An assessment of the relationship between entrepreneurial orientation and business performance in SMMEs in KwaZulu-Natal

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ABSTRACT

Small, Medium and Micro Enterprises (SMMEs) are the basis of the business environment and economic development's leading drivers. SMMEs create 60 to 70% of jobs globally. In South Africa, 95% of the business composition is made up of SMMEs. However, South African SMMEs create approximately 28% of jobs. Furthermore, up to 80% of SMMEs in South Africa fail within five years of their existence, a worse performance compared to any country in the world.

The literature explored in this study established a substantial role of entrepreneurial orientation in positively affecting SMMEs business performance. However, in South Africa, there are no significant investigations of the role of entrepreneurial orientation in the performance of SMMEs. SMME entrepreneurial activities are regarded as their inner capabilities which may improve the SMME business performance in challenging market conditions. It is, therefore, important to prioritise attention to an examination of the relationship between entrepreneurial orientation and business performance of SMMEs.

This study assessed the relationship between entrepreneurial orientation and business performance in SMMEs in the City of uMhlathuze in KwaZulu-Natal. The dimensions of entrepreneurial orientation were used individually to assess their relationships with the business performance of SMMEs. For this study, business performance was measured by business growth and business development. Additionally, participants chose options on a Likert scale between 1 to 5. SMMEs with an average of less than 3.0 were considered to have low entrepreneurial orientation, and SMMEs with an average of 3.0 and more were deemed to have a high entrepreneurial orientation.

A study was conducted using a questionnaire that measured dimensions of entrepreneurial orientation. Data from 74 respondents was collected and analysed. The results indicated that the SMMEs in the City of uMhlathuze in KwaZulu-Natal have a high **entrepreneurial orientation status** at an average of 3.57.

Risk-taking, autonomy, proactiveness and competitive aggressiveness had a positive but statistically insignificant relationship to business growth. In contrast, innovativeness had a negative relationship to **business growth** of SMMEs in the City of uMhlathuze in KwaZulu-Natal.

Risk-taking had a more pronounced significant and positive relationship to **business development** than **competitive aggressiveness**. Innovativeness had a positive but statistically insignificant relationship to business development. In contrast, autonomy and proactiveness had a negative and statistically insignificant relationship to **business development** of SMMEs in the City of uMhlathuze in KwaZulu-Natal.

The variation of the results was consistent with some of the studies in the past. However, entrepreneurial orientation is essential in any business setting, and there is a need for it to be fostered given the environment allows. The recommendations were founded on the conclusions to help SMMEs managers/owners, policymakers and researchers to create an environment that enables entrepreneurial orientation maturity within the SMMEs.

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LIST OF ABBREVIATIONS

BSC: Balanced Scorecard

EO: Entrepreneurial Orientation

GDP: Gross Domestic Product

NDP: National Development Plan

SCS: Statistical Consultation Services

SEDA: Small Business Development

SMME: Small, Medium and Micro Enterprises

SPSS: Statistical Package for Social Science

DECLARATION

I, Vusumuzi Dumisani Sithole, declare that this mini-dissertation represents my work and has not been submitted to any institution for academic examination before.

CHAPTER 1

1. NATURE AND SCOPE OF THE STUDY

1.1. INTRODUCTION

SMMEs play a substantial social and economic role in the developed and underdeveloped countries (Ibrahim & Mustapha, 2019:41). According to Chiromo and Nani (2019:18), SMMEs play a pivotal role in poverty reduction. It is, therefore, important to the government to create a conducive environment to enhance SMME activities. Rogerson (2004:765) acknowledges that fostering a thriving small, medium and micro-enterprise economy is critical for employment expansion across sub-Saharan Africa. Meyer and Meyer (2017:129) reveal that SMMEs in South Africa employs 7.8 million people which confirms the significant social and economic role of SMMEs.

The perceived potential for SMMEs to create employment, grow the economy, and alleviate poverty in South Africa has triggered the government to focus on developing the small business sector (Fatoki, 2014:922). However, the pace and results do not match expectations since 2014, when the South African government created a Small Business Development ministry (SEDA, 2018).

Lack of business performance in SMMEs is hampering their contribution to the South African economy (Fatoki, 2014:924). The small business Act of 1996 is widely criticised for extending the categorisation of SMMEs too wide such that even large enterprises feature in the specified SMME categories. The view is that resources allocated to develop the SMMEs are being exhausted by the large enterprises which fall within the SMME category, this contributes to the slow development of real small businesses (Kalitanyi, 2019:56).

Dzomonda, Fatoki and Oni (2017:110) suggest that entrepreneurial orientation strategy could be a solution to the poor business performance of SMMEs in South Africa. According to Lumpkin and Dess (1996:139), there are five dimensions of entrepreneurial orientation. Namely; autonomy, risk-taking, innovativeness,

competitive aggressiveness, and proactiveness. The different dimensions of entrepreneurial orientation may positively influence the performance of SMMEs. Should the senior management of SMMEs adopt entrepreneurial orientation, then the performance of these SMMEs may be improved which may add to the country's economy (Aziz, Hasnain, Awais, Shahzadi & Afzal, 2017:110).

This study assessed the level of entrepreneurial orientation and its impact on business performance. The study consisted of two parts, the literature review to source information from the past research on entrepreneurial orientation and the validated questionnaire for empirical research to collect data from the sample. Kelley-Quon (2018:363) highlights that a previously validated questionnaire ensures that any difference measured between samples can be assumed to be valid and reproducible.

The City of uMhlathuze municipality was the chosen location where empirical research was conducted. This location is one of the industrial zones in KwaZulu-Natal. It boasts a sizable number of SMMEs due to its proximity to the harbour and the number of tourist destinations. It houses one of four coastal Industrial development zones in South Africa (Coetzee & Kleynhans, 2018:10). All five dimensions of entrepreneurial orientation in SMMEs in the City of uMhlathuze were assessed. The assumptions were made on creating a conducive environment within SMMEs that may lead to business performance. The results will enable the City of uMhlathuze to view the current entrepreneurial orientation status of all SMMEs operating in the City and prioritise the development initiatives as per the mandate adopted by the South African cabinet (NSEA, 2018).

This chapter introduced the topic: An assessment of the relationship between entrepreneurial orientation and business performance in SMMEs in KwaZulu-Natal. This led to the problem statement, where the researcher revealed challenges that threaten the business performance of SMMEs in South Africa. The researcher revealed the lack of entrepreneurial orientation in the SMMEs as a cause of unfavourable effects on the business success of the SMMEs, and a need to assess the level of entrepreneurial orientation and its impact on business performance in SMMEs.

Lastly, the objectives of the study were outlined to guide the study to achieve the primary goal. The study's scope revealed the field, sector, and geographical area where the study was conducted. The research methodology set out the research approach and the plan to gather the data required to complete the research project.

1.2. RATIONALE AND SIGNIFICANCE OF THE STUDY

The mandate adopted by the South African cabinet in August 2017 identified employment creation and small business development as a priority. Furthermore, the plan of action originating after the 2018 state of the Nation address dictates the Department of Small Business Development to drive several high impact programs towards Small Enterprises' growth (SONA, 2020).

The Kwazulu-Natal provincial government has embarked on a policy that will support the SMME entrepreneurial orientation development to drive business performance instead of relying on government grants for survival (Okem, 2016:120). Therefore, it was vital to evaluate the level of entrepreneurial orientation and its effects on business performance in SMMEs in the City of uMhlathuze to reveal the entrepreneurial orientation status of SMMEs and identify gaps to be filled to achieve the perceived business performance. The status or level of the entrepreneurial orientation was measured using section A of the data collection instrument, which is concerned with entrepreneurial orientation attitude. Participants chose options on a Likert scale between 1 to 5, and the analysis was done using descriptive statistics. Barua (2013:35) confirm that the respondents specify their level of agreement or disagreement on a symmetric agree-disagree scale for a series of statements while responding to a Likert scale questionnaire item. SMMEs with an average of less than 3.0 were considered to have low entrepreneurial orientation, and SMMEs with an average of 3.0 and more were deemed to have a high entrepreneurial orientation.

Chimucheka, Dodd, and Chinyamurindi (2019:5) revealed a steady relationship between entrepreneurial orientation and the business performance of SMMEs and suggested that entrepreneurs improve the entrepreneurial orientation in their business as it would eventually better the performance of their businesses. The relationship between entrepreneurial orientation and business performance was measured by all

combined sections of the data collection instrument and examination of information was done utilising direct linear regression to demonstrate the relationships between entrepreneurial orientation and business performance.

The benefits of the study are:

- Contribution to the ongoing process of policy development for small business, revealing the current entrepreneurial orientation gaps for SMMEs.
- Share recommendations to close the entrepreneurial orientation gaps on SMMEs with the Small Business Development department.
- Support implementation of SMMEs development policy.
- Produce guidelines to create an entrepreneurial orientation culture for SMMEs as a foundation of business performance and success.

1.3. PROBLEM STATEMENT

SMMEs advancement is one of the fundamental approaches utilised by the South African government to develop the economy while tending to socio-economic issues such as poverty and unemployment (SEDA, 2018; Van Scheers, 2016:352). The business case for employment creation and alleviation of socio-economic issues through SMMEs in South Africa makes sound economic sense (Ayandibu & Houghton, 2017:137). However, the South African government's challenge is that the lack of consistent business performance of SMMEs is hampering their contribution to the South African economy (Fatoki, 2014:924). According to Naicker, Suzaan, Bruwer and Bruwer (2017:54), 80% of South African SMMEs produce poor business performance within three to five years of their existence, leading to business failure.

Dzomonda, Fatoki and Oni (2017:110) recommended an entrepreneurial orientation strategy for the South African government to curb the poor business performance in SMMEs. According to Ramukumba (2014:33), the consistent business performance of SMMEs is critical to the contribution of the creation of employment and poverty alleviation, which are significant socio-economic challenges in South Africa. Fairoz, Hirobumi and Tanaka (2010:40) support that the entrepreneurial orientation of SMMEs improves entrepreneurial posture towards identifying opportunities and has positive

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effects on market share growth and business performance. The business performance of SMME can be fostered by enhancing the level of entrepreneurial orientation in SMMEs (Neneh & Van Zyl, 2017:167).

Several studies adopted a combined analysis approach to the relationship between entrepreneurial orientation and business performance. Most combined analysis approach studies discovered positive effects on the overall business performance; contrary, some studies focused on different dimensions that revealed other business performance effects (Rezaei & Ortt, 2018:882). The logical crevice in this line of research is the limited amount of studies concerning an appraisal of entrepreneurial orientation and its effects on business performance in SMMEs, mainly in South Africa. This gap in South African entrepreneurship could suggest a lack of understanding of SMMEs, which might be valuable to SMMEs owners and policymakers.

1.4. OBJECTIVES OF THE STUDY

1.4.1. Primary objective

This study's primary objective was to assess the relationship between entrepreneurial orientation and business performance in SMMEs in the City of uMhlathuze in KwaZulu-Natal.

1.4.2. Secondary objectives

The subsequent secondary objectives were formulated to help achieve the primary objective, namely:

- To define the concept of entrepreneurship.
- To develop theoretical knowledge of five dimensions of entrepreneurial orientation in South Africa through a literature review.
- To gather knowledge of SMME contribution to economic growth through literature review.
- To gain insight into the entrepreneurial orientation and performance of SMMEs in the City of uMhlathuze.

- To compare the entrepreneurial orientation of SMMEs per category of SMMEs in the City of uMhlathuze.
- To assess the perceived positive and significant relationship between entrepreneurial orientation and business performance of SMMEs
- To suggest recommendations based on the outcome of the study.

1.5.   SCOPE OF THE STUDY

This section aims to indicate the study's field, the sector under investigation and the geographical location.

1.6.   FIELD OF STUDY

This study's area falls within the subject discipline of entrepreneurship with specific reference to the entrepreneurial orientation and business performance of SMMEs.

1.6.1.   The sector under investigation

This study emphasises the top four participating sectors of the SMMEs in South Africa: Trade & Accommodation, Agriculture, Construction and Manufacturing. Recruitment of participants included both product and services businesses.

1.6.2.   Geographical area

The study sample was SMMEs operating in the City of uMhlathuze municipality. The SMMEs operating in the City of uMhlathuze reap trade benefits from their proximity to the Richards Bay harbour, tourist destinations and a well-developed Richards Bay industrial development zone. The below map depicts the geographical location of the City of uMhlathuze.

Figure 1. 1 City of uMhlathuze map

Source: (City of uMhlathuze municipality, 2020)

1.7. RESEARCH METHODOLOGY

Research methodology sets out and explains the procedural approach and must be strongly linked to the research question (Gary, 2019:64). According to Hair (2015:27), research methodology delivers a framework with guidelines for leading a business research project.

1.7.1. Research design

According to Gray (2019:144), the study design is the primary strategy for collecting, measuring, and analysing data and further states that a typical study design defines the purpose of the study, the question being addressed, and techniques used to gather and analyse data.

According to Trochim (2020), the research design is a framework of research used by researchers to demonstrate how all the significant portions of the research project work together to address the research's objective. There are three forms of research design (Karimov, 2015). Namely:

- Exploratory research: Discover ideas and insights.
- Descriptive research: Describes a population concerning relevant variables.

- Casual research: To establish cause and effects relationship between variables.

The researcher adopted descriptive research to describe the sample's characteristics and relationships between variables detected by the researcher. According to Tripodi and Bender (2010:120), descriptive research results reveal information about the sample that describes relationships to increase an understanding to make final recommendations. Descriptive research was, therefore, aligned with the objective of this study.

1.7.2. Research paradigm

In business and management research, there are five fundamental paradigms. To be specific; positivism, critical realism, interpretivism, postmodernism and pragmatism. However, only the positivism paradigm was adopted for this research. According to Kincheloe and Tobin (2015:515), positivism is a dynamic revelation technique and accumulation of information driving to common law for all social sciences. Positivism advocate for the facts to be proven, knowledge confirmed by sciences is genuine knowledge and knowledge attained by gathering facts provides bases for the law (Ryan, 2018:4). According to Saunders *et al.* (2019:144), positivism centres on logical empiricist strategy outlined to yield pure information and facts uninfluenced by human inclination and furthers stated that positivism enables the empiricist to emphasise relationships in the data to create law-like generalisation.

1.7.3. Research method

The researcher has chosen a quantitative method for this study to systematically and scientifically measure the entrepreneurial orientation of SMMEs in the City of uMhlathuze and how it relates to the business performance of SMMEs using structured information from a validated questionnaire. Quantitative methods have generalisable results from structured information and follow the positivist approach. In contrast, qualitative methods follow the interpretivist approach with a detailed description of the investigated phenomenon (Shekhar, Prince, Finelli, Demonbrun & Waters, 2019:06).

The quantitative strategy empowered the researcher to draw deductions from the organised information collected from the sample. According to Queirós, Faria and Almeida (2017:370), quantitative research inquires about accentuations on objectivity and is suitable when a researcher has a choice of collecting quantifiable measures of factors and deductions from tests of a population.

This study followed the eight-step practical research process, as described by Gray (2019:5). This process was applied for this study, as discussed below:

- Step 1: Identify a broad area for research.
- Step 2: Select the research topic.
- Step 3: Formulate the research objective.
- Step 4: Decide on the approach.
- Step 5: Formulate a plan.
- Step 6: Data/information collection
- Step 7: Analyse data.
- Step 8: Present the finding.

1.7.3.1.   Step 1: Identify a broad area for research

According to White (2017:16), the broad area of research is frequently influenced by the area of interest or profession. The general area of research for this study is entrepreneurship, one of the critical subjects in the MBA program.

1.7.3.2.   Step 2: Select the topic

Kettering (2017:88) describes the three familiar sources where one can get a research topic, namely:

- Supervisor: supervisors are considered experts of their specific research domains.
- One's past work - the extension of one's previous research.
- Other researcher works: by studying other research work.

This study's topic is an assessment of the relationship between entrepreneurial orientation and business performance in SMMEs in KwaZulu-Natal.

1.7.3.3. Step 3: Formulate research objective

This study's significant purpose was to assess the relationship between entrepreneurial orientation and business performance in SMMEs in the City of uMhlathuze in KwaZulu-Natal.

1.7.3.4. Step 4: Decide on the approach

This study used quantitative strategies where a positivism research approach was applied. According to Stiles (2003:263), the positivism approach's benefit is that it generates precise results that fulfil generalisability and reliability requirements. Pham (2018:2) confirmed that statistical analysis could estimate reliability by identifying the correlation among the variables and further revealed that positivism research findings are reliable and support researchers to make scientific assumptions.

This study adopted a quantitative approach and cross-sectional data collection. According to Queirós *et al.* (2017:370), quantitative research emphasises objectivity, which means that the researcher collects measurable actions of variables and inferences from the population samples. Creswell and Creswell (2017:211) confirmed that cross-sectional data collection is one where data is collected at one point.

1.7.3.5. Step 5: Formulate a plan

The research was done using a literature review and empirical study.

❖ **Literature review**

According to Saunders *et al.* (2016:154), a positivist researcher uses existing theory to develop hypotheses which are statements that provide hypothetical explanations that can be tested and confirmed with empirical study and further revealed that a scientific deductive approach emphasises the structure, quantification, generalisability and testable hypotheses is supported by positivism approach. The researcher deduced theoretical knowledge from various literature pieces to develop specific assumptions and hypotheses to help the researcher achieve the primary objective of the study. According to Zalaghi and Khazaei (2016:228), the deductive approach in constructing a study's theory specifies the purpose of clear definitions and assumptions. Therefore, the researcher developed a logical structure based on the

entrepreneurial orientation, business performance, entrepreneurship definitions and assumptions in chapter 2 to build testable theoretical hypotheses tested against empirical study.

The researcher gathered knowledge from the existing theory by utilising a literature review to develop the entrepreneurial orientation and business performance assumptions that were tested and confirmed (Saunders, Lewis & Thornhill, 2019:144).

The subsequent topics covered in the literature assessment:

- Definition of entrepreneurship, to gain an understanding of the concept of entrepreneurship.
- Gain knowledge of entrepreneurial orientation with a specific focus on business success on five constructs. Namely; innovativeness, proactiveness, competitive aggressiveness, autonomy, and risk-taking.
- Reveal theoretical knowledge of the relationship between entrepreneurial orientation and business performance.
- Gain theoretical knowledge of the current state of South African SMMEs and how they contribute to economic growth.

Scientific journals, books, credible website articles, reports and dissertations from previous research are the sources used for this research.

❖ **Empirical study**

According to Antwi and Hamza (2015:218), knowledge is objective and quantifiable. Similarly, a positivist researcher assumes that reality is empirically given and quantifiable using properties independent of the researcher and measuring instruments. The researcher's objective stance was maintained and did not influence the answers in the self-select options from responses predetermined in a questionnaire (Saunders *et al.*, 2019:146).

❖ **Measurement instrument**

The researcher used a validated questionnaire supplied by the North-West University Business School. According to Kelley-Quon (2018:363), a questionnaire's design is vital for successful questionnaire administration and accurate responses. He further highlighted that it is essential that the researchers consider using a previously validated questionnaire which ensures that any difference measured between samples can be assumed to be valid and reproducible. The questionnaire consists of 3 sections aligned with the study objective, as discussed in paragraph 1.4.

- Section A: Respondents opinion on the entrepreneurial orientation of their business.
- Section B: Respondents opinion on the performance of their business.
- Section C: Biographical information

❖ **Study population and sample**

Hair, Celsi, Money, Samuel and Page (2016:173) suggest that before one can collect data, one must follow a procedure that would help get that data which is:

- defining a target population
- choose a sampling frame
- determining sample size and lastly
- implementing a sample plan

This study focused on the top four participating sectors of the SMMEs in South Africa: Trade & Accommodation, Agriculture, Construction and Manufacturing. Recruitment and participation in this study included both product and services businesses. The target sample is depicted in Table 1.1 below. The researcher approached the Small Business Development department within the City of uMhlathuze to request a database of SMMEs registered and operating within the City of uMhlathuze between January 2020 to December 2020. The researcher used the obtained database to identify and select the sample using stratified sampling and quota sampling techniques to allow the researcher to create sub-groups analyses for different sectors and categories of SMMEs. An overall of 250 SMMEs was approached to participate in the study. The target number of the sample was 116 respondents. The identified sample was recruited individually using an email with the electronic link to the online survey.

The participants were able to complete the online survey as soon as they receive an email. The researcher made provision for participants who may not access to email to send an electronic link using SMS and WhatsApp.

Table 1. 1: Sample target

SMME Category	A target number of respondents: Skilled Employee and Managers
Medium SMMEs	48
Small SMMEs	40
Micro SMMEs	28
Total population	**116**

1.7.3.6. Step 6: Collecting the data

The questionnaire was facilitated using an online electronic survey medium where the researcher distributed an electronic link to the population using email. The questionnaire was completed online and immediately stored participants responses electronically in one central database. The researcher made provision for participants who may not have access to an email facility by sharing the electronic survey link via SMS and WhatsApp communication. Completed questionnaires were electronically stored centrally and could only be accessed by the researcher using a password. Refer to the informed consent form for more information on the ethical issues that were managed during the respondents' contact.

1.7.3.7. Step 7: Analyse the data

Data gathered was submitted to the North-West University's Statistical Consultation Services, where the data captured in a spreadsheet was analysed. The survey's reliability was assessed by calculating the Cronbach's alpha coefficients (Nardi, 2018:19). Descriptive statistics were used to quantitatively describe the collected sample characteristics and multiple linear regression to model relationships between variables (Marshall & Boggis, 2016:7).

1.8. ETHICAL CONSIDERATION

The researcher took ethical consideration for this study. The researcher gathered data from employees and managers of the SMMEs; the ethical consideration is the informed consent of all participants (Connelly, 2014:54). All the partakers were informed in advance about the objective of this study. They were allowed to give their informed consent to share sensitive information such as their age and qualification. This information was kept strictly private to meet the requirements of the code of ethics of North-West University.

Companies have strict policies about sharing sensitive or private employee information. This study recognised and respected the policies of the SMMEs and ensured privacy and confidentiality policy of all the companies was not compromised. The researcher, therefore, issued the consent forms together with an electronic survey to ensure confidentiality and privacy with each of the SMMEs whose employees and managers decided to participate in the study. Data collected during this study was only used to respond to this study's question and nothing else.

1.9. LIMITATIONS OF THE STUDY

This study aimed to assess the entrepreneurial orientation and its influence on the business performance of SMMEs as well as to detect the status of entrepreneurial orientation in the top four participating sectors of the SMMEs in South Africa, namely; Trade & Accommodation, Agriculture, Construction and Manufacturing. Secondly, the study concluded from the quantifiable data and made recommendations to ensure that entrepreneurial orientation is enhanced in the SMMEs.

- Accessing the information of SMMEs was challenging as it had to be explained to the City of uMhlathuze municipality that the participants are not vulnerable groups. The researcher explained the potential benefits of the research and promised that participants would not be exploited.
- Only SMMEs that were doing business in the top four participating sectors of the SMMEs in South Africa, namely; Trade & Accommodation, Agriculture,

Construction and Manufacturing, participated in the questionnaire as part of the research.

- The sudden COVID 19 virus outbreak forced the researcher to change the method of collecting empirical data, which negatively affected the number of potential responses.

- The entrepreneurial orientation status of SMMEs operating in the City of uMhlathuze may be entirely different from other SMMEs operating in a different geographical area such as small towns and rural areas in KwaZulu Natal.

1.10.   STUDY LAYOUT

Chapter 1 covered the overview and objectives of the study. This chapter provided a detailed background of a broad topic which is entrepreneurship, the rationale and the problem statement. The chapter gave a clear justification to pursue the study and presented a study objective. A full scope of the study covered the research procedure that guided the study to achieve its objective.

The chapter also covered the research methodology that the researcher followed during data collection. The chapter revealed a chosen research design that provided a framework to be followed by the researcher to achieve the research objectives. The chapter further described methods and research techniques used to scientifically and systematically collect and compute data to produce conclusive results.

Chapter 2 covered all theoretical information obtained from a literature assessment and revealed the relationship between theory and practice. The literature assessment revealed the meaning of entrepreneurship and entrepreneurial orientation to build the understanding of the concept of entrepreneurship in management academic discipline and provided fundamental knowledge of entrepreneurship to guide the study to achieve its primary objective. Additionally, chapter 2 presented each of the dimensions of entrepreneurial orientation to establish testable theoretical knowledge about the business performance of SMMEs that lead to the development of hypotheses.

Chapter 3 analysed and discuss data collected through empirical study and presented the results following a recommended research tip from Creswell & Creswell (2017:218) on data analysis procedure that included steps that lead one step to another.

Data gathered was submitted to the North-West University's Statistical Consultation Services, where the data captured in a spreadsheet was analysed. Statistical analysis was done using Cronbach's alpha coefficient to check for internal consistency on the questionnaire. Chapter 3 further presented significance testing and linear regression to model the relationships between entrepreneurial orientation and business performance using the SPSS program and descriptive analysis to describe the constructs' characteristics.

Chapter 4 presented the conclusion and recommendations which followed the guidelines by Norris, Plonsky, Ross and Schoonen (2015:471-476), to produce a detailed conclusion and recommendations.

Figure 1. 2: Study Layout

Chapter 1 : Introduction, objectives of the study and methodology

Chapter 2 : Litriture review

Chapter 3 : Data presentation and discussion (Interpretation)

Chapter 4 : Conclusion and recommendations
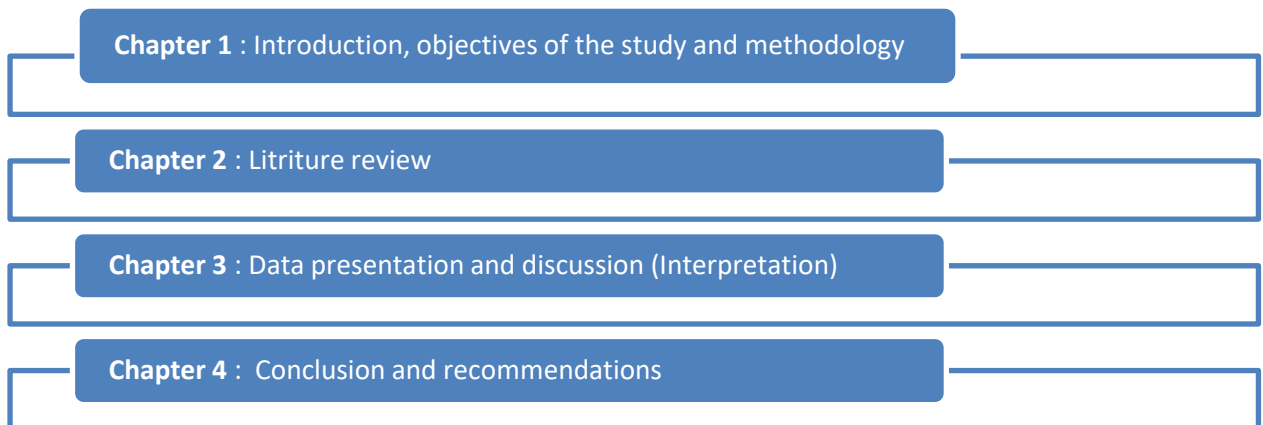
1.11. SUMMARY

Chapter 1 gave a detailed structure of the study project. The introduction presented the broad topic of the study and introduced all the sections of chapter one. The chapter included the rationale, problem statement, objectives and the focus area of the study within the broad topic of entrepreneurship and justifications for pursuing the study. The scope of the study and methodology discussed the coverage of the study and the execution plan. In conclusion, the limitations and outline of the study were presented.

CHAPTER 2

2. LITERATURE REVIEW

2.1. INTRODUCTION

According to Bygrave and Hofer (1992:13), due to impressive advances in its body of empirical knowledge, entrepreneurship was an open field of academic inquiry in the 1980s. However, it needed a substantial theoretical foundation (Gedeon, 2010:17). This study explored several definitions and theories of entrepreneurship to develop a comprehensive understanding of the concept of entrepreneurship in management academic discipline and provided fundamental knowledge of entrepreneurship to guide the study to achieve its primary objective. For entrepreneurial studies to achieve results that other sciences have accomplished, the field of entrepreneurship must build its comprehensive theories and frameworks (Morris, Kuratko & Schindehutte, 2001:37).

This study explored several pieces of literature on entrepreneurial orientation and the five dimensions of entrepreneurial orientation. Namely; innovativeness, proactiveness, competitive aggressiveness, autonomy, and risk-taking focus on business performance. According to Wiklund (1999:37), the relationship between entrepreneurial orientation has inspired some deliberations in the entrepreneurship literature. However, there is a need for substantial empirical evidence between entrepreneurial orientation and business performance before encouraging a wholesale adoption of entrepreneurial orientation strategies. Huang and Wang (2013:1622) state that internal and external contextual moderators must be considered before adopting an entrepreneurial orientation strategy. This part further described the concept of entrepreneurial orientation through several authors' definitions and descriptions to broaden the concept's theoretical knowledge. Frank, Kessler and Fink (2010:195) advocate for replicating studies concerning the relationship between entrepreneurial orientation and business performance in different environments. This could enhance the reliability, validity and generalisability of the empirical results. The study further scrutinised entrepreneurial orientation to establish testable theoretical

knowledge of the relationship between entrepreneurial orientation and business performance.

This study explored several pieces of literature works to reveal the state of entrepreneurial orientation of SMMEs in South Africa. Fatoki (2012:129) argues that entrepreneurial orientation is positively associated with the business performance of SMMEs, and it can be used to address the weak business performance and a high failure rate of SMMEs in South Africa (Chimucheka, 2013:787). The research started by explaining the profile of SMMEs and the state of entrepreneurial orientation of SMMEs in South Africa through random studies done in recent years.

Lastly, the study explored several literature pieces to gain theoretical knowledge on the business performance of SMMEs in South Africa and how they contribute to economic growth. According to Herath and Mahmood (2013:430), the business performance of SMMEs is vital to economic growth due to its multiple contributions. The study explored theoretical knowledge on the effects of business performance of SMMEs have on economic growth in South Africa.

2.2.   ENTREPRENEURSHIP DEFINED

According to Blundel, Lockett and Wang (2017:3), the definition of entrepreneurship remains open, and there is no consensus on the precise meaning amongst policymakers, academics, economists and entrepreneurs.

Frederick, O'Connor and Kuratko (2018:9) reveal that economist have claimed the word entrepreneurship as their own and mainly wrote about its impact on economic development. Hornsby, Messersmith, Rutherford and Simmons (2018:4) reveal and highlight rapid interest in the topic of entrepreneurship that is unbound by geography or academic discipline and further highlights the continued emphases across all level of government and universities as they seek to spark entrepreneurial activity.

Entrepreneurship literature confirms that disciplines such as business, psychology, economy and sociology have a different perspective on entrepreneurship definition

which is why entrepreneurship has many definitions (Bedi 2017:755; Şahin, Bedük & Ateş, 2016:279; Audretsch, Kuratko & Link, 2015:706). Some of those definitions are:

- Entrepreneurship is an entrepreneurial activity involving discovery, valuation and exploitation of opportunities in the market (Maritz & Donovan, 2015:75).
- Entrepreneurship is about exploiting profit opportunities that were never noticed before (Hrinchenko, 2018:2).
- Entrepreneurship is about taking initiatives to organise or reorganise social, economic resources and risk failure (Stamevska, Stamevski & Stankovska, 2018:174).
- Entrepreneurship is the progression of creating wealth by taking risks and value creation for a product or service (Frederick *et al.*, 2018:8).
- Entrepreneurship is opportunity seeking, taking risk beyond security and tenacity to push through ideas to reality, revealed by (Abbas, 2018:684).
- Entrepreneurship is about doing things out of the ordinary business routine, done under a broader aspect of leadership (Kuratko, 2016:3)
- Entrepreneurship is a phenomenon related to entrepreneurial activity, which is the innovative human action in pursuit of generating value (Blundel, Lockett & Wang, 2017:3).
- Entrepreneurship is about the entrepreneurial culture that caused some in society to succeed while others fail given the same conditions and starting point economically (Ozaralli & Rivenburgh, 2016:4).
- Entrepreneurship is a phenomenon associated with discovering opportunities (Nieto & González-Álvarez, 2016:512).
- Entrepreneurship is a discovery of opportunities by organising resources to offer market value (Huang, 2016:7).

2.3.   ENTREPRENEURSHIP THEORIES

Bedi (2017:755) highlighted several theories in the development of entrepreneurship literature and described how entrepreneurship has moved from the content of entrepreneurship to the process of entrepreneurship. An entrepreneurship theory is confirmable and logically coherent of relationships underlying principle that explain

entrepreneurship (Frederick *et al.,* 2018:9). The table below shows a summary of the entrepreneurship theories.

Table 2. 1: Summary of entrepreneurship theories

Author	Theory	Definition / Description
Cantillon (1755); Knight (1921)	Risk theory of profit	Entrepreneurship is the risk-bearing role of the entrepreneur. Entrepreneurs are not innovators, nor do they change supply or demand the market.
Lumpkin and Dess (1996)	Risk Theory & Behaviour School	"The important act of entrepreneurship is a new entity." "An Entrepreneurial Orientation refers to the processes, practices, and decision-making activities that lead to a new entry."
Schumpeter (1934, 1939),	Dynamic theory	Entrepreneurship is about innovation. Entrepreneurs do not operate in confined technological constraints, they develop new products, technologies and new production processes.
Lucas (1978) ; Baumol (1968); Litzinger (1965)	Dynamic theory & traits school	Entrepreneurship is the innate productive ability of different individuals. Entrepreneurs are the epitome of leadership and resilience, while others exit the market they can survive and grow.
Cole (1959);	Behaviour School	"The decisive activity of an individual or group of individuals, undertaken to initiate, maintain or aggrandise a profit-oriented business unit for the production or distribution of economic goods and services."

Source: (Gedeon, 2010:19-21; Parker, 2018:541-559)

Audretsch *et al.* (2015:706) offered an eclectic paradigm of entrepreneurship theories to construct a more comprehensive definition of entrepreneurship. Figure 2.1 depicts a combination of theories to offer a new understanding of the term entrepreneurship.

Figure 2. 1: Eclectic paradigm of entrepreneurship theories

Theories Based on Organizational Status

- Person (ownership, utility, characteristics, nascence) – *Morris, Kuratko & Schindehutte, 2012.*
- Firm (size, age, innovativeness) –*Brock & Evans, 1989; Reynolds, Miller, 1992.*
- Team (ownership, characteristics) – *Eisenhardt & Schoonhaven, 1990; Ruef, Aldrich, Carter, 2003*

Theories Based on Behavior

- Motivation (Discovery & Exploitation) - *Shane & Venkataraman, 2000; Alvarez & Barney, 2005, 2007.*
- Individual (Passion, Persistence) *(Cardon, Wincent, Singh, Drnovsek, 2009; Holland & Shepherd, 2013.*
- Organizational (Corporate Entrepreneurship) - *Ireland, Covin & Kuratko, 2009.*

Eclectic Paradigm of Entrepreneurship

- Multiple Lens (Proximity, Compatibility) - *Okhuysen, Bonardi, 2011*
- Multilevel (Decision Policy; Escalation of Commitment, Regret, Cognition) - *Shepherd, 2011; Zeelenberg, 1999; DeTienne, Shepherd, DeCastro, 2008.*

Theories Based On Performance

- Growth (Rates, Gazelles) - *McKelvie, Wiklund, 2010; Markman, Gartner, 2002.*
- Innovation (Activity, Corporate) - *Acs, Gifford, 1996; Kuratko, Ireland, Hornsby, 2001.*
- Social (Private, Public Gains) - *Austin, Stevenson, Wei-Skillern, 2006; Miller, Grimes, McMullen, Vogus, 2012.*

Source: Audretsch *et al.* (2015:708)

- Organisational status theory links the status of being self-employed to personal characteristics such as gender, age, education and work experience (Smart & Conant, 1994:29).

- Behaviour theory is about being entrepreneurial, which is the ability to discover and exploit opportunities to create economic value (Alvarez, 2005:118).

- The performance theory is about the organisation's performance, which can be measured by the organisation's growth, innovation and positive impact on society (Drucker,1985:185; Audretsch *et al.*, 2015:706).

The combination of theories in figure 2.1 is a multi-lens definition of entrepreneurship that delves into entrepreneurship with greater granularity. "The combinations of organisational status, behaviour, and performance are revealing themselves to be far more effective for researching the issues that arise under the taxonomy of entrepreneurial activity" (Audretsch *et al.*, 2015:707).

Entrepreneurship literature reveals intentional definitions and theories of entrepreneurship from various academic disciplines that exhibit standard features adopted as an essential aspect of this study's entrepreneurship definition. The features are depicted in the table below.

Table 2. 2: Features of the concept of entrepreneurship

Entrepreneurship based process features	Entrepreneurship behaviour-based features
- Process of opening a new organisation - The dynamic process of creating wealth - Process of acquisition of resources - Process of growing the organisation - Process of enabling organisation performance. - Process of pushing ideas to reality	- Taking initiatives/Pro-activeness - Organising/reorganising of resources - Taking risks - Innovativeness - The pursuit of generating value - Being entrepreneurial - Exploiting opportunities

Source: Developed by the researcher

2.4. ENTREPRENEURIAL ORIENTATION (EO) DEFINITION

According to Nanni (2019:195), entrepreneurial orientation provides an alternative perspective on entrepreneurship because it focuses on the firm approach to entrepreneurship rather than the definition of entrepreneurship itself. Lumpkin and Dess (1996:136) agree that entrepreneurial orientation is the acts practised by organisations according to decision-making standards.

Covin and Wales (2012:678) reveal several entrepreneurial orientation definitions and descriptions from several literature pieces that broaden the understanding of entrepreneurial orientation, as depicted in table 2.3.

Table 2. 3: Definition of entrepreneurial orientation

Authors	Definition of Entrepreneurial Orientation
Mintzberg (1973)	"In the entrepreneurial mode, strategy-making is dominated by the active search for new prospects", as well as, "dramatic leaps forward in the face of uncertainty".
Khandwalla (1976/1977)	"The entrepreneurial [management] style is characterised by bold, risky, aggressive decision-making".
Miller and Friesen (1982)	"The entrepreneurial model applies to firms that innovate boldly and frequently while taking substantial risks in their product market strategies".
Miller (1983)	"An entrepreneurial firm engages in product-market innovation, undertakes somewhat risky ventures, and is first to come up with 'proactive' innovations, beating competitors to the punch".
Morris and Paul (1987)	"An entrepreneurial firm is one with decision-making norms that emphasise proactive, innovative strategies that contain an element of risk".
Covin and Slevin (1998)	"Entrepreneurial firms are those in which the top managers have entrepreneurial management styles, as evidenced by the firms' strategic decisions and operating management philosophies. Non-entrepreneurial or conservative firms are those in which the senior management style is decidedly risk-averse, non-innovative, and passive or reactive".
Merz and Sauber (1995)	"Entrepreneurial orientation is defined as the firm's degree of proactiveness (aggressiveness) in its chosen product-market unit (PMU) and its willingness to innovate and create new offerings".
Lumpkin and Dess (1996)	"EO refers to the processes, practices, and decision-making activities that lead to new entry as characterised by one or more of the following dimensions; a propensity to act autonomously, a willingness to innovate and take risks, and a tendency to be aggressive toward competitors and proactive relative to marketplace opportunities".
Zahra and Neubaum (1998)	"EO is the sum of a firm's radical innovation, proactive strategic action, and risk-taking activities that are manifested in support of projects with uncertain outcomes".
Voss, Voss, and Moorman (2005)	"We define EO as a firm-level disposition to engage in behaviours reflecting risk-taking, innovativeness, proactiveness, autonomy,

	and competitive aggressiveness that lead to a change in the organisation or marketplace".
Avlonitis and Salavou (2007)	"EO constitutes an organisational phenomenon that reflects a managerial capability by which firms embark on proactive and aggressive initiatives to alter the competitive scene to their advantage".
Cools and Van den Broeck (2007/2008)	"Entrepreneurial orientation (EO) refers to the top management's strategy concerning innovativeness, proactiveness, and risk-taking".
Pearce, Fritz, and Davis (2010)	"An EO is conceptualised as a set of distinct but related behaviours that have the qualities of innovativeness, proactiveness, competitive aggressiveness, risk-taking, and autonomy".

Source: Covin and Wales (2012:678)

2.5.   EO-PERFORMANCE RELATIONSHIP

The future revenue streams from current operations remain undefined, and organisations need to pursue new opportunities continuously. Therefore, adopting entrepreneurial orientation may be beneficial for businesses (Wiklund & Shepherd 2005:7). In a volatile business environment, an organisation can recognise the changes and understand the implications and reconfigure the resources and procedures to match the environment's requirements (Jantunen, Puumalainen & Saarenketo, 2005:243). According to Hughes and Morgan (2007:651), the market's complexity and uncertainty put businesses in a vulnerable position by compromising their ability to compete in the market. To answer the dynamic and competitive environment, organisations need to religiously transfer entrepreneurial orientation into strategic business actions to achieve superior business performance (Mishra, 2017:9).

Researchers such as Kazem and van der Heijden (2006:22) and Okeyo, Gathungu and Peter (2016:192) state that high entrepreneurial orientation enables organisations to outperform their competitors in the race to the market. An organisation with a high entrepreneurial orientation can cope with the environment's complexity and uncertainty and may achieve better business performance than those with lower entrepreneurial orientation levels.

Most of the entrepreneurial orientation research has put more emphases on the EO-Performance relationship. Many have revealed that it is likely to have positive performance implications for an organisation (Kajalo & Lindblom, 2015:583; Covin, Green & Slevin, 2006:73; Chow, 2006:13). However, Rauch, Wiklund, Lumpkin and Frese (2009:762) suggest that the EO-performance relationship's magnitude varies across studies. In contrast, some studies have found that organisations that adopt entrepreneurial orientation outperform those that do not adopt an entrepreneurial orientation. Other studies reported that the EO-Performance relationship is not significant (Moreno & Casillas, 2008:521; Wiklund & Shepherd, 2005:88).

The magnitude of the EO-performance relationship and their subjective nature come from (1) the EO-performance relationship is context-specific and (2) the dimensions of the entrepreneurial orientation may differ autonomously from each other in a specific context (Andersén, 2010:313: Lumpkin & Dess 1996:137). According to Chin, Tsai, Fang, Zhu and Yang (2016:2), the EO-performance relationship is not always positive and linear but context-specific and contingency orientated in a rapidly changing and competitive environment. Martins and Rialp (2013:68) support that the EO-performance relationship is curvilinear and context-specific. According to Casillas, Moreno and Barbero (2010:29), the EO-performance relationship is contingent on internal and external factors. Wiklund and Shepherd (2005:72) confirm the notion that internal and external factors may moderate EO-performance relationship and may be different from business to business.

Shirokova, Bogatyreva, Beliaeva and Puffer (2016:703) and Gupta and Batra 2016:676) state that organisations achieve superior performance when adopting entrepreneurial orientation in environments with a high level of hostility and high market growth. Contrary, entrepreneurial orientation adoption in favourable environments with low aggression and high market growth may lead to lower organisation performance. Saeed, Yousafzai and Engelen (2014:256) and Miller (2011:877) advocate that a volatile environment is presented by external factors such as political, economic and regulatory environments that may moderate the EO-performance relationship. Martins and Rialp (2013:67) argue that changes in the market environment and business rivalry may moderate the EO-performance

relationship. Milovanovic and Wittine (2014:228) confirmed that EO-performance is contingent on external environment changes and competitiveness.

Guided by the resource-based view (internal), Engelen, Gupta, Strenger and Brettel (2015:1090) and Covin and Miller (2014:13) integrated the concept of EO and transformational leadership behaviour to demonstrate that top management's transformational leadership behaviours moderate the relationship between EO and organisation performance. Edmond and Wiklund (2010:15) confirm a positive moderating factor between an organisation's knowledge-based resources and performance. Similarly, guided by the resource-based view, Awang, Khalid, Yusof, Kassim, Ismail, Zain and Madar (2009:89) offer a different logical approach which looks at the independent relationship of individual EO dimension to business performance and how it contributes more in-depth knowledge in the differential relationships of each dimension of entrepreneurial orientation. Stambaugh, Martinez and Lumpkin. (2017:718) confirm that entrepreneurial orientation dimensions may vary independently of each other and attracted much attention to direct relationships between the dimensions and variables of interest.

2.6.   ENTREPRENEURIAL ORIENTATION DIMENSIONS

The standard perspective of entrepreneurial orientation amongst the researchers exhibits common multi-dimension constructs such as risk-taking, innovativeness, proactiveness, competitive aggressiveness and anatomy (Covin & Wales, 2019:5; Anderson, Kreiser, Kurako, Hornsby and Eshima, 2014:1580), which may exhibit shared effects on the organisation's performance (Lomberg, Urbig, Stöckmann, Marino and Dickson 2017:977; Lumpkin & Dess, 1996:136). Covin *et al.* (2006:73) did a study that confirmed the core variation of innovativeness, risk-taking, and proactiveness exhibits shared effects on the organisation's performance. Dzomonda and Fatoki (2019:84) and Rauch *et al.* (2009:781) confirmed the same positive effects of EO dimensions on organisation performance. Lumpkin and Dess (1996:136) added autonomy and competitive aggressiveness to risk-taking, innovativeness, proactiveness.

Madlala (2018:18) approves the addition of competitive aggressiveness and autonomy to study the effects of EO-performance comprehensively. Morgan and Strong

(2003:172) and Smart and Conant (1994:32) conducted studies that suggested that some EO dimensions are not positively associated with the influence on performance. This study focused on all five EO dimensions on determining EO's universal or individual effects on organisation performance. The study adopted EO definitions as depicted by De Oliveira Jr, Oliveira and Bernardes (2017:266) in figure 2.2 below.

Figure 2. 2: Entrepreneurial orientation dimensions

		Dimension	Definition
Lumpkin and Dess´s (1996) construct	Miller's (1983) and Covin and Slevin's (1989) construct 3 dimensions (Unidimensional)	Proactiveness (PA)	Related to processes, seeking to anticipate and act upon future needs, searching for new opportunities that may or may not be related to the current line of operations, introduction of new products/trademarks ahead of the competition (Venkatraman, 1989).
		Innovativeness (I)	Reflects the tendency of a company to be involved and to support new ideas, singularities, experiments and creative processes that may result in new products, services or technological processes (Lumpkin and Dess, 1996).
5 dimensions (Multi-dimensional)		Risk Taking (RT)	Refers to the disposition to incur elevated debts or to compromise a significant part of resources, aiming for high returns by seizing the opportunities and acting with courage even when a successful outcome is not certain (Lumpkin and Dess, 1996).
		Autonomy (A)	Refers to the independency of action of individuals or groups to come up with an idea or view and fully develop it (Lumpkin and Dess, 1996).
		Competitive Aggressiveness (CA)	Reflects the company's willingness to challenge its competitors directly and intensively when entering a marketplace or to improve its market positioning, outperforming its competitors (Lumpkin and Dess, 1996).

Source: De Oliveira Jr *et al.* (2017:266)

2.6.1.   Innovativeness

Innovativeness in a business involves introducing new concepts that may allow the business to expand its service offering or product (Neneh & Van Zyl, 2017:168). Covin and Wales (2019:8) and Lumpkin and Dess (1996:142) assert that an organisation that participates in innovations exhibits more business success that goes beyond a new product or service introduction.

Kungeke (2016:57) indicate that entrepreneurial organisations primary catalyst for growth and success is innovativeness. Dzomonda and Fatoki (2019:89) and Dulger, Alpay, Bodur and Yilmaz (2016:215) confirmed that innovativeness is a springboard from which an organisation can improve existing performance and expand into new markets for growth.

Amin (2015:218) reveals that many studies suggest that innovativeness is the most critical strategic orientation of long-term business performance. Organisations need more than just the ability to develop products to benefit from new business opportunities (Hatak, Kautonen, Fink and Kansikas, 2016:120; Gupta & Nanda, 2015:150). Organisations need to translate innovativeness into improved organisation performance (Anning-Dorson, Nyamekye & Odoom, 2017:937). Therefore, the following premise was tested. The relationship between innovativeness and the performance of SMME is significant.

2.6.2.   Pro-activeness

A pro-active firm generally understands the market dynamics better than the competitors, quickly respond to market signals, forward-looking and anticipate future demand (Tendai, Nicole and Tafadzwa 2019:4; Neneh & Van Zyl, 2017:168; Rauch *et al.,* 2009:768). In support of this notion, Guzmán, Santos and Barroso (2019) state that the proactiveness of a firm refers to continuous exploration for new opportunities to act in anticipation in the face of variations in demand and further indicate that entrepreneurs should adopt the constant behaviour of alertness to detect breaks in the market. Nanni (2019:200) reveals that a firm's anticipation and pursuit of new market opportunities are exhibited by proactiveness. Madlala (2018:23) and Wiklund and

Shepherd (2005:74) confirm that proactive firms innovate ahead of competitors and benefit from unusual high profits.

Amin (2015:218) exhibit literature that speculates that business proactiveness may lead to a business being a market leader, gain competitive advantage, leader of performance and business success. Therefore, the following premise was tested. The relationship between proactiveness and performance of SMME is significant.

2.6.3. Risk-taking

Dzomonda and Fatoki (2019:85) characterise risk-taking as the core of entrepreneurial organisation since it represents a willingness to change and moving into uncertainty. Similarly, Wales (2016:10) refers to risk-taking as a behavioural or attitude that may exhibit variances based on organisational context considerations such as managerial level, functional area, and business unit goals.

According to Nanni (2019:199), business ventures encompass risk of some kind. However, businesses with an entrepreneurial orientation are more tolerant of risk than other businesses. According to Urban (2019:17), an entrepreneurial organisation that adopts risk-taking and devoting in identifying the ideal organisational level of risk-taking could pave the way to deliver measurable returns on investment.

Guzmán *et al.* (2019) agree that the higher the organisational level of risk-taking decisions is associated with business performance. Contrary, Amin (2015:219) reveals a lack of agreement for a relationship between risk-taking and business performance due to that some risk-taking initiative may still fail while others succeed. Therefore, the following premise was tested. The relationship between risk-taking and the business success of SMME is significant.

2.6.4.   Competitive aggressiveness

Aziz, Hasnain, Awais, Shahzadi and Afzal (2017:108) reveal that competitive aggressiveness is a business strategy to outperform its rivals, and it is mainly associated with an unconventional way of competing with the competitors. An entrepreneurial business exhibits competitive aggressiveness aggressively by spending more research and development resources to raise manufacturing capacity, reduce prices, and sacrifice profitability to increase market share (Kungeke, 2016:48). Zellweger and Sieger (2012:70) suggest that competitive aggressiveness is the head-to-head confrontation of competing businesses in the market.

Covin and Wales (2019:42) and Kungeke (2016:38) advocate that competitive aggressiveness is associated with an organisation's excellent performance and significant association between the size of a firm and its competitiveness. Contrary, Akhtar, Ismail, Hussain and Umair-ur-Rehman (2015:236) reveal that competitive aggressiveness requires moderation to avoid actions that may damage the reputation and poor business performance in the long-run. Therefore, the following premise was tested. The relationship between competitive aggressiveness and performance of SMME is significant.

2.6.5.   Autonomy

Autonomy is an autonomous act by individuals or teams targeted at developing a vision given power and control to define the objective and make independent decisions in bringing it through to reality (Kungeke, 2016:50). According to Wales, Gupta, Marino and Shirokova (2019:99), autonomy is a crucial feature of how organisations foster and support entrepreneurial behaviour. Similarly, autonomy improves a firm's ability to make swift and independent decisions to exploit market opportunities (Omisakin, Nakhid, Littrell & Verbitsky 2016:11).

Boso, Oghazi and Hultman (2017:12) indicate that an entrepreneurial organisation promotes autonomous behaviour to gain new market information about changes in competitors, consumer preferences, market tactics, and market regulations. An environment that inspires autonomy may boost innovativeness and proactiveness, leading to new product development, market expansion, and business growth

(Kungeke, 2016:52). Mason, Floreani, Miani, Beltrame and Cappelletto (2015:1653) reveal some studies that positively link anatomy and business performance, while other studies state that the results cannot be confirmed. Therefore, the following premise was tested. The relationship between autonomy and performance of SMME is significant.

2.7. SMALL, MEDIUM, AND MICRO ENTERPRISES (SMME) IN SOUTH AFRICA

2.7.1. The profile of SMMEs

SMMEs is a formal or informal entity engaging in an individual's economic activity, a group of people or even family (Kalitanyi, 2019:55; Petersen, 2018:14). According to Bruwer (2018:49), measurement techniques to determine the SMMEs differ per country and are based on a business's essential characteristics such as size, annual turnover, and the number of employees.

The South African government measures the SMME's using two proxies, **total full-time equivalent of paid employees** and a **total annual turnover** (Department of Small Business Development, 2019:110). Table 2.4 exhibits categories and characteristics which define SMMEs in South Africa.

Table 2. 4: Categories of the SMME

Small, Medium & Micro Enterprises' definition by the National Small Business Act No 102 of 1996 (South Africa) amended 15 March 2019		
Size or class of the enterprise	**The total full-time equivalent of paid employees**	**Total Annual Turnover(S. A Rand)**
Medium	Fewer than 250 but not less than 51 employees.	≤ 220 Million. Depending on the industry.
Small	Between 11 and 50 employees.	≤ 80 Million. Depending on the industry.
Micro	Between 0 and 10 employees.	≤ 20 Million. Depending on the industry.

Source: Department of Small Business Development (2019:111)

2.7.1.1. Micro-enterprises

This category of SMMEs generates a total annual turnover of less or equal to 20 Million, depending on the industry. They employ between 0 to 10 employees Department of Small Business Development (2019:111).

2.7.1.2. Small

This category of SMMEs generally has employees between 11 and 50. They generate a total annual turnover of less or equal to 80 Million, depending on the industry Small Business Development (2019:111).

2.7.1.3. Medium

This category of SMMEs employs a maximum of 250 and no less than 51 employees. They generate a total annual turnover of less or equal to 220 Million, depending on the industry Small Business Development (2019:111).

2.8. SOUTH AFRICAN SMMES AND ENTREPRENEURIAL ORIENTATION

2.8.1. Challenges faced by South African SMME's

Bruwer (2016:620) reveal evidence that submits that South Africa's entrepreneurial and business activity ranks below average. This view is supported by Naicker *et al.* (2017:54) where they highlighted that 80% of South African SMMEs fail after five years of existence. Chimucheka and Mandipaka (2015:310) surveyed the obstacles confronted by SMMEs in Nkonkobe municipality in the Eastern Cape (South Africa), of which the results reveal that most of SMMEs lack managerial and entrepreneurial competencies.

Agwa-Ejon, John, Mbohwa and Charles (2015:522) show that poor management skills, weak entrepreneurial culture and lack of access to government support programs contribute to the high failure rate of SMMEs in South Africa. Dzomonda, Fatoki and Oni (2017:110) recommended an entrepreneurial orientation strategy for the South African government to curb the rising failure rate of SMMEs. According to Radipere (2015:183), entrepreneurial orientation strategy may help South African

SMMEs obtain specific entrepreneurial aspects of decision-making style that may help them perform better.

2.8.2. Entrepreneurial orientation as a remedy: empirical studies

Rambe and Mosweunyane (2017:8) state that not all SMMEs have a robust entrepreneurial orientation and further states that most entrepreneurial orientated SMMEs display a keen desire to take risks, innovate, and be proactive competitors in the market.

Radipere (2015:183) who investigated SMMEs in Gauteng (South Africa), suggest that only a few entrepreneurial orientation dimensions positively influence business performance, namely; proactiveness, innovation and risk-taking. Zizile and Tendai (2018:233) investigated the impact of entrepreneurial competencies on business performance in a woman-owned SMMEs in East London (South Africa) concluded that there is a significant relationship between innovativeness, proactiveness, and risk-taking and business performance of women-owned SMMEs. Sitharam and Hoque (2016:286) who conducted a study about factors affecting SMMEs performance in KwaZulu Natal (South Africa), put forward recommendations for SMMEs to continuously evaluate their competitors and re-enforce their competitive aggressiveness due to the significant relationship between SMMEs performance and competition.

In the study that investigated the sustainability of township entrepreneurship in Gugulethu, Western Cape (South Africa), specifically focusing on spaza shops which form part of the micro-enterprise in the category of SMME (Petersen, 2018:14), Mukwarami and Tengeh (2017:342) recommended that native spaza shops should adopt strategic decision methods utilised by non-South African spaza shop owners. For example, building a network with other spaza shop owners to combine their stock orders and take advantage of the discount of buying in bulks.

The theoretical knowledge obtained from the literature review reveals the state of entrepreneurial orientation of SMMEs in South Africa and confirms a relationship between entrepreneurship orientation and the performance of SMMEs.

2.9. SMME BUSINESS PERFORMANCE AND ECONOMIC GROWTH IN SOUTH AFRICA.

2.9.1. Socio-economic issues contribution

Ayandibu and Houghton (2017:133) and Ngota, Rajkaran, Balkaran, and Mang (2017:144) stated that SMMEs are essential contributors to the economy in most countries. However, South African SMMEs have contributed less than expected to South African employment and economy (Ngwenya & Zondi, 2019:7). Kruger, Chantal and Saunders (2015:465) reveal the importance of SMMEs to the South African economy. However, it raises concerns that SMMEs in South African may not be sustainable to support economic growth at the failure rate of 70 to 80%.

Van Scheers (2016:352) surveyed the impact of the success of SMMEs on economic growth in South Africa, where it was established and concluded that the business performance of SMME shows an optimistic consequence on sustainable economic development in South Africa. He further suggested that an improved success rate of SMMEs would resolve South Africa's unemployment problems and improve the stagnating economy. Ramukumba (2014:33) approves the notion that the improved performance of SMMEs in the marketplace is critical to eradicating socio-economic challenges in South Africa.

2.9.2. GDP contribution

Booyens (2011:70) revealed that SMMEs emerge as the most promising sector in South Africa's economy according to labour productivity and income distribution. Equally, findings from Rogerson (2004:781) indicate that growth in terms of profit and contributing to national economic growth does not automatically translate into conclusive economic contribution. Ayandibu and Houghton (2017:137) acknowledge the business success of SMMEs creates employment which contributes to economic growth. Yeboah (2015:3) and Ladzani and Netswera (2009:225) reveal that the performance of SMMEs in the market contributes 50% to South African GDP. However, Bruwer, Coetzee and Meiring (2018:710) and Chimucheka (2013:794) raise concerns about the sustainability of SMME performance in South Africa since they are confronted with the same economic trials for the past decade.

2.10.   SUMMARY

Entrepreneurial orientation provides an alternative perspective on entrepreneurship topic because it emphasises the business approach to entrepreneurship. It is a concept that is better understood through five-dimension constructs. Namely; Innovativeness, competitive aggressiveness, proactiveness, risk-taking and autonomy.

The business performance of SMME is generally linked to the SMME management adopting and integrating entrepreneurship orientation fully in their businesses. The theoretical knowledge gathered from South African literature confirms the strong relationship between entrepreneurial orientation and business performance of the SMMEs.

Theoretical knowledge explored in this study set the theoretical foundation and framework to continue assessing entrepreneurial orientation and business performance of SMMEs in KwaZulu-Natal.

CHAPTER 3

3. RESULTS AND INTERPRETATION

3.1. INTRODUCTION

This chapter presents and translates results determined from an objective examination conducted to assess the relationship between entrepreneurial orientation and business performance experimentally. EO was measured in terms of autonomy, innovativeness, risk-taking, proactiveness and competitive aggressiveness. Business performance was measured by business growth and business development in SMMEs in the City of uMhlathuze in KwaZulu-Natal.

The chapter consists of 17 sections. The data collection process is presented in section 3.2. Descriptive statistics on demographic data is presented in Section 3.3 to 3.7. An assessment of entrepreneurial orientation status is presented in Section 3.8 and 3.9. Section 3.10 offers the construct legitimacy of the measurements and related items of the research instrument utilized for data collection.

Section 3.11 presents the combined assessment of entrepreneurial orientation and the combined business performance assessment in section 3.12. An assessment of the relationships between the entrepreneurial orientation independent variables and business performance dependent variables are presented in section 3.13.

Multiple regression appraisal of entrepreneurial orientation independent variables and business performance dependable variable are presented in sections 15 and 16, respectively. The summary of the result is shown in section 3.17.

3.2. COLLECTION/GATHERING OF DATA

Required permission was obtained before the study was conducted. The researcher approached the Small Business Development department in the City of uMhlathuze to request a database of SMMEs registered and operating within the City of uMhlathuze between January 2020 to December 2020. The researcher explained the research's

reasons with the process of how the study was going to be conducted. Permission was granted to distribute the questionnaire link using email, SMS and WhatsApp.

The questionnaire was distributed in an electronic format made from the survey software, called Google forms. The questionnaire was accessible in one language, English. The electronic questionnaire was dispersed with a cover letter (informed consent) built on the questionnaire's primary page, clarifying to the participants the reason for the study and instructions to complete the questionnaire.

The participants followed the instructions and completed the questionnaire by selecting suitable choices. Section C collected demographic data of participants, sections A and B collected the respondents' opinion through statements that were evaluated based on a five-point Likert scale. Surveys were sent out to 250 SMMEs with a target of 116 participants for this study. As it were, 74 questionnaires were completed and utilized for this study; a response rate of 29%. The advantage of using an electronic survey is 100% accuracy in data capturing.

Completed questionnaires were electronically stored centrally and could only be accessed by the researcher using a password. Data gathered was exported to a spreadsheet file and submitted to the North-West University's Statistical Consultation Services, where the data captured in a spreadsheet was analysed.

3.3. THE AGE GROUP OF RESPONDENTS

The respondents were asked to indicate their age by selecting one of the age groups choices within the survey, and age groups alternatives were: 25 years or younger, 26 to 35 years, 36 to 45 years, 46 to 55 years and 56 years and older. Table 3.1 demonstrates the frequency distribution per age group.

The age distribution of the respondents varied past 56 years. The more significant part of respondents was within the age group of 36 to 45 years, with 26 respondents representing 35.1% of total responses.

Table 3. 1: Classification of respondents by age group

Age	Frequency	Percent
<25	4	5.4%
26-35	25	33.8%
36-45	26	35.1%
46-55	15	20.3%
>56	4	5.4%
Total	**74**	**100.0%**

The second and third largest age groups were **26 to 35** age groups and 46 to 55 age groups, representing 33.8% and 20.3% of the total responses. The smallest age groups were **25** and younger and age group of **>56**, both equal at 5.4% of the total responses.

3.4. GENDER DISTRIBUTION OF RESPONDENTS

The respondents were requested to indicate their gender. Table 3.2 depicts the frequency distribution of gender.

Table 3. 2: Classification of respondents by gender

Gender	Frequency	Percent
Female	35	47.3%
Male	39	52.7%
Total	**74**	**100.0%**

A total of 39 replies representing 52.7% of total responses, were males. A total of 35 female responses were representing 47.3% of total responses. Males were the majority.

3.5. NUMBER OF RESPONDENTS BY SMMEs

Each respondent was requested to indicate the number of employees in the SMME, including the owners. Table 3.3 depicts the frequency distribution of respondents per SMME employee category.

Table 3. 3: Number of respondents by SMME employee category

SMME Employees category	Frequency	Percent
1-4	7	9.5%
5-10	4	5.4%
11-25	11	14.9%
26-50	10	13.5%
51-100	4	5.4%
101-250	38	51.4%
Total	**74**	**100.0**

SMMEs with **101-250** employees had many responses representing 51.4% of the total responses, followed by the SMMEs with **11-25** employees, representing 14.9% of the total responses. Responses received from SMMEs with **26-50** employees represented 13.5% of the total responses. SMMEs with **1-4** employees represented 9.5% of the total responses, and the lowest was SMMEs with **5-10** employees and SMMEs with **51-100** employees, each contributing 5.4% of the total responses.

3.6. A NUMBER OF RESPONDENTS BY INDUSTRY.

Each respondent was requested to indicate the industry. Table 3.4 illustrates the frequency distribution of respondents per industry.

Table 3. 4: The industry of the SMMEs

Industry	Frequency	Percent
Agriculture	1	1.4%
Services	22	29.7%
Wholesale	8	10.8%
Chemicals	1	1.4%
Automotive	1	1.4%
Real estate	6	8.1%
Construction	6	8.1%
Retail	1	1.4%
Wholesale	5	6.8%

Manufacturing	23	31.1%
Total	**74**	**100.0**

The most significant number of responses were from manufacturing, representing 31.1%. The second largest number of responses were from services SMMEs, representing 29.7%. There were other industries represented, as depicted in table 3.4.

3.7.   NUMBER OF YEARS IN BUSINESS

Respondents were requested to indicate the number of years the SMME has in doing business. Table 3.5 depicts the frequency distribution of respondents per the number of years their SMMEs were in business.

Table 3. 5: Number of years in business

Number of years	Frequency	Percent
1-10	5	6.8%
11-20	14	18.9%
21-30	13	17.6%
31-40	20	27.0%
41-50	21	28.4%
51+	1	1.4%
Total	**74**	**100.0**

The majority of responses were SMMEs operating between **41-50** years, represented 28.4% of the total responses. The lowest was SMMEs with **50+ years** in business with only one answer, which is 1.4% of the total responses.

3.8.   ASSESSMENT OF ENTREPRENEURIAL ORIENTATION

The questionnaire measured each question on the numbering scale depicted in table 3.6.

Table 3. 6: Questionnaire numbering scale

1	2	3	4	5
Strongly disagree	Disagree	Neutral	Agree	Strongly agree

- Where a respondent strongly disagrees or disagree with a question, the respondent believed the statement as not accurate within his/her entrepreneurial environment.

- Where a respondent is neutral to a question, the respondent was unsure whether the statement is true or not within his/her entrepreneurial environment.

- Where a respondent agreed or strongly agreed to a question, the respondent believed the statement as accurate within his/her entrepreneurial environment.

3.9. ENTREPRENEURIAL ORIENTATION STATUS

The combined entrepreneurial orientation dimension means or averages fall within the same scale category, namely "Neutral = 3" and "Agree = 4" as shown in table 3.7. The overall average responses on entrepreneurial orientation were 3.57.

Table 3. 7: Dimensions measuring entrepreneurial orientation

Entrepreneurial orientations dimensions	n	Mean	Std. Deviation
Autonomy	74	3.7919	0.83973
Innovativeness	74	3.6637	0.83208
Risk-taking	74	3.4703	0.84679
Proactiveness	74	3.5405	1.04687
Competitive aggressiveness	74	3.4054	0.95776
Total EO Average		**3.5744**	**0.9046**

Table 3.7 depicts an EO average mean of 3.57 and a standard deviation of 0.90, which means overall respondents had a positive perception of entrepreneurial orientation.

The highest-ranked dimension was **autonomy** with a mean value of 3.79 and the standard deviation value of 0.84, which showed that respondents agreed with their attitude towards autonomy. **Innovativeness** was ranked second with a mean value of

3.66 and a standard deviation of a value of 0.83, which indicated that respondents agreed with their attitude towards innovativeness. The other three dimensions were ranked below the average combined mean of 3.57. **Proactiveness** had a mean value of 3.54 and a standard deviation of a value of 0.85, which revealed that respondents agreed with their proactiveness attitude. **Risk-taking** had a mean value of 3.47 and the standard deviation value of 1.05, which indicated a broad concurrence amongst respondents' attitude towards risk-taking. **Competitive Aggressiveness** was ranked the lowest with a mean value of 3.4 and a standard deviation of 0.96, which exhibits that respondents had an agreement towards competitive aggressiveness.

The results above showed a general agreement regarding the high **entrepreneurial orientation status** of SMMEs in the City of uMhlathuze.

3.10. SCALE RELIABILITY

The scale reliability of the questionnaire items was examined based on Cronbach's alpha criterion. In principle, the scale reliability test was undertaken to statistically determine the degree to which the selected survey items measured a one-dimensional latent construct. Therefore, the Cronbach's alpha coefficient was statistically calculated to assess the extent to which if the same set of questions were to be asked to the same group of respondents many times in similar settings, matching responses could be obtained. Both disaggregated and overall scale reliability results on the seven dimensions of the research instrument are presented in table 3.8 below.

Table 3. 8: Scale reliability of questionnaire items

Variables	Cronbach's alpha
Entrepreneurial orientation	
Autonomy	0.824

Innovativeness	0.945
Risk-taking	0.855
Proactiveness	0.915
Competitive Aggressiveness	0.876
Perceived business performance	
Business Growth	0.904
Business Development	0.935

Table 3.8 All Cronbach's alpha coefficient values were higher than 0.8, which is even higher than the recommended 0.7 scale reliability coefficient (Taber, 2018:1293). Most variables tested higher than 0.9. The result reveals that the questionnaire's survey items designed to assess the relationship between entrepreneurial orientation (autonomy, innovativeness, risk-taking, proactiveness and competitive aggressiveness) and business performance (growth and development) in the City of uMhlathuze in KwaZulu-Natal SMMEs, constantly measured a single unidimensional latent construct. The research instrument's items on which data was collected was therefore reliable.

3.11. COMBINED ASSESSMENT: ENTREPRENEURIAL ORIENTATION

Combined results from the combined assessment of entrepreneurial orientation are presented in table 3.9 below.

Table 3. 9 Survey results of entrepreneurial orientation

Entrepreneurial Orientation	n	Mean	Std. Deviation
Autonomy	74	3.7919	0.83973
Innovativeness	74	3.6637	0.83208
Risk-taking	74	3.4703	0.84679
Proactiveness	74	3.5405	1.04687
Competitive aggressiveness	74	3.4054	0.95776
Total	**74**	**3.5744**	**0.9046**

A mean value of 3 on the five-points Likert scale indicated a neutral opinion. Table 3.9 presents the average mean of all the independent variables of entrepreneurial orientation was 3.57, indicating that there is an overall favourable agreement towards

entrepreneurial orientation. Graphically, figure 3.1 presents a bar chart comparing the different variables using the combined mean per independent variables.

Figure 3. 1: Entrepreneurial orientation analysis
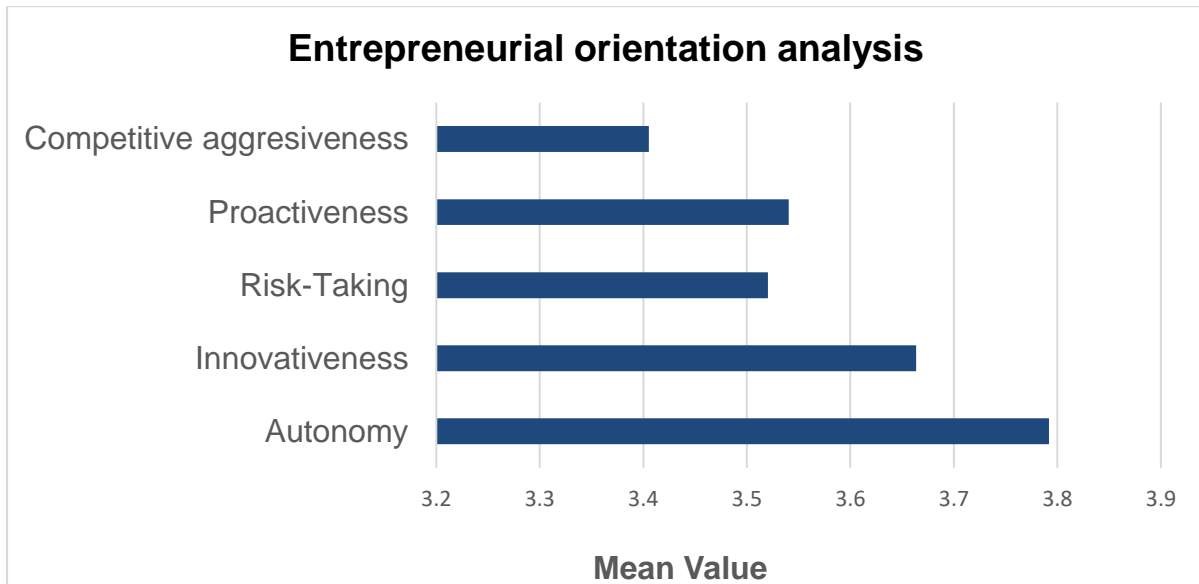
Figure 3.1 shows that the highest-ranked dimension was **autonomy** at 3.79, followed by **innovativeness** at 3.66. The other three dimensions were ranked below the average combined mean of 3.57. **Proactiveness** at 3.54, **Risk-taking** at 3.47 and **Competitive Aggressiveness** with the lowest mean of 3.4.

A Box-and-Whisker plot was used to explain the range of responses using the mean of components/statements of the independent variables. The first percentile of the Box-and-Whisker plot represents the first 25% of responses. The second percentile represents 25% to 50%, the third 50% to 75% and the last 75% to 100% responses. The middle value represents the median value of all the data related to the specific independent variable, which means that 50% of the values lie above the median. The other 50% lie below the median.

The Box-and-Whisker plot below depicts the five entrepreneurial orientation range and median for each independent variable to graphically present the responses' spread.

Figure 3. 2: Box and Whiskers Entrepreneurial Orientation variables
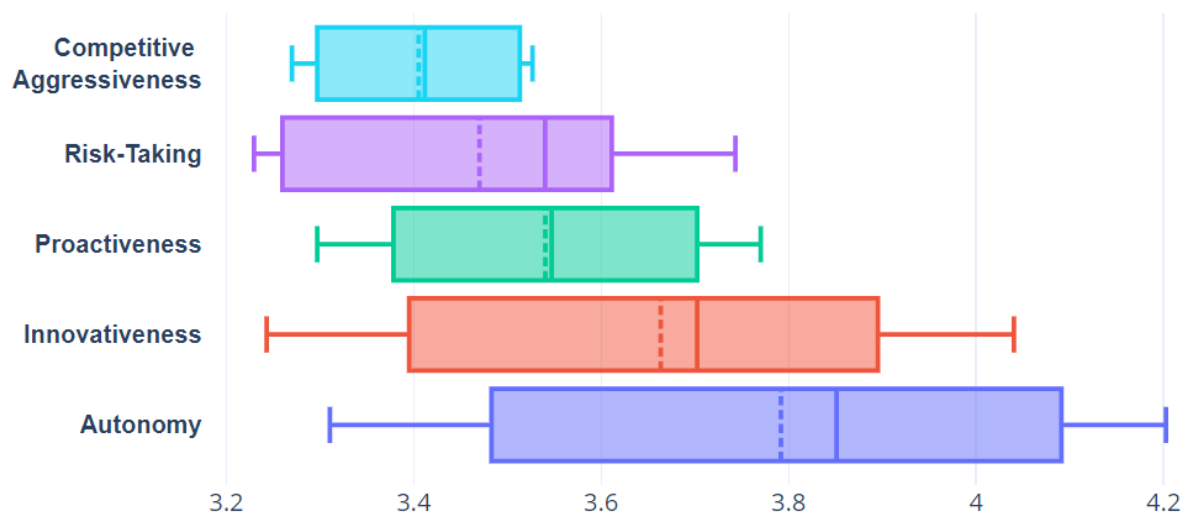
Figure 3.2 represents the following data for the different independent variables: a range from 3.31 to 4.20, with a median of 3.85 for **autonomy**, a range from 3.24 to 4.04, with a median of 3.70 for **innovativeness**, a range from 3.29 to 3.77, with a median of 3.55 for **proactiveness**, a range from 3.22 to 3.74, with a median of 3.54 for **Risk-taking** and a range from 3.27 to 3.52, with a median of 3.41 for **Competitive aggressiveness.** The spread of responses indicates that all entrepreneurial orientation variables are above 3.00. However, there are still some respondents that disagree with different variables. Although entrepreneurial orientation is present in the SMMEs, some respondents were not in agreement.

3.12. COMBINED ASSESSMENT: BUSINESS PERFORMANCE

Pooled results from the two variables of perceived business performance are presented in table 3.10 below.

Table 3. 10: Survey results of Business performance

Variables	n	Mean	Std. Deviation
Business Growth	74	3.5135	1.02527
Business Development	74	3.4054	1.00377
Total	**74**	**3.4595**	**1.0145**

The average mean of all the dependent variables of perceived business performance was 3.46, indicating that the SMMEs are experiencing a perceived business

performance level. The average mean of perceived business performance at 3.46 is lower than entrepreneurial orientation at 3.57. The standard deviation ranged between 1.00 and 1.02, indicated a broad concurrence amongst the respondents regarding the two variables indicating that although there might be slightly moderate agreement on business performance, the respondents have divided opinions about the business performance of SMMEs.

Graphically, figure 3.3 presented in a bar chart that compares different responses for business growth and business development dependent variables.

Figure 3. 3: Business performance analysis
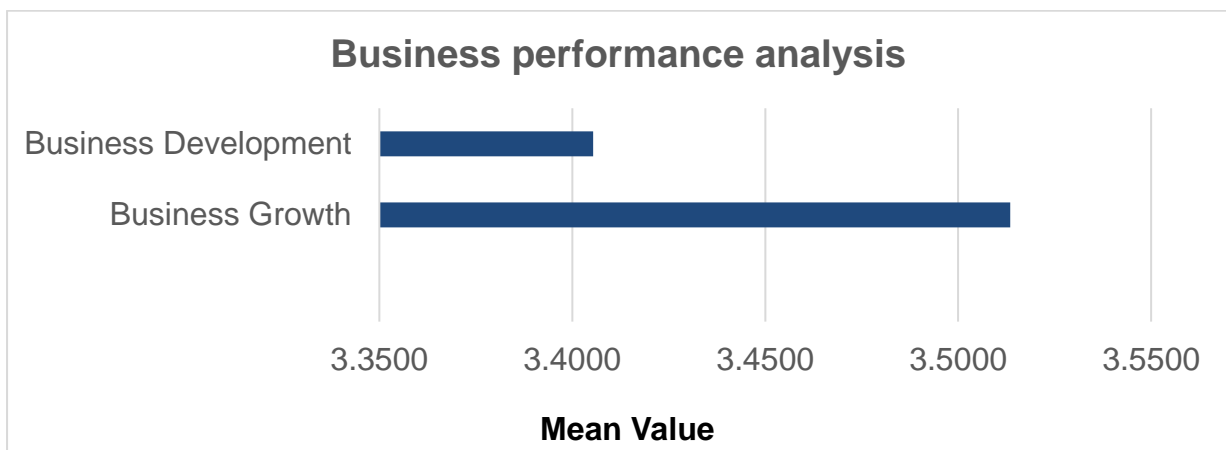
Figure 3.3. Shows that the strongest agreement was with **business growth** at 3.51 and the weakest agreement with **business development** at 3.41.

Box-and-Whisker plot graphically presents the spread of responses for the two dependent business performance variables.

Figure 3. 4: Box and Whiskers business performance
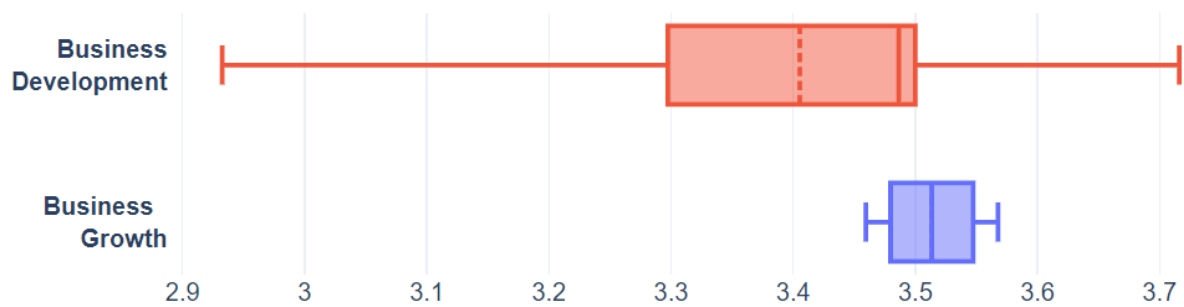
Figure 3.4 graphically represent the data for the two dependent variables. The diagram represents the range from 3.46 to 3.57, with a median of 3.51 for **Business growth** and a range from 2.93 to 3.71, with a median of 3.49 for **Business development.** This data spread confirms a slightly moderate agreement of the respondents on business performance.

3.13. CORRELATION STATISTICS

An assessment of the relationships between the entrepreneurial orientation independent variables and business performance dependent variables are presented in the table below.

Table 3. 11: Pearson's Correlation Coefficients

		Autonomy	Innovati veness	Risk-taking	Proactiven ess	Competitive Aggressiven ess	Business Growth	Business Developm ent
Autonomy	Pearson Correlation	1	.698**	.715**	.630**	.611**	.425**	.537**
	Sig.		0.000	0.000	0.000	0.000	0.000	0.000

Innovativeness	Pearson Correlation	.698**	1	.724**	.846**	.720**	.424**	.606**
	Sig.	0.000		0.000	0.000	0.000	0.000	0.000
Risk-taking	Pearson Correlation	.715**	.724**	1	.795**	.713**	.537**	.712**
	Sig.	0.000	0.000		0.000	0.000	0.000	0.000
Proactiveness	Pearson Correlation	.630**	.846**	.795**	1	.742**	.477**	.638**
	Sig.	0.000	0.000	0.000		0.000	0.000	0.000
Competitive Aggressiveness	Pearson Correlation	.611**	.720**	.713**	.742**	1	.498**	.677**
	Sig.	0.000	0.000	0.000	0.000		0.000	0.000
Business Growth	Pearson Correlation	.425**	.424**	.537**	.477**	.498**	1	.850**
	Sig.	0.000	0.000	0.000	0.000	0.000		0.000
Business Development	Pearson Correlation	.537**	.606**	.712**	.638**	.677**	.850**	1
	Sig.	0.000	0.000	0.000	0.000	0.000	0.000	
**. Correlation is significant at the 0.01 level (2-tailed).								
Total sample size (N) = 74								

P-values are calculated using different probability distributions depending on the test. A significant result is when the p-value is less than the standard 0.05 level of significance (Marshall & Boggis, 2016:17). Table 3.11 presents that Pearson's correlation coefficients among all variables are significant at a 1 percent level. The p-value at 0.000 for all the variables is reported as $p < 0.001$ (significant) because there is always a chance of correlation no matter how small it is. Therefore $p = 0.000$ is rounded off as $p < 0.001$. All EO variables are significant at 0.01 level 2-tailed concerning the business performance variables.

The relationship between autonomy and business growth showed a significant positive correlation at 0.425 coefficient and $p < 0.001$. **Innovativeness** and business growth relationship showed significant positive correlation at 0.424 coefficient and $p < 0.001$. **Risk-taking** showed a significant positive correlation with business growth at 0.537 coefficient and $p < 0.001$. **Proactiveness** and business growth relationship showed significant positive correlation at 0.477 coefficient and $p < 0.001$. Lastly, **Competitive Aggressiveness** and business development showed a significant positive correlation of 0.498 and $p < 0.001$.

The relationship between autonomy and business development showed a significant positive correlation at the 0.537 coefficient and $p < 0.001$. **Innovativeness** and

business development relationship showed significant positive correlation at 0.606 coefficient and p< 0.001. **Risk-taking** showed a significant positive correlation at business development at 0.712 coefficient and p< 0.001. **Proactiveness** and business development relationship showed significant positive correlation at 0.638 coefficient and p< 0.001. **Competitive Aggressiveness** and business development relationship showed significant positive correlation at 0.677 coefficient and p< 0.001.

3.14. MULTIPLE LINEAR REGRESSION ESTIMATES: BUSINESS GROWTH.

Assessment of entrepreneurial orientation on the dependable variable Business growth.

Table 3. 12: SMMEs Growth Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.564ᵃ	0.319	0.268	0.85606	0.319	6.358	5	68	0.000
a. Predictors: (Constant), Competitive Aggressiveness, Autonomy, Proactiveness, Risk-taking, Innovativeness									
b. Dependent Variable: Business Growth									

The R-square shows the proportion of the variation in the dependent variable, which the model explains. It varies from 0 to 1 but is usually reported as a percentage. The better the model, the higher the R-square value (Marshall & Boggis, 2016:34). Table 3.12 regression adjusted R-square estimates show that 26.8% of the overall variation in business growth of SMMEs is explained by autonomy, proactiveness, innovativeness, risk-taking, and competitive aggressiveness F-statistics confirmed model significance.

Table 3. 13: Coefficients of the SMMEs Business Growth Model

Model		Unstandardised Coefficients		Standardised Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.220	0.512		2.380	0.020
	Autonomy	0.073	0.187	0.061	0.393	0.696
	Innovativeness	-0.122	0.251	-0.101	-0.486	0.629
	Risk taking	0.381	0.221	0.328	1.726	0.089
	Proactiveness	0.088	0.214	0.092	0.413	0.681
	Competitive Aggressiveness	0.242	0.169	0.232	1.436	0.156
a. Dependent Variable: Business Growth						

Based on standardised coefficients and t-statistics in Table 3.13, none of the variables measuring entrepreneurial orientation had a significant relationship to the business growth of SMMEs. Though statistically insignificant at a 5 percent level, risk-taking had a positive relationship with business growth at p= 0.89, and competitive aggressiveness had a less positive relationship with business growth at p= 0.156.

3.15. MULTIPLE LINEAR REGRESSION ESTIMATES: BUSINESS DEVELOPMENT.

Assessment of entrepreneurial orientation on dependable variable business development.

Table 3. 14: SMMEs Development Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.753ᵃ	0.567	0.535	0.68966	0.567	17.827	5	68	0.000
a. Predictors: (Constant), Competitive Aggressiveness, Autonomy, Proactiveness, Risk-taking, Innovativeness									
b. Dependent Variable: Business Development									

In table 3.14, the regression adjusted R-square estimates showed that 53.5% of the overall variation in the business development of SMMEs is explained by autonomy, proactiveness, innovativeness, risk-taking and competitive aggressiveness. F-statistics confirmed model significance.

Table 3. 15: Coefficients of the SMMEs Business Development Model

Model		Unstandardised Coefficients		Standardised Coeff	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.220	0.413		0.532	0.596
	Autonomy	-0.043	0.150	-0.035	-0.284	0.778
	Innovativeness	0.079	0.202	0.065	0.393	0.696
	Risk taking	0.541	0.178	0.460	3.043	0.003
	Proactiveness	-0.001	0.172	-0.001	-0.006	0.995
	Competitive Aggressiveness	0.343	0.136	0.324	2.523	0.014
a. Dependent Variable: Business Development						

The multiple regression analysis indicated that independent variables **competitive aggressiveness** and **risk-taking** had a statistically significant and positive relationship to business development of SMMEs. Comparatively, risk-taking had a more pronounced significant and positive relationship (coefficient = 0.460; p= 0.003) than the competitive aggressiveness at (coefficient = 0.324; p= 0.014) significant positive relationship. The independent variable Innovativeness (p= 0.696) had a minor positive relationship to the dependent variable **business development.**

3.16. ASSESSMENT OF ENTREPRENEURIAL ORIENTATION BETWEEN GROUPS

Assessment of entrepreneurial orientation and the perceived business performance variables on selected demographic information was done using ANOVA test and general descriptive statistics. ANOVA is used to test the equality of variances when comparing independent groups' means (Marshall & Boggis, 2016:7).

Table 3.16 depicts the assessment of business age groups a significant difference in any of the dependent and independent variables.

Table 3. 16: Assessment of different age groups

Variables		Sum of Squares	df	Mean Square	F	Sig.
Autonomy	Between Groups	4.082	4	1.020	1.486	0.216
	Within Groups	47.394	69	0.687		
	Total	51.475	73			
Innovativeness	Between Groups	2.493	4	0.623	0.895	0.472
	Within Groups	48.049	69	0.696		
	Total	50.543	73			
Risk-taking	Between Groups	1.673	4	0.418	0.551	0.699
	Within Groups	52.361	69	0.759		
	Total	54.035	73			
Proactiveness	Between Groups	1.295	4	0.324	0.284	0.888
	Within Groups	78.708	69	1.141		
	Total	80.003	73			
Competitive Aggressiveness	Between Groups	4.237	4	1.059	1.165	0.334
	Within Groups	62.726	69	0.909		
	Total	66.963	73			
Business Growth	Between Groups	2.529	4	0.632	0.618	0.651
	Within Groups	70.602	69	1.023		
	Total	73.131	73			
Business Development	Between Groups	5.202	4	1.301	1.291	0.282
	Within Groups	69.535	69	1.008		
	Total	74.738	73			

The results exhibited no statistically significant differences between age groups for any of the constructs because $p > 0.05$ for all of them.

Table 3.17 depicts the assessment of different **industries** significant difference in any of the dependent and independent variables.

Table 3. 17: Assessment of different industries

Variables		Sum of Squares	df	Mean Square	F	Sig.
Autonomy	Between Groups	13.801	9	1.533	2.605	0.013
	Within Groups	37.674	64	0.589		
	Total	51.475	73			
Innovativeness	Between Groups	11.060	9	1.229	1.992	0.055
	Within Groups	39.483	64	0.617		
	Total	50.543	73			
Risk-taking	Between Groups	6.454	9	0.717	0.965	0.477
	Within Groups	47.580	64	0.743		
	Total	54.035	73			
Proactiveness	Between Groups	11.086	9	1.232	1.144	0.346
	Within Groups	68.917	64	1.077		
	Total	80.003	73			
Competitive Aggressiveness	Between Groups	11.041	9	1.227	1.404	0.205
	Within Groups	55.922	64	0.874		
	Total	66.963	73			
Business Growth	Between Groups	12.296	9	1.366	1.437	0.191
	Within Groups	60.836	64	0.951		
	Total	73.131	73			
Business Development	Between Groups	8.019	9	0.891	0.855	0.570
	Within Groups	66.719	64	1.042		
	Total	74.738	73			

The results showed that **autonomy** and **innovativeness** had a statistically significant difference between industries. Comparatively, **autonomy** was very high at (F= 2.605; p= 0.013) and **innovativeness** at (F= 1.992; p= 0.055). The rest of the constructs had p> 0.05 concerning different industries. **Autonomy** and **innovativeness** also showed considerably higher means of 3.79 and 3.66, respectively, which is primarily attributed to the **services industry. Autonomy** had the highest mean of 4.28 and a standard deviation of 0.42 in the services industry. I**nnovativeness** had a second-highest of 3.98 and 0.40, which indicates a reasonable agreement for both **autonomy** and **innovativeness** in the service industry.

Table 3.18 depicts the assessment of business age groups (SMME number of years in business) significant difference in any of the constructs.

Table 3. 18: Assessment of SMMEs by the number of years in business

Variables		Sum of Squares	df	Mean Square	F	Sig.
Autonomy	Between Groups	3.733	5	0.747	1.063	0.388
	Within Groups	47.742	68	0.702		
	Total	51.475	73			
Innovativeness	Between Groups	5.183	5	1.037	1.554	0.185
	Within Groups	45.360	68	0.667		
	Total	50.543	73			
Risk-taking	Between Groups	2.738	5	0.548	0.726	0.606
	Within Groups	51.296	68	0.754		
	Total	54.035	73			
Proactiveness	Between Groups	4.377	5	0.875	0.787	0.563
	Within Groups	75.626	68	1.112		
	Total	80.003	73			
Competitive Aggressiveness	Between Groups	2.822	5	0.564	0.598	0.701
	Within Groups	64.140	68	0.943		
	Total	66.963	73			
Business Growth	Between Groups	11.111	5	2.222	2.436	0.043
	Within Groups	62.020	68	0.912		
	Total	73.131	73			
Business Development	Between Groups	7.028	5	1.406	1.412	0.231
	Within Groups	67.709	68	0.996		
	Total	74.738	73			

The results showed only one construct (**Business growth**) with a statistically significant difference between **business age** groups (F= 2.436; p= 0.043). The rest of the constructs had p> 0.05 concerning the different business age groups.

Although the oldest business with 51+ years had a high mean of 4.60 on business growth, it is inconclusive because there was only one respondent. The second highest mean at 4.04 and a standard deviation of 0.06 on business growth was for SMMEs with years between 21 to 30 years which was a relatively substantial difference to other groups.

Table 3.19 depicts the assessment of different SMMEs categories significant difference on any of the dependent and independent variables. The SMME categories were measured using the number of employees in the SMME.

Table 3. 19: Assessment of SMME categories

Variables		Sum of Squares	df	Mean Square	F	Sig.
Autonomy	Between Groups	6.978	6	1.163	1.751	0.123
	Within Groups	44.497	67	0.664		
	Total	51.475	73			
Innovativeness	Between Groups	3.873	6	0.646	0.927	0.482
	Within Groups	46.669	67	0.697		
	Total	50.543	73			
Risk-taking	Between Groups	7.240	6	1.207	1.728	0.128
	Within Groups	46.795	67	0.698		
	Total	54.035	73			
Proactiveness	Between Groups	5.811	6	0.969	0.875	0.518
	Within Groups	74.192	67	1.107		
	Total	80.003	73			
Competitive Aggressiveness	Between Groups	8.508	6	1.418	1.625	0.154
	Within Groups	58.455	67	0.872		
	Total	66.963	73			
Business Growth	Between Groups	12.414	6	2.069	2.283	0.046
	Within Groups	60.717	67	0.906		
	Total	73.131	73			
Business Development	Between Groups	18.052	6	3.009	3.556	0.004
	Within Groups	56.685	67	0.846		
	Total	74.738	73			

The results showed that **business growth** and **business development** had a statistically significant difference between **SMMEs categories**. **Business growth** had ($F= 2.283$; p= 0.046) and **business development** had ($F= 3.556$; p= 0.004) The rest of the constructs had p> 0.05 concerning **SMME categories**.

The **micro-enterprises** (5-10 employees) showed the highest mean of 4.25 on business growth, making it significantly different from small and medium enterprises. On the business development, the **small enterprises** (26-50 employees) showed the highest mean of 4.18. The **medium enterprises** (101-250 employees) showed a considerably low mean value of 2.93. No differences could be detected on any construct between gender demographics.

3.17. SUMMARY

This chapter introduced how the data was collected for the study. Descriptive statistics depicted the respondents' different demographics information and revealed the summary status of the assessment of the entrepreneurial orientation of SMMEs in the City of uMhlathuze. The analysis of scale reliability of the research instrument's items was examined based on Cronbach's alpha criterion and confirmed that the research instrument's items on which data was collected were reliable.

The multiple regression analysis showed that 26.8% of the overall variation in business growth of SMMEs is explained by independent variables of entrepreneurial orientation, while F-statistics confirmed model significance. Though statistically insignificant at a 5 percent level, independent variables of entrepreneurial orientation had a positive relationship to business growth except for innovativeness, which showed a negative relationship. The highest amongst the positive relationships was risk-taking.

The second multiple regression analysis indicated that independent variables of entrepreneurial orientation explain 53.5% of the overall variation in the business development of SMMEs. F-statistics confirm model significance. Competitive aggressiveness and risk-taking had a statistically significant and positive relationship to business development.

In the following chapter, conclusions will be drawn from the results in this chapter. Recommendations will be made on how to advance entrepreneurial orientation and improve business performance on SMMEs.

CHAPTER 4

4. CONCLUSION AND RECOMMENDATIONS

4.1. INTRODUCTION

The conclusions in this research study will be made consistent with the study's primary objective, which aimed to assess the relationship between entrepreneurial orientation and business performance of SMMEs in the City of uMhlathuze in KwaZulu-Natal. Conclusions will be drawn based on the results of the empirical study, as presented in chapter 3. Recommendations will be made based on significant findings from the regression analysis in this research study. This chapter consists of two main sections that will focus on conclusions drawn from the empirical research, followed by recommendations based on the study findings.

4.2. CONCLUSIONS

Conclusions were founded on data presented in the previous chapter. The conclusions covered the respondents' demographic information and followed by an assessment of the Cronbach alpha coefficients evaluating the questionnaire's reliability. The different entrepreneurial orientation variables and perceived business performance were assessed, and conclusions concerning the combined findings were discussed.

4.2.1. Demographic information

Section C of the data collection instrument collected demographic information of respondents regarding age, gender, number of employees per SMME, the industry, and the SMME and number of years in business. Two hundred and fifty questionnaires were issued, and only 74 were completed and used in this study, a response rate of 29%. The following general conclusions were drawn about the demographic data received from the 74 respondents:

4.2.1.1. Age of respondents

The age distribution of the respondents varied beyond 56 years. There was a generally good response rate from ages between 26 and 55 years at a 26% response rate. The lowest response rate was in age groups <25 and >56 at a 3.2% response rate.

4.2.1.2. Number of employees per SMME (SMME categories)

The general response rate was low. **Medium enterprises** with 51-250 employees completed 42 questionnaires which represented a response rate of 16.8%. **Small enterprises** with 11-50 employees completed 21 questionnaires representing an 8.4% response rate. Lastly, **micro-enterprises** completed 11 questionnaires representing a 4.4% response rate.

4.2.1.3. Number of respondents by industry

Manufacturing and services industries had a combination of 68.8% of total respondents with 31.1% and 29.7%, respectively. Wholesale was third with 10.8% of respondents. Construction and real estate industries contributed 16.2%, each with an equal percentage of 8.1. The lowest was agriculture (1.4), chemicals (1.4), automotive (1.4) and retail (1.4), contributing 5.6% collectively.

The results showed that **autonomy** and **innovativeness** had a statistically significant difference between industries. Comparatively, **autonomy** was very high at ($F= 2.605$; $p= 0.013$) and **innovativeness** at ($F=1.992$; $p= 0.055$). The rest of the constructs had $p> 0.05$ concerning different industries.

4.2.1.4. Number of years in business

The business age groups of 41-50 (28.4%) and 31-40 (27.0%) collectively contributed 55.4% of the total responses. The third and fourth age groups were 11-20(18.9%) and 21-30(17.6%). The lowest was business age groups of 1-10 (6.8%) and 51+ (1.4%)

There was a statistically significant difference between business age groups ($F=2.436$; $p= 0.043$) concerning the business growth construct. Other business age groups did not exhibit statistical significance difference. There was only one respondent in the 50+ with the highest mean of 4.60 on business growth; this statistic could not be used to make conclusive findings. The second highest age group was 21-30 years in

business, with a mean of 4.04 on business growth. This means that the competitive position of SMME is linked with the years of experience in the industry.

4.2.1.5. Respondents by gender

Males were the majority. A total of 39 respondents representing 52.7% of total responses were males. A total of 35 female respondents were representing 47.3% of total responses. No differences could be detected on any construct between gender demographics.

In summary, there were no significant effects recognized from demographic data.

4.2.2. Reliability of the questionnaire

All Cronbach's alpha coefficient values were higher than 0.8, which is even higher than the recommended 0.7 scale reliability coefficient. Most variables tested higher than 0.9. The result reveals that the questionnaire's survey items designed to assess the relationship between entrepreneurial orientation and business performance in SMMEs in the City of uMhlathuze in KwaZulu-Natal constantly measured a single unidimensional latent construct. The research instrument's items on which data was collected was therefore reliable.

4.2.3. Assessment of entrepreneurial orientation

Using section A of the data collection instrument, entrepreneurial orientation data was collected using options on a Likert scale between 1 to 5. Where a respondent strongly disagreed or disagree with a question, the respondent believed the statement as not accurate within his/her entrepreneurial environment. Where a respondent was neutral to a question, the respondent was unsure whether the statement was true or not within his/her entrepreneurial environment. Where a respondent agreed or strongly agreed to a question, the respondent believed the statement as accurate within his/her entrepreneurial environment.

The following general conclusions were drawn from the different individual variables of entrepreneurial orientation and perceived success.

4.2.3.1.   Autonomy

Autonomy was ranked highest at a mean value of 3.79 above the mean value of 3.57 of all entrepreneurial orientation variables. The autonomy data set's range distribution was between 3.31 and 4.20, with a median of 3.85 (Median > Mean). This showed that the data was skewed to the left, meaning that more respondents were concentrated on the high end of the range (right) and few on the low end (left) of the range. This argument is strengthened by the two statements with the highest mean values under the autonomy variable. Statement A1 measured respondents' opinion on autonomy in doing their jobs without continual supervision. It was ranked highest at 4.20, and statement A4 measured if employees are encouraged to manage their own work and given the flexibility to solve problems, rated second highest at 4.05.

In contrast, statement A3, which measured the respondent's freedom to make decisions and elaborate justification and approval, was ranked at a mean value of 3.31 below the autonomy average but moderately above the natural opinion. This means that autonomy is somewhat discouraged by elaborate justification and approval in decision-making, affecting the overall entrepreneurial orientation development in SMMEs.

Yu, Lumpkin, Parboteeah and Stambaugh (2919:176) who conducted a study of autonomy and family business (SMME) performance, concluded that environment and culture matter when considering autonomy and its effect on business performance. In a more socially supportive culture, autonomy seems to connotate performance under volatile conditions negatively. In a more performance-based culture, autonomy is positively associated with performance in dynamic conditions. In this study, autonomy showed positive effects on the services industry, where employees are given the freedom to make their own decisions. Although autonomy is ranked the highest, there is a need to create a conducive environment for freedom in decision making for different categories of SMMEs and various industries.

4.2.3.2.   Innovativeness

Innovativeness was ranked the second-highest at a mean value of 3.66 above the mean value of 3.57 of all entrepreneurial orientation variables. The range distribution of the innovativeness data set was between 3.24 and 4.04, with a median of 3.70

(Median > Mean). This showed that the data was skewed to the left, meaning that more respondents were more on the high end of the range (right) and few on the range's low end (left). Two components strengthen this argument with the highest means. Statement A12 measured respondent's opinion on their business emphasis on continuous improvement in products/service delivery/processes was ranked with the highest mean of 4.04, and statement A9 measured respondent's opinion about their business being able to continue pursuing new opportunities. Lumpkin and Dess (1996:142) assert that an organisation that engages in innovativeness exhibits business performance beyond a new product or service introduction.

Statement A10, which measured respondents if they have witnessed any dramatic changes in their processes, services and product lines, was ranked the lowest with a mean value of 3.24 below the average of overall innovativeness mean values but moderately above natural opinion. In a study of the impact of innovativeness on the performance of SMMEs, Hoq and Ha (2009:106) recommended a task for the management and leadership to design and implement an organizational culture that embodies market, social capital, and entrepreneurial orientation. Although Innovativeness is ranked the second-highest and above the neutral opinion, it requires improvement across the categories of SMMEs and industries in the City of uMhlathuze.

4.2.3.3.   Proactiveness

Proactiveness was ranked the third highest at a mean value of 3.54 below the mean value of 3.57 of all entrepreneurial orientation variables. The range distribution of the proactiveness data set was between 3.24 and 3.77, with a median of 3.55 (Median > Mean). This shows that the data was skewed to the left but not by high responses, meaning that more respondents were more on the high end of the range (right) and few on the low end (left) of the range but relatively equally distributed. Statement A23, which measured respondent's opinion on their continuous business monitoring of market trends and identified future needs of customers, had the highest mean value of 3.77.

In contrast, statement A20, which measured respondent's opinion of their business being first movers in introducing new products/services/ processes, was ranked at a mean value of 3.30. Kraus, Rigtering and Hughes (2012:177) investigated EO's

influence on SMME business performance and confirmed that proactiveness is significantly and positively associated with business performance and recommended refined strategic management within SMMEs. Wiklund and Shepherd (2005:74) confirmed that proactive firms innovate ahead of competitors and benefit from unusual high profits. Although proactiveness is ranked above the neutral point, there is room for improving SMME's proactiveness on becoming the first movers in the market. This can be achieved using advanced strategies on policy development and leadership.

4.2.3.4. Risk-taking

Risk-taking was ranked the fourth highest at a mean value of 3.47 below the mean value of 3.57 of all entrepreneurial orientation variables. The range distribution of the risk-taking data set was between 3.22 and 3.74, with a median of 3.54 (Median > Mean). This shows that the data was skewed to the left, meaning that more respondents were more on the high end of the range (right) and few on the low end (left) of the range. Statement A17, which measured respondent's opinion on owning to the environment, their business believes that bold, wide-ranging acts are necessary to achieve the business objectives. It was ranked highest with a mean value of 3.77. Urban (2019:17) conducted a study on Impact investing and entrepreneurial orientation as determinants of organisational performance. He concluded that entrepreneurial businesses that adopt risk-taking and financing activities of identifying the ideal organisational level of risk-taking could pave the way to provide measurable returns on investment.

In contrast, statement A16 measured the respondent's general opinion on their business strong inclination towards high-risk projects was ranked lowest. Brownhilder (2016:14) conducted a study examining the moderating effect of environmental hostility on the entrepreneurial orientation-performance relationship, affirming the positive influence of risk-taking on SMME performance. Brownhilder (2016:14) indicated that the entrepreneurial orientation-performance relationship is negatively moderated by environmental hostility and suggested that entrepreneurs in regions with high environmental hostility such as South Africa to be strategic risk-takers and carefully screen and analyze the level of risk they can be able to take without eroding the profits of the business. Where environmental hostility is low to moderate, entrepreneurs should adopt risk-taking as a robust strategy for enhancing

performance. Although risk-taking shows a ranking above the neutral point, there is still a need for SMMEs to take more risk on high-risk projects.

4.2.3.5. Competitive aggressiveness

Competitive aggressiveness was ranked the lowest at a mean value of 3.41 below the mean value of 3.57 of all entrepreneurial orientation variables. The range distribution of the risk-taking data set was between 3.27 and 3.52, with a median of 3.41 (Median = Mean). This shows that the data was equally distributed on either side of the range. Statement A27 measured the respondent's opinion on their business's knowledge when it is in danger of acting overly aggressive, which could lead to erosion of their business's reputation or retaliation by our competitors ranked the highest at 3.53. Akhtar (2015:236), who investigated the moderating effects of the family business (SMME) on the relationship between entrepreneurial orientation and business performance of SMMEs, confirmed that competitive aggressiveness requires moderation to avoid actions that may lead to damaging reputation and poor business performance in a long-run.

Statement A24, which measured respondent's opinion on their business adoption of a very competitive "undo-the-competitor" posture when dealing with competitors, was ranked with the lowest mean value of 3.27. Sitharam and Hoque (2016:286) who conducted a study about factors affecting SMMEs performance in KwaZulu Natal, put forward recommendations for SMMEs to continuously evaluate their competitors and re-enforce their competitive aggressiveness due to the significant relationship between SMMEs performance and competitive posture. Although ranked below the average of overall entrepreneurial orientation, competitive aggressiveness is still above the respondents' neutral point. There is a need to improve the competitive posture in the SMMEs to be able to cope with the competition in the market.

4.2.3.6. Overall entrepreneurial orientation

The 3.57 mean value of entrepreneurial orientation suggests that SMMEs in the City of uMhlathuze have a relatively high entrepreneurial orientation. The highest-ranked variable of entrepreneurial orientation was **Autonomy** at a mean value of 3.79, followed by **Innovativeness** at a mean value of 3.66. The other three dimensions were ranked below the average combined mean of 3.57. **Proactiveness** at a mean value

of 3.54, **Risk-taking** at a mean value of 3.47 and **Competitive Aggressiveness** with the lowest mean value of 3.41. Though, most statements of all variables were above the mean value of 3, which represents a high entrepreneurial orientation. There is room for improvement in entrepreneurial orientation.

Radipere (2015:183) asserted that an entrepreneurial orientation strategy might help South African SMMEs obtain specific entrepreneurial aspects of decision-making style that may help them perform better. Hoque (2018:53), who conducted a study on moderators of the relationship between entrepreneurial orientation and SMMEs, recommended that the government articulate strategies and programs that enable the survival, growth, development, and performance of the SMMEs. The strategies include monetary and fiscal incentives, policy development, provision of an enabling environment and necessary infrastructure to enhance the societal and economic growth in the areas of employment creation, poverty eradication, and improve human capital development. In support, Songling, Ishtiaq, Anwar and Ahmed (2018:15) recommended that policymakers and responsible authorities support the SMMEs to enhance nations' economic growth. This implies that there are opportunities to implement entrepreneurial orientation strategies to improve the entrepreneurial orientation on SMMEs through research, contribution to policy development and government support.

4.2.3.7.   Assessment of perceived business performance

Section B of the data collection instrument measured the perceived business performance of SMMEs in the City of uMhlathuze using a 5point Likert scale. Four statements were presented under the business growth dependent variable, and seven statements were presented under the business development variable.

❖ **Business growth**

Business growth was ranked the highest with a mean value of 3.51. Statements used to measure **Business growth** were reasonably constant, with the mean values varying between 3.46 to 3.57. The results showed that it could be generally accepted that SMMEs in the City of uMhlathuze were experiencing fairly good business growth. The business age group of 21-30 years had the highest mean with a generally agreeable standard deviation of 0.06. There was generally a strong business growth

agreement amongst SMMEs with employees between 5-10 category with a mean value of 4.25. However, there is room for improvements.

   ❖ **Business development**

Business development was ranked the lowest out of the two dependable variables with a mean value of 3.41. There was some variance in the results of statements measuring **Business development,** with the mean values varying between 2.93 to 3.71.

Statement B11, which states that during difficult economic periods, investments in research and development/innovative projects continue and no significant financial cuts are made, obtained a mean value of 2.93 and standard deviation of 1.338. This mean value is below the neutral value, and the large standard deviation indicated a broad concurrence amongst the respondents regarding the statement. The immediate cuts in investments in innovative projects during difficult economic times may cause the SMMEs to miss new product/process development opportunities. SMMEs need to address this.

4.2.3.8.   Overall perceived business performance

SMMEs generally experienced **business growth** in the City of uMhlathuze mainly through the competitive position in the market. However, their competitive position did not translate extensively to the SMMEs market share. There is also some evidence that business size (Number of employees) and experience (number of years in business) affects business growth.

Relatively, **business development** was moderately agreed upon by respondents. Although there is a strong commitment of employees to SMMEs, financial cuts during difficult conditions may destabilise the development of SMMEs. The business performance of SMME shows a positive impact on sustainable economic growth in South Africa (Van Scheers, 2016:352). In support, Ayandibu and Houghton (2017:137) acknowledged that the business performance of SMMEs creates employment which contributes to economic growth. Rambe and Mosweunyane (2017:8) indicated that not all SMMEs have a robust entrepreneurial orientation. Therefore, there is a need for improvements in the perceived business performance of SMMEs.

4.2.4. Multiple regression analysis

Multiple regression analysis was done to determine the relationship between the five independent variables of entrepreneurial orientation and the two dependent variables of perceived business performance separately. Although statistically insignificant at a 5 percent level, autonomy, risk-taking, competitive aggressiveness, and proactiveness positively related to **business growth**. In contrast, innovativeness had a negative relationship to **business growth** of SMMEs in the City of uMhlathuze in KwaZulu-Natal.

The analysis made it clear that the variable **competitive aggressiveness** (p= 0.014) and **risk-taking** (p= 0.003) had a statistically significant positive relationship to **business development. Innovativeness** had a positive but statistically insignificant relationship to **business development**. In contrast, **autonomy** and **proactiveness** had a negative and statistically insignificant relationship to **business development** of SMMEs in the City of uMhlathuze in KwaZulu-Natal.

The empirical findings using multiple regression analysis contrasted and supported in the light of the literature review in chapter two.

The relationship between **risk-taking** and the business performance of SMMEs is significant. This finding is consistent with Kitigin (2017:58), who confirmed a strong positive correlation between risk-taking and business performance of SMMEs and recommended committing business resources to venture into uncertain and unfamiliar environments could result in increased returns and market share for the business. Zizile and Tendai (2018:231) study concluded that risk-taking positively contributes to the entrepreneurial business's performance (SMME) and recommended that entrepreneurs take advantage of skills development offered by agencies and government institutions to enhance their entrepreneurial competencies. Haider, Asad and Fatima (2017:26) confirmed the relationship with the business performance of SMMEs is significant and indicated that risk-taking is vital for the growth and performance of SMMEs in the manufacturing sector.

The relationship between **competitive aggressiveness** and the business performance of SMMEs is significant. This finding is consistent with Dele-Ijagbulu *et*

al. (2020:107), who concluded that SMMEs must become competitively aggressive primarily to enhance business performance or increase efficiency levels. Abdullahi, Kunya, Bustani and Usman (2019:71) recommended that SMMEs in construction adopt and encourage a competitive approach in decision making to boost their business performance and maintain relevance in the construction industry. Matchaba-Hove, Farrington and Sharp (2015:55) reported the greatest significant positive relationship between competitive aggressiveness and business performance of SMMEs. They observed that SMMEs who act aggressively; overcome threats posed by competitors, initiate actions to which competitors respond, gain first-mover advantage, and are bold when facing potential opportunities.

The relationship between **autonomy** and the business performance of SMMEs is insignificant. This finding is consistent with Arshad, Rasli, Arshad and Zain (2014:51), who found no correlation between autonomy and business performance in the context of technology-based SMMEs. The literature review in chapter 2 suggested that autonomy is a crucial feature of how organisations foster and support entrepreneurial behaviour and a firm's ability to make swift and independent decisions to exploit market opportunities (Omisakin *et al.*, 2016:11; Wales *et al.,* 2019:99). There was an element of a positive relationship but not statistically significant.

The relationship between **innovativeness** and the business performance of SMMEs is insignificant. The finding is consistent with the research by Terziovski (2010:898), who confirmed the findings that SMMEs in the manufacturing sector have a negative perception of the relationship between innovation and SMME performance. Madrid-Guijarro, García-Pérez-de-Lema, and Van Auken (2013:596) concluded that innovation among Spanish manufacturing SMMEs declined during the economic crisis. The literature review in chapter 2 suggested that innovativeness is a springboard from which an organisation can improve existing performance and expand into new markets for growth (Dzomonda & Fatoki, 2019:89; Dulger *et al.,* 2016:215). There was an element of a positive relationship but not statistically significant.

The relationship between **proactiveness** and the business performance of SMMEs is insignificant. This finding is consistent with research by Gautam (2016:59), who reported that proactiveness had no significant positive impact on the firm performance

of Handicraft enterprises (SMME). The literature review in chapter 2 suggested that the proactiveness of a firm refers to continuous exploration for new opportunities to act in advance in the face of changes in demand and indicated that entrepreneurs should adopt the constant behaviour of alertness to detect breaks in the market (Guzmán *et al.*, 2019; Rauch *et al.,* 2009:768). There was an element of a positive relationship but not statistically significant.

Consistent with Dzomonda *et al.* (2017:110), who suggested an entrepreneurial orientation strategy could be a solution to the poor business performance of SMMEs in South Africa. An assessment of the perceived positive and significant relationship between entrepreneurial orientation and business performance of SMMEs was done using two separate models, namely; business growth and business development. The relationship of each entrepreneurial orientation variable to business growth and business development had some inconsistencies with past related studies' findings.

Regression analysis conducted in this study showed that none of the variables measuring entrepreneurial orientation had a significant positive relationship to the **business growth** of SMMEs. In other words, autonomy, risk-taking, innovativeness, competitive aggressiveness, and proactiveness did not have a statistically significant positive relationship to the **business growth** of SMMEs who participated in the survey study. The regression analysis further indicated that though statistically insignificant at a 5 percent level, autonomy, risk-taking, competitive aggressiveness, and proactiveness had some positive relationship to **business growth**. In contrast, **innovativeness** had a negative relationship to business growth of SMMEs in the City of uMhlathuze in KwaZulu-Natal. These results are contrary to Chimucheka *et al.* (2019:5), who revealed a significant positive relationship between entrepreneurial orientation and performance of SMMEs and suggested that entrepreneurs improve entrepreneurial orientation in business as it can ultimately improve the performance of their businesses.

Concurrently, regression analysis conducted in this study showed that some of the variables measuring entrepreneurial orientation had a significant positive relationship to **business development**. Standardised regression estimates showed that competitive aggressiveness and risk-taking had a statistically significant and positive

relationship to **business development** of SMMEs in the City of uMhlathuze in KwaZulu-Natal. These results are consistent with Chimucheka *et al.* (2019:5), who indicated a significant positive relationship between entrepreneurial orientation and business performance of SMMEs. In relative terms, risk-taking had a more significant and positive relationship to business development than competitive aggressiveness. Innovativeness had a positive relationship but a statistically insignificant relationship to business development. In contrast, autonomy and proactiveness had a negative and statistically insignificant relationship to business development of SMMEs in the City of uMhlathuze in KwaZulu-Natal.

The variation of the results in this research study is consistent with Rauch *et al.* (2009:762), who suggested that the magnitude of the relationship of entrepreneurial orientation and performance of SMMEs vary across studies. Other studies report the insignificant relationship of entrepreneurial orientation to business performance of SMMEs (Moreno & Casillas, 2008:521; Wiklund & Shepherd, 2005:88). In support, The magnitude of EO-performance relationships and their subjective nature come from (1) EO-performance relationship is condition-specific and (2) the dimensions of the entrepreneurial orientation may differ autonomously from each other in a specific context (Andersén, 2010:313: Lumpkin & Dess 1996:137). Variation in findings regarding the entrepreneurial orientation and business performance relationship is consistent with Chin *et al.* (2016:2), who indicated that the relationship of entrepreneurial orientation and SMMEs performance is not always positive in a fast-changing and competitive environment and significant as in other scenarios.

4.3. RECOMMENDATIONS

The empirical study and inferences in the previous sections reveal that entrepreneurial orientation is present in the SMMEs. There is a sense of the perceived business performance on SMMEs in the City of uMhlathuze. However, there is room for improvements in entrepreneurial orientation as well as perceived business performance. The recommendations were formulated to cover the internal and external support of SMMEs and are proposed to direct stakeholders, namely SMMEs owners and managers, government policymakers and academic researchers, to develop strategies to enhance entrepreneurial orientation.

4.3.1. Recommendations to SMMEs owners/managers

The following aspects need to be addressed internally by SMMEs owners/managers.

- Develop strategic business orientation that captures specific entrepreneurial aspects of decision-making styles, methods and practices. There is an indication that elaborate justification, approval procedures and restrictive methods appear to be a bottleneck to SMMEs employees' day-to-day duties. It appears that when employees work under such a restrictive environment, they are less innovative and unwilling to take risks. This may lead to SMMEs being less responsive and proactive in adapting to the volatile and competitive business environment. Relaxation of restrictive environment and full employee empowerment should be embedded into employees' day-to-day work activities in the SMMEs.

- Develop strategies to create an entrepreneurial orientation environment through personal development plan and training. There is an indication that SMMEs do not afford many opportunities to develop knowledge of the industry. This opinion should be addressed by linking employee development plans with elements of entrepreneurial orientation.

Mahadea and Pillay (2008:433) investigated the factors affecting the development of SMMEs. They found that innovative performance, human resources and management skills capacity, access to finance, and market orientation are significant in influencing the performance of SMMEs. Hove and Tarisai (2013:61) also examined interior elements influencing business growth and business development and found that internal factors that influence growth and development in agricultural SMMEs include business planning, marketing strategies, the vision of SMMEs, knowledge of strength, weaknesses, opportunities and threats (SWOT) analysis, and financing.

Improvements in the knowledge of the elements mentioned above can help the owners and managers of SMMEs develop strategies that can support entrepreneurial orientation to ensure sustainable competitiveness and survival of their SMMEs. Strategies SMMEs owners and managers can adopt to ensure the sustainability of

their SMMEs include opportunity identification and marketing and financial management strategies. Additionally, risk-taking, opportunity identification can serve as an effective panacea to the challenges faced by SMMEs.

Survival strategies that SMMEs can implement to moderate entrepreneurial orientation include creating an enabling environment to mature entrepreneurial orientation within the SMMEs, networking, establishing alliances among SMMEs, and creating relationships with suppliers, localisations advertising and promotions.

4.3.1.1. Practical, actionable plan to enable entrepreneurial orientation.

Engelen *et al.* (2015:1090) and Covin and Miller (2014:13) integrated the concept of EO and transformational leadership behaviour to demonstrate that top management's transformational leadership behaviours moderate the relationship between EO and organisation performance. To contribute to the SMME development and growth strategies, table 4.1 presents a balanced scorecard recommended as a non-financial short-term and long-term tool to assist SMMEs owners and managers in implementing and overseeing an entrepreneurial orientation environment. The organisation's senior staff must adopt the recommended balanced scorecard and cascade it to employees from the owner down to the shop floor.

The recommended balanced scorecard (BSC) can be implemented together with the SMME's chosen strategy and could also be implemented independently in the absence of a business strategy. The BSC represents actionable key performance indicators that are traceable and measurable. The concise nature of the BSC supports a straightforward adoptable templatised approach that can seamlessly fit in the SMMEs existing environment, no matter the size of the SMME.

Table 4. 1: Actionable balanced scorecard for SMMEs

Strategy Map		Balanced Scorecard					Responsible Person
		Measurement	Priority	Target	Update	Initiatives	
ENHANCED ENTREPRENEURIAL ORIENTATION	Develop a strategic business orientation that captures specific entrepreneurial aspects of decision-making styles, methods and practices.	Allow 100% of employees to perform their duties without close supervision and allow them to try different methods of doing their jobs.	High	100%	Monthly Business reviews	• No continual supervision for employees or groups. • Employee/groups to implement one method of doing their work differently every 12 months. • No elaborative justification and approvals on decision making and problem-solving.	SMMEs Owners /Managers and employees
		Allow 100% of staff to contribute to the introduction of new products/ services/processes.	High	100%	Monthly Business reviews	• Create innovation forums for employees to participate and present their innovations. • One innovative idea per employee per year.	
		Allow 100% of staff to come with ideas that could be turned to opportunity and evaluated to start a new venture.	High	100%	Monthly Business reviews	• Encourage risk-taking in decision making • Provide risk assessment training. • Validate and evaluate every idea and opportunity.	
		Allow 100% of staff time to learn about the industry they operate in to understand the business's direction.	High	100%	Monthly Business reviews	• Employees must attend workshops and conferences related to the industry of the business. • Employees must be allocated time in a week to analyse the trend and the direction where the industry is headed.	
		Allow 100% of staff time to study the competition trends and develop ways to compete in the market.	High	100%	Monthly Business reviews	• Benchmark the development of the business against its SWOT analysis. • Use various tools to expand antennas to pick up the opportunities and threats from outside the business.	
	Develop strategies to create an entrepreneurial orientation environment through personal development plan and training	Develop leadership abilities to manage an entrepreneurial orientation environment 100% of all supervisory roles.	High	12 Months	Monthly Business reviews	• Investment in workforce skills development to deliver company growth. • Invest in the stewardship of business resources for sustainability.	
		Align all strategic plans to the entrepreneurial variables.	High	12 Months	Monthly Business reviews	• Create links with financial institutions and practice bootstrapping tactics. • Re-organise the company profile material to include partners and networks.	
		Align all training plans to the entrepreneurial variables.	High	6 months	Monthly Business reviews	• Customise training needs for employees to support the enhancement of entrepreneurial orientation.	

4.3.2.   Recommendations to government and policymakers

Good performance and sustainable survival of SMMEs remain critical to job creation, poverty reduction and economic development in communities where SMMEs operate. Government and policymakers play essential roles in making external environmental business conditions conducive for ensuring the growth of SMMEs.

To enhance the performance of SMMEs in the City of uMhlathuze in KwaZulu-Natal, the Kwazulu-Natal provincial government embarked on a policy that supports SMMEs entrepreneurial orientation development to drive business performance instead of relying on government grants for survival (Okem, 2016:120).

To obtain the desired positive impact of entrepreneurial orientation in the province, through departments such as Small business development and government agencies, the government must provide support to SMMEs in the city of uMhlathuze commensurate with changes in business operating conditions.

Such support should be customised based on precise business scenarios distinct to SMMEs experience and industry. The support can be in several methods such as financing, business incubation, training, product differentiation, cost-cutting or cost reduction, market segmentation, business incubation, cost reduction and applicable laws and regulations. The government should also ensure adequate legal assistance to SMMEs at affordable consultation costs or even provide free-cost consultancy services at public institutions across all regional locations in the country.

The following aspects need to be addressed by the government policymakers: SMME government agencies and responsible authorities. As indicated in this study findings that SMMEs require external support to develop entrepreneurial orientation.

4.3.2.1. Government support

- Plot the existing map of entrepreneurial orientation in South Africa and develop policy frameworks that support entrepreneurial orientation enablement of South African SMMEs. Lack of access to government support programs contributes to the enormous failure rate of SMMEs in South Africa (Agwa-Ejon *et al.*, 2015:522). There is a need for the South African government to measure and quantify the entrepreneurial orientation landscape of SMMEs to be able to provide necessary and specific support programs to alleviate the high failure rate of the South African SMMEs (Dzomonda *et al.*, 2017:110). If the South African government can measure the entrepreneurial orientation of SMMEs, they can be able to manage it through specific support programs to cover the gaps.

- Develop policies that align entrepreneurial orientation strategies with the National development plan (NDP). One of the six priorities in the NDP (2020:16) is facilitating faster economic growth, higher investment and greater labour absorption. South African government needs to develop policies that support strategies that develop SMMEs to grow the economy. SMMEs contributes 50% to the South African GDP (Yeboah, 2015:3). SMMEs business performance is critical to sustaining the 50% contribution to the South African GDP. In support of the priorities of the NDP, the role of the SMMEs cannot be ignored. Hence, the need for policies that align entrepreneurial orientation strategies to stimulate business performance

- Develop Multi-scalar policy frameworks and governance to propagate entrepreneurial orientation in national, provincial and local government. Implementation of government support programs must be well-coordinated from the national to the local government to ensure that policies are well implemented. Connecting components within the entrepreneurial ecosystems must be monitored and evaluated to ensure full implementation and continuous improvements. SMME networks, support agencies, communities of practice, entrepreneurial education and business conferences are critical components within entrepreneurial ecosystems that government can use to drive the development of the entrepreneurial orientation of SMMEs at the local government level.

- According to geographic areas, the government should create a national database of MBA graduates and use them as entrepreneurship consultants at a very reasonable rate in local government offices to contribute to the development of the entrepreneurial orientation of SMMEs. (A doctor-patient model could be replicated in entrepreneurship).

4.3.2.2. Leadership support

- The combination of EO and transformational leadership behaviour confirmed that transformational leadership behaviours moderate the relationship between EO and organisation performance (Covin & Miller, 2014:13). Leadership should be instrumental in developing specific internal entrepreneurial orientation strategies that promote full autonomy in day-to-day work activities and the execution of continuous improvements.

- Leadership must build internal and external entrepreneurial groups or clusters to foster interactions between entrepreneurial actors and external institutions. Hoq and Ha (2009:106) recommended a task for the management and leadership to design and implement an organizational culture that embodies market, social capital, and entrepreneurial orientation. The use of scientific research and data will help implement entrepreneurial orientation thought leadership within the SMMEs.

- Leadership should enable innovation and fostering co-creation with customers. Firms who innovate ahead of competitors and take risks benefit from unusual high profits (Wiklund and Shepherd, 2005:74). Build an entrepreneurial orientation environment that allows the fruition of ideas and innovation projects without the rigorous regulatory red tapes. As indicated in this study's findings, autonomy is a crucial feature of how organisations foster and support entrepreneurial behaviour and a firm's ability to make swift and independent decisions to exploit market opportunities (Omisakin *et al.*, 2016:11).

- Encourage a competitive culture, bootstrapping, continuous improvements and cost-cutting measures in every area of operations of the SMMEs. Competitive aggressiveness of the SMMEs enables them to overcome threats posed by competitors, initiates actions to which competitors respond, gains first-mover advantage, and is bold when facing potential opportunities (Matchaba-Hove *et al.*, 2015:55).

4.3.3.   Recommendations to academic researchers

This research has some areas which would need to be improved when considering conducting similar studies in future. The study used a cross-sectional research design in which survey data was collected at a particular point in time. This can be enriched by using pooled data, particularly on objective business performance indicators such as profit.

Future studies should consider steering the same research at a more extensive sampling unit level, such as provincial or district level, to control heterogeneity in the effect of entrepreneurial orientation on the performance of SMMEs. Also, the sample used in this research study is very small. Thus, upcoming research should consider using a larger sample size to ensure the findings' reliable generalizability. Furthermore, perform more similar studies to contribute to scientific research on the entrepreneurial orientation domain.

4.4.   ACHIEVEMENT OF OBJECTIVES

This study's achievement can be determined by the extent to which the primary and secondary objectives listed in section 1.4 were met.

4.4.1.   Primary objective

This study's primary objective was to assess the relationship between entrepreneurial orientation and business performance in SMMEs in the City of uMhlathuze in KwaZulu-Natal.

The primary objective of the study was achieved by addressing the secondary objectives set for the study.

4.4.2.   Secondary objectives

- To define the concept of entrepreneurship.
- To develop theoretical knowledge of five dimensions of entrepreneurial orientation in South Africa through a literature review.
- To gather knowledge of SMME contribution to economic growth through a literature review.

The above three listed objectives were achieved through a literature review, as presented in chapter 2. The concept of entrepreneurship was thoroughly defined, developed theoretical knowledge to broaden the understanding of five dimensions of entrepreneurial orientation in South Africa and gathered knowledge of SMME contribution to economic growth.

- To gain insight into the entrepreneurial orientation and performance of SMMEs in the City of uMhlathuze.

The researcher was able to gain insight from SMMEs in the City of uMhlathuze through data analysis and interpretation, as presented in chapter three, and through various interactions with the participants and City of uMhlathuze municipality officials during the data collection process.

- To compare the entrepreneurial orientation of SMMEs per category of SMMEs in the City of uMhlathuze.

The study comparison of SMME using demographic information statistics relating to the entrepreneurial orientation of SMMEs per category. The number of employees per SMME was the most appropriate measure of each category (size) of SMMEs.

- To assess the perceived positive and significant relationship between entrepreneurial orientation and business performance of SMMEs.

Multiple regression data revealed a relationship between entrepreneurial orientation and business performance of SMMEs in the City of uMhlathuze and their significance level.

- To suggest recommendations based on the outcome of the study.

Although the results of this study moderately established a positive relationship between entrepreneurial orientation and business performance. Section 4.3 presents suggested recommendations for policymakers, SMMEs owners/managers and researchers to progressively mature the entrepreneurial orientation of SMMEs as an essential aspect in the entrepreneurship domain in South Africa.

4.5.   SUGGESTION FOR FUTURE RESEARCH

The results represented only the respondents' perceptions of the whole province's preselected area in KwaZulu Natal. The results may not be generalised to the rest of the SMMEs in the province. The low response rate from SMMEs in other SMMEs categories in the targeted sample group may negatively influence this study's findings.

This study will allow the SMME owners/managers, policymakers and researchers to have a view of what has been done to contribute to the entrepreneurship domain and use it in their specific area of interest to mature the entrepreneurial orientation of the SMMEs.

Recommendations made suggest future research in entrepreneurial orientation policy development by the government, implementing specific entrepreneurial orientation strategies by leadership such as the recommended balanced scorecard (BSC) in table 4.1 and researchers to conduct more similar studies to contribute this much-needed knowledge in entrepreneurship domain in South Africa.

4.6. SUMMARY

This research study's conclusions were drawn consistent with the study's primary objective, which aimed to assess the relationship between entrepreneurial orientation and business performance in SMMEs in the City of uMhlathuze in KwaZulu-Natal.

The assessment of entrepreneurial orientation status was confirmed to be an average of 3.57, above the neutral opinion of 3. This indicated that the SMMEs in the City of uMhlathuze in KwaZulu-Natal have certain aspects of entrepreneurial orientation. Therefore, they were deemed to have a high entrepreneurial orientation.

The relationship of each variable of entrepreneurial orientation to business growth and business performance of the SMMEs had some variations with findings from the past related studies. **Risk-taking** and **competitive aggressiveness** had a significant and positive relationship to business performance of SMMEs who participated in the study. Validation of contrasting and supporting findings was done using the literature from the previous studies.

The study confirmed high entrepreneurial orientation status and a significant positive relationship between **risk-taking** and **competitive aggressiveness** to business performance. Subsequently, recommendations were made to:
- SMME owners/managers to implement specific entrepreneurial orientation strategies using recommended balanced scorecard (BSC) in table 4.1.
- Government and leadership to embark on entrepreneurial orientation policy development.
- Researchers to conduct more similar studies to contribute this much-needed knowledge in the entrepreneurship domain in South Africa.

Lastly, the study settled by assessing whether all the study's objectives were addressed and future research related to the topic was made.

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ENTREPRENEURIAL ORIENTATION

AND BUSINESS SUCCESS

CONFIDENTIAL

Student: Mr Vusi Sithole
0837769277

Supervisor: Prof Stephan van der Merwe
082 335 0578

Note: All responses are confidential and neither the individual nor the organisation would be identified in any report or release.

Informed consent letter

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1 June 2020

To whom it may be concerned

INFORMED CONSENT TO PARTICIPATE IN A SURVEY

My name is Vusumuzi Sithole, and I am an MBA student at the NWU Business School, North-West University. This study aims to assess the relationship between entrepreneurial orientation and business performance in SMMEs in the City of uMhlathuze in KwaZulu-Natal.

Thank you for your willingness to participate in the study. Your participation is voluntary. You do not have to answer any questions you do not want to answer. Limited demographic information will be collected with the purpose to form a profile of the participants and the participating organisations. However, it will not be used to make comparisons between groups or for further statistical analyses.

If at any time you do not want to continue completing the questionnaire, you may stop. Your time and involvement are profoundly appreciated. It will take you 20 minutes to complete the questionnaire.
Please click the link: https://forms.gle/aw7dwdmA3pQ8uD9v9

Data captured on the electronic questionnaire will be exported to a spreadsheet file and sent to Statistical Consultation Services at the North-West University analysis. The data

will be stored in secured soft storage, and the file or statistical analyses will be deleted after three years. The researcher will ensure that all results will be kept confidential, and no ethical guidelines will be breached. Only the researcher, the supervisor and the statistician will have access to the data being captured. After the specified timeframe, the data collection process will end, and the statistical analysis will commence, which will take place scientifically and ethically.

The study has been approved by the Scientific Committee of the NWU Business School. The Chair of the Scientific Committee is Prof Christoff Botha. He can be reached at 018 299 1672, and his email address is christoff.botha@nwu.ac.za.

Ethical clearance has been obtained by the Faculty of Economic and Management Sciences Ethics Committee (EMS-REC), and the following ethical clearance number is allocated: NWU-00630-20-A4. The Chair of the Ethical Committee is Mark Rathbone. He can be reached at 018 299 1356, and his e-mail address is mark.rathbone@nwu.ac.za.

The supervisor of the thesis is Professor Stephan Van der Merwe. He can be reached at 018 299 1414 (Email address: stephan.vandermerwe@nwu.ac.za) for further questions or concerns about the research project.

Your input is of great value to this research, and I appreciate your help in providing this information.

Sincerely,

Vusumuzi Sithole
NWU Business School
North-West University, Potchefstroom

GENERAL INSTRUCTIONS

Virtually all questions should be answered by ticking (X) or <mark>highlighting</mark> the relevant block.

Use the following key to indicate your preference:

SCALE	TERM USED
1	Strongly disagree
2	Disagree
3	Neither agree nor disagree (Neutral)
4	Agree
5	Strongly agree

Please select the number which best describes your opinion about a specific question or statement. In the example beneath, the respondent agreed to the statement listed.

I believe that Small, micro and medium sized enterprises in South Africa can be successful	1	2	3	☒ 4	5

SECTION A: ENTREPRENEURIAL ORIENTATION

The following statements concern your attitude towards the entrepreneurial orientation of the business.

Please rate the extent to which you agree or disagree with the following statements by making an "X" over the appropriate number on the 1 to 5 point scale next to the statement.

1 = Strongly disagree	2 = Disagree	3 = Neutral	4 = Agree	5 = Strongly agree

	STATEMENT	SCALE				
A1	I have enough autonomy in my job without continual supervision to do my work.	1	2	3	4	5
A2	Our business allows me to be creative and try different methods to do my job.	1	2	3	4	5
A3	Employees in our business are allowed to make decisions without going through elaborate justification and approval procedures.	1	2	3	4	5
A4	Employees in our business are encouraged to manage their own work and have the flexibility to resolve problems.	1	2	3	4	5
A5	I seldom have to follow the same work methods or steps while performing my major tasks from day to day.	1	2	3	4	5
A6	Our business regularly introduces new services/products/processes.	1	2	3	4	5
A7	Our business places a strong emphasis on new and innovative products/ services/processes.	1	2	3	4	5
A8	Our business has increased the number of services/products offered during the past two years.	1	2	3	4	5
A9	Our business is continually pursuing new opportunities.	1	2	3	4	5
A10	Over the past few years, changes in our processes, services and product lines have been quite dramatic.	1	2	3	4	5
A11	In our business, there is a strong relationship between the number of new ideas generated and the number of new ideas successfully implemented.	1	2	3	4	5
A12	Our business places a strong emphasis on continuous improvement in products/service delivery/processes.	1	2	3	4	5
A13	Our business has a widely held belief that innovation is an absolute necessity for the business' future.	1	2	3	4	5
A14	Our leaders seek to maximise value from opportunities without constraint to existing models, structures or resources.	1	2	3	4	5
A15	When confronted with uncertain decisions, our business typically adopts a bold posture to maximise the probability of exploiting opportunities.	1	2	3	4	5

A16	In general, our business has a strong inclination towards high-risk projects.	1	2	3	4	5
A17	Owing to the environment, our business believes that bold, wide-ranging acts are necessary to achieve the business' objectives.	1	2	3	4	5

Please rate the extent to which you agree or disagree with the following statements by making an "X" over the appropriate number on the 1 to 5 point scale next to the statement.

1 = *Strongly disagree*	2 = *Disagree*	3 = *Neutral*	4 = *Agree*	5 = *Strongly agree*

A18	Employees are often encouraged to take calculated risks concerning new ideas.	1	2	3	4	5
A19	The term 'risk-taker' is considered a positive attribute for employees in our business.	1	2	3	4	5
A20	Our business is very often the first to introduce new products/services/ processes.	1	2	3	4	5
A21	Our business typically initiates actions that competitors respond to.	1	2	3	4	5
A22	Our business continuously seeks out new products/processes/services.	1	2	3	4	5
A23	Our business continuously monitors market trends and identifies future needs of customers.	1	2	3	4	5
A24	In dealing with competitors our business typically adopts a very competitive undo-the-competitor "posture.	1	2	3	4	5
A25	Our business is very aggressive and intensely competitive.	1	2	3	4	5
A26	Our business effectively assumes an aggressive posture to combat trends that may threaten our survival or competitive position.	1	2	3	4	5
A27	Our business knows when it is in danger of acting overly aggressive (this could lead to erosion of our business's reputation or retaliation by our competitors).	1	2	3	4	5

SECTION B: BUSINESS PERFORMANCE

The following statements concern your attitude towards the business performance of the business.

Please rate the extent to which you agree or disagree with the following statements by making an "X" over the appropriate number on the 1 to 5 point scale next to the statement.

1 = Strongly disagree	2 = Disagree	3 = Neutral	4 = Agree	5 = Strongly agree

	STATEMENT	SCALE				
B1	Our business has experienced growth in turnover over the past few years.	1	2	3	4	5
B2	Our business has experienced growth in profit over the past few years.	1	2	3	4	5
B3	Our business has experienced growth in market share over the past few years.	1	2	3	4	5
B4	The competitive position of our business has improved over the past few years.	1	2	3	4	5
B5	The effectiveness (doing the right things) of our business has improved over the past few years.	1	2	3	4	5
B6	The efficiency (doing things right) of our business has improved over the past few years.	1	2	3	4	5
B7	In our business, employees are viewed as the most valuable asset of the business.	1	2	3	4	5
B8	Our employees are highly committed to our business.	1	2	3	4	5
B9	The moral (job satisfaction) of our employees has improved over the past few years.	1	2	3	4	5
B10	The image (stature) of our business, relative to our competitors, has grown over the past few years.	1	2	3	4	5
B11	During difficult economic periods, investments in research and development/innovative projects continue, and no significant financial cuts are made.	1	2	3	4	5

SECTION C: DEMOGRAPHIC INFORMATION

The following information is needed to help the researcher to profile the participating owner-managers and businesses. However, it will not be used to make comparisons between groups or for further statistical analyses.

If at a subsequent date, biographical data were relevant to a publication, a separate release form would be sent to you.

Mark the applicable block with a cross (X). Complete the applicable information.

C1	Indicate your age	

C2	Indicate your gender?	Male	Female	Other

C3	How many permanent employees are employed by the family business?						
	1-4	5-10	11-25	26-50	51-100	101-200	200+

C4	In which industry does the business operate?				
	Automotive	Agriculture	Clothing	Construction	Food
	Real estate	Retail	Wholesale	Manufacturing	Services
	Other: (Specify):				

C5	What is the age of the business (years)?
	Specify:

THANK YOU FOR YOUR TIME.

ANNEXURE 2: Ethics clearance

NORTH-WEST UNIVERSITY
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Economic and Management Sciences Research
Ethics Committee (EMS-REC)

24 April 2020

Prof S van der Merwe,
Per e-mail
Dear Prof van der Merwe,

EMS-REC FEEDBACK: 24042020
Student: Sithole, VD (29521262)(NWU-00630-20-S4)
Applicant: Prof S van der Merwe - MBA

Your ethics application on, *An investigation into entrepreneurial orientation and business success of SMMEs in a selected Municipality in Kwa-Zulu Natal province*, which served on the EMS-REC meeting of 24 April 2020, refers.

Outcome:

Approved as a minimal risk study. A number NWU-00630-20-A4 is given for one year of ethics clearance.

Kind regards,

Mark
Rathbone

Digitally signed by Mark Rathbone
DN: cn=Mark Rathbone, o=North-West
University, ou=Business management,
email=mark.rathbone@nwu.ac.za,
c=ZA
Date: 2020.05.14 12:22:39 +02'00'

Prof Mark Rathbone
Chairperson: Economic and Management Sciences Research Ethics Committee (EMS-REC)

ANNEXURE 3: Summary of Turnitin report

29521262:Vusi_Sithole_29521262_Dissertation_2020_Final_Tur.

ORIGINALITY REPORT

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