



Impact of Mindset on SME Growth in Kenya

The Silent Killer

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Study Methodology



Study tool

Online & Telephone survey
Expert Interviews



Sample Design

Purposive {Counties; Nairobi,
Machakos, Kiambu, Kisumu,
Mombasa, Nakuru}
Random {Within counties}

Introduction

Kenyan SMEs play a critical role in the country's socio economic development despite facing numerous existential challenges such as access to finance, regulation, access to market, access to information and technology among others.

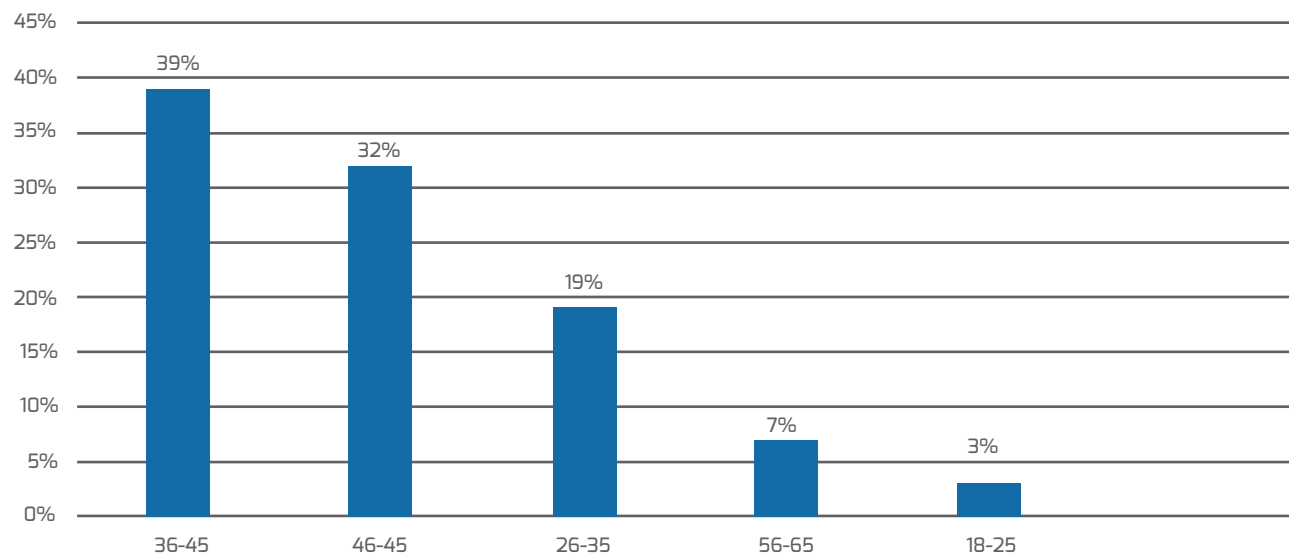
These challenges have been well documented with both state and non-state actors leading various interventions to mitigate them.

A deadly and less known and understood existential challenge SMEs face is mindset and its correlation with business growth borrowing from the saying "Your attitude determines your altitude"

Viffa in partnership with SME Founders Association (SFA) conducted a survey to establish the role of entrepreneur's mindset to the development and growth of their business

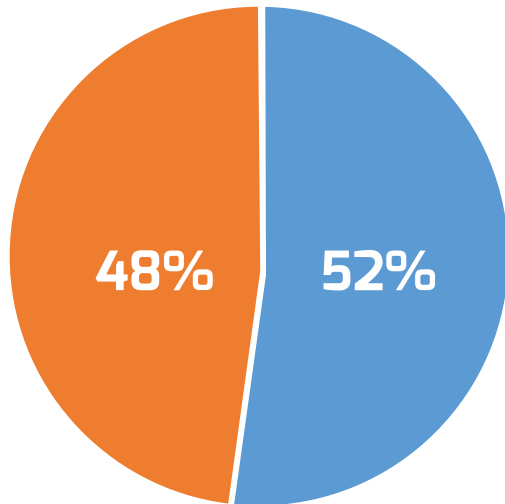
Study Results

Age Distribution



22 percent of SMEs are under the age of 35 years which may signify a higher mortality rate of business operations as compared to their counterparts above 35 years who may; have more experience, well capitalized and solid social capital leading to more resilience

Gender Distribution

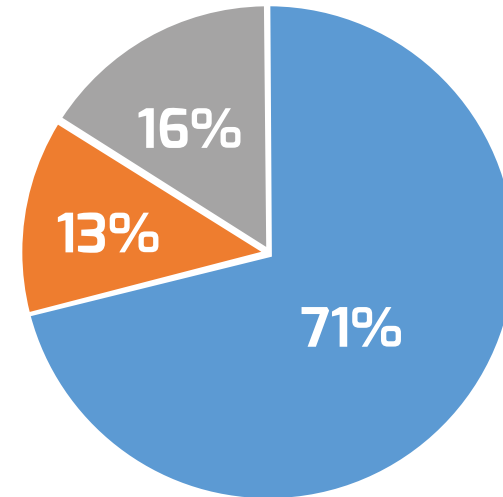


■ Female ■ Male



There is a strong presence of women entrepreneurs in Kenya especially in food production value chain where they account for over 70 percent

Relationship with employees

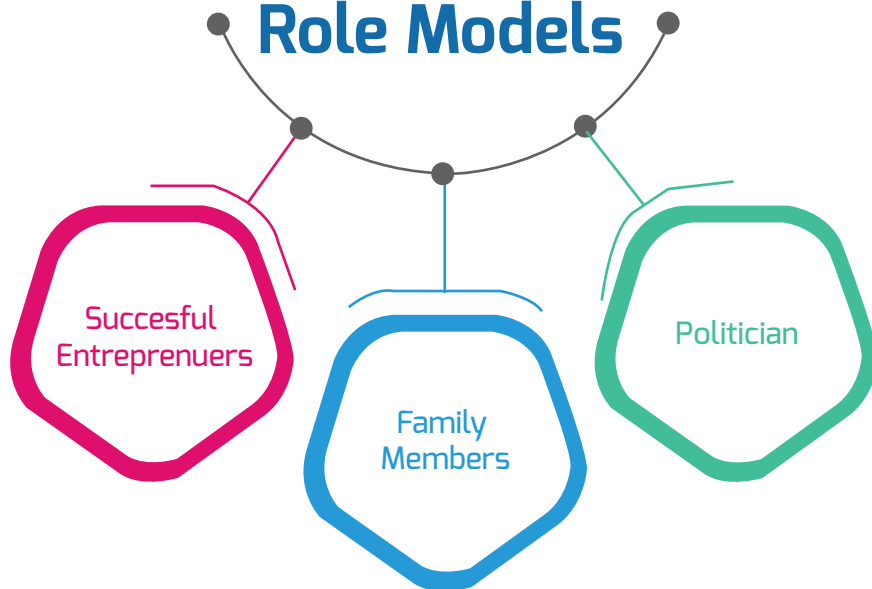


■ Not Related ■ Family Members ■ Friends



Although traditionally majority of SMEs have been family driven there is an increasing acceptance of onboarding non related employees to ensure business continuity and avoid the pitfalls of business slowdown due to family dynamics complications

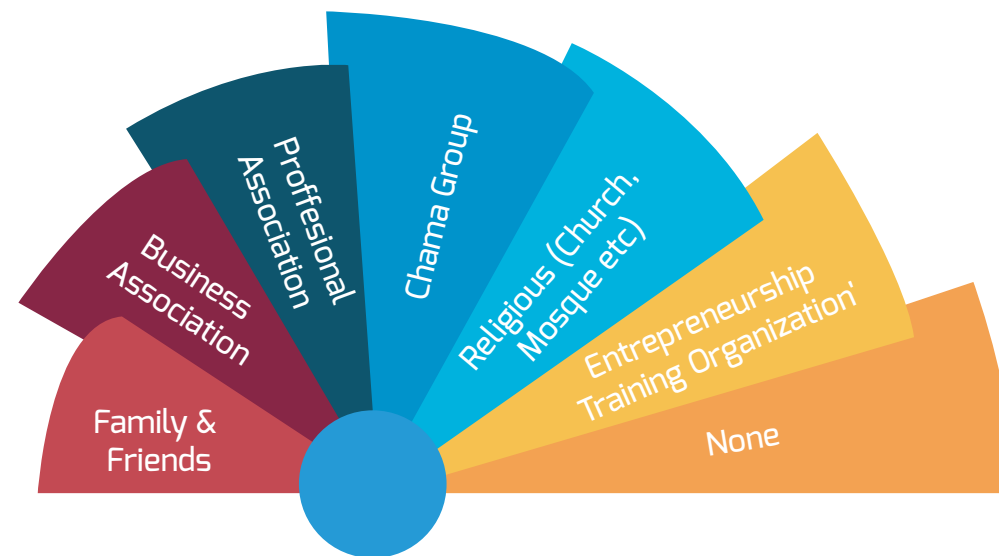
Owner's Role Models



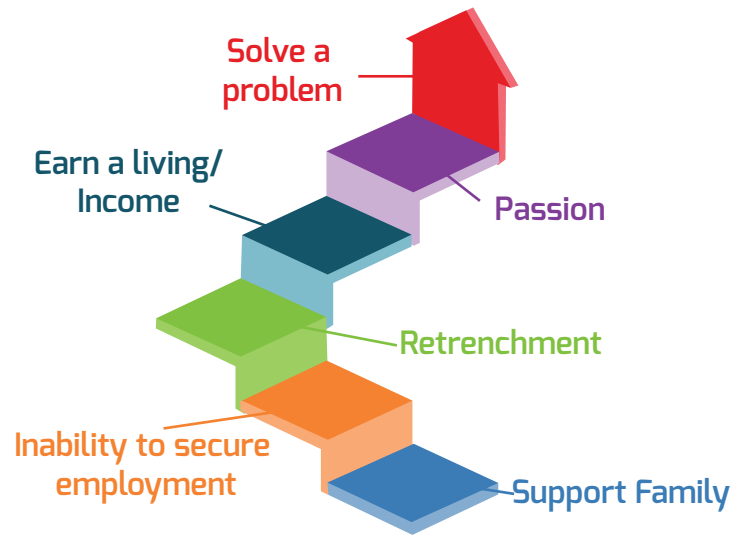

Insight

Entrepreneurs place high value on family members such as parent and grandparents regardless of their education level as well as political players who wield influence with most involved in business

Owner's support system



Motivation for starting business

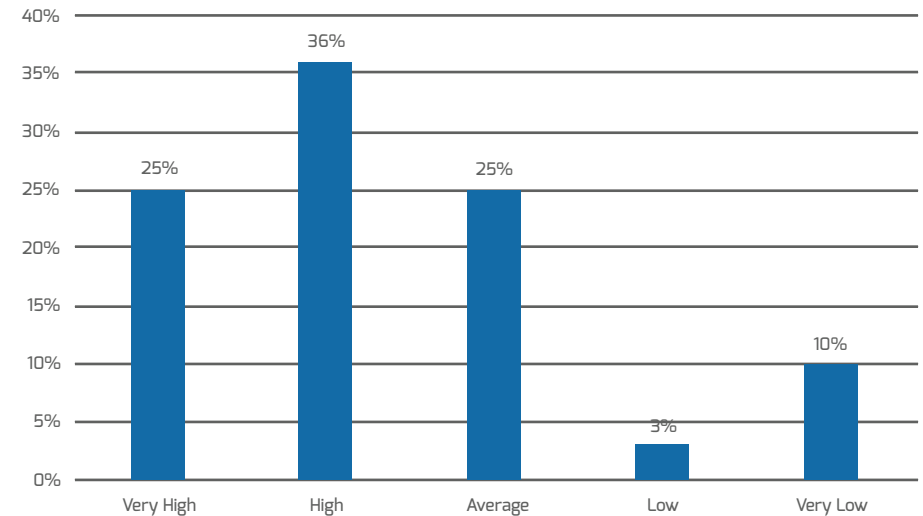


Insight

Entrepreneurship support organizations (ESOs) must take into consideration the motivation of entrepreneurs they wish to support as this will determine their ability to scale other than having a solid business model

ESOs must select entrepreneurs with drive for solving problems through; mindset baseline assessment prior to joining program and or venture building and inviting entrepreneurs with growth mindset to join

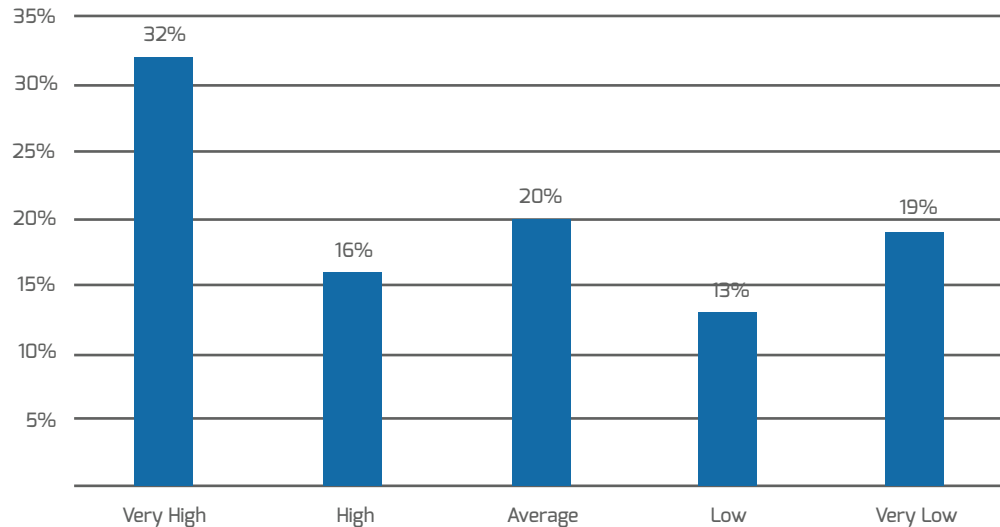
Contribution of formal education on entrepreneurship success



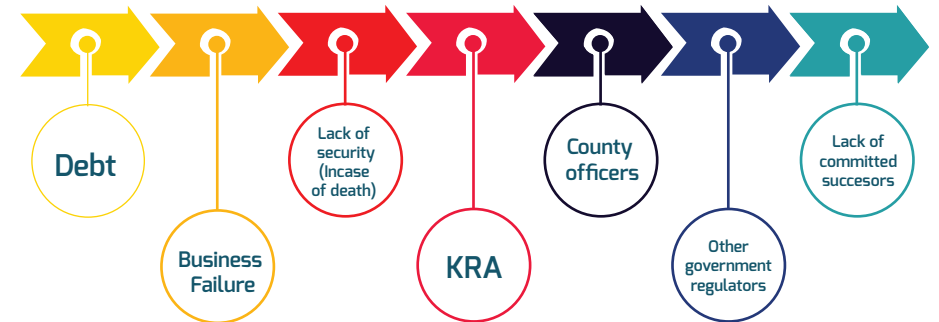
Insight

61 percent of entrepreneurs indicated positive correlation between formal education and their entrepreneurship journey. The correlation is more on ability of education system to expand their horizon and critical thinking rather than technical competency

Contribution of religion on entrepreneurship success



Biggest fears in Business



Business failure ranks high on biggest fears possibly driven by societal negative perception of entrepreneurship as a career as compared to formal employment. Failure in business may mean double failure

Inspiration On Entrepreneurship Journey



Debt



Fullfill personal purpose



Books



Need for success and Riches



Religion

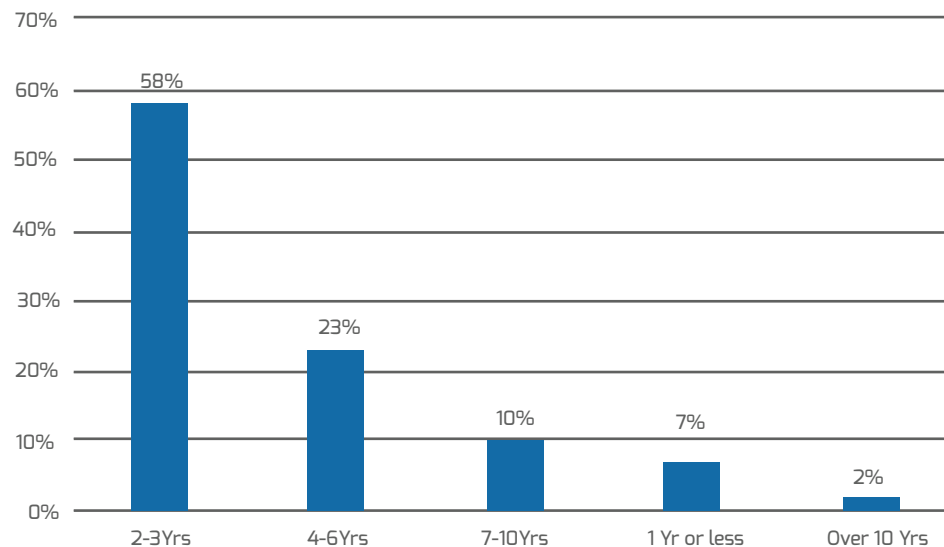


Music



Movies

How long (Years) would you wait for business to pick/make profit before giving up



Insight

65 percent of SMEs will close business if it doesn't pick within 3 years. This indicates the investment attitude of Kenyan entrepreneurs leading to investment in sectors that can turn profit quickly (Wholesale-Retail) but may not be sustainable in the long run due to low barriers of entry and exit as compared to manufacturing



Thank
you

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