The Joint Effect of Creative Problem Solving and Perseverance on Micro and Small Enterprise Survival in Wakiso District, Uganda

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Abstract
This study examined the joint effect of creative problem solving (CPS) and perseverance on Micro and Small Enterprise (MSE) survival in Wakiso district, Uganda. Multiple sampling methods were used to derive a sample of 306 MSEs from the accessible population of 1,500 MSEs and a cross-sectional survey research design using a positivist approach were used. Questionnaires were filled out by owners/managers as units of enquiry whereas the firm was the unit of analysis. Correlation and regression analysis were used. Results revealed that CPS, perseverance and MSE survival were significant and positively related and equally accounted for 7% variance in MSE survival. MSE owner/managers need to enhance their CPS and perseverance abilities. They should utilize their inherent creative and innovative ideas when solving problems concerning their product and service offering. Similarly, they should strive to persevere at all costs during the period of adversity, stay focused on goal achievement, and face the situation head on with a winning mindset. Policies/programs to improve MSE owner/managers’ skills in perseverance and CPS abilities should also be implemented.

Key words: Enterprise survival, micro and small enterprises, creative problem solving, perseverance.

1. Introduction
Micro and small enterprises (SMEs) are recognised worldwide as engines of economic growth and development. They significantly contribute to income distribution, innovation, and poverty reduction (Abaho, et al., 2017; GEM, 2010), contribute approximately 75% of the gross domestic product (GDP) and employ about 2.5 million people (Onsunsan, et al., 2015; Turyakira, et al., 2019). They also serve as breeding ground for entrepreneurs, enhance economic conversion and have an extraordinary potential for enhancing sustainable development (Sendawula, et al., 2018; Turyakira, et al., 2019). Looking at the role played by MSEs, countries such as Uganda are trying to promote them to enhance their survival. However, MSEs in Uganda are still facing survival challenges with approximately 75% of the established businesses failing before completing a year in operation (Nangoli, et al., 2013; Turyakira, et al., 2019). In addition, few MSEs exist for more than five years - Organization for Economic Cooperation and Development (OECD, 2010).

Business failure is attributed to limited supervision, lack of business and management skills, excessive competition, poor saving culture, lack of financial discipline, failure to pay taxes, lack of commitment to the business (Nangoli, et al., 2013), lack of supportive policies (Ishengoma & Kappel, 2011), unfavourable business environment and high cost of accessing initial capital (Balunywa, Namatovu, Kyejursa & Dawa, 2010); inappropriate entrepreneurial competencies (Rwakakamba, Lukwago & Walugembe, 2014), inadequate management of cash flows, wrong pricing, and excessive overheads (Uwonda, et al., 2013).
There seems to be limited research on the joint effect of creative problem solving (CPS) and perseverance on enterprise survival. This gap in literature is puzzling because MSEs need distinct skills, knowledge and abilities to enhance their survival. Hence this paper is aimed at establishing the effect of CPS and perseverance on enterprise survival in Wakiso district, Uganda.

2. Problem Statement

Although Uganda ranks as one of the highly entrepreneurial countries in the Sub-Saharan Africa, the mortality rate of Micro and Small Enterprises (MSEs) is equally very high with about 75% of the start-ups shutting down before completing a year in operation (Turyakira, et al., 2019). If this problem is not addressed, it is likely to have adverse effects such as unemployment, discourage innovation, and negatively affect the economic growth.

Analysts attribute the problem to inadequate supervision, high competition, high taxes, inadequate managerial skills, lack of commitment to running business, and poor saving culture (Nangoli, et al., 2013; Turyakira, et al., 2019). Although the Government of Uganda has endeavoured to support these MSEs through the implementation of policies such as Buy Uganda, Build Uganda which encourages Ugandans to buy locally manufactured products and services, Skilling Uganda and Business Development Services (BDS) whose aim is to build capacity, a large number of MSEs are still failing.

An indication of the owner/manager’s skills and abilities in creatively solving problems and his/her ability to persevere could be a solution to MSE survival, but has not been given much attention. Thus, this study attempts to establish the effect of Creative problem solving and perseverance on MSE survival in Wakiso district, Uganda.

3. Objectives

1. To establish the relationship between creative problem solving and Micro and Small enterprise survival in Wakiso district, Uganda.
2. To establish the relationship between perseverance and Micro and Small enterprise survival in Wakiso district, Uganda.
3. To establish the influence of creative problem and perseverance on Micro and Small enterprise survival in Wakiso district, Uganda.

Hypotheses:

\( H_01: \) There’s no statistically significant relationship between creative problem solving and MSE survival in Wakiso district, Uganda.
\( H_02: \) There’s no statistically significant relationship between perseverance and MSE survival in Wakiso district, Uganda.
\( H_03: \) Creative problem solving and perseverance do not have any statistically significant influence on MSE in Wakiso district, Uganda.

4. Literature Review

The effect of creative problem solving and perseverance on MSE survival was investigated through the Personality trait theory which is one of the psychological entrepreneurship theories (Landstrom, 1998). The Personality Trait Theory posits that inborn qualities or potentials of the individual make him/her an entrepreneur. The theory gives insight into traits or inborn qualities by identifying the characteristics associated with the entrepreneur (Simpeh, 2011). Some of the attributes or behaviours depicted are that they tend to be
emotionally resilient with mental energy, show high level of management skills and business know-how and demonstrate high level of creativity and innovation.

The theory fits rightly with this study because it presupposes that owner/managers could possess innate abilities and qualities such as creative problem solving and perseverance which could help them as they run their business activities.

4.1 Creative Problem Solving

Creative problem solving is a way of approaching change within an organization where people within the workplace are empowered to participate in the change process when looking for creative solutions (Millet, 2014). Alternatively according to Amran, et al., (2019) creative problem solving is the ability of individuals to solve problems through the development of creative and brilliant ideas. It is a method of finding innovative approaches for problem resolution. The process of solving a problem requires a creative effort and its own process (Barutcu, 2017). In this case a creative person is capable of boosting their curiosity as more ideas are generated and new things are discovered. Studies on creative problem solving have laid much emphasis on team creativity of employees in large corporations. Furthermore, a number of studies conclude that creativity affects the ability to make decisions, constantly enhances the capability of ideas and oneself as well as increasing the productivity in dealing with problems (Abraham, et al., 2013). This study lays emphasis on the ability of the owner/manager to creatively solve problems in a business setting of a micro nature.

4.2 Perseverance

Perseverance is defined as the tendency to persist and resist in the face of adversity even when there’s a need to lament or regret actions taken (Orengo, 2017). On the other hand, Van Gelderen defines perseverance as a continued goal-striving in spite of adversity as a core competency for an enterprising individual. It is also seen as the ability to continue doing what one believes to be right while tolerating difficulties and looking for ways to deal with the challenges (Ndubisi, et al., 2005). An entrepreneur who wishes to succeed in business is likely to go through a long path full of immense amounts of stress and a high degree of personal sacrifice and hence requires one who can persevere rather than surrender or give up in due process (Alexander-Passe, 2017). Despite the fact that perseverance has been extensively addressed as a vital competency in the entrepreneurship literature, it has not been given much attention in the context of owner/manager’s level who operates a micro and small enterprise.

4.3 Enterprise Survival

Ryan & Dietrich (2010) define survival as the ability of a system to fulfil its mission in a hostile environment. On the other hand, Amah & Okoisama (2017) define organizational survival as the ability of a firm to realize and actualize its outcome and expectations in line with its mission, goals, and objectives. It is also the ability to operate effectively and efficiently, coping adequately and being able to withstand the environmental turbulences by being flexible and adapting to change which may result into growth.

Survival of firms depends on the ability to obtain competitive distinctive capabilities that lead to competitive advantage (Cant, et al., 2014). Firm survival and growth depends on the quality of the relationship among all stakeholders both internal and external, as well
as on the good will of the company (Mutesigensi, et al., 2017). Previous studies seen do not fully conceptualize survival in terms of a business, but address it in an organizational and foreign perspective. The present study focuses enterprise survival using a business approach and in a localized Ugandan perspective.

4.4 Creative Problem Solving and Enterprise Survival

Aureli, et al., (2019) found creative problem solving to have a strong direct impact on firm’s competitiveness. They suggested that managers must highlight the problem solving process because it could affect a firm’s capability to find creative solutions and hence competitiveness. Additionally, Giampaoli, et al.,(2017) found a direct impact of creative problem solving on financial performance. Although creative problem solving has scanty literature, a few studies seen show that it has a strong direct impact on firm’s competitiveness (Aureli, et al., 2019); has a direct impact on both organizational and financial performance. None of the studies seen, address creative problem solving in relation to enterprise survival. The current study sought to establish whether owner/managers running MSEs in Wakiso district, Uganda can creatively solve problems and whether creative problem solving can have an effect on enterprise survival.

4.5 Perseverance and Enterprise Survival

Camuffo, et al., (2012) found perseverance to improve business performance while Orengo (2017) suggested in their study that a firm’s success is due to continuity, commitment to the future and perseverance. They further state that perseverance is not only necessary for survival, but also has a cumulative effect on value creation. Bonfiglio (2017) goes ahead to state that perseverance is among the many non-cognitive factors that predict different positive outcomes, goal-striving, and attainment of people’s disposition to the accomplishment of long-term goals. Lamine, et al., (2014) also found that social skills and perseverance are crucial to the success of the entrepreneurial process. From the works of previous researchers, it’s clearly evident that perseverance is necessary for a firm’s success, survival, value creation, performance and a successful entrepreneurial process. Most of these studies were carried out in foreign countries and not in Uganda. It is unclear whether it could follow a similar trend when tried out in a Ugandan perspective.

5. Methodology

The study employed a cross-sectional survey research design with a positivist approach to research. The paradigm was used because it involved testing of hypotheses derived from the research objectives through measurement of a cause and effect relationship. The study used quantitative approaches to research.

The accessible population of 1,500 MSEs from five sub-counties of Wakiso district as per the Wakiso District Commercial Office database was used. Self-administered questionnaires were distributed to 306 owners/managers of MSEs in Busukuma, Kakiri, Kira municipality, Masulita and Nangabo which were purposively selected because of their nature of importance in the study such as having a high concentration of MSEs, high record of business failure and had urban, peri-urban and rural characteristics.

Multiple sampling techniques were used in this study at various stages. Purposive sampling was used to select the five sub-counties from sixteen sub-counties, then stratified
random sampling was used to sub-divide the study area into subgroups (strata) in form of sub-counties and then a sample was selected from each sub-county on a proportional basis. Finally, simple random sampling was used in form of lottery method to reach the actual respondents.

Raw data from the field was captured into SPSS (version 16) statistical analysis tool, and checks for data entry errors, missing values, outliers and normality were performed. It was coded, sorted, arranged, cleaned and organized into a manner that allowed for analysis. Data was analyzed using descriptive statistics and correlation analysis to establish the relationship between (creative problem solving and perseverance) and MSE survival. Regression analysis was used to establish the influence of CPS and Perseverance on MSE survival in Wakiso district, Uganda.

Reliability was established using Cronbach coefficient while validity was determined using content validity Index (CVI). All the variables had Cronbach Alpha coefficients and CVI values above the minimum acceptance standards of 0.7 as recommended by (Kamau, 2016) and (Sekaran & Bougie, 2010), respectively, hence affirming that the research instrument used to collect data was appropriate and could yield similar results all the time.

6. Results

This section begins with sample characteristics of the MSEs in Uganda followed by regression results that show the extent of the influence of social networking on MSE survival.

**Table 1 : Personal Characteristics of the Respondents:**

<table>
<thead>
<tr>
<th>Gender of the Respondent</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>144</td>
<td>51.2</td>
</tr>
<tr>
<td>Female</td>
<td>137</td>
<td>48.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>281</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age of the Respondent</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 -30 years</td>
<td>132</td>
<td>47</td>
</tr>
<tr>
<td>31 – 40 years</td>
<td>96</td>
<td>34.1</td>
</tr>
<tr>
<td>41 – 50 years</td>
<td>39</td>
<td>13.9</td>
</tr>
<tr>
<td>Above 50 years</td>
<td>14</td>
<td>5.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>281</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Level of Education</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificate</td>
<td>64</td>
<td>22.8</td>
</tr>
<tr>
<td>Diploma</td>
<td>53</td>
<td>18.9</td>
</tr>
<tr>
<td>Bachelor’s Degree</td>
<td>33</td>
<td>11.7</td>
</tr>
<tr>
<td>Master’s Degree</td>
<td>3</td>
<td>1.0</td>
</tr>
<tr>
<td>Other (Never went to school/Primary)</td>
<td>128</td>
<td>45.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>281</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

The findings from Table 1 indicate that a total of 144 males and 137 females participated in the study, hence a total of 281 respondents. Majority of the respondents were male represented by 51.2 percent compared to the female Micro and Small Enterprise owners who were 48.8 percent. A total of 306 questionnaires were administered and 281 were correctly filled, giving a response rate of 91.8 percent. A response rate of 50% is adequate; a 60% is good and above 70% is very good as supported by (Mugenda & Mugenda, 2003). This was a very good response rate, and can be attributed to data collection procedures which were used in the study.

The respondents’ age ranged from 18 years to 80 years with the majority of respondents recording between 18 and 30 years (47 percent), and between 31 and 40 years (34.1
percent) as indicated in Table 1. This implies that there are more Micro and Small Enterprise owners in the youthful age.

Regarding level of education, majority of the respondents who run business, 127 respondents never went to school or stopped at primary and high school level representing (45.4 percent), followed by certificate holders 64 representing (22.9 percent), diploma holders 53 representing (18.9 percent), then bachelor’s degree 33 representing (11.8 percent) and Masters degree 3 representing 1.1 percent. This implies that the Micro and Small Enterprise business in the study area is dominated by those with informal education.

**Findings by Objectives:**

To establish the relationship between creative problem solving and Micro and Small enterprise survival in Wakiso district, Uganda.

**Table 2: Correlation between Creative Problem Solving and Micro and Small Enterprise Survival in Wakiso District, Uganda.**

<table>
<thead>
<tr>
<th>Creative problem solving</th>
<th>Perseverance</th>
<th>Pearson Correlation</th>
<th>.409**</th>
<th>1</th>
<th>.232**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sig. (2-tailed)</td>
<td>.</td>
<td>.000</td>
<td>.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>281</td>
<td>281</td>
<td>281</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note:** Correlation is significant at the 0.01 level (2-tailed).

Table 2 shows that there’s a weak positive correlation between creative problem solving (CPS) and MSE survival with a correlation coefficient of (r = 0.232). However, although it is weak, it is found to be statistically significant with a p-value of 0.000. This implies that CPS affects MSE survival positively. The hypothesis which stated, “There’s no statistically significant relationship between creative problem solving and MSE survival in Wakiso district, Uganda,” was rejected implying that there’s a positive and statistically significant relationship between Creative problem solving and MSE survival in Wakiso district, Uganda. The findings are similar to Aureli, et al., (2019), though with different dependent variables under study, who found CPS having a strong direct impact on the firm’s competitiveness and Giampaoli, (2017) who found a direct impact between CPS and firm’s financial performance.

To establish the relationship between perseverance and Micro and Small enterprise survival in Wakiso district, Uganda.

**Table 3 Correlation between Perseverance and MSE survival in Wakiso District, Uganda**

<table>
<thead>
<tr>
<th>Creative problem solving</th>
<th>Perseverance</th>
<th>Pearson Correlation</th>
<th>1</th>
<th>.409**</th>
<th>.233**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sig. (2-tailed)</td>
<td>.</td>
<td>.000</td>
<td>.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>281</td>
<td>281</td>
<td>281</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 3 shows that there’s a weak positive correlation between perseverance and MSE survival as depicted by the correlation coefficient of $r = 0.233$. However, although it is weak, it is found to be statistically significant with (p-value = 0.000). This implies that perseverance affects MSE survival positively. The hypothesis which stated, “There is no statistically significant relationship between perseverance and MSE survival in Wakiso district, Uganda,” was rejected implying that there’s a positive and statistically significant relationship between perseverance and MSE survival in Wakiso district, Uganda. The findings are in line with Orengo (2017) who also found perseverance as a necessary attribute for survival and value creation in a business.

To establish the influence of creative problem solving and perseverance on Micro and Small enterprise survival in Wakiso district, Uganda.

Table 4 Multiple Linear Regression Analysis to establish the influence of creative problem solving and perseverance on MSE survival in Wakiso district

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.277*</td>
<td>.077</td>
<td>.070</td>
</tr>
</tbody>
</table>

Dependent Variable: Survival

Table 4 shows that creative problem solving and perseverance have a positive and statistically significant influence on MSE survival. This is denoted by ($r=0.277$, $t=2.606$, p-value =0.010 < $\alpha=0.05$) and ($r=0.277$, $t=2.622$, p-value =0.009 < $\alpha=0.05$). This implies that both creative problem solving and perseverance can predict the Micro and Small enterprise survival, and therefore an increase in one unit of creative problem solving and perseverance will increase MSE survival by 16.5% and 16.6%, respectively. The hypothesis was rejected implying that creative problem solving and perseverance have a positive and statistically significant influence on MSE survival in Wakiso district, Uganda. Creative problem solving and perseverance combined together account for 7% as depicted by the adjusted coefficient of determination. This means that there are other factors which were not considered in this
study that have an effect on MSE survival. A suggestion for further research to explore other factors is recommended.

7. Discussion

From the analysis it is clearly shown that both creative problem solving and perseverance have a positive and statistically significant influence on MSE survival in Wakiso district. This means that when owners/managers creatively solve the problems that arise and also persevere by standing firm and sticking to striving to achieve their goals even in the period of adversity, MSE survival will be enhanced. The results of the study are in line with Alexander-Passe, 2017; Orengo, 2017; Barutcu, 2017) who also found perseverance as a necessary attribute for survival and value creation in a business and Aureli, et al., (2019) who found creative problem solving having a strong direct impact on the firm’s competitiveness and Giampaoli, (2017) who found a direct impact between creative problem solving and firm’s financial performance. These results also confirm that the Personality Trait Theory can be used to predict enterprise survival. The inborn qualities or potentials of the individual owner/managers can help them to enhance survival if they practice CPS and perseverance.

8. Recommendations and Conclusions

Micro and Small Enterprise owners/managers need to enhance their creative problem solving abilities, be resourceful, and should utilize their inherent creative and innovative ideas when solving problems concerning their product and service offering. They should develop and sharpen their CPS skills by participating and engaging in workshops and forums concerning trainings or refresher courses on creativity and innovation.

MSE owner/managers should also strive to persevere at all costs in the period of adversity by staying focused to the achievement of their short and long-term goals, should remove fear and anxiety, face the situation head on and should possess a winning spirit and mindset with a bigger picture for their business. They should have full determination and drive towards goal achievement, persistent and not easily quitting in order to enhance their business survival.

Government policies and programs to improve MSE owner/managers’ skills in perseverance and creative problem solving abilities should be implemented to enhance MSE survival.

Recommendations for further study:

Since CPS and perseverance accounted for only 7 percent of the variation in MSE survival, other studies could be conducted to establish other factors that would enhance MSE survival.

Likewise, since the study was limited to Wakiso district in Uganda which is only a small area, we recommend that it can be expanded further to the rest of Uganda to establish whether it provides a similar trend of results.

We conclude in this study that creative problem solving and perseverance significantly affect the survival of MSEs in Wakiso district, Uganda. The two variables also significantly contribute to the survival of MSEs in Wakiso district. Therefore owners/managers should aim to utilize CPS skills and perseverance in their business operations to ensure business survival.
References


