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Full Length Research Paper

Why Do Nascent ICT Businesses Die Young?

Kituyi G. Mayoka and Waswa Balunywa

Department of Business Computing, Makerere University Business School.
Department of Entrepreneurship, Makerere University Business School.

Abstract

This study sought to investigate why most nascent ICT businesses failed during their early stages in Uganda along the constructs of the family business sustainability model. A quantitative survey research design was adopted and used, in which a self-administered questionnaire was the main data collection tool. Primary data were analyzed using descriptive statistics. The key factors influencing ICT business start-up were identified as unemployment, the need to get side income, create jobs for family members and get rich. Findings also indicate that most nascent ICT businesses failed because proprietors employed relatives, were not available and committed to their businesses. In addition, excessive competition from foreign products, lack of business management and entrepreneurship skills, financial indiscipline, mistrust, poor savings culture, conflict of interest between managers and family members and failure to pay bank loans, rent and taxes were also responsible for ICT business failures. The study indentified the most salient policy innervations for sustainable ICT businesses in Uganda as reduced interest rates, training in ICT and entrepreneurship skills, availability of business soft loans, government subsidies, establishment of business incubation centers and controlled inflow of foreign ICT products.

Keywords: ICT Businesses, Family business, Small businesses, Sustainability, Uganda, Business Failures, Entrepreneurial tendencies.

INTRODUCTION

The role of ICTs in developing economies is indispensable. Many jobs have been created both in the formal and informal sectors. The Uganda Bureau of Statistics shows that 20% of jobs in the country are contributed by the services sector of which 400,000 come from the telecommunications sub-sector alone (Bekunda, 2008). These numbers do not include the many youth and women who conduct informal trades in the sector such as selling of telecommunications airtime cards, mobile money, phone repair, music and movie recording, to mention but a few. Rwakakamba (2011) argues that although the informal sector, constituted by many small businesses employs about 1.5M people, which translates into 90% of the total number of non-farm private sector workers in Uganda, little efforts have been made to recognize this contribution. Important to note is that most of these small businesses are family owned and in most cases managed by family members. Therefore these businesses play a big role in sustaining families. For example they are the main source of school fees, food for family members and help a lot in providing for many other undocumented family needs.

The Global Economic Monitoring survey report indicated that Ugandans were highly entrepreneurial and most of them had started a numbers of businesses in the recent past (GEM, 2009; 2004). Important to note here is that ever since the liberalization of the Ugandan telecommunications sector in the late 1990s, many ICT businesses some of which mentioned above have mushroomed up. However, the rate at which these businesses come into existence is almost the same rate at which they die. Many ICT businesses have been started only to shut down before completing even a year! Many studies have indicated that on average 30% of small and medium sized enterprises die less than one year old (see for example Rooks and Sserwanga, 2009;

*Corresponding Author E-mail: kimayoka@gmail.com; Tel: +256782836164

Walter *et al.,* 2004; Boden and Nucci, 2000; Brüderl *et al.,*1992). Since majority of these businesses are family owned, the most likely causes of failure could be conflict of interest, sibling rivalry, nepotism and inability to make profits among others as advanced in Gersick *et al.,* (1997) family business sustainability model. Ocici (2006) adds that most businesses in Uganda fail because of lack of skills and limited access to financial services.

Definition of Key Terms

ICTs comprise of electronic devices that aid in communications through accepting input of data, processing it and producing useful information for decision making out of such data. Such devices include but not limited to computers (desktops, laptops, palm tops, etc), mobile phones, fixed landline phones, television sets, radios among others. In this study, ICT businesses refer to all economic activities both profit and non-profit that offer and/or use one or more of the above listed ICT devices as their main product/service to the customer for a fee or otherwise any other consideration.

On the other hand the term entrepreneurship has been defined by many scholars including (Carlock, 1994; Grant and Perren, 2002; Alutu and Uzamere, 2011) as the process of starting a new business or improving on an existing business with the aim of making a profit. The most outstanding definition of entrepreneurship however, is by Drucker (1993) who defined it as one's ability to augment the value of a product obtained through searching for opportunities presented by change and optimally exploiting them to the customer's satisfaction. The practice of entrepreneurship is largely driven by human behavior, attitudes and a drive to start something new and innovative. This is commonly referred to as entrepreneurial tendency. From this background therefore, an entrepreneur is a person, who, despite the risks in the environment, embraces the responsibility of providing a service or product of value upon identifying a market opportunity with the aim of making profits through innovation (Alutu and Uzamere, 2011). This definition is in line with Linda (2002) who argues that an entrepreneur is someone with the ability to spot an opportunity, find the means of obtaining the required capital and acts to turn the opportunity into a reward. Similarly, Ocici (2006) argues that entrepreneurship is a mindset, which occurs at all levels of society, with abilities to blend risk taking, creativity and/or innovation to properly manage an old or new business. Cooper and Ziemnowicz (2007) argue that some of the most important manifestations of entrepreneurial behavior are creativity and risk-taking. In this study, an entrepreneur is defined as one who starts an innovative ICT business with the aim of making profits or rending a useful product and/or service to the community for any other consideration other than profits.

The Concept of Entrepreneurship

Throughout the twentieth century, many academicians, including economists such as Drucker (1993), Marshall's (1920) and others engaged themselves in trying to better understand and harmonize the concept of entrepreneurship (Alutu and Uzamere, 2011), owing to its many facets but to date, there still exist varying definitions of the term and practice of entrepreneurship. Like we have already seen in the previous section, many definitions have been suggested by various scholars, based on various situations. Therefore, there is no single universal definition for the term entrepreneurship. However, Acs *et al*. (2006); Alutu and Uzamere (2011) argue that contemporary theories of entrepreneurship consider this discipline as the recognition of opportunities and the decision to exploit them. Perhaps in brief, these three extracts can help us define entrepreneurship better as they are found to be more agreeable with the literature; 1) one's ability to augment the value of a product (Drucker, 1993), 2) a mindset of innovation (Ocici, 2006) and 3) making profits by providing unique solutions to human problems (Alutu and Uzamere, 2011). Thus from these ideas one would define entrepreneurship as one's ability to make profits through value addition and providing innovative solutions to businesses and non-business problems.

Uganda's Entrepreneurship Situation

Even though Uganda is an under developed country with most of its population (40%) living below the poverty line (Rooks and Sserwanga, 2009), the country has registered tremendous success in entrepreneurship as it was sighted as consistently being one of the most entrepreneurial countries in the whole world (see GEM 2004, GEM, 2009). Some of these successes have been attributed to direct policy that has encouraged entrepreneurship in the country. Saeed (1998) for example argues that the Ugandan government has made entrepreneurship a top priority by providing a harmonious investment climate aimed at attracting both local and foreign investors into the country in order to foster economic development.

Not withstanding these achievements however is that Ugandan large enterprises are owned by foreigners as (Mapunda, 2007) argues that aliens have been left to play a larger role in the economy and that this situation has deprived indigenous Ugandans of a right to acquire resources necessary for economic empowerment. Moreover Tiessen (1997) argues that for effective entrepreneurship, a country's indigenous people must be the major players and should be custodians of their own economy.

Ugandan enterprises are largely informal with approximately 97% unregistered businesses, employing close to 80% of the population and family members constitute the main source of labor in most of these businesses (Rwakakamba, 2011). Ocici (2006) one of Uganda's key players in the entrepreneurship field observed that 1) there is no clear definition of an entrepreneur in Uganda 2) most Ugandan businesses are family owned, 3) most business owners are school dropouts, 4) most marginalized groups such as women and poor are excluded from entrepreneurship and 5) that entrepreneurship training has not been part of the traditional educational system until recently. Because of these, Ocici (2006) concluded that government efforts to promote entrepreneurship in the country have not achieved much and called for a rigorous and sound approach that will recognize marginalized groups and integrate them into the economy and also formalize entrepreneurship and small business.

Entrepreneurial Tendencies in Uganda

There is no doubt that entrepreneurial tendencies in Uganda are extremely high considering the rate at which businesses are popping up. Each day that passes by leaves many new ICT businesses behind and each year leaves over 9000 new businesses registered in the country. The only challenges are; 1) What kind of businesses are being setup? 2) Are they entrepreneurial businesses anyway? The failure rate of these businesses leads one to agree with Rwakakamba (2011) who suggests that Uganda is a graveyard of nimble entrepreneurial ideas. Linda (2002) argues that the failure of businesses is due to lack of entrepreneurial skills such as failure to embrace change.

There are many studies that have come to the conclusion that the majority of businesses started up in Uganda close while still in their nascent stage (see e.g. Bewayo, 2000; the GEM Report 2009; 2004). The failure to sustain such start-ups puts the economy into great danger (Ocici, 2006). In Uganda, most entrepreneurial set-ups are privately owned although they contribute about 75% to the national GDP (Rwakakamba 2011)

In line with the GEM (2009) and Ocici (2006), the lack of the "sustainability aspect" is probably what has caused the inventions of Ugandan entrepreneurs to quickly fade away unnoticed, notwithstanding the fact that Uganda is one of the most entrepreneurial countries with high entrepreneurial tendencies. Research has indicated that the practice of entrepreneurship is largely driven by human behavior i.e. their drive to start something new and innovative. In line with Bewayo (2000), it is this drive to start something new that has been conceptualized as 'entrepreneurial tendency'. Although the government has set up some measures like ensuring education accessibility to all, business sustainability has remained a big challenge for Ugandan entrepreneurs, especially in the area of ICTs.

Entrepreneurial Behavior in Uganda

A number of researches have been conducted in an effort to establish whether entrepreneurial behavior affects business success and sustainability (Linda, 2002). For example, research indicates that the success of Chinese enterprises have been largely due to Chinese personal traits and behavior (Cooper and Ziemnowicz, 2007; Kirby and Fan, 1995). Brockhaus (1982) observed that a risk taking propensity, internal locus of control and a need to achieve are some of the key factors leading to the success of new business start-ups after reviewing a number of psychological characteristics of entrepreneurs. Rauch and Frese (2007) however are doubtful of the role of behavioral traits in business success. From their study, they found out that some literature indicated that there is a positive correlation between personality traits, business creation and success while others disagreed.

While Alutu and Uzamere (2011); Adesulu (2010) argue that education is important in making individuals to understand and widen their entrepreneurial quality, ability and behaviors, many Ugandan entrepreneurs are characterized by low or lack of education, uncouth and poorly managed people. They operate in the informal (jua kali) sector mainly for survival purposes, have a poor saving culture and do not have proper channels of capital sourcing (Ocici, 2006). Most of them obtain capital through selling off property, offering casual labor and sometimes a few lucky ones access high interest credit from micro finance institutions locally known as SACCOS and intolerant money lenders. Ugandan entrepreneurs lack certain key skills such as problem solving, goal setting, faith and confidence in what they do and above all they lack a business vision which is very important for business success as suggested by (Denslow and Giunipero, 2003; Kiggundu, 2002). Many of them are not creative and all they do is just replicate what others have already started.

Contrastingly, entrepreneurs in other countries such as China are well trained, committed, financially disciplined and well respected by the society (Cooper and Ziemnowicz, 2007). Maysami *et.al.*, (1998); Wu (1983) argue that the essential principles fundamental to Chinese business ownership are family and cultural values, networking and diligence. They listed some of these traits as "a high marginal propensity to save, high tendency to reinvest their business earnings, and having a collectively strong desire to secure a better education for their children, who are then expected to carry on their businesses". These traits are also reemphasized by Raduan *ea al.,* (2006); Frese and Fay (2001) who carried out studies on employees and got similar results.

The Role of Small Businesses in Economic Development

The informal sector in Africa employs 65% of urban dwellers and 25% of the total labor force according to the United Nations report (UN, 1996). In Uganda, the private sector contributes up to 75% of GDP and employs approximately (90%) of the total number of non-farm private sector workers (Rwakakamba, 2011). PELUM (2011) report that in addition to job creation, small businesses such as smallholder farmers, constituting the vast majority of rural poor in Uganda are the engine of the country's food production. Research shows that the engine behind proliferation of economic growth in countries such as China, Singapore, India and many others has been small businesses. From these statistics therefore, it is evident that small businesses play a big role in national development in Uganda, Africa and the world over.

Owing to the above contributions and many other factors, the government of Uganda has moved in to encourage and nature the entrepreneurship spirit in the country. For example, it is very common nowadays to see president Museven praising and supporting small business owners through his prosperity for all programmes. Some of these include NAADS that supports farmers through provision of enhanced seeds and relevant technologies for better yields and the ICT young achievers award, organized annually. The education curriculum of Uganda has also since been modified to include entrepreneurship as a subject, taught at both secondary and tertiary levels. More importantly, most Universities have now started offering entrepreneurship as a fully fledged programme of study (Ocici, 2006).

Business Sustainability in Uganda

The situation of business sustainability is appalling in Uganda. Many businesses don't live even for a year (Rooks and Sserwanga, 2009). Rwakakamba (2011) describes Uganda as "*a symmetry of business start ups!*" as 35% of the businesses are less than 5 years old while only 4% have lived for at least 25 years. While Rwakakamba (2011) attributes this soaring *"mortality rate"* of businesses in Uganda to a poor regulatory framework and high costs, other scholars attribute it to unbecoming entrepreneurial traits, bureaucracy and corruption (PSFU, 2010; Ocici, 2006). The PELUM (2011) conducted a survey and established that limited market, fluctuations in commodity prices, inefficient value addition techniques, lack of access to timely market information, limited access to capital, low bargaining power, and limited managerial skills and capacity are some of the most pressing challenges faced by Ugandan small business owners.

Most researchers have zeroed on entrepreneurial behavior as the main killer of Uganda's enterprises. Ocici (2006) avers that Ugandan entrepreneurs that lacked appropriate behavioral traits such as risk taking, creativity and/or innovation have seen their businesses fail prematurely. Cooper and Ziemnowicz (2007) also advance the same ideas of creativity and risk-taking as key for business sustainability. In Uganda, it is not until recently that the problem of business failure is being given attention. To that effect, small scale successful entrepreneurs who had been previously ignored and despised as "jua kalis" are now being approached for assistance and praised by both politicians and the media (Ocici, 2006). This effect is now affecting people's attitudes towards such businesses although available evidence indicates that this problem has not satisfactorily been solved. For example, a comparison of the TEA index of the GEM Report 2009 visa-a-vies that of 2004 indicates that, for the case of Uganda, the index rose by 5% to 34% in the year 2009 which could further justify the tendency of most Ugandan businesses to remain nascent (GEM, 2009; Rooks and Sserwanga, 2009; GEM, 2004). Thus, there is a deer need for Ugandan entrepreneurs to design means of revolutionarily reducing the rate at which businesses fail.

Relevant Business Sustainability Theories

Although little research has been done to develop working frameworks, models and theories explaining business sustainability, a number of them exist. Gersick et al. (1997) argue that researchers started to apply theories from organizational behavior, management and social sciences to explain how small businesses could be sustainable. Recently however, new theories have emerged that explain business sustainability. For example the Emirates' Business Model that explains how airlines can run sustainable businesses, even with little resources (Knorr and Eisenkopf, 2007). Yilmaz (2008) also developed a *Corporate Sustainability Model for Airline Businesses* in which he explains that for an airline business to be sustainable, it had to meet its social, ecological, operational, financial and strategic goals while using appropriate risk management frameworks.

Perhaps the most concern in today's business sustainability models is environmental conservation through sustainable use of resources, innovation, recycling, and use of technology to change the way businesses are doing work in the current competitive global markets. Osgood (2009) lists these business models as the *Real Value Model*, the *Game-Changer Model*, the *Qualifying Model* and the *Bikini Model*. Briefly, Osgood (2009) explains that the aim of the *Real Value Model* is to integrate the cost of environmental markets into consumer goods for sustainable environmental use and business sustainability. Osgood (2009) further explains that the *Game-Changer Model* looks at technology as a good market disruptor as it helps to de-materialize previously used technologies and replaces them with new, efficient and cost-effective alternatives. Osgood (2009) also explains that the *Qualifying Model* which is popularly known for its effects on Wal-Mart aims at establishing a good and long-term relationship with a business' suppliers and customers so that it can ride on such relationship for sustainability. Finally the *Bikini Model* is one where businesses are encouraged to sell less but earn more just like a bikini outfit would usually attract more attention and a relatively higher price compared to full dresses. By so doing, (Osgood, 2009) argues that a business can invent products that have high value but require less raw-material.

The Case for Family Business Sustainability Model

The family business model came into play as scholars tried to solve the challenges that businesses faced in the 1960s and 70s such as sibling rivalry, nepotism and poor management of family businesses (Gersick *et al.,* 1997). (Gersick *et al.,* 1997) further explain that initially, the family business model was looked at as a system in which there were two dimensions; 1) the family and 2) the business. According to (Gersick *et al.*,1997), these two dimensions have unique characteristics such as membership requirements, value structures, family and organizational structures that explain how they co-exist. However, after analyzing the two dimension system and indentifying its weaknesses, (Gersick *et al.*,1997) added a third element of business ownership, thus the three circle model of family business. (Gersick *et al.,*1997) argue that these three dimensions can be represented by intertwined circles in form of a ven-diagram. The interaction between the circles causes the internal relationship between them, which represents a conflict of interest. For example, the head of a family may double as the manager of a business and at the same time business owner. On the other hand, the businesses must meet its own needs of operating according to the best businesses practices and at the same time, it must meet the needs of the family such as job creation and also meet the needs of the owner which is generating profits. Thus (Gersick *et al.,*1997) suggest that in order to eliminate these conflicts, a business manager should not double as owner and/or as family member.

This study applied the family business sustainability model developed by (Gersick *et al.,* 1997) since most of Ugandan ICT small businesses are family owned. Specifically, we examined the study variables inline with the constructs of this model with an aim of determining whether the current situation re-affirms the model or they are in disagreement. Based on the findings, appropriate recommendations were made.

Research Design

This study adopted an exploratory survey research design with the aim of establishing facts that explain the research questions on the issues under the study from the various sector players. Exploratory survey research designs are popular in business and social sciences researches in which investigators aim to describe the current state of affairs with no effort to control and/or manipulate the variables under the study (Biobele, 2009; Asika, 1991). Using this design, we employed various forms of enquiry to ascertain the state of affairs as guided by (Kothari, 2004).

Types and Sources of Data

The main type of data used in this study was primary data, collected from the field although a review of literature was done to enlighten our understanding of the issues under investigation. Literature review was also done to prepare the researchers for the challenges that arose during field work, data analysis and discussion of findings. The main source of literature was the online research journals and other electronic published material. A self administered questionnaire was used to collect survey data due to its flexibility, ease of analysis, interpretation and high response rate compared to other data collection methods.

Sample Design

A total of 300 respondents were involved in this study. Owing to the structure of Ugandan businesses and considering the fact that most ICT businesses in the country were not registered (Rooks and Sserwanga, 2009), it was difficult to determine an adequate sampling frame. Previous studies in this area in Uganda had used cluster sampling method (Rwakakamba, 2011) and random sampling technique (Rooks and Sserwanga, 2009). This study applied both purposive sampling and simple random sampling techniques. Purposive sampling was used to target only those key respondents such as ICT business owners and policy makers. Random sampling technique was used to select employee respondents. A total of 10 ICT SMEs were selected purposively in consideration of size, type of business and location from each of the 5 divisions of Kampala district. 6 employees, including the owner(s) were given questionnaires to fill-in as seen in table 1:

Table 1. sample size design

Kampala District Division	Number of ICT SMEs	Sampling method	Number of respondents	Sampling method
Central Division	10		6*10=60	
Nakawa Division	10		6*10=60	
Rubaga Division	10	Purposive sampling	6*10=60	Simple
Kawempe Division	10		6*10=60	Random
Makindye Division	10		6*10=60	
Total	50		300	

Data Analysis

Descriptive statistics were used to extract the most important factors causing ICT small business failure and those factors that influence success and sustainability of ICT businesses in Uganda. This was done using SPSS software tools.

Validity and Reliability of the Research Instrument

Content validity index and Cronbach alpha coefficient were used to test the validity and reliability of the questionnaire before it was administered to respondents. The results as seen in table 2 indicate that the questionnaire was valid and reliable since all variables scored cronbach alpha coefficient greater than 0.7 and content validity index greater than 0.6.

FINDINGS

This section presents the findings from primary data.

Sample Characteristics

Sample characteristics such as gender, age, marital status and level of education were used to grasp a feeling of respondents in terms of intellectual, social and moral abilities that may have influenced their responses. This are presented as follows:

Respondents Gender

Frequencies and percentages were used to determine respondents' gender. The data were generated and analyzed as seen in table 3.

Results in table 3 indicate that majority of the respondents constituting 62.7% were female while men respondents contributed only 37.3%.

Age

Frequencies and percentages were also used to determine the gender of respondents. Primary data were generated and analyzed as seen in table 4.

The results in table 4 indicate that majority of the respondents constituting 32% were in age bracket 26-30. A total of 65 respondents, constituting 28.5 were in age bracket 31-35 while 27.2% of respondents were in age bracket 18-25. 22 respondents were in age bracket 36-40 while only 4 and 2 respondents were in age bracket 41-45 and 46-50. No respondents were aged 50 years and above.

Marital Status

Frequencies and percentages were also used to determine respondents' marital status. The data were generated and analyzed as seen in table 5.

Findings in Table 5 show that majority of the respondents constituting 56.1% were single. This was followed by respondents who were cohabiting at 37.3%. A total of 13 respondents, contributing 5.7% were married, while respondents who were divorced/separated and widowed tallied 1 each.

Level of Education

Descriptive statistics including frequencies and percentages were also used to determine the highest academic qualification of respondents. The data were generated and analyzed as seen in table 6.

Findings in Table 6 show that majority of the respondents constituting 45.2% had an undergraduate degree. This was followed by respondents who had a certificate (37.3%) and diploma (10.1%). Postgraduates contributed 6.6% while respondents with no formal education were only 2 (0.9%). These findings indicate that the respondents understood and comprehended the questions presented to them on the research instrument.

Table 2. Validity and Reliability Results

Variable	N Items	Anchor	Cronbach Alpha Coefficient	Content Validity Index
Reasons for starting an ICT business	6	5	0.782	0.769
Reasons for closing the business	20	5	0.768	0.678
Policies for improving ICT business sustainability in Uganda	6	5	0.877	0.782

Table 3. Gender

Gender	Freq	%
Female	143	62.7
Male	85	37.3
Total	**228**	**100.0**

Source. *Primary data*

Table 4. Age

Age bracket	Freq	%
18-25	62	27.2
26-30	73	32.0
31-35	65	28.5
36-40	22	9.6
41-45	4	1.8
46-50	2	0.9
50 and above	0	0.0
Total	**228**	**100.0**

Source. *Primary data*

Table 5. Marital status

Marital status	N	%
Married	13	5.7
Single	128	56.1
Divorced/Separated	1	0.4
Widow	1	0.4
Cohabiting	85	37.3
Total	**228**	**100.0**

Source: Primary data

Table 6. Qualification

Qualification	N	%
No formal education	2	0.9
Certificate	85	37.3
Diploma	23	10.1
Undergraduate degree	103	45.2
Postgraduate degree	15	6.6
Others	0	0.0
Total	**228**	**100.0**

Source. Primary data

Reasons for Starting an ICT Business

Respondents were asked to give reasons for starting an ICT based business. Data were generated on a 5 point likert scale, where 1represented strongly disagree, 2 represented disagree, 3 represented neutral, 4 represented agree and 5 represented strongly agree. Descriptive means were used to analyze the data as

Table 7. Reasons for starting a business

	N	Min	Max	Mean	Standard Deviation
To get side income	172	1	5	4.78	.602
I was retrenched	172	1	5	3.81	.611
I was unemployed	172	1	5	4.45	.601
I wanted to get rich	172	1	5	4.22	.763
I wanted to sustain my family	172	2	5	4.67	.989
I wanted to create jobs for my family members	172	1	5	4.72	.677

Source: *Primary data*

Table 8. business closure

Have you ever closed your business?	Freq	%
Yes	108	62.8
No	64	37.2
Total	**172**	**100.0**

Source: Primary data

Table 9. Age of business at closure

How old was your business at closure?	Freq	%
Less than 2 years	72	66.7
3-5 years	25	23.1
5-10 years	11	10.2
10 years and above	0	0.0
Total	**108**	**100.0**

Source. *Primary data*

seen in table 7.

Findings in Table 7 indicate that respondents strongly agreed that they started a business in order to get side income (Mean=4.78), create jobs for family members (Mean=4.72), sustain their families (Mean=4.67). The respondents also strongly agreed that they started businesses because they were unemployed (Mean=4.45) and wanted to get rich (Mean=4.22). Respondents agreed that they started a business because they were retrenched (Mean=3.81).

Business Closure

Respondents were asked if they had ever closed a business. Descriptive statistics, including frequencies and percentages were used to determine the number of respondents who had ever shutdown a business. The data were generated and analyzed as seen in table 8.

The results in table 8 show that majority of the respondents constituting 62.8% had ever shutdown a business. A total of 64 respondents representing 37.2% had never.

Age of Business at Closure

Respondents who had ever shutdown a business were asked to give the age of a business at closure. Descriptive statistics including frequencies and percentages were used to determine the age of business at the time they were closed. The data were generated and analyzed as seen in table 9.

The results in table 9 show that most businesses were closed before they made 2 years (66.7%). A total of 25 respondents representing 23.1% indicated that businesses were shutdown at 3-5 years, while 11 respondents shutdown their businesses at 5-10 years. No respondent shutdown a business at 10 years and above.

Reasons for Closing a Business

Respondents who had ever closed a business were

Table 10. Reasons for closing a business

Reason for closure	N	Min	Max	Mean	Standard Deviation
Sibling rivalry	108	1	5	4.15	.664
Nepotism	108	1	5	2.81	.641
poor management of family businesses	108	2	5	4.51	.692
conflict of interest between managers and family	108	2	5	3.62	.872
Failure to meet the needs of the family e.g. job creation	108	1	5	4.32	.678
Failure to meet the needs of the owner which is generating profits	108	1	5	4.34	.675
Poor savings culture	108	2	5	4.61	.776
Lack of commitment to the business	108	1	5	4.44	.656
Because of financial problems	108	2	5	4.56	.743
I lacked business management and entrepreneurship skills	108	2	5	4.61	.662
My employees lacked business management and entrepreneurship skills	108	1	5	4.31	.609
I was never available to supervise the business	108	2	5	4.71	.942
I employed untrustworthy people	108	2	5	4.55	.675
I employed relatives	108	2	5	4.76	.878
I failed to manage and pay bank loans	108	2	5	4.54	.732
Lack of financial discipline on my part	108	2	5	4.57	.783
Lack of financial discipline on my employees part	108	1	5	4.34	.675
Failure to pay taxes and rent	108	1	5	4.44	.958
Excessive competition especially from foreign products	108	2	5	4.61	.621

Source: *Primary data*

asked to give reasons why. Data on reasons for business shutdown were generated on a 5 point likert scale, where 1 represented strongly disagree, 2 represented disagree, 3 represented neutral, 4 represented agree and 5 represented strongly agree. Descriptive means were used to analyze the data as seen in table 10.

Findings in Table 10 indicate that respondents strongly agreed that they employed relatives (Mean=4.76), they were never available to supervise the business (Mean=4.71) and also that excessive competition especially from foreign products forced them to shutdown their businesses (Mean=4.61). in addition, the respondents also strongly agreed that they lacked business management and entrepreneurship skills (Mean=4.61), had a poor savings culture (Mean=4.61), lacked financial discipline (Mean=4.57), had financial problems (Mean=4.56). They also strongly agreed that , their businesses failed because they employed untrustworthy people (Mean=4.55), failed to manage and pay bank loans (Mean=4.54) and also that there was poor management of the business by family members (Mean=4.51). other factors leading to business failure were advanced as failure to pay rent and taxes (Mean=4.44), lack of commitment to the business (Mean=4.44), failure to meet the needs of the owner which is generating profits (Mean=4.34), failure to meet the needs of the family e.g. job creation (Mean=4.32), lack of business management and entrepreneurship skills by employees (Mean=4.31), lack of financial discipline by employees (Mean=4.34), sibling rivalry (Mean=4.15), and conflict of interest between managers and family (Mean=3.62).

Respondents however disagreed on nepotism as a cause of business shutdown (Mean=2.81).

Suggested Policies for Improving ICT Business Sustainability

Respondents were asked to give policy suggestions for improving business sustainability. Data were generated on a 5 point likert scale, where 1 represented strongly disagree, 2 represented disagree, 3 represented neutral, 4 represented agree and 5 represented strongly agree. Descriptive means were used to analyze the data as seen in table 11.

Findings in Table 11 indicate that respondents strongly agreed that interest rates should be lowered (Mean=4.87); there should be training in entrepreneurship (Mean=4.87); the government should introduce business soft loans (Mean=4.81); control inflow of foreign ICT products (Mean=4.76); t raining staff to

Table 11. Policies for improving ICT business sustainability

Policy measure	N	Min	Max	Mean	Standard Deviation
Training in entrepreneurship	228	3	5	4.87	.791
Training to improve ICT skills	228	3	5	4.75	.712
Provision of subsidies	228	1	5	4.66	.684
Lower interest rates	228	3	5	4.87	.865
Business soft loans from government	228	3	5	4.81	.901
Establishment of business incubation centers to improve innovation	228	1	5	4.55	.688
Controlled inflow of foreign ICT products	228	3	5	4.76	.692

Source: *Primary data*

improving ICT skills (4.75); provision of subsidies to ICT investors (Mean=4.66); establishment of business incubation centers to improve innovation (Mean=4.55) are necessary for improve ICT business sustainability.

DISCUSSION AND CONCLUSION

This section presents a discussion of findings and conclusions based on the family business sustainability model and other relevant literature.

Factors Affecting Sustainability of Nascent ICT Businesses

Findings from primary data highlighted the key factors leading to closure of ICT businesses as employment of relatives, lack of trust, and poor management of family businesses, failure to generate profits and create jobs for family members. In addition, the findings indicated that lack of business management and entrepreneurship skills, financial indiscipline, sibling rivalry and conflict of interest between managers and family were also responsible for ICT business failures. These factors had been advanced by Gersick *et al.,* (1997) in the family business sustainability model as some of the factors hindering business sustainability. The findings however disregarded nepotism as a cause of ICT business failure. This is in disagreement with the proponents of the family business model who argued that nepotism led to business failure (see Gersick *et al.,* 1997; Raduan *et al.,* 2006).

Other factors leading to ICT business shutdown were indentified as lack of commitment by business owners, skills, poor saving culture, financial indiscipline, financial constraints, and failure to pay bank loans, rent and taxes. These are in agreement with Rooks and Sserwanga, (2009); Ocici (2006); Walter *et al.* (2004); Boden and Nucci, (2000); Brüderl *et al.,* (1992). Further to these, the findings from primary data were in agreement with Kartano *et al.* (2004) and Kwadwo *et al.* (1996) who argued that excessive competition from cheap foreign products negatively impacted on local enterprises.

Suggested Policy Initiatives for Sustainable ICT Businesses

Findings from primary data indicated that for sustainable investments in ICTs in Uganda, there was need for government to reduce interest rates, train in entrepreneurship and ICTs, introduce business soft loans and control the inflow of foreign cheap alternative products. Findings also indicated that there was need for government to provide subsidies to business people and establish business incubation centers in order to improve innovation. These suggestions are in line with literature e.g. (Rooks and Sserwanga, (2009); Ocici (2006); Kartano et al., (2004); Walter *et al.,* (2004); Boden and Nucci, (2000); Kwadwo et al., (1996); Brüderl et al., (1992).

Limitations of the Study

This study dwelled mainly on ICT business sustainability in the Ugandan context. The sample was drawn from Kampala capital city in which five divisions of the city council were involved. Considering these therefore, the findings of this study are limited in terms of subject and geographical scope; 1) it will be a disservice if we concluded that the findings in here apply on all business sectors as one will realize that the factors that affect ICT business sustainability may not be necessarily the same factors affecting business sustainability in other sectors and 2) since the study was done in Kampala city, these findings may not universally apply on ICT business sustainability in other regions of the country, especially rural areas that present entirely different and unique business environments.

Recommendations for Sustainable ICT Businesses

For sustainable ICT businesses in Uganda, this study recommends that;

Government should ensure more reasonable interest rates in order to enable ICT investors have access to credit to boost their businesses.

There should be training programmes tailored to equip entrepreneurs, especially the young majority with key entrepreneurship and ICTs skills necessary for starting and running a sustainable business.

Government and other development partners such as the African Development Bank and commercial banks should introduce business soft loans in order to improve access to credit with minimal security or collateral requirements. This will improve access to finances for women and young people who in most cases have brilliant business ideas but do not have collateral for securing credit facilities.

Finally, the government should control the inflow of foreign cheap alternative ICT products into the country, provide subsidies and set up business incubation centers across the county. This will help in nurturing young ICT industries and businesses into growth through improved innovation leading to quality products, bigger markets and better prices for their products.

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