THE ENTREPRENEURIAL ORIENTATION AND PERFORMANCE OF AFRICAN IMMIGRANT-OWNED SMALL BUSINESSES IN THE EASTERN CAPE.

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THE ENTREPRENEURIAL ORIENTATION AND PERFORMANCE OF AFRICAN IMMIGRANT-OWNED SMALL BUSINESSES IN THE EASTERN CAPE.

By

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DECLARATION

I, Akah Ndang William, student number 215385136, hereby declare that this dissertation, *The Entrepreneurial Orientation and Performance of African Immigrant-owned Small Businesses in the Easter Cape South Africa* for the degree of *Master of Commerce*, is my own original work, and that is has not been previously been presented or submitted for assessment at any postgraduate qualification to any other university for similar or any other degree award, and all the sources I have used or quoted have been indicated, and acknowledged in the references.

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AKAH NDANG WILLIAM

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ABSTRACT

Given the rapid inflow of African immigrant entrepreneurs into South Africa, as well as the lack of understanding and research attention given to African immigrant entrepreneurial orientation, the failure rate of their businesses in South Africa is very high. The purpose of this study is to contribute to more effective and robust African immigrant entrepreneurship in South Africa by investigating the impact of African immigrant entrepreneurial orientation on business performance. With this purpose in mind, the primary objective of this study is to establish the level of entrepreneurial orientation of African immigrant-owned small businesses in the Eastern Cape Province, and to determine the influence of this orientation on business performance.

This study sets out to pull together previous findings and theories on the relationship between entrepreneurial orientation, and business performance, to find support for the theories on the determinants of entrepreneurial orientation in the literature, and to combine these findings into a simple model. An overview of small businesses was first conducted, in which the nature of small businesses and African immigrant-owned small businesses was taken into consideration, as well as the role small businesses play within the economy and the different challenges small businesses face. The dimensions of entrepreneurial orientation were discussed. These included *Innovativeness*, *Pro-activeness*, *Risk-taking, Competitive aggressiveness,* and *Autonomy.* Business performance was discussed and was measured in terms of financial and non-financial measures. The resource based view was also discussed and human, social, and financial capitals were taken into consideration. A proposed theoretical framework was established to show the relationship between entrepreneurial orientation and business performance of African immigrant-owned small businesses and this was later tested by developing a hypothesis.

A structured questionnaire was developed and data was collected through these self-administered questionnaires. They were made available to the respondents by a means of the snowball technique and data was collected from 218 respondents. Each construct was defined and operationalised. This was done by using themes from previous studies, as well as self developed themes. Cronbach’s alpha coefficients were used to confirm reliability and validity of the measuring instruments. Completed questionnaires were subject to different statistical tests. A descriptive analysis was carried out, as well as an exploratory factor analysis, multiple regression and an analysis of variance.

The findings of this study showed that *Innovativeness* has a negative relationship to *Business performance* whilst *Competitive aggressiveness, Proactiveness, Risk-taking, and Autonomy* have a significant positive relationship to *Business performance.* Furthermore, the findings established that *Financial capital* has a significant relationship to *Competitive aggressiveness, Innovativeness, and Proactiveness,* whilst there is no relationship to *Risk-taking and Autonomy*. In addition, it was established that there is a significant relationship between *Human capital* and *Competitive aggressiveness, Proactiveness, and Autonomy,* whilst there is no relationship to *Innovativeness and Risk-taking.* Moreover, the study also showed that a relationship exists between some selected demographic variables of the African immigrant-owned small business and entrepreneurial orientation, as measured by *Innovativeness* (H_{1a}), *Pro-activeness* (H_{1b}), *Risk-taking* (H_{1c}), *Competitive aggressiveness* (H_{1d}) and *Autonomy* (H_{1e}). An exception was the demographic variable, the *Level of education,* which was not found to be as stipulated in the hypothesis.

In the context of this study, it was found that 62% of change in African immigrant-owned small business performance is affected by entrepreneurial orientation while other factors accounted for the remaining 38%. Management should revisit its entrepreneurial orientation capabilities and determine whether these are delivering values. This will require a review of policies and procedures in addition to benchmarking these activities to identify whether the business is committing an unwarranted and misplaced amount of resources to a given entrepreneurial orientation activity. Blind pursuit of the uniform implementation of an entrepreneurial dimension is not an effective way for African immigrant-owned small businesses to create an advantage.

KEY WORDS: Entrepreneurial Orientation, African immigrants, Business performance.

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CHAPTER ONE

INTRODUCTION TO THE RESEARCH PROBLEM

1.1 INTRODUCTION

The stabilisation of economic growth and the furthering of national development of most economies around the world have been marked by the constant rise of small businesses (Soininen, Martikainen, Puumalainen & Kyläheiko, 2012:614). In addition, Jasra, Muhammad, Ahmed, Rana and Rauf (2011:274), assert that most governments around the world are realising the contributions of small businesses to their gross domestic product (GDP) and economic activities. Moreover, Fatoki and Asah (2011: 170) underscore the fact that poverty alleviation through job creation is one of the most indispensable roles of small businesses. In addition, Pratono, Wee, Syahchari, Nugraha, Mat and Fitri (2013:2) emphasise that its potential can be realised if the owner of the firm has the right mindset with respect to innovativeness, proactiveness, competitive aggressiveness, risk-taking and autonomy. This has led to more awareness of the significance of small businesses by governments when business policies are being put in place. The economy of developed and developing nations has been boosted by small businesses. Furthermore, large firms have historically been the centre of job creation, whereas, during the last decade, the world's economic systems have experienced the opposite trend. The continual growth of small businesses has resulted in an increase in business creation, hence producing a high level expectation from small businesses (Weimei & Fenge, 2012:10).

This study evaluates the impact of entrepreneurial orientation and performance on African immigrant-owned small businesses in the Eastern Cape Province, South Africa. From a South African perspective, a firm is considered small if it has less than 50 employees, a yearly turnover below 25 million rand and a total gross asset of less than 4.5 million rand (The Parliament of the Republic of South Africa 2005). This study is structured as follows; introduction and background; the research problem; design of the study; objectives; the research question, and hypotheses; the scope and demarcation of the study are also taken into consideration.

1.2 BACKGROUND TO THE RESEARCH

According to Soininen *et al* (2012:614), during the recent worldwide economic crises most large companies were affected. Therefore, small businesses globally played a significant role during the recovery process. Franco and Haase (2010:504) add that this is true in quantitative terms. Based on the European Union classification of businesses, 99% of firms are small businesses and are responsible for roughly two third of total employment. Furthermore, in 2011 alone, the United States of America registered 5.68 million employers, of which approximately 99.7% had less than 500 employees; an estimated 89.9% of businesses employed less than 20 employees. Small businesses accounted for 46% of the United States of America's gross domestic product (GDP) in 2008, while between 1993 and 2013, small businesses alone accounted for 63% of net job creation (Hibbler-Britt & Sussan, 2015:156).

Moreover, small businesses on the African continent are not only considered as a driving force for employment generation, but they are also noted for their social stability and innovation, fostering regional economic integration, as well as putting business ideas into practice (Forsman & Temel, 2011:641). Furthermore, it is not the small businesses per se; rather it is the small business owners and entrepreneurs who are the pillar of rural small businesses (Osborne, Wisnieski, Soni, Bharadwaj, & Palmer, 2013:59). Recent studies conducted (Merrilees, Rundle-Thiele and Lye 2011:369; Tsoabisi 2012:35; Chimucheka 2012:4958), reiterate that Africa's economic development has been boosted by the presence of small businesses.

In addition, approximately 40% of the gross domestic product (GDP) is based on contributions from small businesses, as opposed to 1% of large businesses, which contribute about 60% of the GDP and 46% of total employment to the economy of South Africa (Statistics South Africa, 2012). Small businesses have become an essential economic element in countries plagued with high unemployment, such as South Africa, where small businesses contribute 36.1% of the gross domestic product and 68.2% of all individual employment. This is significant in explaining the reduction in informal employment (kewley, 2013:262).

Furthermore, the Global Entrepreneurial Monitor (2012) finds that the propensity for immigrant entrepreneurs to create 10 new jobs is around 25% in nations where the economy is driven by efficiency (non- migrant 16%), 23% in nations where the economy is driven as a result of other factors (non-migrant 9%), and 20% in nations where the economy is innovation-oriented (non-migrant 14%). In addition, Urban (2008:330) holds that South Africa is categorised as an efficient driven nation, based on the highest score obtained for an innovativeness sub-index when compared with other sub-index scores. Furthermore, the entrepreneurial skills in African immigrant-owned small businesses are being transferred to the native South Africans employed by them, thereby creating an informal entrepreneurial education scheme, something the government has failed to provide (Fatoki, 2014:3).

Moreover, Gulers (2005) substantiates that due to the high rate of unemployment and discriminatory practices in the labour market, many immigrants have become entrepreneurs. Statistics South Africa (StatsSA, 2010) reports that approximately 2.5% of small businesses in South Africa are owned by immigrants. This accounts for 2% of newly created small businesses in South Africa. Moreover, as global development continues to accelerate, entrepreneurial orientation plays a vital role in the development of community enterprises. Immigrant small businesses mainly offer personal services that serve daily needs. They also bridge the gap between manufacturers and consumers by forming a niche market in which they provide to the local population with choices of products and services (Ligthelm, 2011:160).

Despite the substantial contribution of small businesses to the country's economy, South Africa recorded a low 9.1% for entrepreneurship, making it below average for entrepreneurial economic activity around the globe. This raises questions about the elements which impact on entrepreneurial performance. South Africa has a low ranking in global competitiveness for entrepreneurship. When comparing South Africa with other developing nations, the country has the lowest ratio of entrepreneurs (Global Entrepreneurship Monitor, 2012). Fatoki (2014:1) asserts that the rate of unemployment in South Africa stands at approximately 25.6 %. A third of total employment is supported by small business activities in South Africa and this is seen as a major problem for the economy. With the current unemployment situation, the policies put in place by the government to foster small businesses are increasingly being questioned.

Franco and Haase (2010:504) come to the conclusion that over 20% of new small businesses fail during their first year and 66% fail within the first six years of their operational activities. In addition, despite the numerous economic contributions of small businesses to South

Africa’s economy, Fatoki and Asah (2011:170) substantiate the claim that the South African small business failure rate is between 70% and 80%. Therefore, the full potential of many small businesses is not achieved and they fail to grow, resulting in loss of jobs and wealth in the regions in which they are established. Referring to the high failure rate of small businesses in South Africa, Chimucheka (2012:4958) emphasises the importance of identifying the factors that can influence the performance of small businesses and most importantly African immigrant-owned small businesses.

However, African immigrant-owned small businesses are faced with enormous challenges with the owners being subject to persistent and sometime fatal attacks in various localities. These attacks and assaults are alleged to be carried out by groups of young, unemployed men and women within the community. A common explanation by the local people is that their scarce jobs and businesses opportunities are being hijacked by the large foreign population, and sometimes even entire industries, for example the service sector (Nkealah, 2011:124). A study of the challenges of immigrant-owned small businesses in South Africa shows that insufficient finance is the highest contributing factor to business failure, followed by a lack of space and lack of access to work permits. The level of entrepreneurial orientation shown by immigrant entrepreneurs is important because it can be responsible for how their businesses perform. Success or failure can be determined by the orientation of the business (Tengeh, 2013:353).

In addition, the inadequately educated workforce in the small business sector, alongside a corrupt and inefficient government bureaucracy, is having a potentially devastating impact on the running of small businesses in South Africa (Georgina, 2014:13). Furthermore, credit suppliers require a positive credit history, whereas most small businesses lack such a credit history to qualify them for loans, making it difficult for them to take on risky ventures (Servon, Visser & Fairlie, 2011:455). Moreover, there is a lack of management skills within small businesses in South Africa and insufficient qualified and experienced managers capable of setting strategies for growth and autonomy, compared to large companies (Franco & Haase, 2010:506).

1.3 RESEARCH PROBLEM

Despite the important contribution of African immigrant-owned small businesses to the South Africa economy, their high failure rate is a cause for concern. The question most researchers have difficulty in answering is: 'What are the factors that can trigger high business performance?' Many researchers have addressed this question by looking at the effects of different aspects such as managerial competencies, company characteristics, educational level and business environment on small business performance. According to Tengeh (2013:354), although African immigrant-owned small businesses have made a substantial contribution to job creation and economic growth, their effectiveness is compromised by insufficient support.

The lack of entrepreneurial orientation in African immigrant-owned small businesses have depreciated their performance, productivity, and contribution and to the economy (Chao, Szrek, Nuno & Pauly, 2008). Furthermore, Armengot, Rueda, Frances, and Carbonell (2010:379) find that entrepreneurial orientation is the major factor that affects the success and evolution of African immigrant-owned small businesses, and most African immigrant entrepreneurs experience difficulties with this. Moreover, Gathungu, Aiko and Machuki (2014:336) argue that today's dynamic and competitive business world, entrepreneurial orientation is manifested through different business strategies. A fundamental factor for success is entrepreneurial orientation. Furthermore, African immigrants are more entrepreneurial because they have the capacity to indentify and maximise business opportunities in a search for personal and economic independence, as well as having the ability to invest personal capital (Halkia & Anast, 2009:27).

Findings on the effect of entrepreneurial orientation on the business performance of small businesses remain inconclusive, ranging from a significant positive relationship to an insignificant relationship. The findings of Walter, Auer and Ritter (2006:542) do not show a solid relationship between entrepreneurial orientation and small business performance. However, Ji, Jun, Zhiqiang, Hong and Cai (2012:441) advance that entrepreneurial orientation in a small businesses has a positive relationship with its performance.

However, these propositions lack empirical support in the South African context. Thus, understanding entrepreneurial orientation of African immigrant-owned small businesses and its impact on business performance is important. The lack of research on entrepreneurial orientation and business performance of African immigrant-owned small business is a cause for concern. As a result of this gap in the literature, the problem statement for this study is to assess the impact of entrepreneurial orientation on the business performance of African immigrant-owned small businesses in the Eastern Cape, South Africa. Based on the problem statement the following question is addressed. *What is the impact of Entrepreneurial Orientation on the Business performance of African immigrant-owned small businesses in the Eastern Cape?*

1.4 PURPOSE OF THE STUDY

The purpose of this study is to contribute to the effective functioning of African immigrant-owned small businesses in South Africa by identifying the Entrepreneurial Orientation factors that can impact on their business performance, as there are no large empirical studies focusing on this area. In summary, the study aims to present recommendations that will assist African immigrant-owned small businesses in South Africa to improve their functioning for better growth and development in the small business sector.

1.5 RESEARCH OBJECTIVES

The primary objective of this study is to establish the level of entrepreneurial orientation of African immigrant-owned small businesses in the Eastern Cape Province and to establish the influence of this orientation on business performance.

In order to address the principal objective of this study, the secondary objectives are:

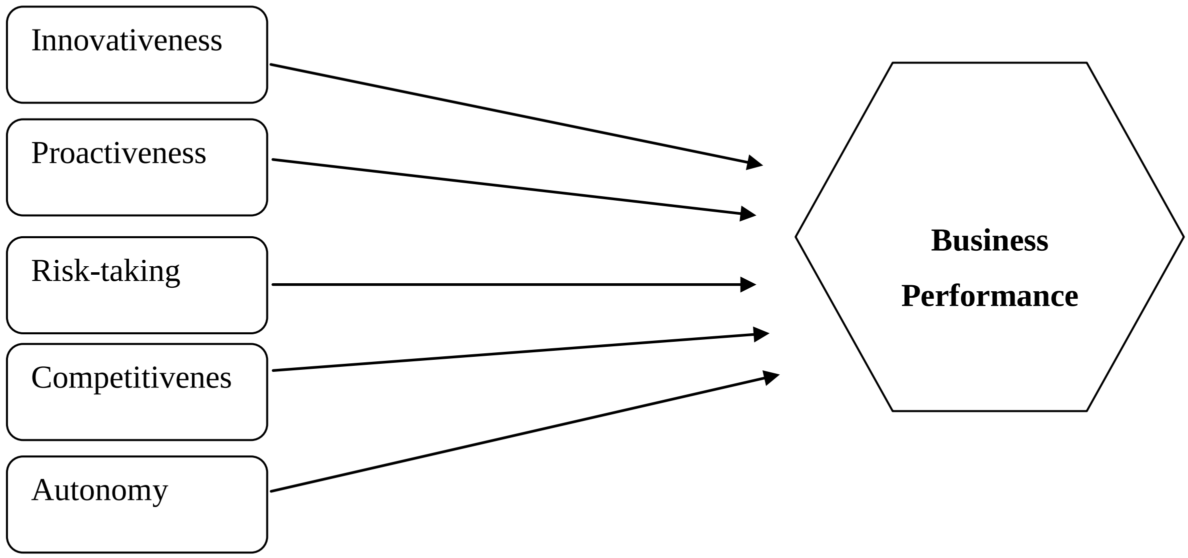
- To undertake a detailed theoretical evaluation of the nature and importance of African immigrant-owned small businesses.
- To undertake a detailed theoretical evaluation of the nature of entrepreneurial orientation and its importance to African immigrant-owned small businesses.
- To propose a theoretical framework hypothesising the relationship between the dimensions of entrepreneurial orientation and performance.

- To provide greater clarity on how the resources and capabilities of African immigrant-owned small businesses interact and affect the entrepreneurial orientation-performance relationship.
- To undertake an empirical evaluation to test the hypothesised relationships.
- To put forward recommendations based on the empirical results of this study.

1.6 PROPOSED THEORETICAL FRAMEWORK AND HYPOTHESES

The initial literature study reveals that entrepreneurial orientation has five dimensions, namely innovativeness, proactiveness, competitive aggressiveness, risk-taking, and autonomy. These will be examined to determine how entrepreneurially oriented a business is. And will be discussed further in Chapter 3. The following theoretical framework is proposed and depicted in Figure 1.1

Figure 1.1: Proposed theoretical framework



Source: Researcher's own construction

The following alternative directional hypotheses have been formulated to test the relationships proposed in the theoretical framework:

H[1]: There is a significant positive relationship between the level of innovativeness and business performance.

H^2: There is a significant positive relationship between the level of proactiveness and business performance.

H^3: There is a significant positive relationship between the level of risk-taking and business performance.

H^4: There is a significant positive relationship between the level of competitive aggressiveness and business performance.

H^5: There is a significant positive relationship between the level of autonomy and business performance.

H^6: There is a significant relationship between human capital and entrepreneurial orientation.

H^7: There is a significant relationship between financial capital and entrepreneurial orientation

H^8: There is a significant relationship between social capital and entrepreneurial orientation.

$H^{1a\text{-}1e}$: A relationship exists between the selected demographic variables of the small business and entrepreneurial orientation, as measured by Innovativeness (H_{1a}), Pro-activeness (H_{1b}), Risk-taking (H_{1c}), Competitive aggressiveness (H_{1d}) and Autonomy (H_{1e}).

1.7 RESEARCH DESIGN AND METHODOLOGY

The foundation for every good research activity is the development of an effective research design. This indentifies the most suitable paradigm to be used, as well as the methods of research, the type of research instrument, the sampling plan, and the types of data within the population of the area of study (De Wet, 1997:10). This section will provide a brief discussion of the research design and methodology most appropriate to the study. More attention will be directed to the research design, research paradigm, research method, population and sampling procedure, measuring instrument, reliability, and validity, and data analysis procedures applicable to the study. This will be discussed in greater detail in Chapter 5 of the study.

1.7.1 RESEARCH DESIGN

A research design is the outlook plan that is followed in order to address the research problems, objectives, and hypotheses. It designates a blueprint with specific methods and procedures for data collection and analysis (Kumar, 2012:104).

1.7.2 RESEARCH PARADIGM

According to Shehered and Challenger (2013:226), paradigms are patterns of beliefs and practices that regulate an enquiry within a discipline by providing lenses, frames, and processes through which an investigation is accomplished. Therefore, an exploration of paradigm was conducted by the researcher in order to gain clarity on the structure and choice of method to be implemented. Researchers can use the interpretive/phenomenological paradigm or the positivism paradigm or critical social theories.

The phenomenological paradigm focuses on the intellect of human behaviour; it concentrates more on the connotation rather than assessing the social problems (Collis & Hussey 2003:53). Furthermore, this paradigm is more orientated to the fact that there are many truths and multiple realities (Wahyuni, 2012:71). In addition, the phenomenological paradigm is orientated to more methodological approaches, which ensure that the voice, concerns, and practices of the research participant are heard. However according to (Sandars, 1982:357), this paradigm is complemented by qualitative research because the aim of qualitative research is to uncover knowledge on how people feel and think about certain circumstances rather than making judgments as to whether those thoughts are valid.

On the other hand, the positivism paradigm focuses more on the reality; it seeks to know the truth, which is backed up by sufficient empirical evidence (Jankowicz, 2005:110). Furthermore, this paradigm is based on the notion that there is a logical positivism, which is more concerned with rigid rules of logic and measurement, absolute principles, truth and prediction (Wahyuni, 2012:71). Those following the positivistic philosophy assert that there is one objective reality. As a consequence, valid research can only be demonstrated by a certain degree of proof which corresponds to the phenomena for which the study stands (Brand, 2009:431). This study used the positivism paradigm. This is because the research was quantitative in nature, standardised instruments were used, and the numeric data could be generalised to a large population. Furthermore, it was much more focused and a predetermined method could be used to conduct the research. In addition, theories were tested to confirm and validate predictions.

1.7.3 RESEARCH METHODOLOGY

This section embodies the research methodology which was used in the course of this study. The empirical work was approached using a suitable research design. A research methodology is a systematic way or pattern of constructing and analysing data in order to test, accept or reject theories. It is concerned with different methods through which data are collected and the general philosophical perspectives on which data collection and analysis are based (Bryman & Bell, 2007).

Qualitative research requires less structured questionnaire and more flexible measures such as in-depth interviews, focus group interviews and observations. Furthermore, qualitative researchers do not explore behaviour itself, but the motivations for that behaviour. Hence, it is sometimes termed motivational research. It is difficult to make general or collective conclusions when carrying out qualitative research; this approach is often expressed as personal value judgment. In addition, qualitative research gathers data that are usually hard to quantify. The data are gathered from individual cases or very small samples. (Cant, Gerber-Nel, Nel & Kotze, 2008:61).

On the other hand, quantitative research usually consists of the generation of primary data from large scale surveys with the purpose of projecting the outcome to a wider population. It tries to enumerate data by using a variety of statistical analyses. The intention is to generalise the results to a wider setting, based on the results of a representative sample of the population (Cant, 2010:73).

The research method used in this study was a quantitative method, the reason being that it allowed questions to be answered about relationships between measurable variables with the intention of predicting and controlling phenomena. Furthermore, since the research was based on a large sample size, a quantitative method was the best to cater for the large sample size.

1.7.3.1 Population and sampling

According to Kumar (2012:194), the population of a research project is the class from which the researcher selects the sample and it is usually denoted by the letter 'N'. The study population used in this research was African immigrant-owned small businesses in the Eastern Cape. Furthermore, Cooper and Schindler (2006:434) define sampling as the process of selecting elements within the population, either by a probability method, non-probability method, or the combination of both methods, to represent a target population in a survey. However, Bryman and Bell (2007) state that there are basically three types of probability sampling: simple random sampling, stratified random sampling and cluster random sampling. On the other hand, there are five types of non-probability sampling methods which are quota, judgmental, accidental/convenience, snowball and expert sampling methods.

However, non-probability sampling has the major disadvantage that it requires a high level of human judgement which can affect the selection process and over-represent some elements within the population (Cooper & Schindler 2003:193). The researcher used convenience method by snowball. The reason is that, based on literature on small businesses, African immigrant-owned small businesses are not well differentiated so it is much easier to access the small businesses by convenience, that is, by finding out who is running the business. Furthermore, it was easier for African immigrant-owned small businesses owners to identify their colleagues, who then became the basis for further data collection. In addition, because of the shortcoming of over-representing a particular element in the population with non-probability sampling, the focus was on African immigrant-owned small businesses.

1.7.3.2 Data collection method

There are basically three methods of primary data collection, which are data collection via experiment, observation, and survey. With the experimental method of data collection, the independent variable is manipulated, after which the effect is immediately measured. With the observation method, the primary data are compiled by an observer who could either be a machine or a human, to understand the behavioural design. Furthermore, there is a survey method where the researcher takes a sample of respondents from a population and administers a questionnaire to them (Bryman & Bell, 2007). This research utilised the survey method because it was quicker and less expensive.

1.7.3.2.1 Secondary data

The collection of secondary data involved a review of related literature, including books, journal articles, newspapers, and other relevant information from the internet and Nelson Mandela Metropolitan University data base. The basis for these reviews was immigrant-owned small businesses and their contribution to the economy in terms of income, poverty alleviation, and employment. The researcher also reviewed the theories that affect African immigrant entrepreneurial orientation and performance in South Africa. Furthermore, detailed reviews of small immigrant-owned businesses and their failure rate in South Africa, as well as the challenges faced by these businesses, were carried out.

1.7.3.2.2 Primary data

This research utilised primary data gathered from African immigrant-owned small businesses through a self-administered questionnaire. A snowball selection of African immigrant-owned small businesses was conducted from different points within the Eastern Cape Province.

1.7.3.3 Measuring instruments

In conducting this research, the researcher used a self-administered questionnaire technique. With this technique, the questionnaire was either be mailed to the respondent or delivered in person (Rothmen *et al*, 2008). Self-administered questionnaires help keep labour costs lower and also save time for the data collection.

The principal goal of a research question is to meet the objectives of the research by obtaining valid information from the respondents (Azzara, 2010). The questionnaire was structured into two sections; section A consisted of closed-ended questions whereby biographical data were collected from the respondents and section B consisted of five point Likert scale questions whereby the measurement of entrepreneurial orientation and performance were taken into consideration. The five-point Likert scale was applied to define the level of satisfaction or dissatisfaction of a given instruction. For the closed-ended questions, the respondents had a limited number of possible answers to the question. On the other hand, the opened-ended questions provided the respondents with considerable latitude to express their views (Kothari, 2004). This was done according to the convenience of the researcher.

Entrepreneurial orientation was measured under different categories: innovativeness, proactiveness, risk-taking, competitive aggressiveness, and autonomy. Furthermore, performance was measured using financial and non-financial measures. Financial measures included growth or decline in profit, growth or decline in sales. Non-financial measures included the managers' satisfaction with the overall performance.

1.7.3.4 Reliability and validity

Reliability is the consistency or stability of measurement of a concept by using an identical measurement procedure, and replicating the findings (Jackson, 2012). Furthermore, Kumar (2012:183) asserts that, there are two types of reliability: external reliability, which compares findings from two independent processes of data collection and internal reliability, which consists of the question measuring the phenomenon producing the same results. To ensure reliability during this research, a standardised questionnaire was developed and reviewed for lapses, after which it was distributed to all the respondents within the sample size. A follow up letter was handed to the respondents with detailed explanation of the purpose of the study and ensuring the confidentiality of the information they provided. Furthermore, the researcher calculated the Cronbach's Alpha coefficient to determine reliability. A Cronbach's alpha of a $p > 0.7$ was considered reliable.

The measurement of validity has to do with whether or not a measure of a concept really measures that concept (Bryman & Bell, 2007). Kumar (2012:179) states that there are three major types of validity. Face and content validity measures what it is supposed to measure based on the logical relationship between the question and objectives. On the other hand, with concurrent and predictive validity a scale is developed as an indicator of some observable criterion. Furthermore, construct validity is a more complex way to represent validity by statistical procedure (McBurney & White, 2010). To ensure internal validity, exploratory factor analysis was applied. Factor analysis attempts to put together variables which are interrelated. The principal objective of using factor analysis was to decrease the dimensionalities which existed in the original space. Another objective was to give the new space an interpretation, covered by a decreasing number of new dimensions which were supposed to lie behind the old ones (Rietveld &Van Hout, 1993:254), or indentifying underlying latent factors to explain the variance in the observed variables (Habing, 2003:2). Therefore, factor analysis puts forward not only the option of gaining a clear view of the data, but also the option of utilising the results in later analyses (Field, 2000; Rietveld &Van Hout, 1993). For the purposes of the study, factor loadings greater than 0.5 were considered valid. Furthermore, for the purposes of securing external validity, a larger sample size was applied with a margin error of not more than 5% and a confidence level of 95%.

1.7.3.5 Data analysis

Statistical analysis was used with the aid of Statistical Software for the Social Sciences 12.0 (SPSS). Inferential statistics such as multiple regression were used to test for a significance relationship between the entrepreneurial orientation of African immigrant-owned small businesses and business performance. To determine the impact of demographic factors in African immigrant-owned small business ON ENTREPRENEURIAL ORIENTATION, the analysis of variance (ANOVA) statistical analysis was carried out. Finally, a descriptive data analysis using tables and graphs was used in the study to identify the mean, standard deviation, and frequency.

1.8 SCOPE AND DEMARCATION OF THE STUDY

The research scope refers to the survey population and the research survey area. The research will focus on African immigrant small businesses within the Eastern Cape Province in South Africa. The population size was determined by the use of a convenient sample technique. This is because data for African immigrant small businesses are limited.

Although several factors influencing the business performance of small business have been identified from secondary sources, this study will focus more on the entrepreneurial orientation point of view. The study was limited to small businesses in the Eastern Cape Province that are owned by African immigrants. These were chosen for four reasons. Firstly, the majority of firms within the Eastern Cape Province are small businesses. Secondly, the objective of this study will be to evaluate the effect of entrepreneurial orientation on business performance of African immigrant-owned small businesses. Thirdly, small businesses have proven to have a huge impact on socioeconomic development in most countries. Finally, the entrepreneurial dynamic could be less evident in native entrepreneurs as migrants are more entrepreneurial than non-migrants.

1.9 ETHICAL CONSIDERATIONS

This study dealt with many respondents with different beliefs and it was necessary to understand the ethical and legal responsibilities of conducting research (McMillan, 2010). Primarily, ethics clearance was obtained from the Nelson Mandela Metropolitan University Research Committee. The participants were assured of confidentiality and anonymity. The respondents were thoroughly briefed on the purpose of the study, the intended use of the data obtained from them, as well as the potential result of the study.

1.10 DEFINITIONS OF KEY CONCEPTS

With the focus of this study being on the impact of entrepreneurial orientation on performance of African immigrant-owned small businesses, clear definitions of these terms are presented below.

African immigrant: African immigrant "is the displacement of Africans across the nation (and state) lines within the continent for the purpose of building a new place or seeking stability and serenity" (Kalitanyi & Visser, 2010: 337).

Small business: From a South African perspective, a business is considered small if it has less than 50 effective employees with a yearly turnover below 25 million rand and total gross assets of less than 4.5 million rand (The Parliament of the Republic of South Africa 2005).

Entrepreneurial orientation (EO): Pearce, *et al* (2010:225) put forth a more comprehensive definition of Entrepreneurial Orientation by Lumpkin and Dess as "a conceptualised set of distinct but related behaviour that has the qualities of innovativeness, proactiveness, competitive aggressiveness, risk taking and autonomy".

Innovativeness: This is the ability of a business to encourage novel and creative initiatives which can develop into new services, products or technological processes (Hosseini & Eskandari 2013:203)

Proactiveness: This is the ability to precdict possible challenges and changes that might occur during the business process. Such abilities lead to new perspectives and opportunities in the business venture (Serafimovska & Stefanovska, 2013:52)

Risk-taking: This involves the business or the management embarking on an uncertain venture for the interest of the stakeholders (Brettel *et al* 2015:3).

Competitive aggressiveness: This embodies the constant challenge of competitors in order to gain market position within a certain locality (Zellweger & Sieger 2012:70)

Autonomy: This relates to the independent and self-directed quest for other opportunities by empowering and motivating individuals to maintain and contribute to the business effort by promoting independent action and developing initiative (Lumpkin *et al*, 2010:251).

Business performance: This is overall positive or negative output as perceived and evaluated by the business, either from the financial, entrepreneurial or social perspective.

1.11 CONTRIBUTION OF THE STUDY

In accordance with the above objectives and hypotheses, this study will be designed for small businesses in South Africa as they play an important role in employment creation, leading to a significant contribution to economic growth and development. As a consequence of economic growth, the livelihood of citizens could be improved.

The South African economic system is presently characterised by high unemployment rate and a high failure rate among small businesses. Identifying and understanding those elements that can impact on small business performance will be of great importance to this sector. As a result of identifying these elements, tentative solutions and plans can be generated to lessen the high failure rate of small businesses in South Africa. This will lead to an increase in economic development and levels of employment in the country.

This research will primarily contribute to the empirical literature on the effect of entrepreneurial orientation on business performance of African immigrant-owned small businesses in South Africa. Thus, the study will attempt to look forward to what drives African immigrant-owned small business performance. Furthermore, the study will clarify the related issues and help African immigrant-owned small businesses to prioritise their resources. In addition, this study will benefit other researchers and students, as it will generate scientific knowledge with regard to the research problem and area of study.

1.12 STRUCTURE OF THE RESEARCH

Chapter one: This chapter consists of the introduction and background of the study and the research problem. It also contains the purpose of the study, the research objectives, the research question, and hypotheses. It looks at the scope and the demarcation of the study.

Chapter two: This chapter focuses on the literature overview of African immigrant-owned small businesses in South Africa. It also examines the contributions and challenges faced by small businesses in South Africa.

Chapter three: This chapter focuses on Entrepreneurial Orientation and business performance.

Chapter four: This chapter focuses on the theoretical framework of the study.

Chapter five: This chapter consists of the research design, the research paradigm, the research methodology used in the study, the population and sampling, measuring instruments, data collections, and data analysis scope of the study. The validity and reliability of the study will be discussed, as well as the ethical consideration of the research.

Chapter six: This chapter consists of the empirical results of the study, which are data analysis and interpretation.

Chapter seven: This chapter revisits the research problem, conclusions and recommendations, limitations and future research.

CHAPTER TWO

NATURE AND IMPORTANCE OF SMALL BUSINESSES

2.1 INTRODUCTION

The centre of attention of this study is on assessing the level entrepreneurial orientation of African immigrant-owned small businesses in the Eastern Cape and to establish the influence of this orientation on business performance. The growth of small businesses is highly significant, firstly because of their contribution to the overall development of the economy and their direct impact to the reduction of unemployment. In addition to this, the success of the small business can lead to a smooth transition to medium to large business sectors to safeguarding the emergence of other local small businesses into the economy. (Alasadi & Abdelrahim, 2008:50). Small businesses have gained international recognition and they have been responsible for a great portion of the world economy (Isle, Freudenberg & Copp, 2014:420). Moreover, Allen, Ericksen and Collins (2013:154) complement that this recognition is due to the fact that small businesses have contributed to one half of jobs as well as 65% of the world's net jobs.

Furthermore, the recent great recession marked the beginning of the economic downturn from 2007 to 2009 and small businesses were not an exception (Britt & Sussan, 2015:156). In this regard, during the recession, small businesses were faced with the problem of increasing growth within the economy, as they were the engine for job creation (Oriaku, 2012:17). The previous chapter established the objectives of this study as well as the relevance of the study. This chapter examines the definition of small businesses within an international and South African context. An overview of immigrant small businesses will be discussed. Furthermore, the contribution of immigrant small businesses to the economy as well as the developmental challenges faced by immigrant small businesses.

2.2 DEFINITION OF SMALL BUSINESS

The term small business is used both in developed and developing countries to denote a specific type of industry (Balasundaram, 2009:12). According to Smit and Watkins (2012:6324), small businesses are not universally defined, because, the country's legislations and geographical location influence the definition of small businesses. In addition, Chhabbra and Pattanayak (2014:37) assert that, a unified definition of small businesses cannot be established because, a single definition will not take into consideration all the dimensions of small businesses, nor is it expected to mirror the disparity between entities in the different economic sectors or of countries at different levels of development. Furthermore, most definitions regarding this sector use quantitative and qualitative lenses, using both the annual earnings, balance sheet and number of employees (quantitative) and the market share (qualitative) (Ogunsiji & Kayode, 2010:193).

However, the section below focuses on the diverse definitions of small business. The different perceptions are drawn from international approaches on how small businesses are defined from specific countries within the continent and union blocks around the world such as; the United State of America, the European Union, Great Britain, and Nigeria. In addition, the local perception is based on South African perspective.

According to Britt and Sussan (2015:193), the census report of the small business and entrepreneurship council states that 99.7% of businesses in the United States of America (USA) have less than 500 employees while 89.7% have less than 20 employees'. The table below shows the numeric classification of businesses in the United States of America.

Table 1.1: Unite State of America numeric definition of SMEs.

Size of the business	Number of employees	Annual turnover	Balance sheet total
Medium	< 500	$10-50 million	$< 25 million
Small	< 250	$< 10 million	$< 7 million

Source: adapted from United State small business and entrepreneurship council (2015).

Within the European Union context (2010), businesses with less than 50 effective employees are termed small businesses. Employee effectiveness is not the only criteria used; the organisation balance sheet and turnover are also taken into consideration as seen in the table below.

Table 2.2: European Union numeric definition of SMEs.

Size of the business	Number of employees	Annual turnover in million of Euro	Balance sheet total in million of Euro

Medium	< 250	< 40 million	< 27 million
Small	< 50	< 7 million	< 5 million

Source: adapted from the European commission (2010).

Furthermore, based on the United Kingdom's companies Act of 1985, specific criteria were put in place to denote small businesses as shown in the table below

Table 2.3: United Kingdom's numeric definition of SMEs.

Size of the business	**Number of employees**	**Annual turnover in millions of pounds**	**Balance sheet total on millions of pounds**
Medium	< 250	< 11.2 million	5.4 million
Small	< 50	< 2.8 million	1.4 million

Source: adapted from the department of trade and industries of the United Kingdom (2004).

In addition, looking at small businesses from the African perspective, much difference is not being seen in terms of the variables used; rather the difference stands at the values of the variables used. From the Nigerian definition, as seen in the table below small business criteria are as follows.

Table 2.4: Nigerian numeric definition of SMEs.

Size of the business	**Assets not including real estate (million Naira)**	**Yearly turnover (million Naira)**	**Total employees**
Medium	<150	<500	<100
Small	<50	<100	<50
Micro	<1	<10	<10

Source: Adapted from the Nigeria association of small and medium enterprises (2010).

2.2.1 South Africa definition of small businesses

According to Ladzani and Netswera (2009:226), the South African National Small Business Enabling Act (Act 102 of 1996) defines small business as a separate and distinct business entity, including cooperative enterprises and non-governmental organisations, managed by one owner or more which, including its branches or subsidiaries. If any, is predominantly carried on in any sector or subsector of the economy and which can be classified as a micro-, a very small, a small, or a medium enterprise. Moreover, the following criteria are important when defining small businesses in South Africa. These are; meeting formal registration requirements, operating in a formal market and the small business should be tax registered.

Table 2.5: South Africa numeric definition of SMMEs.

Size or class	Total full-time employees	Total yearly turnover	Total gross asset value
Medium	<200	<R25.00 million	<R8.00 million
Small	<50	<R10.00 million	<R3.00 million
Very small	<10	<R2.50 million	<R0.70 million
Micro	<5	<R0.50 million	<R0.10 million

Source: Adapted from the parliament of the Republic of South Africa (2005)

Furthermore, a more comprehensive definition of small and medium enterprise (SME) and small, micro and medium enterprise (SMME) in south Africa was provided based on any of the following characteristics; having an annual turnover of less than 64 million Rand, less than 20 employees, capital assets of less than 23 million Rand as well as direct managerial involvement by owners (Badenhorst-Weiss, Brevis-landsberg, Cant, Du Toit, Erasmus, Kruger, Machando, Marx, Mpofu, Rudansky-Kloppers, Steenkamp, Strydron & Vrba, 2010:53). Nevertheless, taking into consideration the different definitions of small businesses from different countries across different continents, it would still be difficult to have a harmonised definition, because in terms of value used in quantifying the different elements in determining the size of the business are not unique. However, this research will adopt the small business definition provided by Badenhorst *et al*, because it follows an acceptable global practice of using quantitative parameters that is the number of employees, sales volume, value of assets, and the market shares in attempting to define small businesses. Section 2.3 below will give an overview of immigrant small businesses.

2.3 SMALL BUSINESS DEVELOPMENTS

Developing countries and their problems has been the centre of attraction for scholars to write about. Their characteristics have been outlined as if it were one homogenous mass, regardless of the vast differences in their income levels, values, and culture of one independent nation to the other. The common attribute within the developing nations are that, the standard of living in developing countries and Africa in particular, is described in the most undignified conditions, showing the living standard as insufferable. According to Todaro & Smith (2009:17), development is considered as a "multidimensional course of action which connects key elements in the social structures, popular attitudes, and national institutions, as well as the speeding up economic growth, reducing inequality, and poverty eradication". Economic growth is in turn measured by the Gross Domestic Product (GDP) as well as the per capital income of a nation.

California Association for Local Economic Development (CALED) (2011) states that economic development entitles the appropriate distribution of inadequate resources - land, labour, capital, and entrepreneurship in a manner that will have a positive impact on the level of business activity, jobs, income level patterns, and economic solvency. Thus, the proper allocation of these resources will lead to a standard of life widely perceived as satisfactory. CALED (2011) further states that attainment of economic development relies heavily on the ability of the governing body in a country to manipulate the investment of its private sector in the direction of opportunities that can lead to sustainable economic growth. Sustainable economic growth can avail sufficient incomes for the available labour force, business opportunities which are profitable for employers and continuous growth.

However, South Africa faces some developmental challenges regarding their development. These challenges manifest themselves via poverty and inequality, HIV and Aids, crime and corruption in both the private and public sector. Notwithstanding, the Eastern Cape has been flagged as the most corrupt province. Based on the Organisation for Economic Co-operation and Development (OECD) (2010), the socio-economic terrain in South Africa continues to be characterised by high levels of inequality and disparate quality. Much of the population among other inequalities, have limited access to decent education property ownership, asset accumulation and equal access to the labour market. Entrepreneurial activity in South Africa is presently hindered by a poor skill base and severe socioeconomic limitations such as poverty, lack of professional expertise that is medical doctors and university professors, insufficient active markets and limited access to resources (Herrington *et al*, 2009). In addition, entrepreneurship remains a risky venture; the financially underprivileged find it impracticable to consider taking on the additional risk associated with unemployment (Kongolo, 2010:2290). It is based on this fact that FinMark Trust (2006) concluded that South Africans do not look upon entrepreneurship as an encouraging and viable career choice.

On the contrary, Todaro and Smith (2009:10) state that development does not only involve economic growth but also reduces deprivation and broadens choice. Deprivation symbolizes the multi-dimensional aspects of poverty that comprises of hunger, illiteracy, illness and poor health, powerlessness, voiceless, insecurity, humiliation, and a lack of access to basic infrastructure. Development embodies elements such as political freedoms, economic facilities, and social opportunities.

Development consequently, is the betterment of the economic wealth of a country and wellbeing of its dwellers. It is the form of action by which states develop the economic, political, and social welfare of its citizen. Hence, the term economic growth differs from economic development in the sense that, economic growth implies the augmentation of, for instance, national income, gross domestic product, or per capita income. Meanwhile, the term economic development implies a great deal more including improvements in an assortment of indexes such as literacy rates, life expectancy, poverty rates and unemployment rates (Todaro & Smith, 2009:18).

2.4 CONTRIBUTIONS OF SMALL BUSINESSES

Research in the last twenty years has highlighted the value of small businesses in economic development and their contribution to innovation in local, regional, and national economies (Servon *et al*, 2011: 453). However, in the field of small businesses, the perpetual question has been to what extent small businesses contribute to the economic and sustainable development of a country's welfare (Wit & De Kok, 2013:283). The progressive switch from poverty to wealth generation in most nations has mostly been through private sector initiatives such as farmers, investors, and small businesses. If individual nations predominantly those in Africa, are to thrive by gradually shifting out of poverty and unemployment, small businesses must be encouraged. Small businesses are extensively being acknowledged for bringing an enormous contribution to the growth of the economy, alleviation of poverty and employment opportunities, as a consequence, the South African government has placed meticulous concern in the systematic progress of small business policies. Small businesses are also noted for being an essential innovative source in the development or transformation of new products and services (Mahaadea & Pillay, 2008:431). Despite the inconsistent views around the economic contributions of small businesses, this section will present the socio-economic contributions of small businesses.

Employment

According to Servon *et al* (2011:452), in the past thirteen years, small businesses in South Africa have accounted for a significant share of net employment changes. This is a positive correlation between high rates of entrepreneurial activity and the growth of local economy. This stands contrary to the unsubstantiated perception of many South Africans that, immigrants take their jobs rather than create or set the pace for new ventures within the country (Kalitanyi & Visser, 2010:376). Moreover, it has been found that effective policies to rapidly downsize unemployment rates include the stimulation of small business activities within the economy (Tengeh *et al,* 2012:6071). Furthermore, in the USA approximately 89.8% of businesses employ less than 20 employees, which account for about 63% of net jobs created in the USA between 1993 to mid-2013 (Britt & Sussan, 2015:156). In addition, small businesses account for approximately 43.3% of employment in the private sector in Australia and account for 95.9% of all private business sectors in Australia (Isle *et al*, 2014:421). The table below illustrates the unemployment rate in selected sub-Saharan African countries across.

Table 2.6: Unemployment rate in selected sub-Saharan African countries.

Nations	Unemployment rate
Angola	8.4
Botswana	18.4
Ghana	4.5
Malawi	7.6
Namibia	17.7
Nigeria	7.5
South Africa	25.3
Uganda	3.9

Zambia	13.3
Average sub-Saharan	7.6

Source: Illingowrth (2015).

The above table represents the unemployment rates in selected sub-Saharan Africa countries. It highlights high rates of unemployment in some of the countries. According to the European Union (2009), small businesses account for a large portion of the economic and professional activities of European countries. About 90% of businesses in the European Union are small businesses which account for two-thirds of the total employment in the private sector. The low unemployment rate in developed countries can therefore be associated with the strong and successful small business sector in their economy. Recently, while large firms have been shedding jobs in Europe and the US, employment in the small business sector has simultaneously increased.

Furthermore, in a country like Pakistan, employment in the manufacturing informal sector accounts for approximately 3 million employees, with 23 % of the total share of employment in the informal sector. Thus, small businesses in the services and trade sectors generate 77 per cent of informal employment (Jasra, 2012:276). The table below shows the employment percentage of certain countries within the Asian content.

Table 2.7: Small business representation and employment capacity in some selected Asian countries.

Countries	**Total small businesses in the economy as in %**	**Total employment of Small business employees as in % of population**
Hong Kong	98.0	60.0
Japan	98.9	69.2
Malaysia	96.1	45.0
Philippines	99.6	70.0
Singapore	99.7	57.0
Taiwan	97.7	68.8
Thailand	99.7	58.0

Source: adapted from Jasra et al, (2012) Based on the business classification in South Africa, approximately 90% of most formal businesses are small enterprises; the small business sector has been noted to be the greatest contributor to South Africa's economy. This sector is not only being recognised as the engine for employment generation, but it also absorbs retrenched work force coming from the private and public sector (Smit & Watkins, 2012:6325). According to Tengeh (2013:349), there are approximately 800,000 small businesses in South Africa, which absorb about a quarter of the labour force. Furthermore, the South African Human Resource Development Council reported that, small businesses alone employed 65% of the 13.8% million South Africans with jobs in January 2012 (Finweek, 2013:48).

Though most African immigrant-owned small businesses start by employing fellow immigrant from the same country or close relatives, as the business begins to experience growth, more South Africans are being employed (Fatoki, 2014:2). Nonetheless, a recent study conducted in South Africa shows that approximately 73% of immigrant entrepreneurs from Nigeria preferred to employ a South African in their business, 90% of immigrant entrepreneurs from Senegal will prefer to employ a South African, and approximately 70% of other immigrant entrepreneurs will prefer to employ a South African. It was concluded that out of 98 African immigrant entrepreneurs interviewed, 82% employed a South African (Chiloane-Tsoka & Mmoka, 2014:207). This has been buttressed by the fact that, in South Africa both in the formal and informal sectors immigrant-owned businesses are twice as likely to employ job seekers than South Africans (Groundup, 2015). Kalitanyi and Visser (2010:376) assert that African immigrant-owned small businesses in South Africa do not only create jobs for themselves, but they equally employ the unemployed South Africans, this is consistent with the view of Fatoki and Patswawairi (2012:137), that less than 6% of African immigrant entrepreneurs employed only immigrants.

Gross domestic product

According to a report by the Organisation for Economic Co-operation and Development (2010), small businesses can contribute significantly to the productivity and growth of the gross domestic product (GDP) through restructuring existing markets and creating new markets. In this regard, small businesses act as an agent of change, by helping to create and diffuse innovation and develop additional markets. Small businesses contribute to productivity and growth of GDP of a state by initiating new business ideas through challenging the established ways of doing business. However, the contributions of small businesses to the GDP can only be improved if they function to their full capacity which depends on the available resources.

Contemporary studies have established the role small businesses and management actions in the success of an economy in diverse economic contexts. The growing interest in the role of small businesses, particularly growth generation has been inspired by, the success in the growth performances in some of the BRICS economies such as (Brazil, China, India and South Africa) and an increased awareness around the necessity of an improved of the private sector in many fragile and failed states. Nevertheless, vibrant small businesses are not only realized in developed economies. Developing economies are now categorized by the diversity of supportive ways to stimulate small business development (Lighelm, 2011: 161). The table below illustrates the contribution of small businesses in some selected countries.

Table 2.8: GDP contribution per percentage in some developing and developed countries.

Developing countries	**GDP contributions %**	**Developed countries**	**GDP contributions %**
Cameroon	20	Australia	51
Ivory coast	19	Canada	57
Tanzania	30	Poland	60

Source: adapted from OECD (2010).

Small businesses in South Africa account for approximately 34.8% of the gross domestic product, also making an important contribution to the number of establishments and to the overall salaries and wages for the employed population. Small businesses now account for 42,7% (as opposed to 57,3% contribution made by large enterprises) of the overall value of salaries and wages paid. (Tengeh, 2013:349). Furthermore, a recent study conducted in South Africa shows that 56% of the immigrants interviewed in the city of Cape Town are paying a large amount of rent, either to the city council of Cape Town or to the South Africans property owners. The same study conducted in the city of Johannesburg equally shows that 43% of the immigrants were paying their rents to the South African property owners or to the city council. Based on the money value, an estimate of 2200 Rand per month is being paid by immigrants in Cape Town while, 60% of the immigrants interviewed in Johannesburg paid a sum of approximately 1000 or more Rand per month for their rent (Groundup, 2015).

Promote competition

Small businesses have being noted for promoting competition. According to Mac and Bhaird (2010), small businesses often adopt niche strategies by being flexible, using high calibre products and responding to the specific demands of the client. With such high competition, small businesses tend to drive away the monopoly concept in the local markets by providing specialised goods and services at competitive costs (Ntsika, 2012).

Based on a study conducted in Finland on African immigrant entrepreneurs, most of the customers were immigrants. The Finnish customers have travelled abroad and developed a different product taste. With a small immigrant customer base and multiple small businesses, it was not easy to serve the limited market, especially for enterprises of the same nature (Chiloane-Tsoka & Mmoka, 2014:209). Furthermore, the existence of small businesses has brought about the fierce competition into the business environment that has resulted in pushing larger firms to engage themselves in serious market research and advertisement in order to maintain their customer need satisfaction (Schayek, 2008). From the above view, South Africa small businesses have created competition for large firms, thereby improving the nature of the business environment and resulting in the production of quality products and services, (Mason & Rown, 2013:217). Small businesses are always emerging and bringing in new ideas as well as better and improved products and services into the business environment.

Innovative business practices

However, Smith and Watkins (2012:6324) argue that small business employees are mostly locally employed workers who do not receive conventional training in this sector. Therefore, small businesses serve as a platform to raise and train entrepreneurs needed for the promotion of the private economic sector (Chodokufa, 2009). Furthermore, due to the fact that the principal sources of finance and credit for small businesses in their early stages is personal savings further supplemented by family members and loans from informal money lenders. With the advancement and development of small businesses, the interested group of people tends to save more in order to finance the sector (Tambunan, 2009). This can increase the total savings in the economic system of a state as they tend to supply a large percentage of their capital. Moreover, Brikk (2013:165) argued that small businesses are considered as true opportunities for articulating creativity and stimulating factor to the commencement of employment. A report by a social justice group for research and work advocacy Groundup (2015), assert that immigrant entrepreneurs in South Africa do introduce new products, opportunities and business activities and initiate scarce skills such as manufacturing in the urban economy. Furthermore, African immigrant small businesses usually work long hours approximately 64 hours per week and six days per week, such business practice gives them an edge over the local indigenous who follow the regular work pattern (Kalitanyi & Visser, 2010:380).

Little research has been conducted on innovation processes in small businesses; rather, most research has been focused on large enterprises. In spite the fact that, small businesses constitute a large percentage of the total number of companies in an economy. Furthermore, very little research on innovation is being carried out in order to offer the available customer chain innovative services or products. This, also, in spite the that, small businesses play a significant role in the economy and that paying attention to innovation for small businesses can result into a newer dimension of innovative research for better business and economic growth (Krause, Schutte & Preez, 2012:4). In South Africa, African immigrant entrepreneurs have limited access to finance and credit. However, African immigrant entrepreneurs have a highly creative process of obtaining their finance in South Africa (Kalitanyi & Visser, 2010:382). According to Garg and Phayane (2014:62), the personal savings of African immigrants are what they used to start up their business which alone accounts for approximately 62.2% of their capital business credit and family members account for 16.9% and 18.8% respectively.

Enabling the smooth running of the supply chain

According to Chodokufa (2009), the operation of certain services by large houses is well done by small businesses. These services may include retail outlets and suppliers, which may reach disperse markets that are not accessible by larger firms. Small businesses form part of most large firms supply chain due to the fact that large firms outsource goods and services to these small businesses (Du Toit, Erasmus, & Strydom, 2010:50). Furthermore, African immigrant-owned small businesses in South Africa are making a significant contribution to service the need of the poorer customers who can afford appropriate quantities of goods, in places and time of the day which are not accessible by regular shops by meeting the niche demands of those customers (GroundUp, 2015).

The South African government has acknowledged that the small business sector is a means through which it can accomplish accelerated economic growth. However, this objective was not achieved partly as a result of the high failure rate of small businesses. As the growth of small businesses depends to a certain degree on the macro economic growth, it can be established that, the low micro economic growth of the past few years has subdued small business performance and therefore clamping down on their full potential (Smit & Watkins, 2012:6325).

Poverty reduction

According to Kufuor (2008), although poverty is a universal problem, it is indisputably more notable in developing countries. The South African policy makers in the business sector recognise the critical magnitude of the domestic private sector development as the springboard for driving growth and achieving the millennium development goal of poverty reduction. The central argument in poverty research acknowledges that, unemployment is the key cause of poverty among those of working age. Small businesses play a significant role in making available opportunities such productive employment, leading to income generation and, eventually, poverty reduction within the nation. In less developed countries, the major source of income generating is through small businesses, a stepping stone for entrepreneurship and a source to create employment (Jasra *et al,* 2011:275). The table below shows the poverty level of some countries in the world.

Table 2.9: Poverty level per percentage in some selected developing and developed countries.

Developing countries	**Poverty level %**	**Developed countries**	**Poverty level %**
Cameroon	48	Australia	8
Senegal	57	France	6

South Africa	39	UK	14
Zambia	86	USA	12

Source: adapted from World Bank (2010)

Although, much of the interest in stimulating immigrant-owned African small businesses has largely been considered as a disappointment, it seems, in fact that not enough research has been conducted in this field. In fact, immigrant-owned small businesses are operating and booming in the entire African continent. Research on small businesses in the developing world has shown that small businesses are responsible for a great percentage of all formal jobs. Based on the standard of living index, those living on $2 or less per day are approximately two billion people of the world's population, 50 percent of this population are running small businesses to have a sustainable livelihood for their families. If a great proportion of these small businesses were supported for growth to take place, they would in turn hire more local employees; which could change the fortunes of the developing economies, as well as billions of Africans living in abject poverty (Peters, 2014:11). Moreover, in a country such as South Africa, whereby prior policies such as apartheid did cause societal division, the well-being of the society can be adjusted by the introduction of entrepreneurship where entrepreneurship is more necessity driven rather than opportunity driven (Chiloane-Tsoka & Mmako, 2014:379).

Despite the fact that numerous researchers are in support of the fact that small businesses are key elements to South Africa's high poverty reduction, (Ayyagari, Beck, & Demirguc-Kunt, 2005:200) do not share the same view. Furthermore, research conducted on the impact of small and medium enterprises on poverty reduction and economic growth concluded that there was an insignificant relationship between the development of small and medium enterprises and poverty reduction, but a significant relationship between the development of SMEs and economic growth (Ayyagari *et al.* 2005:202). In addition, Abraham (2003:190), in his study titled *Local Economic Development* (LED) in South Africa: A useful tool for sustainable development, argues that, in South Africa, the small business sector has accomplished very modest growth. As a consequence, small businesses are not likely to be the solution for South Africa's economic and social problems, as many small businesses do not report their financial history.

2.5 IMMIGRANT-OWNED SMALL BUSINESSES

The value found in intensifying our understanding of immigrant-owned small businesses is made evident by an ever growing global economy, characterised by, an immense movement of products, services and labour worldwide (De Vries, 2014:72). Furthermore, Sequeira and Rasheed (2006:359) state that there have been enormous studies on ethnic entrepreneurship in the field of sociology and anthropology as a cultural phenomenon, but limited consideration has been made of immigrant entrepreneurship. This is due to the fact that there is little information in regarding immigrant entrepreneurship and an inadequate theoretical framework for studies centred on this subject of immigrant entrepreneurs. Furthermore, limited studies around this topic is the fact that immigrant entrepreneurship is a fairly new field of study that emerged out of the African context when the US sociologists attempted to understand why certain immigrant groups manifest a higher rate of entrepreneurship than others (Collins & Low, 2010:101). This section will outline the definition of immigrant-owned small businesses, the nature of African immigrant-owned small businesses, the necessary factors for required for African immigrants to start up a business, the opportunity factors for African immigrants and the small business development.

According to Skandalis and Ghazzawi (2014:78), Australia and North America have both been preferred destinations for immigrants during the 18th and 17th century. Furthermore, African immigrant small business studies have been well explored in North America; it is clear that substantial empirical studies have been established (Aliaga-Isla and Rialp, 2013:824). Europe has also attracted a great number of immigrants as a result of changes in government policies such as for humanitarian reasons by many Eastern European nations (Skandalis & Ghazzawi, 2014:78). Moreover, Aliaga-Isla and Rialp (2013:825) assert that the status quo around immigrants in Europe has marked the development of African owned small businesses within specific countries such as Denmark, Netherland, Germany, and Sweden being. Even though, research in the field of African immigrant small businesses has a relatively short history, scholars have been able to define immigrant small business as; ‘any commercial activities in a given geographic area owned by people of different nationalities than the nationals of such nation’ (De Vries, 2014:73).

African immigrant; “is the displacement of Africans across the nation (and state) lines within the continent for the purpose of building a new place or seeking stability and serenity”

(Kalitanyi & Visser, 2010: 337). According to Ligthelm (2011:160) small businesses in South Africa are predominately operating in areas that are residentially occupied in small and unsophisticated business centres. Moreover, Armengot *et al* (2010:381) states that, African entrepreneurs have a consistent record in the service related business sector. Furthermore, Fatoki (2014:3) complement that, African immigrant-owned small businesses are more into retail, wholesale, or service sectors, serving as a convenience shop to lower income group rather than in the production sector. In addition, in South Africa the source of capital of most African immigrant-owned small businesses usually stem from private savings, retained earnings, family support, and individual savings (Tengeh, 2011:10). Furthermore, African immigrant small business is a business established by an African in a host country which is not their country of origin (Fatoki, 2014:2).

An understanding of entrepreneurial orientation (EO) of African immigrant-owned small businesses is of great importance, especially in South Africa where in the last few decades, the economic growth has declined. The gross domestic product in the 1960's had an average growth of 6% per year. However, a dramatic decrease by 2.2% occurred in the 1980's; in the 90's there was no economic growth. An average of 4.2% of GDP was recorded as growth in 2006. Moreover, by the second quarter of 2009, South Africa registered a GDP decrease of -3%. Therefore, for sustainability and improvement of a nation's economic development, a minimum growth rate of 6% should be required for the next few years with small businesses being the brain of the prospective 6% growth (Badenhorst *et al*, 2010:44).

2.5.1 DISTRIBUTION OF IMMIGRANT SMALL BUSINESSES IN SOUTH AFRICA

With the rapid development of small businesses owned by immigrants in South Africa, small businesses have drawn the attention of academic authorities on immigrant entrepreneurship Fatoki (2014:1). From this point of view, the government has introduced a new institutional framework to support small businesses in South Africa (Tengeh *et al*, 2012:6074). Furthermore, South Africa has witnessed various socio-political and economic changes since the 90's with only a handful of entrepreneurs qualifying for a business permit. It is for this reason why South Africa has been tempted to open its doors once more to new immigrants attempting to do business in the country, particularly those from Eastern Europe, Asia, and other African countries (Padayachee & MaCartney, 2007).

Considering the reports of statistics South Africa (StatsSA, 2010), about 2.5% of the entire number of small businesses within South Africa are owned by immigrants with an actual population size equivalent to the percentage mark. Also, this population accounts for 2% of newly created small businesses in South Africa. Though high measures have been put in place to cut down on the rate of illegal immigrants in South Africa, based on the national statistics from South Africa, in 2009, immigrant entrepreneurs are not evenly distributed (Tengeh, 2013:374). However, presenting numerical representations of the immigrant small business population is not uncomplicated, due to their high propensity towards mobility (Rogerson, 2008). The table below shows the distribution of small businesses in South Africa, which include immigrant small businesses in various provinces.

Table 2.10: Small business distribution per percentage in South Africa.

Province	**Formal sector small businesses in %**	**Informal sector of small businesses in %**
Gauteng	48.3	24.6
Free State	03.2	06.6
Limpopo	02.9	14.3
KwaZulu-Natal	13.0	18.8
North West	03.2	08.0
Mpumalanga	04.1	07.7
Western Cape	19.0	05.9
Northern Cape	01.2	00.7
Eastern Cape	05.3	13.4

Source: adapted from Radipere (2012).

The Eastern Cape is the fourth leading province in terms of the formal and informal sector of small businesses. Despite the rising number of immigrant entrepreneurs in South Africa, studies have shown that migrants take into considering various factors before installing their business. They have to take into consideration the cultural hospitality, support network, competitive rate, and market accessibility (Nestorowicz, 2011).

2.5.2 NATURE OF AFRICAN IMMIGRANT-OWNED SMALL BUSINESSES

Small business initiative signifies an essential element in the dynamic growth of a country's economy. It stands as a vital economic phenomenon which is increasingly addressed in social sciences whereby, governments all over the world are trying to implement policies to boost such venturing activities within which, the majority of the African immigrant-owned small businesses are operating in the informal sector (Skandalis & Ghazzawi, 2014:82). Moreover, most African immigrant small business owners do not keep written records of their daily activities; they mainly have a metal record of their daily activities with great focus on the amount of funds to be allocated to purchase new inventories, repay their creditors and the records of debtors in relation to the business (Chhabra & Pattanayak, 2014:40). However, with such accounting systems in place, African immigrant-owned small businesses tend to rely more on their initial inside finance and thereby follow the small business financial growth cycle (Servon, Visser & Fairlie, 2010:304). As a result, these compel most African immigrant small business owners to act as their own bankers to ensure the security of their funds (Coad & Tamvada, 2011:384).

Furthermore, African immigrant-owned small businesses are classified into different categories which are; extremely segmented, product integrated, market integrated and highly integrated. Extremely segmented African immigrant-owned small businesses target customers based on ethnicity to provide them with their respective ethnic goods and services; on the other hand, product integrated business target ethnic customers with mainstream products. The market integrated category incorporates African immigrant-owned small businesses which target the non-ethnic population to make available to them the products and services which are primarily connected to their ethnic cultural background. On the other hand, the highly integrated category target non-ethnic customers with basic products and services which are not connected to their ethnic cultural background (Curci & Mackoy, 2010:109).

Table 2.11: Immigrant market segmentation.

	Ethnic customers	**Non-ethnic customers**
Ethnic product and services	Extremely segmented (traditional food market,	Market integrated (ethnic restaurant, consulting and media

	bakery, retail store)	firm)
Non-ethnic product and services	Product integrated (real estate, medical firm, auto repair)	Highly integrated (convenience store, construction firm, dry cleaners

Source: adapted from Curci & Mackoy, (2010)

In addition, African immigrant-owned small businesses are very heterogeneous both in size and in the nature of their activities, ranging from skilled people (electricians, plumbers and painters), skilled professionals (accountants, lawyers, beauticians, restaurant, physicians and mechanics). Below is a table showing the different origins and sectors explored by African immigrants in South Africa.

Table 2.12: African immigrant market segmentation in South Africa.

Unit	**Activity**	**Immigrant origin**
Retail sector	Retail food	Zimbabwe and Mozambique
	Ethnic clothing	West Africa
	Curio selling	Zimbabwe, Mozambique and Malawi
Service sector	Restaurants	West Africa
	Car repairs	Zimbabwe and Mozambique
	Hairdressing	All
Production	Native clothing	West Africa
	Wedding dresses	West Africa
	General tailoring	Malawi
Other businesses	Cafes	West Africa
	Nightclubs	West Africa
	Traditional healing	East, and West Africa
	Import and export	West Africa
	Music shops	Central and West Africa

Source: adapted from Kalitanyi and Visser (2010)

These businesses do not grow by any significant margin; rather, they start small and maintain such small size throughout their life cycle (Hurst & Pugsley, 2011:75). According to Sequeira and Rasheed (2006:364), during the start up phase, most immigrants lack knowledge and legitimacy, therefore their families continue to play an essential role in supplying convenient and low cost support especially labour and available financial capital. Moreover, Wright, Martin and Stone (2003:174), found that small businesses owned by African immigrants are mostly managed by a single or married proprietor or family owned. The principal objective is usually to exploit the niche market within the local community by serving their local population, binding their relationship with their customers through social ties.

The building of relationship is necessary because immigrant owned small businesses are not being able to enjoy economies of scale like large companies. Thus, most immigrant small businesses in South Africa start by employing a family member or a reliable immigrant from the same origin. As the business develops more South Africans are now being employed (Fatoki, 2014:2). In addition, most small businesses are managed by single owners because they do not have enough money to hire expertise to run the businesses for them, consequently, small business owners perform multiple operational tasks and management functions themselves (Adisa, Abdulraheem & Mordi, 2014:3). However, Fatoki (2014:2) assert that African immigrants have different motives for establishing a small business and their businesses are strongly influenced by the pull and push model of the mobility of labour. The push factors are those conditions which give the immigrant reasons not to be satisfied with their current location of origin, while the pull factors are those factors in the potential new location that sound appealing to the migrant and encourage them to move (Skandalis & Ghazzawi, 2014:78).

2.5.3 MOTIVES FOR AFRICAN IMMIGRANT ENTREPRENEURSHIP

South Africa is branded as a rainbow nation; this is not reflected in their socio-cultural structure alone, the economic environment is diversified with business migrants following the end of apartheid and first democratic election of 1994 (Fatoki, 2014:2). In addition, Bogan and Darity (2008:2001) point that, as migrants find it difficult to enter the current job market, therefore, immigrants do find entrepreneurship as a breeding ground for self-employment as well as a means of job creation for the local population. Furthermore, Bischoff and Wood (2013:494) found that, they are approximately 3 million small businesses in South Africa, whereby it accounts for roughly 42 percent of the entire workforce. Moreover, (Kalitanyi and Visser 2010:378; Tengeh 2013:365) assert that, the opportunities created by immigrant entrepreneurial activities have gone a long way in the reduction of poverty alongside spurring South Africa national economic development. However, the acceleration of this economic growth depends on a number of factors such as human resource, time, and financial supports which are insufficient in availability for small business Smith and Watkin (2012:6326).

According to Hitka and Balazova (2015:114), "*motivation*" is considered to be the internal and external elements that trigger the aspiration in humans to have continual interest and commitment over certain activity. Furthermore, motivation can arise either consciously or unconsciously ranging from factors such as the satisfaction of one's needs the value of the reward of the goal and individual expectations. Such factors have an influence on the individual's behaviour (Wong, 2000:3). However, the basic definition of "*motivation"*, has given rise to several theorists that suggest the various motives driving immigrants into entrepreneurship, including the 'cultural', 'mixed embeddedness' and the 'disadvantage' theory.

Based on the cultural theory, immigrant orientation toward entrepreneurship can be characterised by their cultural values such as, family ties, social values, and religious philosophy (Hoselitz 1964). Furthermore, the mixed embeddedness theory (Kloosterman, Van der Leun, & Rath. 1999) has similar views as stipulated in the cultural theory, but it has additional elements such as the socioeconomic and ethno-social factors. This theory suggests that, because immigrants are in possession of limited socio-economic resources, they are being dragged toward the lower sectors of the economy. Last, but not least; the disadvantage theory highlight that, disadvantages which exist within communities where immigrants are located have given rise to immigrant entrepreneurship. Most immigrant employees tend to be victims in the labour market; therefore, they are pushed to toward self employment (Ram & Smallbone, 2001).

In addition, entrepreneurship motives can be classified as follows: intrinsic (pull), extrinsic (push), independence (pull), and family (push) (Manev, Gyoshev & Manolova, 2005). Due to the scope of this study, analysing immigrants' motives into entrepreneurship is based on those factors which trigger the drives. In summary, the above entrepreneurial motives could be seen as "Push" and "Pull" factors. Notably, there is motivational variation among different groups of entrepreneurs as well as from one individual to another. The motives for instance, could be the desire to gain opportunities or financial benefits as well as having independence

(Shane, Locke & Collins 2003). Such factors could encourage a lot of people to be oriented toward self-employment. More so, the family background orientation, gender, or practical experiences also has a positive lead role for many people to commence their own trade (Ashley-Cotleur, King & Solomon 2009).

In the past decade, migration flow has become extensive and complex. While cultural, social, political, and economic reasons can be characterised noted as the driving forces of migration; specific reasons for migration are varied in nature, with money making remaining one of the main criteria (Rahmandoust, Ahmadian & Shah, 2011:2075). Furthermore, Barrett, Jones, and McEnvoy (2001:243) assert that in economically adverse and urban areas, immigrant entrepreneurship develops because the venture is seen as a means of livelihood. Guler (2005) argues that due to the high rate of unemployment and discriminatory practices in the labour market, many immigrants have become entrepreneurs. Furthermore, the jobless nature of an African immigrant within an established economy will prompt the African immigrants to start a business to make a living (Nieman & Nieuwenhuizen (2009:34). Moreover, Skandalis and Ghazzawi (2014:83) complement that job insecurity which has triggered self employment, a normal extension of ethnic connection tenders both stability of their social status and improved employment conditions of the immigrant population. This is inconsistent with the view of Fatoki (2014:1) who asserts that the African immigrants' establishment of small businesses exists as a substitute to the high unemployment rate. However, the establishment of an African immigrant-owned small businesses is not only to gain stability and social status, sending money back to their respective countries equally motivates entrepreneurs to start up small businesses (Halkias, Harkiolakis, Thurman, Rishi, Ekonomou, Caracatsanis & Akrivos, 2008:145).

Furthermore, Benzing, Chu, and Kara (2009: 62) point out that the pull factor of becoming one's own boss has become common amongst immigrants. According to Skandalis and Ghazzawi (2014:83), one of the main objectives of African immigrant-owned small businesses is to develop the principle of independence. They are independent and desire to make decisions themselves. In order to maintain this independence, they must not only be responsible for their capital supply, but should also be independent thinkers. The term *true independence* is not referred to solely in terms of autonomy from reality, rather refers to the ability to make use of one's best logical judgment. A logical African immigrant-owned small business will most likely express their values and character, leading them to grabbing as many good ideas as possible from others. Hessels, Van Gelderen and Thurik (2008:325) argue that entrepreneurs are not primarily driven by the desire for independence flexibility in their activities is also important to them.

Furthermore, African immigrant small business owners usually carry well developed and broad spectrum business acumen that is task-specific and exudes self-confidence. Self-confidence or efficacy implies that the African immigrant small business owner has belief they can deal with their new nation, meet with the different challenges, and achieve the goals they set for themselves by overcoming the different obstacles. Their Self-confidence is often developed from experiences in their countries of origin developing and running their successful independent projects. Small business activities may also be triggered by an awareness of one's cognitive abilities. In this light, the majority of successful African immigrant-owned businesses' calculative ability is of high standard, which is definitely the key success factor for many foreign businesses (Locke & Luthan, 2004:157).

Attaining goals and the desire to improve on the standard of excellence has prompted African immigrants into small businesses (Nieman & Nieuwenhuizen, 2009:32). An African immigrant with a strong desire for success and a strong motive for achievement will wish to be in charge of personal decision making and outcomes, as well as taking calculated risks and objective feedback performance (Poon, Ainuddin & Junit, 2006: 63). In addition, rather than being a follower, they will always want to make things happen instead. They would like to ensure that the vision is achievable; they are somehow impatient when waiting for positive results and are proactive in achieving their goals. To achieve this, they have to work for very long shifts, especially during the initial stages of the business (Locke & Luthan, 2004:159).

Moreover, Basu (2011:3) point out that the need for an ethnic market niche based on the demand from the ethnic population has been neglected by the host country has prompted African immigrants into small businesses. In addition, egoism which is acting in one's own interest and opportunities cannot be neglected; rational egoism defends that one's highest moral purpose is derived from one's own happiness immigrants are an immense creator of wealth that is closely attached to their jobs and they have passion in creating opportunities. The obsession and the exploitation of the opportunities created by immigrant small businesses are of significant contribution to successful business growth (Locke & Luthan, 2004:159). Furthermore, Radipere and Dhliwayo (2014:192) point out that the cultural perspective to entrepreneurship should not be neglected, because immigrant entrepreneurship is the continuation of the habits of the immigrant in their new host country.

Moreover, an unsatisfactory economic environment characterised by limited job opportunities, underemployment and an inflexible work schedules can push individuals into entrepreneurship. On the other hand, individuals who are in search of autonomy, self-fulfilment, and wealth generation can pull individuals toward entrepreneurial activities. Most important for a new venture is entrepreneurial self-efficacy. The search for opportunity is one of the principle objectives of an entrepreneur as well as going into new markets and tendering for new products. Recently it has been found that entrepreneurs engage more in an activity it will most likely reflect positively on the performance (Hisrich, Peters & Shepherd 2010:38). When the actions taken are perceived feasible and desirable, motivation to act increased.

Despite the vast socioeconomic contributions made by small businesses, they are still being confronted with numerous challenges not only in their inception phase but also while trying to maintain sustainability and development. From approved employment figures, it has become apparent that, integrating all jobs shed by large scale enterprises into the small business sector has not made a considerable impact on efforts to reduce unemployment in South Africa. This failure may be due to obstacles restraining the growth of this lucrative sector (Tengeh, 2013:350). Section 2.6 below will focus on the different challenges faced by small businesses in South Africa.

2.6 CHALLENGES FACED BY SMALL BUSINESSES

Despite the immense contribution of African immigrant-owned small businesses to economic growth in South Africa, poverty alleviation, and employment creation, as well as the particular interest of the South African government in the development of the small business sector until recent years the history of African immigrant-owned small businesses has not excited the public at large. According to Fatoki and Garwe (2010:731), the failure rate of small businesses is fairly high and estimated to be between 70% and 80%. This is not peculiar to South Africa; it is a widespread global phenomenon.

However, Abor and Quartey (2010:218) state that although small businesses are of great socio- economic significance, their long-term growth, and competitiveness have been compromised by the continuing and acute constraints on their access to professional skills, among other systemic and institutional problems. The propensity or probability that a small business will make it further than 42 months is less likely in South Africa than in any of the 34 countries sampled by the global entrepreneurship monitor (GEM). This is simply because small businesses face a number of challenges of which lack of professional skills and motivations are primary. According to Lucey and Bhair (2010:358), due to insufficient internal capital generation by small businesses, their growth is being placed on a fine line. Thus, for small businesses to generate more capital, they have to rely more on external financial supports. Equity and debt finance are the two main sources of external capital. However, Huang, Wang, Chen, and Yien (2011) found that, equity finance is usually not available to small businesses. Therefore, small businesses are now bound to rely on debt finance as the main source for their external support in order to meet up with their limited resource. To this end, Sharma (2011:187) argues that, most small businesses do not take into consideration long term financial plans. Their day to day financial transaction is what they do focus on. The survival and growth of African immigrant-owned small businesses have been connected to many factors comprising policies directed toward small businesses, macroeconomic factors, industry and firm specific factors (Ligthelm, 2011:161).

The high failure rate signifies that small businesses in South Africa are not able to accomplish their developmental roles (Fatoki and Garwe, 2010:732). Table 2.13 below shows the failure rate of small businesses in some selected developing and developed countries.

Table 2.13: Failure rate of small businesses in some selected countries.

Developing nations	**Small business rate of failure %**	**Developed nations**	**Small business rate of failure %**
Brazil	59	Australia	30
Chile	66	France	26
Mexico	68	Japan	24
Venezuela	48	UK	28
South Africa	57	USA	16

Source: adapted from OECD (2010)

With reference to the results in Table 2.13, the failure rate of small businesses in the developing countries is much higher than in developed countries. Therefore, it can be concluded that the chances of a business to survive in developing countries is lower than in developed countries. Furthermore, Mass and Herrington (2006) point out that of all of the African countries sampled by GEM report, South Africa had the highest failure rate of small businesses. This suggests that the quality of entrepreneurial activities in South Africa is somewhat lower in comparison with other countries in the GEM sample. Table 2.14 below depicts the specific reasons for the exit or failure of small businesses in South Africa.

Table 2.14: Reasons for high failure rate of small businesses in South Africa.

Reasons	**Percentage**
Opportunity to sell	5.3
Financial reasons	19.4
Found another job	3.2
Incident	9.21
Other reasons	19.9
Retirement	0
Business not profitable	42.5
Exit was planned in advance	0.5

Source: adapted from Illingworth (2015)

'Business not profitable' appears to be the primary reason why most entrepreneurs fail or exit in South Africa. This therefore underscores the importance of improving Entrepreneurial Orientation of small businesses. In addition, Corbett (2005:475) argues that, the ability to identify and exploit new opportunities to create a new line of business depends largely on previous accomplishment, training, employment experience and above all, the motivation of the entrepreneur. Although most entrepreneurs possess a particular set of unique skills and experiences, it is the motivation factor that drives these entrepreneurs in starting a new business. Other challenges faced by small businesses in South Africa can be classified as follows:

Managerial experience

According to Abraham *et al* (2010), managerial competencies are regarded as an essential factor for every manager to possess in order to lead, direct and coordinate activities within a business and hence, they are important for the survival, success, and growth of African immigrant-owned small businesses. The majority of them in Africa South are either in one man operating system or so small that they cannot afford to employ a professional manager who has the mentioned core competencies. Their survival is a debatable matter since most of these micro enterprises depend on the limited skills of the owners who do not have proper education and business training required to run a business (FinMark Trust, 2006). Furthermore, Martin and Staines (2008) examine the importance of management competence in small business success. The researchers point out that lack of managerial competence and personal values as well as other factors such as adverse economic conditions, poorly thought out business plans and the resource starvation are the main causes of the high failure rate of small businesses. The authors state that the distinguishing feature of high growth and low amongst growth small businesses is the education, training, and experience of the managers

In South Africa, due to limited educational and professional management training, capability has been minimised in African immigrant-owned small businesses and this paves way to the challenges that affect their survival. Due to limited professionalism and managerial experience, most businesses fail to construct a proper business plan and budget that can assist them to manage or source finance from external financial institutions (Rathakrishnan, 2009). Due to this deficiency, they are not able to compete with larger firms for skilled and highly qualified employees (Machado and Melo, 2014). To further complicate issues, African immigrant-owned small businesses are not able to retain a skilled labour force because they are not able to meet up with their pay demands.

On the contrary, Ganotakis (2012:496) reiterates the fact that, training alone is not the only solution that could assist African immigrant-owned small businesses to succeed, but other constraints such as the lack of financial resources, lack of access to markets, lack of support services and low literacy levels should also be addressed. The authors suggest that, one possible solution to this challenge is for their managers to recruit experienced persons within or from abroad who are able to mentor and train their staff in order to build skills throughout their business. But because of the constraint of financial resources, they cannot afford high-calibre interim management to assist with skill transfer and development.

Competition within small businesses

Competition is a challenge that is faced by many small businesses that may result in customer loss or collapse of the business. Most African immigrant-owned small businesses are still at their teenage stage and cannot enjoy the retained earnings that large firms do. They are unable to withstand fierce competition, thus hindering their success and survival. South Africa is recognised as the major tourist attraction centre, attracting investors all over the world. This leads them to face intense competition in South Africa, which constitutes a market challenge both at the global and local spheres, affecting big and small enterprises, reducing their ability to sustain the competition from well-defined global and local markets (Fatoki & Garwe, 2010:732). According to Woodward, Rolfe, Ligthelm and Guimaraes (2011:75), the well structured chains of established shopping centres, malls and supermarkets in South Africa have created serious competition for small businesses. They prompt the majority of the local, poor, and rural residents to buy their items from the shops rather than from small business owners. After studying the nature of competition of African immigrant entrepreneurs in South Africa Khosa and Kalitanyi (2014:212) came to the conclusion that, there is a great challenge faced by African immigrant entrepreneurs because they are serving the same customer in the same market making it difficult for some of them to get their own 'piece of the pie'.

Crime and Corruption rate

According to Bougaardt and Kyobe (2011:147), globally, South Africa ranks amongst the top ten countries affected by crime and violence. In addition, murder and rape cases reported in South Africa stand at 50 and 99 daily, respectively. This has branded South Africa as a high risk investment nation half of small the businesses in South Africa have fallen victim to such crimes causing one quarter of them not to expand their business or employ more people, a considerable loss in jobs in South Africa (Mahadea, 2012:12). Furthermore, since most African immigrant-owned small businesses face fierce competition, in order for them to survive they often stay open until late hours to cater for customers that work late. This gives them competitive edge because large firms close much earlier. Since they close their business at late hours, banks are closed, making it impossible to make a deposit for their daily earnings. As a result, they become common targets for vandalism by robbers (Mabesele, 2009). The effect of crime on most immigrant-owned business enterprises in South Africa is a major drawback on their development and sustainability (SAPS crime statistics, 2012).

The rapid influx of migrants in South Africa has led to increased market competition and lower prices of goods. The overall profit margin has diminished for businesses owned by locals. The immigrants bring in networking skills which leads to the rapid development of more foreign owned informal businesses. The fast growing rate of immigrant-owned small businesses has given the local inhabitants less options to compete with the foreign owned businesses. This has resulted in the disintegration of the local small businesses. As a result of the negative perception regarding this disintegration, tension has developed within the informal business sector resulting in a series of xenophobic attacks; properties looted by local residents and immigrants killed (Chiloane-Tsoka & Mmako, 2014:380).

Furthermore, Hunter and Skinner (2003:311) assert that immigrant entrepreneurs in South Africa, especially black people are not receiving the same treatment as their white' counterparts. This has triggered the use of an unpleasant name in the community, such as '*kwerekwere'* used to describe black African immigrant. In recent years, South Africa has been noted for becoming increasingly xenophobic, with a certain percentage of South Africans looking at foreigners, specifically the black foreigners, as a problem in their nation. This has caused foreign street traders in the inner city to feel insecure and be exposed to xenophobic attacks, making trading activities much more complex (Khosa & Kalitanyi, 2014:208).

More so, Africa immigrant entrepreneurs in South Africa are increasingly attracting the attention of customs officials, police harassment, and local officials, notwithstanding the fact of being a potential target by criminals and gangs (Kalitanyi & Visser, 2010:382). Fatoki and Garwe (2010:732) estimate that about 70% of small business owners in South Africa perceived corruption as an impediment; especially those in the fast food business who have their losses attributed to employee theft. African immigrant-owned small business employees have direct involvement in operations, access to inputs and finished products and have the ability and potential to steal without being noticed. This is made worst by the fact that owners are not always available during the operation of the business. Unavailability of the business owners during business activities allows corrupt employees to embezzle stock and money without being caught. This is as a result of poor management and poor operation by the owner. This hinders the survival of their business.

Absence of skilled workforce

The issue of insufficient skilled labour force for most of the African immigrant-owned small businesses is as a result of the labour regulatory requirements that are set by government, such as minimum wages, number of working hours and working conditions in different industry sectors. These requirements hold them back from employing skilled workers; hence, they opt to employ unskilled labour that is cheaper in order to keep the business operating and forgetting about the vision of expanding (Perks & Smith, 2008:147). Moreover, the success rate is further limited because of an unskilled labour force that cannot help them to come up with new ideas and management skills in their business operation. This is because they do not offer competitive salaries that attracts and retain skilled talent (Maguire, Koh, & Magrys, 2007:39). Small businesses that face the challenge of insufficient skilled labour have their survival and development hindered. Furthermore, a study conducted within the African immigrant small business sector in South Africa shows that approximately 50% have attained a tertiary qualification or higher, but looking at the proportion with an entrepreneur within the family only a quarter could boast of someone being entrepreneurial (Halkias & Anast, 2009:27). This shows the limited entrepreneurial skill within highly educated African immigrant population.

Poor financial management

According to Shane (2008), financial management is the efficient and effective manner of managing business funds to accomplish its objectives. Financial management in precise cash flow and surplus has an impact on the survival and the success of the firm. It focuses on how to separate business and personal finances as well as proper accounting for the funds in the business. Moreover, most managers and owners of these small businesses depend on the financial statement as the only means to measure their business performance, which is a potential for failure of the business initiative (Mabesele, 2009). Furthermore, Fatoki and Garwe (2010:731) complement that when financial statements are used as the only means to assess the firm's operations, it has to be detailed whether it has been derived from a cash book or bank statement and must be separate from personal accounts. Most African immigrant-owned small businesses depend on their basic knowledge as they have no business education background and no financial literacy has been received.

However, Neneh and Smit (2013:3048) assert that those owners or managers who have financial knowledge of external business or professional training has helped the owners in managing their business, thereby increasing the likelihood to succeed and survive in comparison to those who do not have any information about financial management. Also, for the survival of the business any person responsible for the collection of financial information and financial management must be an expert (Kotze & Smit, 2008:158). Furthermore, African immigrant-owned small businesses, mostly in the fast food segment has failed as a result of poor handling of financial statements. This shows how financial management is important and poses a challenge for the survival of the business (Smith & Watkin, 2012:6326).

Access to appropriate technology

According to Gibbs (2007) in the prevailing global economy, technology is dynamic and if not continuously updated it acts a further obstacle challenge that hampers the survival of firms. African immigrant-owned small businesses are perceived as slow in embracing technology and are regarded simply as technology users, and not adopters of technology

Infrastructure

According to Bowler, Dawood and Page (2007), the main determinants of suitable and reasonably priced premises are the availability of infrastructure, distribution, transportation, and easy access for customers. Suitable and strategic location is not easy to acquire for a reasonable price. (FinMark Trust, 2006).

Cant (2012), point out that in South African, African immigrant entrepreneurs face the challenge of acquiring premises that have water, electricity and other essential infrastructure for business operation. The higher rates for suitable premises push most African immigrant-owned small businesses to operate their businesses along the roadside and some in their homes. Furthermore, Mabesele (2009) state that this challenge arises due to the fact that most African immigrant-owned small businesses lack financial resources to afford the suitable premises, hence larger firms take over and continue to dominate the markets.

In as much as is the case with any other business, a strategic location for the African immigrant-owned small business is a major challenge (Khosa and Kalitanyi, 2014:213). Location is not only based on the position of the African immigrant-owned small business, equally the issue of price since most African immigrant-owned small businesses will not be able to pay for accommodation in strategic locations (Gilbert, 2008). Furthermore, Khosa and Kalitanyi (2014:210) assert that the marketing potentials and growth opportunity of a business are equally based on the strategic location.

Networking

The question of insufficient relationship and networking with financial institutions is a great barrier faced by African immigrant-owned small businesses in South Africa. This comes as a result of poor networking, an activity where owners and managers oversee their job surroundings. Furthermore, the government has further exacerbated this by putting into place stringent regulations (Beck, 2007:2). In South Africa, labour regulations such as the broad based black economic empowerment and the South African Revenue service has been discovered as an impediment to African immigrant-owned small businesses, due to their stringent nature and high taxes that they have to pay (SBP, 2012). Thus, the networking capability of immigrant small business owners in South Africa is largely confined to co-ethnics. The majority of the immigrant entrepreneurs are not in connection to the regional chamber of commerce, thus hampering their ability to integrate into the local South African community (Fatoki, 2014:4).

Poor access to relevant information and complex administrative procedures

Most African immigrant-owned small entrepreneurs in South Africa believe that they do not have support from the government. In fact, studies have shown that African immigrant-owned small businesses are not able to gain such support due to the lack of knowledge around available service (Maas & Herrington 2006). This is exacerbated by a lack of education; most immigrant entrepreneurs have a qualification of grade 12 or less. As a consequence of insufficient educational background, most immigrants engage in entrepreneurship due to necessity. Although the government has put in place, training facilities for entrepreneurs such as the small enterprise development agency (SEDA), this service is hardly accessed by those who are in the sector. With the level of education below grade 12, programs and policies put in place to aid and empower them are not easily understood (Chiloane-Tsoka & Mmoka, 2014:378).

In addition, the legal requirements to obtain a business permit have proven to be a major challenge for most business immigrants to South Africa. Most of the African immigrant small business owners in South Africa do not have the necessary residence permit (Fakoti, 2014:3). Furthermore, the processes to obtain a business permit before getting into South Africa is extremely complex and complicated to some extent unattainable to most African immigrants. There are certain categories of industries which are listed be of national interest making establishment by immigrants' worst (Tengeh, 2010:99). Moreover, the regulatory requirement in South Africa makes it very difficult for most people to start up a business. The South African administrative regulatory burden can amount to about 75 hours per month, which reflects to 4-6% of the small business turnover whereby they have to spend money annually for someone to keep track of bureaucratic requirements (Illigowrth, 2015:54).

Language barrier

South Africa is diverse in terms of culture and languages. Many African immigrant entrepreneurs can barely understand Afrikaans or Xhosa or any of the other local languages. This makes business communication much more complex and tricky (Khosa & Kalitanyi, 2014:212).

Financial challenges

Insufficient financial back-up or unavailability of finance hinders the start-up, success, and survival of most African immigrant-owned small businesses in South Africa. Most of the African immigrant-owned small businesses in South Africa finance their business through internal financial sources obtained from contributions made by the owners, family, and friends. In most scenarios, internal finance is not always available and sufficient for the operation of the business (Urban & Naidoo, 2012:147). Moreover, many small businesses do not fit the existing venture capital model; therefore, do not get the attention and assistance that large firms receive (Kulkarni, 2014:5). Furthermore, Beck (2007:4) argues that, due to the need for more finance, mostly African immigrant-owned small businesses seek external financial sources. Moreover, Atieno (2009:33) observes that access to debt finance is of importance for small businesses in order to reduce the impact of cash flow problems. Small businesses need finance to expand their operations, develop new products and invest in new staff or production facilities. The accessibility of finance for investment in positive net present value projects is also imperative to the sustainability and viability of small businesses. Accessing of external finance is one of the major roadblocks to the success and development of African immigrant-owned small businesses. External finance can be from two major sources; equity or debt (Shane, 2008).

Collateral is one of the major challenges that African immigrant-owned small businesses face in accessing debt finance. The relationship between creditors and African immigrant-owned small business is usually based on conditions of uncertainty and information asymmetry. Due to the fact that most African immigrant-owned small businesses do not have a credit history or audited financial statement, the first thing that financial institutions will require is collateral (Timmons & Spinelli 2009). Furthermore, Fatoki (2011:198) argues that collateral helps to shorten the information imbalance that defines the access to debt finance. Assets that are applied as collateral can be devoted as capital structure, however new African immigrant-owned small businesses have limited capital structure. Raising and providing the required collateral in order to obtain external finance becomes a challenge for them. In South Africa, most new African immigrant-owned small businesses start their businesses without the necessary and acceptable collateral that banks and other financial agencies require. The lack of collateral, limits most African immigrant-owned small businesses in accessing external finance, which subsequently becomes a challenge for their growth and sustainability.

In addition, networking and relationship with banks or financial institutions is one of the roadblocks faced by African immigrant-owned small businesses in accessing external finance. Networking in a business context, is an activity in which owners and managers establish and manage relationships with other individuals in their business environment. Most African immigrant-owned small businesses fail to establish a proper formalised network due to their size and lack of business experience. As a result, banks avoid risks that are associated with granting loans to them (Sawers, Pretorius & Oerlemans, 2008:172). Moreover, in South Africa, African immigrant entrepreneurs find it difficult to access funds from financial institutions in order to grow their business (Khosa & Kalitanyi, 2014:213).

The application procedure for loans by new African immigrant-owned small businesses tends to be bureaucratic. With high transaction costs coupled with a lack of awareness around procedures necessary for attaining financing. There are costs which are fixed in a loan application such as administrative and legal fee costs. These costs are linked to the acquisition of information from specialised agencies such as credit profile (Selima 2007). Furthermore, they acquire smaller loans as compared to large firms, because loans with little magnitude or investment face less difficulties in recovering the transaction costs unlike large loans. Large firms enjoy the economies of scale in obtaining large loans or investment, unlike small businesses that do not on transaction costs (Kroon & Moolman, 2007).

One of the major reasons why they are not funded by banks is because their business ideas are deemed as unavailable and financial institutions and banks may not be familiar with their concepts. This is a major challenge for newly created African immigrant-owned small businesses without experience and business knowledge (Herrington, Kew & Kew, 2009). However, Tang Tang, Marino, Zhang & Li (2008: 222) argue that with limited financial resources, all strategic business intentions and plans are bound to not succeed. More so, the Entrepreneurial Orientation dimensions require a high level of available resources or capital commitments by the business (Covin and Lumpkin, 2011:855).

2.7 SUMMARY OF THE CHAPTER

This chapter reviewed the literature on the definition of small businesses from a national and international perspective and the definition of immigrant-owned small business. In addition, the chapter explores the nature of immigrant-owned small businesses. The concept of small business development was also discussed as well as the push and pull factors for immigrant-owned small businesses. The chapter also examined the contributions of small businesses to the economy of South Africa. It was clearly recognized that small businesses play a vital role in the South African economy in terms of employment creation, GDP contribution, and poverty reduction. Furthermore, it is apparent that small businesses are the engine for the economic development of every country. It was also established that small businesses face some serious challenges resulting in an estimated failure rate of about 80%. However, despite their significant role in the development of the national economy, the chapter explores the challenges faced by immigrant-owned small businesses in South Africa. Some of the reasons for the high failure rate were revealed in this chapter. The subsequent chapter looks at the Entrepreneurial Orientation of businesses.

CHAPTER THREE

ENTREPRENEURIAL ORIENTATION

3.1 INTRODUCTION

The main aim of this study is to assess the level of entrepreneurial orientation of African immigrant-owned small businesses in the Eastern Cape and to establish the influence of this orientation on business performance. Small businesses have played a critical developmental role in the economies of many emerging economies such as South Africa. The previous chapter provided a comprehensive overview of small businesses operating in the economy and challenges faced as they develop and grow. Furthermore, it looked at immigrant owned small businesses and the nature of their cognitive processes. Thus, based on the literature in the previous chapters, it is a condition necessary to explore at the Entrepreneurial Orientation of African immigrant owned small businesses in South Africa.

Previous studies focused on the impact of entrepreneurial orientation on a firm's performance have predominantly centred on large firms. There is a lack of academic literature around the impact of Entrepreneurial Orientation on small businesses, despite the fact that they play a critical role in ensuring economic growth (Filser *et al*, 2014:8). The inability of small businesses to generate job opportunities for economic growth can be attributed to the perceptions held by their owners. This perception usually referred to as the mind-set have been noted as the major contributing factors to the high failure rate of small businesses (Phipps & Prieto, 2012:44). People with entrepreneurial mind-set identify needs, troubles, and challenges which they utilize as a stepping stone to implement innovative ways to tackle these challenges, exploit and integrate opportunities (Neneh, 2012:3365).

Surveys have shown that Africans possess an entrepreneurial culture. The so call *fear factor* that causes Africans to discontinue business activities as a consequence of failure is approximately 24% as opposed to their counterparts in the Caribbean and Latin America which stands at 28% (Peters, 2014:12). Furthermore, in order to continue to carry business activities in today's hostile and competitive business atmosphere, enterprises need to be the leaders in terms of products and services and sustain the competitive nature of business through their orientations. The outgrowth of small businesses is dependent on their ability to carry out the correct schemes for their concerns. However, the constraints cause by limited firm resources at their disposal, often reduces the firm's ability to exploit its potentials (Wang, Hermens, Huang, & Chelliah, 2015:71). This chapter is focused on exploring facets of entrepreneurship and Entrepreneurial Orientation, the nature of entrepreneurial orientation, the dimensions of entrepreneurial orientation as well as entrepreneurial orientation and business performance.

3.2 NATURE OF ENTREPRENEURSHIP AND ENTREPRENEUR

Until the 1990's academic literature on entrepreneurship suggested that personality traits that support entrepreneurism are unique to each individual (Krueger, 2002:260). However, in the 1990s, research on entrepreneurial traits began to be explored and further dimensions were added to the entrepreneurial process (Estay, Durrieu & Akhter, 2013:246). This research understood entrepreneurship as more than a personality trait, but rather the interaction of personal traits, and indentified other situational perceptions that needed to be addressed.

3.2.1 THE RENAISSANCE OF ENTREPRENEURSHIP

Entrepreneurship has been considered as a driving force behind innovation and economic development. However, its impact can be hampered by different market players and institutions who perceive their resources as being threatened by entrepreneurship (Gurses & Ozcan, 2015:1709). The principal obstacle encounter by research in developing a generic definition stems from the fact that many researchers until the 1990's looked at entrepreneurship solely from the perspective of who and what the entrepreneur does (Marchand & Hermens 2015:268). Indeed, such an approach had its shortcomings because entrepreneurship involves both viable opportunities and enterprising (Volery & Mazzarol, 2015:377).

3.2.2 ENTREPRENEURIAL CHARACTERISTICS

Economic systems throughout the globe are being revitalised by entrepreneurial activities as the development of existing and new businesses has a direct positive impact on the products and services that alter the lives of people (Badenhorst-Weiss *et al*, 2010:43). According to Crisand and Borza (2011:343), Entrepreneurs are advocates for change and often turn challenges into opportunities and therefore possess the necessary skills needed to enact transformation. Chapter two of this thesis outlined the definition of small businesses; based on the definition and activities that it entails, the entrepreneurial mind-set can therefore be presumed to possess the following characteristics:

Passion

According to Geilnik, Spitzmuller, Schmitt, Klemann, and Frese (2015:1012), the process of starting a business is very long and involves countless hours of effort and dedication. And as such, having passion for a business activity is important and worthwhile. In this regard, most successful entrepreneurs are those who take up business activities that they find attractive and fascinating (Shane, 2003:5; Nieman & Nieuwenhuizen, 2009:32). Moreover, the presentation of passion has been the most predominant phenomena expressed by entrepreneurs during an entrepreneurial process, further impacting on the level of motivation the Entrepreneur has in acquiring and keeping the business running (Chen, Yao & Kotha, 2009:199). Furthermore, even in the face of failure, entrepreneurs who are passionate about their business still portray substantial dedication to their job; giving up is therefore disregarded as an option (Groenewald, Co, Mitchell, Nayager, Van Zyl, Visser, Train & Emanuel, 2006:46). In addition, Geilink *et al* (2015:1013) substantiate the claim that there is a direct positive link between entrepreneurial passion and the manifestation of diligence and commitment to entrepreneurial tasks. However, although passion is viewed as a trait that is vital for the success of any entrepreneur, it is important to note that passion can be misguided if the entrepreneur does not assess all risks associated with the business (Haar, Taylor & Wilson, 2009:21).

Risk-taking and uncertainty

The general trait associated with entrepreneurs is that they are risk-takers; entrepreneurs manage risks and are mindful of the risks they face. They however take modest, and well, calculate risks in the course of running the business. Entrepreneurs are most likely to consider all contextual factors and risks and weigh the probability of success before proceeding with their action. The risk that entrepreneurs face are mostly financial risks and these include losing capital invested in the firm if the business does not yield a positive result, as well as career risks and health risks such as stress. Spending time with loved ones is often impossible, due to the great deal of time required to succeed in running a self-owned business, thereby; putting their families' tie and social bonds at risk (Vecchio, 2003:308; Groenewald *et al*, 2006:47; Niemand & Nieuwenhuizen, 2009:31).

Creativity

Creativity is described as the evolution of novel ideas for products and services while taking advantage of business opportunities by getting fresh ideas into marketable products or services (Groenewald *et al*, 2006:46). Moreover, creativity is highlighted as one of the basic tenants required when establishing a market niche within an environment or establishing a competitive edge for an organisation (Rwigema & Venter, 2004:65). Furthermore, since small businesses consistently want to respond quickly to customer's need while at the same time exploring the market, they are forced to adopt new ideas. This in turn changes the landscape of the existing market, creating a competitive advantage for businesses and leading to better performance (Al-Ansari, Pervan & Xu, 2013:165). Nevertheless, there have been strong debates amongst researchers in an attempt to differentiate creativity from innovation. Some academics believe that innovation is a result of systematic work and not an inherent personality trait (Estay *et al*, 2013:250).

Locus of control

Locus of control amongst refers to the magnitude at which a person takes into consideration the end result of an action either within or beyond his or her capacity. According to Groenewald *et al* (2006:46), the level of external locus of control is reduced amongst entrepreneurs compared to their internal locus of control. The degrees of confidence that an entrepreneur has regarding how far they can control the actions taken or influence the outcome determines their internal locus of control. However, when entrepreneurs consider that external forces such as luck, and destiny can determine the consequences of their economic activities, the level of this kind of consideration determines their external locus of control (Kunene 2008:50). However, a certain degree of autonomy is harboured by an Entrepreneur as they give out orders rather than take in orders (Nieman & Nieuwenhuizen, 2009:33; Vecchio, 2003:308). Furthermore, when an individual believes that he or she has excellent ability and high optimism to complete a task correctly; setting a new business is often viewed as their best option (Zulhaidir, Febrica & Eliyana, 2015:60).

Independence

Working for someone else is difficult sometimes for an entrepreneur; usually they like to make out things in their own fashion (Nieman & Nieuwenhuizen, 2009:34; Hisrich, Peters& Shepherd, 2010:64). The desire to become the boss of themselves triggers a lot of people to go along with entrepreneurship because the rules and regulations set by others to tie them down are actually out of question for entrepreneurs. According to Wagener, Gorgievski and Rijsdijk (2015:1515), entrepreneurs and small business owners refer to being independent as a motive to commerce their own business, reason being that at times they would have that judgmental power to accept an unpopular decision which at times it is very important in unstable circumstances that they operate in.

Achievement

The wish to succeed is a driving force which is a common trait for most entrepreneurs. Since they want to excel they set for themselves challenging goals and are very competitive. With a relative comparison between entrepreneurs and those that are not, entrepreneurs have a big demand for accomplishment as opposed to those with a little entrepreneurship passion (Nieman & Nieuwenhuizen, 2009:31; Groenewald *et al*, 2006:45). Furthermore, in exploring the propositions of entrepreneurship development, Maslow's (1965:10) conception; 'hierarchy of needs' whereby the social and cultural dimensions which can control the mind-set of workers in attaining certain goals and objectives is of prominent importance.

However, the fifth level of needs that is, self-actualisation constituted the need for success; whereby, it is associated with achievement and accomplishment of one's goals within the business as a driving attribute of attitude for any flourishing business (McClelland, 1961:323; Gupta, & Muita, 2012: 89). Furthermore, the achievement need is as a consequence of setting high aspiration and targets which are self-driven as such indispensable if the firm want to grasp a great proportion of their goals within the multiple chances (Kunene, 2008:49; Rwigema & Venter, 2004:54). Moreover, self-efficacy, self-esteem, attitudes, confidence, and hard work are linked to achievement motivation (Kunene, 2008:49).

Determination and persistence

Determination and perseverance are two imperative entrepreneurial traits that allow them to carry out business activities in a challenging societal context. Learning from mistakes is an enactment of a true Entrepreneur. They do not easily give up; rather continue trying (Groenewald *et al*, 2006:47; Nieman & Nieuwenhuizen, 2009:34).

Ability to gather resources

Good resources management is imperative for entrepreneurs. This encompasses having the capacity to collect and contain the necessary start-up resources, operate and develop a business. Resourceful Entrepreneurs are commonly regarded as the most successful business owners (Hisrich et al, 2010:8).

Tolerance of ambiguity or living with uncertainty

Rwigema and Venter (2004:65) state that an entrepreneur must be capable of adapting based on uncertain and continuously changing market conditions. As a result of the uncertainty and ambiguous nature of newer ventures, they need to be able to confront their thoughts or fears. Furthermore, entrepreneurs with high success records, usually exhibit a higher tolerance for ambiguity as compared to non-entrepreneurs (Gurol & Atsan, 2006:29). Moreover, Wagener *et al* (2010:1516) assert that a firm's founder portrays more tolerant of ambiguity than the managers. Also, it is this tolerance of ambiguity that differentiates an entrepreneur from non-entrepreneur.

Adapt to change

Rwigema and Venter (2004:56) find that adaptability and flexibility have become as important as strategy formulation for a successful business venture, especially when entrepreneurs find themselves in a turbulent economic environment. Entrepreneurs with less tolerant reactions toward transformation can exhibit denial reaction, risk-averting behaviour, subjective restrictions and create structures that suffocate the Entrepreneur's own powers to adjust (Andries & Debackere 2007:82).

Self-efficacy

In the entrepreneurial context, self-efficacy relates to the necessary ability for someone to organize and manage resources, accomplishments, and competencies to successfully carry out actions to achieve success of a certain degree in a precise task (Vecchio, 2003:308; Kunene, 2008:51). Furthermore, Prajapati & Biswa (2011:232) highlight that Entrepreneur's exhibit a high degree of persistence, work concentration, and satisfactory work behaviour which enhance their performance. However, there has been some ambiguity regarding self-efficacy; some researchers disclaim it as an entrepreneurial trait, stating that, it is an outcome of a process (Wagener *et al*, 2010:1517). Moreover, studies on entrepreneurial self-efficacy have predominantly been on entrepreneurial intentions (Chen, Greene and Crick 1998; Douglas & Fitzsimmons, 2012). Nevertheless, self-efficacy can also moderate an entrepreneurial behaviour which has a positive impact on the business performance (Ahlin, Drnovsek & Hisrich, 2014:104).

Opportunity alertness

In addition, the opportunity is viewed as favourable condition to attain one's goal or objectives (Wickham, 2004:197). The discovery and exploitation of new opportunities are some of the objectives Entrepreneurs have in mind. Spotting an opportunity is a central component for an Entrepreneur and the ability to measure and transform these ideas to deliver a successful activity which will impact the society (Rwigema & Venter, 2004:58). Furthermore, opportunity awareness as well as recognition is related to creativeness and innovativeness.

Optimism

Rwigema and Venter (2004:58) highlight that pessimism or a belief that one will not succeed is not a defining characteristic of entrepreneurs; they have everlasting optimism which enables them to avoid well-known pitfalls. Nevertheless, such assumptions can equally result to optimism myth, which has contributed to many business failures.

Problem-solving and Ability to learn

The manner in which an Entrepreneur resolve business oriented problems can determine the business success or failure (Rwigema & Venter, 2004:56; Kunene, 2008:54). Entrepreneurs have the ability of problem-solving, managing stress and time management in the workplace.

The learning capability and ability is what most successful entrepreneurs possess. Learning is seen as an act to achieve knowledge by individuals who are able and willing to apply novel concepts in an organisation to influencing others or in a decision-making process (Kunene, 2008:55; Rogerson, 2004:786).

Motivation

If an entrepreneur's motivation to embark on a business stems from pull or opportunity-oriented motives for instance the exploitation of market opportunity, enterprise has more potential to grow. On the other hand, if the reason for embarking on the initiative comes as a result of unemployment, which is essentially considered a push or necessity-oriented motive the effect is that the enterprise is more likely to be sustainable (Stokes *et al*, 2010:123). However, Estay *et al* (2013:247) assert that motivation plays a pivotal role in an individual's personality to be an Entrepreneur because; the individual perceives that the action led by him would pass on a specific result to achieve a specific goal.

3.3 ENTREPRENEUR AND ENTREPRENEURIAL ORIENTATION

As the quest for entrepreneurial supremacy for firms continue to grow, firms are bound to make accurate business decisions. Entrepreneurial scholars have laid emphases on Entrepreneurial Orientation, which is seen as an important structure for decision making in the business (Bolton & Lane, 2011:219). In addition, firms continue to monitor and scan their environment to look for better information which will enable them to satisfy their customers, challenge their competitors as well as to manage their risk (Keh, Nguyen & Ping 2007:594). However, Mousa and Wales (2012:307) state that, strategy making mode of entrepreneurs was first recognised by Henry Mintzberg in 1973. It was just after the publication of Miller and Friesen in 1982 that firms started to receive the credit of being entrepreneurial orientated as opposed to the traditional conservative nature in their general strategic orientation, and more attention on innovativeness began to have a clear background.

According to Schmidt, Baumgarth, Weidmann, and Kuckenbach (2015:139), the entrepreneurial orientation strategy process is subjugated by the vigorous exploration of new opportunities as well as heading toward the uncertain nature of events. Furthermore, the definition was modified to characterise entrepreneurial orientation as bold, risky, and aggressive decision making (Riviezzo, 2014:137). In addition, Thoumrungroje and Racela (2013:144) state that entrepreneurial orientation pertains to firms that take courageous, innovative practices on a regular basis while taking substantial risk in their product market strategies. Different scholars are trying to define entrepreneurial orientation (EO) during the last decade. According to Miller and Friesen (1982:2), Entrepreneurial Orientation is defined as “a model that applies to firms that innovate boldly and regularly while taking considerable risks in their product market strategies”. Miller (1983:770), entrepreneurial orientation was addressed from a four dimension view as “firms that engages in product market innovation, undertakes somewhat risky venture and he is the first to come up with proactive innovation, beating their competitors to the punch”. Moreover, Lumpkin and Dess (1996:136) assert that the entrepreneurial model designate the procedures, ways and decision taking that can generate better performance, which is characterised by: the tendency to work autonomously, the enthusiasm to innovate, risk-taking and the inclination to have a competitive, aggressive and a proactive attitude toward opportunities in the marketplace. On the other hand, Pearce, Fritz and Davis (2010:219) conceptualized entrepreneurial orientation as a collection of separate but interrelated activities which incorporate the elements of innovativeness, proactiveness, competitive aggressiveness, risk taking and autonomy.

From 1973 to 2010, the concept of entrepreneurial orientation has undergone many modifications in its application and understanding. According to Le Roux and Bengesi (2014:607) in the 1980’s Miller the architect of entrepreneurial orientation identified three dimensions of entrepreneurial orientation, which firms implicitly or explicitly reflect on how to compete in the market. Building on the conceptualisation of Miller in the 1980’s, by the early 1990’s Lumpkin and Dess suggest five dimensions (Josien, 2012:21). The definition was further developed by Lumpkin and Dess in the 1990’s as a collection of distinct but interrelated activities that have the elements of innovativeness, proactiveness, competitive aggressiveness, risk taking, and autonomy. The definition of Entrepreneurial Orientation from 1973 to the 1980s addresses entrepreneurial orientation from a uni-dimensional point of view, but Pearce *et al* seeks to look at entrepreneurial orientation from a multidimensional perspective. Moreover, research on entrepreneurship seeks to vary, because some people get into self employment as a choice while others it is as a result of their condition (Bishop & Surfield, 2013:2). For the purpose of this study the definition of entrepreneurship, put forth by Pearce *et al* (2010) will be considered.

In order to sustain growth, the previous experiences of an Entrepreneur in handling human resource and processes are important (Stokes *et al*, 2010:123). Herrington *et al*. (2009) assert that an entrepreneur is one that can transform economic resources from low productivity to higher productivity and greater yield. More so, they can organise, manage, and assume the risk of the enterprise. As the nation can no longer rely entirely on government or large organisation for more job opportunities, a friendly business environment is a condition necessary for entrepreneurs to exist (Illingworth, 2015:55). In this perspective, this study considered considers Entrepreneurial Orientation crucial to maintain the already conducive business environment.

3.4 THE NATURE OR DIMENSIONS OF ENTREPRENEURIAL ORIENTATION

All enterprises, regardless of size need to develop their ability to distinguish the value of fresh knowledge, incorporate it, and utilise it to commercial opportunities (Descotes &Walliser, 2013:178). Moreover, for entrepreneurs that wish to hold on to successful small businesses an entrepreneurial orientation mindset is necessary (Dess & Lumpkin, 2005:147). Furthermore, the entrepreneurial orientation concept seeks to explain the mentality of Entrepreneurs in a context where strategy development is seen as a central determinant of economic operation. The economic performance of a firm is not only being influenced by the creation of new knowledge, but by the capability and willingness to identify and exploit new opportunities based on the new knowledge. Thus, entrepreneurial orientation has emerged as an important capability for a firm (Yu, Hao, Ahlstrom, Si & Liang, 2014:689).

3.4.1 INNOVATIVENESS

According to Lumpkin, Brigham and Moss (2010:247) innovativeness signifies a firm effort to find out new product or service opportunities in the market, and creating enhancements to the existing process and system, whereby, the ability or willingness to establish the novelty and search for solutions through experimentation and creative problem solving. The ability of businesses to encourage novel and creative initiatives can develop into a new services, products, or technological processes (Hosseini & Eskandari 2013:203; Brettel, Chomik & Flatten 2014:3). It can be considered that innovation should not only be limited to the philosophy of creating something new, or modification of existing products, services and manufacturing processes, solutions which are deemed innovative can also be to the administrative systems used to improve the processes of decision making (Li *et al*, 2009:443). In consistence with Li *et al*, Tayauova (2011:572) suggest that, the support of new ideas and departing from the old established practice could generate new tendency of operational processes. However, innovation allows small businesses to develop a monopolistic position which goes a long way to improve on their business performance, whereas, funding this innovative activity demands financial resources and a good economic track record (Forsman & Temel, 2011:641). Because all business functions can pursue innovation, its potential value cannot be restricted to a particular industry (Gagnon, Michael, Elser & Gyory, 2010:13).

Innovation can be classified into three main categories, including innovation of the product-market perception, which entails marketing research, product design, advertisement, and promotion. Likewise, from the technological point of view, innovation predominantly consists of research and engineering input with the goal of developing a new product or process. Also, administrative innovativeness comprise of innovative management style, innovative control system, and structural organisation (Potocan & Mulej, 2009:4). Entrepreneurial orientation can cause changes through innovation by people who can create or add value on existing products or brought in novelty. This added value depends on the potentials of the businesses to be able to combine resources (Xaba & Malidi, 2010:77). Furthermore, Botha and Nyanjom (2011:35) assert that resources are very important for any business if they have the intention to thrive.

Radical and incremental innovations are common distinctive terminologies used in most innovation studies. Radical innovations take place when the enterprise objective is to create new markets or to have access to new markets. Financial resources and expensive knowledge are required for radical innovations to be developed. On the other hand, incremental innovations signify the negligible product, service, and process improvements to existing ones through which enterprises often follow a procedure making operations more effective and improving the quality while decreasing costs (Forsman & Temel, 2011:644). According to Botha and Nyanjom (2011:35), when combined, entrepreneurship and innovation can have a positive impact on the success of a business and on the continuous dynamics in today's business world. Furthermore, in emerging economies such South Africa, growth is always the ultimate goal for most small businesses, the innovative nature of the business can be critical for profitability and long term survival of the business (Urban & Barreria, 2010:331). Moreover, Pratono *et al* (2013:2) indicates that, the notion of innovativeness, which spring from the rewarding of employees for sharing knowledge and the dedication of decision rights, is for businesses to meet the needs of their customers. Thus, this will enable businesses to develop unique characteristic and innovative features. However, Hughes and Morgan (2007:652) questioned the relevance of innovativeness for small businesses, the reason being that, small businesses turn to exhibit dependency on innovativeness than larger firms who may show autonomy to achieve high performance.

3.4.2 PROACTIVENESS

Lumpkin *et al* (2010:248) assert that proactiveness is when a firm seeks for new opportunities while exploiting existing opportunities, alongside tracking, and updating themselves about various environmental changes which take place in the business. It also involves staying ahead of competitors in anticipation of opportunities or emerging problems. Furthermore, proactiveness apprehends the significance of the initiative in the entrepreneurial process. Competitive advantage is created by a firm in the act of anticipating changes in future demand, or by shaping the environment by not playing the role of a passive observer or bowing down to external pressures, but being an active contributor in building their own environment (Kraus, Rigtering, Hughes & Hosman, 2012:166). Such abilities do lead to new perspectives and opportunities in the business venture (Serafimovska & Stefanovska, 2013:52).

Sharma and Davi (2011:47) find that proactiveness is not limited to the phase of the process of acting but including in the process of anticipating the future of clients by seeking new products ahead of their competitors which may or may not be related to the current trend of business. This view has been complemented by Short, Payne, Brigham, Lumpkin and Broberg (2009:14), who state that proactiveness is the effective crafting of a strategic vision of businesses to pursue different opportunities and growth. Also, the act of strategically eliminating different operations which are in their declined stage is as critical. In addition, Keh, Nguyen, and Ng (2007:597) found that small businesses spend a lot of time seeking for market information; this will increase their acquisition of marketplace information a condition necessary to challenge their competitors and better performance. Moreover, Li *et al* (2009:443) complements that, firms with better marketplace knowledge are better inclined to achieve maximum growth, efficiency, and profit. According to Mousa and Wales, (2012:307) proactiveness captured the essence to explore available opportunities by small businesses in order for them to incorporate new innovations.

According to Thoumrungroje and Racela (2015:145), proactiveness reflects a manager's capabilities to seize the market opportunities which are based on the future needs of customers. This attribute signifies the need to develop radically new products in order to shape the market by redefining the needs of their customers. However, businesses have the potential of enjoying the benefits of making the first move into a market, but they need to combine it with innovativeness in order to come up with something unique which is acceptable to their customers (Wang, Hermens, Huang & Chelliah, 2015:74). Furthermore, an entrepreneur's proactive attitude can be a trigger for innovativeness since small businesses with such an orientation tend to want to meet their customer's need in the market (Oni, 2012:94). This concern is developed by the entrepreneur in their constant search for information about the customers, which some scholars have described such search as 'avid information search' (Keh *et al*, 2007:597). In addition, Alt, Diez-de-Castro and Llorens-Montes (2015:168) assert that this can also enhance the recognition and expansion of the existing product and services associated with the business. Entrepreneurial firms with proactive capabilities can predict the trends and the need of their customers. Such firms are in search of better ways that will grant them some competitive advantage over their competitors (Keith, Nakos & Dimitratos, 2015:1165).

3.4.3 RISK TAKING

Risk taking within the context of entrepreneurial orientation, implies getting into an unknown venture without knowing the possible outcome (Brettel *et al* 2015:3). It also implies to financial risk whereby the firm may heavily borrow or commit to a type of financial liability to achieve the firm's goals (Lumpkin *et al*, 2010:249). Risk-taking which is seen as the third dimension is often linked to investing a major sum of the business resources to activities which are uncertain. However, in the context of small business extreme and uncontrolled risk-taking is not the focal point rather moderated and calculated risk-taking (Kraus *et al,* 2012:166). However, the significance of taking risks still holds, as it orients the firm in the trajectory of managing uncertainty as opposed to encouraging a paralysing fear of taking risks. Even so, the risk has different meanings. It directly depends on the context in which it is applied. In the context of entrepreneurial orientation heavy borrowing, committing huge amounts of money on assets and venturing into the unknown is considered as risk (Sharma & Dave, 2011:46). In addition, manageable risks are necessary in the control of new products and inputs development (Chang, 2015:3).

According to Wang *et al* (2015:73), firms that are centred on entrepreneurial orientation in the market are classified by their risk taking potentials. This can comprise of taking huge financial debt and making a large commitment of their limited resources toward projects that can secure high returns to the firms. Furthermore, Dess, Pinkham and Yang (2011:1085); Tang, Tang and Katz (2013:1) found that, risk taking by entrepreneurial firms has a positive effect on the growth of the business. More so, risk taking and innovation are two related dimensions of entrepreneurial orientation as they can have a positive impact on growth because they can increase competition in the implementation of any of the dimensions. Furthermore, risk taking is a crucial factor that stimulates innovative initiatives which will equally trigger the growth and performance of small businesses (Hoonsopon & Ruenrom, 2012:252).

Hence, small businesses need to take more risks in order for them to fully utilize their proactive and innovative capabilities (Keith *et al,* 2015:1166). More so, as they turn to fully utilize their capabilities small businesses tend to be more entrepreneurially orientated, as they take calculated risk which have a higher possibility of succeeding during their operations (Al-Swidi & Mamhood, 2011:31). For small businesses to obtain high returns, they need to involve a great portion of their financial resources by introducing recent products into the markets as well as exploring new technology to counter their competitors (Dess & Lumpkin 2005:152). Furthermore, the propensity for small businesses to be involved in high financial risk depends on their perspective whether to run the business for a short period or for a longer period, for long term oriented small businesses they are less involved in high financial risks as opposed to short term small businesses (Lumpkin *et al*, 2010: 249). However, in order for small businesses to follow the growth strategy as a way forward, they may pursue risk-taking either by venturing into an unknown activity (business risk) or committing a great portion it financial resources (financial risk) or taking a stand in favour of an action (personal risk) (Entebang, Harrison & Cyril de Run, 2010:76).

3.4.4 COMPETITIVE AGGRESSIVENESS

Competitive aggressiveness designates a firm's ability to do better than its competitors. The common characteristic of competitive aggressiveness is the combative posture or aggressive respond toward competitors with the main goal of overcoming the threat the competitors pose in the marketplace (Zellweger & Sieger 2012:70). It equally includes enacting and devising means aiming at consolidating the firm's market position or strengthening the firm in order to survive (Lumpkin *et al*, 2010:250). Furthermore, within the entrepreneurial orientation context, it is significant to mark that competitive aggressiveness is the response to the competitive trend already existing in the market place (Lotz & Merwe, 2013:20).

The nature of competitive aggressiveness is no longer taking the regular competitive pattern between firms. Businesses now tend to use the unconventional competition techniques rather than traditional techniques (Stambaugh,Yu & Dunbinsky, 2011:51). Karadag (2015:29), argue that the need of applying unconventional techniques by small businesses can change the way of doing business. Although small businesses are more susceptible to risks than large businesses, entrepreneurs practising the traditional business technique tend to overlook the competitive aggressive technique, which had to develop the business environment through serious changes. Furthermore, in order for small businesses to sustain the competitive aggressive approach, they must be able to acquire, create, integrate, and retain knowledge. This process of knowledge creation is very significant for small businesses which are getting into new market activity. By the process of knowledge creation employees could collectively utilise the knowledge which has been developed to better service their customers in the market (Li, Huang & Tsai, 2009:441). Though knowledge is important for every business in the final decision making process if not put to good use, it can be deemed worthless (Keh, *et al*, 2007:596).

Information search about a market is a common practice by small businesses to allow them competes aggressively. Businesses with efficient information network strategy tend to acquire competitive information about other firms. This early information gives them the competitive advantage either in terms of product performance or product categories in the market (Keh *et al*, 2007:598). A competitive aggressive strategy that businesses do often is reducing the prices of their product. Businesses might embark on price reduction at the expense of their profit margin in order to gain more market share (Blackfort 2014:143).

Furthermore, by assimilating new business ideas, it will enable the business to challenge their competitors and improve on their market position (Koe, 2013: 27). However, Boso, Cadogan and Story (2012:17) found that, despite positive association of competitive aggressiveness to firm performance, it is also reasonable to reflect on the fact that, firms can over invest or under invest to face competition with their rivals which can lead to a strong damaging effect if it leads to retaliation. This may sully the small business reputation and inhibit their ability to form alliances that might be beneficiary to the immigrant-own small business in the long run (Lumpkin, Brigham & Moss, 2010:250).

3.4.5 AUTONOMY

According to Hughes and Morgan, (2007:652) autonomy refers to the right and independence afforded by an individual or team to modernize a business concept and vision and to channel them toward completion. In simple terms, it is a freedom to act or express on one's own proposals or convictions (Ogunsiji & Kayode, 2010). This relates to the independent and self directed quest of other opportunities, by empowering and motivating individuals to maintain and contribute to business efforts by promoting independent action and initiative development (Lumpkin *et al,* 2010:251). Autonomy is not only applicable to those within the firm, but it can equally involve all stakeholders (Zellweger, Nason & Nordqvist. 2011:138). More so, autonomy empowers employees with a certain degree of trust, which can serve as a source of motivation within the business. Motivated employees tend to generate better performance. Callaghan and Venter (2011:31) find that the drive toward independent and autonomous actions is an indispensable component of entrepreneurial orientation. Furthermore, this dimension of entrepreneurial orientation acted as a supporting element to permit the other four dimensions to have a direct effect on the success of the business; however, it has proven complex to measure this dimension (Gurbuz & Aykol, 2009).

When an enterprise decides to engage in business autonomy, the process comprises of nurturing independent thought within the firm through the act of promoting and encouraging entrepreneurial activity within the business (Raunch, Wiklund, Lumpkin & Frese 2009). Autonomy permits individuals to independently and freely formulate critical decisions, generate new ideas and effectively implement them. When being empowered with a certain degree of autonomy the organisation starts to bring in innovative ideas. In order for autonomy to be in full function, incentive programmes are a condition necessary for the rewarding of independent thought and autonomous decision-making (Chen & Sengupta, 2014:1091).

Furthermore, for autonomy to be established in a business, the ‘top-down’ and ‘bottom-up’ management principle should be applicable (Lotz & Der Merwe, 2013:18). Even so, commercial enterprises have tried to establish a flat hierarchical approach and authority is being assigned to operating units. While such exercises are being cast in place to foster autonomy, business autonomy processes require more than just placing a scheme instead, autonomy must actually be granted to employees and a certain degree of motivation added to it for the people to actually practice it in order to realise a better performance (Mumford, Scott, Gaddis & Stange, 2002:724). Furthermore, with such attributes firms gain competitive advantage over their rivals, this serves as a good predictor for them (Li, Huang & Tsai, 2009:442). Moreover, Vidic (2013:106) asserts that, autonomous businesses tend to foster creativity and the desire to welcome new business ideas within the business. However, Dess and Lumpkin (2005:149) suggest that, entrepreneurial thinking within a business can be stimulated from either the top down management style or the bottom up management style; however, extra incentives should be for individual thinking because, many best ideas come from the bottom within the business. Furthermore, Hameed (2010) points that for small businesses; the entrepreneurs’ performance reflects from the valuable resources that they posed.

3.5 ENTREPRENEURIAL ORIENTATION AND BUSINESS PERFORMANCE

The concept of performance is a broad term and is measured by means of several objectives (quantifiable) variables as well as several subjective (non-quantifiable) variables (Fatoki, 2012:126). Business performance is regarded as a simple concept for some, and a complex concept for others. For example, taking small enterprises into consideration, the owner will want a decent livelihood for his or her family based on the output. His or her banker will assess the business by realization of profits and the generation of liquidities, whereas a socioeconomic counsellor will look at the business from the job creation and the firm’s growth (Raymond, Marchand, Pierre, Cadieux & Labelle, 2013:468). More so, this ambiguity may stem from incomprehension or even conflict between the different stakeholders in the small firm’s performance. Moreover, it is a sign of bias in research studies to assess small business performance on the basis of economic indicators solely whether objective or subjective (Perera & Baker, 2007:10).

According to Prajapati and Biswas (2011:229), in every small business measuring business performance is imperative. Not only because it allows the entrepreneur to understand their position within the market with respect to their competitors, but also to create awareness within the Entrepreneur about the impact of the decisions and policies they have implemented within the business. In the current business world, competition is a requirement in order to survive in the turbulent market environment. For businesses to sustain themselves, they need to satisfy the different stakeholders and have good performance rate (Cocca & Alberti, 2009:186). According to Rodríguez-Gutiérrez, Moreno, and Tejada (2015:195), research studies based on the determinant of the success of a business performance is not something recently in the academic literature; it is an area of study with great complexity due to the lack of consensus as a result of the heterogeneity in the units of analysis on performances. Similarly, entrepreneurs look at the success of their businesses in different ways, both the motivational aspects and business objectives. Furthermore, Bolton and Lane (2011:221) argue that, due to the immobility and transferability of knowledge per the resource advantage theory, intensive knowledge is required by a member of an organisation for entrepreneurial orientation activities to be implemented. For firms to create value in their businesses and improve on their efficiency in a dynamic economic environment, entrepreneurial orientations need to be transformed into feasible strategies. Moreover, Hughe and Morgan (2007:652) point that, the influence of risk taking, being *proactive, innovativeness, autonomy, and being competitively aggressive* is still questionable if those factors have equal impact on the performance of firms.

Nevertheless, performance from the economic perspective can be defined as the value/cost relative notion, where cost is the measure of resources consumed in monetary terms, and value is the societal judgement made after the utilisation of the firm's product/services in accordance to the societal needs (Raymond *et al*, 2013:475). Furthermore, the strategic objectives and goals can be achieved as a result of the firm managing its internal resources and adapting to its external environments which is revealed through the business performance (Al-Ansari *et al,* 2013:166). Moreover, small businesses are heterogeneous when it comes to resources that are essential in creating a competitive advantage and the fostering of business performance (Lee & Marvel, 2014:774). To fully explain the ambiguity which exists in understanding performance, small business performance must be examined in its context.

Entrepreneurial performance (business performance or business success as commonly applied) is the growth rate and level of profitability an organisation can gain. It also designates the level of sales, level of profit, rate of return on capital, rate of turnover and market share (Agbim *et al,* 2014:254). Entrepreneurial performance is measured by the success of the firms (Timmons, 1994). In this regard, this study perceived entrepreneurial performance on issues such as corporate success, group performance and employee satisfaction.

Furthermore, financial performance on its part; is the assessment of the financial statement of any organisation; such an approach has been the most common practice of measuring performance (Faems, Sels, Winne & Maes, 2005:678). In this regard, many theories have been developed on capital structure to determine how relevant capital structure is on the financial performance of a firm (Pratheepkanth, 2011:172). Though financial performance has been seen as a traditional system for business performance, it has been criticised for the fact that it can only address the short-term goals and cannot address issues pertaining to the long-term goals in a business. Also, it cannot address the needs of contemporary businesses or the potentials of future profits (Garengo, 2009:98).

Social performance is defined as the effective responsibility of a business or configuration of principles and processes of social responsiveness either in the form of building a client sense empowerment or poverty alleviation (Zu, 2008:34). In addition, Zhang, Di Fan and Zhu, 2014:426) assert that a good management practice is an essential indication of good social performance. For instance, businesses that make use of employee empowerment practices effectively are more likely to do better on non-financial measures. While members affiliated to a business association that is not relying upon each other as a source of common pool of resources, the association maintains a potential to "police" members' behaviour in a standardized form.

Institutional theorists uphold that formal business associations are capable to earn a smooth progress of resource exchanges which is beneficial between members because they are capable to formulate and implement regulations that prevent opportunistic behaviour. Such an ability to employ formal and informal rules as monitoring mechanisms to discourage opportunistic behaviour suggests that these attacks can also promote or discourage business social performance (Besser & Miller, 2011:509). In defining small business performance, multiple types of value are created, including individual and societal values. Small business performance may thus be viewed as socially constructed, that is, as having social outcomes that are as important as economic outcomes for the small business manager. Moreover, this is the product of a social background that interacts with a social environment in which there are many actors or stakeholders (Raymond *et al,* 2013:469).

Even though big businesses are claiming high a level of social responsibility, Besser (2012:130) argues that, their greatest social performance can be ascribed to the fact that they are more scrutinized by the public and media than small businesses. On the other hand, the social responsibility of small businesses operating in a bigger city is not recognized as compared to when they are operating in a modest town. In this light, Thompson and Hood (1993:198) point that, minority-owned businesses have a higher propensity for social performance than non-minority-owned business. While the term 'social performance' has been associated mostly with corporations, given the fact that this study focuses on small businesses, special care is paid to issues pertaining small businesses. However, performance is a concept which is very diverse and numerous variables could be used to measure performance either objective (financial measures) or subjective (non-financial measures) (Casillas & Moreno, 2010:268).

However, the development of small and medium enterprises has a significant positive impact on the overall economy. In recent years, a lot of literature has been published in regard to the performance of small businesses more than any other business sectors (Alasadi & Abdelrahim, 2008:52). Moreover, Yildirim and Saygin (2011:27) argue that, the performance of firms that have entrepreneurial management policies can be associated with their entrepreneurial orientation ability. Therefore, such entrepreneurial strategic policy can provide advantages to small and medium enterprises in emerging an economy such as South Africa. In addition, Chung (2011:523) substantiates that, market share and profit is predominately the main criteria for the measurement of the performance of most SMEs. Whereby return on investment, sales growth and profits on market share are used as the financial measures.

Furthermore, Rodríguez-Gutiérrez *et al* (2015:196) suggest that, performance can be evaluated by assessing the employee's satisfaction, customer loyalty, the satisfaction of customers, and brand equity. However, Li *et al* (2009:442) stresses that, an amalgamation of both non-financial and financial measures would result to a more complete performance assessment of a firm. Moreover, Cocca and Alberti (2010:186) found that, with the competitive nature and dynamics in the business environment today, the evaluation and modification of performance measures are of great importance in order to meet with the rapid changes and to gain market shares. In addition, Weimeia and Fenge (2012:10), argue that, after the performance indicators are placed, the establishment of weighted value for each performance indicator is of great essence. This weighted value is based on historical data of the firms. Thus, an effective firm evaluation may be a good indicator for the firm's success or failure.

Moreover, for small businesses to meet up with this high performance, Verheul, Thurik, Hessels and Van Der Zwan (2010:6) substantiate that, the business need to implement an entrepreneurial strategy that is, having an entrepreneurial orientated mindset. Entrepreneurial orientation is the procedure through which individual firms chase their entrepreneurial opportunities without paying attention to the degree and nature of their current available resources. Furthermore, this strategy making process is said to exist with small businesses who are engaged in market or product innovation, proactive and undertaking risk (Fatoki 2012:122). In addition, Kalitanyi and Visser (2010:377) came to the conclusion that, most small businesses are successful because of their high managerial competence, network, and high grade of training. Furthermore, Gruman and Saks (2010:124) affirm the claim that, small businesses with higher level entrepreneurial orientation are to portray a higher performance than those with lower propensities of entrepreneurial orientation.

3.6 SUMMARY OF THE CHAPTER

In this chapter, the nature of entrepreneurship and entrepreneur, entrepreneurship and entrepreneurial orientation were reviewed. The chapter also revealed that entrepreneurial orientation has five dimensions, namely innovativeness, proactiveness, competitive aggressiveness, risk-taking, and autonomy. These dimensions are applied to determine the extent of entrepreneurial orientation of a business. The subsequent chapter will look at the theoretical framework of the study and the hypotheses in greater details.

CHAPTER FOUR

THEORETICAL FRAMEWORK AND HYPOTHESES DEVELOPMENT

4.1 INTRODUCTION

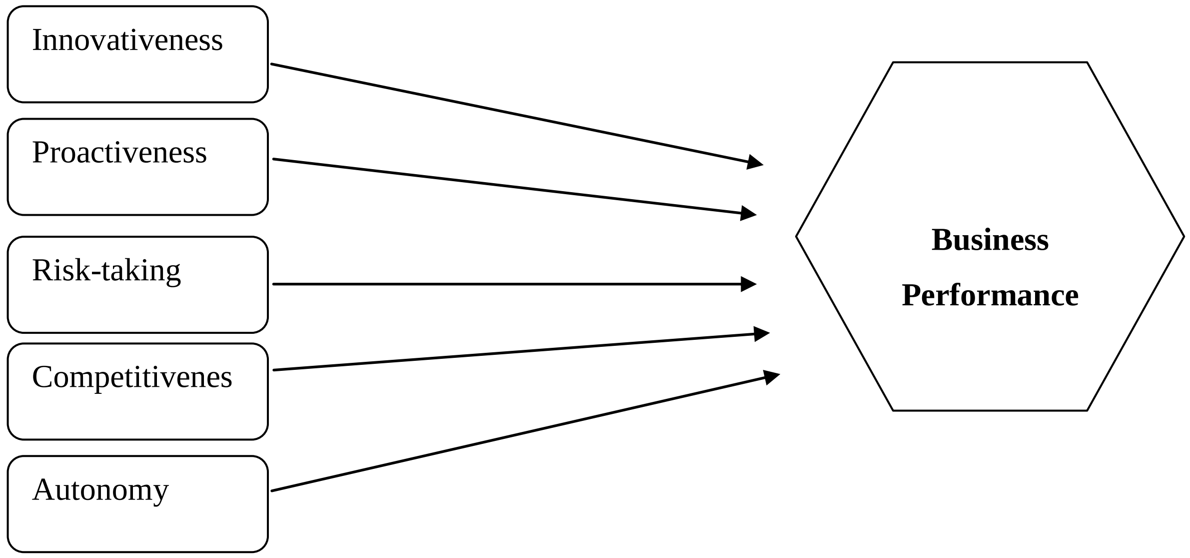
The main objectives of this study were to establish the level of entrepreneurial orientation and business performance of African immigrant-owned small businesses in the Eastern Cape and to state the impact of this orientation on business performance. Chapter two of this study stipulates the nature and importance of small businesses and the various challenges that they encounter. The various dimensions of Entrepreneurial Orientations, as well as business performance are considered in chapter three. Based on the background literature of chapter two and three, a proposed theoretical framework was established in chapter four.

In chapter, 4 the dependent and independent variables were established which form the basis of the theoretical framework. The relationships between entrepreneurial orientation and business performance in the form of hypotheses were formulated. Also, the relationships between the determinants of an Entrepreneurial Orientation as well as selected demographic factors were discussed.

4.2 THEORETICAL FRAMEWORK

Based on the background of the study, graphical presentations of entrepreneurial orientation have been established alongside hypotheses to test for relationships proposed in the theoretical framework.

Figure 4.1: Proposed theoretical framework for entrepreneurial orientation dimensions and business performance relationship.



The following variables were developed in order to achieve the main objective of this study.

4.2.1 DEPENDENT VARIABLE: BUSINESS PERFORMANCE

Small business performance is a multidimensional concept, therefore, the associations linking entrepreneurial orientation and business performance may depend on the indicators used in measuring performance (Wang & Yen, 2012:1038). Furthermore, performance measurement system is based on the past actions of the organisation by which the efficiency and effectiveness of the organisation quantify. This is done by the use of a set of metrics through the acquisition, collection, sorting, analysis, and interpretation of appropriate data. It facilitates conversant actions to be taken since it has quantified the past actions efficiency and effectiveness (Cocca & Alberti, 2010:187). Moreover, the performance indicator of an organisation usually ranges from a wide use of different parameters such as market growth, productivity, market share, financial performance (profit/loss) human resource management, customer orientation toward employee efficiency and customer satisfaction (Friedlob & Schleifer, 2003:57).

However, most small businesses are not necessarily planning to grow: the goals of such businesses are different. Often, they may work only in order to sustain a positive cash flow as to remain in business. For instance, for businesses which are owned and managed by those with little entrepreneurial orientation, the positive performance concept can involve more than financial based measures (Runyan, Droge, & Swinney, 2008:571). There have, however been robust discussions around what performance practice manner businesses should carry out in order to deliver a sound strategic plan. Managers are advised to not prefer one measurement practice over the other because no single measure can reproduce the real or the precise image of a business performance. Managers should therefore, strike a balance between both financial and non-financial measure from all perspectives. Theses perspectives include financial, customer, internal business as well as innovation and learning (Sinclair & Zairi, 2000:147). Thus, the adoption of a broader performance measure parameter is imperative. However, in an effort to clarify the ambiguity of the performance measurement dimension to be implemented in an organisation, Croteau and Bergeron (2001:81) had to simplify performance measurement into two broad categories which are subjective and objective measure.

Objective measures

The financial measurement perspective illustrates that performance measurement of a business is determined by what is going on in the business by utilizing the appropriate financial information supplied by the business. The measurement of business performance by exploiting financial information can be obtained by analysing the financial statements of the business and the different ratio analyses such as return on investment or return on asset (Brewer, 2010:18). Furthermore, the performance measurement by the use of profitability conformed to the profit maximisation principle and optimisation of utility (Olutunla & Obamuyi, 2008:198). Moreover, most economic theories are centred on these principles. In addition, profitability forms the fundamental assumption when appraising the functioning of small businesses (Van Scheers, 2011:5050).

Nevertheless, Olutunla and Obamuyi (2008:198) substantiate the claim that, in order for businesses that are profit oriented to uphold the highest level of profitability, a strategy is required to produce high calibre marketable products which can be sold easily through effective and efficient marketing strategies to realize more revenue. Moreover, other financial criteria that are applicable for measurement of small business performance can be an evaluation of accounting system, including, creditors, inventory control, business goal achievement and business sustainability (Brewer, 2010:61). Furthermore, in order to maximise sales and to ensure profit maximisation by the entrepreneur, the life cycle of the product needs to be determined and should take place during the development phase of the product (Olutunla & Obamuyi, 2008:199). However, Prajapati and Biswa (2011:230) argue that accessing the financial records for small businesses which could be used as a measurement parameter can be challenging as a result of lack of authenticity or the unavailability of such information. There is also the issue of the sensitive nature of such aspects, and the greater risk of accounting errors.

Furthermore, growth is a critical issue to look at in a small business. An objective, such as growth is always set in an entrepreneurial venture. Growth often presents the defining characteristic of entrepreneurship and it is viewed as the vision and foresight of entrepreneurs (Rwigema & Venter, 2004:436). Moreover, Nieman and Pretorius (2004:31) and Nieman and Nieuwenhuizen (2009:277) assert that, the growth prospective is what distinguishes an entrepreneurial small business from a non-entrepreneurial business. If an entrepreneur lacked the right mind-set that always pursues growth and innovation potential, this can become a great impediment to the performance of the businesses (Nieman & Nieuwenhuizen, 2009:276). When planning for growth, the business should take into consideration the available resources and risk (Nieman and Pretorius, 2004:31). According to Nieman and Pretorius (2004:31), the long-term plan, development strategy and growth objectives are of great importance. The growth strategy can be external, internal or a mixture of both. Furthermore, when advocating for growth, the entrepreneur needs to validate that the expansion strategy falls within the capabilities of the firm (Nieman & Nieuwenhuizen, 2009:277). Moreover, quantifying growth can take the pattern of an increase in sales, an increase in the income or any business quantifiable goals (Nieman & Pretorius, 2004:31).

Subjective measures

Furthermore, customer's impression about the services the business offers is an important field of focus to determine the functioning level of the business (Glavan, 2011:30). Moreover, such measures take into account the operational and marketing indicators to determine the performance measurement such as service quality, time taken to serve the customer in the market, and the improvement rate (Karr, 2005:62). In addition, a subjective measure is an approach for which questionnaires are used to determine performance. These questions are aimed to assess the perception of success of the firm (Croteau & Bergeron, 2001:81). However, some researchers hold the view that, even correctly applying general performance measurement models, it would be inadequate for SMEs particularly small enterprises which are different from big firms. For instance, some researchers who have cast into action the use of balance scorecard in SMEs concluded that the model is not appropriate for SMEs (Garengo, Biazzo & Bititci, 2005:28).

4.2.2 INDEPENDENT VARIABLES: ENTREPRENEURIAL ORIENTATION

The competitive nature of a firm can be supported by means of effective performance measurement. In this regard, it is the responsibility of businesses to know the factors that can influence their performance and to manage them in an effective manner (Bigliardi, 2013:246). Without good performance, no business will be able to survive. It is important to examine those factors which impact the performance of businesses (Sajilan, Hadi & Tehseen, 2015:36). A considerable amount of literature has been produced over the last several decades regarding the relationship between small business, entrepreneurial orientation, and firm performance; nevertheless, the external environment in which the businesses operates can make the correlation contingent (Kreiser & Davis, 2010:39). When determining the growth and performance of a business, the concept of Entrepreneurial Orientation has been the centre of concern. They have been different studies attempting to show a link between entrepreneurial orientation and business performance. However, the different results were not consistent (Filser & Eggers, 2014:55). Despite the fact that they have been no consistency in respect to studies regarding the success of Entrepreneurial Orientation, many studies have shown that Entrepreneurial Orientation affects business performance in a positive manner, avoiding failure and maintaining the survival of a business (Jebna & Baharudin, 2015:24).

Furthermore, the current business environment is frequently noted as complex and uncertain (Hughes & Morgan, 2007:651). Entrepreneurial Orientation has been an essential phenomenon at the organizational level, in terms of capturing the patterns and business processes within an enterprise. The old ideas do not exclude the realities facing small businesses, which are the challenges to spot opportunities and hence mobilize the necessary resources to achieve their goals. They are grounded on the nature of small businesses that is, their size and simple flexible structure which permits them to be innovative, and respond quickly to change in a competitive environment. This can be favourable for stimulating economic growth. To sustain fierce competition, small businesses must constantly review their practices and constantly look for new ways to exercise flexibility, and develop their ability to become innovative and more competitive (Campos & Valenzuela, 2013:51).

The entrepreneurial orientation–performance relationship was first discussed by Lumpkin and Dess (1996) whereby, they stressed the importance of viewing this relationship in a contingency context. Moreover, looking at the contingency theory, it recommends the need to be a configuration of certain key variables, such as environmental or organizational variables, in order to obtain optimal performance (Schepers, Voordeckers, Steijvers & Laveren, 2014:42). The role of innovativeness on the firm's performance was first highlighted by Schumpeter during the late 1930's. He first came up with the terminology of 'creative destruction' whereby wealth is generated when the current market structures are upset. This happens as a result of the presence of new merchandise or services that can shift valuable resources from other firms which are in existence, in effect promoting growth for those introducing the new goods and service (Sharma & Dave, 2011:45). Furthermore, Lumpkin and Dess (1996:141) reiterate the aspect of innovativeness by claiming that, all entrepreneurial activities have to incorporate innovation because it is a single dimension. Nevertheless, the phenomenon of creative destruction is predominantly based on the entrepreneurs' attitudes. As a consequence, innovation is viewed as a contributing element within the Entrepreneurial Orientation concept (Filser, Eggers, Kraus & Malovic, 2014:13).

According to Wiklund and Shepherd (2003:1309), extraordinary performance can be generated by innovative businesses. Innovation has been seen as the growth engine in many economic systems around the world. With views to the high failure rate of small businesses in South Africa, Kreiser, and Davis (2010:42) suggest that high innovativeness can promote firms' performance.

Moreover, according to Sharma and Dave (2011:47), being proactive is considered as the 'first mover' whereby in the domain of marketing it is being seen as the best strategic strategy to capitalize on marketing opportunities. Being the first in a marketing scenario, the first mover can capture a huge profit and move along to set brand recognition in the market. Furthermore, with regard to the link involving entrepreneurial orientation and a business performance, Wiklund and Shepherd (2003) established that entrepreneurial orientation has a positive influence on business performance. Other empirical findings equally uphold the positive effect of entrepreneurial orientation on a firm's performance (Zahra, 1991; Wiklund, 1999).

However, Lumpkin and Dess (2001) established that an independent variation exists within the Entrepreneurial Orientation dimensions rather than collective significant. During their initial test, proactiveness was positively linked with the performance, but competitive aggressiveness was not strongly linked to firm performance. In this case, taking initiative, for example, creating, or co-creating rising markets is a crucial factor for entrepreneurial orientation (Filser & Eggers 2014:57). Nevertheless, Krieser and Davis (2010:42) suggest that the level of proactiveness can result to higher business performance. Moreover, the longitudinal study of Zahra and Covin (1995) argues that entrepreneurial orientation is to some degree associated with a firm's performance, but there were some mixed research findings regarding the relationship. Nonetheless, Morris (1998) exemplified that, the significance of entrepreneurial orientation was not simply important for the endurance and the outgrowth of the business, but is equally imperative for the economic prosperity of the country.

In addition, risk-taking, a concept first mentioned by Knight in the early 1920s, was highly associated with entrepreneurs since entrepreneurial behaviour or ventures are usually characterised by the unknown. Moreover, taking a comparative look between a company employee and entrepreneur, entrepreneurs exerted more willingness to dare into risk, which in return might lead to high performance (Filser *et al*, 2014:13). According to Filser and Eggers (2014:57), the propensity towards risk-taking will lead to a learning outcome, which in return will increase the firm’s ability and willingness to handle risky situations. This is regarded as a valuable characteristic which can boost the firm’s performance although some scholars take the perspective that a high level of risk-taking can likely get a negative outcome for the firm. This may provide an insight into why researches on entrepreneurial orientation remain inconsistent (Kreiser & Davis, 2010:42).

Competitive aggressiveness is seen by some scholars as the ability to directly and intensely react towards their competitors (Lumpkin & Dess, 1996: 148) in an effort to get a better market position in an economic environment (Chang, Lin, Chang, & Chen, 2007:1000). Within the entrepreneurial orientation context, it is important to note that competitive aggressiveness is the counter reaction over the competitive inclination and demands which are in existence at a marketplace (Lumpkin & Dess, 2001:434). According to Lee and Sukoco (2007:550), responsiveness is a characteristic of a competitive and aggressive business which often takes a common pattern of intense head-to-head competition. For instance, when rivalry businesses venture into a market in which his/her closest competitor has identified some economic potentials. However, Casillas and Moreno (2010:284) assert that competitive behaviour is a strategy less oriented toward performance because it is a reactive behaviour toward competitors for the purpose of defending the market position.

In this light, autonomy is a top-down management style that includes the support of management programmes within the organisation. Entrepreneurship is being fostered by supplying incentives to the workers and autonomous decision making is not being downplayed (Dess & Lumpkin, 2005:149). Furthermore, Dess, Ireland, Zahra, Floyd, Janney, and Lane (2003:335) assert that such business structure might be as significant to the business success as any other entrepreneurial orientation dimension. Moreover, bottom-up management practices require some sort of priority incentives and a structural arrangement design for the development and sustainability of entrepreneurial initiatives (Lumpkin, Cogliser & Schneider, 2008:49).

Nevertheless, the introduction of autonomy as part of the dimensions of entrepreneurial orientation was proposed by Lumpkin and Dess in 1996. Limited studies have been conducted on autonomy, which comprises one of the dimensions of entrepreneurial orientation (Lumpkin *et al*, 2009:48). As a result of that, the relationship between business performance and autonomy has not been considered (Casillas & Morena, 2010:270). However, autonomy constitutes the main ingredient for effective, innovative action and entrepreneurial attitude by giving employees the autonomy to behave and remain as an independent entity (Gurbuz & Aykol, 2009:324). According to Lassen, Gertsen & Riis (2006:361), for businesses to advance their existing force, to have leverage over their competitors, to identify business opportunities and the rapid growth of new ventures, autonomy remains is a necessary condition.

Although previous studies had understood Entrepreneurial Orientation as a one-dimensional construct, recent studies have highlighted that there is a significant relationship between entrepreneurial orientation and business performance (Dess, Lumpkin & Covin, 1997; Wiklund & Shepherd, 2005). Nevertheless, contradictory findings by Frank, Kessler & Fink (2010) assert that a positive relationship between entrepreneurial orientation and business performance exists only within dynamic environments and was not able to establish a positive relationship in a stable environment. However, members of the school of thought who perceive entrepreneurial orientation as a multidimensional construct established the fact that, the business performance of a firm is not being influenced in the same way by all entrepreneurial orientation dimensions. Casillas and Morena (2010), in their findings established that proactiveness, innovativeness, and business growth has a significant positive relationship. However, they were not able to establish whether or not risk-taking, competitive aggressiveness, and business growth have a positive relationship.

Moreover, research has found that no relationship exists between autonomy and growth. Furthermore, in findings by Lumpkin, Brigham, and Moss (2010) it was established that there is a positive relationship between all five dimensions of entrepreneurial orientation and long-term business performance, with the least sensitive being risk-taking and competitive aggressiveness. Thus, different findings have been presented in the literature regarding the impact of entrepreneurial orientation on business performance; not only putting it on the general scale, but equally in individual situations (Miller, 2011:878).

H^1: There is a significant positive relationship between the level of innovativeness and performance.

H^2: There is a significant positive relationship between the level of proactiveness and performance.

H^3: There is a significant positive relationship between the level of risk-taking and performance.

H^4: There is a significant positive relationship between the level of competitive aggressiveness and performance.

H^5: There is a significant positive relationship between the level of autonomy and performance.

4.3 THE RESOURCE BASED VIEW

The demarcation between resource and capability is not well established. According to Amit and Schoemaker (1993:35), resource is defined as the stock of available factors controlled or owned by the establishment. These resources could be in the form of financial asset, the know-how, or human capital. On the other hand, the capability is defined as the ability to organize resources, which are centred on the firm's capacity to develop, carry, and exchange information through its personnel (Andersen & Kheam, 1998:165). However, the resource-based view (RBV) theory centres on vital resources that affects business orientation to perform, survive and compete with one another whereby the resources are classified as human, financial or social resources (Teeffelen & Uhlaner, 2013:87). Furthermore, the fundamental principle of Entrepreneurial Orientation of small businesses is that, a competitive advantage of the small businesses lies in its possession and application of a bundle of critical resources at its disposal (Filippove & Duysters, 2011:290). However, Merrilees *et al* (2011:369) argues that, resources alone cannot do anything, the capacity to effectively utilise these resources are of great essence. In addition, the performance of small businesses depends on the distinctive capabilities that the firm has to urge its competitors (Franco & Haase, 2010:505). Moreover, Elmuti, Khoury and Omran (2012:84) assert that, the educational level and training of small business owners, which form the bases of human capital, enhance the personal skills such as innovativeness and risk taking of small businesses. Thus, entrepreneurial education and training forms the foundation of entrepreneurial culture by enhancing the skills required for entrepreneurial actions (Ipate & Parvu, 2014:249). Many academic scholars have tried to evaluate the relationship which exists between human capital, financial capital, social capital, and the performance of an entrepreneurial endeavour (Pennings, Lee and Van Witteloostuijn, 1998; Parker and Van Praag, 2006; Santarelli and Tran, 2013). Nevertheless, the relationship between these four variables that is; human/social capital, financial capital, and entrepreneurial performance after the creation of the business is somewhat missing from our cognition. However, the resource-based view stands as the best theory to address the fact that, social capital, financial capital and human capital is an indispensable asset for commercial enterprises because it permits them to gain access to other opportunities and is essential for them to survive and develop.

The resource-based view explains how firms with limited and valuable resources and capabilities can have a competitive edge in a marketplace from other firms. These resources and capabilities can be of great value if they assist the firm to develop strategies that would enable them to cut down on their net cost and having positive net revenue (Al-Ansari *et al,* 2013:164). Furthermore, Agbim, Oriarewo, and Zever (2014:250) assert that the significance of resource based view (RBV) is embedded in a firm's internal weakness and strengths. Therefore, the understanding of entrepreneurial orientation on the performance of small businesses could be deduced by placing awareness on RBV significance. Nevertheless, the study of Lumpkin & Dess (1996) illustrates that the characteristics of a firm's external environment and internal organizational characteristics would play a substantial role in the relationship between entrepreneurial orientation and firm performance. The subsequent paragraphs shall examine the different resources as proposed by the resource-based theory.

Regarding entrepreneurial orientation determinants, different studies have revealed the importance of both the external environment factors in which the firm operates and the internal organisational variable factors. Based on different findings, it has been suggested that the external competitive environment has elements of both uncertainty and opportunity for organisations; these factors pose a major impact on a firm's entrepreneurial orientation (Cruz & Nordqvist, 2012:34). The external environmental factors can be defined as "the physical and social factors, individual organizations take directly into consideration in the decision-making" (Duncan, 1972: 314). Within the entrepreneurship literature, considerable attention has been focused on the relationship between the environment and strategy formation (Covin and Slevin, 1989; Miller and Friesen, 1983; Zahra, 1993).

It is precisely the dynamism and munificence in the environmental concepts that has made enormous contributions in the comprehension of the strategic decision-making undertaken by entrepreneurial organizations (Lumpkin and Dess, 2001; Miller and Friesen, 1982; Zahra, 1996). Furthermore, this environmental dynamism signifies the "degree to which industrial changes as well as the uncertainty of innovation or predictability of competitors and customers' reactions" (Miller and Friesen, 1983: 222). Furthermore, environmental apprehension signifies the specific amount of external opportunities present within an environmental setting and the availability of useful resources (Dess and Beard, 1984; Zahra, 1993). Therefore, one can reason that environmental factors can play a significant role in influencing the performance of entrepreneurial businesses (Kreiser & Davis, 2010:42). Furthermore, in order to assist in the strategic decision-making process and consequently promote growth in small businesses which have different national and cultural backgrounds, the investigation of the strategic orientations of entrepreneurial orientation and the different dimensions of entrepreneurial orientation is vital. More so, to assess the determinants that can influence the dimensions of entrepreneurial orientation the firm's availability of human, financial, and social resources is imperative (Filser *et al*, 2009:9).

4.3.1 HUMAN CAPITAL

Human resource capital can be defined as the knowledge, skills, ability, and capacity to develop and innovate by persons in an organisation (Baron & Armstrong, 2007:6). Within the RBV concept human capital can be classified into three categories: (I) education, the prior knowledge of the entrepreneur, differentiating the different educational foundations (university/college and technical high school) those with little-educational foundation (vocational training or no education); (II) the industrial experience and (III) self-employment experience (Tran & Santarelli, 2013:337). Generally, from the employee perspective, human capital refers to the skills that are acquired as a result of investing in education, training, or work experience and which can be transferred to other aspects of the economy. It could be measured by determining the level of education of the entrepreneur, their age, and the number of years of work experience (Ganotakis, 2012:497).

Researchers have addressed the pertinent issue regarding the relationship between human resource high-commitment systems and firm performance in larger organizations, however, little has been documented regarding the extent to which human capital can impact small business performance. As a consequence, small businesses are constantly faced with threats as a result of lack of legitimacy (Allen, Ericksen & Collins, 2013:155). Furthermore, the low resource capability in the form of insufficient managerial, technical skills and expertise, financial resources, and technology is the main characteristics of emerging economies (Tran & Santarelli, 2013:831). Due to the volatile and fragile business environment in emerging economies and other resource constraints, the survival and growth of entrepreneurial ventures, not excluding African immigrant-owned small businesses has been endangered. The fundamental approach which firms can use to acquire resources and capabilities in the emerging economies is by utilizing the unique human capital assets they possess (Astrachan, 2010:11).

However, to establish a specific human capital within a firm, the firm need to develop specialized and multiple types of knowledge which is only realised over a period of time through the interactions between a firm's employees and managers in the process of working on the job assignments and socializing with other employees in the firm (Mahoney & Kor, 2015:297). Furthermore, because of the personal knowledge and experience possessed by managers and pioneer founders of a firm, specific human capital are vital sources of the firm’s unique bundle of resources and capabilities. In addition, Kor (2003:709) compliments that the crucial asset for a firm’s development that can lead to new growth opportunities is the specific knowledge capabilities. With such qualities, the managers and founders can effectively assess different opportunities and development paths whereby they can invest some of their financial funds and by so are likely to get more competitive.

More so, the mind-set of an entrepreneur can be nurtured through education and training. The business ability can also be brought in by professionals with prominent occupation and educational backgrounds. These include intellect, knowledge, and social contacts that would enable the entrepreneur to make strategic decisions leading to better performance. Human capital and competencies are essential elements involved in entrepreneurial activities (Hosseini & Eskandari, 2013:204). Furthermore, innovative success is determined by the availability of human capital. Hence, the training of employees has a significant effect on the business. In the small business context, high-risk exposure, high fixed cost, high minimum investment, and severe financial constraint are associated with research and development activities (Pratono, *et al*, 2013:2).

Entrepreneurs have been questioned for their slow uptake of economic opportunities resulting in a low level of strategic investments. This is generally as a result of a lack of skills (Ganotakis, 2012:496). Furthermore, managerial competencies are acquired knowledge; skills, behaviours, and attitudes that support the personal effectiveness, which is vital for the survival and growth of immigrant small businesses. Poor access to skills and inexperience are the main reasons why financial institutions do not perceive immigrant small businesses as credible (Atieno. 2009). More so, Chen *et al* (2009), affirm that insufficiency of these traits has reduced the management capacity to succeed, as lenders would want assurance that they would get their money back. South Africa has a limited supply of skilled managers. However, the view of managerial competencies has not been agreed upon by some scholars. Arthur (2009) argues that borrower’s character includes two things; the willingness to pay in the relation to their capability to pay. A good character based on the commercial banks is one that has the capability and a willingness to pay. Therefore, there can be a link between managerial competencies and business performance.

In addition, Sequeira and Rasheed (2006:368) argue that when arriving in the host countries immigrants possess different levels of human capital. This has an effect on their entrepreneurial orientation; with higher human capital, the development of stronger ties by immigrant may not be essential for survival as compared to immigrants with less human capital. These individuals with higher human capital decrease the high reliance on strong ties and increase the role played by weaker ties in starting up a business and growth. Based on the values and assumptions of human capital this has triggered the development of the sixth hypothetical.

H⁶: There is a significant relationship between human capital and Entrepreneurial Orientation.

4.3.2 FINANCIAL CAPITAL

Financial capital can be defined as wealth which is in the form of money or paper assets (Perez, 2003:71). In this regard, financial capital is important predictors for the possible exit of a business (Teeffelen & Uhlaner, 2013:91). The most common sources of external capital are debt and equity (Bhaird & Lucey, 2010:368). Though Ipate and Parvu (2014:248) argue that, financial capital can determine the success of small businesses; this may include the availability and the quality of financial capital, the diversity of funding sources, the cost of borrowing these funds, as well as the interest of the credit institutions to release these funds to entrepreneurial businesses.

More so, having access to more financial capital by small businesses seems crucial because finance is the most generic form of capital, which can easily transform into another type of resource. Therefore, to some extent, financial resources can mitigate the resource constraints in other areas; for instance, in the case of small firms which are striving for high performance and are involved in innovative ventures that will have a very high demand for financial resources (Filser *et al*, 2014:15). This constraint has triggered theoretical discourse around the determination of the capital structure for small businesses, ranging from Modigliani and Miller theory, the trade-off theory and the pecking order theory (Mac an, Bhaird & Lucey, 2010:358). According to Serrasqueiro and Nunes (2012:629), generally speaking the propensity for small businesses to be involved in short term debt is higher as compared to large firms. In this context, Mac an Bhaird and Lucey (2010:359) asserts that the primary source of financing for small jobs is from personal savings and they often face the challenge of insufficient funds which will result in them going in for short-term debt. These practices express that there is a pecking order on how small businesses finance their activities that emanate from within then extends to financial institutions (Vos, Yeh, Carter, & Tagg, 2007:2650).

The implementation of strategies by an entrepreneur requires resources. A firm with more resources finds' it easier to exercise their strategic options; Entrepreneurial Orientation is a resource demanding strategy orientation. Thus, having access to more resources can facilitate an Entrepreneurial Orientation decision process by a firm (Wiklund & Shepherd, 2005:77). However, equity and debt finance have not been easily accessed by small businesses, making their development questionable (Serrasqueiro & Nunes, 2012:629). According to Berger and Udell (2006:2952) innovative firms which are considered to have extraordinary performance tend to benefit most from the venture capital industry that provides large sums of money to the individual businesses. Most literature addressing small business financial contentment and control stipulate that rapid growth is often the last alternative for small business and for most entrepreneurs who would like to retain control of their business. Applying for external capital will cause them to lose control over their business activities (Vos *et al,* 2007:2650). Furthermore, negotiating and securing a favourable payment condition is not an easy task for small businesses. This coupled with the fact that they usually operate with small business transactions payment conditions will be short term and may even stipulate cash down. The prices for such short term loans are usually higher and this may exert much pressure on management (Terricabras, 2015:21).

However, Servon, *et al* (2010:306) argues that growth is one of the milestones of progress which small businesses have to witness. Each phase (start-up, growth, and expansion) which the business goes through will require a different type of capital in accordance with the different sources of capital which are available to the entrepreneur. Furthermore, the level of available finance resources can determine how fast the small business can succeed (Oriaku, 2012:19). More so, Carpenter and Petersen (2002) assert that the insufficient availability finance for small businesses can lead to a constrained growth for the firm, and limited financial resources can restrict the business activity and expansion. In addition, when these businesses are equipped with; more financial capital they are more likely to proactively pursue more expansion either through an internal development or external opportunities. An organic growth strategy will be employed in order for the business to fully exploit its capabilities (Chen *et al*, 2009:296). Against this presumption a hypothetical phrase is tested.

H[7]: There is a significant relationship between financial capital and Entrepreneurial Orientation.

4.3.3 S OCIAL CAPITAL

The concept of social capital has been explored based on diverse perspectives from different fields of study such as in sociology and economics (Karahanna & Preston, 2013:18). According to Felicio, Couto, and Caiado (2012:396), social capital can be defined at individual levels which include organisations, institutions, and industries as well as on a collective level which will comprise of groups, firms, communities, and nations. In this regard, social capital is not seen as a single entity; rather it is a variety of different entities with two common characteristics: they all comprise some social structure aspect, and they facilitate the actions of persons who are part of the structure (Gomez, Perera, Weisinger, Tobey & Zinsmeister-Teeters, 2015:2). Also, social capital can be defined as a resource that is derived from structures which are used to pursue the interest of businesses through networks and procedures that enable participants to acquire and develop intellectual capability (Baron & Armstrong, 2007:6). Furthermore, the social capital theory is centred more around the interpersonal relations because these relations provide a committed manager or employee with the access to resources which are not within the business, but are rather embedded in the relationship (Chen, Zou, & Wang, 2009:295). Nevertheless, the development of relationships (networking) between different business units and customers promotes the performance. This alliance attitude triggers the capability (proactive) nature of the small business towards its customers or competitors (Walter *et al*, 2006:546). In addition, network ties are considered a vital social capital measure. Ties with other firms, government offices, and financial institutions can enable the business to have access to vital market information enabling them to look into the future (Wu, 2008:130). Moreover, with the rapid development of technology and rapid innovation requirement, small businesses turn to use more of external financial support, because of insufficient internal finance, thereby making their business less autonomous by compelling them with more pressure from lenders (Fatoki, 2011:198).

Social capital is seen as the direct benefits which are being acquired for the personal and formal business networks/relations of an entrepreneur (Tran & Santarelli, 2013:338). These interpersonal relations can easily translate into an intangible resource for the firm when they are properly utilized because they are not easy to replicate. (Gu, Hung & Tse, 2008:13). This study will adopt the model of Granovetter's (1973), whereby, "strong ties" and "weak ties" are the basic network classification pattern for partners in a business. The high/low levels of emotional affection are usually associated with terms of strong/weak social ties relationship either with the entrepreneur's family, relatives, and friends. In addition, a stronger social ties collision is more important than weaker social tie support (Bruderl & Preisendorfer, 1998; Davidsson & Honig, 2003; Greve and Salaff, 2003). Furthermore, loan access can be increased by the formation of a close relationship with the lender. As a consequence, information irregularity decreases and the confidence level of the lender increases in regard to timely repayments. Through this formation of the close association, the lenders take into consideration the intentions and abilities of the entrepreneur to carry on with different tasks which will result in better performance (Slavec & Prodan, 2012:108).

More so, the presence of an entrepreneur within the same residential area can compensate for financial and managerial restrictions. Family members or friends who are entrepreneur might provide emotional support which is essential to maintain emotional stability. In addition to this role, family members, relatives, and friends can easily chip in financial support both at the start-up and growth period, which captures the percentage of the initial investment capital in the form of loans from strong ties (Tran & Santarelli, 2013:338). Although Entrepreneurial Orientation capabilities can enable small businesses to expand as they develop some advantages, high performance requires some sort of dedication of a firm's resources that small businesses might run short of (Lu & Beamish, 2001:568). The pro resource-dependency theory scholars argue that one means to obtain these resources is by networking with others through a strategic alliance (Hillman, Withers, & Collins, 2009). Moreover, racially diverse group brings in diverse cultural values and beliefs which affect decision making behaviour by influencing their ability to recognise and assimilate new ideas into their businesses (Andrevski, Richard, Ferrier & Shaw, 2014:823). Alliance participation can lead to an improvement in business performance because alliances could serve as a pathway of new idea and resource generation that small businesses can use for capability development of the organization, whereby it would enable them to overcome the disadvantages associated with being small (Cegarra-Navarro, 2005:4; Street & Cameron, 2007).

Social capital can be a pertinent variable for innovation success. Through the external and internal sources, social capital can boost the employees' confidence level by enhancing their knowledge without raising suspicion and information concealment. Thus, this knowledge can be transformed into new ideas. On the other hand, environmental information uncertainty can negatively affect the interaction between innovation success and social capital (Pratono, *et al*, 2013:2). Of course, not all firms may experience the same point of benefits when participating in a research alliance. According to Hillman *et al*, (2009) alliance participation can decrease the uncertainty rate and dependency ratio which exists within the business environment. Nevertheless, the firm's capabilities do vary in nature (Barney, 1991:109) as well as in their transferability ability from one firm to another and utilization of this new idea (Martin & Salomon, 2003).

External knowledge could be accessed by firms through the formation of alliances, but firms tend to have an added advantage when they have greater capabilities to transmit and exploit this information (Martin & Salomon, 2003). The alliance will definitely be to the advantage of small businesses with greater R&D capabilities as a result of the fact that, these firms hold the capacity to gain knowledge of its alliance formation, therefore generating a more competitive advantage (Lee, Lee & Pennings, 2001:12; Mowery *et al.,* 1996). Furthermore, for small businesses that do not have sufficient R&D capabilities, transferring knowledge may be baffling; the small business may benefit less from participating in the alliance formation because it would not be easy to transfer the new information (Martin & Salomon, 2003; Mowery, Oxley & Silverman, 1996:80). Furthermore, a new dependency situation for these firms may develop as a consequence of research alliances, whereby, the partner firm has an upper hand because of their capabilities in superior technology and thus controls the entire alliance to their benefits (Hillman *et al*, 2009; Miles, Preece, & Baetz, 1999).

However, being part of a marketing alliance with partners, small businesses are now able to bridge severe resource gaps. According to Chen and Huang (2004) by venturing into marketing alliance, small businesses can benefit in several ways. Being part of a marketing alliance, small businesses will have the opportunity to fill in the gap which exists with regard to marketing capabilities. The resource-dependency theory holds that by forming alliance it can help the firm to obtain the much needed resources (Hillman *et al*, 2009; Hitt, Ahlstrom, Dacin, Levitas, & Svobodina 2004). Small businesses tend to maximise marketing alliances within the market scenario not excluding African immigrant-owned businesses (Chen & Huang, 2004) because an effective marketing network requires financial resources which most small businesses may not have. This places the firm at a disadvantaged position as compared to the large firms. Creating a partnership with firms in the same line of the supply chain, for instance, can assist the small business by linking the distribution network in that business environment (Knight, 2000). Therefore, alliances within the marketing domain can help small businesses to develop the necessary marketing capabilities which stand as an impediment for them (Brouthers, Nakos, & Dimitratos, 2015:1165).

Nevertheless, dependency relationship can also be generated when developing marketing alliances which may negatively affect the small business performance (Hillman *et al*, 2009). For businesses that lack sufficient marketing capabilities, market-based alliance formation can create an atmosphere whereby, the marketing activities of the small business become too dependent on the sufficient partner. This dependency generates an atmosphere of the partner organization that is self-sufficient to cease the opportunity to capture a greater portion of the profits (Miles *et al*, 1999). On the contrary, small businesses that have stronger marketing capabilities will have the potential to build an interdependent alliance whereby both parties benefit from the alliance and neither has an upper hand (Hillman *et al*, 2009). Furthermore, network competence refers to a firm's ability to initiate, manage, use, and exploit network relationships. It helps a firm to better their overall stance in a network, and thus network partners tend to acquire significant resources from such association. Accessing, external sources of resources have a positive impact on product innovation of small and medium-sized enterprises (Brouthers, *et al*, 2015:1165).

Entrepreneurial firms are suffering from insufficient resources; therefore, they need to establish a network competence in order for them to develop new products through their network partners and gain significant resources (Yu *et al,* 2014:690). In addition, network competence comprises of the functioning potential of the network management task and the different qualifications attained by those in charge of handling the network management of a firm's relationship (Brouthers, *et al,* 2015:1166). The customers, potential needs can be realized through the collaboration of network management activities of an entrepreneurial firm.

Thus, customers' needs could easily be gathered by entrepreneurial firms with a high degree of network competence, followed by a more realistic and more market-oriented approach, and the establishment of a good relationship around the different channels for selling and distributing their new products. For many immigrants, including African immigrants, their social context is a fundamental part of the ethnic community. The immigrants' ethnic network, is rich in social capital, thus facilitates the adjustment of immigrants in the host country. It also fosters a major role in the business start-up by providing the immigrant with access to information, opportunity, and support (Sequeira & Rasheed, 2006:361). Against this presumption, a hypothetical phrase is tested.

H^8: There is a significant relationship between social capital and Entrepreneurial Orientation**.**

4.4 ENTREPRENEURIAL ORIENTATION AND DEMOGRAPHIC FACTORS

The behaviour toward entrepreneurship can also be influenced by the demographic features of people. Demographic features such as age, religious setting, gender, experience, and educational level have been spotlighted in many works as they play a major role in entrepreneurship and towards the entrepreneurial behaviours of the performance of a firm (Welmilla, Weerakkody & Ediriweera, 2011; Ahmad, 2007; Davidsson, 1995). In this regard, to create an entrepreneurialy oriented environment, it is important to take into consideration the question as to whether to support entrepreneurship at smaller firms or to rely on large existing firms (Denger, 2011:121). Furthermore, introducing the duration of operation of a firm, as a moderating factor to Entrepreneurial Orientation will build a strategic platform on which Entrepreneurial Orientation and performance are based (Anderson & Eshima, 2013:415).

4.4.1 FIRM SIZE

The important question most people often ask is how small firms who often invest very little in research and development are able to develop entrepreneurial orientation. According to Degner (2011:124), small firms can develop entrepreneurial orientation because of the knowledge being generated by larger firms from their research and development as well as from university research which they can utilise more efficiently. Furthermore, the firm size can be a determining factor for accessing debt finance. It may cost small firms relatively more for them to resolve information asymmetries with major financial institutions (Abdulsaleh & Worthington, 2013:37). Consequently, small businesses may be offered less debt capital, which may limit their ability to be more entrepreneurial (Mac an, Bhair & Lucey, 2010:361).

4.4.2 GENDER OF THE ENTREPRENEUR

Limited research has been conducted on the role of gender in the field of entrepreneurship and business performance (Raposo, Do Paço & Ferreira, 2008; Tang, Tang, Zhang & Li, 2007; Van der Kuip, & Verheul, 2004). However, Türetgen, Unsal, & Erdem (2008) point that inequalities in gender exist in different cultures in diverse ways. Some research has gone further to pinpoint the differences which exist within aspects such as entrepreneurial abilities, their potentials and other entrepreneurial criteria based on their gender or background (Shinnar, Giacomin & Janssen, 2012; Díaz-García & Jiménez-Moreno, 2010).

In addition, some scholars believe that males are better engaged into entrepreneurship than their female counterparts (Grilo & Thurik, 2005; Turegtgen et *al*, 2008). Likewise, gender has been identified in many other subjects, as an element which can define the entrepreneurial behaviour and design; the intention towards entrepreneurship is more inclined to males than females (Davidsson, 1995; Crant, 1996; Tkachev & Kolvereid, 1999). Although the gap in female entrepreneurship has almost been bridged, there is a great concern that women are less presented as business owners because they are less motivated toward entrepreneurship (Mueller & Dato-on, 2008:4). However, Witbooi and Ukpere (2011), did not accord with the previous studies stating there have been more similarities between the male and female entrepreneur than differences across the genders like, for example the business skill and psychological traits. In addition, there has been no evidence of gender discrimination in banks' loan consideration within the small business sector (Goode, 2010).

Although, different researchers have come up with the dynamics of demographic variables as the main source for entrepreneurial competencies, very few studies have taken the impact of gender into consideration in the development of entrepreneurial competencies, resulting in some inconsistent outcomes. According to Ferket, Quien, and Posavec (2013) in their studies to analyse 'the abilities of male and female regarding leadership and management', it was realised that females could be better entrepreneurs as opposed to their male counterparts because they exert more managerial competencies. Furthermore, innovative attitude could likely be affected by a demographic factor such as gender. From the scores of entrepreneurial attitude, there is a significant difference between male and female students in their quest for innovation in a business, with females having a lesser score in relation to their male counterparts (Olanrewaju, 2013:61). However, statistical evidence was presented stating that both males and females have equal entrepreneurial potentials (Zeffane, 2012). In addition, a recent study focusing on female entrepreneurship in the Middle East and other developing countries not excluding South Africa shows that females are taking more interest in the entrepreneurial activities (Madichie & Gallant, 2012).

4.4.3 LEVEL OF EDUCATION OF THE SMALL BUSINESS OWNER

Most industrialised countries have witnessed a tremendous increase in entrepreneurial education. In developing economies, the investment in entrepreneurial education programmes is still at the developmental stage (Hejazinia, 2015:244). An important distinction has been established between education for entrepreneurship and education about entrepreneurship. Education about entrepreneurship has predominantly been on creating awareness about entrepreneurship by teaching students the different aspects when starting and running a business of your own. Education for entrepreneurship focused primarily on setting up businesses for potential entrepreneurs whereby, the philosophy to practice and having action orientation learning is of the essence (Rauch & Hulsink, 2015:189). Furthermore, Hejazinia (2015:245) came up with two more categories, that is, education for entrepreneurial dynamism which focuses on promoting behavioural dynamism after the start up phase of the business. In addition, continuing education for entrepreneurs which looks at the long life training programmes amongst experienced entrepreneurs.

The level of entrepreneurship can be affected by the level of education of an individual (Yordanova, 2011:188). The higher the education level of entrepreneurs, the greater the propensity for them to self fund and have access to external sources of finance (Neeley & Van Auken, 2010:23). Furthermore, strategic decision making processes and the outcome can be influenced by the level of education (Yang & Wang, 2014:382). In addition, the training and education level of individuals play a crucial role in the nurturing of the mindset for entrepreneurship. As those with better training and educational backgrounds will have good intellectual and social abilities that can facilitate the making of strategic decisions leading to an improvement in the performance of the business (Hosseini & Eskandari, 2013:204). However, it has been suggested that such influence in capabilities is limited at the managerial and not in the operational role of the business (Blackburn, Hart & Wainwright, 2013:13).

4.4.4 AGE OF THE SMALL BUSINESS OWNER

Interestingly, age has been used as an important parameter in contemporary social science research to place individuals into different classes and to explain the differences which exist among them (Aapola, 2002). The skills which people posses might improve as time goes by (Welmilla *et al*, 2011), because they learn the value of time and tend to manage time effectively. Age has been seen as a key demographic factor to determine and understand an individual's entrepreneurial behaviours and intentions (Reynolds, 1997). The age range of 25 years and above has been highlighted as the most sensitive life period for entrepreneurship (Lévesque & Minniti, 2006; Reynolds, 1997). However, Rose Kumar and Yen (2006) in their findings presented that there is a positive relationship between the age of an individual and business success while Bosma, Praag and Wit (2000) in their studies figured out that, age has a positive relation to knowledge rather than the business success. Based on their argument, age does not directly trigger business success, but it directly influences the knowledge of an individual resulting in a better performance (Rose *et al*, 2006; Bosma et al., 2000).

Nevertheless, age is a controversial demographic factor. This is because the propensity for an individual to become an entrepreneur decreases as the person progress in age, but the success of a firm is positively related to age of the individual because knowledge and experience are acquired as the entrepreneur develops over time (Tanveer Akbar, Gill, and Ahmed 2013). This is inconsistent with Raposo *et al*. (2008) who deduce that the entrepreneurial drive is not instilled in individuals below the age of 24. They reiterate that entrepreneurs get more opportunities at a specific age bracket, but after a certain age, their desire to become an entrepreneur decreases. In addition, the most common age bracket for entrepreneurs in developing countries 25-34 years of age and for those in the developed countries 35-44 of age.

Putting the demographics into consideration has led to the assumption that; $\mathbf{H}^{\mathbf{1a\text{-}1e}}$: A relationship exists between the selected demographic variables of the small business and entrepreneurial orientation, as measured by *Innovativeness (*$\mathbf{H_{1a}}$), *Pro-activeness (*$\mathbf{H_{1b}}$), *Risk-taking (*$\mathbf{H_{1c}}$*), Competitive aggressiveness (*$\mathbf{H_{1d}}$) and *Autonomy (*$\mathbf{H_{1e}}$*).*

4.5 SUMMARY OF THE CHAPTER

This chapter focused on the theoretical framework of the study and the hypotheses. Attention was also given to the dependent and independent variables of the study; the different parameters used in the measurement of the different variables. Also, the dimensions are applied to determine the extent of entrepreneurial orientation on the business performance. The resource based model was also discussed in this chapter. The initial literature review has revealed that resource has three main sources, namely human capital, financial capital and social capital. Furthermore, selected demographic factors were discussed with certain assumptions on the determinants of entrepreneurial orientation. In the subsequent chapter, the research methodology is discussed.

CHAPTER FIVE

RESEARCH METHODOLOGY

5.1 INTRODUCTION

This study seeks to address the entrepreneurial orientation and performance of African immigrant-owned small businesses. In the preceding chapter, relevant theories related to entrepreneurial orientation and business performance were discussed. One of the key findings of this theoretical framework is a clear understanding of the lack of research conducted in this field. The aim of this chapter is to outline the methodology for this study. The research methodology of a study refers to the modalities by which data is gathered to answer the research questions as well as address the research problem (Kumar, 2010:9). The research methodology forms an integral part of the research process as it outlines and defines the research approach or design. In addition, the research methodology acts as the framework that explicitly defines the quantitative testing and analysis of the data collected. It involves the motives and methods of data measurement and analysis techniques that will guide and allow the researcher to accomplish the research objectives (Cooper & Schindler 2003:663).

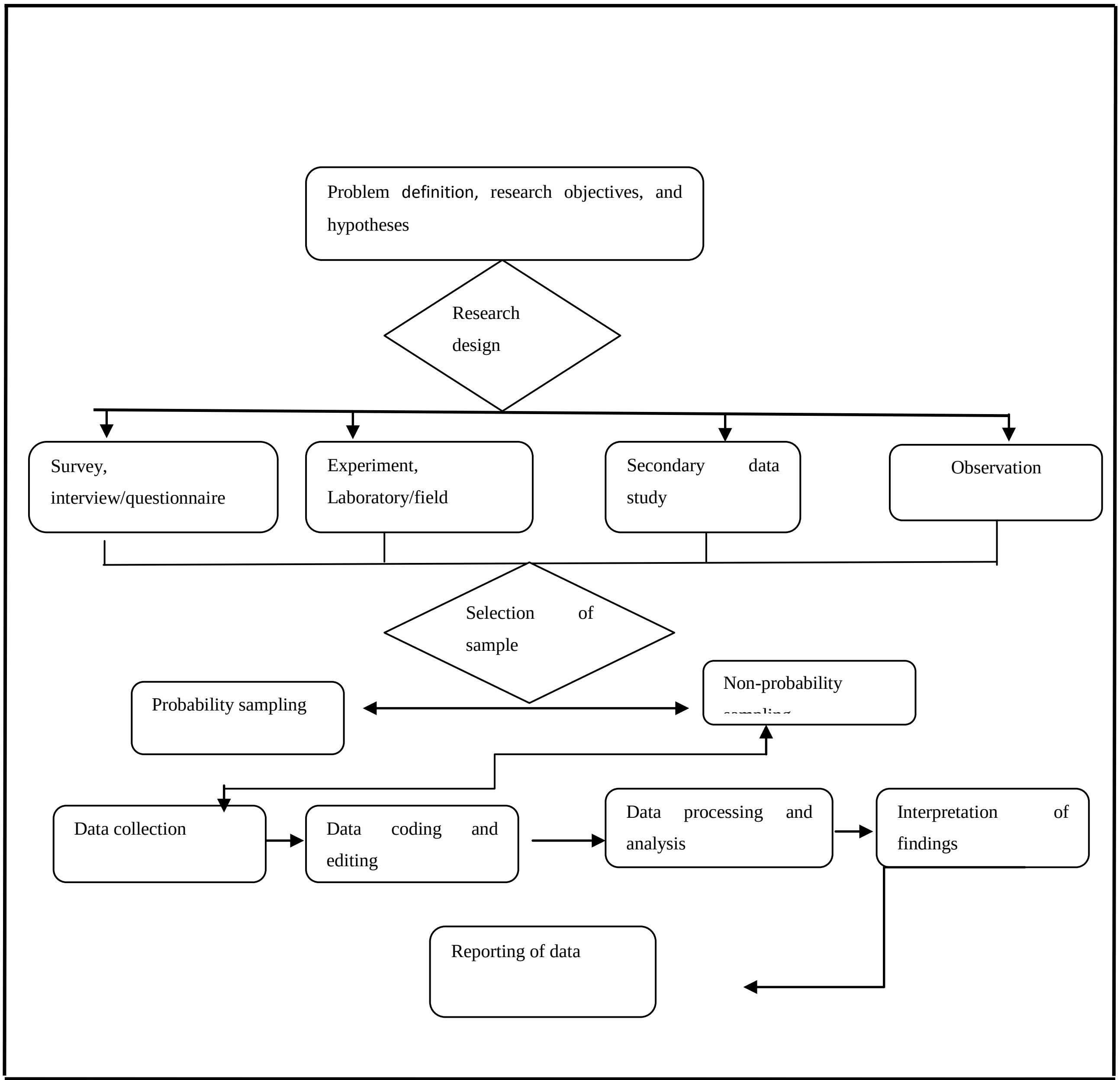
This chapter explores the concept of the research methodology that comprises the research design, the quantitative testing, and the analysis. Furthermore, the chapter emphasises the methods of data collection, both primary and secondary. Furthermore, the measurement instrument and questionnaire design, data analysis methods, statistical tests and other techniques are also described in this section.

5.2 THE RESEARCH PROCESS

The research process refers to the sequential, chronological flow of events for analysis of the data. It considers the applicability of different methods and techniques in order to develop scientific knowledge to address different research objectives using a selected methodology. It presents an explicit description of how the research is designed and put into practice (Williams, 2007:67). Figure 5.1 below shows some of the critical steps that should be followed during the research process. The figure illustrates that the research problem is the foundation for a sound research process, reflecting the knowledge gaps in the field of interest, and therefore sets the tone of the research process. A well- structured problem statement gives a sense of direction to the researcher in terms of addressing the research objectives of the study. In turn, the objectives steer the researcher towards sound and well-founded solutions when the research process comes to an end (Cant *et al*, 2008:50). In order for the researcher to determine what kind of data is to be collected to address the research problem, it is important to clarify the objectives of the research. According to Cooper and Schindler (2003:45), research objectives are the visions perceived by the researcher within the research problem.

On the other hand, the research hypotheses are a possible answer to an established research question. According to Cooper and Schindler (2006:118), hypotheses are unproven statements or assumptions regarding a phenomenon. In order for a hypothesis to address the research objectives successfully, certain assumptions need to be made about the research outcomes. These assumptions will lead to the development of the hypothesis. Furthermore, for the researcher to be able to address the research question, the question must first be translated into a hypothesis, the null and alternate (Khan, 2011:62). The null hypothesis denoted by H_0 states that, there is no relationship between the measured variable, while the alternate H_1 proves the contrary, that, there exist a positive relationship linking the measured variables (Jackson, 2007:221).

Figure 5.1: Steps in research process



Source: Adapted from Zikmund (2003:61)

5.3 RESEARCH DESIGN

The research design designates a general structure that will be followed to obtain possible solutions to the research problem. The research design has been described as the glue that holds the research together (Kumar. 2012). Furthermore, a research design enables the researcher to answer the research questions as explicitly as possible. In this regard, the selection of the research depends on the character and nature of the research or inquiry

(Azzara, 2010). Regardless of the research approach, whether qualitative, quantitative or a mixed methods approach, the research is implemented based on the type of information or data the research problem requires. These research types include descriptive research, causal, experimental and exploratory research.

The descriptive approach best addresses research that pertains to the WHAT, HOW, WHEN and WHERE types of questions. In this light, the researcher already knows the underlying outcome of the research problem. The researcher may have a general understanding of the research problem, but in order to determine the course of action, data needs to be collected in order to form conclusive evidence that would provide answers to the question.

Longitudinal or cross-sectional are the two main options by which descriptive research can be conducted (Gerber-Nel, Nel & Kotze, 2005:33). Longitudinal research is a research type which involves the collection of samples from a fixed sample element that is repeatedly measured (Bryman & Bell, 2007:60). Such procedures are carried out in order to understand other types of research better.

When applying an ethnographic research design, data collection is carried out by conducting periodic observations over a long period. Such an approach is significant when little knowledge has been generated around the phenomenon. When conducting ethnographic research, a small sample size may be sufficient. According to Bryman and Bell (2007:55), cross-sectional research involves once-off data collection from a given population. A sample survey is the most common approach to performing such research. To this effect, a sample is selected from a target population; the generation of statistical summaries such as mean, media and percentages are of great essence. This study employs the cross-sectional research approach, including a survey that facilitates the once-off collection of data.

Causality research designates the cause and effect relationships between variables. The causal researcher assesses the effect of one variable on the other. For example, if the occurrence of variable X, decreases the occurrence probability event of Y, causality in this regard, assess if X, influences Y (Cooper & Schindler, 2003:45). The focus of this research is to test for the influence of the independent variable 'Entrepreneurial Orientation' on the dependent variable 'business performance'. Based on this objective, the causal research design was identified and implemented as the most suitable.

Experimental research is the most suitable design in laboratory settings which are well controlled. This design assumes random assignment of subjects and random assignment to groups. This form of research seeks to explore cause-and-effect relationships where the causes can be influenced to produce different kinds of results. Because of the demands of specific equipment, this is difficult to perform in a non-laboratory setting.

On the other hand, exploratory research is conducted in order to give clarity on the research problem or gain a better understanding of how the research problem could be addressed. According to Gerber-Nel *et al,* (2005:31), exploratory research is the gathering of primary data by the researcher to give more clarity on the research problem. This study makes use of the exploratory approach through the use of literature reviews to explore the gap within the area of study. As previously highlighted, the different research designs can be implemented based on the type of data or information the research problem requires. These research designs can take the forms of various paradigms.

5.3.1 RESEARCH PARADIGM

The research paradigm is a complex concept. The term, is commonly used to denote the framework used within a piece of research. However, there is not yet consensus within the research fraternity around what paradigms are available to underpin social research (Brand, 2009:432). According to Johnson and Christensen (2012:36), a research paradigm is simply a perspective that is based on shared assumptions, concepts, practices, and values. There are two main paradigms; positivistic which encompasses empirical methodology and post-positivistic which covers interpretive and critical methodologies (McGregor & Murnane, 2010:421).

The positivistic paradigm is a way of thought that falls under any re-examination of research for discussion, especially in the setting of business ethics. This approach assumes that the themes of enquiry can be investigated objectively, and that their veracity can be proven with a fair level of certainty (Brand, 2009:433). As a result, the heavy reliance on positivistic assumptions within the research fraternity has led to the presumption of available certainty. In this case, scientific method is required for verification. This confirmation of application can be employed either by analysis in situations whereby mathematical equations can be utilised, or through information aggregation in situations whereby those things cannot be verified from their own terms (McGregor & Murnane, 2010:422).

In contrast, the post-positivistic paradigm holds the notion that a principle may be supported not by proving the results but by the inability to establish the process (Wahyuni, 2012:71). However, with the advancement of science by the means of observation and experimentation, positivistic is rather based upon a continual process of conjecture and falsification (Wynn & Williams, 2012:788). It is a general principle of post-positivism that all knowledge is uncertain, and it is temporarily ‘known’ pending some confirmation of its falseness.

Post-positivistic in an ontological sense, presumes that a reality exists, but in an epistemological context that reality can only be arrived at as an approximation (McGregor & Murnane, 2010:422). By contrast, positivism assumes that a ‘real’ world exists and in an epistemological context, discovering’ that world by the positivist paradigm is possible. A researcher with a post-positivist approach would not presume that any such breakthrough was possible. Methodologically, the fundamentals of the positivism paradigm are experimentation and manipulation; verification of hypotheses is the key component of this model (Deluca, Gallivan & Kock, 2008:56). A large majority of empirical business ethics research undertaken to date has employed hypothesis testing. By contrast, post-positivism focuses on natural settings, and the accumulation of more situational information (Henderson, 2011:343).

Despite the accessibility of both paradigms, the essence of the research was to examine the results objectively with the aid of statistical information compiled during the study, the testing of different speculations, the handling of the different variables and a focus on clearly understanding the relationship which exists between those variables which will then be generalised. For these reasons, the positivism paradigm was more appropriate to address such matters in the course of the study.

5.4 RESEARCH APPROACH

The principal mechanism which researchers use in generating knowledge is by implementing qualitative or quantitative research or the combination of both approaches (Johnson, 2015;354). Primary research can be approached in three different ways: qualitative, quantitative, or the combination of both. The selection of the aforementioned approaches can be influenced by the nature of the inquiry, the settings, the possible shortcomings of the inquiry and the fundamental paradigm that organises the research (Zikmund, 2003:68).

In general, the quantitative research approach involves the statistical generation of information from a large group with the primary aim of designing the outcome for a larger population. It attempts to apply statistical analysis to evaluate data. The general objective of quantitative research is to generalise the outcome to a wider setting, depending on the result of the representative sample from the population. Quantitative research design is submitted to rigorous statistical manipulation to produce data which could be broadly generalised to the entire population and can be utilised to predict future events (Cant, 2010:73). Furthermore, with the quantitative research approach, more emphasis is placed on the use of structured questionnaires. In this case, it is more problem specific and the researcher is fully aware of the precise information needed (Hair, Wolffinbarger, Bush, & Ortinu, 2008:78).

The qualitative research approach involves an in-depth analysis carried out by implementing semi-structured questions through an interview process with emphasis on observation methods such as a focus group. In most cases, the research explores the behavioural motivation within the population rather than exploring the behaviour itself. Thus, it has been highly rated as a type of motivational research (Bryman & Bell, 2007:77). The qualitative research approach is based on personal value judgement because general or collective conclusions are always difficult to attain. In this regard, the data collected in the course of the qualitative research approach are always difficult to quantify. The sample size for qualitative research is usually small and the collection is on an individual basis, prompting the analyst to produce a subjective result at the end of the research (Cant *et al,* 2008:61). Furthermore, as a consequence of the unstructured nature of the qualitative research approach, it provides the researcher with richness of data. It creates the platform for researchers to achieve in-depth data collection from the respondent's perception, attitude, emotions, and beliefs. It enables simpler and often cheaper data collection. In this manner, it gives an insight into model construction and how variable scale measurements are related and being measured (Hair *et al,* 2008:45).

Table 5.1: Differences between quantitative and qualitative approach.

QUANTITATIVE RESEARCH	QUALITATIVE RESEARCH
It is objective in nature	It is subjective in nature
Generalisation of results for theoretical population	Results are for a specific context
The outcome is of the essence	The process of the research is of the essence
The settings of the research are controllable	The research settings are in a natural environment
Deductive approach (hypotheses and theories justified)	Inductive approach (new theories and hypotheses developed)
Questionnaire oriented	Interview orientated
Large sample size is required	Small sample size required

Source: Goert & Mahoney (2012:6 -12)

However, either qualitative or quantitative research approaches could be used in this research to evaluate the impact of entrepreneurial orientation of African immigrant-owned small businesses on performance, but a quantitative research approach is employed because the research required statistical analysis, rather than behavioural motive. According to Ghauri and Gronhaug (2005:204), it is an approach where the outcomes are a result of a statistical summary and analysis of data. With this approach, the data are collected and statistically analysed in a numeric form (Kuada, 2012). This approach facilitates the analysis concerning the relationships and significance between measured variables with the objective of explaining and controlling certain phenomena. Also, the quantitative research approach is applied as opposed to the qualitative research approach when primary data need to be obtained from a large number of people within a population rather than a modest sample, with the goal of generalising the outcome to a wider population.

5.5 QUANTITATIVE TESTING AND ANALYSIS

5.5.1 POPULATION

Population refers to a group of individuals who share common characteristics from which researchers can generate and analyse data (Kumar, 2011). Practically speaking, it is difficult to obtain a perfect list of all elements in the survey, as the population is regarded in terms of those concerning research, the way to access the different elements as well as the location of the research boundaries. According to Webb (2002:49), it is important not to make the definition of the population too broad or too narrow because this could lead to unintended bias or errors in the results of the study. To this effect, the population of the study was African immigrant-owned small businesses in the Eastern Cape.

5.5.2 SAMPLE UNIT

A sample is a subgroup of the population. The researcher selects a proportion of the population for the study that will give a reflection of the total population. If it is scientifically drawn, it becomes a true presentation of the population that is being investigated (Kumar, 2011). Sampling deals with smaller numbers which make up the population. This method is, therefore, more practical, saving time and costs. It is also more accurate and quality data can be obtained. In this light, the aim of a sample is to arrive at a generalisation regarding the total population with reference to a special subject field which might create room for further predication (Cooper & Schinlder, 2006:434). The primary reasons for the application of a sampling technique are that it gives room to create accuracy, it is much faster conducting such research, in terms of costs it is less expensive and a lot easier to reach the target population.

The survey area refers to the place where the research is conducted. This study was conducted in selected towns and cities within the Eastern Cape Province of South Africa, including Port Elizabeth, East London, Kingwilliams town, Grahamstown, Queens town, and Umtata. For the purposes of this study, African immigrant-owned small businesses in the Eastern Cape Province were chosen for data collection because of their close proximity to the researcher. Most businesses in these municipalities are owned by African immigrants.

5.5.3 SAMPLING METHOD

Sampling embodies two main methods, the probability method and non-probability method (Cant, 2010:163). Sampling forms an integral part of any research and will be discussed in the section below.

5.5.3.1 Probability technique

The probability technique, involves the selection of elements in a nonspecific pattern (Cooper & Schidler, 2003:203). The primary aim of this study is to draw conclusions about the relationship between of entrepreneurial orientation of African immigrant-owned small businesses and performance; the researcher could have used any of the probability sampling techniques. Probability methods include random sampling, systematic sampling, stratified sampling, and quota sampling (Gratton and Jones, 2010). Random sampling could have been used in this research because each member of the population should have an equal probability of being included in the sample. Furthermore, the random sampling method could have been employed because it gets rid of the component of bias in selecting sample elements. It is also possible to evaluate objectively since the size of the sampling error present for each element of the population has a chance of inclusion in the sample. In addition, this method could equally be used because it reduces the chances of including non-representative elements within the study. However, this technique, even with its numerous advantages, was not used.

5.5.3.2 Non-probability technique

On the other hand, with the non-probability technique, the researcher does not recognise the elements selected from, and is not certain about the sample representation of the population (Cooper & Schindler, 2003:193). In addition, the non-probability technique incorporates methods such as convenience sampling, snowballing, quota sampling, and judgment (Leedy & Ormord, 2005:199). The main disadvantage of the non-probability technique is that there can be a high chance of human influence during the selection process, therefore, creating some room for bias in the representation, either by over or under representation of the population (Bryman & Bell, 2007). Despite the disadvantage of this technique, the research adopted the non-probability technique in the course of the study, using a method known as convenience sampling. This technique was best suited to the study because no well documented statistics were found regarding the number of African immigrant-owned small businesses in the Eastern Cape. In addition, it was convenient for researcher to access participants ask them to identify their peers.

According to Ruben and Babbie (2012:173), there are no specific rules regarding sample size when implementing the non-probability sampling techniques. Although the author proposes that the sample size depends on the research questions and objectives. However the applicability of the non-probabilistic technique is based on a set of rules. Welman and Kruger (2005:86) assert that the sample should not have less than 25 participants, but strongly recommend that, it should be larger than 50 participants. In quantitative research, a good sample representation is one in which sample size does reflect the population which can be generalised. Nevertheless, interviews were not conducted; rather a statistical analysis of a large sample was a condition necessary for the study (Hoy, 2010:51). The sample size describes the number of elements in the population that a researcher selects which will give a true reflection of the entire population. In the opinion of Fowler (2009), the sample size should be big enough to ensure that the results obtained are reliable and trustworthy and to ensure valid conclusions can be made about the population. To come up with a suitable sample size, the researcher considered the population, time, statistical, financial, and budget constraints. To this effect, the working sample of the study was 218 units**.**

5.6 METHOD OF DATA COLLECTION

This section addresses the process of data gathering and processing (coding). The secondary data consists of a review of related literature through books, journals, and internet sources. This enabled the researcher to define the research problem relating to African immigrant-owned small businesses and their contribution to the economy (income generation, poverty alleviation, and employment).

There are basically three methods for the primary data collection process: data collection via experiment, observation, and survey. With experimental data collection, the independent variable is manipulated, after which the effect is immediately measured. With the observation method, the primary data are compiled by an observer, either a machine or a human, to understand the behavioural design. In the survey method, the researcher takes a sample of respondents from a population and administers a questionnaire to them (Bryman and Bell, 2007). The primary data for this research were collected through the use of a survey research method. The researcher used random sampling in selecting the respondents and personally delivered the questionnaires to them. Some questionnaires were left with the respondents to complete in their own time and some were completed with the help of the researcher. The survey method for data collection was used because it is less expensive and less time consuming than other methods of data collection.

5.6.1 MEASURING INSTRUMENT DEVELOPMENT

Most surveys involve the use a questionnaire because of its wide range of advantages. In this regard, a questionnaire is a working document comprising a list of questions, either open or closed ended, and scaled to gather vital information for the researcher (Hair *et al*, 2008:170). According to Waller (2013:158), when conducting a survey research, there are two formats for a questionnaire: open-ended or closed ended questions. By implementing the open-ended question, respondents are given the chance to express their own views regarding the question. Respondents cannot predetermine what answer they can present. With closed ended questions, the researcher guides the respondent with a predetermined set of responses using a scale point or multiple choice or a dichotomous format (Bryman & Bell, 2007:259).

Based on the nature of the research, a questionnaire was used as opposed to conducting an interview. The choice was made because it was less expensive and less time consuming in comparison with an interview. More so, the use of a questionnaire enables the respondent to remain focused on answering the questions in an open honest manner. Also, it facilitates the compiling and processing of data as compared to an interview. Despite the numerous advantages associated with a questionnaire, it has certain limitations. The respondent might ignore certain questions or might not complete the questionnaire because he/she does not know what to express, thus leading to missing values in some cases. The researcher adopted closed-ended questions that could be successfully used to assess the perception of the respondent as well as eliminating bias. Furthermore, it was much easier to code and analyse because it was more standardised. The final questionnaire was obtained from a pre-test. According to Aaker, Kumar and Day (2003:118), pre-testing is the testing of the questionnaire on a small number of respondents to identify difficulties. Implementing a pilot study enables the researcher to understand if the questionnaire actually meets the standards or purposes of the study.

In the questionnaire, section A asked for demographic information pertaining to the respective respondents and their small businesses. The data elicited from the respondent included gender and nationality. The data elicited from the respondent that related to the small businesses included the number of employees working in the job, the nature of the small commercial enterprise, and the duration of operation. Section B of the questionnaire consisted of a series of sequenced statements to assess the different dimensions of entrepreneurial orientation of African immigrant-owned small businesses and their business success. The 5-point Likert-type scale was used, and the respondents were asked to tick on the extent to which they agreed with each statement. This 5-point Likert-type scale was understood as 1 = strongly disagree and 5 = strongly agree.

The questionnaire was designed in such a way that the required information for the research problem or research objective was translated into questions that could be easily answered by respondents. The questionnaire was composed of closed-ended questions. In addition, the questionnaire was utilised because it was standardised, it provided anonymity for respondents, and the responses made data analysis simple. The process of data collection was done by four trained field-workers who issued the questionnaires. The field workers and researcher had to carry out constant follow up to ensure that the questionnaires were properly filled out.

Coding refers to the assigning of symbols, most often numbers to each potential resolution to a specific question (Kumar, 2011). In this regard, coding enables the researcher to transform the respondents’ answers to the survey questions into symbols that can be analysed in a statistical software package (Cant *et al,* 2008:190). When implementing coding, it is important that all the categories within a single variable are totally separate, there are no intersections, all possible categories are available, and the coder is open about how to interpret each unit (Bryman & Bell, 2007:315).

5.6.2 QUALIFYING QUESTIONS

For the questionnaire to be seen as satisfactory or conforming to the standard required in the study, section A of the comprised questions which took into account the demographics. Such criteria took into consideration nationality and size of business in terms of the number of employees. As mentioned in Chapter 1, the term African immigrant-owned small business refers to an enterprise owned by African immigrants within South Africa. The qualifying questions ensured that the correct population was analysed.

5.6.3 SCALE DEVELOPMENT AND OPERATIONALISATION

The phenomenon of operationalisation is a process whereby a researcher can define concepts or variables by a measurable factor (Kowalewski, 2014:132). The variables that were applied during of this study were operationalised by searching for reliable and valid items from previous empirical studies as well as the development of self-invented items. Furthermore, the items were contextualised to make them more appropriate for the study. This was done by using suitable scales for both the independent and dependent variables. The respective variables were then operationalised in term of scale. Operationalisation enhances the measurement of concepts empirically and quantitatively (Burns & Burns 2008:203).

For the purposes of this study, a measurement scale for the dependent variable, *Business performance* was developed based on a previous study and the initiative of the researcher (Soininen, Martikainen, Puumalianen & Kylaheiko, 2012). Based on the previous studies, a 9-point scale was developed. The items which were of interest to the researcher and were contextualised to fit the purpose of the study are presented in Table 5.2 below. In this study the dependent variable, *Business performance* refers to growth in profits return, growth of the business, financial stability, customer satisfaction, increase in sales, increase in the number of employees, community assistance, and improvement of business skills.

Table 5.2: Operationalisation of the dependent variable: Business Performance.

My small business has experienced growth in profit return.	Soininen, Martikainen, Puumalianen & Kylaheiko, 2012.
I am satisfied with the level of growth in my business.	
My small business is financially stable.	
My customers are satisfied with our services.	Researcher’s own construction
My business has experienced growth in sales.	

My small business has experienced increases in the number of employees.	
Our customers are satisfied with our services.	
My small business has given back to my family and community.	
My employees have improved on their business skills in the past two years.	

Source: Researcher's own construction

The independent variables were classified into five different categories; *Innovativeness, Proactiveness, Risk taking, Competitive aggressiveness and Autonomy*. Using a 6-point scale was developed to measure the independent variable *Innovativeness* as presented in Table 5.3 below. This scale was constructed based on previous studies (Short, *et al*, 2009; Fairoz, Hirobumi & Tanaka, 2010; Freiling & Schelhowe 2014; Matchaba-Hove *et al*, 2015 and Kreiser & Davis, 2010). *Innovativeness* in the context of this study refers to adapting to technology, applying new ideas, investing in research, and development, introduction of new lines of business, more innovative than others, and trying to experiment with new processes.

Table 5.3: Operationalisation of independent variable: Innovativeness.

My small business favours the fast adoption of technology.	Kreiser & Davis, 2010.
In the past five years, my small business always tried to apply new ideas to stay ahead of our competitors.	Freiling & Schelhowe, 2014.
My small business has always invested in research and development.	
In the past few years, my small business has introduced many new lines of products and/or services.	Fairoz, Hirobumi & Tanaka, 2010.
The rate of innovation in my small business as compared to my competitor is good.	Matchaba-Hove *et al*, 2015.
Experimentation and creativity to	Short, *et al*, 2009.

continuously come up with new processes is encouraged in my small business.	

<u>Source</u>: Researcher's own construction.

Also, a 6 item scale in Table 5.4 below, the independent variable *Proactiveness* was constructed. The development of this scale was based on previous literature (Lotz, & Van der Merwe, 2010; Fatoki, 2012; Matchaba-Hove, Farrington & Sharp, 2015). In the context of this study, *Proactiveness* refers to the identification of future needs, initiating actions, constant monitoring of market trends, monopolising the first mover advantage, and developing new strategies to defend market position.

Table 5.4: Operationalisation of the independent variable: Proactiveness.

My small business continuously monitors market trends and identifies future needs of customers.	Lotz, & Van der Merwe, 2010.
My small business initiates actions that my competitor responds to.	Fatoki, 2012.
My small business continually monitoring new market trends.	
My small business continues to follow new opportunities.	Matchaba-Hove, Farrington & Sharp, 2015.
My small business wants first mover advantage.	
My small business aimed at developing strategies to defend it market position.	

<u>Source</u>: Researcher's own construction

In addition, a 5-point scale was developed to measure the independent variable *Risk-taking* as presented in Table 5.5 below. This scale was self-developed based on previous literature (Short, Payne, Brigham, Lumpkin & Broberg 2009; Freiling & Schelhowe 2014; Matchaba-Hove *et al*, 2015). *Risking-taking* refers to employees taking calculated risks regarding new ideas, taking on risky projects, looking at risk as a positive attribute, committing funds into high-risk, high-return projects and analysing the best possible opportunity.

Table 5.5: Operationalisation of independent variable: Risk-taking.

Employees in my small business are encouraged to take calculated risks concerning new ideas.	Freiling & Schelhowe, 2014.
My small business tends to choose risky projects with chances of very high returns.	
Employees in my small business consider taking risks as a positive attribute.	Matchaba-Hove *et al*, 2015.
My small business is willing to commit funds to high-risk, high-return ideas.	
When not unsure about a decision, my small business usually takes a very confident position to make the best use of any possible opportunity.	Short, Payne, Brigham, Lumpkin & Broberg 2009.

Source: Researcher's own construction.

Furthermore, a 6-point scale was developed to measure the independent variable *Competitive aggressiveness*, as illustrated in Table 5.6 below. This scale was based on previous literature (Lotz, & Van der Merwe, 2010; Wang & Yen, 2012; Matchaba-Hove *et al*, 2015; Oliveira, 2015). Regarding this study, *Competitive aggressiveness* denotes pursuing new services, initiating actions which will trigger response from competitors, competing with competitors, having devised strategies, adopting aggressive strategies and striving for the first mover advantage.

Table 5.6: Operationalisation of independent variable: Competitive aggressiveness.

My small business continually pursues new services.	Wang & Yen, 2012.
My small business usually initiates actions which competitors respond to.	Lotz, & Van der Merwe, 2010.
My small business often competes with our competitors in the marketplace.	Oliveira, 2015.
My small business devises strategies aimed at defending its market position.	Matchaba-Hove *et al*, 2015.

My small business adopts an aggressive marketing strategy.	Researcher's own construction
My small business strives to obtain the "first-mover" advantage.	Matchaba-Hove *et al*, 2015.

Source: Researcher's own construction.

Furthermore, a 6-point scale was developed to measure the independent variable *Autonomy* as presented in Table 5.7 below. These items were adopted from previous studies (Cho & Jung, 2014; Matchaba-Hove *et al*, 2015). In the context of this study, *Autonomy* refers to employees making decisions in the interest of the business, having responsibility to act alone, monitoring their performance, trying to resolve problems before seeking the input of the boss, working without supervision, and initiating new ideas for the development of the business.

Table 5.7: Operationalisation of independent variable: Autonomy.

Employees in my small business are allowed to make decisions without going through complex approval procedures.	Matchaba-Hove *et al*, 2015.
Employees in my small business have authority and responsibility to act alone.	Cho & Jung, 2014.
In my small business, employees are allowed to monitor their own performance.	
Employees in the business are encouraged to resolve problems first before talking to the boss.	
Employees in my small business do their job without continuous supervision.	Matchaba-Hove *et al*, 2015
Employees in my small business are encouraged to bring in their own ideas to improve the performance of the business.	

Source: Researcher's own construction.

A 3-point scale was developed to measure the operationalisation of the independent variable *Financial capital* as illustrated in Table 5.8 below. This was based on a previous study and the construct from the researcher (Fatoki & Asah, 2011). With reference to this study, *Financial capital* means that the business is financially secure and able carry out different projects, has a good relationship with financial institutions, and has enough money for new activities.

Table 5.8: Operationalisation of independent variable: Financial capital.

My small business is financially secure in terms of carrying out different operations.	Fatoki & Asah, 2011.
My small business has close relationships with individuals or institutions that can support my business operations.	
My small business has enough money to carry out new operations.	Researcher's own construction

Source: Researcher's own construction.

A 3-point scale was developed to measure the operationalisation of the independent variable *Human capital* as presented in Table 5.9 below. This was constructed based on previous studies and the researcher's initiative (Covin & Lumpkin, 2011). In terms of this study, *Human capital* denotes good business skills, and interpersonal skills, and employees being able to multi-task.

Table 5.9: Operationalisation of independent variable: Human capital.

My employees have good business skills that are crucial to the business's success.	Covin & Lumpkin, 2011.
My small business has employees with good interpersonal skills.	
My employees are multi-skilled and influence the business positively.	Researcher's own construction

Source: Researcher's own construction.

Furthermore, a 3-point scale was developed to measure the operationalisation of the independent variable, *Social capital* as illustrated in Table 5.10 below. The development of this scale was based on a previous study and the initiative of the researcher (Fatoki, 2014). In reference to the study, *Social capital* refers to those from whom the business is able to gain advice in running the business, alliance formation, and willingness to share knowledge.

Table 5.10: Operationalisation of independent variable: Social capital.

My small business has a group of individuals who can advise on how to improve business performance.	Fatoki, 2014.
My small business has strategic alliances with other businesses.	
Employees in my business are willing to share knowledge to develop the business operations.	Researcher's own construction

Source: Researcher's own construction.

5.7 ADMINISTRATION OF MEASURING QUESTIONNAIRE

As mentioned above, African immigrant-owned small businesses were identified by means of the convenient sampling technique. The potential respondents from the different businesses were approached in person by field workers who were trained and understood the purpose of the study. Empirical research was conducted between the months of April 2016 and May 2016. The questionnaires were then collected from the different respondents by the field workers from the locations around the Eastern Cape Province, and the data was captured in an Excel spreadsheet which was later uploaded to SPSS.

5.8 MISSSING DATA

The issue of missing values can hamper data analysis, particularly when conducting time series analysis. A missing value is always represented as an unknown value when performing analysis. Cant *et al* (2008:202) argue that the final step in data cleaning is redressing the missing value issues. Furthermore, when missing value, margin is more than 10%, the treatment of such a margin becomes problematic. Researchers should then correct the problem professionally. Otherwise, the data interpretation of the data will be inaccurate, and the researcher will have a greater contrast compared with those who have all their values

(Bryman & Bell, 2007). There are three possible options do exist when managing the missing value in an analysis: pairwise deletion, case wise deletion and the rule of thumb.

Pairwise deletion

With the pairwise deletion approach, the analyst uses the cases with complete responses and only specific missing values are removed from the analysis. This approach is very effective when operating with a large sample size, when missing values are relatively few, when the variables are not related and where there is no reason to think that the respondent did followed a pattern in answering the questions (Cant *et al*, 2008:207).

Case wise deletion

Using the case wise approach, missing values of the variables are excluded by the analyst. Therefore, the analysis is conducted entirely with the available information. This option requires that cases with missing values are discarded for any of the variables measured. With such an approach, the sample size will decrease. Furthermore, deleting a considerable number of data is undesirable because it is expensive and time consuming to collect data (Cant *et al,* 2008:205).

The rule of thumb

The rule of thumb is often used to determine whether to reject individual questionnaires. Analysts that used the rule of thumb do not agree with the pairwise deletion approach. They propose that deliberate omission might lead to missing values as a consequence of improper question design, whereby the respondent might not understand the question (Cant *et al*, 2008:209). In this study, the issue of missing values was addressed by replacing the missing values with the mean value of the variables. This allowed the researcher to save time and cost in recollecting data. Also, this did not put the sample size at risk**.**

5.8.1 MANAGEMENT OF ERRORS

Errors, specifically non-response errors, are a serious threat to the reliability of data and should be minimised by the researcher. Research errors can originate from either the researcher or from the respondent. On the researcher’s side, the researcher might fail to design the research question properly, making it difficult for the respondents to answer the questions. On the other hand, the respondent might decide not to respond to a specific question because he or she did not understand the question or because of the sensitivity of the question which might touch on certain aspects which they may not like to reveal to the researcher (Cant *et al,* 2005:183). In the course of this study, the element of error was limited by following the guidelines of Cant, *et al* (2008:183) where the following measures were put in place:

- A well structured self-administered questionnaire was used, supported by a research assistant who had direct contact with the respondent.
- Follow up measures were put in place such as phone calls and visits to respondents.
- Sensitive questions which might personalise or profile the respondent in the questionnaire were removed.
- Pre-testing of the questionnaire was done.
- Orientation was done with the research assistants, going through the questions for clarity and how to approach the respondents.

5.9 METHOD OF DATA ANALYSIS

This section outlines how data were collected and analysed by the researcher. With regard to data analyses, large volumes of data are translated into a manageable size with a particular pattern to apply the most appropriate statistical technique for analyses (Cooper & Schidler, 2003:87). Furthermore, data analyses are a process of moulding data with the intention of presenting vital information, suggesting conclusions and supporting decision making with the possible analysis (Bryman & Bell, 2007:334). According to Gerber-Nel *et al* (2005:204), the choice of statistical analysis depends on the type of question to be answered, the number of variable and the scale measurement. Taking the type of question into consideration, the research may focus on the central tendency of the variable or the variable distribution. Likewise, the number of variables may determine if the research might use the univariate analysis, bivariate or multivariate data analysis. The measurement scale on which the data are based defines the type of analysis and whether it could or could not be done.

The Statistical Package for Social Sciences (SPSS) version 12.0 was used for the analysis of the raw data. SPSS is statistical software for data analysis in the domain of social sciences

(Coakes, 2005:65). This software was used because it is the most complete and has all the features necessary for analysis in the field of social sciences. Furthermore, it is the most widely used software for quantitative analysis. Central tendency analysis and descriptive analysis were applied to analyse data obtained from the research. A multiple regression analysis was also conducted to test the relationship between the independent variables and the dependent variable. Furthermore, the analysis of variance (ANOVA) test was applied to the demographic variables and this had a significant influence on the entrepreneurial orientation variables.

5.9.1 VALIDITY

The validity of a measurement has to do with whether or not it actually measures the construct as expected (Kumar. 2011). Validity can also refer to the extent to which a particular research measure is free from both systematic and random error (Cant, 2012). To ensure the external validity of the study, the research used a large sample size with a margin of error of not more than 5% and a confidence level of 95%. The researcher did not use a random sampling technique in selecting the respondents to minimise bias in selection. However, validity was established by the use of exploratory factor analysis. An exploratory factor value which is greater than 0.50 is considered significant when taking into consideration a sample size of approximately 200 (Hair *et al,* 2010:689).

Principal component analysis, which is also seen as a multivariate method, gives the variability which exists between observed variables in terms of fewer unobserved variables. Furthermore, this can be used to measure the inter-relationship between large numbers of variables and give an explanation of these variables in terms of common factors (Cooper & Schindler, 2003:591). In addition, two types of factor analysis can be used: confirmatory factor analysis and exploratory factor analysis (Cooper & Schindler, 2006:590). This study used exploratory factor analysis because it enabled the researcher to be certain about the reliability and validity of the study. It also enabled the researcher to classify variables and refine the research question and hypothesis. However, the decision on the factor to be used depended on the percentage variance accounted for, the absolute variance of each factor, and whether the factor could be meaningfully interpreted (Leech, Barret & Morgan, 2009:80).

5.9.2 RELIABILITY

Reliability refers to the consistency of a measure. In addition, the ability to replicate results when repeated depends on the level of the instrument reliability (Cant *et al,* 2008:188). Clarke (2003:24) and Miller (2014:3) assert that a researcher can achieve reliability without validity; however, in order to be valid, a measuring instrument needs to be reliable. In this study, reliability was established when developing the questionnaire by reviewing the questionnaire for question phrasing and sequence, by minimising open-ended questions and by using a large sample size. Furthermore, reliability was improved by pre-testing the instrument during the developmental stage of the research through a pilot study. For the pilot study, data were collected from seventeen subjects not included in the sample and were subsequently analysed using (SPSS). Finally, the Cronbach alpha or scale reliability test was used to test for reliability. This test indicates how well each individual item on a scale correlates with one another. A Cronbach alpha coefficient greater than 0.90 indicates that the reliability is excellent while for a very good reliability the coefficient has to be above 0.80. A coefficient of 0.70 is also deemed acceptable. An unacceptable Cronbach alpha coefficient is considered to be less than 0.60. This study adopted the approach that a Cronbach alpha coefficient greater than 0.70 is acceptable.

5.9.3 DESCRIPTIVE ANALYSIS

Descriptive statistics are commonly used to describe the basic features after editing data in a survey (Gerber-Nel, 2005:204). In combination with a simple graphics analysis, descriptive statistics form the basis of every quantitative analysis. Descriptive statistics reduce raw data to a summary. The following descriptive statistics were implemented: central tendency and distribution. Central tendency statistics shed light on the mean, median and standard deviation while distributions statistics boost the frequency of individual values.

5.9.4 MULTIPLE REGRESSION ANALYSIS

Multiple regression is a powerful analytical technique used in predicting the unknown value of a variable from the known variable. In multiple regression, one dependent variable is modelled with two or more independent variables. The variable whose value is to be predicted is often seen as the dependent variable while the one whose known values are used is seen as the independent variable (Leech *et al,* 2009:95). The multiple regression equation is generally presented as follows:

Y on X_1, X_2, …, X_k is given by:

Y = B0 + B1 X1 + B2 X2 + …………………… + Bk Xk + μ

where, **B0** is the intercept and **B1, B2, B3, …, Bk** are analogous to the slope in the linear regression equation and are also called regression coefficients. **X_1, X_2, …, X_k** are the independent (predictor) variables and μ is the standard error. Multiple regression analysis helps to predict the value of **Y** for given values of **X_1, X_2, …, X_k.** Furthermore, multiple regression can be used for the F-test in an analysis of variance table. When the F value shows a significant value, it indicates that there is a linear relationship between the dependent and independent variables (Steinberg, 2011:93).

- **When to use multiple regression**

Multiple regression can be used when exploring linear relationships between the predictor variables and the standard variable. To examine non-linear relationships, special techniques can be used. The criterion variable should be measured on a continuous scale (such as interval or ratio scale). Separate regression methods such as logistic regression can be used for discontinuous dependent variables. In addition, the independent variables in the study should be measured on a ratio, interval or ordinal scale. A nominal independent variable is legitimate, but only if it is discontinuous, that is, if there are no more than two categories. For example, gender is acceptable (where the male is coded as 1 and female as 0) but gender identity (masculine/not masculine; feminine/not feminine and androgynous/not androgynous) is not. The term dummy is used to describe this type of dichotomous variable. A large number of observations are required in order to successfully apply the multiple regression analysis. The number of participants must substantially exceed the number of predictor variables used in the regression (Cohen, Cohen, West, & Aiken, 2003).

- **R and R square (R^2)**

A useful application of multiple regression analysis is to see whether a set of variables leads to the prediction of Y beyond the contribution of a prior set. R is a measure of the correlation between the observed value and the predicted value of the criterion variable. Applying this to the study, this would be the correlation between the level of business performance (dependent variable) reported by the respondents and the level predicted for by the predictor (independent) variables. R Square (R^2) is the square of this measure of correlation and indicates the proportion of the variance in the criterion variable which is accounted for by the model. However, R square tends to estimate the success of the model when applied to the real world. The appropriateness of the multiple regression models as a whole can be tested by the F-test in the ANOVA table. A significant F indicates a linear relationship between the dependent and the independent variables. The standard error for the regression model indicates the room for error (Steinberg, 2011:93).

- **Assumptions of multiple regression**

The multiple regression technique does not test whether data are linear. On the contrary, it proceeds by assuming that the relationship between the dependent variable and each of the independent variables is linear. Another important assumption is the absence of multicollinearity so the independent variables are not related to each other. At a very basic level, this can be tested by calculating the correlation coefficient between each pair of independent variables or using other correlation methods such as Pearson correlation. Other assumptions include the presence of homoscedasticity and normality. According to Steinberg (2011:88), if the sample size used in a study is randomly selected and sufficiently large (at least 120 participants), then normality can be assumed. Homoscedasticity assumes that the dependent variable has an equal level of variability for each of the values of the independent variables. It is also worth noting that when the error term varies depending on the value of X (homoscedasticity exists), then the error term is related to X (Cohen, Cohen, West, & Aiken, 2003).

5.9.6 ANALYSIS OF VARIANCE

Although the primary objective of this study was to examine the level of entrepreneurial orientation of African immigrant-owned small businesses in the Eastern Cape and to establish the influence of this orientation on business success, the influence of selected demographic variables on the Entrepreneurial Orientation of these African immigrant-owned small businesses was also investigated. In order for the researcher to test this influence, an Analysis of Variance (ANOVA) was undertaken. ANOVA is a statistical method used for comparison of two or more variables, in order to determine whether significant relationships exist between these variables (Thomas, Nelson & Silverman, 2010:168).

5.10 SUMMARY 0F THE CHAPTER

In summary, the chapter looked at the research methodology for the study. The main terminology was defined. A graphical representation of the research process was introduced whereby the researcher followed the processes necessary to achieve the goals of the study. In addition, a description of the study population was provided and as well as an explanation of the sampling frame, size, and technique. Also, the methods of data collection and instruments for data collection were taken into consideration. A description of the pre-testing of the questionnaire for validity and reliability also formed part of this chapter. The methods of data analysis and statistical techniques applied in the research, such as descriptive statistics, and inferential statistics were explained. Furthermore, the motives for choosing each of the techniques were presented.

The empirical findings of different statistical analyses of the respondents' demographic background, entrepreneurial orientation and their perceptions of the factors influencing performance will be covered in Chapter 6.

CHAPTER SIX

EMPIRICAL RESULTS OF THE STUDY

6.1 INTRODUCTION

This study aims to analyse the entrepreneurial orientation of African immigrant-owned small businesses in the Eastern Cape Province, and the influence of this orientation on business performance. In the previous chapter, aspects of the research design and methodology used in analysing the level of entrepreneurial orientation were discussed. Furthermore, the variables under investigation were operationalised. As stated in Chapter 5, the empirical data collected were subjected to different types of statistical analysis to assess the validity and reliability of the measuring instrument, and the proposed hypothesis.

In the current chapter, the demographic profile of the respondents will be summarised. The construct validity and reliability of the measuring instrument will be established and where necessary the operational definition will be redefined. The relationships between the independent and dependent variables will also be analysed. The chapter concludes with an examination of the relationships between the selected demographic variables and the dimensions of entrepreneurial orientation.

6.2 EMPIRICAL FINDINGS

6.2.1 RESPONSE RATE

The response rate refers to the percentage of persons who complete the questionnaire in the study. This is computed by dividing the total number of questionnaires issued by the total number of returns as shown in Table 6.1 below.

Table 6.1: Response rate.

NUMBER OF QUESTIONNAIRES DISTRIBUTED	NUMBER OF QUESTIONNAIRES RETURNED	RESPONSE RATE
330	218	66.06%

Source: Calculated from response rate.

6.3 DEMOGRAPHIC INFORMATION

Sections A and B of the questionnaire requested demographic information relating to the respondents and their small businesses. Demographic information about the individual respondents is summarised in Table 6.2, while information pertaining to the respondents' businesses is summarised in Table 6.3.

Table 6.2: Demographic information regarding the participants.

Gender	**Frequency**	**Percentage**
Male	155	71.10
Female	63	28.90
Total	**218**	**100**
Age	**Frequency**	**Percentage**
19-29	32	14.68
30-39	127	58.26
40-49	48	22.02
50+	11	5.04
Total	**218**	**100**
Ethnicity	**Frequency**	**Percentage**
Black African	194	88.99
Coloured	21	9.63
Not willing to say	3	1.38
Total	**218**	**100**
Education	**Frequency**	**Percentage**
Matric	43	19.73
High school certificate	52	23.85
National certificate	48	22.02
Diploma	32	14.68
Bachelor's degree	28	12.84
Honours	4	1.83
Masters	11	5.05
Total	**218**	**100**

Source: Calculated from demographics.

In Table 6.2 above, it can be seen that the majority of the participants were male (71.10 %) whilst 28.90 % were female. Furthermore, the majority of the business owners (58.26 %) were between the age of 30 and 39, whilst 22.02 % were between the age of 40 and 49, 14.68 % were between the age of 19 and 29, and 5.04 % were above the age of 50. Most of the participants were black Africans (88.99 %) whilst 9.63 % were coloured and only three were not willing to disclose their ethnicity. The majority of the respondents (23.85 %) had a high school certificate as their highest qualification, 22.02 % had a national certificate, and 19.73

% had matric, while 14.68 % had a diploma, 5.05 % had a master's degree, and 1.83 % had an honours degree.

Table 6.3: Demographic information pertaining participant's small business.

Type of small business	**Frequency**	**Percentage**
Family	101	46.33
Non-family	107	53.67
Total	**218**	**100**
Nature of the business	**Frequency**	**Percentage**
Retail/wholesale	92	42.20
Service	125	57.34
Others	1	0.46
Total	**218**	**100**
Number of employees	**Frequency**	**Percentage**
1-4	118	54.13
5-9	60	27.52
10-14	31	14.22
15-19	8	3.67
20+	1	0.46
Total	**218**	**100**
Years of operation	**Frequency**	**Percentage**
1-4	86	39.45
5-9	89	40.83
10-14	29	13.30
15-19	9	4.13
20+	5	2.92
Total	**218**	**100**
Family generation	**Frequency**	**Percentage**
Non-family generation	125	57.34
First generation	49	22.48
Second generation	37	16.97
Third generation	5	2.29
Fourth generation	2	0.92
Total	**218**	**100**

Source: Constructed from demographic results.

From Table 6.3 above, it can be seen that (53.67 %) of the African immigrant-owned small businesses were non-family businesses whilst (46.33 %) were family-owned. Furthermore, majority of the participants (57.34 %) operated in the services sector whilst (42.20 %) were in the retail/wholesale sector and less than (0.46 %) could not be classified. In addition, (54.13 %) had of the businesses between 1-4 employees whilst (27.52 %) had between 5-9 employees, (14.22 %) had between 10-14 employees, (3.67 %) had between 15-19 employees, and (0.46 %) had more than 20 employees. Furthermore, most of the participants

(40.83 %) had been running their businesses for the past 5-9 years whilst (39.45 %) had been in operation for less than 4 years. Also, (13.30 %) of the small businesses had been in operation for the past 10-14 years, (4.13 %) for 15-19 years, and (2.29 %) for more than 20 years. A significant proportion (57.34 %) were non-family generational businesses whilst (22.48 %) were first generation, (16.97 %) were second generation, (2.29 %) were third generation, and (0.92 %) were fourth generation.

6.4 VALIDITY AND RELIABILITY OF MEASURING INSTRUMENT

As previously discussed in Chapter 5, validity refers to the ability of a measuring instrument to actually evaluate what it intends to measure (Kumar, 2012: 60). Construct validity refers to the extent to which an instrument measures the theoretical entity as planned (Boesch Schwaninger, Weber & Schoz 2013:222). According to Thanasegara (2009:37), a measure can be considered valid if it measures precisely what it is said to measure without including other elements which are not relevant. The construct validity was determined using the constructing factor analysis.

As indicated in Chapter 5, a factor analysis generates factor loadings which are representative of the correlations between each variable and factor. Items with similar traits will portray a higher loading on one factor and lesser loading on another. This can range from -1.00 to +1.00, however, only variables showing a loading relationship higher than 0.5 should be considered when a loading on a factor. For identification and characterisation of factors from a set of variables, researchers only take into consideration loadings which are more than 0.5 with the condition that the loading index is less than 0.3 on another factor (Bryman & Bell, 2015:181). Therefore, for the purposes of this study, for items that load onto two or more factors the factor which loads highest will be considered as long as it is above 0.5 and provided that there is a loading of less than 0.3 on other factors.

Furthermore, as previously noted in Chapter 5, reliability refers to the stability of the results of a study (Thanasegara, 2009:36). For the purposes of this study, reliability was assessed by calculating and analysing the Cronbach’s alpha coefficients. A Cronbach’s alpha value of 1 is considered to be the highest achievable value and thus the most reliable. Cronbach’s alpha coefficients of less than 0.5 is considered unacceptable, between 0.5 and 0.6 is debatable, and above 0.7 are acceptable (Tappen, 2010:131). In principle, there is no universal Cronbach’s alpha coefficient but 0.7 is generally accepted to be the lower limit (Bonett & Wright, 2015). In this regard, for the purposes of this study, Cronbach's alpha coefficients above 0.7 were accepted as reliable.

6.5 RESULTS OF THE VALIDITY AND RELIABILITY ANALYSIS

To assess the validity of the measuring instrument, an exploratory factor analysis was undertaken. Principal component analysis and Varimax raw were specified as the extraction and rotation methods. In determining the factors to extract, the percentage of variance of the individual factor loadings were taken into account.

Table 6.4 Factors loading

	PRO	RISK	AUTO	INNO	Bus Per	SC	COMP	HC	FC
AUT1	0.392	0.061	**0.660**	0.039	0.099	0.217	0.205	-0.002	0.247
AUT2	0.471	0.001	**0.656**	0.212	0.146	0.006	0.108	0.151	0.318
AUT3	0.152	0.077	**0.778**	-0.120	0.149	0.301	-0.103	0.178	-0.041
AUT4	0.336	-0.021	**0.738**	0.247	0.184	0.027	0.057	0.270	0.261
AUT5	0.188	0.258	**0.665**	0.016	-0.156	0.131	0.242	0.135	-0.112
AUT6	0.164	0.219	-0.024	-0.034	**0.647**	-0.184	0.048	0.095	0.272
BP1	-0.079	-0.100	0.127	0.123	**0.826**	-0.019	0.260	0.018	-0.098
BP2	-0.195	0.392	0.210	0.072	**0.644**	0.040	0.360	-0.009	-0.196
BP3	0.215	0.150	0.113	-0.117	**0.675**	-0.013	0.052	-0.040	0.037
BP4	0.051	0.092	0.117	0.009	0.306	0.186	-0.019	0.040	-0.016
BP5	0.065	-0.131	0.016	0.211	**0.768**	0.106	-0.053	0.014	-0.212
BP6	-0.141	-0.116	0.298	0.218	0.471	-0.006	-0.070	0.398	-0.259
BP7	0.122	-0.077	0.009	0.200	0.301	0.111	-0.018	0.048	0.062
BP8	0.046	-0.060	0.176	0.284	**0.853**	0.017	-0.035	-0.156	0.051
BP9	0.145	-0.054	0.192	-0.132	0.105	0.018	-0.131	0.116	0.147
COM1	0.216	0.345	0.070	-0.062	0.048	0.151	**0.698**	0.059	0.360
COM2	-0.125	-0.024	0.478	-0.174	0.188	0.302	0.458	0.165	0.276
COM3	0.054	0.047	0.175	0.207	0.281	0.065	0.381	0.228	0.043
COM4	-0.086	0.331	0.143	0.353	0.282	0.222	**0.518**	0.277	0.189
COM5	0.087	0.062	0.019	-0.015	0.204	-0.012	**0.748**	0.222	0.091
COM6	-0.176	0.055	0.023	0.093	0.158	0.021	**0.776**	0.063	0.177
FC1	0.266	0.225	0.178	-0.177	0.203	0.045	0.348	0.063	**0.686**
FC2	0.142	-0.060	-0.243	-0.203	0.022	-0.130	-0.314	0.106	**0.743**
FC3	0.232	0.080	-0.018	0.181	0.238	0.130	0.129	-0.064	**0.626**
HC1	0.023	0.157	0.432	0.042	0.210	0.204	-0.001	**0.771**	0.036
HC2	0.097	0.200	0.142	-0.054	0.054	0.118	0.044	**0.826**	0.160
HC3	0.325	0.104	-0.087	0.339	-0.161	0.203	0.306	**0.688**	0.229
INN1	-0.278	-0.035	-0.113	0.291	0.204	-0.018	0.159	0.369	0.002
INN2	0.145	0.235	0.172	0.167	-0.028	-0.091	**0.823**	-0.119	0.112
INN3	-0.078	0.056	-0.219	-0.076	-0.294	-0.242	0.290	-0.014	0.005
INN4	-0.120	0.053	0.120	**0.809**	0.061	0.404	0.279	-0.002	-0.079
INN5	0.212	-0.054	0.312	**0.654**	-0.007	0.152	0.009	0.076	0.068
INN6	0.340	0.164	0.250	**0.519**	0.292	0.120	-0.094	0.098	0.013
PR1	0.381	-0.022	0.052	0.413	0.385	-0.097	-0.139	0.456	0.205
PR2	**0.798**	0.046	0.283	0.197	0.033	0.178	0.034	-0.104	0.117
PR3	**0.525**	0.255	0.250	-0.033	-0.036	0.102	0.108	0.650	0.109
PR4	**0.875**	0.101	-0.029	0.105	0.077	0.210	0.108	0.035	-0.039
PR5	**0.854**	0.021	0.155	0.040	0.150	0.050	-0.164	-0.045	0.055
PR6	0.041	0.069	-0.280	0.130	-0.216	0.146	-0.120	0.023	0.162
RT1	0.119	**0.840**	0.220	-0.034	0.085	0.273	0.139	0.260	0.128
RT2	0.006	**0.704**	-0.041	0.296	-0.033	0.016	-0.112	-0.087	-0.091
RT3	0.462	0.030	0.199	0.049	0.312	0.117	-0.094	0.040	0.132
RT4	0.015	**0.716**	-0.123	0.031	0.151	0.201	-0.172	-0.115	0.273
RT5	**0.674**	0.068	0.030	-0.048	0.421	-0.123	0.076	0.081	0.447
RT6	0.340	0.430	0.356	0.074	0.293	0.453	0.055	0.090	-0.011
SC1	0.338	0.056	0.050	0.103	0.087	0.357	-0.169	0.428	0.024
SC2	0.350	0.067	0.039	0.251	0.246	**0.661**	0.341	0.275	0.106
SC3	0.065	-0.064	0.232	0.104	-0.206	**0.803**	-0.065	0.125	-0.266
Expl.Var	**7.236**	**10.645**	**3.689**	**2.795**	**2.864**	**3.299**	**1.588**	**2.672**	**2.396**
Prp.Totl	**0.151**	**0.222**	**0.077**	**0.058**	**0.060**	**0.069**	**0.033**	**0.056**	**0.050**

Source: Constructed from factor analysis results.

The reliability of the measuring instrument was assessed through the calculation and analysis of Cronbach's alpha coefficients. For the purposes of this study, a Cronbach's alpha coefficient of 0.7 indicates that the scale is reliable (Lehman 2005:145; George & Mallery, 2003:231, Nunnally & Bernstein, 1994). Table 6.4 shows all the loaded factors below 0.5 they were considered to be irrelevant and were therefore eliminated. This reduced the number of items to be analysed from an original 48 to 36. The Cronbach's alpha coefficients were high all above 0.7, suggesting internal consistency. In the sections to follow, the results of the validity and reliability tests for the scale measuring the dependent and independent variables will be reported.

6.5.1 DEPENDENT VARIABLE

6.5.1.1 Business performance

Nine items were developed to assess *Business performance*. Five items of the nine (BP1, BP2, BP3, BP5, and BP8) loaded on this factor as intended. One factor (AUT6) loaded to this factor which was intended to measure autonomy. The items (BP4, BP6, BP7, and BP9) did not load as expected and were thus omitted from further analysis in the course of the work. Therefore, it was necessary to revisit the factors for *Business performance*. With reference to the items that did load, factors loading between 0.853 and 0.644 were reported, as in Table 6.5. This construct elucidates 25.29 % of the variation in the data. Thus, sufficient evidence of discriminant validity for this construct was established. The Cronbach's alpha coefficient for small business performance was 0.891, suggesting that the items employed to appraise business performance can be considered reliable measuring variables.

Table 6.5: Validity and Reliability of Business performance.

% of Variance: 25.29		Cronbach's alpha: 0.891		
Item	**Question**	**Factor Loading**	**Item total correlation**	**CA after deletion**
BP3	My small business is financially stable	0.675	0.748	0.866
BP2	I am satisfied with the level of growth in my business.	0.644	0.718	0.871
BP1	My small business has experienced growth in profit return.	0.826	0.851	0.856
BP5	My business has experienced growth in sales.	0.768	0.649	0.882

BP8	My small business has given back to my family and community.	0.853	0.824	0.856

Source: Constructed from the factor analysis.

As four of the original items measuring small *Business performance* did not load onto this factor, the operationalisation of this construct, as per Chapter 5, was slightly adapted. For the purposes of this study, *Business performance* refers to the extent to which the small business has experienced growth in its profits; the satisfaction in the level of growth; the increase in sales and financial security, and the extent of the positive contribution to families and local communities.

6.5.2 INDEPENDENT VARIABLES

6.5.2.1 Innovativeness

During the loading, only three of the original six items (INN4, INN5, and INN6) loaded onto the construct *Innovativeness* as expected. The items (INN1, INN2, and INN3) did not load as intended and were excluded from further analysis. The factor loadings for this construct ranged from 0.809 to 0.519 as presented in Table 6.6. The percent variance in the data for *Innovativeness* was 5.606%. This construct thus showed sufficient evidence of discriminant validity. A Cronbach's alpha coefficient of 0.758 was established, which justified that the scale used in measuring *Innovativeness* was reliable.

Table 6.6: Validity and Reliability of Innovativeness.

% of Variance: 5.606		Cronbach's alpha: 0.758		
Items	**Question**	**Factor loading**	**Item total correlation**	**CA after deletion**
INN4	In the past few years, my small business has introduced many new lines of products and/or services.	0.809	0.299	0.764
INN5	The rate of innovation in my small business as compared to my competitor is good.	0.654	0.387	0.749
INN6	Experimentation and creativity to continuously come up with new processes is encouraged in my small business.	0.519	0.523	0.732

Source: Constructed from the factor analysis

Despite only 3 items being loaded on *Innovativeness*, the operationalisation for *Innovativeness* as per Chapter 5 was slightly adapted. Therefore, for the purposes of this study, *Innovativeness* refers to the introduction of new lines of products or services in reference to competitors, experimenting and allowing creative thinking.

6.5.2.2 Proactiveness

Four out of the six items (PR2, PR3, PR4, and PR5) intended to measure *Proactiveness* loaded as expected. Items (PR1, and PR6) did not load as expected and were deleted and excluded from further analysis. However, one item (RT5) intended to measure *risk-taking* loaded to this factor. The factor loadings had ranges between 0.875 and 0.525 as shown in Table 6.7 below. There was a 11.096% of variance in the data for *Proactiveness*. This construct shows major evidence of discriminant validity. A Cronbach's alpha coefficient of 0.757 was established, which justified that the scale used in measuring *Proactiveness* was reliable.

Table 6.7: Validity and Reliability of Proactiveness.

% of Variance: 11.096		Cronbach's alpha: 0.757		
Items	**Question**	**Factor loading**	**Item total correlation**	**CA after deletion**
PR3	My small business continually monitoring new market trends	0.525	0.599	0.761
PR2	Employees in my business are willing to share knowledge to develop the business operations	0.798	0.708	0.752
PR5	My small business wants first mover advantage	0.854	0.664	0.748
PR4	My small business continues to follow new opportunities	0.875	0.233	0.817

<u>Source</u>: Constructed from the factor analysis.

As two of the original items did not load onto *Proactiveness* as intended, the operationalisation of *Proactiveness* was slightly modified as per Chapter 5. Henceforth, *Proactiveness* refers to the extent to which a small business monitors new market trends, shares knowledge within the business, strives to be first, and seeks new opportunities within the business.

6.5.2.3 Risk-taking

Only three items (RT1, RT2, and RT4) expected to measure the construct *Risk-taking* loaded on this factor. The items (RT3, RT5, and RT6) did not load as expected and were therefore excluded from further analysis. The factor loading ranges were between 0.804 and 0.704 as presented in Table 6.8, *Risk-taking* shows a 4.943% variance in the data. This construct shows sufficient evidence of discriminant validity. A Cronbach's alpha coefficient of 0.752 was established which was enough to justify that the measuring scales for *Risk-taking* were reliable.

Table 6.8: Validity and Reliability of Risk-taking.

% of Variance: 4.943		Cronbach's alpha: 0.752		
Items	**Question**	**Factor loading**	**Item total correlation**	**CA after deletion**
RT1	Employees in my small business are often encouraged to take calculated risks concerning new ideas.	0.804	0.683	0.773
RT2	Employees in my small business are encouraged to take calculated risk concerning new ideas.	0.704	0.309	0.736
RT4	Employees in my small business consider taking risk as a positive attribute.	0.716	0.493	0.703

Source: Constructed from the factor analysis.

Since only three items loaded onto *Risk-taking*, the operationalisation of *Risk-taking* was slightly adapted as per Chapter 5. For the purposes of this study, *Risk-taking* refers to the extent to which employees are taking a calculated risk, and considering this as a positive attribute.

6.5.2.4 Competitiveness aggressiveness

Four items of six (COM1, COM4, COM5, and COM6) intended to measure *Competitive aggressiveness* loaded as expected. However, one item (INN2) that was intended to measure innovativeness loaded to this factor. The factor loadings for this construct ranged between 0.776 and 0.518 as presented in Table 6.9. The items (COM2, and COM3) did not load as intended and were deleted. The variable *Competitive aggressiveness* showed 8.807% variance in the data. This was sufficient evidence of discriminate validity. A Cronbach's alpha of

0.744 was established, which justifies that the measuring scales for *Competitive aggressiveness* were reliable.

Table 6.9: Validity and Reliability of Competitiveness aggressiveness.

% of Variance: 8.807		Cronbach's alpha: 0.744		
Items	**Question**	**Factor loading**	**Item total correlation**	**CA after deletion**
COM6	My small business strives to obtain the "first-mover" advantage.	0.776	0.546	0.692
COM5	My small business adopts an aggressive marketing strategy	0.748	0.395	0.755
COM4	My small business devises strategies aimed at defending its market position.	0.518	0.751	0.612
COM1	My small business continually pursuing new services.	0.698	0.571	0.677

Source: Constructed from the factor analysis.

Despite four items loaded onto *Competitive aggressiveness,* the operationalisation of *Competitive aggressiveness* was slightly modified as per Chapter 5. In this regard, *Competitive aggressiveness* designates striving to be the first to reach clients, having an aggressive marketing strategy, and defending market share.

6.5.2.5 Autonomy

Not all of the original items intended to measure *Autonomy* loaded as expected. The five items (AUT1, AUT2, AUT3, AUT4, and AUT5) intended to measure *Autonomy* loaded as expected. However, the item (AUT6) did not load as intended and was deleted. The loadings for the construct ranged from 0.778 to 0.656 as presented in Table 6.10. The variable *autonomy* showed 31.450% variance in the data. This portrayed sufficient evidence of discriminant validity. A Cronbach's alpha of 0.901 was established, which justified that the measuring scale for *Autonomy* was reliable.

Table 6.10: Validity and Reliability of Autonomy.

% of Variance: 31.450		Cronbach's alpha: 0.901		
Items	**Question**	**Factor loading**	**Item total correlation**	**CA after deletion**
AUT2	Employees in my small business have authority and responsibility to act alone	0.656	0.881	0.849
AUT4	Employees in the business are encouraged	0.738	0.846	0.858

	to resolve problems first before talking to the boss			
AUT5	Employees in my small business do their job without continuous supervision	0.665	0.476	0.929
AUT1	Employees in my small business are allowed to make decisions without going through a complex approval of procedures.	0.660	0.931	0.837
AUT3	In my small business, employees are allowed to monitor their own performance.	0.778	0.659	0.899

Source: Constructed from the factor analysis.

Due to the fact that not all six items which were intended to measure autonomy loaded as expected, the operationalisation of *autonomy* was slightly adapted as per Chapter 5. For the purposes of this study, *autonomy* was therefore seen as taking the responsibility to work alone, employees are encouraging employees to address problems before taking them to the boss, working under less supervision, making decisions in the interests of the business, and monitoring own performance at work.

6.5.2.6 Human capital

All three items expected to measure *Human capital* loaded as intended. *Human capital* had a 7.979% variance in the data. The loading factor ranged from 0.826 to 0.688 as presented in the Table 6.11. Thus, this was regarded as a sufficient evidence for discriminant validity. A Cronbach's alpha coefficient of 0.759 was established, suggesting that the measuring scale for the variable *Human capital* was reliable.

Table 6.11: Validity and Reliability of Human capital.

% of Variance: 7.979		Cronbach's alpha: 0.759		
Items	**Question**	**Factor loading**	**Item total correlation**	**CA after deletion**
HC2	My small business has employees with good interpersonal skills	0.826	0.735	0.734
HC3	My employees are multi-skilled and influence the business positively	0.688	0.529	0.759
HC1	My employees have good business skills that are crucial to the business's success	0.771	0.326	0.831

Source: Constructed from the factor analysis.

All three items loaded on *Human capital* as expected, so the operationalisation (definition) of *human capital*, as per Chapter 5 was not modified. However, one item (PR3) loaded on this factor which was intended to measure proactiveness. Therefore, *Human capital* refers to having good interpersonal skills, being multi-skilled, and having good business skills.

6.5.2.7 Financial capital

All three items expected to measure *Financial capital* loaded as intended. *Financial capital* had 9.026% variance in the data. The loading factors ranged from 0.743 to 0.626 as presented in the Table 6.12. Thus, this presented sufficient evidence for discriminant validity. A Cronbach's alpha coefficient of 0.774 was established, suggesting that the measuring scale for the variables of *Financial capital* were reliable.

Table 6.12: Validity and Reliability of Financial capital.

% of Variance: 9.026		Cronbach's alpha: 0.774		
Items	**Question**	**Factor loading**	**Item total correlation**	**CA after deletion**
FC3	My small business has enough money to carry out new operations	0.626	0.700	0.759
FC1	My small business is financially secure in terms of carrying out different operations	0.686	0.715	0.758
FC2	My small business has close relationships with individuals or institutions who can support my business operations	0.743	0.460	0.839

Source: Constructed from the factor analysis.

All three items loaded on *financial capital* as expected, so the operationalisation (definition) of *financial capital,* as per Chapter 5 was not modified. Therefore, *financial capital* refers to having enough money for running other operations, being financially secure, and having a good standing with financial institutions that can promote the business.

6.5.2.8 Social capital

Not all of the original items intended to measure *Social capital* loaded as expected. Two items (SC2, and SC3) intended to measure *Social capital* loaded as expected but, the item (SC1) did not load as intended. The loadings for the construct ranged from 0.803 and 0.661 as presented in Table 6.13. The variable *Social capital* had a 2.085% variance in the data. This indicated a sufficient evidence of discriminant validity. A Cronbach's alpha coefficient of 0.002 was established, which justified that the measuring scale of *social capital* was not reliable.

Table 6.13: Validity and Reliability of Social capital.

% of Variance: 2.086		Cronbach's alpha: 0.002		
Items	**Question**	**Factor loading**	**Item total correlation**	**CA after deletion**
SC2	My small business has strategic alliances with other businesses	0.661	0.001098	
SC3	Employees in my business are willing to share knowledge to develop the business operations	0.803	0.001098	

Source: Constructed from the factor analysis.

As a consequence of not having the intended Cronbach's alpha to measure all the variables for *Social capital,* the operationalisation of *Social capital* as per Chapter 5 was modified. Therefore, all the *Social capital* variables were excluded from further analysis.

6.6 REVISED OPERATIONALISATION

By using the exploratory factor analysis, the original operationalisations as presented in Chapter 5 were modified. The modification of the operational definitions of the factors that were developed are summarised as a revised version in the Table 6.14.

Table 6.14: Summarised revised operationalisation.

Factors	**Operationalisation**
Business Performance	Small businesses that do not frequently request financial assistance, and are happy with the level of growth within the business; businesses that have experienced growth in profits and sales; businesses that give back to their local communities and families.
Innovativeness	The ability of a small business to introduce new products or services and be better than its competitors innovatively; businesses which are able to promote creative thinking in the process of conducting business.
Proactiveness	Business that are able to monitor market trends and employees can happily share their knowledge on how to promote the business; that aim to be the first in the market, and continue to follow new opportunities.
Risk-taking	Businesses where employees are encouraged to take calculated risks, and consider risk-taking as a positive attribute for.
Competitive aggressiveness	Businesses that strive to obtain the first mover advantage in the market, and are adopting aggressive marketing strategies; businesses that are able to defend their market positions, and continue to deliver

	new services.
Autonomy	Businesses that have granted the right to their employees to act alone, and encourage them address problems before consulting the boss; businesses where employees do not have constant supervision when working, and are allowed to make decisions without going through complex processes; employees are allowed to evaluate themselves.
Human capital	Businesses where the employees possess good interpersonal skills, and they can multi-task; businesses where employees regard business skills as a crucial element for business success.
Financial capital	Businesses that assume that they have enough finance to run new projects, and are financially secure; businesses that have good relationships with financial institutions.

Source: Constructed from the factor analysis.

6.7 REFORMULATION OF HYPOTHESES

As a consequence of using the factor analysis, the original hypotheses as stated in Chapters one and four were reformulated.

H^1: There is a significant positive relationship between the level of Innovativeness and business performance.

H^2: There is a significant positive relationship between the level of Proactiveness and business performance.

H^3: There is a significant positive relationship between the level of Risk-taking and business performance.

H^4: There is a significant positive relationship between the level of Competitive aggressiveness and business performance.

H^5: There is a significant positive relationship between the level of Autonomy and business performance.

H^6: There is a significant relationship between human capital and Entrepreneurial Orientation.

H^7: There is a significant relationship between financial capital and Entrepreneurial Orientation.

6.8 DESCRIPTIVE STATISTICS

Descriptive statistics on the sample data are calculated, and were presented in a summary form in Table 6.15. Calculations include the mean, standard deviation, and frequency distribution. For the purposes of this study, a 5-point Likert scale was developed to categorise the responses. The categories were as follows; *Strongly disagree* (1), *Disagree a little* (2), *Neutral* (3), *Agree a little* (4), and *Strongly agree* (5). However, for the purpose of brevity, Disagree corresponded with options (1 and 2), Neutral with option (3), and Agree with options (4 and 5).

Table 6.15: Descriptive statistics of the dependent and independent variables.

Variable	Descriptive Statistics			(N=218)		
	Valid N	**Mean**	**Std.Dev.**	**Disagree**	**Neutral**	**Agree**
PRO	218	4.089	0.666	9%	7%	84%
RISK	218	3.943	0.741	5%	23%	72%
AUTO	218	3.633	1.121	32%	20%	48%
INNO	218	3.983	0.789	20%	5%	75%
COMP	218	4.086	0.593	6%	2%	92%
BP	218	3.954	0.838	12%	11%	77%
HC	218	3.926	0.941	12%	13%	75%
FC	218	3.709	0.912	10%	14%	76%

Source: Researcher's own Construction.

In Table 6.15, a mean score of 4.089 was reported for *Proactiveness*. The majority of the participants (84%) agreed that their business has been able to monitor market trends and their employees could happily share their knowledge on how to promote the business. Furthermore, they wanted to be the first in the market, and continue to follow new opportunities.

Furthermore, as shown in Table 6.15, *Risk-taking* had a mean score of 3.943. Most respondents (72%) agreed with or were neutral about (23%) with the statement describing *Risk-taking*. The majority agreed that their employees were encouraged to take calculated risks, and considered risk-taking as a positive attribute for any successful business.

Also, *Autonomy* registered a mean score of 3.633 A significant proportion of the respondents (48%) agreed with or were neutral (20%) with the description of *Autonomy* that they granted the right to their employees to act alone, and encouraged them to address problems before consulting the boss. Furthermore, businesses that their employees do not have constant supervision when working, and are allow to make decisions without going through complex processes. In addition, employees were allowed to evaluate themselves.

As shown in Table 6.15, a mean score of 3.983 was reported for *Innovativeness.* The respondents, 75% agreed and 20% disagreed with the description of *Innovativeness.* The majority (75%) agreed that their businesses had introduced new products or services in the past years, were better than their competitors innovatively, and promoted creative thinking in the process of conducting business.

For *Competitive aggressiveness,* a mean score of 4.086 was recorded, as shown in Table 6.15. Most of the respondents (92%) agreed with the description of *Competitive aggressiveness.* The majority thus agreed that they were striving to obtain the first mover advantage in the market, and were adopting aggressive marketing strategies. Also, they agreed that their businesses were trying to defend their market positions, and continue to offer new services.

With regard to the factor *Business performance*, a mean score of 3.954 was reported. The majority of the participants (77%) agreed with the statement measuring *Business performance.* The majority agreed that they did not request financial assistance frequently, and were happy with the level of growth within the business. They also agreed that their businesses had experienced growth in profits and give back to their local communities and families.

Human capital registered a mean score of 3.926. The majority of the respondents (75%) agreed or were neutral (13%) with the statement measuring *Human capital.* Most agreed that their employees possessed good interpersonal skills, and could multi-task. Furthermore, their employees regarded business skills as a crucial element for business success.

With regard to *Financial capital,* a mean score of 3.709 was recorded. Most of the respondents (76%) agreed or were neutral (14%) with the statement measuring *Financial capital.* The majority agreed that they had enough finance to run new projects, and were financially secure. Also, their businesses had good relationships with financial institutions.

6.9 MULTIPLE REGRESSION RESULTS

Multiple regression is an analytical technique used for predicting the unknown (dependent) variable from the known (independent) variable. With multiple regression, one dependent variable is associated with two or more independent variables. The variable whose value is to be predicted is often considered as the dependent variable while the one whose known values are used is examined as the independent variable (Leech *et al*, 2009:95). As noted earlier in Chapter 5, for the purposes of this study the independent variables (*Competitive aggressiveness, Innovativeness, Autonomy, Proactiveness, and Risk-taking*) underwent a multiple regression test to assess whether they had a significant relationship with the dependent variable (*Business performance*).

Table 6.16: Model summary of multiple regression

Model	R	R Square	Standard. Error	p-value
1	0.787	0.620	0.611	0.05

Source: Constructed from the regression analysis.

From the results in Table 6.16 above, a significant relationship, R=0.787, R^2 =0.620 was reported between the set of predictor (independent) variables and business performance. The model in this study showed a statistical significance with a p-value of 0.05. This implies that there was a significant positive relationship between the dependent and the independent variables. The standard error of regression (0.611) was reasonably small which indicated that there was little room for error. To determine the degree of the effect of each independent (predictor) variable (*Competitive aggressiveness, Innovativeness, Autonomy, Proactiveness, and risk-taking*), on the dependent variable (*Business performance*), the regression coefficients and associated probabilities (p-value) were calculated. Table 6.16 presents the results of the regression coefficient and associated probabilities.

Table 6.17: Result of multiple regression analysis.

Dependent variable: business performance		**R^2 =0.620**		
Independent variables	**Beta**	**B**	**t**	**p-value**
Intercept		0.434	1.695	0.091
INNO	-0.594	-0.631	-7.055	0.000**
PRO	0.302	0.380	2.994	0.003*
RISK	0.541	0.612	9.248	0.000**
COMP	0.285	0.402	3.023	0.003*
AUTO	0.156	0.116	2.312	0.022*

(*p<0.05; **p<0.001)

The significance of the lagged value of each variable was be calculated by using the regression coefficients, the beta value, the test statistic, as well as the p-value. The coefficient of regression of each variable portrayed how a percentage change in that variable affected the business performance of the firm.

The predictor (independent) variables explained 62.0% of the variance in the dependent variable (*Business performance*). *Innovativeness* had a negative linear regression coefficient of -0.631, a beta coefficient of -0.594 and a test statistic of -7.055. A p-value of 0.000 further supported the significance of the result. The beta coefficient for *Innovativeness* was the only negative of the five predictor variables. Furthermore, a negative beta with the least p-value (-0.594; $p<0.001$) indicated that, there is a negative significant relationship between *Innovativeness* and *Business performance*. The outcome of this study contradicted the work of Alegre and Chiva (2013:500), which showed that there was a positive relationship between innovativeness and firm performance, but concurred with the study of Sharma and Dave (2011:40), which showed that there was negative relationship between *Innovativeness* and *Business performance*. Based on the findings of this study, the results reject the hypothesis $\mathbf{H^1}$: There is a significant positive relationship between the level of *Innovativeness* and *Business performance*.

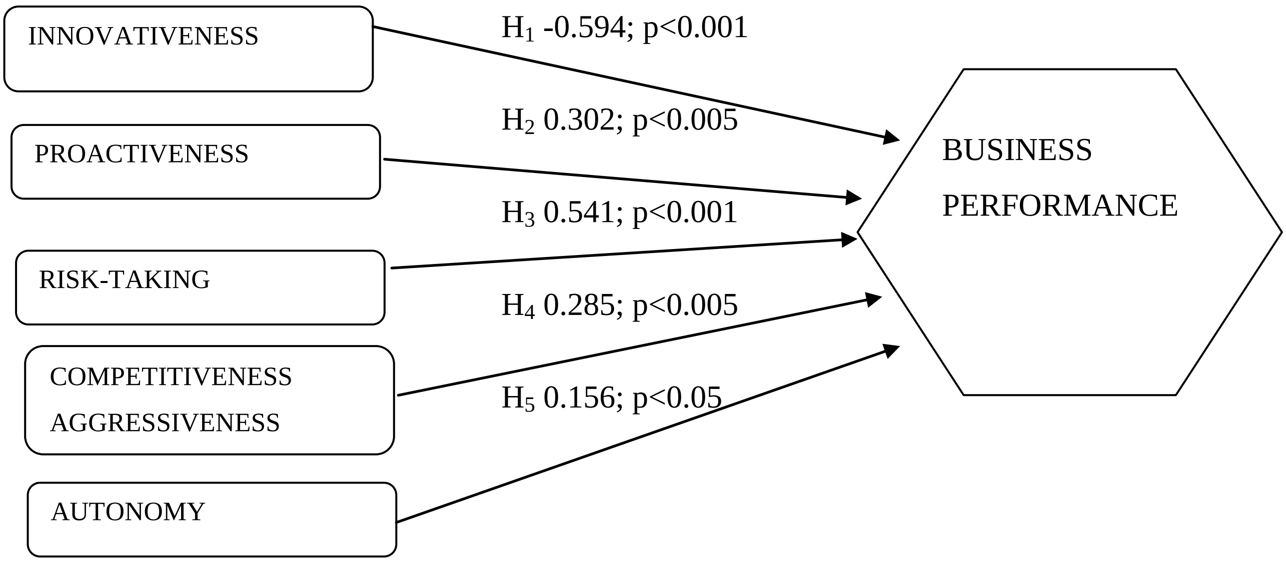
Proactiveness had a regression coefficient of 0.380, a beta coefficient of 0.302 and a test statistic of 2.994. The result was further affirmed by a p-value of 0.003. Furthermore, as shown in Table 6.17, a beta and p-value (0.302; $p<0.005$) justified that there was a positive relationship between *Proactiveness* of African immigrant-owned small businesses and their *Business performance*. The comparison of the contribution of each independent variable was done by using the beta coefficient. This result concurred with the study of (Filser and Eggers, 2014:60; Kaur and Mantok, 2015:154), who demonstrated that there was a positive relationship between *Proactiveness* and *Business performance*. With regard to the findings of this study therefore, the hypothesis $\mathbf{H^2}$: There is a significant positive relationship between the level of *Proactiveness* and *Business performance* was therefore accepted.

Risk-taking had a regression coefficient of 0.612, a beta coefficient of 0.541 and a test statistic of 9.248. The result was further affirmed by a p-value of 0.000. Furthermore, as shown in Table 6.17 a beta and p-value (0.541; $p<0.001$) justified that there was a significant positive relationship between *Risk-taking* of African immigrant-owned small businesses and their *Business performance*. This study was in accordance with the studies of Le Roux and Bengesi (2014:617) and Jalilian, Jamshidinavid and Ghanbary (2013:647), who showed that there was a positive relationship between *Risk-taking* and *Business performance*. Based on the findings of this study therefore, the hypothesis **H^3**: There is a significant positive relationship between the level of *Risk-taking* and *Business performance* was therefore accepted

Competitive aggressiveness had a regression coefficient of 0.402, a beta coefficient of 0.285 and a test statistic of 3.023. The result was further affirmed by a p-value of 0.003. Furthermore, the beta and p-value (0.285; $p<0.005$) justified that there was a positive relationship between the *Competitive aggressiveness* of African immigrant-owned small businesses and their *Business performance*. The comparisons of the contributions by each independent variable were done by using the beta coefficient. The outcome of this study concurred with the studies of Matchaba-Hove *et al*, (2015:54); Le Roux and Bengesi, (2014:617), Andrevski, *et al*, (2014), Ferrier, Fhionnlaoich, Smith and Grimm (2002), who found that *Competitive aggressiveness* had a positive relationship with business performance. With regard to the findings of this study therefore, the hypothesis **H^4**: There is a significant positive relationship between the level of *Competitive aggressiveness* and *Business performance* was therefore accepted.

Autonomy had a regression coefficient of 0.116, a beta coefficient of 0.157 and a test statistic of 2.312. A p-value of 0.022 further corroborated the result of the relationship. As can be seen in Table 6.17, there was a positive relationship (0.156; $p<0.05$) between *Autonomy* of African immigrant-owned businesses and their *Business performance*. This finding concurred with those of Koe (2013:35); Awang, Khalid, Yusof, Kassim, Ismail, Zain and Madar (2009:89), who showed that there was a positive relationship between *Autonomy* and *Business performance*. Based on the findings of the study, therefore, the hypothesis **H^5**: There is a significant positive relationship between the level of *Autonomy* and *Business performance* was accepted.

Figure 6.1: Dimensions of Entrepreneurial Orientation and their influence on Business performance in African immigrant-owned business



Source: Researcher's own construction.

Table 6.18: Regression summary for Innovativeness.

Dependent variable: Innovativeness	**R^2 =0.214**			
Independent variables	**Beta**	**B**	**t**	**p-value**
Intercept		2.343	10.629	0.000
FC	0.186	0.161	2.284	0.023*
HC	0.317	0.266	3.897	0.251

(*p<0.05)

In Table 6.18 above, the predictor (independent) variables explained a 21.4% of the variance in the dependent variable (*Innovativeness*). *Financial capital* had a regression coefficient of 0.161, a beta coefficient of 0.186 and a test statistic of 2.284. The result was further affirmed by a p-value of 0.023. Furthermore, the beta and p-value (0.186; p<0.05) justified that there was a significant relationship between the *Financial capital* of African immigrant-owned small businesses and their *Innovativeness*. The comparison of contribution by each independent variable was done by using the beta coefficient. Furthermore, the predictor (independent) variables explained a 21.4% of the variance in the dependent variable

(*Innovativeness*). *Human capital* had a regression coefficient of 0.266, a beta coefficient of 0.317 and a test statistic of 3.897. The result was further affirmed by a p-value of 0.251. Furthermore, the beta and p-value (0.317; p>0.5) justified that there was no relationship between the *Human capital* of African immigrant-owned small businesses and their *Innovativeness*. The comparison of contribution by each independent variable was done by using the beta coefficient.

Table 6.19: Regression summary for Proactiveness.

Dependent variable: Proactiveness		**R^2 =0.395**		
Independent variables	**Beta**	**B**	**t**	**p-value**
Intercept		2.210	13.533	0.000
FC	0.245	0.182	3.489	0.001*
HC	0.433	0.307	6.071	0.000**

(*p<0.005; **p<0.001)

In Table 6.19 above, the predictor (independent) variables explained a 39.5% of the variance in the dependent variable (*Proactiveness*). *Financial capital* had a regression coefficient of 0.182, a beta coefficient of 0.245 and a test statistic of 3.489. The result was further affirmed by a p-value of 0.001. Furthermore, the beta and p-value (0.245; p<0.005) justified that there was a significant relationship between the *Financial capital* of African immigrant-owned small businesses and their *Proactiveness*. The comparison of contribution by each independent variable was done by using the beta coefficient. Furthermore, the predictor (independent) variables explained a 39.5% of the variance in the dependent variable (*Proactiveness*). *Human capital* had a regression coefficient of 0.307, a beta coefficient of 0.433 and a test statistic of 6.071. The result was further affirmed by a p-value of 0.000. Furthermore, the beta and p-value (0.433; p<0.001) justified that there was a positive relationship between the *Human capital* of African immigrant-owned small businesses and their *Proactiveness*. The comparison of contribution by each independent variable was done by using the beta coefficient.

Table 6.20: Regression summary for Risk-taking.

Dependent variable: Risk-taking	**R^2 =0.490**			
Independent variables	**Beta**	**B**	**t**	**p-value**
Intercept		1.605	9.631	0.785
FC	0.400	0.325	6.110	0.512
HC	0.366	0.288	5.586	0.988

($p>0.05$)

In Table 6.20 above, the predictor (independent) variables explained a 49% of the variance in the dependent variable (*Risk-taking*). *Financial capital* had a regression coefficient of 0.325, a beta coefficient of 0.400 and a test statistic of 6.110. The result was further affirmed by a p-value of 0.512. Furthermore, the beta and p-value (0.400; $p>0.05$) justified that there was no relationship between the *Financial capital* of African immigrant-owned small businesses and their level of *Risk-taking*. The comparison of the contribution by each independent variable was done by using the beta coefficient. In addition, the predictor (independent) variables explained a 49% of the variance in the dependent variable (*Risk-taking*). *Human capital* had a regression coefficient of 0.288, a beta coefficient of 0.366 and a test statistic of 5.586. The result was further affirmed by a p-value of 0.988. Furthermore, the beta and p-value (0.366; $p>0.05$) justified that there was no relationship between the *Human capital* of African immigrant-owned small businesses and their degree of *Risk-taking*. The comparison of the contribution by each independent variable was done by using the beta coefficient.

Table 6.21: Regression summary for Competitive aggressiveness.

Dependent variable: Competitive aggressiveness			**R^2 =0.637**	
Independent variables	**Beta**	**B**	**t**	**p-value**
Intercept		1.944	17.329	0.000
FC	0.405	0.263	7.350	0.000**
HC	0.471	0.297	8.547	0.000**

(**$p<0.001$)

In Table 6.21 above, the predictor (independent) variables explained a 63.7% of the variance in the dependent variable (*Competitive aggressiveness*). *Financial capital* had a regression coefficient of 0.263, a beta coefficient of 0.405 and a test statistic of 7.350. The result was further affirmed by a p-value of 0.000. Furthermore, the beta and p-value (0.406; $p<0.001$) confirmed that there was a significant relationship between the *Financial capital* of African immigrant-owned small businesses and their *Competitive aggressiveness*. The comparison of the contribution by each independent variable was done by using the beta coefficient. Furthermore, the predictor (independent) variables explained a 63.7% of the variance in the dependent variable (*Competitive aggressiveness*). *Human capital* had a regression coefficient of 0.297, a beta coefficient of 0.471 and a test statistic of 8.547. The result was further affirmed by a p-value of 0.000. Furthermore, the beta and p-value (0.471; $p<0.001$) justified that there was a significant relationship between the *Human capital* of African immigrant-owned small businesses and their *Competitive aggressiveness*. The comparison of the contribution by each independent variable was done by using the beta coefficient.

Table 6.22: Regression summary for Autonomy.

Dependent variable: Autonomy	**R^2 =0.255**			
Independent variables	**Beta**	**B**	**t**	**p-value**
Intercept		1.287	4.221	0.000
FC	-0.011	-0.014	-0.148	0.882
HC	0.513	0.611	6.481	0.000**

($p>0.05$; **$p<0.001$)

In Table 6.22 above, the predictor (independent) variables explained a 25.5% of the variance in the dependent variable (*Autonomy*). *Financial capital* had a regression coefficient of -0.014, a beta coefficient of -0.011, and a test statistic of -0.148. The result was further affirmed by a p-value of 0.882. Furthermore, the beta and p-value (-0.011; $p>0.05$) justified that there was no significant relationship between the *Financial capital* of African immigrant-owned small businesses and *Autonomy*. The comparison of the contribution by each independent variable was done by using the beta coefficient. Furthermore, the predictor (independent) variables explained a 25.5% of the variance in the dependent variable (*Autonomy*). *Human capital* had a regression coefficient of 0.611, a beta coefficient of 0.079 and a test statistic of 6.481. The result was further affirmed by a p-value of 0.000. Furthermore, the beta and p-value (0.079; $p<0.001$) justified that there was a significant relationship between the *Human capital* of African immigrant-owned small businesses and *Autonomy*. The comparison of the contribution by each independent variable was done by using the beta coefficient.

Table 6.23: Influence of selected resources on Entrepreneurial Orientation dimension.

Dependent variables / **Independent variables**	*Innovativeness*	*Proactiveness*	*Risk-taking*	*Competitive aggressiveness*	*Autonomy*
Human Capital	-	+	-	+	+
Financial Capital	+	+	-	+	-

Source: Construction from regression analysis.

Significant relationship (+); No relationship (-)

With reference to the background of the alternate hypothesis **H⁶:** There is a significant relationship between Human capital and Entrepreneurial Orientation measured by *Innovativeness, Proactiveness, Risk-taking, Competitive aggressiveness and Autonomy,* was accepted for *Proactiveness, Competitive aggressiveness and Autonomy* and the alternate hypothesis was rejected for *Innovativeness and Risk-taking.* These findings concurred with those of Evans, Puick and Barsous (2001) who affirmed that without adequate resources most of the strategic plans were likely to fail especially innovation, which is at the centre of Entrepreneurial Orientation. Furthermore, the alternate hypothesis **H⁷:** There is a significant relationship between financial capital and Entrepreneurial Orientation as measured by *Innovativeness, Proactiveness, Risk-taking, Competitive aggressiveness and Autonomy,* was accepted for *Innovativeness, Proactiveness and Competitive aggressiveness* and the alternate hypothesis was rejected for *Risk-taking and Autonomy.*

6.10 DEMOGRAPHIC VARIABLES AND ENTREPRENEURIAL ORIENTATION

The main objective of this study was to establish the level of entrepreneurial orientation of African immigrant-owned small businesses in the Eastern Cape Province, and to establish the influence of this orientation on business performance. Further consideration was also given to assessing the influence of selected demographic variables on entrepreneurial orientation in African immigrant-owned small businesses. The following alternate hypotheses were put forth in order to establish the influence of selected demographic variables on entrepreneurial orientation.

$H^{1a\text{-}1e}$: A relationship exists between the selected demographic variables of the small business and entrepreneurial orientation, as measured by *Innovativeness (*H_{1a}), *Pro-activeness (*H_{1b}), *Risk-taking (*H_{1c}), *Competitive aggressiveness (*H_{1d}) and *Autonomy (*H_{1e}).

The analysis of variance method was used to establish the influence of selected demographic variables on the entrepreneurial orientation of African immigrant-owned small businesses. The outcomes of the analysis of variance are presented below.

6.10.1 RESULTS OF THE ANALYSIS OF VARIANCE (ANOVA)

Table 6.24 below presents the results of the analysis of variance between the demographic variables, the *Duration of operation* of the business, *Number of employees*, *Gender* of the owner of the small business, *Level of education*, *Age* of the owner of the business, and *the Ethnicity* of the owner on *Innovativeness*. The findings of this study based on the application of the analysis of variance showed that the demographic variables *Duration of operation, Level of education, Age of the business owner, and Ethnicity* did not have a significant influence on the *Innovativeness* of the African immigrant-owned small business. Nevertheless, a significant relationship was found between the demographic variable *Number of employees and the Gender* of the owner of the business on the *Innovativeness* of the African immigrant-owned small business ($p<0.05$). With regard to the *Number of employees,* the mean score for *Innovativeness* was higher for African immigrant-owned small business which had less than 15 employees (3.093), and the mean score was lower businesses having more than 15 employees (2.039). This was in agreement with Stam and Elfering (2008), who asserted that smallness, can encourage *Innovativeness.* Furthermore, with inference to *Gender* of the owner of the business and the relationship to *Innovativeness*, the mean score was higher (3.110) in African immigrant-owned businesses owned by a female, than in male owned businesses (3.012). This study supports the thoughts of Shinnar *et al* (2012), who hold that there is gender inequality in the entrepreneurial ability of business owners.

Table 6.24: Influence of demographic variable on *Innovativeness*.

Dependent variable: Innovativeness		
Independent variables:	**F-value**	**Sig. (p)**
Duration of the small business operation	0.852	0.0964
Number of employees	3.857	**0.0132**
Gender of the small business owner	1.396	**0.0382**
Level of education	1.855	0.0680
Age of the small business owner	3.060	0.0834
Ethnicity of the small business owner	1.033	0.3054

(**Bold** = **p<0.05)**

Table 6.25 below presents the results of the analysis of variance between the demographic variables, the *Duration of operation* of the business, *Number of employees*, *Gender* of the owner of the small business, *Level of education*, *Age* of the owner of the business, and *the Ethnicity* of the owner on *Proactiveness*. The findings of this study based on the application of the analysis of variance show that the demographic variables *Duration of operation, Gender*, *Level of education, Age of the business owner, and Ethnicity* do not have a significant influence on the *Proactiveness* of the African immigrant-owned small business. Nevertheless, a significant relationship was established between the demographic variable *Number of employees* and *Proactiveness* of the African immigrant-owned small business (p<0.05). With regard to the *Number of employees,* the mean score for *Proactiveness* is higher for African immigrant-owned small business which had more than 15 employees (4.4853), and the mean score is lower with African immigrant-owned businesses having less than five employees (4.0063). This finding complements those of Mac an *et al* (2010), who suggests that financial constraints could hinder small firms to maximise their full entrepreneurial potentials.

Table 6.25: Influence of demographic variable on *Proactiveness.*

Dependent variable: Proactiveness		
Independent variables:	**F-value**	**Sig. (p)**
Duration of the small business operation	0.826	0.0641
Number of employees	4.857	**0.0283**
Gender of the small business owner	0.910	0.3407
Level of education	1.865	0.1731
Age of the small business owner	2.505	0.0834
Ethnicity of the small business owner	0.970	0.3254

(**Bold = p<0.05)**

Table 6.26 below presents the results of the analysis of variance between the demographic variables, the *Duration of operation* of the business, *Number of employees*, *Gender* of the owner of the small business, *Level of education, Age* of the owner of the business, and *the Ethnicity* of the owner on *Risk-taking*. The findings established that, the demographic variables *Duration of operation, Number of employees, Gender,* and *Level of education* did not have a significant influence on *Risk-taking* of the African immigrant-owned small business. Nevertheless, a significant relationship was established between the demographic variable *Age of the small business owner* and *Ethnicity of the business owner* on the *Risk-taking* of the African immigrant-owned small business (p<0.01). With regard to the *Age of the small business owner,* the mean score for *Risk-taking* was higher for African immigrant-owned small business which had owners that were less than 29 years old (4.255), and the mean score was lower for those more than 30 years old (3.545). This concurred with Lévesque & Minniti, (2006), who held that the age of 25 is a sensitive life stage for entrepreneurship. However, in reference to *Ethnicity,* the mean score was higher for blacks (4.896) and lower for coloured (3.115).

Table 6.26: Influence of demographic variable on *Risk-taking.*

Dependent variable: Risk-taking		
Independent variables:	**F-value**	**Sig. (p)**
Duration of the small business operation	0.1154	0.7343
Number of employees	0.0766	0.7821
Gender of the small business owner	0.8871	0.3470
Level of education	0.0000	1.0000
Age of the small business owner	2.0943	**0.0049**
Ethnicity of the small business owner	8.2483	**0.0043**

(**Bold = p<0.01)**

Table 6.27 below presents the results of the analysis of variance between the demographic variables, the *Duration of operation* of the business, *Number of employees*, *Gender* of the owner of the small business, *Level of education, Age* of the owner of the business, and *the Ethnicity* of the owner on *Competitive aggressiveness*. The findings established that, the demographic variables *Duration of operation, Level of education, Age of the small business owner* and *Ethnicity of the business owner* did not have a significant influence on *Competitive aggressiveness* of the African immigrant-owned small business. Nevertheless, a significant relationship was established between the demographic variable *Number of employees and Gender* on *Competitive aggressiveness* of the African immigrant-owned small business ($p<0.05$). With regard to *Number of employees*, the mean score for *Competitive aggressiveness* was higher for African immigrant-owned small businesses which had less than five employees (3.917), and lower for those having more than five employees (3.828). This study contradicted the findings of Olivera (2015), who concluded that the size of a business did not influence the aggressive stance of that business, but it concurred with the findings of (Ferrier *et al*, 2002; Stambaugh, Lumpkin, Brigham & Cogliser, 2009). However, in reference to *Gender*, the mean score is higher for male African immigrant-owned small business (4.874), and lower for female African immigrant-owned small businesses (3.845). This study concurred with the findings of Kepler and Shane (2007), who asserted that male are more competitively aggressive business owners than their female counterparts.

Table 6.27: Influence of demographic variable on *Competitive aggressiveness.*

Dependent variable: Competitive aggressiveness		
Independent variables:	**F-value**	**Sig. (p)**
Duration of the small business operation	2.253	0.1344
Number of employees	3.262	**0.0018**
Gender of the small business owner	0.034	**0.0433**
Level of education	2.306	0.1299
Age of the small business owner	1.098	0.3348
Ethnicity of the small business owner	0.131	0.7173

(Bold = p<0.05)

Table 6.28 below presents the results of the analysis of variance between the demographic variables, the *Duration of operation* of the business, *Number of employees*, *Gender* of the owner of the small business, *Level of education*, *Age* of the owner of the business, and *the Ethnicity* of the owner on *Autonomy*. The findings established that, the demographic variables *Number of employees, Gender, level of education, Age of the business owner, and Ethnicity* did not have a significant influence on *Autonomy* of the African immigrant-owned small business. Nevertheless, a significant relationship was established between the demographic variable *Duration of business operation* on the *Autonomy* of the African immigrant-owned small business ($p<0.05$). With regard to the *Duration of business operation,* the mean score for *Autonomy* was higher for African immigrant-owned small business which had been in operation for more than 20 years (4.029), and the mean score was lower with African immigrant-owned businesses that had been in operation for less than 10 years (3.045).

Table 6.28: Influence of demographic variable on *Autonomy.*

Dependent variable: Autonomy		
Independent variables:	**F-value**	**Sig. (p)**
Duration of the small business operation	1.219	**0.0175**
Number of employees	0.500	0.4800
Gender of the small business owner	0.225	0.6359

Level of education	4.108	0.7436
Age of the small business owner	0.565	0.5687
Ethnicity of the small business owner	1.739	0.1883

(**Bold** = p<**0.05)**

The findings agreed with the hypothesis; **$H^{1a\text{-}1e}$:** A relationship exists between the selected demographic variables of the small business and entrepreneurial orientation, as measured by *Innovativeness (*H_{1a}), *Pro-activeness (*H_{1b}), *Risk-taking (*H_{1c}), *Competitive aggressiveness (*H_{1d}) and *Autonomy (*H_{1e}*)*. The exception was the demographic variable, the *Level of education* which was not accepted as stipulated in the hypothesis.

6.11 SUMMARY OF THE CHAPTER

Chapter 6 of this study presented the empirical results of the study. The response rate and the demographic information regarding the participants as well as the African immigrant-owned small businesses were reported. The validity and reliability of the measuring instruments were assessed using Cronbach's alpha and exploratory factor analysis. Furthermore, the measuring instruments were restructured and modified and the theoretical framework and hypotheses were revised.

Three major analyses were conducted. Firstly, a statistical analysis was carried out to assess the level of business performance, and entrepreneurial orientation of African immigrant-owned small businesses in the Eastern Cape Province. Next, the relationship between the dimensions of entrepreneurial orientation and business performance was established and it was found that only *Innovativeness* registered a negative relationship. In addition, the influence of some selected resource based factors and entrepreneurial orientation was determined. It was found that no relationship existed between *Financial capital, Risk-taking and Autonomy*, or between *Human capital, Innovativeness and Risk-taking.* Lastly, the effect of selected demographic factors on entrepreneurial orientation was examined and it was concluded that the *Level of education* of African immigrant-owned small businesses did not have an influence on entrepreneurial orientation.

In the final chapter, an overview of the study will be conducted. This will be followed by a discussion of the empirical results as per Chapter 6, with particular emphasis on the implications, and recommendations for African immigrant-owned small businesses. Lastly, the contributions and limitations of the present study will be addressed, as well as recommendations for subsequent research.

CHAPTER SEVEN

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

7.1 INTRODUCTION

The primary objective of this study was to establish the level of entrepreneurial orientation of African immigrant-owned small businesses in the Eastern Cape Province and to establish the influence of this orientation on business performance. The empirical findings of this study were presented in Chapter 6. In this chapter, an overview of the various chapters of this study is presented. The findings reported in Chapter 6 are interpreted and the implications thereof for African immigrant-owned small businesses will be outlined. Based on the empirical findings of this study, recommendations will be suggested. Lastly the contribution of this study will be discussed, its limitations addressed, and areas for future research suggested.

7.2 AN OVERVIEWOF THE RESEARCH

In Chapter 1, the background to the study, the problem statement and the objectives of the study were established. Given the rapid inflow of African immigrant entrepreneurs into South Africa, as well as the lack of understanding and research attention given to their entrepreneurial orientation, their failure rate is very high. The purpose of this study was to contribute to more effective and robust African immigrant entrepreneurship in South Africa by investigating the impact of the entrepreneurial orientation of African immigrant-owned small business and the influence of this orientation on business performance. With this purpose in mind, an analysis of five entrepreneurial dimensions *Innovativeness, Proactiveness, Risk-taking, Competitive aggressiveness, and Autonomy* was carried out.

The primary objective of this study was to establish the level of entrepreneurial orientation of African immigrant-owned small businesses in the Eastern Cape Province and to establish the influence of this orientation on business performance. In order to achieve this objective the secondary objectives were:

a. To undertake a detailed theoretical evaluation of the nature and importance of African immigrant-owned small businesses.

b. To undertake a detailed theoretical evaluation of the nature of entrepreneurial orientation and its importance to African immigrant-owned small businesses.
c. To propose a theoretical framework hypothesising the relationship between entrepreneurial orientation and business performance.
d. To provide greater clarity on how the resources and capabilities of African immigrant-owned small businesses interact and affect the entrepreneurial orientation-performance relationship.
e. To undertake an empirical evaluation to test the hypothesised relationships.
f. To put forward recommendations based on the empirical results of this study.

In Chapter 2, a review of the literature on small businesses from a national and international perspective was given, as well as definition of the immigrant-owned small business In addition; the chapter explored the nature of immigrant-owned small businesses. The possible causes of small business development by African immigrants were discussed. The chapter also examined the contributions of small businesses to the economy of South Africa. It was also shown that small businesses face some serious challenges resulting in an estimated failure rate of about 80%. Some of the reasons for the high failure rate were revealed in this chapter. This chapter addressed the first secondary objective of the study.

In Chapter 3, the nature of entrepreneurship and entrepreneur, entrepreneurship and entrepreneurial orientation were reviewed. The chapter also reviewed the five dimensions of entrepreneurial orientation, namely Innovativeness, Proactiveness, Competitive aggressiveness, Risk-taking, and Autonomy. This chapter captured the second secondary objective of the study.

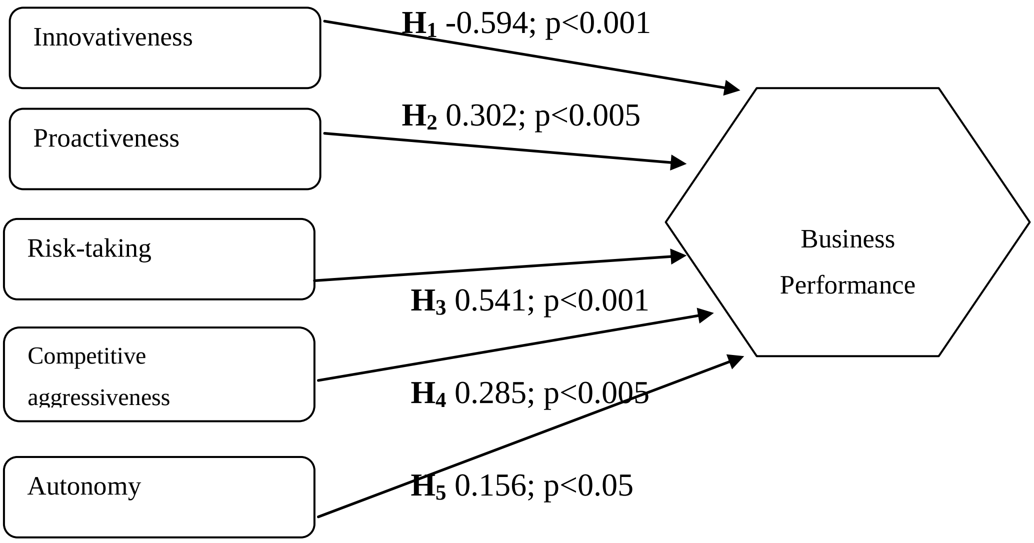
In Chapter 4, the focus was on the theoretical framework of the study and the hypotheses. Attention was also given to the dependent and independent variables that formed the basis of the study and the different parameters used in the measurement of the different variables. The resource-based model was also discussed in this chapter and the main sources were established, namely human capital, financial capital and social capital. Furthermore, selected demographic factors were discussed with respect to the determinants of entrepreneurial orientation. This chapter addresses the third, and the fourth secondary objectives of this study.

Chapter 5 of this study looked at the research methodology. The main terminologies were defined. In addition, the description of the study population was mentioned and an explanation of the sampling frame, size, and technique was given. Also, the methods of data collection and instrument for data collection were taken into consideration. Furthermore, the motives for choosing each of the techniques were presented. A total of 330 questionnaires were distributed, and there were 218 responses. The variables used in this chapter were operationalised, pre-testing the questionnaire to ensure that they were valid and reliable. An exploratory factor analysis was used to determine the validity of the variable, with a loading factor greater than 0.5 to be established as significant. The Cronbach's alpha coefficients were calculated and a coefficient of less than 0.7 was deemed to be unacceptable. The methods of data analysis and statistical techniques applied in the research, such as descriptive statistics, and inferential statistics, were explained. A multiple regression analysis was conducted to assess the relationship between entrepreneurial orientation dimensions and business performance. Furthermore, an analysis of variance was implemented to establish the relationship between selected demographic variables and the dimensions of entrepreneurial orientation. This chapter partially addressed the fifth secondary objective of the study.

The empirical findings of the study were presented in Chapter 6. The demographic data pertaining to the participants, as well as to the small businesses were presented. An exploratory factor analysis was conducted to assess the validity of the measuring instruments used. Not all the intended factors loaded on the respective items as expected, and the items for analysis were later streamlined from 48 to 36. A Cronbach's alpha coefficient was calculated to establish the reliability of the measuring instrument, and a coefficient of 0.7 was established as the accepted measure. Only social capital did not have a high Cronbach's alpha and it was excluded from further analyses. Therefore, with the validity and reliability being established, some items were excluded, and were not taken into consideration for further analyses. This paved the way for the reconstruction of the hypotheses, and revision of the theoretical framework.

Descriptive statistics relating to business performance were calculated, and summarised. A multiple regression analysis test was conducted and it was found that only *Innovativeness* did not have a positive relationship on business performance. Furthermore, an analysis of variance was conducted to summarise the influence of some demographic factors on entrepreneurial orientation.

Figure 7.1: Summary of the significant relationships



Source: Researcher’s own construction.

The discussion, implications, and recommendations based on the findings of this study will be presented in the section below. This addressed the final secondary objective of the study.

7.3 DISCUSSION OF RESULTS, CONCLUSIONS, AND RECOMMENDATIONS

The main objective of this study was to assess the level of entrepreneurial orientation of African immigrant-owned small businesses in the Eastern Cape Province, and to establish the influence of this orientation on business performance. Chapter 6 of this study presented the empirical results which could contribute to achieving this objective.

7.3.1 THE LEVEL OF BUSINESS PERFORMANCE AND ENTREPRENEURIAL ORIENTATION

The empirical results of the study showed that 77% of respondents agreed that their business was performing well. *Business performance* in this study refers to small businesses that do not frequently request financial assistance, are happy with the level of growth within the business, and have experienced growth in profits and sales. Also, the business is able to give back to local communities and families. This build on the view of Madhani (2012) that a business in the mature stage of its business cycle is operationally successful, financially stable, enjoys economies of scale, and has predictable profits. This mature stage, the business focuses on defending its market share and intensifying competition. The African immigrant-owned small businesses should be aware of the fact that they are one step away the last phase of the business life-cycle, the decline stage. They should now start to develop business continuity plans as well as recovery plans. The goal of such planning is to minimise the impact of a detrimental event by thoroughly determining, prioritising, and controlling all applicable risk factors in a constructive manner so that the business can continue to operate, even in the event of a catastrophic loss.

The finding of the study also indicated that most of the participants agreed that their small business practised *Innovativeness.* Based on the current empirical review of this study, it was found that *Innovativeness* had a negative relationship on *Business performance* African immigrant-owned small businesses should redirect their investment and time spent on *Innovativeness* into expanding their business rather than trying to look for new products and services or trying to adopt a new way of running the business.

The findings of the study also indicated that the majority of the participants agreed that their business practised a *Proactive* strategy. The results of this study showed that *Proactiveness* had a positive relationship on *Business performance.* Therefore, African immigrant-owned small businesses should continually monitor the market to understand better how the demand for products changes, continue sharing knowledge, follow new opportunities, and aim to be the first into the market in order to avoid tying up capital needlessly.

The findings of the study also indicated that most of the participants agreed that their small business had been venturing into *Risk-taking* and this had a significant positive relationship on *Business performance,* African immigrant-owned small businesses should take calculated risks, and should use this as a means for the business to succeed.

The findings of the study also indicated that the majority of the participants agreed that their small business was *Competitively aggressive* and *Competitive aggressiveness* had a positive relationship on *Business performance,* African immigrant-owned small businesses should seize the first mover advantage, adopting aggressive marketing strategies, and defending their current market share.

The findings of the study also indicated that less than half of the participants agreed that their small business granted the right for employees to work independently, addressing problems by themselves before contacting their boss. Also, employees did not have constant supervision when working, were allowed to make decisions without going through complex processes, and was allowed to evaluate their own performance. Given the fact that the empirical results indicated that *Autonomy* has a positive relationship on *Business performance,* African immigrant-owned small business should promote more of workplace practices.

The findings of the study also indicated that the majority of the participants agreed that their small business had employees with good business skills, and who could multi-task. Also, employees took into consideration the fact their business skills played a role in the success of the business. Given the fact that the empirical results demonstrated that *human capital* had a positive relationship on *Business performance,* African immigrant-owned small businesses should endeavour to retain experienced employees, and keep their motivation at a high level.

The findings of the study also indicated that the majority of the participants agreed that their small business had enough finance to run new projects, and was financially secure. They also have good relationships with financial institutions. Based on the empirical result, *Financial capital* had a positive relationship on *Business performance,* African immigrant-owned small business should also have a clear and positive financial record.

When assessing the level of *Business performance* and *Entrepreneurial Orientation* of African immigrant-owned small businesses in the Eastern Cape Province, the level of *Autonomy* was very low, but *Competitive aggressiveness, Proactiveness, Human capital, Financial capital, Innovativeness, and Risk-taking* were high. The general *Business performance* within the businesses was established at 77%. Constant supervision reduces creativity, and constantly reporting to the boss keeps the customer waiting. If African immigrant-owned small businesses could improve on *autonomy,* they could have a higher score for *Business performance.*

7.3.2 THE INFLUENCE OF ENTREPRENEURIAL ORIENTATION ON BUSINESS PERFORMANCE

The different dimensions of entrepreneurial orientation described in Chapter 6 were found related to business performance. A schematic summary of the relationship of the entrepreneurial orientation on business performance is presented in Figure 7.1. Apart from *Innovativeness,* they had a positive influence on business performance.

7.3.2.1 Innovativeness

*Innovativenes*s had a very highly significant negative relationship with *Business performance*. Therefore, based on the findings of this study, it is concluded that *Innovativeness* had a significant negative relationship on *Business performance.* This implies that, the less the businesses commits to introducing new products and services, and to promoting creative thinking about running the business in order to get ahead of competitors the better their performance.

The findings of this study contradicted Forsman and Temel (2011), who stated that *Innovativeness* allowed small businesses to develop some sort of a monopolistic position within the market which would have a positive effect on *Business performance.* Botha and Nyanjom (2011) also found that when combining entrepreneurship and innovation it could have a positive impact on *Business performance* in the dynamic business world of today. According to Wang *et al* (2015), small businesses with a high level of *Innovativeness* can have a high level of performance in the marketplace by building a strong brand which in the long term will enable the business to retain its clients.

The findings of this study concurred with those of Sharma and Dave (2011), who showed that there is a negative relationship between *Innovativeness* and *Business performance.* Tayauova (2011) pointed out that the support of new ideas and parting from old established practices can lead to new operational processes that can be very costly for a small business to handle. Added value depends on the ability of small businesses to combine resources (Xaba & Malidi, 2010). Hughes and Morgan (2007) also questioned the relevance of *Innovativeness* for small businesses. This raised questions such as 'Do African immigrant-owned small businesses have enough funds to implement *Innovative* practices? Do they introduce the right products and services into the market? Do they often behave in an *Innovative* way?' Therefore, it is recommended that African immigrant-owned small businesses should rather concentrate on the products and services that they are currently offering to their clients.

In order to address their innovative capability small businesses should concentrated in their niche area and do what they does best. This will require African immigrant-owned small business to spend less resource on introducing new products and services into the market.

7.3.2.2 Proactiveness

In this study, it was found that there was a significant positive relationship between *Proactiveness* and *Business performance.* This implies that the more the business acts *Proactively* to monitor current market trends, and employees share knowledge on how to promote the business, be first in the market, and follow new opportunities, the more likely it is to have high *Business performance.*

The study concurred with the works of Matchaba-Hove *et al,* (2015), Koe (2013), Dess and Lumpkin (2005) who also found that there was a significant positive relationship between *Proactiveness* and *Business performance.* According to Wang *et al* (2015), *Proactive* businesses have the capacity not just to project the firm into the future market; they can also shape the current business market and give a new edge to existing firms. This was further affirmed by Casillas and Moreno (2010), who argued that firms can achieve more growth when they are *Proactive* because they are more aggressive in capturing new business opportunities. This was supported by Porter in the 1980s; that in certain situations, businesses could use their proactive behaviours in order to increase their performance in relation to other firms (Kreiser & Davis, 2010).

Therefore, it is recommended that African immigrant-owned small businesses should monitor the markets for new opportunities, should strive to be first in each market sector and learn about events and current trends in the business environment. In order to improve the level of proactiveness, African immigrant-owned small businesses need to utilise their opportunities. This will require the management to constantly encourage employees to share their knowledge in the work environment. Also, the businesses have to follow new opportunities in order to capitalise on their strength so as to mitigate their weakness.

7.3.2.3 Risk-taking

Risk-taking was reported to have a significant positive relationship on *Business performance.* It was concluded that, amongst the five dimensions *Risk-taking* had the highest significant positive relationship to *Business performance.* This implies that the more the business takes calculated risks, and holds to the belief that risk-taking is a positive attribute for business success, the more likely the firm will be to have good *Business performance.*

The findings of this study contradicted those of Hughes and Morgan (2007), who found that *Risk-taking* had a negative relationship with *Business performance.* However, the study concurred with the previous studies of Dess *et al* (2011) and Tang *et al* (2013), who found that *Risk-taking* by entrepreneurial firms has a positive effect on the growth of the business. Businesses get involved in *Risk-taking* because this will stimulate their proactive tendencies and trigger the growth and performance of the business (Hoonsopon & Ruenrom, 2012).

In order to improve the level of risk-taking, African immigrant-owned small businesses need to understand the dynamics of risk-taking. This will require African immigrant-owned small businesses not to discourage its employees to take calculated risk. Also, not to discourage employees that risk-taking is not a positive attribute to better performance.

7.3.2.4 Competitive aggressiveness

In this study, the relationship between *Competitive aggressiveness* and *Business performance* was significant. Having a closer look to the strength, it was noted that it was positive. Therefore, it was concluded that there was a significant positive relationship between *Competitive aggressiveness* and *Business performance.* In other words, the more African immigrant-owned small businesses strive to have the mover advantage in the market, developing aggressive marketing strategies, defending their market position, and pursuing new services, the more likely they will be to have a better *Business performance.*

This study was in line with the findings of Dess and Lumpkin (2005), who observed that, *Competitive aggressiveness* played a significant positive role on the influence of *Business performance.* The authors asserted that businesses that have aggressive marketing strategies explore opportunities more effectively this enables them to develop a competitive edge over their competitors. This study was also in line with the findings of Lim (2009) that

Competitive aggressiveness was the most significant dimension having a positive influence on *Business performance.*

Therefore, it is recommended that African immigrant-owned small businesses should embrace aggressive marketing strategies as a way of doing business. In order for small business to improve at the level of competitive aggressiveness, African immigrant-owned small businesses have to be competitive. This will require the African immigrant small businesses to be the first to open their doors during the day or operate during odd hours when conventional business are not operating such as early on Sundays or during holidays. Furthermore, African immigrant-owned small businesses can move the markets closer to the consumer in the sense that they can strategise and create satellite businesses in areas where conventional shops are not operating or in neighbourhoods that do not have such shops.

7.2.3.5 Autonomy

The findings of this study showed that there was a significant relationship between *Autonomy* and *Business performance.* While looking at the strength of this relationship, it was observed that, it was positive. Therefore, it was concluded that there was a significant positive relationship between the variable *Autonomy* and *Business performance.* This implies that the more African immigrant-owned small businesses give employees the right to work alone, address issues in the work the place themselves, and conduct self-appraisals, the more likely they will have a better *Business performance.*

This findings concurred with that of Vidic (2013), who which affirmed that autonomous businesses tend to foster creativity and the desire to welcome new business ideas, which in return triggers better *Business performance.* This was in line with the conclusions of Dess and Lumpkin (2005) that the best ideas in a business do not always come from top management but from employees that are directly involved in the business. This supported the view of Chedli (2016:77) that empowering an employee gives him or her more motivation to perform better. This is because the employee now has a sense of belonging and feels part of the organisation and its business success.

To this effect, it can be recommended that, African immigrant-owned small businesses should entrust their employees with a certain degree of responsibility to act alone. Also, experienced employees should take responsibility in decision-making because it will save the customer's time. Restricting employees reduces their self-esteem and creative thinking. Granting employees *Autonomy* will enable the business to run on creative initiative and reach its full business potential.

In order for small businesses to improve the level of autonomy, the management need to elevate the self-esteem of employees. This will require African immigrant-owned small to entrust responsibilities in the hands of their employees, whereby, employees are to act without any restrictions and a proper performance appraisal check list should be establish. Also, employees should not be placed under constant supervision since it will boost their moral within the working environment.

7.3.3 THE INFLUENCE OF RESOURCE-BASED FACTORS ON ENTREPRENEURIAL ORIENTATION

The main objective of this study was to establish the level of entrepreneurial orientation of African immigrant-owned small businesses, and to establish the influence of this orientation on business performance. Some consideration was given to examining the influence of selected resource factors on this entrepreneurial orientation. The objective was to assess whether African immigrant-owned small businesses with certain resources played more or less entrepreneurial orientation based on the dimensions investigated in Chapter 6.

With regards to the findings of this study, it was reported that, there was a significant relationship between *Financial capital* and *Competitive aggressiveness, Innovativeness and Autonomy.* This implies that the more the African immigrant-owned business becomes financially secure, having enough financial resources to run new projects, and having good relationships with financial institutions the more likely it is to show excellence in *Competitive aggressiveness, Innovativeness* and have *Autonomy.* Furthermore, the findings of the study also showed that there was a significant relationship between *Human capital* and *Competitive aggressiveness, Proactiveness, and Autonomy.* This implies that the more businesses where employees have good interpersonal skills and can also multitask and who regard business skills as crucial for business success are more likely to show *Competitive aggressiveness, Proactiveness, and Autonomy.* These findings concurred with Evans *et al* (2001), who affirmed that without adequate resources most strategic plans are likely to fail, especially innovation, which is at the centre of entrepreneurial orientation. This was complemented by the study of Wiklund and Shepherd (2005), which showed that having access to more resources can facilitate entrepreneurial orientation in a firm.

7.3.4 DEMOGRAPHIC VARIABLES

The main objective of this study was to establish the level of entrepreneurial orientation of African immigrant-owned small businesses, and to establish the influence of this orientation on business performance. Some consideration was given to examining the influence of selected demographic factors on this orientation. The objective was to assess whether African immigrant-owned small businesses with certain demographic characteristics portrayed more or less entrepreneurial orientation based on the dimensions investigated in Chapter 6. These selected demographic variables included *duration of operation, number of employees, gender, level of education, age of the small business owner, and ethnicity*.

Based on the findings in this study, it was reported that the size of the business (*Number of employees)* had an influence on the level of entrepreneurial orientation. African immigrant-owned small businesses with more than fifteen employees reported a higher level of the entrepreneurial orientation dimension, *Proactiveness* than African immigrant-owned small businesses with less than five employees. This study concurred with the view of Mac an *et al* (2010) that small businesses may be limited in their ability to obtain debt capital and this limits their ability to be more entrepreneurial. This suggests that African immigrant-owned small businesses with more than fifteen employees understand the value of monitoring market trends and sharing this knowledge. Also, the bigger the business in terms of the number of employees the better the *Proactiveness* nature within the business.

The results of this study showed that African immigrant-owned small businesses with less than fifteen employees are more *Innovative* than those with more than fifteen employees. This finding agreed with the contention of Denger (2011) that small firms can be *Innovative* because of the knowledge generated by larger firms through research and development. This was in line with Stam and Elfering (2008), who pointed out that smallness encourages *Innovativeness*. This suggests that African immigrant-owned small businesses with less than fifteen employees understand value and are more likely to create a niche market for themselves by introducing products which are not being catered for by conventional shops, as well as trying to establish a mobile form of service to respective customers. Also, the bigger the business in terms of numbers of employees, the better the Entrepreneurial Orientation dimension *Innovativeness.* Furthermore, the ANOVA results showed that businesses owned by female had a higher level of *Innovativeness* than their male counterparts. This finding was in contrary to that of Harris and Gibson (2008), who found that female business owner had a lower score for entrepreneurial orientation than their male counterparts. This suggests that female businesses owners understand the benefits and are more likely to promote creative thinking in their business.

The result showed that African immigrant-owned small businesses that have been operating for more than twenty years have a higher degree of *Autonomy* than those that have been operating for less than ten years. This suggests that older businesses are more likely to give their employees *Autonomy* than younger businesses. Also, the older the African immigrant-owned business is the better the level of the entrepreneurial orientation dimension, *Autonomy.*

The findings of this study showed that businesses with owners less than 29 years of age were more likely to be *Risk-takers* than those who were above 30 years of age. This concurred with the literature in Chapter 4 of the study stating that the age of 25 is a sensitive life period for entrepreneurship (Lévesque & Minniti, 2006). This was equally supported by the study of Tanveer *et al* (2013) showing that the propensity for an individual to become an entrepreneur decreases as the person progresses in age. This suggests that the younger business owners understand the value of caution and understand the benefits of taking calculated risks. The younger the owner of the business, the higher is the level of *Risk-taking.* Further, black Africans were more likely to include in *Risk-taking* than their coloured counterparts. This suggests that black Africans are offering the market just of products that they know is in demand by their customers either from their respective counties.

From the ANOVA analysis, it was established that African immigrant-owned small businesses with less than five employees have a higher entrepreneurial orientation dimension, *Competitive aggressiveness* than their counterparts with more than five employees. This study was in contrast to the study of Olivera (20015) who affirmed that the size of the business has no influence on the aggressive stance. On the other hand, this study found a common platform with the findings of Ferrier *et al* (2002) and Stambaugh *et al* (2009), who found that the size of a firm plays a pivotal role in the *Competitive aggressiveness* nature of a business. This suggests that African immigrant-owned small businesses with less than five employees understand the value of *Competitive aggressiveness* and are more likely to defend their market position in their niche area and strive to be the first in the market. Also, it was found that the smaller the business in terms of *Number of employees,* the better the entrepreneurial orientation dimension, *Competitive aggressiveness.* With reference to *Gender,* African immigrant-owned small businesses run by a male exhibit a higher *Competitive aggressiveness* than their female counterparts. This study was in line with the findings of Kepler and Shane (2007) that the male is more competitively aggressive as a business owner. The findings of the study were also supported by Mueller and Dato-on (2008) that women are less motivated toward entrepreneurship while Turegtgen *et al* (2008), who affirmed that males are better, suited to entrepreneurship than their female counterparts. This suggests that businesses owned by males are more likely to understand the value of adopting aggressive marketing strategies. The more the business male dominated the higher the entrepreneurial orientation dimension, *Competitive aggressiveness.*

The study also showed that the level of education had no influence on the entrepreneurial orientation dimensions. This contradicted Yordanov (2011), who established that the level of entrepreneurship could be affected by the level of education of an individual. It also contradicted the views of Mwasalwiba (2010) that education reflects the transformation of the entrepreneurial mindset. With such an astonishing finding regarding the level of education having an influence entrepreneurial orientation, the researcher is tempted to ask whether entrepreneurs are born or made.

7.4 CONTRIBUTION OF THE STUDY

The study has contributed to the literature by examining the relationship between entrepreneurial orientation and business performance in the context of African immigrant-owned small businesses. Furthermore, it had contributed by bridging the gap the current literature pertaining to the impact of entrepreneurial orientation on business performance in African immigrant-owned small business in developing countries, particularly in South Africa.

By developing a measuring instrument for the different dimensions of entrepreneurial orientation and proposing a theoretical framework in the South African context, the study has contributed suitable scales for measuring the different dimensions of entrepreneurial orientation and has included discussion on African immigrant entrepreneurship.

Previous studies on the relationship between entrepreneurial orientation and business performance have examined entrepreneurial orientation as a uni-dimensional concept. This study has added value by examined entrepreneurial orientation as a multidimensional concept. Furthermore, other studies have only examined *Innovativeness, Proactiveness, and Autonomy,* but this study has taken into consideration all the five dimensions of entrepreneurial orientation.

The study has also looked at some selected resource-based factors that can influence the entrepreneurial orientation of a business. Therefore, the study has contributed to the understanding of entrepreneurial orientation and has established that the external environment can influence the Entrepreneurial Orientation of a firm.

The study has also looked at some selected demographic factors that can influence the entrepreneurial orientation of a firm. Therefore, it has added knowledge to the understanding of entrepreneurial orientation and has established that this is a functional concept which can be determined by demographic variables.

By identifying the dimensions which have a relationship with business performance influences the level of entrepreneurial orientation. The study has provided African immigrant-owned small businesses with a better understanding of the value of entrepreneurial behaviour in order to achieve better performance in their businesses.

7.5 LIMITATIONS OF THE STUDY AND RECOMMENDATION FOR FUTURE RESEARCH

The current study has attempted to contribute to the knowledge base relating to entrepreneurial orientation of African immigrant-owned small businesses. However, as is common found in empirical studies, certain limitations should be taken into consideration when making interpretations and drawing conclusions with respect to the findings of the study. Despite the fact, a better understanding has been attained, new areas for future research have also been revealed. The following limitations are presented and recommendations for future s research into this topic are given.

Convenience sample is a common practice in social science research, but the extent to which this was used was questionable. The convenience sample does not always lead to a representative sample and it has a certain degree of bias in its application. The study can therefore not be generalised.

The demographic profile of the participants was also a factor to take into consideration. The participants were only African immigrants and were not representative of all immigrants in the country. Future studies looking at the influence of entrepreneurial orientation should take into consideration all immigrants. A comparative study could be done by observing the different nationalities and their level of entrepreneurial orientation. Also, future studies could look at the influence of entrepreneurial orientation on access to finance by African immigrant-owned small businesses.

7.6 CONCLUDING REMARKS

In the context of this study, 62% of change in African immigrant-owned small business performance was affected by entrepreneurial orientation, while other factors accounted for the remaining 38%. Management of these businesses should revisit their entrepreneurial orientation capabilities and investigate whether these are delivering value. This would require a review of policies and procedures in addition to benchmarking these activities to identify whether the business was dedicating an unwarranted and misplaced amount of resources to a given entrepreneurial orientation activity. Blind pursuit of the uniform implementation of the entrepreneurial dimension is not an effective way for African immigrant-owned small businesses to create an advantage. Our results suggest that such an attempt would lead to resource inefficiency since not all entrepreneurial orientation dimensions are beneficial. African immigrant-owned small businesses should focus on *Risk-taking, Proactiveness, Competitive aggressiveness,* and *Autonomy.* This does not mean African immigrant-owned small business should form a bureaucratic formalisation of their business, but restraint is needed in the application of entrepreneurial orientation.

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ANNEXURE A: COVER LETTER AND QUESTIONAIRE

• PO Box 77000 • Nelson Mandela Metropolitan University

• Port Elizabeth • 6031 • South Africa

Nelson Mandela Metropolitan University

for tomorrow

Unit for Applied Management Sciences
Summerstrand South Campus
DEPARTMENT OF BUSINESS MANAGEMENT
Tel: +27 (0)41 504 2875
April - May 2016

Dear Respondent,

I am a student studying towards a Master of Commerce (MCom) in Business Management degree at the Nelson Mandela Metropolitan University (NMMU). I am conducting research on the entrepreneurial orientation and performance of African immigrant-owned small businesses in the Eastern Cape Province.

It has been found in literature that entrepreneurial orientation plays an important role in the performance of small businesses. This study aims to identify which of the entrepreneurial orientation dimensions will have a significant influence on business performance of African immigrant-owned small businesses. In order to complete this objective, I am required to gather the necessary information from the owner of an African immigrant-owned small business. The business should have been in operation for at least one year and the owner must be actively involved in the business. For the purpose of this study, a small business is one that does not employ more than 50 full-time employees.

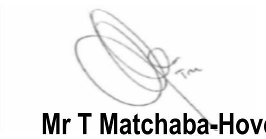
It would be greatly appreciated if you could assist me in the completion of a short questionnaire, as you would form part of the selected sample of respondents whose views I seek on the above mentioned matter. It **should not take more than 15 minutes of your time** and **all information will be treated in the strictest confidence**. Participation in this study is voluntary and you may pull out of the study at any time. The data will be reported in statistical form and **no individual responses will be identified**. There are no correct or incorrect answers. Please answer the questions as accurately as possible. For each statement, tick the number which best describes your experience or perception. Please feel free to contact my supervisor or the institution with regards to any queries you might have. Your input in this research project is highly valued and I thank you for your time and effort in completing this questionnaire.

Yours sincerely,

RESEARCHER:

Mr. W. Akah Ndang

SUPERVISOR:



Mr T Matchaba-Hove

Lecturer
Department of Business Management
Nelson Mandela Metropolitan University
Email: Tony.Matchaba-Hove@nmmu.ac.za
Tel:041-5044064

A **GENERAL INFORMATION**

Please mark your selection to the following questions with an (X).

1 Do you meet the requirements for participating in this research, namely (1) your business has been in operation for at least one year, (2) your business does not employ more than 50 full-time employees, (3) you are the current African immigrant-owner of the business?

Yes		1
No		2

2 A family business is a business where **at least two family members** work in the business and the family owns **more than a 50%** share in the business.

Is your business a family business?

Yes	1
No	2

3 If your answer is yes to question 2, please indicate which generation started the family business

First generation	I started the business	1
Second generation	My father/mother started the business	2
Third generation	My grandfather/grandmother started the business	3
Fourth generation	My great-grandfather/grandmother started the business	4
Other		5

4 Please indicate your gender

Male		1
Female		2

5 Please indicate your age (for statistical purposes only) ______________________years old.

6 Please indicate to which population group you belong (for statistical purposes only)

Asian		1
Black		2
Coloured		3
White		4
Not willing to say		5

1. 7 What is your highest level of education?

<Matric		1
High school Certificate		2
National Certificate		3
Diploma		4
Bachelor's degree		5
Honours/Post graduation diploma		6
Masters		7
Doctorate (PhD)		8

8 How long have you had your own business? ______________________ years

9 How many employees are employed in your business? _________________ employees

10 Identify the nature of the industry in which your business operates. You may tick more than one answer.

Retailer and/or Wholesaler		1
Manufacturer		2
Service industry		3
Other		4

11. Do you wish to receive feedback on the findings from the study?

Yes		1
No		2

12. If you answered Yes to question 11, please enter your contact details or paste your business card in the space provided:

____

B ENTREPRENEURIAL ORIENTATION AND BUSINESS PERFORMANCE

Below are a number of statements that relate to the entrepreneurial orientation of your small business as well as its success. The columns are graded from **1** to **5**. The number **1** denotes strong disagreement with a statement, and at the other end of the scale, **5** denotes strong agreement with the statement. For example, do you agree that your business *regularly introduces new services/products*? Please indicate the extent to which **you agree or disagree with each statement** by placing a cross (**X**) in the appropriate column.

	Statements relating to your business's entrepreneurial orientation and level of performance.	Strongly disagree	Disagree a little	Neutral	Agree a little	Strongly agree
1	My business has experience growth in sales	1	2	3	4	5
2	My small business wants first mover advantage	1	2	3	4	5
3	My employees are multi-skilled and influence the business positively	1	2	3	4	5
4	Employees in my small business consider taking risk as a positive attribute	1	2	3	4	5
5	My small business has given back to my family and community	1	2	3	4	5
6	Employees in my small business do their job without continuous supervision	1	2	3	4	5
7	My small business strives to obtain the "first-mover" advantage.	1	2	3	4	5
8	My small business is financially secure in terms of carrying out different operations	1	2	3	4	5
9	Employees in my small business are encouraged bring in their own ideas to improve the performance of the business	1	2	3	4	5
10	My small business has employees with good interpersonal skills	1	2	3	4	5
11	My small business aimed at developing strategies to defend it market position	1	2	3	4	5
12	Employees in my small business are encouraged to take calculated risk concerning new ideas	1	2	3	4	5
13	My small business favours the fast adoption of technology	1	2	3	4	5
14	Our customers are satisfied with our services	1	2	3	4	5
15	My small business has enough money to carry out new operations	1	2	3	4	5
16	My small business continues to follow new opportunities	1	2	3	4	5
17	My small business continuously monitors market trends and identifies future needs of customers.	1	2	3	4	5
18	Experimentation and creativity to continuously come up with new processes is encouraged in my small business.	1	2	3	4	5

	Statements relating to your business's entrepreneurial orientation and level of success.	Strongly disagree	Disagree a little	Neutral	Agree a little	Strongly agree
19	My small business adopts an aggressive marketing strategy	1	2	3	4	5
20	My customers are satisfied with our services	1	2	3	4	5
21	Employees in my business are willing to share knowledge to develop the business operations	1	2	3	4	5
22	My small business initiates actions that my competitor responds to	1	2	3	4	5
23	My small business has close relationships with individuals or institutions who can support my business operations	1	2	3	4	5
24	When not unsure about a decision, my small business usually takes a very confident position to make the best use of any possible opportunity	1	2	3	4	5
25	My small business usually initiates actions which competitors respond to.	1	2	3	4	5
26	My small business has experience growth in profit return	1	2	3	4	5
27	My small business has experience increased in the number of employees	1	2	3	4	5
28	I am satisfied with the level of growth in my business	1	2	3	4	5
29	In the past five years, my small business always tried to apply new ideas to stay ahead of our competitors.	1	2	3	4	5
30	My small business devises strategies aimed at defending its market position.	1	2	3	4	5
31	My small business continually monitoring new market trends	1	2	3	4	5
32	Employees in my small business have authority and responsibility to act alone	1	2	3	4	5
33	My small business is financially stable	1	2	3	4	5
34	Employees in the business are encouraged to resolve problems first before talking to the boss	1	2	3	4	5
35	My small business has a group of individuals who can advise on how to improve business performance	1	2	3	4	5
36	The rate of innovation in my small business as compare to my competitor is good	1	2	3	4	5
37	My small business is willing to commit funds to high-risk high-return ideas	1	2	3	4	5
38	My small business has always invested in research and development	1	2	3	4	5
39	Employees in my small business are often encouraged to take calculated risks concerning new ideas.	1	2	3	4	5
40	My small business tend to choose risky projects with chances of very high returns.	1	2	3	4	5

	Statements relating to your business's entrepreneurial orientation and level of success.	Strongly disagree	Disagree a little	Neutral	Agree a little	Strongly agree
41	In the past few years, my small business has introduced many new lines of products and/or services	1	2	3	4	5
42	My small business continually pursuing new services	1	2	3	4	5
43	My small business often competes our competitors in the marketplace	1	2	3	4	5
44	My employees have improved on their business skills in the past two years	1	2	3	4	5
45	My employees have good business skills that are crucial to the business's success	1	2	3	4	5
46	My small business has strategic alliances with other businesses	1	2	3	4	5
47	Employees in my small business are allowed to make decisions without going through complex approval of procedures.	1	2	3	4	5
48	In my small business, employees are allowed to monitor their own performance.	1	2	3	4	5

THANK YOU VERY MUCH FOR YOUR PARTICIPATION

ANNEXURE B: DECLARATION IN RESPECT OF LANGUAGE EDITING

Nelson Mandela Metropolitan University
for tomorrow

PROOFREAD DECLARATION

I, Akah Ndang William hereby declare that this submission has been proofread by a competent person.

I am aware that the document may be returned to me if there are spellings and or grammatical errors and that a mark of nil may be awarded.

Name: William, AN____ Date: 18/12/2016___ Signature: ANW___

The document had been proofread by

Name: Roberts, KM______ Contact number: 0823730217___ Signature: KMR_

ANNEXURE C: ETHICS CLEARANCE

FORM E

ETHICS CLEARANCE FOR TREATISES/DISSERTATIONS/THESES

Please type or complete in black ink

FACULTY: BUSINESS AND ECONOMIC SCIENCES

SCHOOL/DEPARTMENT: BUSINESS MANAGEMENT DEPARTMENT

I, (surname and initials of supervisor) **MR T MATCHABA-HOVE,** the supervisor for (surname and initials of candidate) **MR W AKAH NDANG, (student number) 215385136,** a candidate for the degree of **MASTER OF COMMERCE (BUSINESS MANAGEMENT)**

with a treatise/dissertation/thesis entitled (full title of treatise/dissertation/thesis):

THE ENTREPRENEURIAL ORIENTATION AND PERFORMANCE OF AFRICAN IMMIGRANT-OWNED SMALL BUSINESSES IN THE EASTERN CAPE

considered the following ethics criteria *(please tick the appropriate block):*

	YES	NO
1. Is there any risk of harm, embarrassment of offence, however slight or temporary, to the participant, third parties or to the communities at large?		X
2. Is the study based on a research population defined as 'vulnerable' in terms of age, physical characteristics and/or disease status?		X
2.1 Are subjects/participants/respondents of your study:		
(a) Children under the age of 18?		X
(b) NMMU staff?		X
(c) NMMU students?		X
(d) The elderly/persons over the age of 60?		X
(e) A sample from an institution (e.g. hospital/school)?		X
(f) Handicapped (e.g. mentally or physically)?		X
3. Does the data that will be collected require consent of an institutional authority for this study? (An institutional authority refers to an organisation that is established by government to protect vulnerable people)		X

3.1 Are you intending to access participant data from an existing, stored repository (e.g. school, institutional or university records)?		X
4. Will the participant's privacy, anonymity or confidentiality be compromised?		X
4.1 Are you administering a questionnaire/survey that:		
(a) Collects sensitive/identifiable data from participants?		X
(b) Does not guarantee the anonymity of the participant?		X
(c) Does not guarantee the confidentiality of the participant and the data?		X
(d) Will offer an incentive to respondents to participate, i.e. a lucky draw or any other prize?		X
(e) Will create doubt whether sample control measures are in place?		X
(f) Will be distributed electronically via email (and requesting an email response)? Note: • If your questionnaire **DOES NOT** request respondents' identification, is distributed electronically and you request respondents to return it *manually* (print out and deliver/mail); **AND** respondent anonymity can be guaranteed, your answer will be NO. • If your questionnaire **DOES NOT** request respondents' identification, is *distributed via an email link and works through a web response system (e.g. the university survey system);* ***AND*** respondent anonymity can be guaranteed, your answer will be NO.		X

*Please note that if **ANY** of the questions above have been answered in the affirmative **(YES)** the student will need to complete the full ethics clearance form (REC-H application) and submit it with the relevant documentation to the Faculty RECH (Ethics) representative.*

and hereby certify that the student has given his/her research ethical consideration and full ethics approval is not required.

20 JANUARY 2016

SUPERVISOR(S) **DATE**

20 JANUARY 2016

HEAD OF DEPARTMENT **DATE**

Student(s) contact details (e.g. telephone number and email address):
Telephone No: 071 754 0926
Email: s215285136@nmmu.ac.za

Please ensure that the research methodology section from the proposal is attached to this form.