

## **Motives for Starting and Sustaining BDS: Empirical Evidence Kenya**

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*The paper explains what motivates Business Development Services Providers (BDSPs) in Kenya to venture into and sustain their businesses. The study was done through the use of grounded theory methodology on eleven BDSPs in Kenya over twelve months between May 2008 and August 2010. The start-up motives were classified into three: extrinsic, intrinsic and philanthropic. Contrary to the dominant view that small business start-ups are driven principally by economic necessity, the study revealed that some BDSPs venture into and sustain their businesses mainly for intrinsic and philanthropic motives. These findings suggest that evaluation of sustainable BDS business should not be limited to the traditional economic theory of recovering costs but should take into account intrinsic and philanthropic rewards as well. The study enhances our understanding of "start-up motives" and "success" and in particular in the context of small firms. This knowledge is invaluable to scholars, teachers and policy makers involved in promoting small firms.*

### **Introduction**

Business Development Services (BDS) is one of the important factors that affect the performance of micro and small enterprises (MSEs) (Amha & Ageba, 2006). The services include a wide range of non financial services provided to MSEs to namely; consultancy, training, and counseling, marketing support, provision of technology, policy advocacy, infrastructure and access to finance (Miehlbradt & Mc Vay, 2003). Availability of and access to efficient high quality BDS are essential for MSEs to help them acquire new skills and products, knowhow, technology and markets in an increasingly competitive and global environment (Amha & Ageba, 2006). BDS also enables MSEs to operate efficiently as well as to grow their businesses (Miehlbradt & Mc Vay, 2003). OECD report (2004) noted that a vibrant BDS sector is required for small enterprise development particularly for African economies where most small enterprises lack effective organization and knowledge of modern management techniques.

Several studies have been carried out in the field of BDS. For instance, Dyer and Ross (2007) established a mediating role of business advisers on the performance of MSEs. Wren and Storey (2002) showed the usefulness of business support for MSEs. However, in developing countries most studies on BDS have been donor driven (CDAs, 2001; Miehlbradt, 2002; Miehlbradt & Mc Vay, 2003; de Ruijter-de Wildt, 2003; Altenburg & van Drachenfels, 2006) hence address specific donor interests. In Kenya, (Phillips & Steel, 2003) evaluated the operations of the voucher scheme while (ILO, 2008)

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evaluated the operations of BDS programs of individual donor agencies. There is no study in Kenya that has examined the start-up motives of BDSPs. As Miller and Toulouse (1986) strongly argue, research findings often differ systematically across different groups of firms and under different business environments. Findings in one business environment may not be applicable in another environment (*ibid.*). Based on Miller and Toulouse's (1986) argument, what motivates entrepreneurs to venture into business in one geographical or industry context may not be the same in another. Eldelman, et al, (2010), established significant differences in motivations between black and white entrepreneurs both in starting and in their intentions to grow the new venture.

### **BDS Environment in Developing Countries**

Historically a number of BDS support programs have been initiated to promote small and medium enterprises in developing countries with little success in terms of outreach, impact or sustainability (Gibson et al., 2001; Caniels & Romijn, 2005). Dawson and Jeans (1997) noted that enterprise promotion efforts in developing countries were based on the belief that the small-scale entrepreneur was an individual that required continuous subsidization in the form of free training, ready-made feasibility studies, and purpose-built industrial estates; marketing assistance, credit below-market interest rate and continuous advice. Over time this changed; BDS practitioners came to realize that the only way to provide quality BDS and make these services self sustaining was to use business principles and instruments; by BDS becoming a business itself and selling the services that clients want at a market price (Bear et al., 2003). This begs the following questions; how self sustaining are BDS businesses in developing countries and in Kenya in particular? What makes these businesses self sustaining? As Amha and Ageba (2006), argue BDS market will only succeed if providers have appropriate incentives and capacity to respond to the demands of consumers and the markets on a sustainable way.

Miehlbradt (2002) noted that all BDS markets in developing countries are weak. In a study to assess the markets for BDS in seven different countries, she noted a wide range of differences in the levels of market development both among different service markets and among different markets. In Ethiopia Amha and Ageba (2006) established that there were very limited BDS providers in the sector which delivered limited services to few MSEs. In Uganda, Kyomugisha (2001) noted that institutions offering BDS were either still weak or offering non-useful services to MSEs (Government of Uganda (GoU)/Ministry of Finance, Planning and Economic Development (MFPED), 2008). In Kenya, a wide array of providers offers BDS to MSEs (Havers, 1999; Namusonge, 1999; Ngungi, 1999). However, the government in its draft Sessional Paper on Development of micro and small enterprises acknowledges that there is insufficient business development services (GOK, 2004). Furthermore, the diversity of the services offered in Kenya makes the impact of BDS intervention diffuse (ILO, 2008). Therefore, an in-depth study to understand why BDSPs venture into business is essential in designing appropriate policy to motive entrepreneurs to venture into BDS business and make these businesses self sustaining.

The purpose of this paper is twofold. One, to identify the start-up motives of BDPs in Kenya. Two; examine how BDSPs' start-up motives influence their motivation to sustain the business. Through the use of grounded theory methodology, the study employs a discursive approach by analyzing why BDSPs venture into business and how they sustain their businesses.

### **Start-Up Motives**

The question of what motivates people to start their own business has been studied extensively (Van Gelderen & Jansen, 2006). A central theme that emerges in all the studies is that the business starter wants autonomy (also labeled independence or freedom), (Schein, 1985; Blais & Toulouse, 1990; Katz, 1994; Feldman & Bolinon, 2000; Shane et al., 2003; Wilson, Marlino, & Kickul, 2004; Van Gelderen & Jansen, 2006).

Schein, (1985) and Katz, (1994) classified the motives into two as autonomy/independence and entrepreneurship. In a study to explain why small business starters want autonomy, Van Gelderen and Jansen (2006) identified two types of autonomy motives: (i) Proximal motive which is associated with task characteristics of being self-employed (i.e. decisional freedom); that is the small business starter may be motivated by the decisional freedoms and responsibilities regarding *the what, how and when* aspects of work. (ii) Distal motives where autonomy can be instrumental for the fulfillment of other motives (e.g. to avoid a boss or restrictions, to act in a self-endorsed and self-congruent manner; or to be in charge). They noted that some people are motivated by negative freedom in the sense that they generally dislike or are currently experiencing a difficult boss or unpleasant roles (ibid.).

McClelland (1962) identified three characteristics of entrepreneurs that related to their need for achievement: (i) a desire to accept responsibility for solving problems, setting goals and reaching those goals through their own efforts; (ii) a willingness to accept moderate risks, not as a function of chance, but skills; and (iii) a desire to know the outcomes of their decisions. Thus creating a new venture may provide entrepreneurs with the pleasure and satisfaction of independence and acceptance of responsibility for outcomes. Levenhagen and Thomas (1990) made several observations based on in-depth interviews with 13 software entrepreneurs in an attempt to determine the reasons for their leaving existing employment and starting up new organizations. Their findings revealed that these entrepreneurs felt a conviction and dedication to the values embodied in the core task, a feeling that was in conflict with the values of their previous employers.

Oyhus, (1999) identified three main motives driving start-ups and their corresponding types of opportunities. The motives include; (i) the innovative spirit, (ii) the business spirit and (iii) the enforced spirit. The innovative type of owner/manager is not a typically active opportunity seeker but rather acts only when the right type of opportunity knocks. The business spirit types of owner-managers are active opportunity seekers. They seek opportunities in different directions and tend to pursue opportunities in spheres where they have at least minimum knowledge or expertise. The objective of this type of owner-

managers is simply to do business or make profit. The enforced spirit type of owner-managers on the other hand, are those who due to environmental circumstances (e.g. lack of a job or retrenchment) have been forced to start some business activity to secure livelihood thus are neither risk-taking or opportunity-seeking. These people start businesses which they consider safe, because a small profit is strategically more important to them than an insecure but high return on capital.

In his two factor theory of motivation, Herzberg (1966) distinguishes between hygiene factors and motivators. Hygiene factors have the potential to motivate negatively. These lower level set derives from man's desire to avoid pain and satisfy his basic needs. They include the need for such things as food, clothing, and shelter, as well as the need for money to pay for these things. Motivators on the other hand, are a "higher level" set of needs. They have the potential to motivate positively. This set of needs relates to the unique human characteristic that is the ability to achieve and to experience psychological growth". Included here are the needs to achieve a difficult task, to obtain prestige, and to receive recognition. Nafziger et al., (1994) noted that the objectives of entrepreneurs will evolve over time. They noted that that although self-employment/survival may be the overriding goals in the earlier stage of the venture later, growth, success or family succession may take precedence.

## **Methodology**

The study used grounded theory methodology. Grounded theory (GT) is an interpretive qualitative research method originally conceived by Glaser and Strauss (1967). Grounded theory methodology was chosen because it is not influenced by explicit expectations about what the researcher might find; instead it allows the researcher to make discoveries without a priori knowledge (Jones, Kriflik & Zanko, 2005). Through grounded theory, the voice of the respondents can be heard. GT allows actors to define situations and the definitions to be produced in their natural contexts.

The study was conducted on eleven BDS providers, four micro and small enterprises and two BDS facilitators. Data collection and analysis took twelve months between May 2008 and August 2010. Snowballing method was used to identify the respondents. First, telephone contacts of some BDS providers were got through a managing director of one of the local microfinance institutions. The first few people, who were contacted, provided information that was fuzzy and disconnected. These interviews were used as a pilot study. From these contacts one information rich BDS provider was identified. Through this respondent, contacts of four other BDSPs were obtained. From these four respondents, six other BDSPs were identified contacted and requested to participate in the interview process.

The interview questions were not predetermined beforehand but evolved during the interview process. The respondents were requested to tell their stories. During the interviews, questions were focused and refocused and interviewees probed based on the emerging issues. The interviews were voice taped using a digital voice recorder. Additional notes were also taken during the interviews and after each interview all the

interview data was transcribed. The responses from the BDSPs were triangulated with the responses of four MSEs and two BDS facilitators.

In grounded theory, sampling cannot be planned in detail before the start of the field study. The specific sampling decisions evolve during the research process itself (Strauss & Corbin, 1990). Data collection, coding and analysis occur immediately, concurrently and throughout (Glaser & Strauss, 1967). Coding consists of naming and categorizing data. It is an analytical process through which “data are fractured, conceptualized and integrated to form theory” (Strauss & Corbin, 1998). The study used the following levels of coding: open, axial, and selective coding (Glaser & Strauss, 1967). Open coding process involved looking at the transcribed tapes, paragraph by paragraph together with the field notes for meanings, similarities and differences (Strauss & Corbin, 1990).

The initial open ended question posed to the BDSPs was; ‘*Why did you venture into this business?*’ This was a broad question that was intended to capture their’ start-up motives. The open coding process generated a large number of incidents (*table 1 for the start-up motives*). Constant comparison and theoretical sampling process reduced the number of concepts to relatively fewer and higher concepts called sub categories and eventually categories (Assad, 2001). Axial coding is a process of putting fractured data back together in new ways via a combination of inductive and deductive thinking (Strauss & Corbin, 1998). During axial coding process, incidents from open coding were analyzed in the light of new insights generated from additional data collection; compared by looking at the categories and relating them to their sub- categories in order to form more precise explanations about emerging phenomena. The start- up motives were conceptualized into *intrinsic, extrinsic and philanthropic (table 2)*.

The selective coding is a process of integrating and refining the categories (Strauss & Corbin, 1998). It seeks interrelationships between the emerging categories. Selective coding requires selection of a core category which emerged from the axial coding process (Strauss & Corbin, 1990). In current study, selective coding sought interrelationships between the emerging categories namely; *start-up motives and motivation to sustain the business*.

## **Findings**

The study established that BDSPs ventured into business for a number of reasons. These motives are discussed below:

### ***i. Desire for Autonomy***

Desire for autonomy was expressed in two ways namely; to gain financial independence and to be one’s boss. The following statements explain ways in which this desire was expressed:

*Desire to gain financial independence:* desire for independence was expressed in different ways by different providers. Having financial independence gives one

economic power; to make independent financial decisions. Secondly there was the desire to be ones' own boss and make independent decisions.

Another BDSP explained: *"I started the consultancy for independence. I wanted to have financial independence"*.

*Desire to be one's own boss and make independent decisions:*

Another BDSP explained:

*"After working at ABC Motors under a very democratic boss who allowed me to make certain decisions and supported my decisions, I realized that I needed to be my own boss where I could make independent decisions without having to consult anybody"*.

**ii. *Desire for philanthropy***

Desire for philanthropy or to make social contribution was expressed in different ways by different respondents.

One BDSP explained;

*"We wanted to provide BDS services to many small-scale entrepreneurs in the province because we believed this could help contribute to employment creation and hence reduce the level of poverty"*.

*Desire to give back something to the community; as a social contribution giving some kind of support to SMEs:* Another BDSP explained:

*"I was involved in a lot of Corporate Social Responsibility (CSR) activities at in the company where I was working and so when I started my own business, I thought I could continue doing the same. You see I have a big social heart; I get boost and energy by impacting on someone"*.

*Desire to give service:* One BDSP said; *"I wanted to help entrepreneurs come up with feasible solutions to the business challenge"*.

*Desire to fulfill a divine call:* Another BDSP said;

*"I have always been moved by poverty levels; I have been asking myself, why do these MSEs remain perpetually poor? And I have been thinking about what God thinks of poverty? So I thought offering BDS was an opportunity to make a contribution to the world using God's/ Christian approach"*.

**iii. Desire to Explore one's capabilities**

Desire to explore pointed to the desire to do something new; desire to break away from doing routine work and the desire to exploit one's potential. The following are some of the ways in which providers expressed this desire:

*To realize my potential:* One BDSP explained;

*"My boss allowed me to attend many capacity building trainings that exposed me to all management functions. Through these trainings I met and interacted with other people. They also made me realize that I had a lot of potential that I could not fulfill in a structured organization like the one I was working for. So I decided to start my own business where I could explore my potential".*

*Desire to use my experience:* Another BDSP who had been working in banking industry for a long time explained:

*"After working in the bank for several years, I decided to venture into business consulting for a change and also to explore".*

*To do something new:* For example, One BDSP explained that after working in the banking industry for several years: *"I decided to venture out because I wanted to do something different".*

*To explore one's abilities:*

One BDSP explained;

*"Having organized a successful leadership workshop, I realized that I had leadership abilities so I decided to venture into business so that I could explore my abilities".*

**iv. Frustration within the work place**

Some BDSPs cited frustration in their former work places as a factor that pushed them into business. One BDSP explained: *"because of frustration at my work place I decided to quit the job to start my own consultancy".*

Another BDSP explained:

*"I realized that I had risen so quickly to the post of an administrative assistant in the company and that I could not rise any further".*

**v. Response to market opportunity**

The following are some of the ways in which BDSPs expressed this desire:

One BDSP explained;

*“We saw a market opportunity and we acted upon it. While doing consultancy for one of the donor agencies in the country, we realized that they were looking for consultants to manage the market relationship between the farmers and so we decided to register a consultancy firm, bid for the job and we got it”.*

Another BDSP explained;

*“Anytime I met my former clients, they would tell me; you really used to help us; why don’t you start something similar....” The respondent continued: “We conducted a study and through this we realized that SMEs needed many more services than we were already offering. So we decided to start the consultancy to give services for MSEs”.*

Still another BDSP explained;

*“We realized that there was business opportunity in the western region. There was hardly any BDS provider in the region yet there were many SMEs who needed the services. So we decided to go to Western Kenya and give support services to the small scale entrepreneurs”.*

**vi. A stepping stone to do other business**

Desire to use BDS as a stepping stone pointed to the fact that the provider had no desire to do the business on a permanent basis. For instance, One BDSP explained that he ventured into BDS business on a temporary basis explained:

*“I ventured into consultancy to give services to the SMEs but with a motive to learn the ‘tricks of doing a business’. I wanted to use BDS as a stepping stone to doing other businesses; I wanted to make money that I could use to start a business because I want to become a serious businessman in the future”.*

**vii. Desire for Recognition**

Desire for recognition was expressed in the following way:

One BDSP explained;

*“I was working in a large organization where I could not be noticed so I decided to start my own small company”.*

**viii. Desire to pass on an inheritance; One BDSP explained;**

*“I wanted to make money which I could use to start a serious business that my children can inherit”.*

**ix. The desire for financial success:**

One BDSP explained;

*“I realized that I was making a lot of money for my employer through consultancies. So I thought to myself; why don't I make that money for myself”.*

**x. Desire to fulfill childhood dreams:**

One BDSP explained;

*“I had always had a desire to do my own business. I started doing business when I was a child, selling fruits, vegetables in the local market”.*

Table 1 summarizes BDSPs' start-up motives.

**Table 1: Description of the Start-up Motives**

<i>Incidents</i>	<i>Concepts/codes</i>
Doing BDS to gain financial independence; Doing BDS enabled me to be my own boss and make independent decisions;	Desire for autonomy
Desire to build one's own company; To manage a big business;	Desire for Recognition
To give service to the people; Doing BDS as a CSR to support MSEs; To make social contributions; To give back something to the community; To make a difference in the society; To contribute to poverty reduction	Desire for philanthropy
To explore my potential; To start a career path; To use once experience; To put into practice skills learnt; To do something new; Doing BDS for a change; To test the skills learnt.	Desire to explore
Disagreement with the boss; Lack of opportunity for career progression; Unhappy with the way the way things were managed at the work place.	Frustrations within the current work place
Having insider knowledge of an existing market opportunity; Do BDS as a diversification strategy; Responding to request from former clients; Recognizing and fulfilling unmet demand	Response to market opportunity
To learn business skills of running a business; To make money and move on to start business	A stepping stone to doing things
Doing BDS as a way of meeting family expectations	To conform to family tradition
To fulfill my childhood dream of running own	Desire to fulfill childhood

business;	dreams
To make money for oneself;	Desire for financial success
To start a business that my children can inherit.	Desire to pass on an inheritance

Through constant comparison and coding these motives were conceptualized and categorized as intrinsic, extrinsic and philanthropic. Table 2 classifies BDSPs' start –up motives.

**Table 2: BDSPs' Start –Up Motives**

<i>Extrinsic Motivators</i>	<i>Intrinsic Motivators</i>	<i>Philanthropic Motivators</i>
Frustration within the work place; Desire to make money; Using BDS as a stepping stone to do other businesses; Response to market opportunity; Desire to fulfill to family tradition; Desire to put skills learnt into practice	Desire for autonomy; Desire to explore; Desire to fulfill childhood dreams; Desire to realize ones' potential	To give service to others; Doing BDS as CSR by giving support to MSEs; Desire to make social contributions; To give back something to the community; Desire to make a difference in the society; Desire to contribute to poverty reduction Desire to fulfill a divine mission

*Motivation to sustain the business*

Motivation to sustain the business captured the providers' intentions (expressed explicitly or implicitly) to continue doing the business. The intention was expressed in different ways by different BDSPs. In addition, the study established that not all BDSPs had motivation to sustain their business. Motivation to sustain the business was not linked to financial sustainability of the business. While financial sustainability was an overriding motivation that kept some BDSPs in business for others it was not. For some BDSPs, the belief that the business could succeed; that it had potential was what kept them in the business. This belief gave them the motivation to look for ways and means of sustaining the business; to do whatever it took to ensure to make the business succeed.

The study established that BDSPs' start-up motives influenced their perception of the business which in turn influenced their motivation to sustain the business activity. BDSPs whose greatest motive for venturing into business was to make money seemed very impatient. Their view of the business was short term and was geared towards making quick monetary returns. In addition, they seemed to lack of passion for the business. The following statements from the respondents illustrate these relationships:

One such BDSP explained; *“I wanted to make a lot of money quickly so as to move to start ‘a serious business’”*. Thus this respondent did not have the intentions of sustaining the business. His action confirmed this; by the time of the fourth interview he had already quit the business and had got salaried employment.

Yet for another BDSP;

*“For me doing this business was to enable me gain skills and at the same time save money to start a serious business. That is why I am saving a big chunk of the income that I am generating”*.

In addition, BDSPs ventured into business as a stepping stone to do other businesses seemed to have a short term focus for the business. One such BDSP explained;

*“I have never seen BDS businesses grow unless where one is dealing with large organizations”* seemed to suggest that he did not believe in the growth potential of a BDS business.

Even the attitude of this BDSP to client suggested lack of satisfaction as he explained:

*“When I see a client making so much money yet I know I have better skills to run such a business, it makes me wonder what I am doing in this business”*.

On the contrary, BDSPs who ventured into business to make a social contribution seemed to have a long term focus of the business. Because of their long term focus, they seemed to invest their time and money to build the business. In addition, they made effort to nurture relationships with their clients. For example, one BDSP explained:

*“I knew financial independence was not going to come quickly. For me this is planting time. Am ready to charge very little now because I know I will reap it all back in the future”*.

The study also established that BDSPs also differed with regards to the time horizon attached to getting the financial returns. For example, one BDSP who had a long term focus of the business explained: *“when I started this business, I knew it was going to take long”*.

Another BDSP explained;

*“BDS is long-term and so the returns cannot be in the short- term. I am prepared to wait”*.

The potential for success that different BDSPs attached to the business also appeared to influence their motivation to sustain the business. For example, one BDSP compared

her business to a 'bamboo tree' *"it takes a long time but once it takes root it spreads very quickly"*.

Another BDSPs who shared the same views explained; *"the future is bright"*. Thus it can be argued that their beliefs in the business potential and their long-term focus made them invest their time and energy to realize that potential.

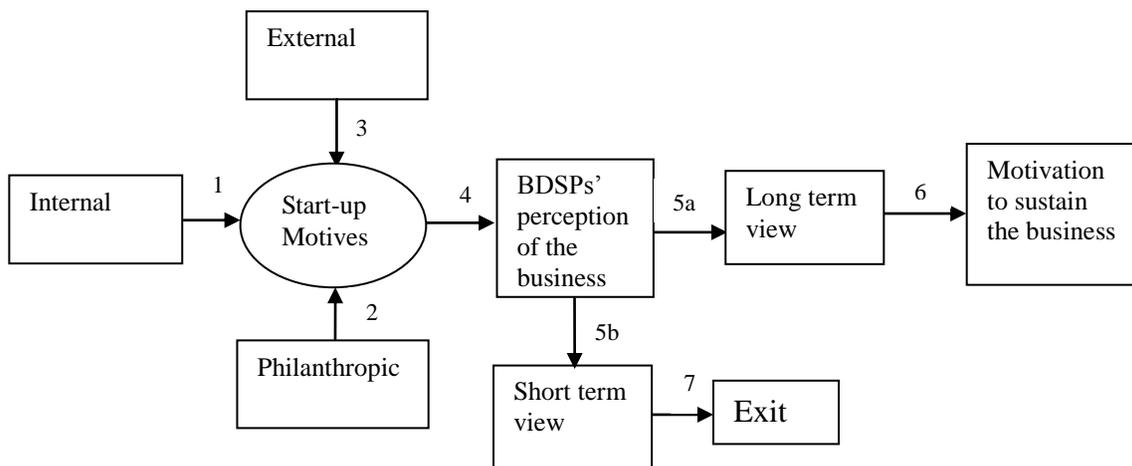
Still another BDSP who believed that the business had a lot of potential explained that he found the business a fulfilling career and as such did all he could to make it succeed. He explained; *"we are determined to succeed, even if it takes five years"*. These statements suggest that belief that the business can succeed may be a driving force that pushes one to act; to look for alternative ways and means of sustaining the business.

In addition, it also emerged that ability to sustain business was an important factor that determined whether one stayed on the business or not. The study established there were some BDS wanted to continue doing the business but were unable to do so hence were forced to close down.

For example, such BDSP explained;

*"We reached the lowest level in our business. So we were forced to stop normal operations. We have retained one office because we did not want to lose contact with our clients"*.

These relationships are summarized in figure 1.



**Figure 1: Start-Up Motives and Sustainability of Business**

Figure 1 shows that:

1. The start-up motives can be external, internal or philanthropic.
2. The start-up motives influenced BDSPs' perception of the business (*arrow 4*).
3. BDSPs' perception of the business on the other hand, *influenced* their ability to sustain the business activity.
4. Those who had a positive view of the business appeared to have a long term focus and so were motivated to sustain the business (*arrows 5a and 6*).
5. Those who had a negative view of the business (as having no potential) seemed to have a short term view; they lacked the motivation to sustain the business hence exited the market (*arrows 5b and 7*).

These relationships are discussed in details below.

### **Discussion of Findings**

With regards to our objective one, we established that different BDSPs ventured into business for different motives. These motives were classified into three categories as intrinsic, extrinsic, and philanthropic. In examining these motives, we established that extrinsic motivators arose from frustration within the workplace; desire to make money; to use BDS as a stepping stone to do other businesses; in response to market opportunity; or to uphold family tradition. For instance, BDSPs who ventured into business because of frustrations within their work places started a business as a way of escaping from an unpleasant boss or from unfavorable work situation. Intrinsic motivators were; desire for autonomy; desire to explore- meaning doing something new; desire to fulfill childhood dreams; desire to realize ones' potential; and desire to put skills learnt into practice (implying the willingness to take the risks of the outcomes); desire to do something different; desire to be my own boss.

However, we established that different BDSPs attached different degree of importance to the motives. For instance, in expressing the importance attached to autonomy, one respondent explained; "*This is the beauty of being your own boss. You don't have to consult anyone*". Intrinsic motives are in line with what Katz (1994) defines as entrepreneurship. Katz (1994) defines entrepreneurship as focusing on something new, involving the motivation to overcome obstacles, the willingness to run risks and the desire for personal prominence in what is accomplished. His study also showed that autonomy is linked to creativity because an autonomy orientation inherently means that one does something different with less concern for what is conventional (Katz, 1994).

We established that philanthropic motives were both humanly driven and divinely (spiritually) driven. BDSPs expressed philanthropic motives in the following ways; desire to give service to small-scale entrepreneurs; desire to give some kind of support to small-scale entrepreneurs; desire to make social contributions; desire to give back something to the community and desire to make a difference in the society, spiritually driven as an answer to a or fulfill a divine call. *Where did the philanthropic motivation come from?* We established that philanthropic motivations came from varied sources.

Some BDSPs engaged in philanthropic activities as a divine call. Others acquired the desire for philanthropy from their previous work places; yet for others it was internally driven. For example, one BDSP explained; “*this is where my boost comes from. I get a lot of satisfaction when I am impacting on someone*”. We argue here that because BDSPs perceived MSEs to be largely unaware of BDS and/or its benefits; it was unlikely that their philanthropic motives were influenced by MSEs’ bargaining power.

There are conflicting views in extant literature regarding what drives philanthropy or corporate social responsibility (CSR) (Margolis & Walsh, 2003). Fry, Keim and Meiners (1982) established that philanthropic activities are done for profit motives. Their study found that marginal changes in advertising expenditures and marginal changes in philanthropic contributions were significantly related. The firms with more public contact tended to spend more at all income levels on philanthropy than firms with little public contact. Their results indicate that philanthropic activities served as a complement to advertising, which was a profit- motivated activity. Our study established that some BDSPs ventured into business for intrinsic and philanthropic motives. These motives partly explained why some of them persevered through difficult times and even continued doing business under what would seem to others as a loss. The findings on intrinsic and philanthropic motives suggest that the measure of success should not be generalized across business sectors or within a business sector, but should be person and context-specific. In particular the measure of success should take into consideration the provider’s start-up motives and motivation for sustaining the business activity.

Contrary to extant traditional economic theory that assumes that people venture into business mainly to make profit (Hirshleifer, & Hirshleifer, 2005) and the small business literature that assumes that MSEs venture into business for economic necessity and survival (Olomi, 2001; Oyhus, 1999; Nafziger et al., 1994); none of the BDSPs studied ventured into business for economic necessity and/or survival. Our study revealed that for some BDSPs, philanthropic and intrinsic motives appeared to be dominant over other motives..Intrinsic and philanthropic motives expressed in the following desires namely; desire for autonomy; desire to explore; desire to fulfill childhood dreams; desire to realize ones’ potential; and desire to put skills learnt into practice, desire to make social contribution and desire to give service to MSEs. The study established that BDSPs who ventured into business to make a social contribution continued doing business even when the business did not appear to do well in the traditional economic sense. These findings suggest that financial rewards may not always be the reason that keeps some people in business suggesting that success of BDS business may require a certain kind of ‘call’ to sustain it.

Our examination of philanthropic motives revealed that unlike in large organizations where philanthropic activities may be more externally driven and where organizations give from ‘*plenty*’; there were BDSPs who gave services to MSEs despite their resource constraints and who went unnoticed. Ven van de and Graafland (2006) argue that small firms are less visible and more anonymous than large firms in the labour and consumer market. Thus it can be argued that corporate social responsibility (CSR) activities by

large organizations are a matter of justice. Large organizations are under more pressure from the stakeholders to act ethically as compared to small firms (Smith & Nystad, 2006). Our findings distinguished between philanthropy practiced by large firms (*coercion ethics*) from philanthropy practiced by BDSPs which were small firms (as *voluntary ethics*).

Philanthropy is increasingly being used as a form of public relations or advertising, promoting a company's image or brand through cause-related marketing or other high-profile sponsorships. Porter and Kramer (2002) argue that many large companies use philanthropy as an instrument to achieve the ultimate goal of profit maximization by improving the competitive context of the firm. They noted that while these campaigns do provide much needed support to worthy causes, they are intended to increase company visibility and improve employee morale as opposed to social impact (*ibid.*). Johnson and Greening, (1999) noted that companies are involved in CSR programmes only when they have long-term interests or experience sufficient pressures, which could severely affect their profitability. Lev, Petrovits and Radhkrishnan (2006) asserted that CSR activities are associated with subsequent sales growth in industries which were highly sensitive to consumer perception. On the contrary, Clarkson (1995) in his 10 year field research (1983-1993) of the 70 biggest Canadian companies established that in the normal course of conducting their businesses, corporate managers did not think or act in terms of corporate social responsibilities.

In Kenya, the idea of giving something to others voluntarily is deeply rooted in people's social culture. Nyambegera, Daniels and Sparrow (2001) noted that Kenyans are more of group than individual oriented and that they are oriented towards harmony with the world around. Schein (1985) argues that the culture of any group or societal unit is the total of the collective or shared learning of that unit as it develops its capacity to survive in its external environment and to manage its own internal affairs. 'Voluntarism' is seen under the dichotomy of giving and receiving. On the side of giving, people contribute money to others through group donation concept locally known as '*Harambee*' (or *Ubuntu* as it is known elsewhere) to pay school fees, medical bills, and to meet wedding and funeral expenses of relatives, friends; and friends of friends. On the side of receiving, people expect others to help them whenever they are in need. *Ubuntu* is a special sense of group identity and liability, a sense of human interdependence that is driven by social norms such as reciprocity, suppression of self-interest and symbiosis. Mangaliso (2001) defines *ubuntu* as "humanness-a pervasive spirit of caring and community, harmony and hospitality, respect and responsiveness- that individual and groups display for one another.

Our philanthropic and intrinsic motives conform to Maslow's (1954) higher level of needs and Herzberg's (1966) motivators. Maslow (1954) posits a hierarchy of human needs based on two groupings: deficiency needs namely physiological, safety, social, and ego (or esteem) and growth needs, namely; self- actualization. These needs form a hierarchy or ladder and that each need becomes active or aroused only when the next lower level is reasonably satisfied. Once each of these needs has been satisfied, if at

some future time a deficiency is detected, the individual will act to remove the deficiency. The individual is ready to act upon the growth needs if and only if the deficiency needs are met.

We established that some BDSPs ventured into business as a divine call. Such people gave a divine approach to business by engaging in ways and means in which they could make the lives of their clients (MSEs) better. They saw this as a way of fulfilling their divine mission. We also established that some BDSPs ventured into business as a stepping stone to do other businesses. Our finding on a stepping stone adds another dimension of 'stepping stone motive' by small-scale entrepreneurs. A study by Bennett and Estrin (2007) showed that entrepreneurs used informality as a stepping stone to experiment cheaply in an uncertain environment. They argued that there are circumstances under which, without this option, the industry would not become established. They analyzed the roles of parameters such as a minimum wage rate and showed that the existence of financial constraints can actually encourage entry in this context.

Our findings on philanthropic and 'stepping stone' motives to starting a business suggest that failure to sustain a business activity should not be evaluated and understood purely in the traditional sense of business failure to recover costs. In particular, the 'stepping stone motive' points to the fact that continuity may not always be an overriding objective of all business promoters. These findings are consistent with those of Cressy's (2006) who argues that the concept of firm failure is relative to the objectives of the entrepreneur. The study shows that there are people who venture into business to attain certain short-term objectives and that once such objectives are achieved, they wind up their business.

With regards to our objective two, we established that BDSPs' start-up motives influenced their' perception of the business which in turn influenced their motivation to sustain the business activity. BDSPs whose greatest motive for venturing into business was to make money seemed very impatient. Their view of the business was short term and was geared towards making quick monetary returns. In addition, they seemed to lack of passion for the business. According to the expectancy, action are taken because an individual believes that his or her efforts will lead to successful performance which will bring certain outcomes with direct positive value or which will lead to other valued outcomes (Olson, et al., 1996).

Motivation to sustain the business was not linked to financial sustainability of the business. While financial sustainability was an overriding motivation that kept some BDSPs in business for others it was not. These findings are consistent with those of Wiklund et al., (2003) that showed that noneconomic concerns may be more important than expected financial outcomes in determining the overall attitude towards growth.

For some BDSPs, the belief that the business could succeed; that it had potential was what kept them in the business. This belief gave them the motivation to look for ways

and means of sustaining the business; to do whatever it took to ensure to make the business succeed.

### **Conclusions and Implications for policy**

The study shows that start-up motives influences service providers' perception of the business and consequently their motivation to sustain the business. The findings of this study have the following theoretical and practical implications:

First, they suggest that the measure of success of small businesses should take into consideration the provider's start-up motives and their motivation for sustaining business activity. For instance, the 'stepping stone motive' suggests that 'death' of small businesses may not necessarily mean failure. Depending on the start-up motive, exiting the business may be a deliberate move on the part of the founder upon completion of its objective.

Second, the reason for sustaining a business activity should not focus entirely on the traditional economic theory of recovering costs. While it is true that people strive to recover costs and possibly make profits; our study showed that this may not be the major reason why some people stay in business. In addition, the measure of success of BDS business should take into consideration the social impact of the business as well as the intrinsic rewards which are often ignored. Additionally the measure of success should not be generalized across business sectors or within a business sector.

Third, knowing how BDSPs' perception of the business influences their motivation to sustain the business activity may have important theoretical implication for encouraging and developing entrepreneurs. This finding can help policy makers to design appropriate policy interventions to motivate people to venture into as well as to sustain the business.

Finally, the study further shows that BDSPs who are driven by philanthropic motives persevered and sustained the business even if their business might not be sustainable in the traditional economic sense. The study showed that some of these people went unnoticed. The finding suggests the rationale for spending public resources to identify and encourage such service providers. The findings on philanthropy also suggest the need to understand voluntarism within the socio-cultural context in which the business is being operated.

### **Limitations and Future Research**

The results of this study should be interpreted and understood within the confines of the following limitations. One, the study used snowballing method hence the researcher could not control the selection of the respondents. The study predominantly concentrated on business skills development and business consultancy and so the findings and conclusions drawn may not apply to other types of BDS such ICT, Technology or Legal or to other business sectors. Therefore, there is limitation on the extent to which these results could be generalized across all BDSPs in Kenya. Consequently, a similar study is necessary in other types of settings in order to validate

and/or enhance the findings of this study. Two, further studies could be done to establish the relative strength of different start-up motives. Three, given the stepping stone motive, a study of ventures perceived to have failed could be done to establish link between the failed business and the owners' start-up motives.

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*Proceedings of 8th Annual London Business Research Conference  
Imperial College, London, UK, 8 - 9 July, 2013, ISBN: 978-1-922069-28-3*

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