings and mismanagement as a result of succession by incompetent individuals (Mensah, 2014).

Many businesses start as family owned and are the most common form of business ownership and constitutes the highest proportion of the SMEs in Kenya. They play a significant role in the social and economic development of the country. These characteristics are said to influence the strategic processes and ultimately performance Anderson & Reeb (2013). Despite their dominant and contribution, the survival rate of family businesses beyond the founder is extremely very low (Holt, 2015) while the performance as indicated by their longevity and growth has been less than satisfactory in Kenya.

The family-owned enterprises in Kisumu are characterized by the employment of between 4 to 15 employees and capital assets of about Ksh.50,000/= to ksh.15 million (FKE, 2018). Boasting over 3000 players with license revenues of about ksh.40 million as per the Kisumu County council single business permit records of the year 2020, and accounting for about 80% of the county workforce, it is no doubt that the family-owned enterprises are the key driver of Kisumu County economy. Myriad challenges compound to inhibit the growth of family-owned enterprises in Kisumu City (Oluoch, 2019). Because of their small size and small capital investments, many family-owned enterprises lack the critical leverages to undertake large projects and don't display a greater variety of products hence end up with minimal growth potential and face under /over staffing, survival risk and lack of growth (Wambugu, Gichira & Wanjau, 2016). From these enterprises, that is where the target population of the study will be obtained. Being a capital city in Western Region of Kenya, the city is surrounded by huge opportunities as far as businesses are concerned and so is to the dynamics. Many family enterprises are opened every day in the city while at the same a wide number of the enterprises collapsing. Kisumu City therefore is fit to be the representative of Kenya.

Statement of the Problem

Family-owned enterprises are today becoming progressively significant with regard to wealth creation, employment and progression of various innovations (Wambua, Gichira & Wanjau, 2016). Even though there is significance in the economy, growth of family-owned enterprises has been a challenge over a long period of time with many of the firms not surviving under more than one generation (RoK, 2017; Kirema, 2016). According to Ogoro (2018), over 40% of family-owned enterprises collapse after the exit of the initiators with most of them ending up in disputes and misunderstanding among the family members.

In addition, the statistical data on the registration and liquidation of a specific form of commercial activity for the last 21 years reveal the issue of viability of the enterprises (GoK, 2013). The rate of family-owned enterprises failure in developing countries as well as developed countries is alarming that is at 15% per annum (Ogoro, 2018). For example, about 6% to 9% of new family-owned enterprises fail within the first five years of their business operation (Zimmerer, Searborough & Wilson, 2018). International Labour Office (ILO) and African Development Bank (ADB) (2014) noted that despite many families venturing into entrepreneurial activities in developing countries, majority of these enterprises were not growing. Further, Ngugi (2012) noted that as vital as they are, family enterprises have very low survival rate. Less than one third of family businesses survive the transition from first to second generation ownership and of those that do, about half do not survive the transition from second to third generation ownership (Ogoro, 2018). Eighty-five per cent (85%) of all family businesses fail within the first five years of operation and among those that survive; only 30% are successfully transferred to the second generation of the founding family owners in Kenya (Ngugi, 2012; Abdille, 2013).

Empirical studies from across the globe have found lack of entrepreneurial orientation especially pro-activeness and innovativeness among the causes of poor business growth (Ogoro, 2018; Abdille, 2013, Ngugi, 2012; Giambatista, 2014). The question now remains, is the entrepreneurial orientation the actual missing factor to improve the growth of the family-owned enterprises? If it has been affected, how has it improved growth of family-owned enterprises? Lastly, based on the information from the background it is revealed that entrepreneurial orientation could be viewed as an important aspect in ensuring growth of enterprises. It was not clear whether entrepreneurial orientation contributed to growth of family-owned businesses. There was scanty research which had focused on entrepreneurial orientation aspects and growth of family-owned enterprises. It was on this premise the current study sought to fill these gaps by establishing the influence of entrepreneurial orientation on the growth of family-owned enterprises in Kisumu County, Kenya.

Objectives of the Study

The purpose of the study was to examine the relationship between entrepreneurial orientation and growth of family owned enterprises in Kisumu County, Kenya. The specific objectives of the study were to:

i. Examine the influence of innovativeness on growth of family owned enterprises in Kisumu County, Kenya
ii. Determine how proactiveness influence growth of family owned enterprises in Kisumu County, Kenya
iii. Establish if risk taking propensity has an influence on growth of family owned enterprises in Kisumu County, Kenya
iv. Assess whether aggressiveness contributes to the growth of family owned enterprises in Kisumu County, Kenya

Theoretical Framework

Diffusion of Innovation Theory

Diffusion of innovation theory predicts that media and interpersonal contacts provide information and influence opinion and judgment. The theory centers on the conditions which increase or decrease the likelihood that a new idea product or practice was adopted by members of a given culture. Kaminski (2011)) argued that innovation occurs in four stages: invention, diffusion (communication) through the social system, time and consequences. Then the information flows through networks and the nature of networks and the roles opinion leaders play in the networks determine the likelihood that innovation was adopted. Innovation diffusion research explains the variables influencing how and why the users adopt a new information medium such as the internet, with the opinion leaders' personal leaders exerting influence on audience behavior. There are five adopter categories: innovators, early adopters, early majority, late majority and laggards. The theory is important in this study as previous research shows that firms seeking to be competitive and responsive to the environmental changes introduce innovations (Dearing, 2009). The diffusion innovation theory was adopted to expound the relationship between innovativeness and growth of family-owned enterprises in Kisumu County, Kenya.

Frank Knight's Risk Bearing Theory

Frank Knight (1885-1972) first introduced the dimension of risk-taking as a central characteristic of entrepreneurship. He adopts the theory of early economists such as Richard Cantillon and J. B. Say, and adds the dimension of risk-taking. This theory considers uncertainty as a factor of production, and holds the main function of the entrepreneur as acting in anticipation of future events. The entrepreneur earns profit as a reward for taking such risks. In his 1921 publication, he argued that due to this uncertainty perfect competition would not eliminate all the profits. This theory explains the risk-taking propensity variable. Therefore, the study adopted Frank Knight's Risk Bearing Theory to expound the relationship between risk taking propensity and growth of family-owned enterprises in Kenya

Componential Theory of Creativity

The componential theory of creativity is grounded in a definition of creativity as the production of new ideas or outcomes that are both novel and appropriate to some goal. The theory proposes three components that are necessary for any creative response: domain-relevant skills, task motivation and teamwork (Amabile, 2008). Domain-relevant skills include Knowledge, technological expertise, and intelligence in the specific domain where the entrepreneur is focusing such as product design. These skills comprise the raw materials upon which the individual can draw throughout the creative process (Amabile, 2012). This theory is also useful in this study since research shows that firms seeking to be competitive and responsive to environmental changes need to introduce innovations (Amabile & Pillemer, 2012). The study adopted componential theory of creativity to expound the relationship between proactiveness and growth of family-owned enterprises in Kenya.

Psychological Entrepreneurship Theory

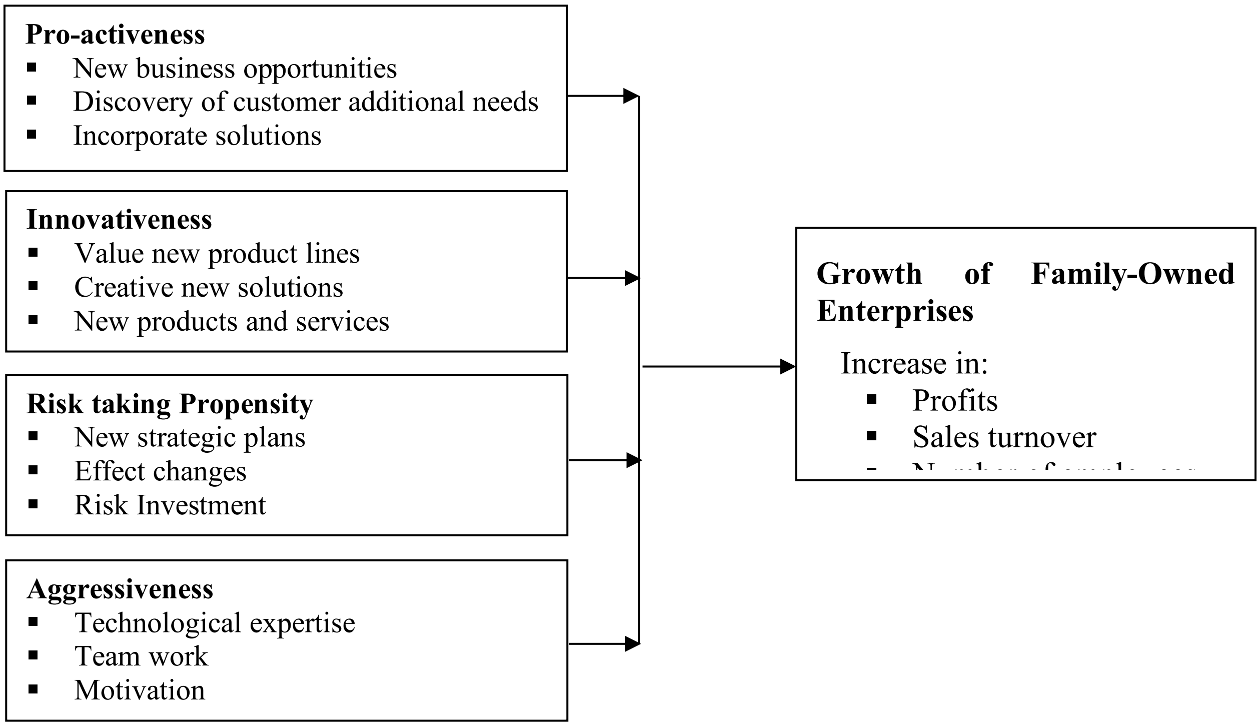
Psychological Entrepreneurship Theory explains the personal characteristics that are used to define entrepreneurship. The theory notes that personality traits need for achievement and locus of control are seen and empirical evidence presented for three other new characteristics that have been identified as closely associated with entrepreneurial inclination. These include risk taking, innovativeness, and tolerance for ambiguity (Mohar, Singh, & Kishore (2007). Recent finding on risk taking strengthens earlier empirical studies which had indicated that aversion to risk declines as wealth raises, that is, one's net assets and value of future income. He further argues that that success in entrepreneurship, by increasing wealth, can reduce the entrepreneur's degree of risk aversion, and encourage more venturing. In his view, entrepreneurship is therefore being a self-perpetuating process. The study adopted Psychological Entrepreneurship Theory to expound the relationship between aggressiveness and growth of family-owned enterprises in Kenya.

Firm Growth Theory

According to Green et al (2006), firm growth theory, contends that, as a result of industrialization and economic growth, family-owned enterprises are likely to disappear and be replaced by modern large-scale industry. This theory has, however, been shown to be inaccurate in the sense that family-owned enterprises do not normally compete directly with large enterprises; rather, they often tend to remain micro and small, co-existing with large multi-national companies, which phenomenon the World Bank has identified as the 'missing middle' (Ryan, 2015). The relevance of this theory lies in preposition that the growth of family-owned enterprises can contribute to poverty reduction through employment generation. In regard to this study, the firm growth theory, family-owned enterprises in Kenya, given the right entrepreneurial orientation keeping boast, they are likely to grow to large firms. The current study adopted firm growth theory to expound the relationship between entrepreneurial orientation and growth of family-owned enterprises in Kisumu County, Kenya

Conceptual Framework

A conceptual framework contains the variables under study (Coats, 2009). The following framework depicts the relationship between the independent and dependent variables based on four independent variables and a dependent variable. In this study, growth of family-owned enterprises is dependent on pro-activeness, innovativeness, risk taking propensity and aggressiveness.



Independent Variables **Dependent Variable**

Figure 1: Conceptual Framework

Critique of Existing Literature

The importance of entrepreneurial orientation and its influence on firm performance has been highlighted in both theoretical discussion and empirical research. Entrepreneurial orientation as a uni-dimensional construct has been identified as a key ingredient for organizational success (Ainuddin & Junit, 2006). Fairoz, Hirobumi and Tanaka (2010) suggest that firms that adopt high entrepreneurial orientation achieve higher sales growth, higher profits and increased market share compared to those with low entrepreneurial orientation. Similarly, Rauch, Wiklund, Lumpkin and Frese (2009) posit that firms that adopt entrepreneurial orientation perform better than firms that adopt a conservative orientation.

Gatiche (2016) study was guided by the following variables; founder leadership style, mentorship programs and successor attributes. A descriptive research design was used in the study. The population of interest was based on the number of family-owned businesses operating in Nairobi County. A quota sampling method was used to select samples for the study. Based on a confidence level of 95%, a representative sample size of family-owned enterprises operating in the County was determined. Structured questionnaires were used to collect the relevant data for the study.

Muthoni (2016) sought to establish the factors affecting performance of micro and small family business enterprises in Nairobi County. It sought to answer the following questions: does the leadership style of the founder member influence the performance of Micro and Small family business enterprises in Nairobi County; how does succession planning affect the performance of Micro and Small family business enterprises in Nairobi County; how do the conflicting interests of various stakeholders involved in the family business influence the growth and growth of family businesses and how do governance structures influence the performance of Micro and Small family business enterprises in Nairobi County.

Previous studies have shown that entrepreneurial orientation has a significant relationship with firm performance of Small and Medium Enterprises in terms of sales growth, profitability and overall firm performance. A study by Mahmood and Hanafi (2013) found out that entrepreneurial orientation has a positive effect on business performance of women-based Small and Medium Enterprises in Malaysia. Similarly, a study by Keh, Nguyen and Ng (2007) found out that entrepreneurial orientation has a significant influence on firm performance of Singapore's small and medium enterprises. A study by Arbaugh, Cox and Camp (2009) using a sample of 1045 firms from 17 countries found out that the uni-dimensional entrepreneurial orientation significantly predicted firm profitability. Otieno, Bwisa and Kihoro (2012) found out that entrepreneurial orientation has a significant influence on firm performance of Kenya's manufacturing firms operating under East African Community regional, in terms of sales, profits and employment. All these studies did not look at the influence of entrepreneurial orientation on the growth of dairy agribusiness in Small and Medium Enterprises.

Research Gaps

Various studies have been carried on the family-owned enterprises, for example Mugambi (2014) explored the relationship between family business characteristics and firm performance. Gataiche (2016) study aimed at determining factors affecting succession management in family-owned enterprises within Nairobi County. The study results indicated that succession management would increase the likelihood of a stronger commitment to succession process and family performance. Muthoni (2016) sought to establish the factors affecting performance of micro and small family business enterprises in Nairobi County. The study established that the founders' leadership style affected growth and growth to a great extent. From the aforementioned studies have been carried out in the family-owned enterprises and while these past studies have unraveled the impact of factors affecting performance of family-owned enterprises, most of them have not exhaustively investigated the role of entrepreneurial orientation on growth of family-owned enterprises in Kenya. It is against this backdrop the current study was set to fill the knowledge gap by examining the role of entrepreneurial orientation on growth of family-owned enterprises in Kisumu City, Kenya.

Research Methodology

This study adopted a descriptive research design, which generally describes the characteristics of a particular situation, event or case. The study targeted a population of 470 enterprises in Kisumu City and municipality's light industrial area (Kisumu County Government, 2021). The small and medium family enterprises targeted had to be at least 5 years old and employing between 10 and 99 people. Family-owned enterprises was then identified giving general data on SMFEs compared to the other small and medium enterprises (SMEs). A full study on SMFEs was then carried out from the identified sample. The large sample condition can be assumed for simple random samples of size thirty or more (Karanja, 2012). Therefore, a proportionate sample size of approximately 141 respondents which is 30% of the population was selected using simple random sampling technique from the identified sample.

Table 1: Sample Size Distribution

Category	Population	Sample
Manufacturing	42	13
Trade	231	69
Services	197	59
Total	**470**	**141**

In this study questionnaires were used as the research instrument to collect primary data. It was structured to capture information on the dependent variable and the independent variables. For purposes of this study, the data collection procedure involved seeking for authorization from university to allow the researcher to collect data. A research permit was also obtained from National Commission for Science, Technology, and Innovation. The pilot study involved pre-testing the questionnaires on 14 enterprises of the study population. It is supported by (Koul, 2009) who recommends that a pilot test of 10% of the sample size can be used. The study collected both qualitative and quantitative data and was analyzed using both quantitative and qualitative methods with the help of (SPSS) version. The qualitative data was analyzed by the use of content analysis which helped the study in giving recommendation in line with the conclusions drawn for the whole population under study. Qualitative data was analyzed by use of content analysis and presented descriptively. The study applied multiple regression analysis to analyze the degree of relationship between the variables.

Results Findings and Discussions

The study was able to get a total of 141 questionnaires administered and a total of 101 were returned for analysis. This constituted a return rate of 71.63% which is a reliable score. This return rate was obtained because the researcher and research assistant delivered and collected the questionnaires in person. This is an acceptable coverage in a sample study because it is more than 50% of the expected coverage (Amin, 2005). The researcher was confident that with such a percentage, the findings are realistic and views from the respondents are representative enough of the target population. The return rate was thus calculated as: Return Rate=Number of questionnaires returned*100/sample R = 101*100/141= 71.63%. It is important for the researcher to understand the response so as to know how the questions were answered.

Table 2: Showing Response Rate of Respondents

Response	Frequency	Percentage
Actual Response	101	71.63%
Non-Response	40	28.37%
Total	**141**	**100%**

This response rate of 71.63% was deemed adequate and in tandem with Mugenda and Mugenda (2012) who assert that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent. The high response rate was attributed to the fact that the researcher had contacts in the study area that facilitated in the data collection process as well as recruiting three research assistants to personally administer the questionnaires and ensure they were filled in by the respondents in a drop and pick manner.

Pilot Study Results

Table 3 illustrates that all the four variables were reliable as their reliability values exceeded the prescribed threshold of 0.7. The content validity formula Content Validity Index (CVI) of 0.78 was used. From the results in Table 3, it illustrates that all the four variables were valid as their CVI values exceeded the prescribed threshold of 0.7.

Table 3: Reliability Results

Scale	Cronbach's Alpha	Number of Items
Innovativeness	.874	6
Proactiveness	.889	5
Risk taking Propensity	.902	5
Aggressiveness	.899	5
Growth Family-Owned Enterprises	.812	7

Proactiveness

The study sought to assess the influence of proactiveness on growth of family-owned enterprises in Kisumu County, Kenya. A majority of respondents were found to agree to a great extent with the statement posed in regard to the influence of proactiveness on growth of family-owned enterprises in Kisumu County, Kenya. The study established respondents stated to a great extent that the businesses constantly looked for new business opportunities to increase the profits than their competitors (Mean=4.456; Std= .485). The respondents posited to a great extent that the businesses tried to discover customer additional needs to increase the market share than their competitors (Mean=4.764; Std= .531). The respondents stated to a great extent that businesses incorporated solutions for new business opportunities to increase the profits than their competitors (Mean=4.876; Std= .342). The respondents indicated that to a great extent business constantly looked for new business opportunities to increase the market share than their competitors (Mean=4.412; Std= .332). The respondents posited to a great extent that the businesses shared marketing efforts tried to lead customers rather than respond to them to enhance the market share (Mean=4.214; Std=.420). The respondents posited to a great extent that the businesses incorporated solutions to unarticulated customer need in their products and services to increase their market share (Mean=4.208; Std= .671). The overall mean was 4.400. The study results imply that proactiveness influence growth of family-owned enterprises in Kisumu County, Kenya.

Table 4: Proactiveness and Growth of Family-Owned Enterprises

Proactiveness	Mean	Std. Dev
The business constantly looks for new business opportunities to increase the profits than our competitors	4.456	.485
The business try to discover customer additional needs to increase the market share than our competitors	4.764	.531
The business incorporates solutions for new business opportunities to increase the profits than our competitors	4.876	.342
The business constantly look for new business opportunities to increase the market share than our competitors	4.212	.332
The business share marketing efforts try to lead customers rather than respond to them to enhance the market share	4.214	.420
The business incorporates solutions to unarticulated customer need in our products and services to increase our market share	4.208	.671
Average Mean	**4.400**	

Innovativeness

The study sought to assess the influence of innovativeness on growth of family-owned enterprises in Kisumu County, Kenya. A majority of respondents were found to indicate the influence of innovativeness on growth of family-owned enterprises in Kisumu County, Kenya. The study established respondents indicated to a great extent that the businesses highly valued new product lines to increase profits than their competitors (Mean=4.654; Std= .876). The respondents agreed to a great extent that the businesses did problem solving through the creative new solutions more than solutions that relied on conventional wisdom to enhance market share than their competitors (Mean=4.528; Std= .761). The respondents stated to a great extent that businesses continuously did new products and services to enhance their sales to increase their profits than their competitors (Mean=4.564; Std= .543). The respondents agreed to a great extent that the businesses were often the first to market with new products and services thus had a larger market share than their competitors (Mean=4.567; Std= .276). The respondents agreed that the businesses competitors in the market recognized them as leaders in innovation as they valued new product lines to increase their market share (Mean=4.689; Std=.341). The overall mean was 4.600. The study results imply that innovativeness influence growth of family-owned enterprises in Kisumu County, Kenya. The study findings are in tandem with the literature review for example according to Baba and Elumai (2011) innovativeness reflects a tendency for an enterprise "to engage in and support new ideas, novelty, experimentation, and creative processes that may result in new products, services, or technological processes.

Table 5: Innovativeness and Growth of Family-Owned Enterprises

Innovativeness	Mean	Std. Dev
The business highly value new product lines to increase profits than our competitors	4.654	.876
The business does problem solving through the creative new solutions more than solutions that rely on conventional wisdom to enhance market share than our competitors	4.528	.761
The business continuously does new products and services to enhance our sales to increase our profits than our competitors	4.564	.543
The business is often the first to market with new products and services thus has a larger market share than our competitors	4.567	.276
The business competitors in this market recognize us as leaders in innovation as we value new product lines to increase our market share	4.689	.341
Average Mean	**4.600**	

Risk Taking Propensity

The study sought to assess the influence of risk-taking propensity on growth of family-owned enterprises in Kisumu County, Kenya. A majority of respondents were found to indicate the influence of innovativeness on growth of family-owned enterprises in Kisumu County, Kenya. The study established respondents agreed to a great extent that businesses encouraged people in their businesses to take risks with new ideas to increase profits though the increase in sales than their competitors (Mean=4.324; Std= .342). The respondents agreed to a great extent that the businesses valued new strategies or plans even if they were not certain they would always work to increase the market share than their competitors (Mean=4.789; Std= .524). The respondents stated to a great extent that the businesses tried to effective changes to offering to accept at least a moderate level of risk of significant losses to increase the profits (Mean=4.317; Std= .317). The respondents indicated to a great extent that the businesses engaged in risk investment for example new employees, facilities, debt, stock options to stimulate future increase of profits (Mean=4.305; Std= .634). The respondents agreed to a great extent with the statement that the business competitors in the market recognized them as risk takers in similar business to the establishment of new branches (Mean=4.321; Std=.317). The overall mean was 4.412. The study results imply that risk taking propensity influence growth of family-owned enterprises in Kisumu County, Kenya.

Table 6: Risk Taking Propensity and Growth of Family-Owned Enterprises

Risk Taking Propensity	Mean	Std. Dev
The business encourages people in our firms to take risks with new ideas to increase profits though the increase in sales than our competitors	4.324	.342
The business value new strategies or plans even if we are not certain they would always work to increase the market share than our	4.789	.524

competitors		
The business tries to effective changes to offering to accept at least a moderate level of risk of significant losses to increase the profits	4.317	.317
The business engages in risk investment for example new employees, facilities, debt, stock options to stimulate future increase of profits	4.305	.634
The business competitors in this market recognize us as risk takers in similar business to the establishment of new branches.	4.321	.317
Average Mean	**4.411**	

Aggressiveness

The study sought to assess the influence of aggressiveness on growth of family-owned enterprises in Kisumu County, Kenya. A majority of respondents were found to state the influence of aggressiveness on growth of family-owned enterprises in Kisumu County, Kenya. The study established respondents agreed to a great extent that there was motivation to enhance the market share than their competitors (Mean=4.543; Std= .432). The respondents agreed to a great extent that there was awareness in the business to enhance the sales than their competitors (Mean=4.234; Std= .589). The respondents stated to a great extent that there was adequate technological expertise to remain competitive than their competitors (Mean=4.113; Std= .765). The respondents stated that there was a capability of employees on establishment of new branches. (Mean=4.543; Std= .117). The respondents indicated to a great extent that there was a team work to enhance increase of profits than their competitors (Mean=4.768; Std=.654). The overall mean was 4.440. The study results imply that aggressiveness influence growth of family-owned enterprises in Kisumu County, Kenya. Lumpkin and Dess, (2017) that competitive aggressiveness is the intensity of the firms to improve their position to outdo and overtake their competitors in the market.

Table 7: Aggressiveness and Growth of Family-Owned Enterprises

Aggressiveness	Mean	Std. Dev
There is motivation to enhance the market share than our competitors.	4.543	.432
There is awareness in the business to enhance the sales than our competitors	4.234	.589
There is adequate technological expertise to remain competitive than our competitors.	4.113	.765
There is capability of employees on establishment of new branches.	4.543	.117
There is team work to enhance increase of profits than our competitors	4.768	.654
Average Mean	**4.439**	

Business Growth

The study considered a number of factors to be indices that measure the degree of growth of family-owned enterprises. Respondents were asked to indicate whether they feel the various measures of growth had significantly increased or decreased. A majority of the respondents indicated that the volume of sales had decreased as shown by mean score of 1.43. The number of employees in the enterprises had significantly decreased as shown by mean score of 1.32 and the number of products also significantly decreased as shown by a mean score of 1.26. In addition, a majority of the respondents also indicated that there was a significant increase in the level of profitability and the number of new branches by their enterprises as shown by a mean score of 1.54 and 1.06. Further the respondents also indicated that they experienced a decrease in coverage of market share as shown by a mean score of 1.70.

Table 8: Descriptive for Growth of Family-Owned Enterprises

Statement	2016	2017	2018	2019	2020	Mean	Std. Dev.
Volume of sales	1.17	1.09	1.05	1.96	1.9	1.43	0.91
Coverage of market share	1.99	2.2	1.97	1.15	1.17	1.70	1.26
The number of employees	1.56	1.29	1.24	1.22	1.31	1.32	1.03
Level of profitability	1.67	1.72	1.42	1.63	1.26	1.54	0.44
Number of branches	1.06	1.04	1.08	1.04	1.09	1.06	0.30
Number of new products	1.24	1.13	1.08	1.25	1.13	1.17	0.53
Number of products	1.33	1.58	1.17	1.08	1.14	1.26	1.16

Correlation Analysis

The study sought to establish the relationship between innovativeness and growth of family-owned enterprises. A Pearson Correlation was performed and the result of the Pearson correlation test as presented in Table 9 show a correlation (r (101) = 0.576; $p<0.05$) between the innovativeness and growth of family-owned enterprises. This implies that the innovativeness is positively correlated to the growth of family-owned enterprises. A Pearson Correlation was performed and the result of the Pearson correlation test as presented in Table 9 show a correlation (r (101) = 0.764; $p<0.05$) between the proactiveness and growth of family-owned enterprises. This implies that the proactiveness is positively correlated to the growth of family-owned enterprises. Further, the study sought to establish the relationship between risk taking propensity and growth of family-owned enterprises. A Pearson Correlation was performed and the result of the Pearson correlation test as presented in Table 9 show a correlation (r (101) = 0.665; $p<0.05$) between the risk taking propensity and growth of family owned enterprises. Finally, the study sought to establish the relationship between aggressiveness and growth of family-owned enterprises. A Pearson Correlation was performed and the result of the Pearson correlation test show a correlation (r (101) = 0.696; $p<0.05$) between the aggressiveness and growth of family-owned enterprises.

Table 9: Correlation Matrix for Independent and Dependent Variables

		I	P	RT	A	Sus.
Innovativeness	Pearson Correlation	1				
	Sig.(2-tailed)					
	N					
Proactiveness	Pearson Correlation	.567	1			
	Sig.(2-tailed)	.000				
	N	101				
Risk Taking	Pearson Correlation	.763	.384	1		
	Sig.(2-tailed)	.000	.003			
	N	101	101			
Aggressiveness	Pearson Correlation	.687	.206		1	
	Sig.(2-tailed)	.000	.004	.323		
	N	101	101	101		
Growth	Pearson Correlation	.576	.764	.665	.696	1
	Sig.(2-tailed)	.000	.004	.006	.008	
	N	101	101	101	101	

Multiple Regression Analysis

According to the model summary Table 10, R is the correlation coefficient which shows the relationship between the independent variables (Innovativeness, Proactiveness, Risk taking propensity, Aggressiveness) and dependent variable (growth of family-owned enterprises). It is notable that there exists a strong positive relationship between the independent variables and dependent variable as shown by R value (0.877). The coefficient of determination (R^2) explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable and the four independent variables that were studied explain 76.90% of the growth of family owned enterprises as represented by the R^2.This therefore means that other factors not studied in this research contribute 23.10% to the growth of family owned enterprises in Kisumu County, Kenya. This implies that these variables are very significant therefore need to be considered in any effort to boost growth of family-owned enterprises in Kisumu County, Kenya.

Further, the study revealed that the p-value of $0.000 < 0.05$ thus the model is statistically significance in predicting how innovativeness, proactiveness, risk taking propensity and aggressiveness influence growth of family-owned enterprises. The F critical at 5% level of significance was 0.000. Since F calculated (79.874) is greater than the F critical (value = 3.876), this shows that the overall model was significant.

Finally, the study ran the procedure of obtaining the regression coefficients, and the results were as shown on the Table 10 Multiple regression analysis was conducted to determine the relationship between dependent variable and the independent four variables. As per the SPSS generated table above, the model equation would be ($\mathbf{Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon}$) becomes: $Y= 8.765+ 0.613X_1+ 0.767X_2+ 0.736X_3 + 0.543X_4$. This indicates that growth of family-owned enterprises = 8.765 + 0.613 (Innovativeness) + 0.767 (Proactiveness) + 0.736 (Risk taking propensity) + 0.543 (Aggressiveness). According to the regression equation established, taking all factors into account (Innovativeness, Proactiveness, Risk taking propensity, Aggressiveness) constant at zero, growth of family-owned enterprises in Kisumu County, Kenya was 8.765.

Findings in Table 10 showed that innovativeness had coefficients of estimate which was significant basing on $\beta_1 = 0.613$ (p-value = 0.004 which is less than $\alpha = 0.05$). Also, the influence of innovativeness is more than the effect attributed to the error, this is indicated by the t-test value = 3.080, thus we conclude that there is a significant relationship between innovativeness and growth of family-owned enterprises in Kisumu County, Kenya. In addition, study results showed that proactiveness had coefficients of estimate which was significant basing on $\beta_2 = 0.767$ (p-value = 0.000 which is less than $\alpha = 0.05$). Also, the influence of proactiveness is more than the effect attributed to the error, this is indicated by the t-test value = 3.687, thus we conclude that there is a significant relationship between proactiveness and growth of family-owned enterprises in Kisumu County, Kenya.

Further, study results showed that risk taking propensity had coefficients of estimate which was significant basing on $\beta_3 = 0.736$ (p-value = 0.001 which is less than $\alpha = 0.05$). Also, the influence of risk-taking propensity is more than the effect attributed to the error, this is indicated by the t-test value = 3.348, thus we conclude that there is a significant relationship between risk taking propensity and growth of family-owned enterprises in Kisumu County, Kenya. Moreover, study results showed that aggressiveness had coefficients of estimate which was significant basing on $\beta_4 = 0.543$ (p-value = 0.005 which is less than $\alpha = 0.05$). Also, the influence of aggressiveness is more than the effect attributed to the error, this is indicated by the t-test value = 2.034, thus we conclude that there is a significant relationship between aggressiveness and growth of family-owned enterprises in Kisumu County, Kenya.

Table 10: Regression Analysis

Model Summary

Model	R	R^2	Adjusted R^2	Std. Error of the Estimate
1	.877	.769	.746	.023

ANOVA Results

Model		Sum of Squares	d.f	Mean Square	F	Sig.
1	Regression	102.108	4	25.527	79.874	.000
	Residual	30.672	96	.3195		
	Total	132.780	100			

Regression Coefficient Results

Model		Unstandardized Coefficients		Standardized Coefficients	T	P-value.
		B	Std. Error	B		
1	(Constant)	8.765	0.987		8.880	.000
	X_1= Innovativeness	0.613	0.199	.456	3.080	.004
	X_2= Proactiveness	0.767	0.208	.643	3.687	.000
	X_3= Risk Taking	0.736	0.211	.602	3.348	.001
	X_4= Aggressiveness	0.543	0.267	.406	2.034	.005

Conclusion

Based on the study results, it was concluded that there was a significant but positive association between innovativeness and growth of family-owned enterprises. The study found the proactiveness is one of the most critical issues for growth of family-owned enterprises and we can conclude that it lays meaningful emphasis on proactiveness. Family-owned enterprises embrace new business opportunities, try discovery of customer additional needs and incorporate solutions which provide greater reward for innovative employees, which becomes strategic to the business.The study reached a conclusion that there was a significant positive relationship between innovativeness and growth of family-owned enterprises. The prime benefit of innovativeness is that it is never isolated from any aspect of the family-owned enterprises. Adopting innovativeness, family-owned enterprises may never lose their focus from any of these important business aspects. Innovativeness of the business leads to, at least in part, growth because of the innovative products and services which are brought to market improve competitiveness and profitability.

Based on the data collected from the field, the study reached a conclusion that risk taking propensity had a significant positive association with the growth of family-owned enterprises. Although risk taking propensity is one of the crucial aspects that can differentiate one business from another, many family-owned enterprises lack strategic plans, effect changes and risk investment which affect the propensity of enterprises to become entrepreneurial and the likelihood of their growth. The study further reached a conclusion that aggressiveness had a significant positive association with the growth of family-owned enterprises. The research acknowledges the importance associated with strategic cooperation and entrepreneurial networks and their capacity to allow growth of family-owned enterprises to compete and innovate in a dynamic business environment. However, the respondent's opinions were divergent and they supposed that the success of growth of family-owned enterprises was not dependent on their technological expertise with other businesses that influence the teamwork and motivation to compete in the market.

Recommendations

In view of the findings made and conclusions drawn from the study, the following recommendations are provided to help enhance an accelerated and sustained family-owned enterprise in Kisumu County, Kenya. Proactiveness in terms of discovery of new business opportunities, customer need and incorporation of solutions is important for the growth of family-owned enterprises. However, discovery of new business opportunities is still a challenge to most growth of family-owned enterprises, especially those in developing economies, and it is also still a key issue. There is need for the family-owned enterprises to be proactive to be sustainable in the dynamic and competitive business environment.

In addition, there is a dire need for family-owned enterprises to adopt innovativeness and capacity building support to enable them to grow. They need to be helped to liaise with the public agencies and institutions responsible for technological advancements aimed at assisting enterprises. Innovativeness with strong associations would enjoy legal recognition; negotiate with official authorities on issues such as work permits and credit to improve their access to capital and information through links with formal markets for them to be sustainable.

Further, a risk-taking policy should be developed to ensure that family-owned enterprises engaging in business undergo some training on risk taking before they are issued with a business license. This will assist the family-owned enterprises in Kenya to possess a little of technical/ entrepreneurial knowledge on enterprise initiation and growth The training will be important in aligning the skills of owner managers of family-owned enterprises with technological advancements and new business developments that require employees to have new or improved skills.

Lastly, the family-owned enterprises are encouraged to be aggressive for example in the product design, knowledge related to product, technological expertise of knowing how to collaborate with specific relationships and the firms accumulated knowledge about the product. The business environment is dynamic and requires creativity to enhance growth of family-owned enterprises. The lack of sufficient financial assets, weaker competencies and absorptive capacity, and the absence of scale and scope economies, militate against possible innovation in general and research and development in particular being implemented in family-owned enterprises.

Recommendation for Further Research

This study should be replicated in family-owned enterprises in Counties outside Nairobi to establish if similar results can be achieved. Also, the study can be replicated to cover family-owned enterprises operating in other sectors to see whether similar results can be obtained. Future researchers should consider introducing other factors not covered in this study such as entrepreneurial financing, business development services, and internationalization among others to establish their influence on growth of family-owned enterprises.

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