

**An assessment of the relationship between
entrepreneurial orientation and business
performance in small businesses in selected
townships**

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ABSTRACT

The aim of the of this study was to explore Entrepreneurial Orientation (EO) and business success in township based small businesses.

This study was administered through the use of a survey to a target population of 100 small businesses. From the 100 questionnaires that were distributed electronically via email and WhatsApp, only 79 responses were received back, and statistical analysis was conducted on them. The survey reliability was tested and calculated using Cronbach Alpha Coefficients for all the variables of entrepreneurial orientation as well as business success. The standard deviations, as well as the mean of individual responses for all the variables, were calculated from the evidence acquired.

The information obtained from the survey was used in decision making as well as in making advocations.

The information, conclusions, recommendations and action plans were compiled to help and enhance the entrepreneurial orientation together with business success of small township based businesses.

The study concluded with suggestions concerning future research and the achievement of the objectives.

Keywords: Entrepreneurship, Entrepreneurial Orientation, Business Success

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LIST OF ABBREVIATIONS

EO: Entrepreneurial Orientation
GDP: Gross domestic product
SMME: Small, Medium and Micro Enterprises

CHAPTER 1

NATURE AND SCOPE OF THE STUDY

1.1. INTRODUCTION

Amidst the initial period of the business, an entrepreneur should have specific characteristics which may comprise of the will to act and bring out innovativeness (Littunen, 2000:20). Entrepreneurial orientation (EO) is a strategy of a firm, and it relates to simple practices as well as policies in the enhancement of entrepreneurial actions seeking to create a competitive environment (Martens, Machado, Martens & Freight, 2017:255). It is important to note and understand that dimensions of EO, which are innovativeness, risk-taking, pro-activeness, autonomy and competitive aggressiveness can impact business performance and assist firms in gaining competitiveness (Martens *et al.*, 2017:255).

Entrepreneurial orientation dimensions is a crucial matter as argued by Lumpkin and Dess (1996:135) stating that not all dimensions of EO will impact the business performance positively or directly so, under circumstances which are not similar. In agreement, Kraus, Rigtering, Hughes and Hosman (2011:166) state that the evaluation of EO dimensions should be carried out separately. Besides Lumpkin and Dess (1996:135) stated that EO variables might differ and not all variables may contribute to business performance significantly.

The stable economic growth and stimulation of national development of most economies around the continent have been noted by the steady increase of small businesses (Soininen, Martikainen, Puumalainen & Kylaheiko, 2011:274). Jasra, Muhammad, Ahmed, Rana and Raf (2011:274) add that most governments around the globe have realised the benefits of small businesses to their gross domestic product (GDP). Poverty reduction through the creation of jobs is one of the most critical roles of small businesses (Fatoki & Asah, 2011:170).

The study aimed to assess the level of entrepreneurial orientation and its impact thereof on business performance on township based small and medium-sized businesses. With

accordance to The National Small Business Act (102/1996), a business is said to be small if it has less than 50 employees, an annual profit of below R25 million and a total gross asset of less than R4.5 million.

1.2. BACKGROUND OF THE STUDY

Franco and Haase (2010:504) concluded that approximately 20% or more of small businesses fail during their initiation stages, and a further 66% fail in the first six years of operation. Georgina (2014:13) states that the insufficiently educated labour force in the SMME sector and ineffective government bureaucracy have a potentially disastrous impact in the management of South African small businesses. Furthermore, management skills are absent in the South African SME sector, and there is a lack of qualified and well-experienced individuals capable of developing growth strategies for an independent business (Franco & Haase, 2010:506).

Servon, Visser and Fairlie (2011:455) state that creditors or banks demand a positive credit history in order to lend money to an individual, many small businesses lack such credit history to qualify them for loans, making it difficult for them to endeavour on risky ventures. Small businesses in Africa are not only recognised as driving forces of employment creation, but they are also embraced for their social stability and innovation, encouraging regional economic integration as well as putting a business idea into practice (Forseman & Temel, 2011:641). According to Merrilees, Rundle-Thiele and Lye (2011:369), Africa's economic development has been increased by the presence of a small business.

Small businesses have become key economic drivers in countries troubled by high unemployment rates such as South Africa, where small businesses contribute only 36.1% in the GDP and 68.2% of all individual vocation (Ndang, 2017:2). Urban (2008: 330) asserts that South Africa is specified to be as an efficiency-focused nation; this is based on the highest score it obtained for innovativeness sub-index when compared with other sub-index scores. Moreover, SMME's have been experiencing many sociocultural physical, emotional, or economic constraints, that may obstruct their ability to become successful and uphold an entrepreneurial business culture (Miller & Le Breton-Miller,

2017:7). Poblete (2017:539) adds that SMME's may miss the opportunity to improve their business growth and performance.

1.3. PROBLEM STATEMENT

The world is rapidly changing, and because of these changes, non-entrepreneurial organisations are faced with the risk of becoming obsolete. Many researchers continue to seek for solutions in terms of the factors that directly influence business performance (Ndang, 2017:5). Furthermore, Ndang (2017:5) states that scholars attempted to define these factors by looking at the effects of different aspects such as managerial competencies, educational level, company characteristics, and business environment on small business performance. The contribution made by SMEs in the South African economy is remarkable, and their high rate of failure is a call for concern (Ndang, 2017:5). The rate of failure of South African SMMEs is said to be approximately between 70% to 80% as stated by Brink and Cant (2003:2).

Entrepreneurial orientation is considered a significant contributing element affecting performance and small business success (Amengot, Parellada & Carbonell, 2010:379). However, their study was focused mainly on African immigrant-owned small businesses. Rua *et al.* (2018:25) add that EO impacts on the performance of an organisation when organisations deliberately secure, leverage, and develop resources for the exploitation of opportunities to gain a competitive advantage. At the moment, even though SMMEs are identified as critical correspondents to the current economy, the apprehension of this prosperity in a progressively competitive environment and growth attainment remains limited (Anderson & Eshima, 2013:413). Stouraitis, Harun and Kyritsis (2017:35) agree that the factors that differentiate SMME growth should be thoroughly researched.

Conclusions on the relationships of entrepreneurial orientation on business performance of small businesses are still needed, varying from a significant positive relationship to a relationship (Ndang, 2017:5). Wiklund and Shepherd (1999:39) further articulate that with regards to the individual variables of EO, preceding research proposes that each dimension may have a significant influence on performance. A gap in literature still exists concerning the assessment of entrepreneurial orientation, mainly in township-based small businesses. This absence of research in township entrepreneurship could suggest

that there is a lack of knowledge in attempting to understand township businesses. This study will assess EO and its contributions thereof to business success in township-based SMMEs.

1.4. OBJECTIVES OF THE STUDY

The study had a division of primary objectives and secondary objectives

1.4.1 Primary objective

The primary objective of this study was to assess the relationship between entrepreneurial orientation in selected township-based small businesses and the success of those businesses.

1.4.2 Secondary objectives

To support the set primary objective, the secondary objectives included:

- To define entrepreneurship, small businesses and township businesses utilising literature review.
- To review entrepreneurial orientation and its respective dimensions.
- To review business success.
- Using a questionnaire to assess the level of entrepreneurial orientation in selected small businesses.
- To assess the perceived positive and significant relationship EO and business performance.
- To suggest recommendations from the results of the study.

1.5. SCOPE OF THE STUDY

The scope of the study was divided into the field of the study, the sector to be investigated and the geographical demarcation of the study.

1.5.1 Field of the study

The study is in the field of entrepreneurship with a focus on entrepreneurial orientation and business success.

The main focus of this study was on the assessment of the relationship between the dimensions of entrepreneurial orientation on the perceived success of township-based SMMEs.

1.5.2 Sector under investigation

The study was conducted in the small business sector and businesses with an employee compliment less than 50 were selected for participation based on the National Small business Act (102/1996) definition of SME. Both product and service supply organisations were approached to participate in the study.

1.5.3 Geographical demarcation

The study was conducted in small businesses in selected townships in the Gauteng province. The map below indicates the Gauteng province where the research was conducted.

Figure 1.1: Map of Gauteng



Source: <http://maps.google.com/maps>

The study was carried out in the Gauteng Province. Only a selected number of townships were selected as part of the study. The specific locations of interest are as follows:

- Krugersdorp- Kagiso township
- Carletonville/ Fochville- Khutsong township
- Johannesburg- Soweto township
- Pretoria- Soshanguve township

1.6. RESEARCH METHODOLOGY

This section focused on the research methodology that will be applied during the duration of the study. Ndang (2017:10) refers to research methodology as a pattern of designing and analysing data to test, accept and reject data.

1.6.1. Research paradigm

A paradigm is said “to be a set of fundamental and taken for granted assumptions which underwrite the frame of reference, mode of theorising and ways of working in which a group operates” (Saunders, Lewis & Thornhill, 2019:140). Five major paradigms exist for management and business research: positivism, critical realism, interpretivism, postmodernism and pragmatism; however, only one of these paradigms will be applied to this research.

Aliyu, Bello, Kasim and Martin (2014:81) hold that a “positivism can be defined as an independent, self-governing, and objective existence of the truth since it is research paradigm that is based on the ontological principle and doctrine that truth and reality are free and independent of the viewer and the observer”. Saunders *et al.* (2019:144) corroborate that the “positivist focuses strictly on empiricist scientific method designed to yield data that is raw as well as facts that are uninfluenced by human interpretation or bias”.

This study employed the positivism paradigm, and this is because the study followed a quantitative approach aiming to attain data in its purest form, thus eliminating any human influence or bias. During the data collection phase, the researcher did not, in any instance ask the respondents questions with regards to the responses given or help with responding to the questionnaire. This was done to detach the researcher’s opinions from the study and influencing it in any manner.

1.6.2 Research method

Ndang (2017:10) states that quantitative research comprises typically of the creation of primary data from broad-scale surveys in order to generalise the result to a broad population. Cant (2010:73) further articulates that quantitative research aims to infer results in a broader setting based on the results of the representative sample of the population. The study employed a quantitative research approach to objectively gather data free from bias opinions and human influence based on feelings and values. Furthermore, the data is quantifiable and allow for the testing of hypotheses.

1.6.3 Data collection instrument

There are a few methods of data collection which exist. From these methods, data collection through the use of questionnaires, observation or interviews exist to name a few. This study used a structured questionnaire to collect primary data. The use of a questionnaire approach is considered the most effective one and removes any possibilities of the researcher influencing responses, and the method also comes out to be less costly. Lotz and Van Der Merwe (2013) developed a questionnaire which measures entrepreneurial orientation in a business making use of the five EO dimensions which may influence the success and performance of a business. It is, furthermore, a cross-sectional study.

1.6.4 Study population and sampling

A population from a research project is a group from which the researcher chooses a sample (Kumar, 2012:194). The population target for the study consisted of small township-based businesses.

Sampling as defined by Cooper and Schindler (2006:434) is the process of choosing sections within a study population, either by making use of a probability method, non-probability method, or both the methods combined, to give a representation of the targeted population in a survey. There is not a database available with a list of businesses in townships. The researcher, therefore, used a convenient or purposive sample, and the snowball technique sampling was employed to conduct this research. Businesses were

selected conveniently in the townships already identified. The population included both product and service-oriented businesses.

Approximately 100 small township based businesses were approached to form part of the study to gather reliable data, that will help realise both the set primary and secondary objectives. New ventures or new businesses were not part of the study, due to the possibility of them not having entrepreneurial orientation history. Businesses of a year or more were regarded as suitable to form part of this research investigation.

1.6.5 Data collection

The data collection tool was distributed to the businesses of interest by personal delivery while some were sent electronically via email. Participating businesses were assured confidentiality through a consent letter detailing the process in which data will be collected and ethical considerations of the study. The study, furthermore, only started after full ethical authorisation from the relevant ethical committee of the North-West University. Participants were given a reasonable amount in time to complete the questionnaire with no help from the researcher. The hand-delivered questionnaires were handed out with an envelope. Participants were informed to put completed questionnaires back in the envelope and seal the envelope. These envelopes were then collected from the participants after approximately two weeks, and only fully completed questionnaires were analysed for the study. Questionnaires received by email were safeguarded in a password protected computer.

1.6.6 Statistical analyses

Babbie and Mouton (2001:237) state that all data gathered through research processes should be analysed into detail and interpreted to conclude the research while achieving the study objectives.

Data collected were statistically analysed to realise the objectives of the study. The North-West University Statistical Consultation Service was approached to assist in capturing and analysing the completed questionnaires. The acquired data was then analysed using

descriptive analyses, Cronbach Alfa coefficients and multiple linear regression analyses, as recommended by (Babbie, 2013:56). The presentation of the findings is through the use of tables and graphs.

1.6.7 Ethical consideration

According to Denscombe (2003), ethics refer to the collection of data. In the process of data analyses as well as in the dispersal of findings, it is expected that researchers respect the dignity and rights of the participants of the study. Furthermore, the researcher has to remove any potential of harm to the participants, which may arise from their participation in the study. Moreover, they should work with integrity and honesty.

This study dealt with different respondents from different backgrounds and cultural beliefs. Therefore ethical clearance was applied for through the North-West University Ethical clearance Committee to assure participants of anonymity and confidentiality. All respondents were thoroughly enlightened about the aim of the research as well as what the data obtained from them was intended to achieve. An informed consent form was given to each participant for further elaboration of the importance of the study as well as a guarantee of confidentiality, and the right to withdraw from the study at any given time should the need arise.

1.7. LIMITATIONS OF THE STUDY

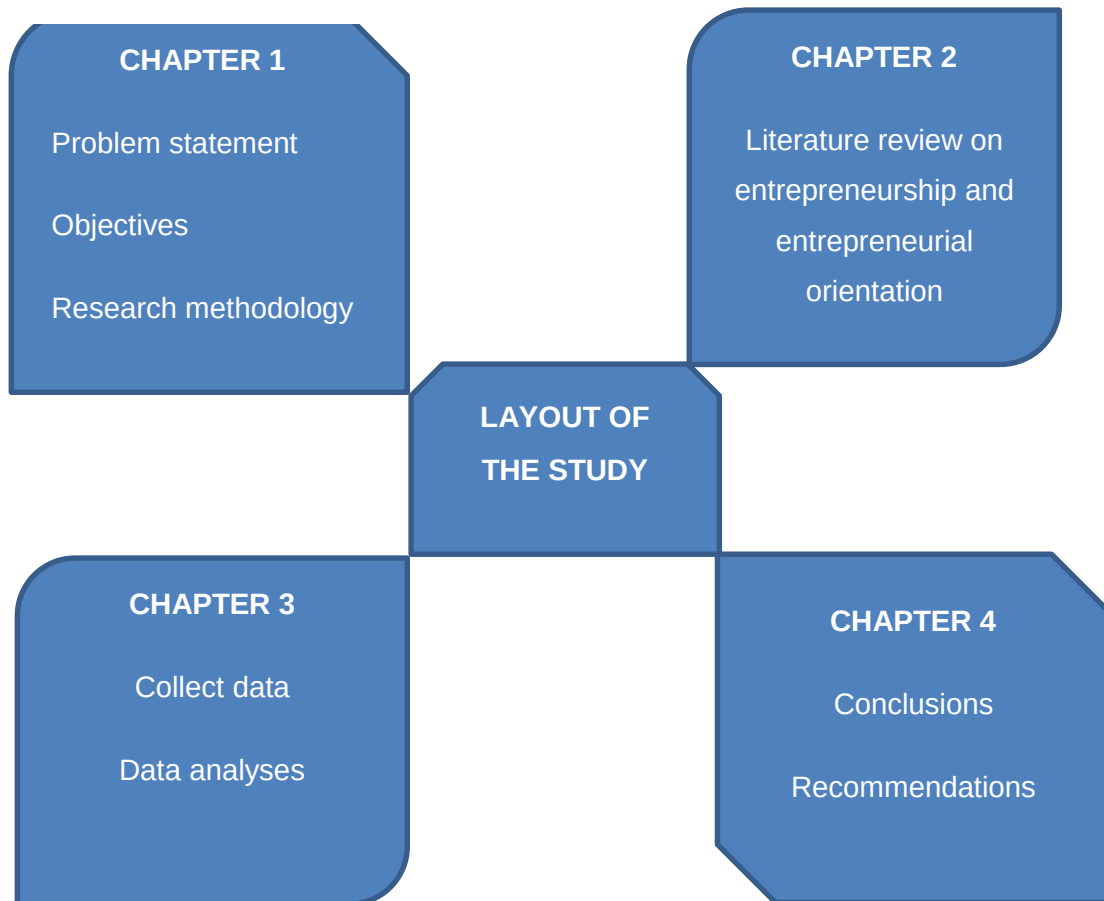
The research aimed to determine the influence brought by EO dimensions in business performance in township based SMEs, some if not all of the following limitations became prevalent during the study:

- The study will be carried out only in Gauteng province (geographic limitation).
- The study will omit new ventures or start-up businesses from participating.
- Only businesses in townships will be studied.
- The result of this study may not be applied to other small businesses outside the limited.

1.8. LAYOUT OF THE STUDY

A brief description of the main elements of the study is presented in Figure 1.2, which represents the process flow of this particular research. The scope of the study will be divided into four chapters, which are summarised below:

Figure 1.2: Layout of the study



Chapter 1: Nature and scope of the study

The first chapter outlines the introduction and background of the study. This chapter introduced the concept of EO as well as its dimensions. The problem statement with regards to EO and perceived business success were explained together with the set objectives of the study.

This chapter also presented the scope of the study, the research method that was used as well as the limitations of the study. Finally, the chapter discussed the outline of the study in terms of what each chapter will cover.

Chapter 2: The literature review

The chapter covered the literature review on entrepreneurship, entrepreneurial orientation and business success. Entrepreneurial orientation was explained with regards to its five dimensions keeping in mind small business in South Africa. The objective of the literature study was to identify whether researchers found a relationship between EO and business success.

Chapter 3: Research method and discussion of results

Chapter 3 focused on the research methodology adopted for the study. The focus was on the research method as well as the size and nature of the population. The methods of analyses and data gathering method were discussed, as well as the interpretation of results.

Chapter 4: Conclusions and recommendations

This final chapter discussed the responses received from the data collected. Chapter 4 further concludes and give practical recommendations with regards to the research proportions presented.

An assessment of the set primary and secondary objectives was confirmed, and the chapter concluded with suggestions for future research.

CHAPTER 2

LITERATURE REVIEW ON ENTREPRENEURIAL ORIENTATION AND ENTREPRENEURSHIP

2.1. INTRODUCTION

While the main objective of this study is to gather an understanding of the nature and relationship between entrepreneurial orientation and the perceived business success, it is imperative to achieve a thorough understanding of each of these terms to achieve the set goal. Jones and Wadhwani (2006:20) state that preceding business researchers developed the entrepreneurship study in the 1940s and 1950s. The first definitions of entrepreneurship, among others, were by Cole in 1949, where he defined entrepreneurship as an activity of purpose to start, sustain, and enhance a profit-orientated business. Sharma and Chrisman (1999:20) further defined entrepreneurship as initiatives of organisational creation and innovation that occur within or outside an existing organisational setting. According to Aloulou and Fayolle (2005:22), it is of utmost importance to strengthen entrepreneurship for organizations that wish to build awareness in a continually changing environment.

Lumpkin and Dess (1996:857) define EO as a set of values and attitudes as well as personal psychological traits, which are associated with the motivation to attract entrepreneurial activities. Entrepreneurial orientation is the strategic positioning of creating competitive advantage through the combination of valuable new resources and identifying business opportunities (Aloulou & Fayolle 2005:13). Tang and Hull (2012:132) argue that small business owners who have strong characteristics of entrepreneurial orientation are often motivated to take business-related risks, they are in favour of innovation and change to obtain a competitive advantage for their firm and to compete aggressively. Wiklind and Sheperd (2004:71) state that it is the strength of a firm's entrepreneurial orientation that could result in a positive effect on performance.

Policymakers, business experts and economists have a general agreement that small and medium-sized enterprises drive economic growth (Mahembe, 2011:13). According to Chere (2014:21), small businesses have been recognised as a catalyst for economic growth in developing and developed economies.

2.2. OVERVIEW ON ENTREPRENEURSHIP

This section gives a brief definition of entrepreneurship, characteristics of an entrepreneur as well as the South African entrepreneurship context.

2.2.1 Entrepreneurship definition and theory

Morris (1998:17) states that entrepreneurship can be defined as the technique of value creation in the form of integrating a set of unique resources for opportunity exploitation. Definitions of entrepreneurship consist of four main elements 1) entrepreneurship is a process, 2) entrepreneurs are value creators, 3) entrepreneurs assemble resources and lastly, 4) entrepreneurship is a behaviour of opportunity seizing (Spinelli & Adams, 2019:5). As illustrated entrepreneurship has a variety of definitions, and its characteristics have been argued by several academics (Pretorius & Van Vuuren, 2003:12). This has prompted challenges for researchers when establishing putting theories to test in the sphere of entrepreneurship (Pretorius & Van Vuuren, 2003:12).

Entrepreneurship is not only limited to the formation of new ventures or limited to small enterprises; it can also be spotted within bigger business establishments (Venter, 2014:15). An example of this could be found in the company Apple. Apple started as a computer making company, but the company now produces phones, tablets, as well as smart televisions (Apple, 2008). Their ability as a company to be innovative and take business risks worked exceptionally well for the company. According to Venter (2014:15), this kind of entrepreneurship is commonly referred to as corporate entrepreneurship (CE, which is often referred to as intrapreneurship).

Corporate entrepreneurship is viewed as the activity of encouraging innovative ideas or processes to positively improve organisational performance (Kenney & Mujtaba, 2007:15). Four classifications of corporate entrepreneurship exist, namely: corporate venturing, intrapreneuring, organisational transformation as well as industry rule-bending. Kenney and Mujtaba (2007:15) articulate that although these dimensions of corporate entrepreneurship are unique, the basis of aspects is based on a theory referred to as entrepreneurial orientation. Entrepreneurial orientation refers to the strategic decision making processes that offer organisations with the full dimensions to make

entrepreneurial actions as well as decisions (Rauch, Wiklund, Lumpkin & Frese, 2009:762).

There are many definitions of entrepreneurship that evolved over time, and below is a table of definitions as summarised by (Hitt, Ireland, Camp & Saxton, 2002:1).

Table 2.1: Entrepreneurship defined in summary

Author	Definition
Low and MacMillan (1988)	"Entrepreneurship is defined as the creation of a new business initiative".
Sharma and Chrisman (1999)	"Entrepreneurship covers acts of innovation, renewal, or organisational creation, which occur outside or within an existing firm".
Schumpeter (1934)	"Entrepreneurship is viewed as new corporations, including the execution of new things that are already being done in a new way". New corporations include: ▪ Introduction of new goods. ▪ A new method of production. ▪ Opening of new markets. ▪ New sources of supply. ▪ New organisations.
Morris (1998)	"Entrepreneurship is the process in which individuals and teams add value through the combination of unique packages of resource inputs to take advantage of opportunities in the environment. This may occur in any organisational setting and may result in multiple possibilities of outcomes, which could include new ventures, products, services, processes, markets, and technologies".
Venkataraman (1997)	"Entrepreneurship research aims to comprehend how opportunities bring into existence future goods and services are how they are discovered, created, and exploited, by whom and with what consequences".
Timmons (1997)	"Entrepreneurship is a way of reasoning, thinking, and acting that is opportunity based, with a holistic approach, and leadership balanced".
Gartner(1988)	"Entrepreneurship is the development of organisations: the process through which new firms come into existence".
Rumelt (1987)	"Entrepreneurship is the creation of a new business venture: a new business meaning

	that they do not precisely duplicate an existing business, but have some element of novelty”.
Stevenson, Roberts, and Crousbeck (1985)	“Entrepreneurship is the activity of an opportunity without concern for current resources or capabilities”.
Drucker(1985)	“Entrepreneurship is the act of innovativeness that involves providing existing resources with new wealth capacity”.
Kirzner (1973)	“Entrepreneurship is the ability to recognise new opportunities. This recognition and seizing of the opportunity will balance the market bring it back to equilibrium”.

Source: Hitt *et al.* (2002:1)

2.2.2 Characteristics of entrepreneurship

Many scholars agree that entrepreneurs differentiate themselves from the others by a few common traits they own. Majority of academics are in agreement that endurance characteristics as well as other unique differences that are imperative because the entrepreneur is essential in creating and launching new ventures (Lavenberg & Schwarz, 2008:20). Cromie (2000:12) believes that there is a dispute about factors of entrepreneurial behaviour that are inborn personality traits that individuals may have. Furthermore, Muller and Thomas (2000:54) add that inborn traits qualities play an important role in creating a new venture.

A study conducted in Spain among different organisations by Entrialgo, Fernández and Vázquez (2000:187), support the importance of entrepreneurial quality in business success. Most commonly mentioned qualities of entrepreneurs on many research studies and literature include the need for achievement, innovativeness, a locus for control, risk-taking propensity, tolerance for ambiguity and lastly self-confidence (Gurol and Atsan, 2006:28). In agreement, Roodt (2005:18) states that a lot of the qualities that are usually related to entrepreneurship include but are not limited to creativity, a need for independence, commitment, and high energy levels.

Table 2.2: Characteristics of entrepreneurship

Date	Author/s	Characteristics
1848	Mill	"Risk bearing."
1917	Weber	"Source of formal authority."
1934	Schumpeter	"Innovation and initiative."
1954	Sutton	"Desire for responsibility."
1959	Hartman	"Source of formal authority."
1961	McClelland	"Risk-taking, need for achievement."
1963	Davids	"Ambition, desire for independence, responsibility, and self-confidence".
1964	Pickle	"Drive/mental capabilities, human-relations, communication ability, and technical ability".
1971	Palmer	"Risk management."
1973	Winter	"Need for power."
1974	Borland	"Internal locus of control."
1982	Casson	"Risk, innovation, power, and authority."
1985	Gartner	"Change and ambiguity."
1987	Begley and Boyd	"Risk-taking, tolerance of ambiguity."
1988	Caird	"Drive"
1998	Ropper	"Power and authority."
2000	Thomas and Muller	"Risk, power, internal locus of control, innovation".
2001	Lee and Tsang	"Internal locus of control."

Source: Covin and Wales (2011:679)

2.2.3 Entrepreneurship in South Africa

Apartheid in South Africa is possibly one of the biggest challenges that the country came across, and it left the country with numerous other problems (Geitlinger, 2016:17). Upon South Africa acquiring its freedom in 1994, and the first democratic elections, the country has experienced several pressing provocations, the growth of the economy in the country and incorporation of populations which had been previously disadvantaged into the

economy has resulted in entrepreneurship becoming crucial in the creation of jobs and growth of the economy (Mahadea, 2012:28).

According to Geitlinger (2016:28), once South Africa came out of apartheid it was faced with a challenging, onerous task ahead of it, it was not only faced with issues of previous injustices, it also had to take on global influence and pressure on the country's economy. During the early stages of the country's independence, the government released a policy on the national strategic aims of small businesses (Berry, Blottin, Cassim, Kesper & Seventer, 2002:93). Berry *et al.* (2002:93) added that small medium and micro enterprises (SMME's) were at a later stage, not able to change South Africa's SMME sector to an increasingly sustainable economic sector.

A country's entrepreneurial development may be dissected into three primary forms; unproductive, destructive and productive (Acs & Szerb, 2010:94). Acs and Szerb (2010:94) further argue that inducement and organisations are dependent on each other and that this interdependentness affects the governance quality, lack of finance and resources as well as the perceptions of entrepreneurs. According to Geitlinger (2016:17), changing and improving entrepreneurial development in a country requires changes to be made in the incentive structure of the country, improving institutions is also required, and this can only be made possible when the government and its policies work effectively and efficiently.

The limited success and high failure rate of SMME's in an economy are fixed and self-determining; macroeconomic factors play an essential role in developing the economy (Geitlinger, 2016:28). In the National Development Plan, the South African government outlines its targets up to the year 2030. Crucial issues noted include the increase in employment as well as poverty reduction in South Africa. To resolve unemployment matters, a drive on employment-concentrated growth strategy is required (Black & Gerwel, 2014:29).

Amongst other economic goals that South Africa has set, an increase in the vocation of 13m people in 2010 to 24m people in 2030 is to be reached. Moreover, the creation of 11m jobs also to be achieved by 2030 and an increase per capita income from 50 000 in 2010 to 120 000 by 2030 (National Planning Commission, 2010). NDP highlights that

new jobs are mostly going to be obtained from private businesses, and also indicates the aim to grow small and medium-sized enterprises (National Planning Commission, 2010). Geitlinger (2016:18) posits that since the macroeconomic development in the past few years has proven to be moderate, a conclusion may be reached that small and medium-sized businesses have not developed to their full potential. Also, Berry *et al.* (2002:93) state that South Africa's SMME economy deteriorate due to a policy strategy implementation which is inadequate deficient.

2.3. THE ENTREPRENEURIAL ORIENTATION CONTRAST

The section below outlines an overview of the concept of entrepreneurial orientation. The dimensions of EO will also be critically discussed.

2.3.1 Overview of entrepreneurial orientation

EO is considered a critical factor of success for carrying out of business the new age (Nazar, Ramzai, Anjum, & Shahzad, 2018:292). As the pursuit of entrepreneurial predominance for enterprises to grow, firms are encouraged to make precise business decisions (Ndang, 2017:61). Enterprises also continue to observe their business environment in order to find information which may provide them with ways to satisfy their customers, enforce competitor challenge as well as risk management (Keh, Nguyen & Ping, 2007:594). Mousa and Wales (2012:307) articulate that strategy formulation of entrepreneurs was first recognised by Henry Mintzberg in 1973. Ndang (2017:61) adds that it was only after 1982 when Miller and Friesen had published that firms started to get recognition for being entrepreneurially orientated as opposed to the conventional traditional nature in their strategic intent.

Multiple scholars have come up with many different theories about the meaning of entrepreneurial orientation; some agree with each other when some further elaborate on the meaning. Thourmrungrroje and Racela (2013:144) state that entrepreneurial orientation refers to enterprises that take valiant and original practices regularly. Miler and Friesen (1982:2) further elaborate that entrepreneurial orientation is defined as an ideal model which applies to enterprises that are boldly innovative and regularly take substantial risks in their product marketing strategies. According to Lumpkin and Dess (1996:136), EO is a collaboration of actions that are regularly taken by organisations,

which portray their approach based on criteria applied in decision making. Miller (1983:770) states that entrepreneurial orientation was highlighted from a four-dimensional view as firms that take part in autonomy, innovation market product, tackle risky ventures to some extent, and pro-activeness while leading the competition. Similarly, Pearce, Fritz and Davies (2010:219) conceptualised entrepreneurial orientation as a body of disconnected but related activities which absorb the components of “autonomy, innovativeness, pro-activeness, competitive aggressiveness, and risk-taking”.

Firms that adopt an entrepreneurial orientation mindset are regarded as pro-active in comparison to opponents, risk minded and welcoming towards new processes, services and commodities (Hoq & Chauhan, 2011:378). According to Du and Chen (2011:3), entrepreneurial orientation has a significant contribution to the progress of a company and the country's economic growth. Mahmood, Rosli, Norshafizah and Hanafi (213:85) suggest that the company's performance, as well as its success, are dependent on entrepreneurial orientation. In agreement, Nazar *et al.* (2018:292) state that firms and companies having high entrepreneurial orientation reveal better outcomes such as performance in terms of introducing new processes, services and products.

2.3.2 Entrepreneurial orientation dimensions

Lumpkin and Dess (2005:146) state that it is a necessity for entrepreneurs that wish to sustain successful small businesses to have an entrepreneurial mindset. Moreover, all firms regardless of their size, need to expand their capability to differentiate the value of new ideas, integrate them and employ them to business opportunities (Descotes & Walliser, 2013:178). Ndang (2016:81) further articulates that the entrepreneurial orientation concept attempts to elaborate on the thinking of entrepreneurs in a context where the development of strategy is considered a central factor of economic operation. However, Venter (2013:12) states that researchers have not agreed on a uniform definition of an entrepreneurially orientated firm. This may have resulted from the fact that the idea of positioning towards entrepreneurial activity has owned many names in preceding research (Covin & Wales, 2012:678).

Edmund and Wiklund (2010:143) argue with regards to the entrepreneurial orientation dissimilarity as to whether the new aspects previously developed by Lumpkin and Dess

(1996) should be taken into account together with the three main dimensions. Two new dimensions autonomy and competitive aggressiveness were added to the previously existing dimensions, namely: risk-taking, innovativeness and proactiveness (Lumpkin and Dess, 1996:136). The two new dimensions received further criticism, particularly competitive aggressiveness as it was said to fall outside of the scope of entrepreneurship realm (Venter, 2013:14). Edmond and Wiklund (2010:145) add that other EO dimensions have been challenged as well, experts think that autonomy is more relevant to the individual than it is to an organisation and also that autonomy is a precursor of an entrepreneurial orientation.

George (2011:1292) states that an area of perturbing for entrepreneurial orientation is whether its dimensions are independent or dependent and if they could be suitably tested against firm performance. Covin and Slevin (1989) worked on the concept of entrepreneurial orientation and treated the dimensions as a one-dimensional concept, and their findings indicated a strong positive agreement between entrepreneurial orientation and firm performance. Kwak, Jaju, Ruzakova and Rocereto (2013:143) later argued that their research indicated that entrepreneurial orientation dimensions should instead be treated as a multi-dimensional concept, in this way individual dimensions should be individually tested against firm performance. In agreement Runyan, Ge, Dong and Swinney (2012:820) posit that researchers who deliberated on entrepreneurial orientation as a unidimensional, bi-dimensional and multidimensional phenomenon found a strong base on the multidimensional analyses process. Similarly, Vij and Bedi (2012:12) add each of the sub-dimensions of EO may have a different relationship with performance. A unified and sound methodology is yet to be absorbed in order to measure entrepreneurial orientation, so long these dissimilarities have led to various inconsistent findings (Rauch *et al.* 2009:763).

2.3.2.1 Innovation

According to Antonites and Van Vuuren (2005:257), innovation is referred to as the actual execution of the notion in order to ensure attainment of the set objectives on a business, profits are achieved, and most importantly the notion should be aligned with an identified market opportunity. In agreement Lumpkin, Brigham and Moss (2010:247) state that innovativeness is an indication of an organisation's endeavours in finding new services

and products in commercial markets while amplifying the existing systems and processes, whereby the quality of being original is sustained and ongoing problem solving through creative thinking and experimentation. Top management needs to facilitate experiment, risk management initiatives, and encourage innovative gestures through the use of systems as well as processes, indistinguishable at both individual and team levels (Lumpkin, Cogliser & Schneider, 2009:49). Venter (2013:29) emphasises the importance of innovation as an element and should be embraced by firms to intensify the firm's capabilities of realising improved performance over a long period. Bruderl and Preisendorfer (2000:46) affirm that innovation is a critical element that may lead to continued growth.

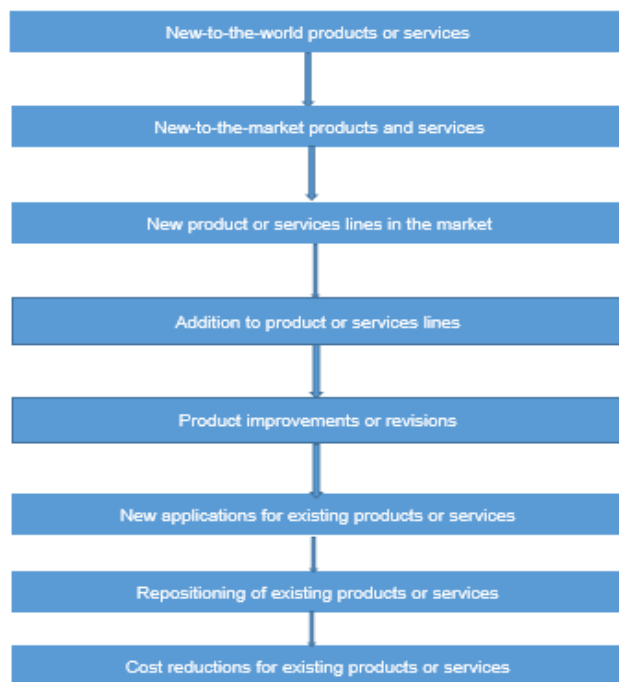
Innovation may not only be restricted to the design and creation of a new product, or enhancement of what already exists, innovation can also be considered a solution in administrative systems which are applied in the decision-making process (Li, Huang & Tsai, 2009:443). Similarly, Tayauova (2011:572) suggests that the approval of new ideas and the deviation from old and traditional practices could give rise to the new proclivity of a process of operation. Innovativeness usually carries considerable costs, which may, therefore, decrease performance measures over the short term (Hughes and Morgan, 2000:653). However, innovation permits small businesses to grow a monopolistic position which helps them improve business performance, which is why funding this innovative pursuit requests financial resources and a good economic history. (Forseman & Temel, 2011:641).

According to Ndang (2017:63), innovation can be grouped into three main classes which include product-market innovation perception, which requires marketing research, advertisement and promotion as well as product design. Organisational innovativeness consists of a structural organisation, innovative management style, and an innovative control system.(Potocan & Mulej, 2009:4). From the perspective of technology innovation mainly comprises of research and engineering inputs in developing new products or processes (Ndang, 2017:63). Entrepreneurial orientation can initiate change through the innovativeness of people who can come up with value-adding products. Xaba and Malidi (2010:77) add that the ability of the business to combine resources will determine this value addition. Resources are critical if businesses' intention is to thrive (Botha & Nyanjom, 2011:35).

Lumpkin *et al.* (2010:247) articulate that innovativeness is seen to be necessary for maintaining a firm's success as it is a crucial driver of new idea development which may lead to new product introduction, service improvements and managerial initiatives that aid company growth. In the current changing business environment, innovation quickly became a necessity due to shifting customer needs, as well as product service and technology, the competitive state of the firms are too vigorous (Kropp, Lindsay & Shoham, 2008:104).

Zao (2005:27) states that there is confirmation of several forms of innovation, and this necessitates a series of possible product or service innovation (Figure 2.1).

Figure 2.1: Innovativeness as applied to products and services



Source: Morris, Kuratko and Covin (2008:55)

2.3.2.2 Autonomy

Lumpkin and Dess (2001:431) defined autonomy as a self-sufficient measure taken by teams, an individual, with intentions of bringing forth a business vision as well as ensuring its success. Within the entrepreneurial orientation realm, autonomy is referred to as one's ability to make autonomous and independent decisions based on their thinking or

reasoning (Venter, 2013:17). By applying the term to the firm's context, autonomy is referred to as measures taken independently to suffocate the firm's restrictions (Lumpkin & Dess, 1996:140). This concerns the self-directed and independent pursuit of new opportunities, through empowerment and motivation of individuals to uphold and contribute to business endeavours through the promotion of initiative development and independent action (Lumpkin *et al.*, 2010:251).

Quinn and Spreitzer (1997:38) indicate that historically, entrepreneurship started a result of individuals who were seeking the opportunity to exit the world of work and become independent through the initiation of their ventures, thus portraying some level of autonomy. Autonomy, as described by Janz and Prasarnphanich (2005:4), is said to be the degree in which one person or several people who have the privilege and choice of deciding what measures are needed and how to fulfil them better. In agreement Krauss, Frese, Frederick and Unger (2005:320) posit that autonomy orientation suggests that business owners appreciate making their own decisions and do not like getting orders. For a successful drive of entrepreneurial behaviour in an organisation, autonomy must be incorporated on everyday business operations, because it drives an environment of intrapreneurship (Houh & Scheepers, 2008:20).

Autonomy does not only apply to those in a firm setting, but it may, in the manner includes all stakeholders (Zellweger, Nason, Nordqvist, 2011:138). Lumpkin *et al.* (2009:47) argue that autonomy is a notable constituent of entrepreneurial orientation as it offers members of its organisation independence as well as pliability to grow and act in entrepreneurial activities. More so, autonomy gives power to employees as far as trust is concerned, which can motivate within the business (Ndang, 2017:69). Furthermore, when employees are motivated, they tend to perform better (Ndang, 2017:87). Lee and Peterson (2000:406) emphasise autonomy's importance by stating that independence and freedom are catalysts in driving entrepreneurial activity and are both necessary in the creation of new ventures. Venter (2013:28) add that entrepreneurial behaviour usually emanates from strategic leadership, thus making it critical for firms that want to support as well as evolve entrepreneurial orientation.

Autonomy gives individuals the independence and freedom to make critical decisions, come up with new ideas and the effective implementation of those ideas (Ndang,

2017:69). For autonomy to function fully, inducement programmes are a necessary condition for rewarding self-sufficient thoughts and autonomous decision making (Chen & Sengupta, 2014:1091). Lotz and Van der Merwe (2013:18) state that for autonomy to be established in business the bottom-up and top-down management concept should be in the application. Spies (2014:24) adds that both bottom-up and top-down management concepts are applied by businesses to support autonomy. The top-down approach is said to be a typical well known organisational structure that hinders initiation of autonomy (Kuratko, Hornsby & Ireland, 2001:61). Many top managers and owners of businesses have conflicting views as to which method better the possibility of introducing autonomy in an organisation (Quinn & Spreitzer, 1997:40). Lumpkin *et al.* (2009:49) state that strategies, driving the bottom-up approach requires special inducement as well as a supportive business structure.

Businesses must initiate autonomy, and its habits must be supported (Mumford, Scott, Gaddis & Stange, 2002:742). Dess and Lumpkin (2005:149) suggest that entrepreneurial thoughts in a business may be prompted by either the management style that is of top-down or the management style of bottom-up. However, extra inducement should be for unique ideas because many best ideas come from the bottom in a business setting. Venter (2013:17) adds that organisations need to have an understanding of both these approaches which may be used to identify the required actions to execute autonomy within a firm. Structural changes only in the form of changes in the hierarchy, be it flattening it or authority delegation may just not be adequate (Lotz, 2009:47).

Dess and Lumpkin (2005:150) believe that autonomy should continuously be monitored and measured. A balance should exist between giving rise to autonomy and a having a structure in place, in order to stop unfruitful initiatives, these initiatives should be attempted to gain a sustainable competitive advantage (Spies, 2014:25).

2.3.2.3 Pro-activeness

Short, Payne, Brigham, Lumpkin and Broberg (2009:14) state that pro-activeness is the successful crafting of a strategic vision of the business to seek different growth opportunities. Pro-activeness, as explained by Rauch *et al.* (2009:763), is said to be an opportunity pursuing progressive perspective characterised by the initiation of products

and services before the competitors and predicting demand for the future. Madsen (2007:187) agrees that pro-activeness is the prediction of future needs and wants in the market environment. When a firm is pro-active is when it seeks new ventures while taking advantage of the existing ones, while at the same time updating and tracking themselves about different market changes which take place in the business sector.

An organisation creates competitive advantage through anticipating fluctuations in the future demand, by changing the market by not becoming a nonparticipating observer or giving in to external pressures, but by being a diligent contributor in building their market environment (Kraus, Rigtering, Hughes & Hoseman, 2012:166). Lumpkin and Dess (1996:142) assert that even though there is an ongoing debate about which approach appears to be more successful, between the fast follower approach or the first to market approach, both methods carry their benefits. Sharma and Davi (2011:47) are of the view that pro-activeness is not only limited to the stage of acting but the anticipation of customer expectations in the future and look for new products well ahead of their competitors which may or may not be related to the current business.

Pro-activeness also involves maintaining the lead to your competitors by the anticipation of new issues or opportunities. Furthermore, pro-activeness recognises the importance of the strategy in the entrepreneurial process (Ndang, 2017:65). Pro-activeness pivots on the firm's ability to assess the market place continuously as is demonstrated in 1) aggressive behaviour aimed at rival firms and 2) Pursuing organisational opportunities favourable to the business (Vij & Bedi, 2012:20). A proactive attitude can ignite the entrepreneur's innovativeness since small businesses with such an orientation typically want to meet their customer's needs in a market place (Oni, 2012:94). Also, Alt, Diez-de-Castro and Llorens-Montes (2015:168) assert that this can magnify the identification and growth of the existing product and services related to the business. Ndang (2017:66) states that proactive firms can forecast trends and customer needs. Keith, Nakos and Dimitratos (2015:1165) add that these kinds of firms are in a quest for better ways to compete successfully and stay ahead of their competitors.

Advantages of proactiveness are acquired by first-movers when new opportunities are identified and implemented while assuming the responsibility of the idea and ensuring its success (Wiklund & Shepherd, 2005:82). Kreiser, Marino, Dickson and Weaver

(2010:960) hold that pro-activeness is not a concept as simple as it is made to be. They state that the capability of the firm to be proactive is usually an influence from society and cultural characteristics found within employees. Willingness to engage will always be welcomed by uncertainty welcoming societies while certainty avoiding societies will reject engagement (Kreiser *et al.*, 2010:960). Gurbuz and Aykol (2009:323) summarised pro-activeness as a business owner who is more a figurehead than an acolyte. Spies (2014:30) adds that these business owners plan to identify new opportunities even if they are not the first to move on it.

2.3.2.4 Competitive aggressiveness

According to Lumpkin and Dess (2001:430) competitive aggressiveness is how firms generally respond to competition and trends. Vij and Bedi (2012:21) assert that competitive aggressiveness is the firm's tendency to directly and intensely challenge its competitors while achieving entry or surpass position. One common attribute of competitive aggressiveness is the aggressive attitude and aggressive response towards competitors to overcome the threat that the competitors present in the market place (Zellweger & Sieger, 2012:70).

Firms sometimes opt to be reactive, in that the business would apply price lowering strategies to challenge the competitor responsively. Blackfort (2014:143) states that businesses might begin a price reduction journey at the expense of their profit margin in order to gain more market share. The essence of competitive aggressiveness is no longer taking the uniform competitive pattern between firms (Ndang, 2107:68). Stambaugh, Yu and Dumbinsky (2011:51) add that businesses now lean towards the unique competition techniques rather than the standard techniques. In agreement, Spies (2014:30) complements that the willingness to act differently rather than following standard competitive practices lines up with the competitive aggressiveness of the company. Lumpkin and Dess (2001:434) posit that this may include posing a challenge to industry leaders using unconventional methods and strategies while exploiting competitor's weaknesses by analysing their strategies and thus focusing on a value-added strategy. Although small businesses are more inclined to risks than larger entities, entrepreneurs applying the usual traditional business technique often overlook the competitive

aggressiveness aspect which had to grow the business market through significant changes (Ndang, 2017:68).

Pro-activeness and competitive aggressiveness are usually combined as one variable (Venter, 2013:18). However, the difference with regards to pro-activeness was highlighted clearly by Lumpkin and Dess (1996:147), by stating that there exists a difference in the measures of a firm where pro-activeness aligns with the firm's response to a new idea and while competitive aggressiveness aligns with the firm's response to competitors.

Small businesses need to acquire, create, integrate and retain knowledge in order for them to sustain a competitive approach (Ndang, 2017:68). Li *et al.* (2009:441) agree that through the process of retention of knowledge, employees could use the knowledge collectively. Keh, Nguyen and Ng (2007:596) assert that as much as knowledge is considered essential for decision making in business, it can be deemed worthless if not utilised properly.

It is important to note that a company's competitive aggressiveness should be defined by the firm's strategy in order to perform better than its peers, and not only by the marketing and operations divisions (Venter, 2013:18). Ndang (2017:68) states that information search about a market is a common practice by small businesses to allow them to compete aggressively. This early acquisition of information gives them a competitive advantage either in terms of product performance or product categories in the market (Keh *et al.* 2007:598). Furthermore, by absorbing new ideas, it will enable the business to challenge their competitors and improve their market position.

In their study, Boso, Cadogan and Story (2012:17) found a positive relationship exists between firm performance and competitiveness, it is reasonable to note that, firms can sometimes over or under-invest in the quest to outperform their competitors which can lead to a damaging effect so strong if the competitors retaliate.

2.3.2.5 Risk-taking

In the context of EO, risk-taking can be defined as activities that require taking brave and courageous measures, such as stepping out of comfort zone and pursuing new ventures, while acquiring significant amounts of funds or allocating significant firm resources to ventures in environments of uncertainty (Vij & Bedi, 2012:21, Rauch *et al.*, 2009:763). Similarly, Lumpkin and Dess (2001:431) further elaborated on risk-taking as the likelihood an organisation to make brave decisions, such as taking on new markets and making commitments by investing large portions of the resources to ventures of uncertainty and borrowing large amounts of capital. Risk is the unpredictability of a decision to be made, or whether it will be notable or disheartening when the idea comes to the realisation (Dewett, 2004:258).

According to Morris *et al.* (2008:620), high risk is indirectly proportional to high entrepreneurial activity. However, it is an instance of arbitrating the risk through a structured approach. Firms that are entrepreneurially orientated in the market are categorised by their risk-taking ability (Wang, Hermens, Huang & Chelliah, 2015:73). Furthermore, Tang, Tang and Katz (2013:1) found that entrepreneurial firms that practice risk-taking experience growth positively in the business. Also, Hoonsoopon and Ruerom (2012:252) assert that risk-taking is a critical factor that prompts innovative measures which in turn will initiate growth and small business performance.

Risks should be manageable in order to control new products and resource development (Chang, 2015:3). Vij and Bedi (2012:21) add that risk management concerns the actions that the firms take to analyse, identify, alleviate and avert problems that could affect the business status negatively. SMMEs need to take more calculated and manageable risks to fully utilise their innovative and proactive abilities (Keith *et al.* 2015:1166). Al-Swidi and Mamhood (2011:31) assert that when small businesses start utilising their abilities, they become more inclined to entrepreneurial orientation, as start taking take calculated risks which have a higher potential of success during operation. Entebang, Harison and Cyril de Run (2010:76) are of the view that for small businesses to adopt the growth strategy as a way of doing business, they may follow risk-taking by venturing into unknown new activities (business risk) or investing its financial resources (financial risk) or taking a stand in favour of action (personal risk). Dess and Lumpkin (2005:152) warns that only

careful management of risk can probably lead into a high competitive advantage whereas, actions are taken without ample research, care, and thorough planning may cost the business.

2.3. AN OVERVIEW OF SMALL BUSINESS

The following section gives an overview of small businesses in South Africa and the world, its importance in the economy, its challenges and contributions.

2.3.1. Definition of small business

According to Smit and Watkins (2012:6324), small businesses are not always defined the same way universally because of each country's legislations and geographical location influence this definition. Nieman (2006:4) agrees that several views of small business exist; however, there is no standard definition that describes small enterprises across the globe.

In the South African context as stated in section 1 of the National Small Business Amendment Act (2003&2004), "a small business is a separate and distinct business entity, which include corporative-enterprises and non-governmental organisations, managed by one or more owner".

The definition of small business cannot be uniform and traditional because an individual definition will not account for all critical aspects of small businesses, nor is it anticipated to show discrepancies within firms in varying economic sectors or different levels of development of various countries (Chhabbra & Pattanayak, 2014:37). Furthermore, small businesses are usually defined by the use of qualitative or quantitative basis (Nieman, 2006:4). These include a balance sheet, annual earnings, as well as several employees (Ogunsiji & Kayode, 2010:193).

The section below focuses on various numerical definitions of small business from countries, including the United States of America and the United Kingdom.

Table 2.3: United States of America numeric definition of small business

Business Size	Number of employees	Annual turnover (Million in US dollars)	Balance sheet total (Million in us dollars)
Medium	<500	10-50	< 25
Small	<250	< 10	< 7

Source: United States small business and entrepreneurship council (2015).

Table 2.4: United Kingdom numeric definition of small business

Business Size	Number of employees	Annual turnover (Million in pounds)	Balance sheet total (Million in pounds)
Medium	<250	12.9	5.4
Small	<50	6.5	3.25

Source: United Kingdom Company's Act (2006)

Table 2.5: South African numeric definition of small business

Sector or subsector under the standard industrial classification	Business Size or Class	Number of full-time employees	Total Annual turnover (million in rand)	Total gross asset value excluding property (million in rand)
Agriculture	Medium	100	5	5
	Small	50	3	3
	Very Small	10	0.50	0.50
	Micro	5	0.20	0.10
Mining and Quarrying	Medium	200	39	23
	Small	50	10	6
	Very Small	20	4	2
	Micro	5	0.20	0.10
Manufacturing	Medium	200	51	19
	Small	50	13	5
	Very Small	20	5	2
	Micro	5	0.20	0.10
Electricity, gas and water	Medium	200	51	19
	Small	50	13	5
	Very Small	20	5.10	1.90
	Micro	5	0.20	0.10
Construction	Medium	200	26	5

	Small	50	6	1
	Very Small	20	3	0.50
	Micro	5	0.20	0.10
Retail and motor trade and repair services	Medium	200	30	6
	Small	50	19	3
	Very Small	20	4	0.60
	Micro	5	0.20	0.10
Wholesale trade, commercial agents and allied services	Medium	200	64	10
	Small	50	32	5
	Very Small	20	6	0.60
	Micro	5	0.20	0.10
Catering, accommodation and other trade	Medium	200	13	3
	Small	50	6	1
	Very Small	20	5.10	1.90
	Micro	5	0.20	0.10
Transport, communications and storage	Medium	200	26	6
	Small	50	13	3
	Very Small	20	3	0.60
	Micro	5	0.20	0.10
Finance and business services	Medium	200	26	5
	Small	50	13	3
	Very Small	20	3	0.50
	Micro	5	0.20	0.10

Source: The banking association South Africa (2019)

2.3.2. Importance on SME's in the economy

Substantial sections of Sub-Saharan Africa have seen rapid economic growth in recent years, comprising of high growth economic levels, high consumer support and encouraging government policies (Schachtebeck, Groenewald & Nieuwenhuizen, 2019:243). According to Herrington, Kew and Mwanga (2017), these economic developments are linked directly to high entrepreneurial activity levels within the population. SME's are frequently regarded as economic growth drivers and are related to economic boost (Weimei & Fenge, 2012:10). Lumpkin and Dess agree (1996:138) that of small businesses are behind a more significant part of economic development and job creation through markets that are not yet exploited.

Mahembe (2013:13) states that a desirable SME sector plays a critical role in the economy through the creation of jobs, high production generation and the introduction of innovative ventures and entrepreneurial skills. Research conducted by Abor and Quartey (2010) indicates that in South Africa, 91% of the formal enterprises are SMEs and they contribute approximately 52%–57% to the country's GDP and are responsible for approximately 61% of the country's employment rate (Mahembe, 2011:14).

A summary of the importance of SME's follows as summarised by Nieman (2006:12):

- Opportunities for aspiring, innovative entrepreneurs is provided by the sector.
- More competitive markets exist through SMEs through it.
- High capacity of labour is easily absorbed in the small business sector as opposed to big businesses.
- SMEs have a crucial role to play in technical innovations.
- The creation of jobs in the SMME sector has a relatively low average capital cost as opposed to big businesses.

2.3.3. Contributions of SME's

In the field of small business, the never-ending question has always been to what degree do small businesses contribute in the economy and the country's sustainable growth in welfare (Wit & De Kok, 2013:283). For individual nations, especially those in Africa, to shift gradually out of unemployment and poverty, small businesses should be supported (Ndang, 2017:23). According to Mahaadea and Pillay (2008:431), small businesses are also recognised to be an essential tool of transformation and new services and products development.

2.3.3.1. Employment

According to the business categorisation in South Africa, approximately 90% of the majority of formal businesses are small enterprises; the small business sector has been recognised to be the largest contributor to the South African economy (Ndang, 2017:44). According to Tengeh (2013:349), approximately 800 000 small businesses around South

Africa alone, account for approximately a quarter of the labour force. The small business sector is not only considered to be the driver of job creation, but it also caters for retrenched workforce coming from both the private sector as well as public sector (Smit & Watkins, 2012:6325).

2.3.3.2. Poverty alleviation

Even though poverty is a global issue, it is undeniably mostly visible in developing countries (Kufor, 2008). Furthermore, Jasra, Muhammad, Ahmed, Rana and Rauf (2011:275) assert that in the less developed countries, large sources of income is generated through SMEs. Although a few researchers agree with the fact that small businesses are critical to South Africa's high poverty reduction, Ayyagari, Beck and Demirguc-Kunt (2005:200) disagree with the notion. In the study conducted on small and medium enterprises impact in poverty reduction and economic development, it was noted that there was a negative relationship between the development of small and medium enterprises and poverty reduction. However, a positive relationship between the growth of SME's and economic development was notable (Ayyagari *et al.*, 2005:202).

In a state such as South Africa whereby previous policies such as apartheid caused societal division, the improvement of the society can be modified through the introduction of entrepreneurship, where entrepreneurship should be more of a necessity as opposed to opportunity-driven (Chiloane-Tsoka & Mmako, 2014:379).

2.3.3.3. Gross Domestic Product

South Africa's small business sector does yet contribute notably to the GDP of the country. According to the South African web, small businesses contribute approximately 30% to the GDP, which is relatively less, compared to small businesses in developed countries which are said to contribute approximately 50% to the GDP and those in Asia contributing approximately 40% (Business insider, 2017). Small businesses contribute significantly to productivity as well as growth in a country's GDP by coming up with new business ideas through challenging the traditional ways of doing business (Ndang, 2017:26). Furthermore, as stated by Ndang (2017:27), small business contributions to the GDP can only be enhanced if the businesses operate to their full ability which depends highly on the resources available to them.

2.3.4. Challenges faced by small businesses

According to Fatoki and Garwe (2010:731), small businesses have a high rate of failure, which is approximated between 70% and 80%. However, this is not unique to South Africa; it is a universal trend. According to global entrepreneurship monitoring, of the probability of a small business will make it further than 42 hours is not appropriate in South Africa than in any of the 34 countries. Abor and Quartey (2010:218) state that although small businesses are considerably socio-economically important, their long term competitiveness, as well as growth, have been harmed by severing and continuous obstacles placed on their access to professional skills, and this adds on to the already existing problems. The high rate of failure shows that SMEs in South Africa are not able to achieve their developmental roles (Fatoki & Garwe, 2010:732). Below are a few challenges amongst many, faced by SMEs in South Africa:

Competition within small businesses

Many businesses are faced with competition regardless of the sizes; unfortunately, for small firms, fierce competition may result in the loss of customers or failure of the business. According to Woodward, Rolfe, Ligthelm and Guimaraes (2011:75), the well-structured series establishments such as shopping centres, malls and supermarkets in South Africa has created severe and fierce competition for small businesses.

Absence of a skilled workforce

Small businesses that face the challenge of inadequately skilled labour have a considerable obstacle hindering their business survival and development (Ndang, 2017:47). This is because they do not provide highly competitive salaries that help attract and retain skilled and talented labour (Mguire, Koh & Magrys, 2007:39).

Managerial experience

According to Martin and Staines (2008), the absence of management competencies, personal values and factors including unfavourable economic settings, defectively executed business plans as well as the absence of resources, are the common contributing factors in small businesses high failure rate. Rathakrishnan (2009) reiterates that limited professionalism and minimal managerial experience, majority of small businesses fail to formulate proper a business plan and a budget strategy that will assist managing and sourcing of funding from external financial institutions. Machado and Melo (2014) agree that it is because of this insufficiency that small businesses face a challenge of competing with larger firms in the quest of employing highly skilled and qualified employees.

Crime and corruption rate

In the Global setting, South Africa ranks in the top ten countries, which are affected by violence and crime (Bougard & Kyobe, 2011:147). Mahadea (2014:12) adds that this has marked South Africa as a high-risk nation to investment. Unfortunately, approximately half of the small businesses have become victim to crimes of such nature which in turn resulted in one-quarter of the businesses not expand or employ more people, resulting in significant job losses in the country. Fatoki and Gware (2010:732) estimated approximately 70% of South Africa's small business owners considered corruption as a barrier, particularly those in the fast-food industry who have most of their losses owed to employee theft.

Poor financial management

Financial management is centred around accounting and handling of business funds. According to Shane (2008), financial management is a well organised and effective way of managing business funds in order to accomplish its set objectives. Many small business owners rely solely on the use of financial statement for measuring the performance of the business, and this may indicate prospective failure of business-related strategies (Mabesele, 2009). Similarly, Fatoki and Garwe (2010:731) assert that when using financial statements as the only method to assess the organisational operations, then it is essential to note that the statement has to be detailed as to whether it has been taken from the bank statements or a cash book and must be independent of personal accounts. Business owners or managers who possess financial knowledge can better manage their businesses accounting issues while increasing the probabilities of surviving as compared to those who have no information or knowledge at all (Neneh & Smit, 2013:3048). For all financial management issues, an expert should be appointed to handle them; this is for the survival of the business (Kotze & Smit, 2008:158).

2.4. ENTREPRENEURIAL ORIENTATION AND BUSINESS PERFORMANCE

Many ways are used to measure and define business performance depending on the purpose (Cho & Lee, 2018:128). South Africa is one of the emerging countries, and within that, the main objectives of an organisation are continuous development, which may be attained through constant innovation and the adoption of entrepreneurial orientation (Urban, 2016). Urban and Verachia (2019:140) states that research in Africa holistically may be deemed highly valuable, because only a handful of studies have been conducted in the past, which focused on the relationship between EO, business performance and organisational antecedents. Business performance may be categorised into two categories, namely, financial and non-financial business performance (Cho & Lee, 2018:128). The authors add that financial measures are centred around short term goals, and non-financial measures relate to long term goals and growth potential.

Verheul, Thurik, Hessels and Van der Zwan (2010:20) states that for small businesses to achieve high performance, the business has to apply an entrepreneurial strategy which means having an entrepreneurially inclined mindset. Furthermore, this implementation

process is said to exist within small businesses who partake in the market or product innovation, proactive and tackling risk (Fatoki, 2012:122). Small businesses with a high level of EO should present high performance as opposed to those with a low inclination towards EO (Gruman & Saks, 2010:124).

A study previously conducted by Urban and Verachia (2019) on organisational antecedents of innovative firms in the African context revealed that the antecedents of the support from management, rewards and reinforcement notably influence entrepreneurial orientation which in turn has a strong influence on firm performance (Urban & Verachia, 2019:140). Similarly, Hornsby, Kuratko and Zara (2002:254) conducted a similar study in the USA and Canada, and they concluded that support from management was indeed the most crucial factor to entrepreneurial orientation. Furthermore, the findings of the study are following previously conducted research where entrepreneurial orientation dimensions are associated with high firm performance. According to Urban and Verachia (2019:141), innovation is more inclined towards high firm performance and companies which are more often perform well even when they enter an unstable market environment. These unstable market environments tend to ignite demand for innovative gestures, which in turn results in higher firm performance. Research conducted on 132 Swedish organisations, which revealed that EO had an influence on business performance for three consecutive years (Wiklund, 1999:38). In their study, Cho and Lee (2018:132) concluded that continuous innovation had an effect on non-financial business performance and that risk-taking proclivity had no influence on both financial and non-financial business performance.

A study conducted by Campos, Acuna, Parra and Valenzuela (2013:16) pointed out that with regards to entrepreneurial orientation, innovativeness is not highly necessary in order to maintain competitiveness. On their research, entrepreneurial orientation only accounted for approximately 16% of the firm's performance. Li *et al.* (2009:443) stress that a merger of both financial and non-financial factors may result in a more holistic assessment of an organisation. Rodriguez-Gutierrez (2015:156) suggests that performance may be assessed by evaluating customer loyalty, employee satisfaction, brand equity and customer satisfaction. In order for firms to add value in their businesses and show efficient improvement in their planning in a dynamic economy, entrepreneurial orientation needs to be converted into practical and workable strategies (Ndang,

2017:71). However, Hughe and Morgan (2007:652) posit that the impact of the dimensions of EO being competitively aggressive, and contributing to firm performance is still questionable.

2.5. CHAPTER SUMMARY

This chapter began with an introduction of the literature by outlining an overview of entrepreneurship, the entrepreneur, small business as well as entrepreneurial orientation. The chapter further revealed five EO dimensions, pro-activeness, autonomy, risk-taking, competitive aggressiveness and innovativeness. This study will apply these dimensions to determine the impact of EO in business performance. The chapter subsequent chapter will analyse the results and discuss the empirical study in detail.

CHAPTER 3

RESULTS AND DISCUSSION

3.1. INTRODUCTION

The objective of this chapter is to outline the results obtained from the study. This will be achieved through presenting, interpreting and discussing the results obtained. The intention of the study was to assess the relationship of the dimensions of EO (independent variables) with precision on (innovativeness), (autonomy), (risk-taking), (competitiveness aggressiveness), (proactiveness) and business performance (dependent variable) in selected township-based businesses in the Gauteng province.

The study was carried out through the use of a self-completed questionnaire. The questionnaire developed by Lotz and Van Der Merwe (2013) was distributed to selected township based businesses. The questionnaire was sent electronically via email and WhatsApp while some were hand-delivered in an envelope. The questionnaire consists of three sections (A, B, C), where A represents EO dimensions, B represents business success, and C represents demographic information. The exact copy of the questionnaire is attached as Annexure A.

The study followed a quantitative research approach. According to Saunders *et al.* (2019:144), the positivist focuses strictly on scientific empiricist method designed to yield pure data and facts uninfluenced by human interpretation or bias. This study employed the positivism paradigm; this is because the study followed a quantitative approach aiming to obtain data in its purest form.

3.2. OVERVIEW OF THE RESEARCH METHODOLOGY CHAPTER

3.2.1. Data gathering

Before the data gathering stage, the targeted businesses were approached in order for the researcher to enlighten the respondents about the aim of the study and to be granted permission by the owners or managers of the businesses. Once authorisation or

permission was granted, the researcher created a link of the questionnaire on Google forms and started distributing the questionnaires (link) via email, WhatsApp as well as hand delivery (hard copies). The e-copy of the questionnaire was created because the country was on lockdown, which resulted from the Covid-19 pandemic, and human contact was limited. Some of the respondents expressed interest in the outcome of the study, while some were satisfied with just participating. The respondents were given approximately one week to fill out the questionnaire completely.

In total, 100 survey forms (questionnaires) were distributed where 55 were electronic (email and WhatsApp) and 45 were hand-delivered. Out of the 100 questionnaires distributed, only 79 responses were received back (79%). The manually completed questionnaires were captured together with the electronic ones in excel and sent to Balanced Solution for analysis.

3.2.2. Study population

According to (Kumar, 2012:194), the study population from a research project is a group from which the researcher chooses a sample. The targeted study population for this study was small businesses in selected Gauteng townships. The businesses of interest were targeted as a whole and not divided into departments or divisions; all employees who directly influenced the business were encouraged to take part in the study. The responses came mainly from Soweto and Kagiso townships with only a few from Khutsong and Soshanguve as it was previously stated. The study targeted 100 businesses in the four stated townships. However, only 79 responses were received back. With the outbreak of Covid-19, it became increasingly challenging to reach the set number because movement between places was limited and highly monitored by authorities.

The study targeted both service and product-oriented businesses. New ventures or new businesses were excluded from the study as previously stated in the preceding chapter 1; these businesses were excluded because they may not have a history of entrepreneurial orientation. The population is characterised by businesses of more than a year old in operation.

3.2.3. The questionnaire used in the study

The study was conducted through the use of a self-completion questionnaire developed by Lotz and Van Der Merwe (2013). The questionnaire consists of three sections where two of them are intended to measure entrepreneurial orientation and business success and the last being demographical information.

Section A

Section A of the questionnaire measures EO through the use of EO dimensions, namely autonomy, innovativeness, competitive aggressiveness, proactivity and risk-taking. This section consisted of 27 statements in total.

Section B

The objective of this section is to measure business success, using factors such as business growth and business improvement. The section mentioned above also includes employee satisfaction, employee value, as well as employee commitment as factors influencing business success.

Section C

Section C covers demographic information which includes age, gender, race. Factors such as the age of business, number of permanent employees, years employed at the organisation and business sector are included in this section.

3.3. BIOGRAPHICAL INFORMATION RESULTS

3.3.1. Age groups of the respondents

- Question C1. (Section C)

The question intended to determine the age of the respondents. **Table 3.1** below outlines the age groups of the participants.

Table 3.1: Age groups of respondents

Age Groups	Total	Percentage
<25	10	12.7%
26-35	39	49.4%
36-45	22	27.8%
46-55	5	6.3%
>55	3	3.8%
Total	79	100%

Analysis

The population is primarily characterised by the age group of **26-35** with **49.4%**, followed by the ages of **36-45** at **27.8%** and the ages of **25 and below** with **12.7%**. The age group of **46-55** followed with **6.3%**, and the smallest age group of the population was participants over the age of **55**, with **3.8 per cent**.

3.3.2. Gender of the respondents

- Question C 2. (Section C)

Question C 2 of the questionnaire was intended to distinguish between the number of female and male participants in the study. **Table 3.2** below represents the gender of the participants.

Table 3.2: Gender of the respondents

Gender	Total	Percentage
Male	39	49.4%
Female	40	50.6%
Total	79	100%

Analysis of results

The entire sample of 79 participants was characterised by **40 (50.6%)** female participants and **39 (49.4%)** male participants. The population is nearly balanced in terms of gender.

3.3.3. Permanent employees employed by the business

- Question C 3. (Section C)

The question aimed to establish the size of the participating organisation; this was important because the study targeted only small businesses with an employee complement of less than 50 as per the definition of small businesses according to the “National Small business Act (102 of 1996)”. **Table 3.3** below represents the above.

Table 3.3: Permanent employees employed by the business

Employee Number	Total	Percentage
5-10	28	35.4%
26-50	27	34.2%
1-4	14	17.7%
11-25	10	12.7%
Total	79	100%

Analysis of results

According to the South African numeric definition of small businesses, a business with 200 employees is considered medium-sized, and the one with 50 employees is small, the one with 20 employees is very small, lastly, a business with five employees is said to be a micro-business. This study was characterised by mostly very small businesses (**5-10 employees**) with **35.4%**, followed by small businesses (**26-50 employees**) at **34.2%**

3.3.4. Business Industry

- Question C 4. (Section C)

The question intended to determine under which industry do the businesses in the study operate. **Table 3.4** below highlights the industries under which the study was conducted.

Table 3.4: Business industry

Business Industry	Total	Percentage
Agriculture	3	3.8%
Automotive	5	6.3%
Clothing	3	3.8%
Construction	6	7.6%
Entertainment	2	2.5%
Food	8	10.1%
Manufacturing	3	3.8%
Mining	2	2.5%
Other	5	6.3%
Services	2	2.5%
Services	17	21.5%
Retail	21	26.6%
Wholesales	2	2.5%
Total	79	100%

Analysis of results

The study population consisted of participants mainly from the retail industry, with **21 participants at 26.6%**, followed by participants from the services industry with **17 participants resulting in 21.5%**. The food and construction industries follow with **8 (10.1%)** and **6 participants (7.6%)** respectively. The automotive, agriculture, clothing, mining, manufacturing, entertainment, wholesale and other service industries occupy less than **6 %** of the population.

3.3.5. Age of the business

- Question C 5 (Section C)

The question aimed to establish the ages of the businesses which formed part of the study. The study targeted businesses of more than a year old of operation.

Table 3.5: Age of business

Age of business	Total	Percentage
1	1	1.3%
2	1	1.3%
3	5	6.3%
4	11	13.9
5	11	13.9%
8	10	12.7%
9	1	1.3%
10	8	10.1%
11	1	1.3%
12	6	7.6%
15	2	2.5%
16	2	2.5%
20	5	6.3%
30	2	2.5%
32	1	1.3%
36	1	1.3%
37	5	6.3%
40	1	1.3%
50	2	2.5%
70	1	1.3%
75	1	1.3%
Total	79	100%

Analysis of results

The sample consisted mostly of businesses who are **4 and 5** years old, with the total number of participants being 11 at **13.9%**. Businesses who are **8 years** of age followed with **12.7%**. The rest of the businesses followed with percentages of less than **10%**, and only one business was **one year (1.3%)** in operation.

3.4. RELIABILITY OF THE MEASURING INSTRUMENT

Reliability refers to the outcomes of a study, and it is mainly concerned with the integrity of its findings thereof (Welman *et al.*, 2010:145). Similarly, Zikmund (2003:11) defined reliability as the potentiality of the measure to yield constant outcomes and being free from mistakes. According to Maree (2011:215), there are different types of reliability, and they are noted as follows: “an equivalent form of reliability, split-half reliability, internal reliability and test-retest reliability”.

For this study, Cronbach’s alpha coefficient was employed to measure the reliability of the questionnaire. Below are the accepted guidelines for the interpretation of Cronbach’s alpha coefficients, according to Maree (2011:212).

- “0.90 high reliability.”
- “0.80 moderate reliability.”
- “0.70 low reliability.”

The following table is a representation of **Cronbach coefficients** for variables of entrepreneurial orientation and perceived business success for the study.

Table 3.6: Cronbach coefficients

Variable	Cronbach Coefficients
Autonomy	0.71
Innovativeness	0.90
Risk-taking	0.84
Competitive aggressiveness	0.78
Proactiveness	0.89
Business growth	0.86
Business development and improvement	0.90

Analysis of results

The yielded results, presented in the table above, indicated that the questionnaire employed in this study to measure EO dimensions and business success in township based small businesses had acceptable reliability. All the **Cronbach coefficients** were above the acceptable value of **0.7** with innovativeness and business development and improvement, having recorded the highest coefficient of 0.90, followed by proactiveness at 0.89.

3.5. ASSESSMENT OF ENTREPRENEURIAL ORIENTATION

The following section intends to present the results obtained with regards to **entrepreneurial orientation**. The measuring instrument consisted of three sections with section A being entrepreneurial orientation while sections B and C being business success and demographical information, respectively. Section A consisted of 27 questions where all of them covered the five EO dimensions as follows: Autonomy, Innovativeness, Proactiveness, Risk-taking and lastly Competitive aggressiveness.

The measuring instrument measured each question using the five-point Likert scale below.

1 = Strongly disagree	2 = Disagree	3 = Neutral	4 = Agree	5 = Strongly agree
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Each participant indicated the level to which they agreed or disagreed with the statements.

Mean values were calculated for all 79 respondents of the study as well as of all variables. The mean values aim to indicate the extent to which the sample agrees or disagrees with the statements. The variable that scores a greater mean value stipulates that the participants agree with that variable.

Standard deviations were calculated for the individual variables for all 79 respondents. Standard deviation is meant to indicate how spread out the responses was, if a great number of the participants have a similar view of the variable, the standard deviation value will be smaller whereas when the value is higher, it indicates variance in the responses.

3.5.1. Entrepreneurial orientation variables

The purpose of the following section is to present the calculated mean and standard deviation of the responses for each variable. The results will be tabulated with the statements from the questionnaire as well as the mean and standard deviation.

3.5.1.1. Autonomy

Table 3.7 below is a summary of the statements of the variable autonomy and the calculated mean and standard deviation of all 79 respondents. The statements range from A1 to A5.

Table 3.7: Autonomy levels of respondents

	Statement	Sample	Mean	Standard Deviation
A1	I have enough autonomy in my job without continual supervision to do so.	79	4.14	0.997
A2	Our business allows me to be creative and try different methods to do my job.	79	4.03	1.086
A3	Employees in our business are allowed to make decisions without going through elaborate justification and approval procedures.	79	3.09	1.168
A4	Employees in our business are encouraged to manage their own work and have the flexibility to resolve problems.	79	3.90	1.008
A5	I seldom have to follow the same methods or steps while performing my major task day by day.	79	3.63	1.088
	Average		3.76	1.069

Analysis of results

Out of the five statements concerning **autonomy**, three of the statements recorded mean values higher than that of the average mean of ($\bar{x}=3.76$) and the average standard deviation was **1.069**; this means that the participants are of the view that they have some level of independence in their work. Statement **A1** recorded the highest mean value of

($\bar{x} = 4.14$), followed by statement A2 which recorded a mean value of ($\bar{x} = 4.03$). Statement A3 recorded the least mean value of ($\bar{x} = 3.09$).

3.5.1.2. Innovativeness

Table 3.8 below represents the mean and standard deviation values calculated for the variable innovativeness; the statements range from A6 to A14.

Table 3.8: Level innovativeness of the respondents

	Statements	Sample	Mean	Standard Deviation
A6	Our business regularly introduces new services/processes/products.	79	3.73	1.034
A7	Our business places a strong emphasis on new and innovative products/services/processes/	79	3.66	1.131
A8	Our business has increased the number of services/product offered during the past two years.	79	3.89	1.187
A9	Our business is continually pursuing new opportunities.	79	3.86	1.258
A10	Over the past two years, changes in our processes, services and products lines have been quite dramatic.	79	3.43	1.151
A11	In our business, there is a strong relationship between the number of new ideas generated and a number of new ideas successfully implemented.	79	3.81	1.144
A12	Our business places a strong emphasis on continuous improvement in service delivery/product/processes.	79	3.94	1.066
A13	Our business has a widely held belief that innovation is an absolute necessity for the business future.	79	3.99	1.080
A14	Our leaders seek to maximise value from opportunities without constraint to existing models, structures or resources.	79	3.85	0.988
	Average		3.79	1.116

Analysis of results

There is a total of nine statements relating to **innovativeness**, and from these statements, six of them recorded mean values higher than that of the average mean value ($\bar{x} = 3.79$), and the standard deviation recorded an average of **1.116**. Respondents displayed a certain level of agreement with the statements measuring innovativeness. Statement A13 recorded the highest mean value of ($\bar{x} = 3.99$), followed by statement A12 with a mean value of ($\bar{x} = 3.94$). Statement A10 recorded the lowest mean value of ($\bar{x} = 3.43$) the value is lower than the average mean value. There is a general agreement that small businesses widely believe that innovation is an absolute necessity for the future of the business, as indicated by statement A13.

3.5.1.3. Risk-Taking

Table 3.9 below is a summary of the statements related to the variable risk-taking and the calculated mean and standard deviation of all 79 respondents. The statements range from A15 to A19.

Table 3.9: Degree of risk-taking of the respondents

	Statements	Sample	Mean	Standard Deviation
A15	When confronted with uncertain decisions, our business typically adopts a bold posture to maximise the probability of exploiting opportunities.	79	3.58	0.969
A16	In general, our business has a strong inclination towards high-risk projects.	79	3.39	1.114
A17	Owing to the environment, our business believes that bold, wide-ranging acts are necessary to achieve business objectives.	79	3.71	1.064
A18	Employees are often encouraged to take calculated risks concerning their new ideas.	79	3.56	1.227
A19	The term 'risk-taker' is considered a positive attribute for employees in our business.	79	3.51	1.218
	Average		3.55	1.118

Analysis of results

There is a total of five statements related to the variable **risk-taking**, and four of them recorded above the average mean value of ($\bar{x} = 3.55$), with an average standard deviation value of **1.118**. Statement A17 recorded the highest mean value of ($\bar{x} = 3.71$) followed by statement A15 with a mean value of ($\bar{x} = 3.58$). Statement A16 recorded a mean value of ($\bar{x} = 3.39$) which is lower than the average mean. There is a degree of agreement between the respondents with regards to variable risk-taking in terms of small township based businesses.

3.5.1.4. Proactiveness

Table 3.10 below represents the mean and standard deviation values calculated for the variable proactiveness; the statements range from A20 to A23.

Table 3.10: The level of proactiveness of the respondents

	Statements	Sample	Mean	Standard Deviation
A20	Our business is very often the first to introduce new products/processes/services/	79	3.33	1.195
A21	Our business typically initiates actions that competitors respond to.	79	3.58	1.105
A22	Our business continuously seeks out new products/processes/services.	79	3.73	0.983
A23	Our business continuously monitors market trends and identifies future needs of customers.	79	3.92	0.971
	Average		3.64	1.063

Analysis of results

Two of the statements related to **pro-activeness** have recorded mean averages above the average mean of ($\bar{x}=3.64$) and a standard deviation of **1.063**. Statement A23 recorded the highest mean value of ($\bar{x}=3.92$) followed by statement A22 with a recorded mean value of ($\bar{x}=3.73$). There is a certain level of agreement with the variable proactiveness. However, there seems to be a slight disagreement with regards to township based small businesses being the “first to introduce new products, services or processes” (statement A20).

3.5.1.5. Competitive aggressiveness

Table 3.11 below is a summary of the statements related to the variable competitive aggressiveness and the calculated mean and standard deviation of all 79 respondents. The statements range from A23 to A27.

Table 3.11: The level of competitive aggressiveness of the respondents

	Statements	Sample	Mean	Standard Deviation
A23	Our business continuously monitors market trends and identifies future needs of customers.	79	3.92	0.971
A24	In dealing with competitors, our business typically adopts a very competitive undo-the competitive “posture”	79	3.53	1.096
A25	Our business is very aggressive and competitiveness.	79	3.48	1.131
A26	Our business effectively assumes an aggressive posture to combat trends that may affect our survival or competitive position.	79	3.34	1.034
A27	Our business knows when it is in danger of acting overly aggressive (this could lead to erosion of our business reputation or retaliation by our competitors).	79	3.82	0.997
	Average		3.63	1.045

Analysis of results

There are five statements related to **competitive aggressiveness**, and two of these statements recorded mean values above the mean average of ($\bar{x}=3.62$) and a standard deviation of **1.045**. Statement A23 recorded the highest mean value of ($\bar{x}=3.92$) Statement followed by statement A27 with a means vale of ($\bar{x}=3.82$). On average the respondents agree that small township based businesses are competitively aggressive, however, on the contrary, there seems to be a slight disagreement as indicated by statement A26 with a mean of ($\bar{x}=3.43$) making it the lowest scored statement. Statement A25 also seems to disagree slightly, with a mean recording of ($\bar{x}=3.48$) making it the second-lowest scored statement.

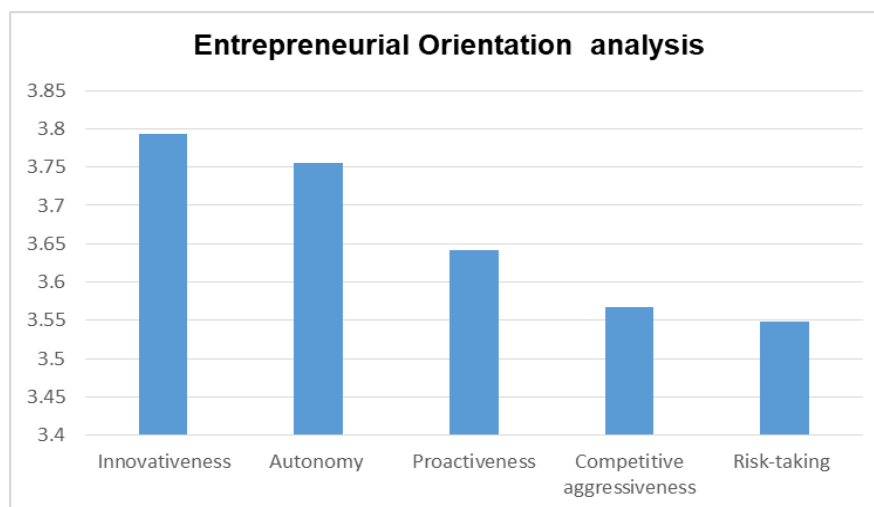
3.5.2. Assessment of the combined results

Table 3.12 below combined the results of the independent variables in order to give an overview of EO.

Table 3.12: Combined results

Variable	N	$\bar{x}$	S
Autonomy	79	3.7557	0.7273
Innovativeness	79	3.7931	0.83235
Risk-taking	79	3.5487	0.88958
Proactiveness	79	3.6422	0.93162
Competitive aggersiveness	79	3.5697	0.83334
Average		3.6736	

According to the five-point Likert scale, a mean value of 3 indicates a neutral feeling or opinion. The average mean recorded for EO variables was $\bar{x}= 3.6736$, which illustrates a clear indication of positive perception towards EO in township based small business. There is also an indication that there is room for continuous improvement.

Figure 3.1: Entrepreneurial Orientation analysis

Innovativeness was noted with the strongest agreement with a mean value of ($\bar{x}=3.7931$), followed by autonomy with ($\bar{x}=3.7557$) and both these variables recorded mean values above the average mean value. **Proactiveness, competitive aggressiveness and risk-taking** all recorded a mean lower than the average mean.

3.6. THE PERCEIVED BUSINESS SUCCESS

The second section (Section B) of the questionnaire comprised of statements intended to measure **business growth and business improvement**, where both are dependent variables. The section was made up of twelve statements, all of which measure the perceived business success.

3.6.1. Business growth

Table 3.13 below summarised the responses relating to *business growth*, and the statements range from B1 to B4.

Table 3.13: Statements relating to business growth

	Statements	Sample	Mean	Standard deviation
B1	Our business has experienced growth in turnover over the past few years.	79	3.91	1.002
B2	Our business has experienced growth in profit over the past few years	79	3.81	1.014
B3	Our business has experienced growth in market share over the past few years.	79	3.71	1.027
B4	The competitive position of our business has improved over the past few years.	79	3.95	0.973
	Average		3.845	1.004

Analysis of results

Out of the four statements related to business growth, three of the statements recorded mean values higher than the average mean of ($\bar{x}=3.845$) with an average standard deviation of 1.004. Statement B4 recorded the highest mean of ($\bar{x}=3.95$) followed by statement B1 with a mean of ($\bar{x}=3.91$). There is a widespread agreement amongst the respondents that the competitive position of small township based businesses has improved over the years, the respondents also agree that their businesses have experienced growth in turnover for the past years.

3.6.2. Business development and improvement

Table 3.14 below summarised the responses relating to business development and improvement; the statements range from B5 to B11.

Table 3.14: Statements relating to business development and improvement

	Statements	Sample	Mean	Standard deviation
B5	The effectiveness (doing the right things) of our business has improved over the past few years.	79	3.91	0.819
B6	The efficiency (doing things right) of our business has improved over the past few years.	79	3.86	0.971
B7	In our business, employees are viewed as the most valuable asset of the business.	79	3.96	1.018
B8	Our employees are highly committed to our business.	79	3.97	0.877
B9	Our employees are highly committed to our business.	79	3.87	1.005
B10	The image (stature) of our business, relative to our competitors, has grown over the past few years.	79	3.99	0.913
B11	During difficult economic periods, investments in research and development/innovative projects continue and no significant financial cuts are made.	79	3.33	1.022
	Average		3.84	0.946

Analysis of results

Business development and improvement recorded an average mean of ($\bar{x}=3.84$) and standard deviation of **0.946**. There is a strong agreement with regards to statement B10, which recorded the highest mean value ($\bar{x}=3.99$) that the image of the township based small businesses compared to its competitors has shown growth with time. There was a general agreement with regards to **business development and improvement** amongst respondents. However, there was a significant disagreement with statement B11 with a mean of ($\bar{x}=3.33$), that “during difficult economic times investments in research and development/innovative projects continue and no significant financial cuts are made”.

3.6.3. Assessment of the combined results

Table 3.15 below summarised the combined results of the two variables of perceived business success.

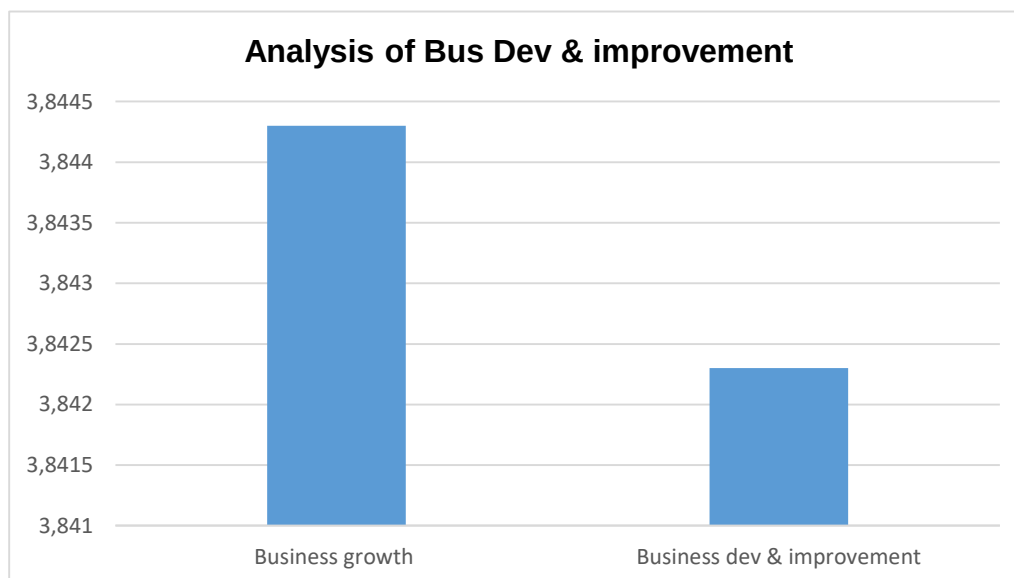
Table 3.15: Combined results

Variable	Sample	Mean	Standard deviation
Business growth	79	3.8443	0.8465
Business development and improvement	79	3.8423	0.7561
Average		3.843	

Analysis of results

The dependent variables of **perceived business success** recorded an average mean value of $\bar{x}=3.843$, thus indicating that township based small business is currently experiencing some degree of business success. However, there are still gaps to improve business success.

Figure 3.2: Analysis of business development and improvement



According to the graph above, **business growth** seems to have had a strong agreement with a mean value of $\bar{x}=3.8443$, while the weakest agreement was business development and improvement with a mean value of $\bar{x}=3.8423$.

3.7. RELATIONSHIP BETWEEN SELECTED DEMOGRAPHIC VARIABLES, ENTREPRENEURIAL ORIENTATION AND BUSINESS SUCCESS

An independent *t*-test was conducted for gender to test for statistical significance (*p-values*). These values were tested concerning dimensions of entrepreneurial orientation (independent variables) as well as business success (dependent variables).

According to Ellis and Steyn (2003:51), cited by (Dafel, 2012:91) when the *p*-value is less than 0.05, it thus indicates statistical significance. A *p-value*, however, has its own disadvantages, for instance, larger sample values may have smaller *p*-values, and this may not indicate high statistical significance.

For this study, the relationship between EO dimensions, business success and gender were assessed.

3.7.1. The relationship between EO dimensions, business success and gender of respondents

In total 39 male respondents and 40 female respondents formed part of the study. Table 3.16 below presents the relationship of the five EO dimensions (independent variables) and business success (dependent variable) as well as gender. For the above mentioned variables the mean ($\bar{x}$), and standard deviation values of the variables were separately calculated for both male and female to show the difference if there was any for the variable gender. To test the relationship *p-values* and *d-values* were calculated to determine the statistical significance of male and female respondents opinions.

Table 3.16: Relationship between EO dimensions, perceived business success and gender

Variable	Male		Female		Comparison	
	$\bar{x}$	s	$\bar{x}$	S	<i>p</i>	<i>D</i>
Auntonomy	3.6564	0.7695	3.8550	0.68983	0.229	0.230
Innovativeness	3.6667	0.97333	3.9194	0.69137	0.186	0.189
Risk-taking	3.4974	0.85208	3.6000	0.92709	0.610	0.610
Proactiveness	3.6282	0.94742	3.6563	0.91853	0.894	0.894
Competitive aggressiveness	3.6538	0.82241	3.4813	0.84426	0.360	0.360
Business growth	3.7949	0.78403	3.8938	0.90915	0.607	0.606
Business development and improvement	3.8095	0.77441	3.8750	0.73784	0.701	0.702

Analysis of results

According to the data tabulated above there are no *p-values* lower than 0.05, therefore due to the *p-value* there is no statistical significance.

A slight difference was noted on **Business development and improvement ($d=0.702$)**, **Business growth ($d=0.606$)**, **Risk-taking ($d=0.610$)** and **Pro-activeness ($d=0.894$)**. Female respondents seem to be experiencing all the above mentioned variables slightly more than the male respondents. Although only a small difference exists in the variables, females seem to be more inclined towards EO variables than males. With regards to **Business development and improvement** female ($\bar{x}=3.8750$) respondents seem to be experiencing the variable more than the male respondents ($\bar{x}= 3.8095$), this seems to be the case for **business growth** as well (Female $\bar{x}=3.8938$ and Male $\bar{x}=3.7949$). This seems to be the case for **Risk-taking** (Female $\bar{x}=3.6000$ and Male $\bar{x}=3.4947$) and **Pro-activeness** (Female $\bar{x}=3.6563$ and Male $\bar{x}=3.6282$) as well.

The calculated *p-value* and *d-value* indicate no statistical significance with regards to the demographic variable gender.

3.8. MULTIPLE REGRESSION ANALYSIS

To determine the effect that EO dimensions (independent variables) have on perceived business success (dependent variable), a multiple regression analysis was carried out. The respondents responded to all questions meaning no replacement values were necessary. With business growth and business development and improvement being the dependent variables of perceived business success, multiple regression results will be presented in two separate tables.

Table 3.17: Multiple regression results: Impact of EO on Business growth

Model	Unstandardized Coefficients		Standardised coefficients	t-value	p-level
	B	Std. Error	Beta		
Constant	(2.755)	0.477		5.773	0.000
Autonomy	-0.360	0.165	-0.311	-2.182	0.032
Innovativeness	0.661	0.188	0.661	3.505	0.001
Risk-taking	-0.213	0.157	-0.224	-1.362	0.177
Proactiveness	0.229	0.147	0.251	1.565	0.122
Competitive aggressiveness	-0.040	0.156	-0.257	-0.257	0.798

R square= 0.293 (p<0.05)

Analysis

As presented by the analysis above it is indicated that only 29.3% of the variation in business growth is accounted for by EO variables. To a lesser extent, according to the multiple regression analysis above a relationship exists between independent variable **innovativeness (p=0.001)** and dependent variable **business growth**. Furthermore there seems to be a relationship between independent variable **autonomy (p=0.032)** and **business growth**.

The table below is the representation of the second multiple regression analysis between **EO variables** and **business development and improvement**.

Table 3.18: Multiple regression results: Impact of EO on business development and improvement

Model	Unstandardized Coefficients		Standardised coefficients	t-value	p-level
	B	Std. Error	Beta		
Constant	1.163	0.286		4.073	0.000
Autonomy	-0.106	0.099	-0.103	-1.078	0.285
Innovativeness	0.532	0.113	0.599	4.715	0.000
Risk-taking	-0.054	0.094	-0.064	-0.581	0.563
Proactiveness	0.287	0.088	0.354	3.275	0.002
Competitive aggressiveness	0.058	0.093	0.064	0.622	0.536

R squared = 0.680 ($p < 0.05$)

The analysis above indicates that 68 percent of the variation in the dependent variable business development and improvement is accounted for by EO dimensions. The analysis indicates a positive relationship between **innovativeness** ($p=0.000$) and the dependent variable **business development and improvement**. The multiple regression analysis further indicates a relationship between independent variable **proactiveness** ($p=0.002$) and **business development and improvement**.

The independent variable **innovativeness** was revealed a significant and positive relationship with business growth and business development and improvement. In addition, **proactiveness** and to a lesser extent **autonomy** also had a relationship with the dependent variable business growth and business development and improvement.

3.9. SUMMARY

A questionnaire produced by Lotz and Van Der Merwe (2013) was employed to carry out the study in order to probe the relationship between five entrepreneurial orientation dimensions (independent variables) and perceived business success (dependent variable). The questionnaire was made up of three sections, where section A was demographic information, while section B gathered entrepreneurial orientation data and section C assessed perceived business success.

The study targeted a population of small businesses in selected Gauteng province townships. Small businesses were identified, and a total of 100 questionnaires were sent out electronically via email and WhatsApp while some were hand-delivered.

The demographic data was analysed in terms of age group (<25=10, 26-35=39, 36-45=22, 46-55=5, >55=3), gender (Male=39, Female=40), number of permanent employees (5-10=28, 26-50=27, 1-4=14, 11-25=10) and business industry (agriculture=3, automotive=5, clothing=3, construction=6, entertainment=2, food=8, manufacturing=3, mining=2, other=5, services=2, services=17, retail=21, wholesale=2).

Cronbach alpha coefficients were used to test the reliability of the responses. All variables had Cronbach alpha coefficients greater than 0.7; therefore, all of the variables formed part of the study.

Standard deviation and mean values of all individual statements of EO variables were presented in the following order: **autonomy** $\bar{x}$ = 3.76 (s=1.069), **innovativeness** $\bar{x}$ = 3.79 (s= 1.116), **risk-taking** $\bar{x}$ = 3.55 (s=1.118), **pro-activeness** $\bar{x}$ =3.64 (s=1.063) and **competitive aggressiveness** $\bar{x}$ =3.63 (1.045). The average mean calculated for **entrepreneurial orientation** was $\bar{x}$ =3.6736.

Standard deviation and mean values were also calculated for the dependent variables of perceived business success where **business growth** $\bar{x}$ =3.843 (s=1.004) and **business development and improvement** $\bar{x}$ = 3.84 (s=0.946). The average mean calculated for **perceived business growth** was $\bar{x}$ = 3.843.

The demographic variable gender will have little to no influence on data interpretation since there was little practical statistical significance when the demographic variable gender was measured.

The multiple regression analysis between entrepreneurial orientation and business growth revealed that only **29.3%** of the variation in business growth is accounted for by EO variables. There is a positive relationship between independent variable **innovativeness ($p= 0.001$)** and dependent variable **business growth**, in addition to a lesser extent there seems to be a relationship between independent variable **autonomy ($p=0.032$)** and **business growth**.

The multiple regression analysis between entrepreneurial orientation and business development and improvement indicated that 68% of the variation in the dependent variable business development and improvement is accounted for by EO variables. There is a positive relationship between **innovativeness** and the dependent variable **business development and improvement**. Also, a relationship exists between the independent variable **pro-activeness** and **business development and improvement**.

The following chapter concludes the findings in the preceding chapter. The chapter will also present recommendations on how entrepreneurial orientation can be improved in township based small businesses while obtaining higher perceived business success.

CHAPTER 4

CONCLUSIONS AND RECOMMENDATIONS

4.1. INTRODUCTION

The following chapter aims to outline and discuss the impact of entrepreneurial orientation in township based small businesses in selected townships in Gauteng province. The chapter will further provide workable recommendations to be implemented in improving entrepreneurial orientation, while in turn, increasing businesses success within small township businesses.

This chapter will include conclusions from the study, followed by recommendations from the findings as presented in the preceding chapter. In conclusion, the objectives set for the study will be reviewed, and future research studies will be discussed and recommended.

4.2. CONCLUSIONS

Findings gathered from the preceding chapter 3 will be used to make conclusions. This section will first conclude on demographical information of the respondents followed by Cronbach alpha coefficients. The section will further discuss the conclusion of the assessment of five entrepreneurial orientation variables and perceived business success. Moreover, briefly, the relationship between gender, entrepreneurial orientation and business success will be discussed.

4.2.1. Demographic information

The questionnaire consisted of the following demographical information: age group, gender, number of permanent employees and business industry. Demographic information resulted in the conclusions listed below:

- The study aimed at a population of 100 participants; however, only 79 were received back, which equates to 79% of the population.

- Age group 26-35 was primarily represented in the study with 49 questionnaires received back, thus representing 39% of the group. Age group 36-45 follows with 22 questionnaires received back representing 28 % of the group.
- The response rate based on gender was 50% female, and 49%, male — both genders were fairly represented.
- Businesses with permanent employees of 5-10 (micro-businesses) were higher than others representing 35% of the group, followed by 26-50 (small) representing 32% of the group.
- In terms of industries that contributed to the study, retails businesses were well represented, contributing 26% to the group. The rest of the other industries were fairly and equally represented.

4.2.2. Reliability of the questionnaire

The questionnaire reliability was determined by measuring Cronbach Alfa coefficients. All five variables of EO measured Cronbach values of more than 0.7, with **business development and improvement**, and **innovativeness** measuring the highest Cronbach coefficient of **0.90**. The reliability of the other variables was also exceptionally well with **pro-activeness** measuring **0.89**, **business growth** **0.86** and **risk-taking** **0.84**. Competitive **aggressiveness** **0.78** and **autonomy** **0.71** measured just above the 0.7 marks. Therefore all variables formed part of the study.

The results obtained from Cronbach Alfa coefficients indicate that the measuring instrument used to measure entrepreneurial orientation and business success in township based small businesses; in this case, the questionnaire was reliable. This conclusion was reached based on Cronbach coefficient values obtained. Most of the variables measured Cronbach Alfa coefficient values greater than 0.7 with two variables with values higher than 0.8, and only two variables having measured values just above 0.7.

4.2.3. Assessment of entrepreneurial orientation

The second section (Section B) of the questionnaire consisted of 27 statements which measured entrepreneurial orientation in township based small businesses. The

statements measured all variables of entrepreneurial orientation and perceived business success.

A five-point Likert scale was used to measure replies from the respondents. 1 on the Likert scale indicates that the respondents strongly disagree with the statement, and 5, indicating that the respondent strongly agrees with the statement, 3 indicates uncertainty.

Conclusions will be made from individual variables of EO and perceived business success, and then combined variables will be discussed.

4.2.3.1. Innovativeness

Innovativeness measured the highest mean value of 3.79 and a standard deviation of 1.116. Statements A12 with a mean value of 3.94 and A13 with a mean value of 3.99 indicated that a strong emphasis exists on continuous improvement in service delivery, product or processes. Also, innovation is a necessity for the business future.

Statement A10, 'over the past two years, changes in our processes, services and products lines have been quite dramatic' recorded the lowest mean value of 3.43. This value is relatively close to the neutral value 3. **Innovativeness** may have recorded the highest mean value. However, continuous improvement remains key for township based small businesses.

Variable **innovativeness** revealed a significant positive relationship with perceived business success of small businesses based in townships.

4.2.3.2. Autonomy

Autonomy obtained the second largest mean value of 3.76 with a standard deviation of 1.069. This is an indication that autonomy has somewhat a significant effect on EO in township based small businesses. The standard deviation reveals that the spread of opinions is relatively high and that respondents are of the view that they have some level of independence in their work. This supported by responses to statement A1, 'I have

enough autonomy in my work' which suggests that respondents can work independently without supervision.

Contrary to **autonomy**, statement A3 recorded the lowest mean value of 3.09. Statement A3, 'employees in our business, are allowed to make decisions without going through elaborate justification and approval procedures' this suggested that justification and approval had a negative effect on autonomy. In order to implement and develop successful entrepreneurial orientation in small businesses located in townships, attention should be given to approval procedures. The more independently employees work, the more effective they may be.

According to the study, there is a small effect introduced by gender on variable autonomy, and the study revealed that female respondents experienced more autonomy than male respondents.

4.2.3.3. Risk-taking

The variable **risk-taking** obtained a mean value of 3.55 and a standard deviation of 1.118, making it the third lowest scored variable with the weakest agreement. This is an indication that small businesses in townships are not keen on taking risks. Contrary to the above, the respondents agreed with statement A17 with a mean 3.71 that "businesses should take bold, wide-ranging acts necessary to achieve the business objectives" however, statement A16, "In general our business has a strong inclination towards high-risk projects" recorded the lowest mean of 3.39 thus making it a negative attribute.

According to the study, there is a significant effect introduced by gender. The study revealed that females are more inclined to take risks as opposed to male respondents. Variable **risk-taking** indicated no significant relationship with perceived business success of small businesses based in townships.

Improvements are necessary; employees should be encouraged to take more calculated risks in order to gain a competitive advantage while strengthening the township economy. Employees may be offered training, which will position them in a way to assess and manage risks.

4.2.3.4. Pro-activeness

Pro-activeness measured an average mean of 3.64 and a standard deviation of 1.063, making it the second-lowest scored variable. Respondents agree with statement A23 that their businesses continuously monitor market trends and identifies future needs of customers. The statement obtained a mean of 3.92 higher than that of the average mean. There is a certain level of agreement with the variable pro-activeness however, there seems to be a slight disagreement with regards to township based small businesses “being the first to introduce new products, services or processes” (statement A20).

According to this study, there is little to no effect of gender to the variable **Pro-activeness**, the mean value for female respondents measured 3.6563 and the mean value for male respondents measured 3.6282.

Variable **pro-activeness** indicated a significant positive relationship with perceived business success of small businesses based in townships.

4.2.3.5. Competitive aggressiveness

Competitive aggressiveness recorded an average mean value of 3.63 and a standard deviation of 1.045. The variable is the least scored for entrepreneurial orientation. Respondents seemed to agree with statement A23 that “their businesses continuously monitor market trends and identifies future needs of customers”. Statement A26 “our business effectively assumes an aggressive posture to combat trends that may our survival or competitive position” received negative agreement. Statement A25 “our business is very aggressive and competitive, also received a slightly negative agreement.

According to this study, gender has a small effect on the variable **competitive aggressiveness** were male ($\bar{x}=3.6538$); respondents seem to be more competitively aggressive than female respondents ($\bar{x}=3.4813$).

Variable **competitive aggressiveness** revealed no significant relationship with perceived business success of small businesses based in townships. According to

Lumpkin and Dess (2001:441) assert that competitive aggressiveness may be necessary for retaining market stand; however, does not influence the success of the business.

4.2.4. Overall entrepreneurial orientation

The average mean recorded for EO variables was **3.6736**, which illustrates a clear indication of positive perception towards EO in township based small businesses. There is also an indication that there is room for continuous improvement; businesses should formulate and implement strategies to improve EO. Most of the variables recorded mean values of more than 3.0, which suggests a certain level of agreement with certain statements.

Variable **innovativeness** recorded the highest mean of **3.79**, followed by **autonomy** with a mean of **3.76**, **pro-activeness=3.64**, **risk-taking= 3.55**, and lastly **competitive aggressiveness** with a mean of **3.63**. The mean values were all between 3.5 and 3.7, which is relatively higher than the 3 (neutral value) on Likert scale. **Innovativeness** and **autonomy** revealed a positive influence on the dependent variable business success, while **innovativeness** and **pro-activeness** indicated a positive influence on **business development and improvement**.

A study conducted by Lotz and Van Der Merwe (2013) indicated a positive relationship between independent variables **autonomy, pro-activeness and innovativeness**. Therefore, it can be concluded based on the findings of this study that the above-mentioned variables will somewhat have an influence on **perceived business success** in township based small businesses.

All the variables have room for improvement, with **autonomy and innovativeness** being the highest scored variables they may be used as a foundation in improving EO in township based small businesses. **Competitive aggressiveness and risk-taking** should be considered first for improvement as they scored the lowest values.

4.2.5. Assessment of perceived business success

The second section (Section B) of the questionnaire measured perceived business success in township based small businesses. The section consisted of eleven statements in total, which were presented to the respondents. A five-point Likert scale was also used to measure these statements.

4.2.5.1. Business growth

Perceived business success is measured with two dependent variables, one of them being **business growth**. Variable **business growth** recorded a mean of 3.845. Statements recorded mean values ranging from 3.71 to 3.95. Therefore it can be concluded that businesses in townships are experiencing a certain level of business growth. Variable **business growth** still has an opportunity to improve.

Statement B4 which state “The competitive position of our business has improved over the past few years” recorded the highest mean of 3.95.

4.2.5.2. Business development and improvement

Dependent variable **business development and improvement** recorded a mean of 3.84. With statement B10 which states that “the image (stature) of our business, relative to our competitors, has grown over the past few years” recording the highest mean of 3.99. Statement B11 which state “during difficult economic periods, investments in research and development/innovative projects continue, and no significant financial cuts are made” recorded the lowest mean of 3.33. The high standard deviation value of 1.022 indicate that there were many respondents who disagreed with the statement.

There is still room for improvement for variable business development and improvement in township based small businesses, particularly on developing strategies on investing in research or innovative projects in order to survive even during difficult economic periods, thus maintaining sustainable growth.

4.2.6. Overall perceived success

Business growth recorded a mean value of 3.843, while **business development and improvement** recorded a mean value of 3.84. There is a slight difference in mean values between **business growth** and **business development and improvement**. The recorded mean values indicate that small businesses in townships experience a degree of business success. However, there is room for improvement with an emphasis on employee development and investments of innovative projects in order to achieve sustainable growth.

4.2.7. The relationship between EO dimensions, business success and gender of respondents.

The study revealed that the relationship between the gender of respondents and EO variables as well as perceived business success was small. A slight difference was noted on **Business development and improvement ($d=0.702$)**, **Business growth ($d=0.606$)**, **Risk-taking ($d=0.610$)** and **Pro-activeness ($d=0.894$)**. Female respondents seem to be experiencing all the above-mentioned variables slightly more than the male respondents. Although only a small difference exists in the variables, females seem to be more inclined to EO variables than males.

The calculated p -value and d -value indicate no statistical significance with regards to the demographic variable gender.

4.2.8. Multiple regression analysis

The purpose of multiple regression analysis was to determine the relationship between independent EO variables and the two dependent variables of perceived business success. From the analysis, it became prevalent that there is to a lesser extent, a positive relationship between independent variable **innovativeness ($p= 0.001$)** and dependent variable **business growth**. Furthermore, there seems to be a positive relationship between independent variable **autonomy ($p=0.032$)** and **business growth**.

The analysis indicates a positive relationship between **innovativeness ($p=0.000$)** and the dependent variable **business development and improvement**. The multiple regression analysis further indicated a relationship between independent variable **pro-activeness ($p=0.002$)** and **business development and improvement**.

The independent variable **innovativeness** was found to have a significant and positive relationship with both **business growth and business development and improvement**. Also **pro-activeness** and to a lesser extent **autonomy** also had somewhat a relationship with the dependent variables **business growth and business development and improvement**.

4.3. RECOMMENDATIONS

The study together with its conclusions revealed that a certain level of entrepreneurial orientation and perceived business success exists in township based small businesses. The study also revealed that females are more inclined to EO variables than males, although the discrepancy was small. There is still ample room for improvement as far as entrepreneurial orientation, and business success is concerned in township based small businesses.

For future sustainability of township based businesses, the businesses must improve entrepreneurial orientation. Therefore, the following recommendations are initiated:

4.3.1. Vision, mission and objectives

- It was observed that most of the small businesses that formed part of the study did not have adequately formulated vision, mission and organisational objectives. These businesses must formulate and communicate these aspects into detail with all the employees.
- A strategic plan with an emphasis on innovative projects and employee development should be formulated.
- Entrepreneurial training should be offered to employees, including business owners or managers, and this should be assessed continuously.

4.3.2. The influence of entrepreneurial orientation and perceived business success.

- **Autonomy**

The study revealed to a lesser extent a positive relationship between **both business growth** and **business development and improvement** and the independent variable **autonomy** which may imply that when employees are allowed to work on their own, a certain level of business success is achieved. However, there is still an excellent opportunity to improve autonomy in township based small businesses.

- **Innovativeness**

Independent variable **innovativeness** had a significant positive relationship with both **business growth** and **business development and improvement**, which may imply that innovativeness, when paired with perceived success dependent variables, results in business success. Innovation is never a single event; it is a continuous activity; therefore, small township based businesses should continue working and investing in an innovative venture to maintain continuous growth. The findings of this study align well with Forseman and Temel (2011), where they found a positive relationship to exist between innovativeness and business success in small businesses.

- **Risk-taking**

Risk-taking had a negative relationship with both business growth and business development and improvement. It is, therefore, imperative that small businesses in townships encourage employees to take calculated risks and implement systems to manage risks effectively. The lack of risk-taking initiatives may become a hindrance to innovative ventures.

- **Pro-activeness**

Variable **pro-activeness** revealed a significant negative relationship with both **business growth** and **business development and improvement**. It is essential for township

based small businesses to adopt proactive acts in the form of monitoring market trends, be early entrants to markets and follow opportunistic initiatives.

- Competitive aggressiveness

The study revealed a negative significant relationship between independent variable **competitive aggressiveness** and **business growth** and **business development and improvement**. Township-based small businesses need to strive for a first-mover advantage in the markets they trade-in; in other words, businesses should formulate and craft aggressive marketing strategies while continuously maintaining their market position. Small township based businesses should also pursue new services or products, this may improve business success.

4.4. ACTION PLAN

A brief action plan is tabulated in **table 4.1 below** the action plan aims to highlight the recommendations to be adopted by township based small businesses.

Table 4.1: Action plan

Activity	Person responsible	Method	Date of execution	Priority
Present findings of the study to participants	Researcher	PowerPoint Presentation	January-March 2021	High
Formulation of vision, mission and objectives.	Business owners	Co-creation with employees through brainstorming sessions.	April 2021	High
The development of an entrepreneurial orientation strategy	Managers and business owners	Feedback sessions and brainstorming sessions	May 2021	High
Entrepreneurial Training	All managers and employees	Outsource this service to accredited consultants	December 2021 (should be continuous)	High
Identification of employees to be developed	Managers	Source training and development enterprises	May 2021	High
Development of risk tolerance and management strategy	Managers	Brainstorming sessions and feedback sessions with employees	July 2021	High
Gradual implementation of all strategies, systems and processes.	Business owners, managers and employees.	Feedback and brainstorming sessions with employees	Continuous activity	High

4.5. CRITICAL EVALUATION OF THE STUDY

In this section, the success of the study was measured against the set primary and secondary objectives.

4.5.1. Primary objective

The primary objective of the study was to assess entrepreneurial orientation and perceived success of township based small businesses and formulate practical recommendations to improve an entrepreneurial culture in the small business sector while aiming for success.

4.5.2. Secondary objectives

- The concept of entrepreneurship was defined as well as its economic importance in South Africa using a literature review.
- An overview of entrepreneurial orientation variables was discussed to gain understanding of the concept.
- A discussion of the small business environment.
- An overview of perceived business success was discussed.
- Assess the impact of independent variables of EO on perceived business success.
- Determine the relationship between mean values of selected demographical variables and EO variables.
- Determine the reliability of the measuring instrument.
- Suggest recommendations and suggestions to township based small businesses, to enhance entrepreneurial orientation and business success.

Chapter 2 presented as the literature review covers the first four secondary objectives as,

2.2.1 entrepreneurship definition and theory, 2.3.2 entrepreneurial orientation dimensions, 2.4.1 Definition of small business, 2.5 entrepreneurial orientation and business performance.

Objective 5, assessing the impact of independent variables of EO on perceived business success was obtained from a questionnaire which captured demographic information of respondents and measured their responses to entrepreneurial orientation and perceived business success. The results of the analysis are presented in chapter 3.

Objective 6, determining the relationship between mean values of selected demographical variables and EO variables were measured separately, and the results are presented in chapter 3.

Objective 7, the reliability of the study was obtained successfully using Cronbach Alfa coefficients.

Objective 8, conclusions and recommendations were made in chapter 4 to enhance entrepreneurial orientation.

4.6. SUGGESTIONS FOR FUTURE RESEARCH

The questionnaire (Annexure A) was distributed to only a selected few townships based small businesses in Gauteng. Therefore because it was only distributed to a selected few businesses, it cannot be a true representation of the entire small business sector in townships. It is imperative not to stretch the findings of this study throughout the township small business industry.

There is a widespread agreement with regards to EO dimensions and perceived success. However, literature with regards to township based small businesses is relatively small. Therefore it is imperative that more comprehensive research is done on this aspect. Data should be collected to bridge the existing gap. Future research may focus on wage distribution and turn over per business to highlight a few points.

Competitive aggressiveness recorded the lowest mean of 3.63, therefore, more focus may be placed on this variable for future research. It is also important to note that the level of literacy in townships is relatively low, and therefore the possibility of wrong interpretation of the statements highly exists.

The outcome of this study may only be referred to in order to gain insight of the area under investigation and cannot be generalised for the entire small business sector. Small township based businesses that choose to implement the recommendations of this study would be interesting for future research to track progress during and after the implementation process.

4.7. SUMMARY

The study concluded the analysis presented in chapter 3. The structure applied to conclude is similar to chapter 3. Conclusions were made from demographic information, reliability of the measuring instrument, then the study concluded on EO variables and perceived success.

Conclusions on the gender of the responses were also drawn where it was noted that females seem to be more entrepreneurially inclined than males. The study consisted of 79 respondents, with a majority of them being females. Demographic variable gender was further analysed.

The measuring instrument was considered reliable as it recorded Cronbach Alfa coefficients above the acceptable value of 0.7 mark, with some variables recording values more than 0.8.

Entrepreneurial orientation variables, as well as business success, were further analysed into detail. Conclusions were populated for each one of the variables and comparisons with other studies of this nature were done. The analysis and conclusions initiated the formulation of recommendations highlighting essential findings of the study. An actionable plan was developed for implementation in township based small businesses who wish to improve entrepreneurial orientation and in turn business performance.

Lastly, the study concluded with the evaluation of whether the set primary and secondary objectives were addressed, and suggestions for future research relating to this study were brought forward.

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ANNEXURE A

QUESTIONNAIRE

The hard copy of the questionnaire used in the study was developed in English. An e-copy of the same questionnaire was developed using google forms also in English in order to allow participants to fill it out electronically. An example of the hardcopy questionnaire is presented as Annexure A.

THE QUESTIONNAIRE

INTRODUCTION TO THE RESEARCH STUDY

My name is Baile Sebetlele 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 the success of SMME's in selected townships in the Gauteng province in South Africa.

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. 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.

The questionnaires will be hand-delivered to you during the tender meetings. The researcher will gather the completed questionnaires and no one else will handle the questionnaires. The completed questionnaires will be captured and analysed by the Statistical Consultation Services at the North-West University. The data will be safeguarded with password protection and all hard copies of the questionnaires or statistical analyses will be destroyed 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 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.

Limited biographic information will be collected with the purpose to form a profile of the participants, but 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.

Your input is of great value to this research and I appreciate your help in providing this information. I would be grateful if you would sign this form on the line provided below to show that you have read and agree with the contents. Please return it with the completed questionnaire.

Please complete every question/statement to ensure the validity and reliability of the study.

GENERAL INSTRUCTIONS

Virtually all questions should be answered by ticking (X) or highlighting 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
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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
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	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
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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 SUCCESS

The following statements concern your attitude towards the success 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 = <i>Strongly disagree</i>	2 = <i>Disagree</i>	3 = <i>Neutral</i>	4 = <i>Agree</i>	5 = <i>Strongly agree</i>
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	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 the businesses, but 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	1	Indicate your age	
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C2	2.	Indicate your gender?	Male	Female	Other
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C3	How many permanent employees are employed by the business?			
	1-4	5-10	11-25	26-50

C4	2	In which industry does the business operate?				
		Automotive	Agriculture	Clothing	Construction	Food
		Real estate	Retail	Wholesale	Manufacturing	Services
		Other: (Specify):				

C5	3.	What is the age of the business (years)?
		Specify:

THANK YOU FOR YOUR TIME.

ANNEXURE B

ETHICAL CLEARANCE

Annexure B is Ethical clearance obtained from the North west University granting the researcher permission to conduct the study.

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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 S van der Merwe

EMS-REC FEEDBACK: 24042020

Student: Sebetlele, PBC (31371132)(NWU-00629-20-A4)

Applicant: Prof Stephan van der Merwe - MBA

Your ethics application on, *An assessment of the relationship between entrepreneurial orientation and business performance in small businesses in selected townships*, which served on the EMS-REC meeting of 24 April 2020, refers.

Outcome:

Approved as a minimal risk study. A number NWU-00629-20-A4 is given for one year of ethics clearance.

Kind regards,

Mark

 Digitally signed by Mark Rathbone
DN: cn=Mark Rathbone, o=North-West

ANNEXURE C

TURNITIN SUMMARY REPORT

Below is a turnitin summary report indicating the similarity content on the study. The accepted percentage is below 25 percent for all studies.

ORIGINALITY REPORT

24%

SIMILARITY INDEX

24%

INTERNET SOURCES

7%

PUBLICATIONS

10%

STUDENT PAPERS

PRIMARY SOURCES

1

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Internet Source

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