Leadership Traits and Business Sustainability in Ugandan SMEs: A Qualitative Analysis

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Abstract: The study examined the characteristics of business owners that enable them create sustainable businesses in emerging economy contexts where the dearth of SME’s is the norm. The study used a cross sectional design and qualitative approach to collect data from reputable businesses that had survived for more than 10 years. Data was analysed using a content analysis approach with NVivo software. Owner managers of sustainable businesses exhibited strong antecedents of resilience, social capital, resourcefulness, personal values and strategic flexibility. Successful business owners are created more by the environment they inhabit and their socialization context. The businesses they established were a result of an innate will to succeed and adaptability to overcome constraints. The research does not establish the empirical correlations between the different traits. This study used a qualitative and interactive approach to classify the traits of successful business leaders and develop a model showing the potential relationships and behaviours that breed sustainability or success.

Keywords: Owner-managers, Personal values, Resilience, Social capital, Resourcefulness, Strategic flexibility, Business sustainability, Uganda

1. Introduction

Small and Medium Enterprises (hereinafter SMEs) in Uganda contribute about 30% of Gross Domestic Product (GDP) (Uganda Investment Authority (World Fact-book, 2012; World Bank, 2013). Its contribution is measured in terms of job creation, income generation and poverty reduction (Agyei-Mensah, 2011). Employment growth is estimated at 25% per annum and SME sub sector is a prime creator of new jobs in Uganda (UIA, 2013; Rooks and Sserwanga, 2009). Despite its significance, a majority of SMEs (especially start-ups) in emerging economies like Uganda continue to fail. Studies on SMEs in Uganda indicate that 90% of SMEs do not live to see their first birthday. Of those that survive beyond one year, less than 60% live to see their fifth birthday (Global Entrepreneurship Monitor Report, 2009: 2010). This failure is fuelled by many factors including lack of access to knowledge and financial resources.

Various studies have, however, shown that these are not debilitating factors. Rather leadership capacity of the owner or manager to effectively combine the scarce resources sustainably is a bigger constraint (Nave, 2006; Ekanem, 2010). Failure to build a significant and successful body of entrepreneurs is a deterrent to wealth creation in emerging economies. Prospective investors start businesses using resources that soon go to waste, along with opportunities for employment, income generation.

SMEs play a key role in in-transition and developing countries. These firms typically account for more than 90% of all firms outside the agricultural sector, constitute a major source of employment and generate significant domestic and export earnings. The development and sustainability of SMEs is, thus, a key instrument in poverty reduction efforts (World Bank, 2013; OECD, 2008; Ayyagari et al., 2011). Public sector supports SMEs and especially, those in the
informal sector, are viewed as a viable approach to sustainable development because it suits the fragmented nature of resources in Africa. SMEs are the main source of employment in developing economies, comprising over 90% of African business operations and contribute to over 50% of African employment and GDP (Okafor & Amalu, 2010). Therefore, improved SME competitiveness can contribute to economic and social development and enhance poverty reduction. Empirical literature has identified the effect of SMEs on economic growth and has sought to appreciate the role they play (Carree, Van Stel, Thurik & Wennekers, 2002). While a number of large companies have actively embarked on sustainability by developing initiatives to address corporate, economic, environmental and social issues, the concept of sustainability is still largely unknown among most SMEs in emerging economies, Uganda being no exception.

The Global Entrepreneurship Monitor (GEM, 2011) study established that the major challenges faced by Ugandan business owners that lead to business failure include limited market, frequent changes in commodity prices, inefficient value addition methods, lack of access to timely market information, limited access to capital, low bargaining power, and limited managerial skills. Despite these constraints, some entrepreneurs still succeed. What makes these businesses long-lived and sustainable yet they face the same kinds of constraints? How do they succeed and what can we learn from the behaviour of their own managers? What are the traits of business leaders who have been successful in the emerging market context? What are the social experiences of these owner managers and how have they managed to carve a niche for themselves in the current business environment?

When the behaviour of successful business owners is better understood, it is easier to make practical proposals for the improvement of entrepreneurship skills and to nurture potential entrepreneurs to success. We posit that owner who exhibit constructive leadership traits are more likely to build sustainable businesses regardless of their prior business skills and training.

The financial sector has begun to appreciate the strategic significance of SMEs and their access to resources is improving. There is increased access to finance, improved ICT, mentoring and incubation programs, and in general, policy incentives in this space are improving. However, many SMEs still fail at an alarming rate. The focus of research on SMEs in Uganda has remained more on why businesses fail than on what those that are succeeding have done to succeed and grow. This study focuses on successful SMEs with an aim of gaining explicit and deeper understanding of the leadership constructs of business owners in Uganda that lead to business sustainability.

2. The SME Environment in Uganda

The role played by SMEs in enhancing growth in market-driven economies has emerged as a consistent theme in recent literature on economic performance (Akoorie, 1998; Carney, 1995). The majority of studies done on SMEs have not agreed on a universally acceptable definitions and criteria for classifying SMEs. In Uganda the definition of SMEs is based on the number of employees, annual turnover, ownership, value of assets. This study adopted the definition used by the Ministry of Finance Planning and Economic Development (MoFPED) and Uganda Investment Authority (UIA). According to this definition, a small enterprise is one that employs a maximum of 50 people with an annual sales/revenue/turnover of 360 million Uganda shillings and total assets of 360 million Uganda shillings. A medium enterprise is an enterprise employing more than 50 people; annual sales/revenue/turnover of more than 360 million Ugandan Shillings and total assets of more than 360 million Ugandan Shillings.

SMEs have played a significant role in economic development, especially, in developing countries (Halabi et al. 2010). They play a critical role in terms of job creation, poverty reduction, and income generation (Agyei-Mensah, 2011; Nichter and Goldmark, 2009). They constitute 90% of the enterprises worldwide and account for 50-60% of employment (UBOS, 2011). In Uganda, they contribute approximately 20% of the national GDP and over 20% of the labour force income (Ernest & Young, 2011). In the UBOS, 2011 report on the Census of Business Establishments illustrated that 30% of 458,106 enterprises were small and medium enterprises and the sector employed over 1 million people.

Studies have revealed that in Uganda there is no consistent and harmonized SME policy framework to guide growth and development of the SME sector (UIA, 2011). Inadequate policy frameworks hinder SMEs from benefiting from
existing business incentives, support services and related infrastructural systems. They may lack bargaining power because of inadequate representation among active lobby groups like the manufacturing associations.

3. Leadership Traits

Social capital

Social capital is an intangible resource that exists in relationships either at the individual or organizational level. A numbers of scholars like Coleman (1990), Putnam (2000) and Nahapiet and Ghosal (1998) define social capital as a form of resources which exists in the network of quality relationships (such as trust, sharing, support) among participants. Putnam (1993) who is perceived as the popular public face of social capital aggregated the social capital of individuals to give a description of the —collective social capital‖ which he used to define social capital. According to Putnam (2000), social capital builds and maintains networks, which are determined by the norms of behaviour. In addition, scholars like Dusuki (2008) and Claressens (2005) argue that social capital gives rise to trust. Through trust, it is believed that social capital promotes cooperation and contributes to the achievement of relationships that may influence decision making and operations among SMEs. The concept of social capital is believed to be meaningful (Nahapiet and Ghoshal, 1998) when the importance of the resources that are presented or accessible to a business owner through their social relations with others are exploited and utilized effectively.

Davidsson and Honig (2003) argued that those business owners who believe in the concept of social capital capture the external relations in a social structure and this may allow them to identify and exploit. A business owner's social capital can therefore be a key leadership trait that may inherently lead to growth and sustainability of the business. MacPherson and Holt, (2007) argued that the significance of informal and social contacts embedded within the entrepreneur’s social networks can have both short and long-term benefits for not only start-ups but survival of the business hence sustainability. Access to networks is perceived to provide potential knowledge resources to support SME growth. Lin et al. (2001) would seem to agree, believing social capital to be manifested by the resources embedded in a social structure of relationships which are accessed and/or mobilised in purposive actions (Ferrari et al. 2009).

Premaratne (2002) that social relationships are crucially important to the SMEs in the entrepreneurial journey. This is because the information needed to operate the business at the different stages from start up to expansion can be passed to the entrepreneur basically through the existing social networks created. SME owners ought to build reputation-enhancing relationships with external resource providers who are willing to share valuable information, technology innovations, and finances among other resources relevant to business sustainability. Uzzi (1999) argued that the closeness of relationships range from between arm’s length to embedded ones. Arm's length ties are characterized by lean and infrequent transactions and the reverse is true for the latter. When SMEs create and utilize the embedded ties or relationships it may help them create long-term social contacts and benefits from the relations that inherently make a significant contribution to their success and sustainability.

We see the entrepreneur's social capital as a vital link to sustainability. Social capital becomes useful through socialization, consultative networks, social awareness and the value systems. Smart entrepreneurs leverage through their social networks to obtain access to resources, contracts and other support that facilitates the operation of their businesses. Once trust exists, it is perceived to inherently create capacity to enjoy the benefits of social capital. Social capital begins when the business owners themselves are willing to combine forces with other individuals and institutions for a common purpose. Recent studies (McCallum & O'Connell, 2009; Truss and Gill, 2009; Pare et al., 2008; Wharton and Brunetto, 2009; Tushman and O ’Reilly, 1997) mention the social capital within the leadership context refers to the quality of networks of leaders such as friendship, reciprocity, power, social recognition, commitment. In a recent study by Nguyen and Huynh (2012) it was found that social capital contributes directly and indirectly to all input activities, production and output activities, as well as the operational activities of any businesses that are linked together. Social capital as a leadership construct, is very important and necessary in SME growth and sustainability because it enables entrepreneurs to achieve the right mix of the factors of production.

Resilience

Block & Kremen (1996) defined resilience as a —nut-like‖ ability to bounce back from adversity and hardship and to flexibly adapt to shifting demands. Resilience, being the capacity for continuous restoration, is an important trait
successful business owners have exhibited to enhance sustainability of their businesses. Resilience plays an important role in enabling businesses withstand a number of shocks and adversities to succeed in their niche markets. Gunasekarana, Bharatendra, Raia, and Griffin (2011) argued that resilience enables SMEs enhance policy making at the government level, simplify the legal and regulatory environment, improve access to finance, foster information and communication technology, enhance technology and innovation for the development of SMEs, encourage internationalization, improve business development services and strengthen the public/private dialogue. Resilience could also be viewed as adaptability, responsiveness, sustainability and competitiveness in evolving markets.

Resilience is both an ability to go on with life, or to continue living a purposeful life, after hardship or adversity (Tedeschi & Calhoun, 2004, p. 4) and a dynamic process encompassing positive adaptation within the context of significant adversity (Luthar, Cicchetti, & Becker, 2000, p. 543). Fredrickson, Tugade, Waugh, & Larkin (2003) argued that positive emotions protect resilient people from negative reactions so they can flourish instead of failing along the way especially within the competitive business space. Resilience has been found to be a relevant virtue for entrepreneurial intentions in times of adversity and business sustainability. Individuals build resilient abilities through everyday developments that are the product of remarkable or unforeseen life happenings (Sutcliffe & Vourg, 2003). Sills et al. (2004) argued that resilient business owners are expected to have both intrinsic and extrinsic skills which contribute to the protective factors that keep businesses in times of adversity thriving and minimize their exposure to risk and failure in the long run. Intrinsic skills usually include empathy, self efficacy, restraint and resistance planning, decision making, problem solving and creativity self efficacy, self esteem and spirituality. On the other hand, extrinsic skills are said to include; family communications, family support, high-expectation community awareness and most especially personal involvement in the operations of the business.

**Personal values**

Schwartz (1992) defined values as sought-after objects, goals, or behaviours, transcending specific objects or situations and applied as normative standards to judge and to choose among alternative modes of behaviour. However, Schwartz and Bilsky (1990) argued that values were desirable goals (varying in importance) that serve as guiding principles in people’s lives. Values point to a relationship between an evaluating subject and an evaluated object and may be held collectively within firms, subcultures and occupational groups. Values are portrayed as relatively stable criterion that people use to evaluate their own and others’ behavior in particular situations Schwartz and Surkiss (1999) indicated that there are four broad dimensions for personal values; intrinsic (personal growth, autonomy, interest and creativity), extrinsic (pay and security), social (contact with people and contribution to society) and power (prestige, authority and influence).

In this study focus was placed on intrinsic and social dimensions, which include personal skills and integrity as they define the character of a business owner. Value systems are defined in terms of cultural levels. They implicitly and explicitly help one define what is good and right. They are usually likely to determine the behaviour and attitudes in both managing and running a business. This is in agreement with studies done by Steenkamp, (2001) and Schwartz (2006).

**Strategic Flexibility**

The SME environment is increasingly becoming unpredictable. Businesses are continually pressurized as a result of global competition (Watson et al. 1997, Ness, 2005), increased complexity, economic uncertainty (Kanungo et al., 1999; Ness, 2005), a more dynamic marketplace and changing business environment (Brown, 2004). SMEs have been exposed to the effects of developments in information management, computing and communication technologies, which arguably provide both competitive opportunities and threats to success (Ritchie & Brindley, 2000). Extant definitions suggest that the concept of strategic flexibility pivots on the ability of firms to respond and successively adapt to environmental changes (Buckley, 1997; Evans, 1991; Greenley and Oktengil, 1998). Thus, strategic flexibility can be viewed as a capability (Aaker and Macarehas, 1984; Bahrami 1992; Das and Elango, 1995; Grewal and Tansuhaj, 2001; Matusik and Hill 1998).

Hitt et al. (2007) argued that (theoretically) capabilities are built up from a systematic mechanism of interactions and utilization of resources and since today’s enterprises reside in a knowledge economy, they are hardly trying to create competitive advantage by utilizing completely their resources. Sanchez and Heene (2004) argue that strategic flexibility is a function of the firm’s resources and represents the number of different uses to which the resources can be applied,
the cost and time required to switch the resources to different uses, as well as of the managerial capabilities required to achieve coordination flexibility. Therefore coordination capability, on which indirectly the sustainability of resource flexibility depends, is contingent on the ability of management (owner) to generate strategic options with respect to resource endowments, like envisioning and implementing the type and range of flexibility in production and service delivery systems.

Businesses face a variety of challenges and threats, which force them to display strategic flexibility as a survival tool/trait among owners. In Uganda, the SME sector is perceived to have low barriers to entry, high exit barriers, fierce competition characteristics and significant exposure to the vagaries of macroeconomic volatility. Strategic flexibility has been seen as a leadership trait that business owner ought to possess in order to offer a distinctive competitive advantage in the environment in which they operate. Such flexibility enables them to discard alternatives that don't work and seek better options that enhance survival around factors they cannot control. This is because the capabilities to generate decision-making options, and hence different forms of strategic flexibility to deal with dynamic and changing environments, is probably difficult for competitors to imitate (Sanchez, 1995). Successful adaptation through strategic flexibility will likely generate superior performance and business sustainability among SMEs.

Sharfman and Dean (1997) argued that cognitive (formal) structures or models may influence the capabilities for strategic flexibility by limiting decision makers’ thinking and blinding them from innovative decision making options. This is an indication that actually, not all SME owner are likely to be more pragmatic and time conscious in decision making. Strategic flexibility suggests that firms need to become more adept at responding to competitor moves while engaging in opportunistic searches for underserved market segments and niches as well, in order to achieve sustainability (Lei, Hitt, and Goldhar, 1996). We consider strategic flexibility to reflect receptiveness to technology, personal involvement in the business as well as competitive aggressiveness which fits in well with the literature and various perspectives demonstrate the relevance towards business sustainability.

**Business Sustainability**

In Uganda, small and medium-sized enterprises (SMEs) play an ever-increasing role in sustainability achievement, not only for their significant contribution to the economy’s GDP and GNP but job creation. This justifies the need for sustainability of the SMEs given the challenging and dynamic environment in which they operate that continue to inhibit their survival. Ordinarily the fundamental prerequisite for SMEs is profitability until recently interaction and application of sustainability impacts to build profitability and long-term viability for all forms of business has become of importance too — including SMEs. Horsley and Ahmed .D. (2011)

There is a number of propellers driving the private sector towards greater integration of sustainability in their business models and strategies (Van der Woerd, Frans, Levy, and Begg, 2005). First, there is widespread acknowledgment that resource reduction, social inequities, and cultural breakdowns are problems that affect both individuals and organizations (Hart 1997; Pringle 2009). Second is the fact that the systematic failure of small businesses represents loss of jobs, breakdown in civic order and a net reduction in national output. Therefore stakeholders, from individual citizens to communities, public interest groups, and governments are exerting pressure to improve the management of firms through products, services and processes to ensure sustainability. SMEs are no exception since they are production units that operate in a dynamic and competitive environment.

There has been limited research on the social impact of business leadership on sustainability (Sharma and Ruud, 2003), and still less is known about the practices of SMEs, From the extant literature we see that sustainability is contextualized as governance, increased commitment from business for social, environmental, economic and cultural interests and shareholders’ interests. This context assumes that survival of the business is no longer an everyday issue for the business and that it is not the main concern of the owner/entrepreneur. Indeed a significant number of organizations in the private and public sectors appear to have taken on the sustainability construct (Haanaes et al., 2011) as a key issue but not in the context of hand to mouth sustenance. insights into _why’ and _how’ they have embarked on this path is still insufficient (Basu & Palazzo, 2008; Connelly, Ketchen, & Slater, 2011; Crittenden, Crittenden, Ferrell, Ferrell, & Pinney, 2011; Hart & Dowell, 2011; Linnenluecke & Griffiths, 2010).

It is thus critical that more attention is paid to the internal aspects triggering and enabling SMEs to remain viable and therefore sustainable. It has been argued that sustainability is a function personal culture (behavior), innovativeness, knowledge and capabilities , and the motivations of owners that drive sustainability (Cronin, Smith, Gleim, Ramirez, &
Martinez, 2011; Linnenluecke & Griffiths, 2010; Van Bommel, 2011; Visser & Crane, 2010) In this study business sustainability is viewed as a function of the desire to succeed against all odds, to self preserve and therefore retain a rewarding means of sustenance in the long term. Business sustainability here is not of a romanticized nature, but rather the ability of a small business owner, bereft of other means of survival, to carve out a niche for themselves, and be successful in that niche, no matter how profit is measured. Based on the foregoing, we develop the following conceptual framework to reflect the hypothesized relationships that explain sustainable business. We posit that business owners with constructive leadership traits create sustainable (long lived) businesses as in the following conceptual model illustrated by figure 1 below;

![Figure 3-1 Conceptual Framework of Leadership Traits and Business](image)

### 4. Methodology

The study adopted a qualitative research approach to investigate and identify leadership traits/behaviours that explain business sustainability from the context of the business owners. This approach is widely accepted and applied in the SME context (Grant & Perren, 2002; Halabi et al., 2010; Perren & Ram, 2004). All these businesses were located in the central region, which was chosen because it has the highest concentration of SMEs that are easily accessible (Kazooba, 2006). Purposive Sampling was used to select the study participants.

The criteria for selecting interviewees was that the respondents had to be owners of SMEs, the business had to be in existence for more than ten years old and employing five to one hundred workers. As local entities, they were recognizable brands but with a preponderance to informal management practices. The researchers reached the point of saturation when analysis of additional interviews led only to aspects that had already been mentioned in previous conversations and did not result into new findings (Creswell, 2006).

Data was collected using an interview guide with themes based on the framework developed from the literature review in a consistent and systematic manner. This approach enables the creation of descriptions grounded in reality (Miles and Huberman, 1994). With the consent of the interviewees all interviews were audio recorded, verbatim and memos were written to summarize the information obtained. The interviews lasted between forty five minutes and an hour. Content analysis was undertaken using the guidelines of Miles and Huberman, (1994); Creswell, (2006). Data was
transcribed using Microsoft Word™ and then entered into Nvivo 8™. Operational definitions were used to facilitate the coding process with the encoded categories being grouped under tree nodes. This involved grouping quotations from the transcripts that represented each subcategory and enabled the researchers to use the participants’ own words as much as possible to maximize accurate representation of their (participants) views as opposed to those of the researchers.

After the coding process, cross case analysis was carried out. For each of the codes, the different leadership traits were compared. Careful analysis of the coded record helped to ensure that the domains derived accurately, reflected participants’ perspectives.

5. Findings and Discussion

Ten SME owners as illustrated in table 1 indicates the demographic characteristics of the interviewees. Nine out of ten interviewees were aged between 45-60. This is in line with the GEM Uganda findings, (GEM, 2010) and (UBOS, 2007). Majority (100 percent) of the interviews are literate. 70 percent of the interviewees had obtained up to a diploma level of education. This is an indication that education may not influence or explain the sustainability of the SMEs.

<table>
<thead>
<tr>
<th>Interviewee</th>
<th>Position</th>
<th>Gender</th>
<th>Age</th>
<th>Education</th>
<th>Type of Business Venture(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Owner</td>
<td>F</td>
<td>53</td>
<td>Degree</td>
<td>Hospitality, Recreation Management</td>
</tr>
<tr>
<td>2</td>
<td>Owner</td>
<td>F</td>
<td>48</td>
<td>Secondary</td>
<td>Agriculture, Beverages, Bakery</td>
</tr>
<tr>
<td>3</td>
<td>Owner</td>
<td>M</td>
<td>66</td>
<td>Bachelor degree</td>
<td>Garment Manufacturing and Real Estate</td>
</tr>
<tr>
<td>4</td>
<td>Owner</td>
<td>M</td>
<td>60</td>
<td>Degree</td>
<td>Grain Milling</td>
</tr>
<tr>
<td>5</td>
<td>Owner</td>
<td>M</td>
<td>49</td>
<td>Secondary</td>
<td>Real Estate Agency</td>
</tr>
<tr>
<td>6</td>
<td>Owner</td>
<td>F</td>
<td>49</td>
<td>Diploma</td>
<td>Natural Honey Processing</td>
</tr>
<tr>
<td>7</td>
<td>Owner</td>
<td>M</td>
<td>58</td>
<td>Bachelors</td>
<td>Hardware Wholesale/Education</td>
</tr>
<tr>
<td>8</td>
<td>Owner</td>
<td>M</td>
<td>56</td>
<td>Primary</td>
<td>Hospitality/Construction/Import Export/Real Estate</td>
</tr>
<tr>
<td>9</td>
<td>Owner</td>
<td>F</td>
<td>56</td>
<td>Degree</td>
<td>Wine Making</td>
</tr>
<tr>
<td>10</td>
<td>Owner</td>
<td>M</td>
<td>44</td>
<td>Master Degree</td>
<td>Hospitality/Coffee Processing/Communications</td>
</tr>
<tr>
<td>11</td>
<td>FGD 1</td>
<td></td>
<td></td>
<td></td>
<td>Various</td>
</tr>
<tr>
<td>12</td>
<td>FGD 2</td>
<td></td>
<td></td>
<td></td>
<td>Various</td>
</tr>
</tbody>
</table>

Participants in the focus group discussions were involved in various businesses including retail, farming, import export and services.

Social Capital

It is argued that business owners who form partnerships and networks are better able to market themselves, and compete with their larger competitors, especially in new, complex or international markets (Gilmore et al., 2001; Spence, Schmidpeter, & Habisch, 2003). Networks may include personal networks, social networks, business networks, industry networks and marketing networks.

The interviewees perceived social capital in three dimensions: networks, social awareness, and socialization. Networks were developed over time while social awareness was the knack of knowing what was happening in the business space and the ability to follow ones instincts and cash in by investing in the right business at the right time. Socialization is critical because all the business leaders had developed/grown up in a context/environment where those they associated with were also in business. They did not consciously choose to do business, but they did not know other ways of earning a living. The results are consistent with previous research, which shows that networks are a valuable resource to manage a business. They facilitate economic action and allows entrepreneurs to expand their scope, access to resources and exclusive opportunities. The interviewees also indicated that they get support, familiarity, and access to information and distribution channels through their networks.

Entrepreneurs are linked to people, trade organizations and associations that interact among themselves. These contacts can widen the availability of resources that sustain a new firm. Social capital has been found to be strategic for
organizational sustainability. The importance of a social context for developing entrepreneurial abilities and intuition is best illustrated by the following statement.

Interviewees attributed a significant portion of their success to the partnerships, interactions and networks which helped them market themselves, develop and exchange ideas, tap into new market segments, find solutions to their business challenges among others. Their perceptions as indicated above are consistent with various scholars of social capital. The interview excerpt below is representative of majority of the interviewees who indicated that social capital developed through the three dimensions of networking, social awareness and socialization has helped in growing their businesses hence a major attribute towards their sustainability;

—We have a trade association which we are formulating. It’s a construction association under the Umbrella of Hardware Dealers Association. To give sanity to our business and also to ensure that our businesses give people proper services and also that Manufacturers do not go overboard by being manufacturers and at the same time traders. We therefore want to stop such kind of tendencies. We have been to other associations like KACITA, UMA but with most of them, we have failed to understand their area of working whereby we at times do not flow very well. Sometimes they do not attend to our problems and in most cases they focus on the political issues…." Interviewee 7

—My past experience has helped me a lot to build networks and also get other clients from friends and former workmates in Public Service… I used to associate well with my friends and workmates before I retired so they connect me to others who have kept my business moving and growing till today…..” Interviewee 1

Resilience
The interview responses reflected the importance of being resilient in the face of apparently insurmountable challenges. They continually inferred that people who start businesses under constrained circumstances have to overcome steep hurdles and forge new paths in order to succeed. Without resilience, the interviewees would be less capable of engaging in the necessary entrepreneurial behaviors required to keep doing what they were doing and pursue new ventures. Resilience was perceived in terms of consistency and discipline, frugality and lack of options. Benight & Bandura (2004) has shown that a person’s self-efficacy contributes to entrepreneurial resilience. These findings are indeed consistent with prior studies done to this effect. Some of the most poignant responses received with respect to the tenacity of successful entrepreneurial behaviour included the following.

—…because I didn’t have enough resources, I started with a lorry engine and begun with half a ‘dde be’ (tin) of cassava. Eventually I acquired a tin of maize; like that, like that, I grew the business. It’s not that I got money from a particular place or that I had saved some money to start this business but it was all from a small beginning due to the situation at the time. …”, interviewee 4.

—.I started by using my hands …with a wooden oven, which was on the verandah of my (grand) mum’s room because she was still alive …. I remember she used to tell me how the oven was bringing a lot of heat but I used to tell her that its where we got money from and the cakes she enjoyed were from there and it’s because of this that she accepted since she wanted cakes so much…” , interviewee 2.

—.….one of the things that have always been of advantage to me is I do not take no for an answer. That is number one. Secondarily (sic), am not very good with defeat. The more I see that it is a challenge, I also fight to defeat it. Thirdly, I enjoy adventures and business is like an adventure to me.”, interviewee 6.

Resilience when used in reference to an individual in business refers to the ability to readily recover from shocks, despair and any other challenging circumstances. Majority interviewees singled out resilience which was perceived in terms of consistency, discipline, lack of options and frugality as a trait that has enabled them sail through their challenges and competitive environment in which they operate. They have nurtured and sailed through these hurdles because of resilience.

Personal Values
The findings show that business success is also a function of the individual entrepreneur’s personality and behaviour.
Commitment and vision were seen as being vital to the accomplishment and sustainability of the business. Personal values must however be understood in the context of the environment in which an entrepreneur exists and operates. This is consistent with Hill and McGowan, 1999. Curran et al. (1986) argued that it was the combination of knowledge, life experiences and personality, and the way in which they are influenced by the external environment that makes a successful entrepreneur.

This study presents empirical evidence as demonstrated by the two interview excerpts below that personal values that define a business owner or manager are ideal or important to augment or develop business success and sustainability in the long run. This is in line with scholars like Surkiss (1999), Schwartz (1992) Schwartz and Bilsky (1990) who argue that values were desirable goals in providing guiding principles in people’s lives and the businesses they lead or own.

—In Kenya, Japan and Hong Kong … they extend credit to me because I am trustworthy…” Interviewee 8

—If people notice that you are hardworking, honest and (well) educated, then they would trust you. Most of the estate agents fail due to the fact that they are not honest, educated or hardworking” Interviewee 5

Resourcefulness
Resourcefulness means having the ability to approach a problem in different ways. It requires the ability to be creative and to pursue a solution from more than one perspective. Resourcefulness is not a built-in ability, but is learned over time, mainly through a variety of adverse experiences that need to be turned to the advantage of the entrepreneur. Interviewees reflected confidence and had acquired problem-solving skills as a result of engaging in business activities. Resourcefulness helps to inculcate creativity, innovativeness and persistence. Resourceful people are usually pragmatic in nature, and hold the view that their cup is ‘half full’, rather than ‘half empty’.

The excerpt is empirical evidence that the interviewees perceived resourcefulness as a trait that helps the business owners gain creativity, innovativeness, persistence. Resourcefulness when complimented with other significant leadership traits was attributed to the success and sustainability of the businesses they owned/managed.

—Though I had no money, I had a three roomed house in which one was my sitting room, another for my grandmother while the third room was my bed room. I also had some rentals from which I would get some little money … and so it’s that money that I used to add in that business…and (I) used my sitting room to bake and mix juices…” Interviewee 2

—It wasn’t so easy since we didn’t have resources but we managed because I had a small shop that enabled me to grow and because the situation was bad, we started some kind of grinding posho. But because I had no enough resources, I started with a lorry engine and begun with half a tin of cassava and eventually I acquired a tin of maize like that. It’s not that I got money from a particular place or that I had saved some money to start this Business but it was all from a small beginning due to the situation at the time.” Interviewee 10

Strategic flexibility
In a competitive world, firms need to compete effectively and technologically by having strategic flexibility. There is need to quickly respond to the changing competitive conditions by being innovative and a continuous learner (Hitt et al., 1998). Strategic flexibility is the firm’s ability to precipitate strategic changes (Evans, 1991; Harrigan, 1985). Aaker and Mascarenhas (1984) defined it as the ability to adapt to substantial, uncertain, and rapidly occurring environmental changes that meaningfully impact firm performance. Thus, strategic flexibility reflects a firm’s ability to respond continuously to unanticipated changes and to adjust to unexpected consequences of predictable changes (Lei, Hitt, and Goldhar, 1996).

Technology was viewed as one of the important antecedents of strategic flexibility (Evans, 1991; Sanchez, 1995; Worren et al., 2002). It helps in decision-making and it brings customers and employees closer to believe in the system. Sanchez, Heene, and Thomas (1996) stated that strategic flexibility allows for the attainment of high performance and the ability to take advantage of firm opportunities.
Hitt et al. (1998) advised companies to use a mix of actions to build flexibility and competitive advantage: such as; developing dynamic core competences, focusing and developing human capital (e.g. contingency workers and outsourcing), effectively using new technologies, engaging in valuable strategies and developing new organization structures and culture. It was found that receptiveness to technology, personal involvement and competitive aggressiveness were important in attaining business sustainability.

Interviewees attributed sustainability of their businesses towards their ability to respond continuously and consistently towards the rapid changes that occur in the environment within which they operate. These changes usually affect firm performance and if no immediate adjustments are made to contain the unpredictable environment, disaster may prevail. Strategic flexibility was perceived in three dimensions; receptiveness to technology, continuous learning, organizational ability and competitive aggressiveness as sustainable tactics in business as empirically illustrated by the responses below.

—...You determine the market, and look for the source, you then calculate the taxes. You then count transport and others. Most times I do my own studies because physical I visit where I am to buy. Where I am going to sell from, the type of market and the competitors in that place…” Interviewee 10

—….Many people by then had not invested in earth movers equipment and also the rate at which we are hiring those machines is high because the minimum is 600,000/= per day without fuel but if it is with fuel 1.2 million. With my connections in with some Chinese we were hiring from, I was able to buy one of their old ones and start from there. This helped me start this kind of business from the proceeds I got from hiring it out…” FGD 1

Table 2: Emergent Themes
From the qualitative analysis of the leadership traits and their relationship to business sustainability, we derived the following model of the constructs and relationships that successful entrepreneur’s exhibit.

![Figure 5-1 Qualitative Model of Sustainable Leadership](image-url)

Source: Data Analysis with Nvivo 8™
6. Conclusion

Our study provides evidence that successful business owners are created more by the environment they inhabit and their socialization context. Their businesses are sustainable (and hence we can say successful) not because they possess certain skills and are able to start up businesses of their own volition. Rather they are successful because they are conscious of their environment and their limitations. They learn quickly and do not forget the lessons of their toil. Many of the entrepreneurs we interviewed where disadvantaged by their life conditions, had limited education and had never attended formal business school. Indeed what appeared like unfavorable circumstances were turned into opportunities.

We also found that success is based on the ability to leverage and overcome the constraining circumstances. The SME owners we interviewed showed a lasting resilience and were not troubled by temporary setbacks. Many could not recall how they had managed to accumulate the sizeable capital they now used in their businesses, but their stories belied a tenacious and forward looking approach to problem solving. They were always making additional improvements and adjustments to their businesses. Overtime, these minute efforts snowballed in the business concerns they now managed. There were no ‘nirvana moments’. Success was a journey built on the yoke of resilience.

While entrepreneurship skills may be taught in an academic environment, the real test of success for business lies in practical association with those who live and breathe entrepreneurship. Teaching and improving entrepreneurship skills must therefore have a more practical orientation as opposed to the sanitized and romantic classroom approach. The major limitation of this study was that it adopted a qualitative design and does not establish the empirical correlations between the different traits. Nevertheless, the saturation level achieved in the interviews emphasizes the importance of the leadership traits that promote business sustainability.

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### Construct | Emergent Themes | No. of Open Codes | Frequency
--- | --- | --- | ---
**Leadership Traits** | Socialization | 3 | 5
| Networks | 8 | 20
| Environmental Awareness | 10 | 46
**Personal Values** | Value system | 7 | 12
| Integrity | 6 | 38
| People skills | 9 | 32
**Resourcefulness** | Pragmatism | 7 | 18
| Innovativeness | 8 | 22
| Organizational Ability | 8 | 18
**Strategic Flexibility** | Receptiveness | 5 | 7
| Personal Involvement | 5 | 14
| Competitive Aggressiveness | 10 | 48
**Resilience** | Lack of options | 6 | 10
| Frugality | 4 | 10
| Consistency | 9 | 21
**Total** | | 105 | 321