

Factors Contributing to Growth Expectations of African Entrepreneurs

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Abstract

Despite the consensus regarding the importance of business with growth expectations, there are limited studies that explore factors that induce and are associated with growth expectations of entrepreneurs. The gap particularly becomes worse when considering the growth expectations of African Total Entrepreneurial Activity (TEA). This paper, examine the relationship between growth expectations of TEA in Africa with new product development and international business orientation, and type of entrepreneurship with the view of addressing the gap and encouraging future academic discourse. Six years of GEM data of four African countries were used. The major finding was that growth expectations of African TEA are strongly correlated with new product orientation and international business orientation. Contrary to previous research it was found that growth expectations and type of entrepreneurship (opportunity and necessity entrepreneurship) have no statistically significant association. Moreover, the result upholds the virtuous circle relationship between new product and international business orientations established by previous studies.

Keywords: growth expectation, African entrepreneurs, new product development, international business orientation,

1. INTRODUCTION AND PROBLEM INVESTIGATED

Once a lingering small business owner said “A business that doesn’t grow is like a tumour that can’t be cured. Both consume your money and effort yet you reap nothing meaningful.” This expression speaks not just of frustration; it tells the whole stories packed under the name of business growth and encourage one to ask many relevant questions. Why some businesses grow fast when others are struggling to survive? Which factors are relevant to build a growing business?

These questions particularly become so important in Africa, where survival of small businesses uniquely and hugely matter. The small business sector in Africa comprises 90% of the business operations and provides more than 50% of employment (Kamunge, Njeru, & Tirimba, 2014). The relevance of studying the prospect of African start-ups even becomes more pressing when looking at the alarming rate of failures. In Africa, the majority of start-ups vanish before their third birthday and quite sizeable portion of nascent entrepreneurs remain stagnant for years without registering any kind of growth (Naudé & Krugell, 2011). For instance, in South Africa, a country regarded as champion of African business, the failure rate of small and medium enterprises (SMEs) is between 70 – 80 percent (Fatoki, 2014). This makes SMEs growth such an important and crucial point to research, particularly in an African context.

Growth of a business is greatly intertwined with growth expectations of owners. Herrington and Kelley (2012) state that growth expectations are formed based on business owner's assessment of the expansion prospects for a business and the entrepreneur's ambition to grow the enterprise. As can be inferred from this explanation, assessment of expansion prospects and entrepreneur's aspiration to grow are the two major hallmarks of business growth expectations. It is only when entrepreneurs foresee future expansions and when this future prospect is backed by strong aspiration and desire to grow (Wright & Stigliani, 2012; Hansen & Hamilton, 2011; Wiklund & Shepherd, 2003), that growth expectations begin to surface.

Despite the support for the role that growth expectations play in building growth oriented enterprises, little is known about the factors that are associated with growth expectations of entrepreneurs. Growth expectation remains largely an uncharted part of the business growth research area (Daskalopoulou & Petrou, 2010).

A few studies that addressed the issue of growth identified a range of factors that could boost growth prospects of businesses. For instance, Pfeifer and Sarlija (2010) have claimed that growth expectations are duly linked with the quality of entrepreneurship. Gorgievski, Ascalon, and Stephan (2011) and Herrmann and Kritikos (2013) on the other hand argue that growth expectations are mainly the manifestations and results of entrepreneurs orientation towards new product development and innovation. Still others assert that entrepreneurs will have strong growth expectations when engaging in some form of international business activities (Golovko & Valentini, 2011; Aidis & Mickiewicz, 2006). None of these attempts could show a profoundly accepted logical relationship between the factors and growth expectations. This is mainly because of the lesser emphasis given to identify sets of factors that encourage growth expectations of entrepreneurs. Thus, so far, there is a lack of research that comprehensively studies factors that enhance growth expectations of entrepreneurs in general and growth expectation of total entrepreneurial activities (TEA). Total entrepreneurial activity refers to the percentage of the adult population between the ages of 18 and 64 years who are in the process of starting a business (a nascent entrepreneur) or owner-manager of a new business which is less than 42 months old (Herrington and Pew, 2015).

This area of research can be characterised as an area of study that is devoid of knowledge that considers African entrepreneurs' experiences. To the knowledge of the researchers, no research effort has been extended to address the African entrepreneur's growth expectation context.

With the view of addressing both the conceptual gap and the practical gap mentioned above; this research attempts to examine the influence of a broader number of factors on growth expectations of TEAs in Africa. It systematically scrutinized the effect of entrepreneurship quality, orientation towards international business, and orientation towards new product development on TEA's growth expectations.

2. RESEARCH QUESTION

The research intends to address the above-mentioned gaps through pinpointing forces that has the capacity to define African early level entrepreneurs' growth expectation. To effectively achieve these overarching goals, the guiding research question is formulated as: What are the factors that are associated with growth expectations of TEAs in Africa?

3. LITERATURE REVIEW AND HYPOTHESES

Growth expectation as described by Herrington and Kelley (2012) represents the assessment of future expansion and the ambition of an entrepreneur to grow his/her business. If this definition is sliced into easily understandable constructs two well established concepts are found. The first concept represents the idea before the conjunction – assessment of future expansion and the second mainly represent the drive that an entrepreneur has to grow his/her business. These concepts will be looked at in detail. First the future expansion are explored and then the desire to grow.

3.1 Entrepreneur's future expansion

Penrose (1959) describes expansion as part of the fabric of any business. According to Penrose (1959) any kind of business has an inherent force that encourages it to expand. Yet this force alone cannot materialise the natural tendency of businesses to expand if it is not supported by the necessary strategy. Any expansion attempt has to consciously follow certain strategy and this strategy must create an

alignment of business resources to exploit opportunities and minimise threats (Robinson & Lundstrom, 2003). Particularly, given the strategic nature of expansion, it must be supported by the businesses corporate strategy. As described by Singh, Garg, and Deshmukh (2008) corporate strategies identify the current competencies and capabilities of the business as well capabilities that the business should develop to successfully navigate through the competition.

This understanding, based on the notion that any decision affecting organisational performance must be made after examining multitude of factors pertaining to the business and the environment in which the business operates (Damoah, 2013). Therefore, businesses need to monitor changes in the internal and external environment so as to decide the type of resource they have and seek, so that they can achieve maximum congruence with the dynamism in both environments.

Of the many strategic management tools that exist to detect opportunities and threats in the external environment and investigate internal weaknesses and strengths, SWOT appears to be the most widely applied tool. SWOT provides key information about the strengths and weaknesses, opportunity for growth and improvement and the threats the external environments presents (Harrison, 2010).

Businesses use such environmental scanning to get in touch with both internal and external environment developments and assess the prospect of organisational profitability (Babatunde & Adebisi, 2012) and identify trends and events that could have an impact on the overall business direction (Costa, 2007). Ignoring the developments happening in the external environment could adversely affect growth aspiration of businesses and to the contrary a closer follow up would create a fertile ground for growth. Consistent to this claim, O'Regan, Ghobadian, and Gallear (2006) firmly stated that high growth businesses place strong attention on external drivers such as strategic orientation, the operating environment and e-commerce than stagnant or declining business. Yet this doesn't imply that the external environmental concerns should overshadow internal considerations. Robinson and Lundstrom (2003) argue that it is the fit between the internal capabilities with the external environment context that could lead to effective formulation and implementation of a strategic plan. The outcome of these kinds of assessments shows direction as to which path to follow. According to Babatunde and Adebisi (2012) organisations use environmental scanning to decide whether to enter a new market or not. A positive sign in internal resource readiness and convincing opportunities in the market entails the need to expand in order to exploit the opportunities and

capitalise on the business's strengths. The expansion can be either by extending business's market presence or adding new products into its product assortment.

Product expansion decisions, as shown in many research, is one of the strategic issues of businesses that determines the businesses competitiveness and success. The huge resource requirements, risks involved, and its relationship with the philosophy of owners, makes such decisions to be done after rigorous scrutiny of internal and external environments and careful planning (Vähäniitty, 2003). It requires ensuring the availability of resources and examining the hospitability of markets so that activities that drive expansion projects like research and development (R&D) are not hampered by internal resource availability (Audretsch, Segarra, & Teruel, 2014) and various external environmental forces.

Currently businesses, particularly SMEs, operate under constant pressure because of competition. This competitive pressure is inducing exploration activities and/or exploitation activities or both at a time to develop new products to pacify the pressure (Ebarefimia, 2014; Prajogo & McDermott, 2014). However, new product development (NPD) cannot be viewed just as a reactive strategy; it is one common way in which SMEs navigate towards growth. That is why product innovation by SMEs is viewed as a path to growth (Hong & Jeong, 2006) and a key component of sustainable business success (Henard & Szymanski, 2001). Moreover, organisation wide innovation, which is basically based on creativity manifested on new products, is found to be the driver of business success (Im, 1999).

In addition to these, new product development practices are rooted in the advantages provided for business growth. As shown by Sivadas and Dwyer (1998), new products pave the way for increased sales, enhanced profit and building strong competitive advantage. Likewise, Akroush (2012) argue that ability to introduce new products with appropriate quality facilitates sales growth by enhancing customer satisfaction and this will, in turn, boost customer loyalty and encourages positive word of mouth, making new customers attraction much easy. Akroush (2012) concludes by indicating that new product quality leads to improved market share and thus, enhance sales volume and profitability (Akroush, 2012).

Besides, innovation, where new product development is one of the multitudes, has been repeatedly portrayed as a force that leads to successful internationalisation (Kunday & Sengüler, 2015) which could help businesses to have ample markets for their products. Moreover, innovation has been usually associated with business performance. Olavarrieta and Friedmann (2008) reiterated the consensual association between innovative capacity of businesses and business overall performance. Olavarrieta and Friedmann (2008) claim that when businesses possess an innovative capacity that allow introducing new products or services to the industry and thus leading the industry, the innovativeness will have positive association with overall performance. Many researchers also tried to explore factors that determine the success of a new product. Fong, Lo, and Ramayah (2014) claim that to have favourable performance measures such as new product performance, employees need to recognise the importance of new product development facets such as business image, brand strength and product quality. Consistent to this claim, Pattikawa, Verwaal, and Commandeur (2006) claim that realising high new product project performance is contingent on the business's market orientation, proficiency in new product development, synergy of resources and inter-functional coordination. Benedetto (1999) part claim that the launching time, of a new product, plays a critical role in the success of the new product.

Generally, new products are deemed as crucial forces that could have a strong say on the survival and long term growth of any business (Ramaseshan, Caruana, & Pang, 2002). Therefore, a logical link between entrepreneurs' intention to develop a new product and its growth expectations can be seen. For a practical man who expects the future to be fugitive and intimidating no reason can back actions like investing more money in new product developments. In light of this understanding the following hypothesis is formulated:

H1: African Total Entrepreneurial Activities new product orientation and growth expectations are positively and strongly correlated.

The other principal issue here is the association between new products and internationalisation activities of businesses. Many researchers recognise product development as innovative value creating effort to compete globally (Hong & Roh, 2009) and an action that encourage international business related activities (Love & Roper, 2013). Various works, according to Golovko and Valentinie (2011), depicted NPD as the most effective way of breaking into international markets. According to these views, innovation and exporting are complementary strategies that reinforce each other and make

growth happen. Innovation prompts expansion into new geography using exporting and the knowledge that businesses get from the new market encourage the introduction of new products and this will, in turn, enhance the success in export market and sales in domestic markets (Golovko & Valentini, 2011). Altomonte, Aquilante, Békés and Ottaviano (2014) claim that in the long-run innovation drives internationalisation, hence, integrating them is essential for business growth. These results provide a strong ground to claims that depict new product orientation as an advantage to join international markets and new products orientation as a must to remain competitive in the highly demanding international business environment. It further supports claims that the relationship between new product orientation with growth orientation cannot be seen in isolation from its strong correlation with international business. Thus, growth research, like this study, need to examine the relationship between these two variables to have a complete picture of factors associated with growth expectation. In view of this, the following hypothesis is formulated to determine how these two forces interact in an African context.

H2: New product orientation and international business orientation of African Total Entrepreneurial Activities exhibit a positive and strong association.

Internationalisation, as one strategy to achieve growth, claimed to have a strong impact on business performance and growth (Golovko & Valentini, 2011; Pangarkar, 2008). It has a strong association with growth expectation and it is viewed as a way of promoting growth (Federico, Rabetino, & Kantis, 2012); a competitive weapon (Hong & Roh, 2009) and a response to a growing dynamism in the domestic market (Mutlu, Zhan, Peng, & Lin, 2015). Previous research has shown positive and strong association of international business involvement and SMEs growth (Hessels & Parker, 2013) and going international is viewed as a means of building on domestic success (Matanda, 2012). This implies that businesses aiming to enter international markets do it with two expectations. The first expectation is building on the already started growth initiative in the domestic market and keeping this growth momentum (Matanda, 2012) and the second drive are associated with push and pull factors. Businesses may look for opportunities in overseas market if domestic markets cannot provide them comparable advantages in terms of competitiveness and other benefits and/or if the market is congested by competitors (Mutlu, Zhan, Peng, & Lin, 2015).

A considerable number of researchers' present internationalisation as a means of escaping high cost of doing business in the home market because of corruption and bureaucracy. For instance, (Lee, Yin,

Lee, Weng, & Peng, 2015) strongly claim that a new venture expansion strategy is tied with the cost of doing business in home country institutions. Still other groups of researchers argue that exporting is initiated by pulling factors (Owusu-Frimpong & Mmieh, 2007). Supporting this claim (Owusu-Frimpong & Mmieh, 2007) also stated that exporters consider growth and profit opportunities as the most important drivers for starting exporting.

Matanda (2012) state that for others, the drive comes from some business specific factors, such as management orientation, maintaining business reputing, improving market share and revenue, technological advancement and flexibility of operation. These factors are found to be the major drivers of internationalisation process of small manufacturing business in Kenya (Matanda, 2012).

Drawing from this and the above justifications it can be said a growth expectation relies on the positive evaluation of the SWOT environment that could induce expansion into international markets through various modalities. For a business that is expecting to go international and exploit opportunities in foreign market, it is quite unusual to have lesser growth expectations. Therefore, it can be stated that TEA's with positive international business orientation have strong growth expectations and vice versa. Driven by this profound knowledge from prior research works, the following testable hypothesis is designed.

H3: African Total Entrepreneurial Activities international business orientation is strongly and positively correlated with their growth expectations

3.2 Entrepreneur's ambition to grow

The second part of the definition that was introduced at the beginning of this section associates growth expectations with the entrepreneur's ambition to grow. Most research conducted so far approved the strong relationship between motivation to grow with the actual growth of the businesses (Stenholm, 2011; Karadeniz & Özcaml, 2010; Delmar & Wiklund, 2008). Even certain research findings gone to the extent of claiming desire to grow as a separating virtue between growing and non-growing businesses (Wright & Stigliani, 2012; Hansen & Hamilton, 2011). Wright and Stigliane (2012) as well as Hansen and Hamilton (2011) further identified the consequences of lack of desire to grow. According to these research the absence of desire to grow results in lesser tendency of aspiration and fewer attempts to grow.

Then the question is where this ambition comes from. Ambition to grow is mainly the manifestation of the motivation that encouraged or forced the entrepreneur to start the business. This means that if entrepreneurs made the decision to start their own business because of attractive market opportunities instead of push factors such as unemployment they always will remain highly motivated for growth (Lecuna, Cohen, & Chavez, 2017; Turkina & Thai, 2015). Conversely, necessity entrepreneurs normally cater for maintaining the survival of the business than stretching to grow. Hence, necessity entrepreneurs are always less ambitious for growth (Block, Kohn, Miller, & Ullrich, 2014; Herrington & Kelley, 2012).

The following hypotheses relates to the quality of entrepreneurship with growth expectations. As explicated above opportunity entrepreneurs are expected to have higher growth expectations given their inherent desire to build a business that can exploit all kinds of opportunities in the market. Hence, a positive and strong correlation between opportunity driven entrepreneurial initiatives and growth expectations of those TEA's are expected.

H4a: Opportunity driven entrepreneurship is directly and strongly related with growth expectations of African Total Entrepreneurial Activities

Contrary to this, subsistence entrepreneurships are fundamentally driven by the objective of securing survival (Viswanathan, Rosa, & Ruth, 2010). This makes necessity entrepreneurs a perfect antithesis of opportunity driven entrepreneurship when rated in terms of growth expectations. A business running out of this motive have less growth potential and its contribution towards the life of the entrepreneur is also insignificant (Bruton, Ahlstrom, & Si, 2015). Consequently, the urge of the entrepreneur for growth is considerably low.

One of the explanations for entrepreneurs less desire to expand is their strategic focus. As shown in the work of Block, Kohn, Miller, and Ullrich (2014), necessity entrepreneurs are more likely to pursue a cost leadership strategy, which basically aims at keeping internal efficiency. Penrose (1959) has shown the problems of relying on efficiency strategy (internal efficiency) in the attempt to clinch growth. Penrose (1959) argues that profitability, survival and growth don't depend on efficiency. O'Regan, Ghobadian, and Gallear (2006) found a result that collaborates with this. O'Regan et al (2006) assert that only businesses that place greater emphasis on external drivers can achieve high

growth. Stam and Stel (2009) claim that the lesser tendency of necessity entrepreneurs to growth is mainly caused by countries failure to avail the necessary capital and skilled labour.

Despite the difference on what causes necessity entrepreneurship, examining its context considering existing findings, reveals that the growth prospect of such entrepreneurs is so limited. Thus, in this study it is expected to see a similar trend and proposed a negative relationship between necessity driven entrepreneurship and growth expectations of African TEA's.

H4b: Necessity driven entrepreneurship is significantly inversely related with the growth expectation of African Total Entrepreneurial Activities

The subsequent sections present the methodologies applied to examine the growth expectations of African TEAs and the results of the analysis with discussion and conclusions that emerge out of the analysis process.

4. RESEARCH METHODOLOGY

4.1 Target population and variable identification

This study targeted TEAs in Africa. It analysed the drivers of African TEAs growth expectation by using six years of Global Entrepreneurship Monitor (GEM) data. GEM provides a robust and rich data about entrepreneurial dynamics of countries across the world. Africans began participating right from the outset and year after year the number of African countries represented in GEM is increasing. Particularly, since 2009 African countries began appearing in a continuous basis, giving the opportunity to track changes and developments.

This studies analysis included four countries, South Africa, Angola, Uganda and Algeria. The selection was primarily made based on availability of adequate data. To be selected countries needed to participate at least four times between 2009 and 2014. South Africa participated for the entire period, Uganda participated five times in the designated time period and Algeria and Angola appeared four times. Before analysing the data, data harmonisation was done in order to minimise the impact of missing values. The work started with seven variables that are believed to have certain level of impact on growth expectation of TEAs. However, in the process three of the seven variables were

avoided to uphold the four assumptions of bivariate correlations. Fear of failure, male and female TEA rate and perceived capabilities were included, because these factors failed to exhibit a linear relationship with growth expectations. Hence, the analysis was limited to the variables with strong fit with the assumptions.

4.2 Measures used in the analysis

The correlation between growth expectations and new product development, international business and quality (type) of entrepreneurship were examined. The essence of each variable are elaborated next - what it represents and how GEM measures each context.

Growth expectations of TEA: it represents the percentage of TEA who expects to employ at least five employees five years from now. Further as Herrington and Kelley (2012) expressed, growth expectation represents a combined score of future expansion prospects of a business and entrepreneur's ambitions to grow the enterprise.

New product development orientation of TEA: represents the percentage of TEA who indicated that their product and services is new to at least some customers.

International orientation of TEA: shows the percentage of TEA who indicated that at least 25 percent of their sales come from customers in foreign markets.

Opportunity (improvement) driven TEA: indicates the percentage of those involved in TEA who (i) claim to be driven by opportunity as opposed to finding no other option for work; and (ii) who indicate the main driver for being involved in this opportunity is being independent or increasing their income, rather than just maintaining their income.

Necessity driven TEA: identifies the percentage of those involved in TEA who are involved in entrepreneurship because they had no other option for work.

4.3 Data analysis

This study aimed to investigate the association between factors identified as drivers of growth expectations by prior research and growth expectations of African TEAs context. The method that can successfully work to this end is a correlation analysis. As Zou, Tuncali, and Silverman (2003) made it clear research aiming to examine linear association between random factors must use the Pearson linear correlation. Hence, in this research the bivariate Pearson correlation analysis was applied to examine the relationship between growth expectations and new product development orientation, international business orientation and quality of entrepreneurship and new product development orientation with international business orientation. The analysis was carried out using SPSS version 23.

5. RESULTS

Firstly the prevalence of growth expecting TEAs, TEAs with new product and international business orientation and opportunity versus necessity entrepreneurship and the associated implications in each sample country context are explained. Secondly the relationship between the identified variables with growth expectations, are explained.

Table 1 presents the average prevalence rate of the dimensions used to explore the factors correlating with growth expectations of African TEA's.

Table 1: Countries average rate in each dimension

Country	Average growth expectation rate	Average new product orientation rate	Average international orientation rate	Average opportunity TEA prevalence rate	Average necessity TEA prevalence rate
South Africa	28.6	58.5	27.6	38.9	30.6
Uganda	10.8	18.1	4.5	44.5	36.9
Algeria	22.5	43.4	10.1	51.8	26.6
Angola	23.2	43.2	20.6	36.4	29.1

As can be seen from the Table, South Africa has a higher rate of TEAs with growth expectation, with Angola and then Algeria following. This can be taken as the reflection of the relative advantage that South Africa has in terms of economic prosperity and better entrepreneurial environment. South Africa's relative favourable entrepreneurial environment (Preisendörfer, Perks, & Bezuidenhout, 2014) and ease of doing business (Matola, 2014) may have contributed for the emergence of growth oriented entrepreneurs.

Angola and Algeria have a comparable level of TEA's looking for growth and as it can also be seen from Table 2; the average TEAs with growth expectation is higher than the mean value of the countries in this study. Uganda is the only one among the four countries which is low almost in every dimension and this result could be attributed to the inhospitable business climate, limited access to productive resources, high taxes and limited market access that Ugandan entrepreneurs are struggling with as described by (Ishengoma & Kappel, 2011).

Likewise, the prevalence of TEAs with new product and international business orientation appears to be high in South Africa compared to Angola, Algeria and Uganda. Angola has better a rate that is above mean value. On the other hand, Algeria and Uganda exhibit a very lower prevalence of TEAs targeting international business with the average value of 10.1 and 4.5 respectively. These results imply that entrepreneur's tendency to involve in international business could vary across regions.

The evaluation of opportunity and necessity driven entrepreneur's context reveals a contrasting result. The context in South Africa and Angola with respect to the prevalence of opportunity driven entrepreneurship again reveals a similar trend though it's not the way expected. Both countries registered below the mean score for the countries included in this study. Contrary to this, Uganda and Algeria come up with a strong rate of prevalence relative to South Africa and Angola. These results contradict prior research results that associate opportunity entrepreneurship with higher economic development (Stam & Stel, 2009), given the better position of these two countries in terms of economic development.

Consistent to expectation and prior knowledge, the prevalence of necessity entrepreneurs in relatively developed countries is lower than the mean score and it is higher than the mean in the case of the least developed economy, Uganda, in our case. Yet South Africa is still close to the mean when it is expected to be way far below the average. These results imply that considering opportunity

entrepreneurship as a simple reflection to better economic standard could lead to a misleading conclusion, if we fail to account the contribution of other relevant factors such as institutional support, culture, and regional differences.

The bivariate correlation presented in Table 3 confirms most of the relationships proposed at the beginning of this paper. Except the association between growth expectations and quality of entrepreneurship all other factors proved to have a positive and significant relationship with growth expectations.

The relationship between innovation and growth is one of the well-researched areas and consistently research identified a positive and strong correlation. Deschryvere (2014) identified significant two-way association between continuous product innovation, R&D and sales growth and this relationship has been found to be even much stronger in the case of small business. Considering this, a positive and strong relationship between new product development orientation and growth expectations were proposed by claiming that it is only when entrepreneurs are convinced by the growth prospect they intend to develop a new product. This claim purports that entrepreneurs with lesser grow expectation will have lesser tendency and appetite to commit their finance and go through psychologically labouring process of new product development. The results confirm this hypothesis.

Table 3: Pearson correlation between the variables used in the study

Correlations

		Growth Expectation of TEAs Scores	New Product TEA Scores	International Orientation of TEAs Scores	Opportunity Driven TEAs Scores	Necessity Driven TEAs Scores
Growth Expectation of TEAs Scores	Pearson Correlation Sig. (2-tailed)	1				
New Product TEA Scores	Pearson Correlation Sig. (2-tailed)	.825** .000	1			
International Orientation of TEAs Scores	Pearson Correlation Sig. (2-tailed)	.637** .002	.825** .000	1		
Opportunity Driven TEAs Scores	Pearson Correlation Sig. (2-tailed)	-.317 .162	-.268 .239	-.295 .195	1	
Necessity Driven TEAs Scores	Pearson Correlation Sig. (2-tailed)	-.132 .567	-.271 .235	-.269 .239	-.545* .011	1
**. Correlation is significant at the 0.01 level (2-tailed). *. Correlation is significant at the 0.05 level (2-tailed).						

As shown in Table 3, growth expectation of African TEAs is positively and very strongly correlated with new product development orientation ($r = .825, p < 0.01$). Moreover, the research revealed similar magnitude of correlation between new product orientation with international business orientation ($r = .825, p < 0.01$), implying businesses with new products (at least to some customers) have higher propensity of going international either because of demand in foreign markets or the lack of adequate market size in domestic markets. These results confirm H1 and H2 and the results collaborate with multitudes of findings that investigated the relationship between new product, exporting, business performance and growth (Kunday & Sengüler, 2015; Fong, Lo, & Ramayah, 2014; Love & Roper, 2013; Ganotakis & Love, 2011; Golovko & Valentini, 2011; Ledwith & O'Dwyer, 2009; Olavarrieta & Friedmann, 2008; Ramaseshan, Caruana, & Pang, 2002).

The results indicate that new product development activities go hand in hand with international business orientation and growth expectation. When an entrepreneur has the aspiration to grow, it becomes known that achieving the desired growth is difficult without doing something different or differently. Therefore, the propensity of entrepreneurs, who aspire to build a growing business, to engage in new product development is quite high. Likewise, business that managed to develop new product are more likely to secure growth by expanding their reach through international market modalities such as exporting.

With respect to the relationship between growth expectation and international business orientation of African TEAs, the analysis revealed that growth expectation and international business orientation in the context of African TEAs shows strong correlation ($r = .637, p < 0.02$). This result implies that TEAs with significant growth orientation will hold significant level of interest to engage in international business. Likewise, businesses looking for international market opportunity will have strong tendency to expect higher growth.

The result implies that helping TEAs in Africa to embrace international orientation could facilitate and strengthen their growth prospect (Tesfom, Lutz, & Ghauri, 2006). Therefore, it's necessary to encourage them to internationalise at least a certain portion of their business despite the challenge that hampers such attempts (Pangarkar, 2008). That is why (Hsu, Chen, & Cheng, 2013) posited internationalisation as a valuable strategy for SMEs operating in a limited market with growth aspiration.

The third category of the analysis pertains to quality of entrepreneurship and growth expectations. The results with this respect contradict extant research findings, particularly the relationship between

opportunity entrepreneurship with growth expectations. It was expected that opportunity driven entrepreneurship and growth expectation to exhibit a positive and strong association and conversely necessity entrepreneurship and growth expectations to show significant but negative correlation. Yet as shown in Table 3 the correlation between opportunity entrepreneurship and growth expectations is negative though it is not statistically significant ($r = -.317, p < 0.162$). Hence, H4a is rejected.

This result confirms that entrepreneurs normally don't have growth expectation just because improvement is pursued based on kind of entrepreneurship or vice versa unless there exist an institutional framework that encourage and support growth attempts. Social values that appreciate growth endeavours and an entrepreneurial environment that encourage high growth business have to be taken into account as well. It is supposed that the reason behind the unconventional result could be the less prevalent of such arrangements in developing countries. One fact that supports such a rationale is how TEAs are viewed in developing countries. In some developing countries, TEAs are perceived just as sources of tax revenue (González-Corzo, 2015) and no support and reward mechanism are available that encourage growth.

Turkina and Thai (2015) revealed that high growth expectation is not just a result of the nature of the entrepreneurship; it is also the function of socio-psychological factors. According to Turkina and Thai (2015) societies that foster internal locus, modernity and self-actualisation, values and attitudes typical to the Western societies, have a strong positive impact on high growth entrepreneurship. These socio-psychological factors are less prevalent in African societies, where hierarchy, collectivism, authoritarianism and external control are appreciated (Kunene, 2008).

Therefore, it is believed that the insignificant relationship between being an opportunity entrepreneur and growth expectation is the manifestation of the entrepreneurial environment of least developed countries than the natural relationship among the two variables. The combined effect of poor institutional frameworks and societal values do not appreciate individual attempts of growth that could be the reasons behind this unconventional result.

The closest result to the hypothesis in relation to quality of entrepreneurship and growth expectation is recorded between necessity driven entrepreneurship and growth expectation of TEAs. In H4b it has been hypothesised that necessity driven entrepreneurship is inversely related with growth expectation. A

result is found that support the direction, though the relationship is statistically insignificant ($r = -.132, p < 0.567$). The result is in contradiction with some of prior research works. Yet some other researchers argue that necessity entrepreneurs embrace growth aspiration because of fear of failure and devastating consequences of failure for those who get their living solely from their business. The authors argue for the negative. Necessity driven entrepreneurs of course fight for survival but not growth. As indicated by Shane (2010) necessity entrepreneurs lack the motivation to engage on things that drive growth and they exhibit very minimal aspiration to grow.

6. DISCUSSION AND CONCLUSION

The effort aimed at identifying factors that augment growth aspiration show that orientations towards new product and international business play a critical role. African TEA's with strong orientation about new products and who bring a certain portion of their income from foreign markets are more likely to have higher growth aspiration than their counter parts. The nature of entrepreneurship (the motivation behind starting the business) is found to be insignificant in predicting growth expectation in our context. This research identified a very strong correlation between new product development orientation and growth expectations of African TEAs. This result is in congruence with previous research that tried to show the relationship between NPD and SME success. These studies revealed that SMEs that engage on NPD can maintain consistent growth (Marion, Friar, & Simpson, 2012) and boost their sales, profitability and competitive advantage (Sivadas & Dwyer, 1998).

Consequently, it is claimed that growth expectation of African TEAs is significantly influenced by the product they provide. Those with new products tend to have higher growth expectations, therefore, if there is a need to create a solid base of high growth expecting African TEAs, it is a must to encourage them to make their offerings new, new at least to some of their customers.

Unfortunately, TEAs in developing countries are not in a position that allow them to exploit the advantages existed between these two variables due to numerous factors including paucity of relevant resources (Minh & Hjortsø, 2015). Therefore, countries aiming to see growing TEAs that can effectively utilise the advantage of developing new products need to provide all the assistance needed in the process. The support shouldn't be limited to availing finance rather policy makers should work to establish a framework that encourage innovative behaviours and activities (Minh & Hjortsø, 2015; Bradley,

McMullen, Artz, & Simiyu, 2012) and learning from other parts of the world to replicate their best practices (Nordskag, 2000).

Moreover, this research proves that internationalisation and growth expectations of TEAs are strongly correlated aspects. This result purports that business aspiring to grow will benefit from presence in international business activities and the benefit drawn from these involvements will, in turn, boost growth expectations. This result can be taken as boost for African nations given the ardent desire to have strong presence in international markets. However, despite the desire to have as much business engaging in international business, most of SMEs in developing world predominantly target domestic market (Musteen, Francis, & Datta, 2010) and usually miss the advantage of internationalising due to resource shortage and supportive regulatory environment. Thus, they become limited to small markets that are filled with multitudes of competitors. This, in turn, making them lose the advantage of involving in international business such as learning and networking (Gabrielsson, Gabrielsson, & Dimitratos, 2014; Pangarkar, 2008) and increasingly exposing them to the downside of playing in a very competitive market.

Encouraging African TEAs to aggressively work on internationalising would have multifaceted impact on their success. Therefore, encouraging TEAs to involve in international business activities such as exporting will have a paramount importance in their endeavour to grow (Tefom, Lutz, & Ghauri, 2006). However, the task of facilitating this process will never be easy given unavailability of sound institutional frameworks that supports such activities. Thus, minimising the institutional inefficiency that affects entrepreneurial activity and impede the speed of internationalisation (Narula, 2012) along with developing effective institutions (Anyanwu, 2014) will have a paramount importance in enhancing the readiness to TEA's in international markets.

Additionally, it is postulated that improving business specific contexts of African TEAs will have a crucial role in building a capacity that helps to successfully handle their international business activities. Prior studies confirmed that business accrue advantage form their international engagements when they build a competency and resources that commensurate with the requirements of international business settings. According to these studies manager's education and experience (Hsu, Chen, & Cheng, 2013), quality of information, diversity of networks, language congruence (Musteen, Francis, & Datta, 2010) and sound business level capabilities (Daskalopoulou & Petrou, 2010) are relevant for the performance

of SMEs involving in international business. Therefore, it's advisable for TEAs to build and organise the necessary resource before embarking on international engagement (Tang, 2011).

Moreover, our research revealed that new product development orientation and international business orientation have virtuous circle kind of relationship. Meaning business that have strong orientation to new product will have higher propensity to go international and business with positive international business orientation recognise the need to develop a new product that ease the challenges in international markets. The combined effect of this phenomenon expected to boost growth expectation of TEAs in Africa.

In conclusion, as revealed by many research smaller business are subject to many challenges than large business, making the need to develop a strategy that help to effectively respond to those challenges both important and necessary (Paul, Parthasarathy, & Gupta, 2017). But, the challenges that African TEAs facing now cannot be addressed just by individual business strategy. Hence, unreserved support from government machines, informed and professional assistance from chambers of commerce and other associations, and staunch support of international institutions aiming to build African entrepreneurial environment must be there to help TEAs embrace grow orientations and act on activities that improves it.

7. LIMITATIONS AND FURTHER RESEARCH AREAS

Growth expectation of TEAs in general and African TEAs growth expectation in particular, is ignored and an under researched aspect of entrepreneurship. This study shows the glimpse of hope with this regard but by no means is it sufficient in explaining the complexities surrounding growth expectation of TEAs. The association between growth expectation and three other variables that are identified as collaborators were discussed. These three factors cannot ever be considered as the only factors shaping TEAs growth expectations, hence, future research attempts are advised to examine the association and impact of many more factors.

Some prior studies indicated that growth expectation of entrepreneurs is duly influenced by entrepreneur's fear of failure (Cacciotti, Hayton, Mitchell, & Giazitzoglu, 2016; Morgan & Sisak, 2016; Mitchell & Shepherd, 2011) and gender specific factors (Cliff, 1998). The current paper hasn't assessed

their association with growth expectation because of data quality issues. Thus, future research can take this as a good starting point to examine factors that improve entrepreneur's growth expectations.

The unconventional results with respect to growth expectation and quality of entrepreneurship, also calls for further research. It has been shown in this paper that the type of entrepreneurship doesn't have a role in the entrepreneur's expectation of African TEAs and the justification are cultural differences, institutional characteristics and regional factors. Though, the focus of preponderant research claiming opportunity entrepreneurship encourages growth aspiration is the West, it is still believed that The West has a valid line of argument. Hence, future research works to clear the bubbles and explicate the reasons if the West replicates this study are encouraged. Generally, growth expectations of TEAs is unfairly ignored albeit there is a consensus regarding the crucial role that entrepreneurs with growth aspiration play in fostering innovation, international business activities, customer-centered marketing, and more importantly building a thriving business that meaningfully contribute to countries economic development. Therefore researchers are encouraged to focus on this nascent but promising line of enquiry. Future works must do much in exploring both the forerunners and consequences of growth expectation.

8. MANAGERIAL IMPLICATIONS

The management of African TEA's can be found on three different levels – public sectors, private sector and prospective and existing SME level. Public sector (provincial and local government) need to emphasise the critical nature of new product development (NPD) and an international orientation to ignite growth in the economy. Private sector needs to take the responsibility to include SME's in their supply chain to empower them to be part of a growing economy. The third level is the prospective and existing SME's that need to change their thinking to true entrepreneurial thinking that will steer them away from a necessity approach. This will require a number of interventions by a number of stakeholders like schools, colleges and universities.

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