The role of entrepreneurial orientation and organisational learning capabilities on SME Performance

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ABSTRACT

The effect of entrepreneurial orientation (EO) on performance has been predominantly studied in matured economies and large firms ignoring SMEs. This study sought to address this gap and contribute to SME literature on EO performance relationship by enhancing the EO performance scope adding organisational learning capability (OLC) to the equation thereby augment the EO performance relationship. This study posited OLC as moderator to the EO performance relationship focusing on SMEs in South African context. This provided contextual explanation of EO performance relationship using OLC as moderating variable.

Data was collected via online questionnaires from SME business owners operating in multiple industries in South Africa. There were 33 participants who responded to the survey, data collected was used to measure reliability and validity of measurement instrument. Linear regression analyses were performed to understand relationships between variables and if OLC moderated the EO performance for SMEs. Linear regression results found no moderate relationship between EO and performance which was not statistically significant and significant relationship was found between EO and OLC. The multiple regression analysis revealed that OLC moderating impact on EO performance was positive, weak and not statistically significant.

The findings of the study suggested there is relationship between the variables which due to sample limitations might not have been statistically significant, however finding provided empirical evidence that future studies can enhance on.

Keywords: Entrepreneurial orientation, organisational learning capability, SME Performance

Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

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1. INTRODUCTION TO REASEARCH STUDY AND PROBLEM

1.1 Introduction to research study

Small and medium enterprises (SME) are widely regarded as crucial to developing a countries economy, job creation and national competitiveness (Gupta & Gregoriou, 2018; Ipinnaiye, Dineen, & Lenihan, 2017; Memili, Fang, Chrisman, & Massis, 2015; OECD, 2017b). However, SME face massive business challenges from competitive and rapidly changing business environment where business growth and survival is uncertain (Lonial & Carter, 2015), and by their small nature suffer from "liability of size" (Brouthers, Nakos, & Dimitratos, 2015; Gupta & Batra, 2015) which constraints their performance and growth prospects, accordingly it has become increasingly important to understand under what contexts can SME's achieve sustainable performance and growth (Altinay, Madanoglu, De Vita, Arasli, & Ekinci, 2015).

Entrepreneurial orientation (EO) as theoretical construct has seen growing interest in explaining firms performance with increasing focus on SME performance (Gupta & Batra, 2015) and increase need has arisen to understand different contexts under which EO results in sustainable performance (Altinay et al., 2015; Covin & Lumpkin, 2011). However, it has been found in studies that relying solely on EO for sustainable performance is not adequate (Altinay et al., 2015; Lumpkin & Dess, 1996), further research is needed to understand other theoretical constructs that aid in EO and SME sustained performance (Gupta & Batra, 2015).

Organisation learning capability (OLC) of SME has been researched and proposed as capabilities that can contribute to SME performance alongside EO (Altinay et al., 2015; Fernández-Mesa & Alegre, 2015), enhancing SME's competitive advantage through improved internal resource capabilities (Lonial & Carter, 2015) . However the effect of EO – Performance relationship has not been studied in SME's operating in emerging and developing economies (Altinay et al., 2015; Gupta & Batra, 2015; Zhao, Li, Hoon Lee, & Chen, 2011). This study will look at role of entrepreneurial orientation and organisational learning capability in fostering sustainable SME performance in emerging market environment of South Africa.

1.2 Background to the research problem

The role of entrepreneurship and especially SME entrepreneurship in job creation, economic growth and development is primary focus for governments policy makers and entrepreneurship scholars (Ipinnaiye et al., 2017). There is increased research need to

understand under what contextual and environmental factors whether internal to business or in external environment will enable sustainable SME performance (Gupta & Batra, 2015). However due to their size, lack of skills and access to resources most SME performance and survival is affected by business environments they operate in resulting in failure of these SME to contribute to economic growth and job creation (El-said, Al-said, & Zaki, 2015). These failure rates gives rise to need for SME's to continuously learn and adapt to changing internal and external business environment (Wang, 2008). Given the business and internal environment affecting SME performance, there is increased need to understand factors contributing enabling sustainable SME performance landscape and entrepreneurial orientation and learning capability has been hypothesised as firm constructs than can enable sustainable SME performance (Altinay et al., 2015).

Given the high unemployment rate of 27.1% (STATSSA, 2018) and low economic growth in South Africa the development and sustainable growth of SME is crucial for economic growth and job creation (Herrington, Kew, & Mwanga, 2017). Recognising the high unemployment rate and low economic growth in South Africa, the governments National Development Plan (NDP) plans to solve social problems facing the country, chief being unemployment and created plans to increase employment by 11 million from 2010 to 2030 bringing unemployment down from 25% to 6% (National Planning Commission, 2009). The NDP highlights SME's as being instrumental in creating the required new jobs.

The SME performance landscape is affected by low economic growth in South Africa which according to (OECD, 2017b) is expected to continue due to low consumer demand, inconsistent policy and erratic power production. According to (Ipinnaiye et al., 2017) the macroeconomic conditions have an influence on SME growth and performance as highlighted by (OECD, 2017b) since low growth results in weakened consumer demand. Gupta & Batra, (2015) supported the importance of demand growth in SME performance and growth in Indian SME's supporting view that macroeconomic conditions are important in SME performance and growth, that demand growth and favourable macroeconomic indicators are currently not existing in South African context.

Access to finance for SME also one of factors that causes high SME failure and poor performance (Gupta & Gregoriou, 2018), and in context of South Africa the SME market is under-funded with credit shortage of between R86 billion to R346 billion (Finfind, 2017). The limited resources of SME and low balance sheet becomes the constraint in getting access to finance (Gupta & Gregoriou, 2018), where SME's have access to finance there is reported significant positive impact on SME performance (El-said et al., 2015). SME with higher entrepreneurial orientation have been reported to break the access to finance barrier (Gupta

& Gregoriou, 2018; Vaznyte & Andries, 2019) due to their long term orientation, proactive and innovative behaviours which creates viable business able to attract finance from finance institutions. Vaznyte & Andries (2019) found in their study that level of EO in entrepreneurial start-ups is crucial in determining type of external financing and will be able to determine the finance that best fits the business between debt or equity and level of EO will lower cost of the external financing. Most SME's fail because of lack of access to financing and (Vaznyte & Andries, 2019) study shows that SME's can achieve this by having EO in their entrepreneurial strategy.

Entrepreneurial orientation explains how a business will go about creating value and growth, how it goes about environmental scanning for key market and consumer trends identifying and leveraging opportunities by being innovative, proactive and taking risks (Altinay et al., 2015; Lumpkin & Dess, 1996), that is how a business is entrepreneurial in its business practices (Semrau, Ambos, & Kraus, 2016).   Against this backdrop of SME challenges, entrepreneurial orientation has received increased focus as research area to understand its role in firm performance and growth. According to   Lumpkin & Dess, (1996) a firm with strong entrepreneurial orientation will be continuously innovative with new products and services to market, will be proactive in leveraging customer trends and engage in risk taking behaviours where outcomes are uncertain, respond appropriately to competition and environmental factors. This suggest that an entrepreneurially orientated firm can thrive under difficult environments by adapting its entrepreneurial strategies and being flexible (Battisti, Beynon, Pickernell, & Deakins, 2019; Covin & Slevin, 1989),   further Altinay et al., (2015) study confirmed where SME operating in closed economic environment secluded from international trade were thriving and sustainable on two growth drivers of sales and market share. An entreprenerial SME ougrows and outperforms a conservative firm and is ables to overcome their size constraints limiting its access to resource capabilities (Gupta & Batra, 2015).

Lonial & Carter, (2015) looked at entrepreneurail, learning and market orientations of SME's and found they improve SME performance, they adopted resource based view arguing these orientations give rise to distinct, unimitable, valuable and rare capabilites that give SME competitive advantage (Barney, 1991; Wernerfelt, 1986). In rapidly changing world, such internal capabilities and resources are crucial for sustainablity in firm performance, what is known as resource based view of the firm (Barney, 1991). Studies on learning capability impact on performance have reported mixed results, Altinay et al., (2015) found learning capability found a firm will recognize benefits of OLC though EO by putting into practice its business environment learning and reaping benefits maximising value. The abilitiy of firm to acquire and use knowledge in its operations is key resource enabling firm performance hence

importance of OLC as resource capability to aid EO-Perfomance relationship where firms business operations will be constantly affected by changes in external environment necessitating learning and adaptability of the firm (Altinay et al., 2015). The importance of learning and adaptability was found to be crucial in enabling SME's in New Zealand to be resilient during the financial crisis which enabled these firms to remain profitable (Battisti et al., 2019).

Although entrepreneurial orientation has been found to have positive effect on SME firm performance, critics of the construct state that, on its own entrepreneurial orientation cannot create sustainable long term SME performance (Altinay et al., 2015). Critics have suggested that EO must be combined with learning capability to enable sustainable growth (Altinay et al., 2015; Lumpkin & Dess, 1996; Wang, 2008). A learning approach will enable SME to improve performance through focus on information acquisition and sharing to boost SME entrepreneurial activity and success. In a knowledge economy learning capability is crucial for understanding and leveraging customer and market opportunity trends and critically how to respond to challenges in business environment (Lonial & Carter, 2015). Further for SME's operating in low growth economies, adopting and infusing learning and experimentation throughout the organisation will create a high entrepreneurial mindset and activity (Altinay et al., 2015) generating innovative ways of doing business.

1.3   Significance of research

The sustainability and growth of SME is important in economic growth and job creation however SME faces many challenges threatening their survival and growth from access to finance, macro-economic factors, managerial skills and business environment (Lonial & Carter, 2015). There is increased research need to understand contextual factors that enable SME performance and growth (Covin & Lumpkin, 2011; Gupta & Batra, 2015). The research focuses on entrepreneurial orientation and organisational learning capability as contextual factors that can drive SME performance (Altinay et al., 2015). Studies on entrepreneurial orientation in firms have found it to have positive relationship with performance (Covin & Lumpkin, 2011a). Entrepreneurial orientation role in SME performance has become a topic of interest for research scholars to understand the relationship between the variables (Gupta & Batra, 2015).

Entrepreneurial orientation as firm strategic posture that sets the strategic orientation and tone of the enterprise steering it to sustainable performance which is context dependent (Altinay et al., 2015; Gupta & Batra, 2015), which creates a need to understand the contextual factors that enable entrepreneurial orientation to have significant impact on SME performance. In context of South Africa with low economic growth and job creation this is important to fulfil the importance of SME. Altinay et al., (2015) stated that research is needed in such conditions of uncertainty and low economic growth as is the case in South Africa (OECD, 2017b).

Further according to (Gupta & Batra, 2015) entrepreneurial orientation effect has been studied extensively in developed economies and with strong focus on large firms and limited focus on developing economies (Parnell, 2013), this study focus of SME in developing economy of South Africa hopes to close this gap.

The study hopes to find the role of organisational learning capability in creating sustainable SME performance, since learning is identified as gap in understanding the relationship between entrepreneurial orientation and performance (Altinay et al., 2015). A strong entrepreneurial orientation existence in SME enable the firm to be aware of its business environment, learning from customer and market trend to exploit and leverage and integrating this environmental learning to its strategy helping shape the companies innovation, proactiveness and risk taking decision making to achieve sustainable growth and beat the competition (Altinay et al., 2015)

By combining EO and OLC the study hopes to add to literature by identifying the roles of these constructs in a promoting SME performance in a developing economy context with low economic growth and environmental uncertainty. The combination of EO and OLC in emerging market environment with low growth will contribute to small business literature and answer research need in this area identified by (Altinay et al., 2015) and also give different perspective since more studies in EO- SME performance have largely been done in developed economies and looking at EO impact on performance in isolation (Lonial & Carter, 2015). The study hopes to put forward EO and OLC as strategic internal resource capabilities which SME's can rely on or build to achieve create sustainable competitive advantage overcoming the their resources constraints (Barney, 1991; Dada & Fogg, 2016).

The studies business rationale is to find insights that can contribute to sustainable performance and growth of SME enabling contribution to economic growth, sustainable SME performance and job creation (Gupta & Gregoriou, 2018). Further the study hopes to increase awareness of EO and OLC in driving entrepreneurial activity, knowledge accumulation and generation of ideas that will create innovative SME that can operate successfully in sought business environments. Study will hope to provide evidence that SME with EO and OLC

develop resilience and adaptability leading to improved resource capabilities for the firm. This is hoped will enable SME business leaders and managers to understand the contextual business factors affecting performance and how they could manage the respond accordingly (Altinay et al., 2015; Lonial & Carter, 2015). Given the National Development plan of getting 90% of 11 million jobs from SME by 2030, it is critically important to understand contextual factors that driven and enable sustainable SME performance and growth to fulfil such a target. According to Small Enterprise Development Agency (2019) the SME sector in South Africa contribution to employment increased to 10.8 million in 2019Q1 which accounts for 66% of jobs in the economy however the share of turnover and financial stability remains under pressure as result of unfavourable economic conditions. This study findings hopes to contribute to business knowledge that enables SME sustainable performance through enhancing their entrepreneurial orientation and learning capabilities to adapt and thrive in competitive business environment.

1.4   Research Scope

This study will focus on entrepreneurial orientation and organisational learning capability of SME's within South African context. SME are thought of as big contributors to economic growth and job creation and with South Africa facing low growth levels and high unemployment rates, the study hopes to contribute to literature by investigating the role of organisation learning capability on sustainable SME performance.

1.5   Problem Statement

The importance of SME's sustainability, profitability and its contribution to countries economic growth, job creation support the need for the study. SME's are considered critical by government policy makers as critical contributors to economic growth and job creation (National Planning Commission, 2009; OECD, 2017), but SME's faces many challenges constraining their performance where survival and growth is limited (Battisti et al., 2019; Lonial & Carter, 2015; Wales, 2016). It is important to understand what factors contribute to sustainable SME performance despite business environmental challenges. To remain sustainable and profitable in a dynamic environment, business must continuously look for new opportunities to explore whilst fully exploiting existing current opportunities (Lumpkin & Dess, 1996).

This study will look at role between SME entrepreneurial orientation and organisational learning capability on SME performance and growth in emerging market environment of South Africa characterized by low economic growth and challenging business environment that requires small firms to adopt their business strategies in order to compete and remain profitable by being entrepreneurially oriented (Covin & Slevin, 1989). Entrepreneurial orientation in SME's operating in developed economies has found to have positive effect on performance, however such performance is not sustainable on its own (Altinay et al., 2015; Lonial & Carter, 2015; Lumpkin & Dess, 1996; Rauch, Wiklund, Lumpkin, & Frese, 2009). The SME's entrepreneurial orientation must be combined with other strategic orientations and other resource capabilities to enable the business to achieve sustainable performance. Learning capability is one of capabilities that in combination with entrepreneurial orientation can have positive sustainable performance on the business (Wang, 2008; Zhao et al., 2011). In todays challenging, complex and changing business environment it is important for business to have capability to learn from business environment trends and understand changing customers and competitor behaviours. Such capability will enable the SME to adjust its strategies, products and services to meet new customer changing needs and beat the competition (Miller, 1983)

Given the low studies of entrepreneurial orientation and SME performance relationship in emerging economies and importance of learning capability in this relationship (Altinay et al., 2015; V. Gupta & Batra, 2015; Wang, 2008), the research question to this study was "**What is the nature of relationship between Entrepreneurial Orientation and SME Performance and role of Learning Capability in this relationship**". To answer this research question, the research objective was to understand the following

- What is the relationship between Entrepreneurial Orientation and SME Performance.
- What is the relationship between Entrepreneurial Orientation and Organisational Learning Capability.
- What is the relationship between Organisational Learning Capability and SME Performance.
- Whether Organisational Learning Capability moderates the relationship between Entrepreneurial Orientation and SME Performance

In understanding these relationships, the research will add to entrepreneurial orientation, organisational capability and SME Performance theoretical body of knowledge by providing perspectives from emerging markets. This research also will provide insights to SME that to remain sustainable they need to improve their entrepreneurial posture by adopting and growing internal practices and polies of innovation, risk taking and proactiveness, and

furthermore the importance of learning capability to respond to business environmental changes.

1.6   Conclusion

This chapter has set out the research problem and question and henceforth the structure of the study to answer the research question is set out as follows:

- Chapter two will set out the theoretical arguments that provides empirical evidence for research study.
- Chapter three will outline the hypotheses to be tested based theoretical arguments in Chapter two.
- Chapter four will explain and defend the adopted research methodology to effectively answer the research questions.
- Chapter five will present data results and analysis obtained from research methodology adopted.
- Chapter six will deliberate and discuss the results obtained and related to literature arguments to determine if results support the research questions posed from chapter one, two and three.
- Chapter seven will conclude with research findings, provides recommendations for academic and business, highlight research limitations and suggestion for future research.

2.   LITERATURE REVIEW

2.1   Introduction

The purpose of this study is to understand the nature of relationship between entrepreneurial orientation and SME performance role of organisational learning capability on this relationship. The study investigates how SME's entrepreneurial orientation leads to sustainable performance and how SME exploit and leverage its learning capability to enhance this performance relationship. The EO – Performance relationship has been largely studied in large firms and in developed economies with minimal focus on emerging and developing economies. Furthermore, scholars have called for more studies into this relationship to understand other contextual factors that strengthen this relationship since it has been recognised that solely relying on EO will not result in sustainable firm performance. It is for this reason that this study looks into firms learning capability as contextual construct and resource capability that can add to EO – Performance relationship and studies this in emerging economy context which has been gap in literature.

This study will look to test these constructs in SME's context in South Africa. The importance of SME to nations economy is widely accepted and recognised in scholarly literature as important to nations economic development, prosperity and development (Ipinnaiye et al., 2017; Memili et al., 2015). It is for this reason that the (National Planning Commission, 2011) in its National Development Plan recognises SME's as crucial in South Africa economic growth and job creation. Small Enterprise Development Agency (2019) in their 2019 Quarter 1 survey reported a positive increase in SME sector employment to 10.8 million including owners, with 8 million growth excluding owners, however they report sectors financial performance is under pressure driven by unfavourable economic conditions. These numbers demonstrate importance of growing SME sector and enabling it with knowledge on how sustained financial performance could be achieved.

The South African government recently gazetted an amended definition of small medium and micro enterprise where only two proxies are now used, being total annual revenue and total full-time equivalent employees that employed and paid by the company, the upper turnover limit is depended on the sector or subsector that firm operates in, with maximum being R210 million for Mining and Quarrying sector, with the number of employees between 1 and 250 across the sectors (Government Gazette, 2019). This study adopts this SME definition to look at firms in this category on how they achieve sustainable performance. For SME's to remain sustainable and competitive they have to engage in entrepreneurial activities where they proactively searching for and identifying new opportunities, creating value and growth for its

customers and stakeholders at large (Lonial & Carter, 2015). This literature review will discuss how SME entrepreneurial posture enable them to create value and achieve sustainable performance through being entrepreneurially oriented. Additionally, the literature review will discuss how learning capability can enhance entrepreneurially oriented SME to achieve sustained performance. Through learning capability, the SME will be able to learn and adapt to changing business environment and its EO posture will enable the firm to adjust its entrepreneurial strategies and behaviours accordingly (Wales, 2016).

2.2   Introduction to Entrepreneurial Orientation Theory and Definition

EO was initially proposed by (Miller, 1983) looking into what drives entrepreneurship in different firms, and he argued entrepreneurial firms to be proactiveness, risk taking and innovativeness dimensions. Miller (1983) looked at EO as strategic position that firms in their route to market whether it is to new market or existing markets. Covin & Slevin (1989) built to EO by proposing that entrepreneurial strategic position will enhance small firms under hostile and competitive environments and argued these entrepreneurial firms will benefit from their innovativeness, proactiveness and risk-taking inclinations. Lumpkin & Dess, (1996) built further on the EO construct by identifying fives components of entrepreneurial orientation adding autonomy and competitive aggressiveness to initial three dimension proposed by , subsequent research scholar have settled on three components being risk taking, innovativeness and proactiveness (Baker & Sinkula, 2009; Lonial & Carter, 2015; Rauch et al., 2009). Over next three decades EO has received considerable attention as construct explaining firm value creation and performance (Altinay et al., 2015; Covin & Wales, 2012; Wales, 2016; Zahra, Wright, & Abdelgawad, 2014).

Entrepreneurial orientation is firm level behaviour directing and influencing how the business will be carried, what and how opportunities will be exploited, which markets will the business compete on and how it will win to ensure sustainable growth (Altinay et al., 2015; Lonial & Carter, 2015; Lumpkin & Dess, 1996). As construct that has received considerable focus since first article by Miller (1983), multiple scholars have come up with different definitions of the construct. Lumpkin & Dess (1996) defined EO as entrepreneurial processes, practices that are inherent in the firm guiding how it makes its decisions relating to entering new markets, EO refers to extent that firm embodies entrepreneurial behaviours in pursuit of business opportunities whether new or old and value creation (Altinay et al., 2015). Lonial & Carter (2015) added to EO by defining it as guiding principle of entrepreneurial strategy that will create a sustainable competitive advantage for the firm. EO is influential in creating ability of firms to learn and leverage business opportunities presented by business environment and

enabling firm to adjust strategy accordingly (Covin & Slevin, 1989; Zhao et al., 2011). According to Zhao et al, (2011) EO is driving force that propels firms to seek and exploit business opportunities presented by business environment, the firm will take advantage of these opportunities through their entrepreneurial behaviours and practices which are adaptable to the task environment.

An EO capability is required for the firm to be considered entrepreneurial for firm to create value and be sustainable over long term (Wales, 2016). For SME's to remain sustainable and competitive they have to engage in entrepreneurial activities where they proactively searching for and identifying new opportunities, creating value and growth for its customers and stakeholders at large (Covin & Slevin, 1989; Lonial & Carter, 2015). This requires SME to be entrepreneurial by engaging in innovation, risk taking and proactive decision making and behaviours , the essence of entrepreneurial orientation (Dada & Fogg, 2016; Lumpkin & Dess, 1996; Miller, 2011; Semrau et al., 2016; Wales, 2016). Thus it is important for firms learn and develop EO capability and understand how to implement EO for sustainable value creation (Brettel, Chomik, & Flatten, 2015).

According to Miller (1983, p771) an " An entrepreneurial firm is one that engages in product-market innovation, undertakes somewhat risky ventures, and is first to come up with "proactive" innovations, beating competitors to the punch". In entrepreneurial firm the leaders will exhibit this through the strategic decision made and operating philosophy adopted which will permeate organisation wide (Covin & Slevin, 1989). Entrepreneurial firm differs from conservative firms who are risk-averse, reactive and passive and as such by exhibiting these characteristics an entrepreneurial firm will achieve competitive advantage over conservative firms (Covin & Slevin, 1989).

The table below adopted from Covin & Wales (2012) shows selected past scholarly definitions of entrepreneurial firm adopted that enables it to create value. From these definitions it shows entrepreneurial firm is beyond a key-man or one individual, rather its capability or process that is ingrained in business practices, behaviours and philosophies of the firm which provides direction in pursuit of business opportunities.

Table 1: Selected Past Scholarly Definitions Pertaining to Entrepreneurial Orientations

Mintzberg (1973)	"In the entrepreneurial mode, strategy-making is dominated by the active search for new opportunities" as well as "dramatic leaps forward in the face of uncertainty" (p. 45).
Khandwalla (1976/1977)	"The entrepreneurial [management] style is characterized by bold, risky, aggressive decision-making" (p. 25, [ ] added).
Miller and Friesen (1982)	"The entrepreneurial model applies to firms that innovate boldly and regularly while taking considerable risks in their product-market strategies" (p. 5).
Miller (1983)	"An entrepreneurial firm is one that engages in product-market innovation, undertakes somewhat risky ventures, and is first to come up with 'proactive' innovations, beating competitors to the punch" (p. 771).
Morris and Paul (1987)	"An entrepreneurial firm is one with decision-making norms that emphasize proactive, innovative strategies that contain an element of risk" (p. 249).
Covin and Slevin (1998)	"Entrepreneurial firms are those in which the top managers have entrepreneurial management styles, as evidenced by the firms' strategic decisions and operating management philosophies. Non-entrepreneurial or conservative firms are those in which the top management style is decidedly risk-averse, non-innovative, and passive or reactive" (p. 218).
Merz and Sauber (1995)	". . . entrepreneurial orientation is defined as the firm's degree of *proactiveness* (aggressiveness) in its chosen product-market unit (PMU) and its willingness to *innovate* and create new offerings" (p. 554)
Lumpkin and Dess (1996)	"EO refers to the processes, practices, and decision-making activities that lead to new entry" as characterized by one, or more of the following dimensions: "a propensity to act autonomously, a willingness to innovate and take-risks, and a tendency to be aggressive toward competitors and proactive relative to marketplace opportunities" (pp. 136–137).
Zahra and Neubaum (1998)	EO is "the sum total of a firm's radical innovation, proactive strategic action, and risk taking activities that are manifested in support of projects with uncertain outcomes" (p. 124)
Voss, Voss, and Moorman (2005)	". . . we define EO as a firm-level disposition to engage in behaviors [reflecting risk-taking, innovativeness, proactiveness, autonomy, and competitive aggressiveness] that lead to change in the organization or marketplace" (p. 1134, [ ] added).
Avlonitis and Salavou (2007)	"EO constitutes an organizational phenomenon that reflects a managerial capability by which firms embark on proactive and aggressive initiatives to alter the competitive scene to their advantage" (p. 567).
Cools and Van den Broeck (2007/2008	"Entrepreneurial orientation (EO) refers to the top management's strategy in relation to innovativeness, proactiveness, and risk taking" (p. 27).
Pearce, Fritz, and Davis (2010)	"An EO is conceptualized as a set of distinct but related behaviours that have the qualities of innovativeness, proactiveness, competitive aggressiveness, risk taking, and autonomy" (p. 219).

Source: Covin & Wales (2012)

2.3 Entrepreneurial Orientation Constructs

EO is entrepreneurial firm level behaviour directing and influencing how the business will be carried, what opportunities will be exploited, how and which markets will the business compete in and how it will win to ensure sustainable growth (Altinay et al., 2015; Lonial & Carter, 2015; Lumpkin & Dess, 1996). EO steers the business direction and how the business is conducted to identify customer and market trends to seize business opportunities by creating products and services meeting customer needs (Lonial & Carter, 2015; Lumpkin & Dess, 1996; Zhao et al., 2011). Given the continuous change and complexity in business environment, the firm ability to adapt its entrepreneurial behaviours and strategies are important firm level capabilities to achieve sustainable performance and competitive advantage (Semrau et al., 2016).

 Miller (1983) initially formulated EO constructs as consisting on innovativeness, proactiveness and risk taking as important attributes of entrepreneurial firms which were further supported and enhanced by Covin & Slevin (1989) work on small firms operating in hostile environments as important strategic entrepreneurial postures that enabled firm performance. Lumpkin & Dess (1996) added further two constructs of competitive aggressiveness and autonomy to the initial three constructs, where autonomy refers to freedom granted to individuals within the firm to make decisions, take initiatives in furtherance of firm's objectives by pursuing business opportunities and seeing them to completion without business constraints in decision making. Competitive aggressiveness refers to firms posture to engage in competitive behaviours with competition when entering new markets or to increase market share, basically a firm behavioural attribute about how it deals with competition in the market (Lumpkin & Dess, 1996). However the development of EO has focused and build on three constructs and they have been accepted as collective constructs embodying EO, most scholarly work on EO has progress with these constructs (Baker & Sinkula, 2009; Wales, 2016). This study will adopt the initial three constructs as dimensions of EO in line with previous studies where EO is about how the firm conducts its business exhibiting innovativeness, risk taking and proactive behaviours in pursuing business opportunities (Rauch et al., 2009; Wiklund & Shepherd, 2005).

2.3.1 Innovativeness

Innovativeness refers to firm support of and generation of new ideas, commitment to experimentation, challenging status quo, engaging in creative process redesign and

engineering leading to new ways of doing business and new products and services and promoting experimentaion (D'Angelo & Presutti, 2019; Lumpkin & Dess, 1996; Miller, 1983, 2011). For innovativeness to be considered a capability, it is not enough to generate new ideas, to be innovative the ideas needs to implemented and turned to successful new products and services servicing market and meeting consumer needs (Fernández-Mesa & Alegre, 2015). Innovativeness behavior in firms will be evidenced by promotion and support of novelty and experimentation to create new products and services (Shan, Song, & Ju, 2016).

In today's business environment of continuous and rapid destruction, innovativeness posture is crucial if firm for firms to continuous value creation for all its stakeholder, this would be achieved where the firm challenges its existing products and services has the foresight creatively develop new products, enter new markets creating new demand in the process (Lumpkin & Dess, 1996). According to Rauch et al (2009) innovativeness in firms has become crucial due to rapid changes and unpredictability of consumer trends where firms have to develop products faster and reduce time to launch and go to market times. An innovative firm that has adopted and promotes culture of experimentation will fare well in such dynamic markets, enabling faster response times to respond to changing trends, develop products to fully exploit the business opportunities (Zhao et al., 2011).

The environment SME operates in necessitate the need for high innovative behaviour and practices in how way firm goes about its entrepreneurial activities, to remain competitive and sustainable the firm must constantly review and question its existing business, products and work process and not be afraid of or have inertia of creatively destroying what works currently and explore what might work in the future (Lonial & Carter, 2015). With high failure rates within SME's, an innovative entrepreneurial firm can avoid the failure fate of SME where most start small and eventually go out of business still small (D'Angelo & Presutti, 2019). An innovative firm is able to meet consumer needs ahead of competition thereby extracting gaining first mover market advantage which enables to achieve sustainable performance and maintain competitive advantage (Rauch et al., 2009). On same token an innovative firm might not be first to market however through innovation speed, an ability to sense what is happening in the market and adapting its products accordingly, the firm can come to market with much improved product or services which beats first movers products (Shan et al., 2016). Innovation speed refers to speed at which a firm can conceptualise a product based on recent consumer trends, develop, manufacture and launch it to market (Shan et al., 2016).

A firm's innovation speed is crucial capability in business environment where consumer trends are unpredictable. Innovativeness was found to increase innovation speed which leads to superior financial performance for firms that that can adapt with speed to changing market

conditions (Shan et al., 2016). Innovation speed enables the firm to be fast follower by being flexible and adaptable to changing business environment and taking products faster to market where the firm might not have been first mover. In periods where consumer demand might be short lived due to recent trend, a firm's ability to respond to such consumer demand spikes is crucial to capture consumer surplus. And SME by virtue of their size and less hierarchical structures they are better place to respond with agility and flexibility to changing market environment and innovate at faster pace than big conglomerates (Chan, Teoh, Yeow, & Pan, 2019).

The firms innovative behaviour reduces likelihood of failure and improves operational efficiencies and drives a resilient firm which agrees to findings of Covin & Slevin (1989) that firms in hostile environments adopts an entrepreneurial posture enabling sustainable performance. Due to uncertainty regarding success of innovative practices, SME with limited financial resources can be constrained to fund experimentation and research and development of new products, however Wiklund & Shepherd (2005) found that SME with high innovativeness are able to secure access to financial resources to fund their experimentation and development of new products. Innovativeness could be difference between success and failure for SME's, although there could be uncertainty around success of innovation behaviours however inability to innovate and keeping to status quo results in business failure and engaging in innovative practices has positive impact on firm performance (Leoncini, 2016). Regardless of innovation practice whether it fails or not, mere fact of firm having engaged in the practices it create rich dividend of internal organisational knowledge that firm can learn from and improve on in its future innovation practices, learning by failure (Leoncini, 2016).

2.3.2 Risk Taking

High entrepreneurial firms engage in activities or opportunities with unknown outcomes and invest their resources to exploit those opportunities (Altinay et al., 2015; Dada & Fogg, 2016; Dess, G & Lumpkin, 2005; Miller, 2011). The premise of EO is on entrepreneurial firms being risk takers with willingness and tolerance for investing and borrowing heavily to invest in uncertain projects (Lumpkin & Dess, 1996; Wales, 2016). However, due to their size and financial constraints Wang (2008), SME's may face challenges of making risk based decision regarding allocation of resources with unknown outcomes and due to burden they face in recovering from poor performance and financial losses (Lonial & Carter, 2015).

To prevent significant capital erosion and financial losses, firms must posses risk capabilities to identify, mitigate and manage risks to limit financial losses which an entrepreneurial firm is likely to possess (Brouthers et al., 2015). A firms ability to take on risk represents management attitude towards risk, which Anderson, Kreiser, Kuratko, Horsby, & Eshima, (2015) affirmed in splitting EO dimensions between firms behavioural and firm attitudes where risk taking was defined to be related to firms attitude to risk. Risk taking is inherent in entrepreneurial process and firms harbouring ambitions of achieving competitiveness and sustainable performance, a tolerance and willingness to take risks is needed as one of firms attributes (Covin & Lumpkin, 2011a; Miller, 2011). According to Miller (1983) entrepreneurial firms take on more risks than conservative firms and achieve higher performance because of their attitude to risk. Risk taking is important for firms to gain legitimacy when entering new markets local or international by committing significant resources to the venture where outcome is unknown to create competitive posture and advantage in the market (Brouthers et al., 2015).

2.3.3 Proactiveness

Proactiveness refers to entrepreneurial firm foresight thinking, ability to identify consumer trends, recognise changing consumer needs in the future and creating products and services to meet those needs ahead of the competition (Brouthers et al., 2015; Lumpkin & Dess, 1996; Miller, 1983, 2011). SME that are proactive they constantly search for new market which to enter and serve with new products (Brouthers et al., 2015; Rauch et al., 2009). Proactiveness does not mean that firm must always be the first to market, a firm can still be proactive by seizing new opportunities when they are not first to market by being fast follower and coming to market with more improved product or service that fully meets consumer needs (Shan et al., 2016). According to Shan et al, (2016) proactiveness is behavioral posture and attribute that describes how a firm will react to market opportunities, where consumer demand changes.

A proactive firm will be first to go to market with improved products and technologies responding to business environment and customer trends changes, acting in anticipation of emerging opportunities and fully leveraging the opportunities presented (Altinay et al., 2015; Wales, Gupta, & Mousa, 2013). Proactive SME's will constantly engage in environmental and market sensing, keeping track of market and consumer trends to create new products and solutions ahead of competition maintaining competitive advantage (Rauch et al., 2009; Wales et al., 2013). Proactive firms look to leveraging new technologies that solidify their competitive advantage, technologies to provide rich consumer and market insights and technologies enabling agility and speed in bringing products to market with speed (Lumpkin & Dess, 1996).

Given that SME's face liability of smallness and challenges to financial resources Brouthers et al, (2015), resources constraints Rauch et al, (2009) proactive SME's overcome these challenges by seeking partners to collaborate with to overcome their resource challenges by entering into strategic alliances when entering new markets Brouthers et al, (2015) and knowledge institutions (Dada & Fogg, 2016). By proactively engaging in strategic alliances that will give SME access to resources enabling it to enter new markets and gain legitimacy (Brouthers et al., 2015; Thanos, Dimitratos, & Sapouna, 2017). By collaboration with knowledge institutions, SMEs will gain access rich knowledge and research capabilities improving organisational knowledge and creating valuable knowledge for the SME (Dada & Fogg, 2016; OECD, 2017).

Proactive capability will enable SME to have foresight to leverage opportunities even when they not first to market and ability to recognise opportunities whose value is diminishing to proactively disinvest from those products and markets and swiftly responding to new consumer and market trends (Altinay et al., 2015; Shan et al., 2016). The proactiveness behaviour creates agility and flexibility in SME a crucial capability in dynamic business environment that SMEs operate it (Rauch et al., 2009).

The three dimensions of EO are the cornerstone of entrepreneurial firm which SME must possess to be called entrepreneurial. These behaviours guide SME in pursuit of business opportunities whether its entering new markets or solidifying existing markets. An SME possessing these competencies will achieve agility, flexibility, speed and resilience in pursuit of its entrepreneurial ventures, crucial for creating competitive advantage and sustainable performance (Lumpkin & Dess, 1996).

2.4   Entrepreneurial Orientation and SME Performance

EO influence on SME performance has received considerable attention from scholars to understand effect of firms entrepreneurial posture on performance and value creation (Shan et al., 2016; Wales, 2016). EO explains how firm engage in value creation when pursuing business opportunities Alegre & Chiva (2013) a basic tenant of entrepreneurship (Covin & Lumpkin, 2011). The three constructs of EO as firm level behaviours, practices, policies and attitudes represent entrepreneurial strategies adopted by firms in new market entry or exploiting existing markets (Wales, 2016). Entrepreneurial firms according to Lumpkin & Dess (1996) are adaptable to business environment and will seek to adopt new technologies to improve their exploitation of business opportunities and will have engage in experimentation with emerging technologies. By adopting new technologies it enables the SME to drive

operational and product efficiencies and improving their innovation speed and go to market (Shan et al., 2016).

Previous research has largely focused on large firms operating in developed economies with limited focus on emerging focus in emerging markets of EO effect on performance (Altinay et al., 2015; Gupta & Batra, 2015; Wales et al., 2013). The gap of studies in emerging markets creates an limitation of EO applicability since effect of EO on firm performance is context dependent to environment firm operates in (Covin & Lumpkin, 2011). Wales et al. (2013) empirical analysis of EO-performance relationship found that although there is scholarly consensus on EO positive effect on performance such is dependent on context which firms studied operated under. Studying EO performance effect in different contexts especially emerging markets enhances the knowledge of this relationship especially for SME since these markets have underdeveloped institutions, lack of supportive government policy and managerial skills at SME level (Gupta & Batra, 2015).

The EO with its dimensions of innovativeness, proactiveness and risk-taking has been found to be cornerstone of entrepreneurial firms as key strategies explaining value creation and sustainable performance (Covin & Slevin, 1989; Lumpkin & Dess, 1996; Miller, 1983). A firm with high EO behaviours will be more entrepreneurial and perform better than conservative firms which are low on innovativeness, risk-taking and proactiveness (Miller, 1983; Rauch et al., 2009; Wales, 2016). Rauch et al. (2009) meta-analysis study of EO influence on firm performance found strong evidence that EO has positive effect on performance, however conditions around how EO influences performance are still limited (Altinay et al., 2015; Brettel et al., 2015). Altinay et al. (2015) found EO had positive effect on financial performance measures of sales growth and market share but however not with employment growth. This supports Rauch et al. (2009), Wales (2016) metal analysis studies that firms which innovatively creates new products and services, are proactive to capitalise on market opportunities have risk-taking attitude generally perform better than conservative firms (Miller, 1983, 2011). However Altinay et al. (2015) negative finding of EO and employment growth is concern since SMEs are key to employment growth (OECD, 2017a). However Altinay et al. (2015) qualifies his findings due his study being performed in labour intensive industries that are cyclical and seasonal, where further the context of study is in secluded economy operating under international sanctions with no international trading partners limiting exporting opportunities.

Gupta & Batra, (2015) study found that Indian SME's reported performance benefit as result of higher EO in an emerging market economy with consistent economic growth. EO enables SME's to avoid inherent risk of SME firm size by making focused risk-based decision, being proactive and innovative in marketplace. Gupta & Batra, (2015) findings were in high

consumer demand growth environment which was significant moderator in the EO – Performance relationship. This positive performance relationship is supported by (Ipinnaiye et al., 2017) who found that favourable macroeconomic environment support SME performance. However, to leverage the favourable demand growth environment the firm must possess the EO dimensions of innovativeness, proactiveness and risk-taking to exploit the opportunities presented which entrepreneurial firm will have resources capabilities required (Lonial & Carter, 2015; Wiklund & Shepherd, 2005). Studying relationship under different context of low demand growth will strengthen EO construct on performance since according to Lumpkin & Dess (1996) the effect of EO on performance is dependent on operational context (Saeed, Yousafzai, & Engelen, 2014).

To prove universality of EO influence on performance (Semrau et al., 2016) studied EO – Performance relationship across seven countries with different national cultures. In their study they found the relationship was significant and strong in high performance cultures than low performance cultures. They attributed this to strong institutional support that exist in high performance culture society where entrepreneurial activities are highly promoted and supported by institutional power. Such institutional support is predominantly associated with developed matured societies (Zhao et al., 2011). Semrau et al. (2016) support need for favourable government support through favourable policies and institutions to foster prosperous SME ecosystem.

Research on EO – Performance has extended to SME International performance and evidence found firms with higher EO behaviours perform successfully in international markets and overcome the liability of newness and firm size constraint (Brouthers et al., 2015). Further this performance is strengthened when SME have strategic alliances in research and marketing (Brouthers et al., 2015) and building network capabilities to gain foreign market legitimacy (Karami & Tang, 2019). By participating in alliances, SME limit resource constraints and leverage the network capabilities of alliance partners. This provides rich insights for SME leaders and industrial policy makers for factors that can improve SME performance both in local and international markets. EO has been found to instrumental capability in firms entering export markets where through innovativeness and learning firms are able to improve performance (Fernández-Mesa & Alegre, 2015). Thus EO benefits SMEs performance in international markets through new entry and via exports (Brouthers et al., 2015; Fernández-Mesa & Alegre, 2015). Chang & Webster (2018) found that SMEs possessing high innovativeness see this as position of strength in entering international markets through exporting to achieve increased income from exporting.

An entrepreneurial firm through its proactiveness is arguable an agile firm, a critical capability for SME to remain competitively relevant in dynamic changing environment. An entrepreneurial firm proactiveness is its capability to scan the environment for business opportunities and challenges to respond with adapting its entrepreneurial strategic direction (Chan et al., 2019). Chan et al., (2019) in their case study of SME found that an entrepreneurial firm proactiveness attributed is an enable to responding to disruptive change enabling SME appropriate strategic response and staying competitive.

To answer call for more complimentary constructs on EO performance relationship, scholars have researched other strategic orientations like learning and market orientations to broaden knowledge on SME performance (Shan et al., 2016; Wiklund & Shepherd, 2005). Baker & Sinkula (2009) found that when EO is modelled with market orientation there is positive effect on SME performance. Further Wiklund & Shepherd (2005) in their longitudinal studies found that SMEs with higher EO can achieve sustainable performance despite facing access to capital constraints and operating in environmetn of low growth , a finding in line with Covin & Slevin (1989) that higher entrepreneurial posture positively effects performance in highly competitive and hostile environments. The finding of High EO overcoming access to capital SME limitation is important since most SME failure rate is attributed to access to capital. A high EO enables SME to be outwardly focussed always looking to discover business opportunities, experiementing with technology Lumpkin & Dess (1996) being innovative and proactive to achieve differentiation Wiklund & Shepherd (2005), such an entrepreneurial posture is bound to attract funding since careful analysis would have gone to opportunity identification.

With South African government push for SME growth to achieve NDP employment targets, public sector procurement present huge opportunities for entrepreneurial orientated SME's to enter this market and proactively grow their businesses performances. An SME with high EO will seek public sector opportunities and develop tendering opportunities leading to success in bidding for public sector opportunities (Reijonen, Tammi, & Saastamoinen, 2016).

2.5   Organisation Learning Capability

In a constantly changing business world, an entrepreneurial firm must constantly engage in information and knowledge acquisition in order to leverage the growth opportunities identified and to respond appropriately to challenges (Zhao et al., 2011). Learning capability is crucial for SME sustainable business performance, studies have found that SME that learn more from its business environment outperform the competition (Altinay et al., 2015; Baker & Sinkula,

2009; Harrison & Leitch, 2005). Learning ability enables SME's to be adaptable and flexible to changing business dynamics enabling the business to be resilient to business shocks (Smallbone, Deakins, Battisti, & Kitching, 2012). According to Altinay et al, (2015, p.879) "learning mechanisms established internally enable firms to question the status quo on regular basis and push for continuous improvement, leading to a more flexible and adaptable way of doing business". A firms learning capability is instrumental in fostering an innovativeness to enable experimentation for development of new products and services (Altinay et al., 2015; Leoncini, 2016). Such a capability will enable the firm to identify changing market and consumer trends and design products and services to leverage the emerging trends (Altinay et al., 2015). According to Covin & Lumpkin (2011) the ability of firm to learn and adapty to changing business environment is key strategic resource, learning adds to internal resource capability of the firm enabling it to achieve competitive advantage and sustainable performance (Barney, 1991; Wiklund & Shepherd, 2003).

Organisatonal learning refers to how organisation acquires, create and intergrate knowledge enabling it to respond changing business environment thereby improving its efficiency and better adaptation to changing consumer needs and market trends by creating new products and solutions (Jerez-Gomez, Cespedes-Lorente, & Valle-Cabrera, 2005; Lonial & Carter, 2015; Wang, 2008). A firms ability to learn enables firm to achieve sustainable performance and growth through continous renewal of its business actiivities. Jerez-Gomez et al., (2005) defined organisational learning " as the capability of organisation to process to create, acquire, transfer and integrate knowledge and to modify its behaviour to reflect new cognitive situation, with a view to improve performance" (p.716). This definition is consistent with literature on OL where it is conceptualised as "dynamic process of creating, acquiring and intergrating knowledge in an attempt to develop resources and capabilities that will enable the organisation to achieve better performance" (Sanzo, Santos, García, & Trespalacios, 2012, p702). The existence of learning capability and inclination for learning enables employees and business leaders to challenge the existing business activities when business environment changes and probe charting of new path to overcome challenges or leverage new opportunies presented by prevailing business environment (Baker & Sinkula, 2009).

The creation and integration of learning needs managerial committiment commitment to drive and creation of conjucive learning environment where experimentation and pushing boundaries are encouraged (Jerez-Gomez et al., 2005). Firms with embedded practices of creating and using knowledge are able to achieve sustainable competitive advantage since experimentation and innovation are embedded in how firm conducts its business (D'Angelo & Presutti, 2019). The firms ability to create, use and embedd learning and knowledge can be important internal resource capability that Barney (1991) referred to as resource based view

of firm which are rare, difficult to cope by competition and valuable to the firm. Such internal resources are crucial in firm creation of sustained competitive advantage. Continous learning is critial in preventing high failure rates within SMEs where they information about the environment opportunities and challenges is used to adjust business activities and strategies (Wang, 2008).

To realise the benefits of learning the firm must instil the learning values, this is created by management demonstration of commitment to learn, being open minded where status quo is constantly question status quo by experimentation to reinvent its business processes, products and services, and fostering shared vision where employees are working towards shared goal (Jerez-Gomez et al., 2005; Wang, 2008). Jerez-Gomez et al. (2005) used proposed this dimensions as a framework around how organisations can create a learning capability. Literature states that learning can happen thorugh experimental learning which occurs inside the firm through experimentation and is unique and distinct to the firm or through acquisition learning which occurs outsid the firm (Dada & Fogg, 2016; Zhao et al., 2011). SMEs can access external learning through collaboration with other business by forming strategic alliances (Brouthers et al., 2015) which are important for entry into new markets or through universtity engagements (Dada & Fogg, 2016). Such learning enables SMEs to have access to rich knowledge based resources which they otherwise might have had access to due their lack of resources brought about their size (Dada & Fogg, 2016).

2.6   Organisation Learning Capability and SME Performance

Premised on belief that firms that have higher learning capability will better learn business environment dynamics and better adapt to changing business environment by creating new products and services that are relevant to the market (Baker & Sinkula, 2009). As environoment change with new opportunities and challenges, learning capability enables entrepreneurial firms to identify trends in such environments and respond accordingly in their entrepreneurial pursuit , as such learning capability is crucial for sustainable performance and growth of SME (Altinay et al., 2015; D'Angelo & Presutti, 2019).

Zhao et al. (2011) found that learning derived from both experimental and acquisition learning positively impacted firm performance, however experimental learning had significant impact on performance since its internally generated and unique to the firm. This support the resource based view of internal resources creating competitive advantage (Barney, 1991). Dada & Fogg (2016) found that SMEs collaboration with universties increases their knowledge pool impacting positively the competitive nature of the firm. Learnig capability has been found

to contribute positively in SMEs venturing into export market enhancing its performance and overcoming size limitation and enabling SME to gain legitimacy in foreign markets (Fernández-Mesa & Alegre, 2015). Wiklund & Shepherd (2003) argued that firms ability to use internal knowledge resource will have impact on performance on performance if used accordingly, this is because SME's can acquire or generate knowledge but if not applied and used in business activities there will be no benefit accruing to the business.

Organisation learning capability with its focus on experimentation drives innovation and generation of new ideas through ongoing challenging of existing business activites and this has been found to have positivley influence firma performance (Alegre & Chiva, 2013). Due to changing business environments, SMEs possessing high learning capabilities are able to to achieve sustainable perfromance and that learning makes them more resilient and adaptable (Battisti et al., 2019). Learning improves firm perfomance through giving capability to understand market and consumer trends and responding accordingly, when learning is part of organisation internal resource skill set, sustained performance is enabled and achieved (Lonial & Carter, 2015). Karami & Tang (2019) found experiential learning mediated the EO peformance relationship for SMEs entering international markets, supportin view that learning enables firm to assess business environment and adopting its entrepreneurial strategies to respond accordingly (Wang, 2008).

2.7 EO and OLC SME Performance Relationship

According to (Covin & Lumpkin, 2011) looking at entrepreneurial orientation in isolation without organisation learning capability creates a gap in understanding how organisation creates and sustains sustainable growth and performance. The firm needs to build internal knowledge and learning capability to leverage entrepreneurial process and practices. Altinay et al. (2015) stated that learning capability is the missing link in the EO-Performance relationship and found that it is through learning capability that effects of EO on performance are maximised. Alegre & Chiva (2013) looked at combined effect of organisation learning capability and innovation and finding that OLC and Innovation should be improvement focus for business leaders to significantly influence the entrepreneurial orientation and performance relationship. Further study by (Altinay et al., 2015) supported this view and found positive relationship between entrepreneurial orientation and SME growth on variables of sales and market share.

Given the critic on EO that its influence on firm performance when looked at in isolation creates short positive performance (Lonial & Carter, 2015), scholar have explored the learning capability as construct that can create sustainable firm performance in a firm with high EO

(Altinay et al., 2015). Alegre & Chiva, (2013) found that OLC in entrepreneurial firm had significant influence on EO – performance relationship, Altinay et al. (2015) stated it is though OLC that an entrepreneurial firm creates sustainable EO – Performance relationship. Since an entrepreneurial firm has been found to actively seeking new opportunities proactively (Zhao et al., 2011), learning about environment enables SMEs to leverage identified opportunities better than firms lacking the learning capability resource (Altinay et al., 2015; Lonial & Carter, 2015). Learning gives SMEs ability to cope with change business environment by being adaptable and changing entrepreneurial strategies, a capability that Battisti et al., (2019) found creates resilience in SMEs.

EO and OLC have also been found to be positively related to SME performance success in international markets (D'Angelo & Presutti, 2019; Genc, Dayan, & Faruk, 2019). Wang (2008) argued that 'EO creates a fertile internal environment for organizational learning to take place. The more entrepreneurial a firm, the more learning-oriented it is, the more likely it instils values that promote commitment to learning, open-mindedness, and shared vision' (p.640). According to Baker & Sinkula (2009) EO is a learning construct due to need for entrepreneurial firms to learn more from dynamic environment to outperform competition by bringing to market products and services that meets changing consumer needs remain competitive and profitable.

To enhance EO-Performance literature, studies in developed have looked into learning capability as missing link in developing enabling a sustained EO effect on performance, Alegre & Chiva (2013) study found that learning capability and innovation had a significant positive effect on performance. According to Altinay et al. (2015) OLC enhances effect of EO on firm perfomance and growth positively by broadening knowledge and learning base of SMEs enabling it to fully leverage and exploit market opportunities presented by changing market and consumer trends. Further impact Wang (2008) study found that SMEs commitment to learning mediated EO-Performance relationship. Sanzo et al. (2012) study further confirmed the effect of learning in strengthenening SME performance .

2.8   Conclusion

The literature review confirmed the positive impact of EO on Performance and that EO continues to receive considerable research attention in explaining performance for SMEs. What is observed is that the EO – Performance relationship is context dependent and most

studies having been undertaken in developed economies with few in emerging economies context. Literature shows that entrepreneurial firm through their innovative, risk taking behaviours are geared to operate successfully in difficult contexts and would be able to adjust their entrepreneurial activities to respond to business challenges and opportunities. The high entrepreneurial SMEs were found to exhibit high commitment to learning to challenge the status quo, continuously evolve to remain competitive.

With literature stating that EO – Performance relationship is context dependent, literature reviewed shows that learning capability augments this relationship. Learning enables the firm to understand changes in business environment and through EO adapts its strategies accordingly exploit new opportunities. Literature reviewed further confirmed that EO is crucial for new market entry where SMEs with higher EO are able to enter markets either independently or through seeking alliance to overcome their size limitation.

However, literature reviewed confirmed that most studies in EO have largely been studied in developed economies with few studies undertaken in emerging markets. It is this research gap that this research gap that this study hopes to close by studying EO performance effect in South Africa emerging context and using learning capability as moderator to augment this relationship.

3. RESEARCH HYPOTHESES

3.1 Research questions and hypotheses

This study purpose was to investigate the relationship between entrepreneurial orientation and SME Performance and moderating role of learning capability on this relationship. In the previous chapter where literature was reviewed, it was found that studies in EO – Performance relationship have largely been done in developed economies and that this effect is context dependent. Despite EO generally found to have positive effect on performance, literature reviewed confirmed that this was not enough to create sustainable performance, other contextual performance drivers are called for in literature to extend the influence of hence the combination of EO and learning capability for this study in an emerging economy (Gupta & Batra, 2015).

The influence of EO on firm has been largely studied in large firms and developed economies creating a gap in understanding this effect in SMEs and in emerging economies (Parnell, 2013). Research into EO performance relationship have generally found a positive relationship in these developed economies (Rauch et al., 2009; Wales, 2016; Wales et al., 2013). Entrepreneurial SMEs proactively search for new opportunities and come up with new improved products and services beating competitors and achieve sustainable performance (Lumpkin & Dess, 1996; Miller, 2011). EO helps SMEs cope with challenging environments by adopting their entrepreneurial strategies to adapt to prevailing business environment (Covin & Slevin, 1989). Studies have found that EO behaviour and practices of innovativeness, proactiveness and risk taking are crucial in enabling firms to achieve sustainable performance and competitive advantage (Baker & Sinkula, 2009; Wales et al., 2013). EO has also been found to have positive effect on SMEs entry and growth into international markets improving business performance (D'Angelo & Presutti, 2019; Genc et al., 2019; Love & Roper, 2015).

Altinay et al. (2015) in their study of SMEs operating in North Cyprus a country isolated from international community found a positive relationship between EO and SME growth in market share and sales growth. However, their study did not find any relationship between EO and employment growth which contradicts the view of SMs being crucial for employment growth. Further Gupta & Batra (2015) studied the EO performance relationship in Indian SMEs where there was high demand and competitive intensity and found EO positively impacted the performance of SMEs. Given the arguments presented and low studies of EO in emerging markets the hypotheses for this study was stated as:

H1: There is positive relationship between EO and SME Performance

The literature reviewed found that firms learning capability are able to learn from latest market trends in business environment enabling proactive change of business strategies by developing new products and services to leverage new consumer trends (Baker & Sinkula, 2009). However for SMEs due to their size, they might lack resources to invest in learning acquisition which could limit their ability to acquire and integrate learning to business (Lonial & Carter, 2015). However Dada & Fogg (2016) found that entrepreneurial SMEs overcome this knowledge gap by partnering with universities to build knowledge base. Wang (2008) found that internally generated learning where firm placed emphasis on experimental learning had positive effect on SME performance. The argument of learning effect on performance is based on literature stating that firms with high learning capability are able to identify and leverage changing market and consumer trends (Altinay et al., 2015). In light of these arguments the following hypothesis is proposed:

There is consensus in EO literature positively influences performance however this influence does not enable sustainable performance (Wang, 2008).   According to Covin & Lumpkin (2011) the effect of EO on sustainable performance is context dependent on the business environment the firm operates in and there is need to understand more contextual factors that can strengthen this relationship (Gupta & Batra, 2015; Wales et al., 2013).

H2: There is positive relationship between organisational learning capability and SME Performance.

There is consensus in EO literature positively influences performance however this influence does not enable sustainable performance (Wang, 2008), however relying only on EO is not sufficient to understand SMEs performance (Fernández-Mesa & Alegre, 2015). According to Covin & Lumpkin (2011) the effect of EO on sustainable performance is context dependent on the business environment the firm operates in and there is need to understand more contextual factors that can strengthen this relationship (Gupta & Batra, 2015; Wales et al., 2013). Recognising the gap in EO performance relationship, scholars have investigated the role of organisational learning in strengthening this relationship (Altinay et al., 2015; Dada & Fogg, 2016). Altinay et al. (2015) found that its through organisational learning capability that firms maximises the effect of EO on SME performance supporting the view that firms should not only adopt EO to improve performance, leaning capability must be combined with EO to enable superior performance (Lonial & Carter, 2015). Dada & Fogg (2016) found that where EO and university engagements are adopted by organisation to improve its knowledge acquisition, organisational learning is maximised which benefits SME performance. Further the role of learning in influencing EO performance realation was found to be positive when

SME enter international markets (Karami & Tang, 2019). We argue that learning capability will moderate the relationship between EO and SME performance and propose the hypotheses:

H3: There is positive relationship between EO and Organisational Learning Capability

H4: Organisational learning capability moderates the relationship between EO and SME Performance

3.2   Conclusion

The arguments presented in literature review were used to formulate the research hypotheses above. The research hypotheses were conceptualised as per the below research theoretical model which was tested to understand the hypothesised theoretical relatioships.

Figure 1: Hypothesised theoretical relationships
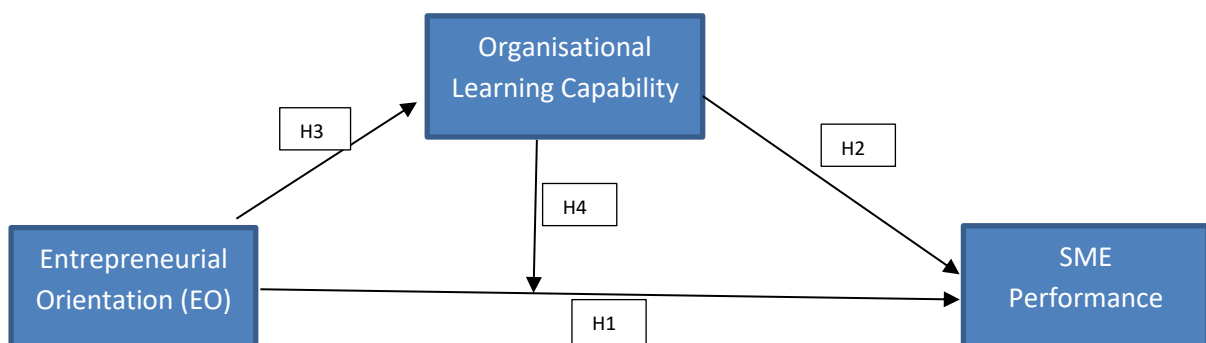
4. RESEARCH METHODOLOGY

4.1 Introduction

The purpose of the study was to understand the role of EO and learning capability on SME performance and moderating role of learning capability on EO – Performance relationship. The research philosophy adopted for the study was positivism due to need to understand the variables of EO, learning capability on SME Performance. This chapter outlines research design and methodologies that were followed to enable answering the research questions and meeting research objectives.

4.2 Research methodology and design

According to (Saunders & Lewis, 2012) research approach can take form of either induction or deduction approach where deduction involves testing of hypotheses that are designed specifically for the study which are based on theory, whereas induction refers to developing new theory from data collected for the study (Saunders & Lewis, 2012). This study adopted deductive approach where hypotheses based on existing theory were formulated and tested. The research study tested the relationships between EO and OLC on SME performance and the moderating role of OLC on EO – SME performance relationship.

The suitable research design for the study was a survey which is structured data collection from chosen population and data collection via means of survey questionnaire (Saunders & Lewis 2012). The survey questionnaire was appropriate since it enabled data collection from large respondents based on similar structured questions, statistical analyses to test research questions, eliminated researcher biases, cost effective manner of collecting data from large population and safeguarded participants confidentiality (Saunders & Lewis 2012). The questionnaire was electronically sent to respondents via emails with internet links and self-administered where respondents completed the questions (Saunders & Lewis 2012). The research design was suitable for this study since the research questions being tested were predefined and standardised. The research participants were owners or leaders of SMEs whose time was precious and limited, hence sending the survey electronically enabled them to participate at their earliest convenience and possible improved chances of obtaining completed surveys.

Saunders & Lewis (2012) distinguishes between three types of research studies, namely explanatory, descriptive and exploratory studies. The exploratory study is used to obtain new insights for the research question or when research question are not based on existing theory. Exploratory studies are used if researcher is interested in developing new theory or explaining

the research problem in new way, descriptive studies provide accurate reflection and responses to the research problem and explanatory studies are intended to explain relationships between variables to explain particular events (Saunders & Lewis, 2012). Descriptive and explanatory studies are associated with quantitative studies since they utilise quantitative data to make statistical inferences (Saunders & Lewis, 2012). The purpose of this study was in understanding relationships between EO and SME performance and moderating role of OLC on EO – SME performance relationship using statistical analyses, hence a quantitative explanatory study was deemed appropriate (Saunders & Lewis, 2012). The benefits of explanatory study are on providing statistical correlations, relationships and predictability between the variables when testing the hypotheses (Saunders & Lewis, 2012).

There are three research which can be used to conduct research studies, namely qualitative, quantitative and mixed methods (Saunders & Lewis, 2012). A quantitative approach was chosen to statistically analyse data collected from survey questionnaires (Yilmaz, 2013). This approach was deemed appropriate to explain the hypothesized relationships and to statistically tests for significance of moderators and whether they result in positive or negative outcomes since numerical data was collected enabling statistical tests to be performed (Yilmaz, 2013). The EO effect on performance has been widely studied where quantitative methods had been adopted to test the relationship (Wales et al., 2013).

Saunders and Lewis (2012) provides for two research dimensions being cross –sectional and longitudinal. Cross sectional involves studying research phenomenon at a particular point in time, where data is collected at a particular time and never repeated again, whereas longitudinal studies study or follow research problem over extended period of time (Saunders & Lewis, 2012). The data was collected from respondents once and never repeated at that particular response date. The surveys were electronically sent to respondents for completion and submitting back to researcher automatically. The statistical tests performed were intended to evaluate test the hypothesised theoretical model by deductive reasoning (Saunders & Lewis, 2012)

4.3   Population

The population of interest to the research study were the SMEs operating in South Africa. In South Africa according to definition of SME per Government Gazette, SME's are business employing between 1 and 250 employees with annual turnover up to R250 million depending on industry SMEs operates in and businesses employing up to 10 employees are considered micro enterprises (Government Gazette, 2019). For this study only business meeting the SME

definition will form part of the population. The Small Enterprise Development Agency (SEDA) an agency under Department of Small Business Development in South Africa was used to locate the target population of SME owners. The researcher hoped SEDA would have large number of SMEs due its importance in fostering and supporting entrepreneurship within SMEs to in support of the countries National Development Plan. The sourcing of population from SEDA office was in line with previous DSBD (2017) research agenda into SME performance in South Africa which sourced data from SEDA population. There appears to be no definite population of SME in South Africa evidenced from STATSSA (2018) quarterly labour surveys where number of SMEs is approximated due to challenges in obtaining the absolute number from central database (Small Enterprise Development Agency, 2019). Considering these challenges the SEDA listing was determined to be appropriate place where population for research purposes can be obtained since the agency primary focus is on SME, it was noted that not all SMEs could be members of the agency which posed a research limitation.

4.4   Unit of analysis

The unit of analysis were each qualifying SME operating in South Africa surveyed for the purposes of the study. Since SMEs are a juristic person and unable to answer research survey, the CEO of business or director with knowledge of business performance and strategies adopted in pursuit of entrepreneurial activity were the targeted as individuals who completed the research survey. There was no preference to industry or sector that SME operated in which could have reduced the number of respondents.

4.5   Sampling method and size

Sampling enables researcher to answer research questions by obtaining responses to research survey from the population subgroup (Saunders & Lewis, 2012). Sampling a subset of population was undertaken due to impracticability of obtaining research responses from the entire population, cost and time limitations. The researcher could not establish a complete population listing hence the sampling frame was not established, which ruled out probability sampling (Saunders & Lewis, 2012). Accordingly, non-probability sampling was adopted for the research study due to lack of sampling frame which is sampling method used when the researcher does not have complete population listing (Saunders & Lewis, 2012).

The researcher adopted a purposive non probability sampling where judgement was used to select SEDA where research respondents were sought. The researched believed that SEDA

was appropriate place to obtain responses since the agency is tasked with fostering and promotion of SMEs in South Africa. Due to confidentiality clauses between SEDA and SMEs in its database, the researcher was not furnished with contact details of SMEs. To overcome this challenge, the consent letter was received from SEDA which enabled researcher to send research survey link to SEDA Johannesburg offices who in turn forwarded the link to SMEs in their branch. The consent letter granted researcher to administer survey to SME base within SEDA, since relationship had been established with Johannesburg office, that is branch office that was used to further send survey link to other branch offices in the country.

Due to the lack of sampling frame, there was no preference of SMEs industry focus. The surveys were administered to all SME in the database who operated across industry sectors which would enable generalisability of findings from the sample and increase response rates (Saunders & Lewis, 2012). To enable a larger sample, the email to respondents were requested to forward survey to SMEs in their networks which could have been suppliers or partners who met the SME qualifying criteria, this snowball method was adopted as secondary sampling technique (Saunders & Lewis, 2012). The researcher deemed this appropriate due to lack of sampling frame and to increase research survey respondents. The advantage of snowballing method was hope to be increase research survey responses since the respondents would share the survey with like-minded SME owners (Zikmund, Babin, Carr, & Griffin, 2013).

To enable generalisability of the findings, it was crucial that sufficient representative sample was established. However as stated the researcher was unable to obtain this due to SEDA SMEs confidentiality agreements, the researchers surveys were forwarded to SMEs via SEDA. To enable statistical tests to be performed on the data collected Ho (2006) recommended at least 10 respondents per each variable question. This research received a total of 33 responses from the respondents who participated, which was in line with responses received in SME research agenda commissioned by DSBD (2017) which received 45 responses from 420 sent online surveys. The low response rate and gave researcher gave researcher fear of lack of statistical power and generalisability of results (Combs, 2010). However, Combs (2010) warned that researchers should focus less on achieving statistical significances and focus more in ensuring researching studies have theoretical grounding and are of value to manager who are expected to put research into practice. Combs (2010) went further to mention that small samples could be enough for research undertaken where there was high construct validity. The study was based on proven theoretical bases and achieved high construct validity overcoming the low response rate statistical challenge.

4.6   Measurement instrument

A survey questionnaire was used to collected data from the sampled respondents electronically using survey monkey data collection tool. The respondents were SME Owners and Directors of the business, since they are in leadership roles of the SME and considered better placed to provide reliable feedback on the questionnaire. The first part of the survey served as introduction to and purpose of the study, provided researcher and supervisors details and respondents were required to give consent declaration as indication of voluntarily participating the study. The next part of survey required respondents to complete demographic information about the SME selecting, number of employees, annual turnover, industry or sector operating in, number of years in business and number of founders which enabled researcher to determine if respondents meet the SME qualifying criteria.

The sections that followed required respondents to respond to questions on EO, OLC and Firm Performance. The EO measure was initially developed by (Miller, 1983) who introduced the EO construct as having an influence on performance and the measure was subsequently enriched by (Covin & Slevin, 1989). The construct has been widely used in previous studies (D'Angelo & Presutti, 2019; Altinay et al., 2015; Gupta & Batra, 2015), proving its validity and reliability. The OLC measure was adopted from (D'Angelo & Presutti, 2019; Jerez-Gomez et al., 2005) which measured learning capability focused on knowledge creation which includes dimensions of experimentation, managerial commitment, knowledge transfer and integration (Altinay et al., 2015; D'Angelo & Presutti, 2019). The EO and OLC constructs were measured on seven point Likert scale as follows, a scale that has been adopted by previous studies (Altinay et al., 2015; Gupta & Batra, 2015; Shan et al., 2016):

Table 2: EO & OLC 7-point Likert Scale

1	Strongly Disagree
2	Disagree
3	Somewhat Disagree
4	Neutral
5	Somewhat Agree
6	Agree
7	Strongly Agree

Due to research constraint where SMEs financial performance are not publicly available and need to achieve confidentiality, the financial performance was measured by asking respondents to rate their performance in comparison to their closest competition as previously

adopted by (Wiklund & Shepherd, 2003). The comparison with competition was used to test how SMEs financial competitiveness in the market (Shan et al., 2016; Wiklund & Shepherd, 2003). Previous studies have called for holistic performance measurement beyond financial measures in recognition of performance being multidimensional construct (Gupta & Batra, 2015; Wiklund & Shepherd, 2003). SMEs were requested to rate their business performance on 5-point Likert scale from 1 – much lower to 5-much higher (Wiklund & Shepherd, 2003). The 5-point Likert scale was as follows:

Table 3: Performance 5- point Likert Scale

1	Much Lower
2	Lower
3	Similar
4	Higher
5	Much Higher

The questionnaire was designed to obtain information from respondents to enable researcher to answer on research question and meet research objectives. The questionnaire was broken into three sections, the demographics sought questions from respondents that would assist researcher to determine if the businesses met the SME definition as gazetted by (DSBD, 2019). The demographics questions asked respondents to provide information on number of employees they employed, annual turnover, industry operating in, number of years in business and number of founding members.

The EO questions sought to gain information from respondents on their innovativeness, risk taking and proactiveness (Covin & Slevin, 1989; Miller, 1983, 2011).   The study adopted the Miller. The EO measurement was initially developed by Miller, (1983) and later enriched by Covin & Slevin, (1989), this measurement scale has come be know as Miller/Covin & Slevin (1989) and has been widely adopted by researchers in field of EO (D'Angelo & Presutti, 2019; Gupta & Batra, 2015; Rauch et al., 2009; Wiklund & Shepherd, 2003). The Miller/Covin & Slevin (1989) measures EO using the cored dimensions of innovativeness, risk taking and proactiveness which are considered key for entrepreneurial firms (Wales, 2016).   The questions used for the research study were adopted from D'Angelo & Presutti, (2019) who used the Miller/Covin & Slevin scale in testing EO for SMEs performance in international markets.   In total six questions were asked to respondents, three questions measure innovativeness where question like " we promote new innovative products, our company known as innovator, we provide leadership in new product development" measured innovativeness, risk taking measured by two questions asking respondents how their invest

in risky projects and risk tolerance and proactiveness had one qeustion asking how business exploit market changes ahead of the competition (D'Angelo & Presutti, 2019).

The OLC was measured by asking respondents questions on how creation and integration of knowledge in the organisation. Organisation with higher learning capability encourages experimentation and continuously learn from their decision making and take learnings from experimentations where desired outcomes are not achieved (Leoncini, 2016). Wang (2008) stated that organisation with higher learning capability are better geared to adapt and are flexible to changing market dynamics enabling it to leverage changing consumer trends and needs. Jerez-Gomez et al. (2005) proposed OLC measurement to test managerial commitment to learning, experimentation and how knowledge is acquired integrated and transferred amongst organisation members. The OLC questions were adopted from D'Angelo & Presutti (2019) who used Jerez-Gomez et al. (2005) proposed measurement.

The constructs were used to test the nature of the hypothesised theoretical model. The research questionnaire is provided in **Annexure 1.**

4.7   Data gathering process

The data was collected via research questionnaire designed in 4.6 above, questionnaires are generally accepted means of data collection (Saunders & Lewis, 2012). According to Saunders & Lewis (2012) the questionaire enabled researcher to ask respondents the same questions in a structured manner and it was circulated via web links sing Survey Monkey data collection tool. Since structured questionaired was used, the data was collected as that particular point in in time and was never repeated making it cross-sectional study (Saunders & Lewis, 2012). The data was collected via these structured questionnaires only.

The benefit of collecting data via structured questionnaires was the ability to ability to reach wider respondents and speed by which responses can be received, due to research time limitations and cost implication this was most effective method to collect the data (Saunders & Lewis, 2012; Zikmund et al., 2013). For the onlne survey web link to reach respondents, the copy of link was sent to SEDA who in turn forwarded to their clients. Due to SEDA client confidentiality agreements, the researcher was not furnished with SMEs contact details and relied solely on what SEDA had sent out.

To ensure questionaire provided content validity enabling the researcher to answer research questions, the questionnaire were designed and adopted from empirical studies that had

tested the construct being measured before, this also achieved construct validity since questions used were used by previous researchers (Saunders & Lewis, 2012).

4.8   Data Analysis Approach

The research questionnaires enabled collection of data in numeric format using Likert ratings scales which enabled researcher to run statistical tests on the data (Saunders & Lewis, 2012). The data was extracted from Survey Monkey and exported to Microsoft Excel to summarise before being downloaded to Statistical Package for Social Sciences (SPSS).   The hypothesised theoretical model contained variables and constructs which needed to be tested by data collected.

To ensure data collected enabled answering research questions, the data was exported from Survey Monkey in its original format. The data was cleaned up to ensure responses to each question were in same column enabling ease of identification, this was done for all questions in survey including demographic questions. The responses that had used Likert scales to collect data , for example "strongly disagree" were replaced by (1) and "strongly agree" were replaced by (7), the same was done for performance responses where "much lower" responses were replaced by (1) and "much higher" replaced by (5) aligning to the tables on measurement instrument section above.

The questions that measured respondents EO, OLC and Performance responses were combined, and mean scores calculated to describe the central tendency of the responses to understand how respondents had answered the questions (Wegner, 2016). Once the data was cleaned and all responses in one column per question, the data was uploaded into SPSS for further statistical tests. Frequency tables were generated to determine nature of SMEs by turnover, number of employees and industry to understand if the data was skewed toward similar SME demographic.

4.9   Quality control – Data validity and Reliability

Since the data collected is considered relatives small, 33 responses were obtained it became important to ensure validity of construct being measured (Combs, 2010). The questions for each construct were discussed in 4.6 above, to identify the relationships between variables in each construct correlation matrix was calculated in SPSS.   The data collected was too small to perform exploratory factor analysis since only 33 respondents had responded to the

research, this number was less than generally accepted minimum of 50 (de Winter, Dodou, & Wieringa, 2009).

To establish data reliability, Cronbach's Alpha test were performed on questions measuring the EO, OLC and Performance constructs. The tests were performed to measure internal reliability of the questions for each instrument to confirm their consistency and that they are measuring the same thing (Saunders & Lewis, 2012). According to Hair, Black, Babin, & Anderson (2014) Cronbach Alpha values below 0,60 are considered unacceptable and this is limit that was adopted for the study.

4.10   Descriptive Statistical Analyses

At completion of confirming the validity and reliability of the data constructs in SPSS, descriptive statistics were performed on the data. Descriptive statistics provided static broad overview of variables data collected representing where majority of the data lie (Wegner, 2016). The mean scores were used to understand the central tendency of responses per variable question, being the average of all respondents responses (Wegner, 2016). The descriptive statistics provided the lowest scored being minimum response, the maximum score for highest response, mean score which was central tendency and standard deviation measuring how dispersed from the mean the responses were (Wegner, 2016).

4.11   Analysis of mean differences across sub groups

The mean differences between SME groups were compared per each construct to understand if there were any statistical differences. The subgroups of interest were the number of employees employed and annual turnover, these were of interest since the categories define the type of SME as either small, micro or medium enterprise as defined by Department of Small Business Development. Since there were two or more groups being compared, analysis of variance (ANOVA) were performed in SPSS on mean differences between the groups to test for homogeneity of variances. From this p-value greater than 0.05 indicated homogeneity of variances and p-value less than 0.05   indicated that variances are not equal at 95% confidence interval (Wegner, 2016). The test enabled assessment of statistical significance of mean differences when looking at t-test for equality of means produced by Anova, in this test p-value less than 0.05 indicates statistical significant differences between sub-groups (Wegner, 2016).

4.12 Testing relationships between the constructs

Pearson r correlation tests were performed on the constructs to assess the nature and strength of the relationships of the variables being measured (Wegner, 2016). This was appropriate since the data collected being analysed was numeric and measured at interval scale suing Liikert rating scales. Person r coefficient values closer to +1 indicate strong positive relationship between variables being measured, whereas values closer to -1 indicate strong negative relationship between the variables (Wegner, 2016).

4.13 Hypotheses testing

The hypotheses formulated in chapter 3 sought to understand the nature of the relationship between EO – Performance, OCL- Performance and EO – OLC amongst SMEs in South Africa. Research in developed economies had found largely positive relationship between EO and Performance but gap identified had been lack of similar studies in emerging economies (Altinay et al., 2015; V. Gupta & Batra, 2015; Rauch et al., 2009; Wales, 2016). To answer the research hypotheses, linear regression analyses were performed on the variables to understand its impact on the dependent variables.

The last hypotheses sought to understand the moderating effect of OLC on the EO – Performance relationship, which was done via multiple regression analyses to predict performance effect using where more than one variable was used (Wegner, 2016)

4.14 Limitations of the Research Study

The cross-sectional nature of the study where responses were collected at point in time and self-administered by respondents poses limitation since the answers might be dependent on respondent state of mind at moment of completing survey and respondents might not properly apply himself to answering the questions with reasonably accuracy. Further the cross-sectional nature poses limitation in that the EO and OLC constructs are strategic orientations which might take few years to realise benefits if company recently went on transformation journey, and being quantitative in nature limits the respondent to structured questions posed by the researcher which leaves out crucial business insights that can be obtainable from qualitative study, which (Miller, 2011) suggested that for these reason stated for EO and OLC performance relationship to mature researchers must consider more qualitative studies.

The size of sample respondents posed significant limitation to the study which could prevent the findings from being generalisable. The researcher had obtained SMEs via SEDA and due to confidential agreements between SEDA and SMEs the researcher could not obtain sampling frame. The follow ups email were sent to SEDA in attempt to increase the sample size which never materialised. According to Zikmund et al. (2013) low sample size could still be representative of the population and Combs (2010) warned researchers to ensure construct validity and for research to be based on theoretical bases where sample sizes are smaller. This research was based on proven EO and OLC theories and questions used were adopted from literature and are acceptable measurement scales to measure the constructs being researched.

5. RESEARCH RESULTS

5.1 Introduction

This chapter outlines the findings from statistical analyses performed on the data gathered from the research respondents. The results analyses are broken into sections containing overview of demographic representations of the sample, measurement of construct validity and reliability and finally the test results of the hypothesised theoretical relationship.

The researcher did not have obtain sampling frame as mentioned in chapter 4 hence the survey response rate could not be established. The research survey was sent to respondents via SEDA offices. At completion of survey period 33 responses were received which 31 were fully completed and 2 were missing full completion of the performance variables.

5.2 Demographics representation of the sample

The sample consisted of SME business owners operating in South Africa across all industries and sectors. For the respondent to qualify as valid participants they were required to answer questions regarding the number of employees employed and annual turnovers as per new SME definition in South Africa as gazetted by Department of Small Business Development. Of the 33 responses received, 21 (63.6%) employed up to 10 employees, 8 (24.2%) employed between 11 and 50 employees and 4 (12.1%) employed between 11 and 250 employees. According to DSBD definition the maximum number of employees SMEs can employees is up to 250. Figure 1 shows graphical presentation of employees employed by SME

Figure 1: Percentage of respondents by number of employees employed
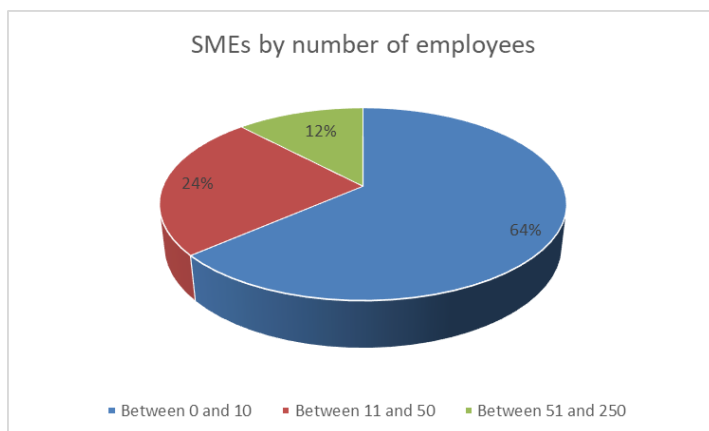
In terms of breakdown of respondents by annual turnover, 21 (64%) reported turnover up to R5 million, 8 (24) reported turnover between R5 million and R50 million, 1 (3%) had turnover between R50 million and R100 million and 3 (9%) reported turnover over R100 million. Figure 2 shows graphical presentation of respondents by annual turnover.

Figure 2: SMEs by Annual Turnover
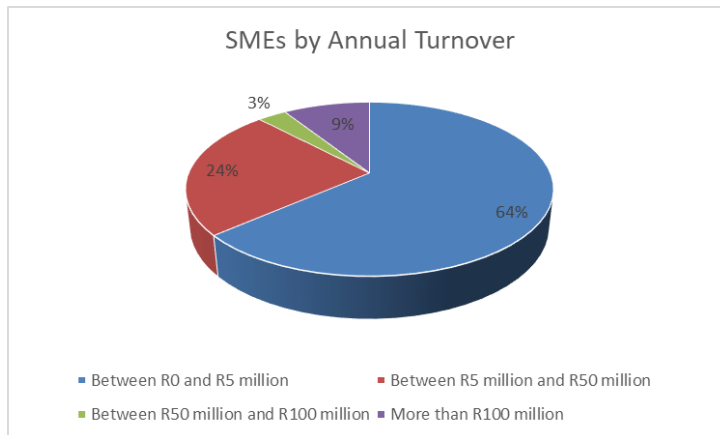
Although the sample was smaller, the respondents operated in different industries which helped the researcher obtain diversity of data by industry. The financial, business services consulting and manufacturing had the contributed the most responses equally with 9 (27%) coming from this sector whereas mining and hospital both contributed 1 (3%) responses each. Table 2 below provides distribution of responses by industry.

Table 4: Respondents by Industry

Industry	Frequency	Percent
Agriculture	1	3%
Community, social and personal services	3	9%
Construction	3	9%
Financial Business Services and Consulting	9	27%
Hospitality	1	3%
Information Communications and Technology	3	9%
Manufacturing	9	27%
Mining and Quarrying	1	3%
Retail, motor trade and repair services	2	6%
Transport and storage services	1	3%
Total	33	100%

A further demographic of interest was number of years the SME had been in business, this was important since in SME literature its stated most business start small and die small with high failures. The respondents to the survey indicated they had been in business for at least 2 years which comprised 85% of the responses, with 3 (9%) of these reporting being in business between 20 – 49 years.

Table 5: Number of years in business

Years in Business	Frequency	Percent
0 - 1 years	5	15%
2 - 3 years	8	24%
4 - 5 years	1	3%
6 - 10 years	12	36%
11 - 19 years	4	12%
20 - 49 years	3	9%
Total	33	100%

In terms of the founding members demographic most SMEs were founded by one member which comprised of 22 (67%), members between two and five comprised 11 (33%) of the responses.

Table 6: Number of founding members

Members	Frequency	Percent
1 member	22	67%
2 - 5 members	11	33%
Total	33	100%

5.3   Construct validity

Due to sample size limitation referred to in chapter 4, exploratory factor analysis could not be performed on the data since it was below the required minimum of 50 for exploratory factor analysis (de Winter et al., 2009). To ensure questions within each questionnaire were valid and measuring the same variable, Pearson's correlation tests were performed to confirm nature and strength of correlation whether strong or weak and whether this correlation was statistically significant (Wegner, 2016). The correlation coefficient lies between -1 and +1, a value closer to 1 indicating strong positive correlation whereas a value closer to -1 is indicative of negative strong correlation and p-value less than 0.05 indicate statistical significance of the

correlation (Wegner, 2016). The construct mean was calculated by averaging the responses of each question making up the construct and these were further aggregated to obtain the combined mean score of the construct. The combined construct mean was then compared to each question mean to confirm the nature of correlation and statistical significance. Where the respondents did not complete all the questions, that respondent was excluded from number of respondents for that question.

Tables 7,8,9 shows results of results of correlation between constructs and questions measuring that construction. The results showed strong positive correlation which meant construct questions were valid and measuring the same variable.

Table 7: EO validity

		Our company is known as an innovator among businesses in our industry	We promote new, innovative products/services in our company	Our company provides leadership in developing new products/services	Top managers of our company, in general, tend to invest in high-risk projects	This company shows a great deal of tolerance for high risk projects	We seek to exploit anticipated changes in our target market ahead of our rivals	EO
Our company is known as an innovator among businesses in our industry	Pearson Correlation	1	.696**	.458**	0.178	0.273	-0.033	.690**
	Sig. (2-tailed)		0.000	0.007	0.322	0.130	0.856	0.000
	N	33	32	33	33	32	33	33
We promote new, innovative products/services in our company	Pearson Correlation	.696**	1	.478**	0.126	0.234	0.026	.672**
	Sig. (2-tailed)	0.000		0.006	0.493	0.205	0.888	0.000
	N	32	32	32	32	31	32	32
Our company provides leadership in developing new products/services	Pearson Correlation	.458**	.478**	1	0.166	0.060	-0.122	.534**
	Sig. (2-tailed)	0.007	0.006		0.355	0.745	0.498	0.001
	N	33	32	33	33	32	33	33
Top managers of our company, in general, tend to invest in high-risk projects	Pearson Correlation	0.178	0.126	0.166	1	.750**	0.338	.696**
	Sig. (2-tailed)	0.322	0.493	0.355		0.000	0.054	0.000
	N	33	32	33	33	32	33	33
This company shows a great deal of tolerance for high risk projects	Pearson Correlation	0.273	0.234	0.060	.750**	1	.507**	.747**
	Sig. (2-tailed)	0.130	0.205	0.745	0.000		0.003	0.000
	N	32	31	32	32	32	32	32
We seek to exploit anticipated changes in our target market ahead of our rivals	Pearson Correlation	-0.033	0.026	-0.122	0.338	.507**	1	.425*
	Sig. (2-tailed)	0.856	0.888	0.498	0.054	0.003		0.014
	N	33	32	33	33	32	33	33
EO	Pearson Correlation	.690**	.672**	.534**	.696**	.747**	.425*	1
	Sig. (2-tailed)	0.000	0.000	0.001	0.000	0.000	0.014	
	N	33	32	33	33	32	33	33

Table 8: OLC validity

		We view our organization's ability to learn as the key to our competitive advantage	We promote experimentation and innovation as a way of improving the work processes, products and services	There is total agreement on our organizational vision across all levels, functions, and divisions	All employees are committed to the goals of this organization	We continually judge the quality of our decisions and activities taken over time	We repeatedly emphasize the importance of knowledge sharing in our company
We view our organization's ability to learn as the key to our competitive advantage	Pearson Correlation	1	.421[*]	.444[**]	.531[**]	.498[**]	0.302
	Sig. (2-tailed)		0.015	0.010	0.001	0.003	0.088
	N	33	33	33	33	33	33
We promote experimentation and innovation as a way of improving the work processes, products and services	Pearson Correlation	.421[*]	1	.419[*]	.577[**]	.674[**]	.515[**]
	Sig. (2-tailed)	0.015		0.015	0.000	0.000	0.002
	N	33	33	33	33	33	33
There is total agreement on our organizational vision across all levels, functions, and divisions	Pearson Correlation	.444[**]	.419[*]	1	.766[**]	.755[**]	.530[**]
	Sig. (2-tailed)	0.010	0.015		0.000	0.000	0.002
	N	33	33	33	33	33	33
All employees are committed to the goals of this organization	Pearson Correlation	.531[**]	.577[**]	.766[**]	1	.718[**]	.558[**]
	Sig. (2-tailed)	0.001	0.000	0.000		0.000	0.001
	N	33	33	33	33	33	33
We continually judge the quality of our decisions and activities taken over time	Pearson Correlation	.498[**]	.674[**]	.755[**]	.718[**]	1	.612[**]
	Sig. (2-tailed)	0.003	0.000	0.000	0.000		0.000
	N	33	33	33	33	33	33
We repeatedly emphasize the importance of knowledge sharing in our company	Pearson Correlation	0.302	.515[**]	.530[**]	.558[**]	.612[**]	1
	Sig. (2-tailed)	0.088	0.002	0.002	0.001	0.000	
	N	33	33	33	33	33	33
OLC	Pearson Correlation	.669[**]	.747[**]	.841[**]	.885[**]	.894[**]	.718[**]
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	0.000	0.000
	N	33	33	33	33	33	33

Table 9: Performance validity

		Sales and Revenue Growth	Employment Growth	Profit growth	New product or service innovation	New technology adoption	Customer satisfaction
Sales and Revenue Growth	Pearson Correlation	1	.682[**]	.716[**]	0.204	0.341	0.294
	Sig. (2-tailed)		0.000	0.000	0.271	0.061	0.109
	N	31	31	31	31	31	31
Employment Growth	Pearson Correlation	.682[**]	1	.704[**]	0.306	.596[**]	.615[**]
	Sig. (2-tailed)	0.000		0.000	0.094	0.000	0.000
	N	31	31	31	31	31	31
Profit growth	Pearson Correlation	.716[**]	.704[**]	1	.366[*]	.483[**]	.535[**]
	Sig. (2-tailed)	0.000	0.000		0.043	0.006	0.002
	N	31	31	32	31	31	31
New product or service innovation	Pearson Correlation	0.204	0.306	.366[*]	1	.448[*]	.410[*]
	Sig. (2-tailed)	0.271	0.094	0.043		0.012	0.022
	N	31	31	31	31	31	31
New technology adoption	Pearson Correlation	0.341	.596[**]	.483[**]	.448[*]	1	.397[*]
	Sig. (2-tailed)	0.061	0.000	0.006	0.012		0.027
	N	31	31	31	31	31	31
Customer satisfaction	Pearson Correlation	0.294	.615[**]	.535[**]	.410[*]	.397[*]	1
	Sig. (2-tailed)	0.109	0.000	0.002	0.022	0.027	
	N	31	31	31	31	31	31
Performance	Pearson Correlation	.722[**]	.875[**]	.852[**]	.605[**]	.726[**]	.719[**]
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	0.000	0.000
	N	31	31	32	31	31	31

5.4 Measurement instrument reliability results

The Crobach's alpha tests were performed on the variables to test for reliability of the measurement instrument to ensure reliable questions were used to test the hypotheses. This study adopted Cronbach's alpha of 0.60 as measure of reliability of testing instruments (Hair et al., 2014).

5.4.1 EO Cronbach alpha results

Reliability results for EO reliability show acceptable Cronbach alpha of 0.715 measure with six questions. Table 10 showed results that when deleting item relation to proactiveness measured with ability to exploit anticipated changes ahead of rivals, Cronbach alpha would improve to 0.733 and scale mean reduced to 25.90. The higher Cronbach alpha indicated suitability of questions items in measuring the construct. The question items have previously been used in prior research where they returned high Cronbach alpha results without any item being removed (D'Angelo & Presutti, 2019).

Table 10: EO Reliability

Cronbach's Alpha	N of Items				
0.715	6				
Item-Total Statistics					
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Our company is known as an innovator among businesses in our industry	26.32	24.159	0.522	0.535	0.652
We promote new, innovative products/services in our company	26.10	25.424	0.489	0.527	0.663
Our company provides leadership in developing new products/services	26.10	27.957	0.358	0.303	0.702
Top managers of our company, in general, tend to invest in high-risk projects	27.10	23.824	0.483	0.585	0.666
This company shows a great deal of tolerance for high risk projects	26.71	24.280	0.614	0.667	0.626
We seek to exploit anticipated changes in our target market ahead of our rivals	25.90	30.424	0.226	0.274	0.733

5.4.2 OLC Cronbach alpha results

The reliability results for OLC construct with six items was high at 0.882 and deleting any question items would not improve Cronbach Alpha. All the question items were thus appropriate in measuring the construct. Table 11 shows the Cronbach alpha results.

Table 11: OLC Reliability

Cronbach's Alpha	N of Items				
0.882	6				
Item-Total Statistics					
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
We view our organization's ability to learn as the key to our competitive advantage	30.73	11.955	0.535	0.320	0.885
We promote experimentation and innovation as a way of improving the work processes, products and services	30.91	11.398	0.634	0.542	0.870
There is total agreement on our organizational vision across all levels, functions, and divisions	31.12	9.985	0.739	0.709	0.854
All employees are committed to the goals of this organization	31.00	9.813	0.812	0.693	0.839
We continually judge the quality of our decisions and activities taken over time	30.94	10.559	0.840	0.743	0.837
We repeatedly emphasize the importance of knowledge sharing in our company	30.61	12.121	0.619	0.423	0.873

5.4.3 Performance Cronbach alpha results

The Cronbach alpha results for performance construct measured with six items was high at 0.845, however if new product or service innovation is removed, the Cronbach alpha improves to 0.855. This question was removed in measuring the construct, with new Cronbach alpha measured with five constructs improving to 0.8555.

Table 12: Performance Cronbach alpha results

Cronbach's Alpha	N of Items				
0.845	6				
Item-Total Statistics					
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Sales and Revenue Growth	18.13	13.316	0.591	0.638	0.826
Employment Growth	18.16	11.406	0.791	0.729	0.783
Profit growth	18.23	12.247	0.761	0.658	0.792
New product or service innovation	17.71	14.146	0.433	0.291	0.855
New technology adoption	17.90	13.290	0.595	0.454	0.825
Customer satisfaction	17.45	13.456	0.592	0.507	0.826

5.5 Descriptive statistical results

The descriptive statistics were calculated to get understanding of respondent's responses per question item and averaged for the construct. The descriptive test score for each question was calculated as average of all participants responses to that question and these calculated mean scores were further averaged to obtain descriptive score for the construct. Questions

which were not fully answered were excluded from the descriptive score. The number of responses per question item is denoted by "N".

5.5.1   EO Descriptive statistical test scores

The EO construct was measured using six question that requested respondents to rate their entrepreneurial practices and behaviours in terms of risk taking, proactiveness and innovativeness. The questions were measured on 7-point Likert scale ranging from 1 – Strongly Disagree to 7 – Strongly Agree. The mean score for EO was 5.28 with standard deviation of 0.96, meaning on average the respondent tended to somewhat agree or agree with statement on their EO practices on innovativeness, risk taking and proactiveness.

Table 13: EO Descriptive statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Our company is known as an innovator among businesses in our industry	33	1	7	5.30	1.630
We promote new, innovative products/services in our company	32	1	7	5.56	1.523
Our company provides leadership in developing new products/services	33	1	7	5.52	1.417
Top managers of our company, in general, tend to invest in high-risk projects	33	1	7	4.58	1.751
This company shows a great deal of tolerance for high risk projects	32	1	7	5.00	1.503
We seek to exploit anticipated changes in our target market ahead of our rivals	33	1	7	5.73	1.329
EO	33	2.67	7	5.28	0.96
Valid N (listwise)	31				

The frequency distribution of responses to EO construct is shown graphically in Figure 3. The majority of respondents responded positively to entrepreneurial practices and behaviours in their firms where most were in range of somewhat agree to strongly agree. Only one respondent responded negatively to EO question items.

Figure 3: EO Histogram
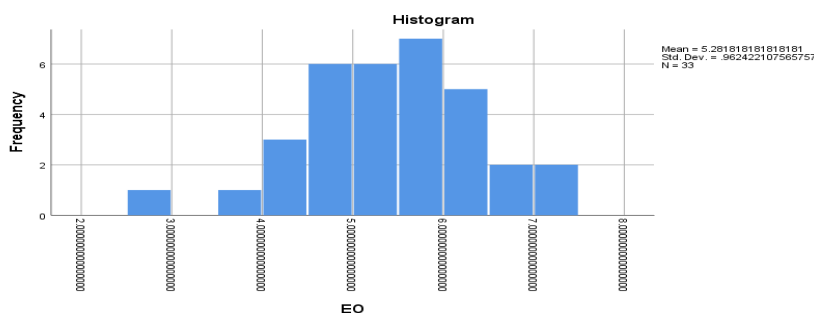
5.5.2 OLC Descriptive statistical test scores

The OLC construct was measure with six items on 7-point Likert scale ranging from 1 – Strongly Disagree to 7 – Strongly Agree. The mean score for EO was 6.18 with standard deviation of 0.65. Figure 4 shows distribution of response for OLC where respondents responded affirmatively to the construct resulting with Histogram weighted to right.

Table 14: OLC Descriptive statistics

	N	Minimum	Maximum	Mean	Std. Deviation
We view our organization's ability to learn as the key to our competitive advantage	33	4	7	6.33	0.777
We promote experimentation and innovation as a way of improving the work processes, products and services	33	4	7	6.15	0.795
There is total agreement on our organizational vision across all levels, functions, and divisions	33	3	7	5.94	0.966
All employees are committed to the goals of this organization	33	4	7	6.06	0.933
We continually judge the quality of our decisions and activities taken over time	33	4	7	6.12	0.781
We repeatedly emphasize the importance of knowledge sharing in our company	33	5	7	6.45	0.666
OLC	33	4.67	7.00	6.18	0.65
Valid N (listwise)	33				

Figure 4: OLC Histogram
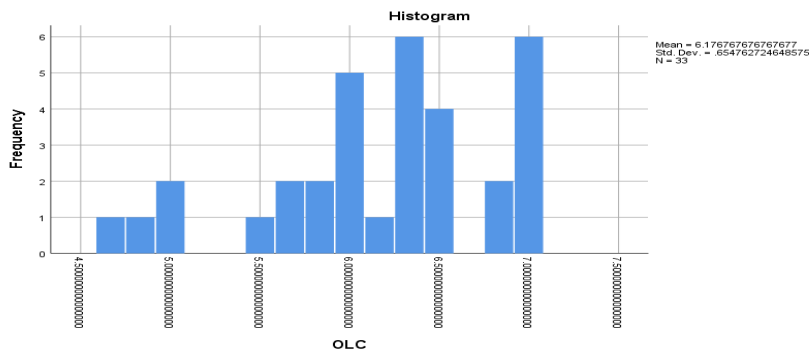
5.5.3 Performance Descriptive statistical tests scores

The performance variable was measured six question items on 5-point Likert scale from 1 – much lower to 5 – much higher where respondents had to rate their business performance in comparison to their competition. The overall mean score was 3.54 with standard deviation of 0.75 meaning respondents tended to rate their performance as similar to higher than that of competition. The respondents scored highly on customer satisfaction question with mean score of 4,06 and standard deviation of 0,892.

Table 12: Performance Descriptive statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Sales and Revenue Growth	31	1	5	3.39	0.919
Employment Growth	31	1	5	3.35	1.050
Profit growth	32	1	5	3.25	0.950
New product or service innovation	31	2	5	3.81	0.946
New technology adoption	31	2	5	3.61	0.919
Customer satisfaction	31	1	5	4.06	0.892
Performance	32	2.00	5.00	3.54	0.75
Valid N (listwise)	31				

Figure 5: Performance Histogram
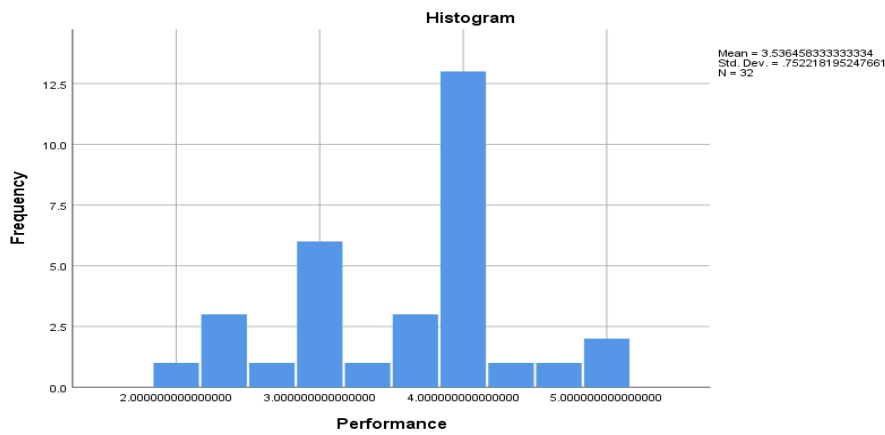
5.6 Comparison of construct mean scores within groups

The SME definition and segmentation by number of employees and annual turnover was used to create the demography that would be tested for mean differences in order to understand the differences between these groups in terms of constructs being measured.

5.6.1 Comparing mean scores by number of employees employed

Analysis of variances (ANOVA) tests were performed to compare mean scores in the number of employees employed group. ANOVA tests were suitable since there were more than two sub-groups in the data category. Table 15 presents ANOVA results performed which showed there were no significant difference between groups on the constructs measured since the p-value was greater than 0.05 at 95% confidence interval (Wegner, 2016).

Table 15: Analysis of variance – number of employees

Descriptives		N	Mean	Std. Deviation		
EO	Between 0 and 10	21	5.3619	0.8913		
	Between 11 and 50	8	5.3167	0.9355		
	Between 51 and 250	4	4.7917	1.4743		
	Total	33	5.2818	0.9624		
OLC	Between 0 and 10	21	6.2381	0.6823		
	Between 11 and 50	8	6.1042	0.7234		
	Between 51 and 250	4	6.0000	0.4082		
	Total	33	6.1768	0.6548		
Performance	Between 0 and 10	20	3.4583	0.8900		
	Between 11 and 50	8	3.5833	0.5270		
	Between 51 and 250	4	3.8333	0.1361		
	Total	32	3.5365	0.7522		
ANOVA		Sum of Squares	df	Mean Square	F	Sig.
EO	Between Groups	1.105	2	0.553	0.581	0.565
	Within Groups	28.535	30	0.951		
	Total	29.640	32			
OLC	Between Groups	0.246	2	0.123	0.274	0.762
	Within Groups	13.473	30	0.449		
	Total	13.719	32			
Performance	Between Groups	0.492	2	0.246	0.419	0.662
	Within Groups	17.049	29	0.588		
	Total	17.541	31			

5.6.2   Comparing mean scores by annual turnover

Analysis of variances (ANOVA) tests were performed to compare mean scores in the number of employees employed group. ANOVA tests were suitable since there were more than two sub-groups in the data category. Table 14 presents ANOVA results performed which showed there were no significant difference between groups on EO and Performance constructs measured since the p-value was greater than 0.05 at 95% confidence interval, however there were significant difference on OLC construct with p-value of 0.041 which was less than 0.05 at 95% confidence level (Wegner, 2016).

To understand if the differences in OLC construct were statistically significant required perform of Post Hoc analysis in SPSS which could not be performed due one of sub-groups having fewer than two cases. In Table 14 below this was the group who reported annual turnover between R50 million and R100 million which only had one respondent which gave error in SPSS.

Table 16: Analysis of variance – annual turnover

Descriptives		N	Mean	Std. Deviation		
EO	Between R0 and R5 million	21	5.3714	0.9458		
	Between R5 million and R50 million	8	4.8333	1.0838		
	Between R50 million and R100 million	1	6.3333			
	More than R100 million	3	5.5000	0.5000		
	Total	33	5.2818	0.9624		
OLC	Between R0 and R5 million	21	6.3492	0.6099		
	Between R5 million and R50 million	8	6.0208	0.6071		
	Between R50 million and R100 million	1	4.6667			
	More than R100 million	3	5.8889	0.4194		
	Total	33	6.1768	0.6548		
Performance	Between R0 and R5 million	20	3.4250	0.8991		
	Between R5 million and R50 million	8	3.6250	0.4058		
	Between R50 million and R100 million	1	4.1667			
	More than R100 million	3	3.8333	0.1667		
	Total	32	3.5365	0.7522		

ANOVA		Sum of Squares	df	Mean Square	F	Sig.
EO	Between Groups	3.026	3	1.009	1.099	0.365
	Within Groups	26.614	29	0.918		
	Total	29.640	32			
OLC	Between Groups	3.348	3	1.116	3.121	0.041
	Within Groups	10.371	29	0.358		
	Total	13.719	32			
Performance	Between Groups	0.973	3	0.324	0.548	0.654
	Within Groups	16.568	28	0.592		
	Total	17.541	31			

5.7   Relationship between the constructs

To establish relationship between the constructs, correlation tests were performed to establish the nature and strength of the relationships. Only responses which were completed in full were included in the correlation tests as depicted by "N" in Table 15 showing EO and OLC question items were fully completed whereas Performance was not completed by one respondent.

Table 17: Constructs correlation

		EO	OLC	Performance
EO	Pearson Correlation	1	.379*	0.339
	Sig. (2-tailed)		0.030	0.057
	N	33	33	32
OLC	Pearson Correlation	.379*	1	0.053
	Sig. (2-tailed)	0.030		0.773
	N	33	33	32
Performance	Pearson Correlation	0.339	0.053	1
	Sig. (2-tailed)	0.057	0.773	
	N	32	32	32
*. Correlation is significant at the 0.05 level (2-tailed).				

A positive correlation between all the constructs was found, the relationship between EO and OLC was moderate at 0.379 which was same for EO – Performance relationship at 0.339. A weak positive correlation was found between OLC – Performance relationship at 0.053. A significant correlation was found between EO and OLC with p-value less 0.05 at 95% confidence interval. This significant relationship suggested that SMEs that are entrepreneurial will continuously embark acquiring and integrating learning and knowledge in their entrepreneurial practices.

5.8   Results of hypotheses tests

The hypotheses were tested by performing regression analysis on the construct at 95% confidence interval. The regression analysis was suitable to determine effects of EO and OLC in prediction of SME performance. Multiple regression analysis was performed to understand the effect of OLC on the EO – Performance relationship. This section presents results for each hypotheses test performed.

H1: There is positive relationship between EO and SME Performance

To test the relationship between EO and SME Performance, linear regression analysis was performed to test if EO significantly predicted SME performance. Table 16 presents the linear regression results which found that EO moderately predicted performance with correlation coefficient R of 0.339 and p-value of 0.057 is above 0.05 indicating that EO is not significant predictor of performance. This suggests other variables must be added to EO – Performance relationship for EO to have significant relationship on performance.

The hypothesis was found to be true, EO has positive moderate relationship with performance as depicted by R of 0.339 and performance linear prediction model for the relationship was

found to be: Performance = 2.106 +0.269EO. The R square in the model results showed that EO predicted 11.5% of performance variability, with adjusted R square of 8.6%.

Table 18: Hypotheses 1 linear regression results

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.339[a]	0.115	0.086	0.7193
a. Predictors: (Constant), EO				

ANOVA[a]					
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	2.020	1	2.020	3.904	.057[b]
Residual	15.521	30	0.517		
Total	17.541	31			
a. Dependent Variable: Performance					
b. Predictors: (Constant), EO					

Coefficients[a]					
	Unstandardized Coefficients		Standardized Coefficients		
Model	B	Std. Error	Beta	t	Sig.
1 (Constant)	2.106	0.735		2.864	0.008
EO	0.269	0.136	0.339	1.976	0.057
a. Dependent Variable:					

H2: There is positive relationship between organisational learning capability and SME Performance.

To test the relationship between OLC and SME Performance, linear regression analysis was performed to test if OLC significantly predicted SME performance. Table 17 presents the linear regression results which found that OLC had a weak positive moderation predictive effect on performance outcomes of SME with correlation coefficient R of 0.053 with R square of 0.003 suggesting that OLC explained on 0.3% of performance variability.

The regression was found to insignificant with p-value of 0.773. The linear performance regression model was thus found to be: Performance = 3.143 + 0.063OLC. The hypotheses was accepted since there was positive moderate relationship between OLC and performance, however this relationship was not significant predictor of performance.

Table 19: Hypotheses 2 linear regression results

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.053[a]	0.003	-0.030	0.7636
a. Predictors: (Constant), OLC				

ANOVA[a]					
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	0.049	1	0.049	0.085	.773[b]
Residual	17.491	30	0.583		
Total	17.541	31			
a. Dependent Variable: Performance					
b. Predictors: (Constant), OLC					

Coefficients[a]					
	Unstandardized Coefficients		Standardized Coefficients		
Model	B	Std. Error	Beta	t	Sig.
1 (Constant)	3.143	1.360		2.311	0.028
OLC	0.063	0.218	0.053	0.291	0.773
a. Dependent Variable: Performance					

H3: There is positive relationship between EO and Organisational Learning Capability

Linear regression analysis was performed to test the relationship between EO and OLC. significantly predicted SME performance. Table 18 presents the linear regression results which found that moderate relationship between EO and OLC with R of 0.379.

Table 20: Hypotheses 3 linear regression results

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.379[a]	0.144	0.116	0.6157
a. Predictors: (Constant), EO				

ANOVA[a]					
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	1.969	1	1.969	5.195	.030[b]
Residual	11.750	31	0.379		
Total	13.719	32			
a. Dependent Variable: OLC					
b. Predictors: (Constant), EO					

Coefficients[a]							
	Unstandardized Coefficients		Standardized Coefficients			95.0% Confidence Interval for B	
Model	B	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound
1 (Constant)	4.815	0.607		7.936	0.000	3.578	6.053
EO	0.258	0.113	0.379	2.279	0.030	0.027	0.488

The significant regression was found with p-value of 0.030 which is less than 0.05 suggesting that EO is significant predictor of OLC. EO explained 14,4% of OLC variability in SMEs as

per Table 18 above. The regression equation was thus: OLC = 4.815 + 0.258EO. The higher the SMEs level of EO the more positive effect will that have on OLC.

H4: Organisational learning capability moderates the relationship between EO and SME Performance

The moderating effect of OLC on EO – Performance relationship was modelled with use of multiple linear regression. An insignificant regression was found with p-value of 0.159 which is greater than 0.05 at 95% confidence interval. The correlation was moderate with correlation coefficient of 0.345. The predicted performance equation was found to be equal to 2.501 – 0.078 OLC + 0.286 EO. The correlation coefficient of 0.345 suggests that EO and OLC are moderately correlated. The R Square of 0.119 suggests combination of EO and OLC predicts 11.9% of performance variability.

The results of hypotheses 1 indicated a moderation moderate relation between EO and Performance with R Square of 11.5%, when OLC is added to regression analysis this relationship was moderately improved with R square improving to 11.9% which was not found to be statistically significant. Although OLC moderated the relationship the moderation was found to weak.

Table 21: Hypotheses 4 multiple linear regression results

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	.345[a]	0.119	0.058	0.7300	
a. Predictors: (Constant), EO, OLC					

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.087	2	1.043	1.958	.159[b]
	Residual	15.454	29	0.533		
	Total	17.541	31			
a. Dependent Variable: Performance						
b. Predictors: (Constant), EO, OLC						

Coefficients[a]						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	2.501	1.341		1.865	0.072
	OLC	-0.078	0.220	-0.065	-0.355	0.726
	EO	0.286	0.146	0.361	1.955	0.060
a. Dependent Variable: Performance						

5.9   Conclusion

The findings made from statistical analyses on data received from respondents in summary revealed the following:

- A positive moderate relationship was found between EO and Performance suggesting SME with high EO practices will see positive effect on performance, EO predicted 11.5% of performance variability.
- OLC had a weak correlation with performance, predicting 0.3% of performance variability.
- EO had moderate relationship with OLC which was found to be statistically significant.
- OLC was found to moderate EO – Performance relationship however this was not statistically significant.

The findings in this chapter are discussed in the following chapter.

6. RESEARCH RESULTS DISCUSSION

6.1   Introduction

The data analysed in Chapter was obtained from SMEs operating in South Africa via SEDA who emailed research survey link to participants due to confidentiality agreements with their clients where the contact details of SMEs could not be shared with researcher. When the research survey link was closed, there were 33 responses received. The question items were all significantly completed barring one respondent who did not complete question items relating to performance construct.   The questionnaires were adopted form literature as mentioned in chapter 4. The questionnaires measuring the constructs were tested for internal reliability and validity to ensure to ensure they measured the constructs consistently and reliably which the statistical tests performed confirmed. The inferences made in this chapter are based on literature review as is applicable to research sample, the discussion in this chapter is based on statistical tests performed on the sample data.

This chapter will first discuss sample demographic results to understand composition of research participants and how they differed across the constructs and if there was any bias over one group with over representation in the sample. The demographics groups were compared to understand if there were statistically significant mean differences between them based on EO, OLC and Performance constructs which were defined in chapter two. After the demographic results discussion, the results of research hypotheses will be discussed.

The chapter concludes by summarising the hypothesised theoretical model and whether the research objectives and questions were answered.

6.2   Sample demographics discussion

The sample demographics enabled the researcher to understand the SME categories as defined by Department of Small Business Development, this classification is shown in **Annexure 2.** The SME were categorised by number of employees employed and by annual turnover. SMEs employing up to 10 employees are classified as micro, between 11 – 50 employees are small and between 51 – 250 employees classified as medium enterprises. The annual turnover ranges up to maximum of R250 million with different categories for each industry. The research study respondents were from all SME industries. The research survey link was shared by SEDA with SME business owners, at conclusion of data collection 33 completed responses were received which were fully completed for all constructs with exception of performance construct which was not completed by one respondent.

The demographics analysis revealed that 21 (64%) of respondents were micro SME, 8 (24%) were small and 4 (12%) being medium enterprise which showed sample had significant bias towards micro enterprises. In terms of annual turnover 21 (64%) of SME reported turnover up to R10 million whilst 3 (9%) reported turnover in excess of R100 million. This spread of SME led researcher to believe that sample was reasonable representation of the sample. The mean scores for measured constructs were compared for each demography group and no statistical differences were found. SMEs were also asked to provide information on the number of years they have been in business, to establish newness and 85% indicated they had been in business for at least 2 years with highest group at 36% reporting being in business between 6 to 10 years. This question sought to understand how sustainable the SME business has been over the years. The various industries had ample representation in the sample with financial, business services and manufacturing providing higher with 9 (27%) each. Manufacturing is important in fighting unemployment due its labour absorptive capacity which National Planning Commission (2009) has identified as crucial industry to provide jobs. Sustainable performance and growth in these industries is therefore important of development of the country which SME literature support that SME are crucial for economic growth and national competitiveness of the country (Ipinnaiye et al., 2017; OECD, 2017).

Although the sample was small, the measurement instrument was based on proven theoretical grounds and it was tested for validity and reliability which tests were positive which led researcher to believe that sample provided reasonably for the research study (Combs, 2010).

6.3   EO construct discussion

The results suggest that respondents evaluated their entrepreneurial practices and behaviours highly with mean score of 5.28 and standard deviation of 0.96. The EO was measured on 7-point Likert scale from 1 = strongly disagree to 7 = strongly agree. A mean score of 5.28 suggested that on average respondents tended to be in between somewhat agree and agree with the question constructs suggesting reasonable high entrepreneurial levels in SMEs. The question items tested innovativeness, risk taking and proactiveness in line with Miller (1983) conceptualisation of EO where he argued an entrepreneurial firm will embody these behaviours and practices where it will engage in product innovation, invest in risky projects and is proactively first to market with breakthrough innovative products and services. The validity of EO question items were confirmed by performing correlation test between question items and to the derived EO score. Significant correlations were found confirming the correlation of the items and suitability in measuring EO. Reliability was confirmed by Cronbach alpha test were above minimum 0.60 confirming reliability of the instrument.

The question relating to proactiveness, which asked about exploiting anticipated market changes ahead of the competition had highest mean score of 5.73 suggesting high proactive practices from SMEs measured. The risk-taking question item however had lowest mean score of 4.58 with std deviation of 1.751 suggesting that SME tended to be conservative and answered with neutral option in survey. The high standard deviation indicates that there were SMEs that rated highly their risk-taking practices. The conservatism in risk taking could be accepted due to SME limitation of financial resources which might prevent them from committing to risky projects due to difficulty in recovering from financial losses and constraints in raising new funding (Lonial & Carter, 2015). The mean score of tolerance to risk projects was 5.00 suggesting level of risk taking in the sampled SMEs and could be argued that firms in sample take more risks than conservative firms by committing resources to projects with uncertain outcomes (Miller, 2011). The two questions measuring risk taking supported risk-taking posture of the SMEs on average.

As reported above, the respondents mean score was high for proactiveness question item with mean score of 5.73, suggesting that SMEs sampled responded positively to market opportunities ahead of their market competition. This finding is consistent with literature which finds that proactive firms strive to be first to market with improved products and services, scan the business environment proactively in anticipation of opportunities and when presented fully leverage those opportunities to maintain and grow competitive advantage (Altinay et al., 2015; Rauch et al., 2009; Wales et al., 2013).

The three questions measuring innovativeness had combined mean over 5.00 suggesting the respondents rated their SMEs highly on innovative practice and behaviours. Innovativeness was measure by questions such as "our company is known as innovator in the industry, we promote new innovate products and services, we provide leadership in new product development". The high mean scores suggest that sampled SMEs are uncomfortable with status quo and will continuously challenge themselves to find new ways of doing business and promoting experimentation leading to new products and services (D'Angelo & Presutti, 2019; Lumpkin & Dess, 1996; Wales, 2016). High innovativeness score suggest SMEs are able to cope with changing business dynamics and better able to respond to changing consumer trends (Rauch et al., 2009). The high innovation scores and high response for development of new products might suggest SMEs sampled are fasts to reach to market changes being first to market (Shan et al., 2016).

Of the SMEs sampled at 85% had been in business for at least two years meaning their survival rates were higher which supports D'Angelo & Presutti (2019) argument that innovative SMEs avoid failure rate and have high probability of survival where they overcome the liability of smallness and newness.

The overall EO mean score suggested that sampled SMEs were entrepreneurial which was demonstrated by high scores in innovativeness, risk-taking and proactiveness. Studies suggests that all these dimensions must be present for firm to be considered entrepreneurial (Covin & Slevin, 1989; Miller, 2011; Rauch et al., 2009; Wales, 2016).

6.4   OLC construct discussion

The results of OLC construct measurement revealed that SMEs rated their learning capability highly with mean score of 6.18 suggesting that SMEs agreed with question items on learning capability. None of the respondents responded negatively to the measurement, suggestion that SMEs holds leaning and knowledge as key enabler of competitive advantage. Considering that sample consisted of participants from multiple industry, the finding was interesting that all SMEs valued leaning so highly. This finding of high OLC indicates that sampled SMEs are geared to learn and adapt to changing business environment (Baker & Sinkula, 2009).

The importance of OLC in enabling sustainable competitive advantage was found in literature review (Altinay et al., 2015; D'Angelo & Presutti, 2019; Wang, 2008). Sampled SMEs reported high score in promoting experimentation and new ideas which Alegre & Chiva (2013) found positively influenced firm performance. High OLC also indicative that SMEs sampled are adaptable and resilient to unfavourable market environments (Battisti et al., 2019).

Results from correlations between constructs found that OLC was significantly related to EO which supported Wang (2008) argument that 'EO creates a fertile internal environment for organizational learning to take place. The more entrepreneurial a firm, the more learning-oriented it is, the more likely it instils values that promote commitment to learning, open-mindedness, and shared vision' (p.640). The OLC question items measured commitment, openness and shared which the SME respondents scored with mean score above 6.00 indicating their agreement to the question items.

6.5   Performance construct discussion

Performance was a dependent variable in this research study. The researcher adopted view of Wiklund & Shepherd (2003) that performance is a multidimensional construct that needs to be viewed holistically beyond financial measures. Accordingly non-financial measures like new technology adoption, customer satisfaction, new product and service innovation, employment growth were added to traditional financial measures of sales, revenue and profit growth (Altinay et al., 2015; Wiklund & Shepherd, 2003). The researcher expected these variables to be influenced by entrepreneurial firms who due to their innovative nature challenges the status quo to come with new innovative products, will proactively adopt new technologies to get competitive edge over rivals and through understanding consumer trends will develop products that meets consumer needs (Lonial & Carter, 2015; Rauch et al., 2009; Wales, 2016).

The sampled SMEs were asked to evaluate their performance in comparison to their competition (Wiklund & Shepherd, 2003). The performance construct was measured with six items which returned a combined average mean score of 3.54 with standard deviation of 0.75 suggesting sampled SMEs rated their performance similar to higher than that of competition. However, on the financial measures of sales, revenue and profit growth the mean score averaged 3.32 suggesting that SMEs rated their performance similar to that of competition. This in line with Lumpkin & Dess (1996) that various internal and external factors influence firm performance (Gupta & Batra, 2015). Customer satisfaction received highest mean score with 4.06 meaning SMEs sampled viewed their customer focus higher than competition, this support literature that entrepreneurial firms proactively scans consumer trends and changes in need and innovatively strive to respond with innovative products to meet consumer needs (Lonial & Carter, 2015; Rauch et al., 2009). New product innovation and technology were also rated highly by respondents attesting to innovativeness and proactive nature of entrepreneurial firms (Miller, 1983).

6.6   Discussion of hypotheses tests results

The purpose of the research study was to understand the nature of relationship between EO and SME performance and the moderating role of OLC in this relationship. Accordingly, hypotheses were formulated to test these relationships and answer the research questions.

6.6.1 Relationship between EO and SME Performance

The research question that needed to be answered by the hypotheses was, what is the relationship between EO and SME performance. This question sought to understand if the positive relations that has been found in matured economies was applicable in emerging market economies.

Hypotheses 1: There is positive relationship between EO and SME Performance

The influence of EO on firm performance has received attention from scholars in explaining SME performance (Rauch et al., 2009; Shan et al., 2016). There is consensus in literature that EO positively influences firm performance (Altinay et al., 2015; Gupta & Batra, 2015; Rauch et al., 2009), however these studies have largely been done in matured economies leaving gap in developing economies (Gupta & Batra, 2015). This positive effect on performance is premises on fact that EO explains how firm pursues entrepreneurial opportunities to create value and achieve sustainable performance (Alegre & Chiva, 2013). A firm with high EO is found to be entrepreneurial and studies have found that entrepreneurial firm engage in innovativeness, proactive behaviours and assumes risk projects with unknows outcomes thus outperforming conservative firms (Lumpkin & Dess, 1996; Miller, 1983, 2011).

The effect of EO on performance has been found to be context dependent Gupta & Batra (2015) who found that EO has positive effect in Indian SMEs where there was high demand and competition. This finding in high demand environment supported Ipinnaiye et al. (2017) findings that macroeconomic environment determines SME performance in addition to firms internal entrepreneurial characteristics and behaviours as embodies by EO. In their meta-analytical study Rauch et al. (2009) found positive relationship between EO and performance with correlation coefficient of 0.242. EO enables the firm to adapt to complex environments through its innovative, risk taking and proactive behaviours (Covin & Slevin, 1989; Wales, 2016). Altinay et al. (2015) study found that EO has positive influence on sales and market growth for Northern Cyprus SMEs operation in economic operating under economic sanctions.

Hypotheses was built to test this relationship between EO and SME performance to research gap in EO literature which is found to have neglected emerging economies (Gupta & Batra, 2015). The results for hypotheses found that EO moderately predicted performance with correlation of 0.339 higher than that found by Rauch et al. (2009) meta analytical study. The p-value was 0.057 slightly above limit of 0.05 at 95% confidence level which would made prediction significance. The test results revealed that EO predicted 11.6% of performance variability. The positive EO effect on SME performance is in line with previous studies on this

relationship and importantly it provides findings from different context of emerging economy like South Africa.

6.6.2   Relationship between OLC and performance

The research question that needed to be answered by the hypotheses was, what is the relationship between OLC and SME performance. This question sought to understand if OLC had positive relationship with performance.

Hypotheses 2: There is positive relationship between organisational learning capability and SME Performance

These hypotheses was premised on belief that SMEs that are demonstrate high learning capability are able to learn from their environment and through their experimentation practices will provide new and improved products to leverage changing emerging opportunities (Lonial & Carter, 2015). Zhao et al. (2011) in his study of Chinese SMEs found that where firms engages in experimental learning it had positive effect on firm performance. Dada & Fogg, (2016) found that SMEs engaging in knowledge collaboration with knowledge institutions like universities reported positive effect on performance from knowledge generated.

Data analysis findings for this hypotheses found a weak positive correlation between OLC and performance with OLC prediction of performance variability insignificant at 0.3% although weak correlation the finding contradict Altinay et al. (2015) who found no relationship between OLC and SME performance growth. Zhao et al. (2011) found limited support for externally acquired learning in influencing firm performance, supporting Altinay et al. (2015) that relationship between learning and performance is not straightforward. Learning capability is built over time where its effects on performance are not easily realisable (Altinay et al., 2015). The existence of limited OLC impact on performance for this study could support moderating role of OLC on EO performance relationship which according to Wang (2008) provides favourable dividend for entrepreneurial firms to realise benefits of EO.

6.6.3   Moderating role of OLC on EO Performance relationship

The primary research objective was on understanding the nature of relationship between EO and Performance and if this relationship was moderated by OLC. This question was formulated following literature review that had identified learning capability as missing link in the EO performance relationship. This question necessitated answering if there was relationship between EO and OLC before multiple linear regression could be undertaken.

Hypotheses 3: There is positive relationship between EO and Organisational Learning Capability

Hypotheses 4: Organisational learning capability moderates the relationship between EO and SME Performance

The main purpose of this research was to understand the nature of relation between EO and Performance and the moderating role of OLC in this relationship. Studies had found that although EO has been found to have positive effect on performance (Rauch et al., 2009; Wales, 2016), however EO alone is not sufficient to explain sustainable performance (Covin & Lumpkin, 2011). Alegre & Chiva (2013; Altinay et al. (2015); Wang (2008) argued that learning capability is missing link in this relationship that will create sustained performance (Lonial & Carter, 2015). This supported formulation of hypotheses four to test moderating role of OLC on SME performance by performing multiple linear regression tests. Before the test could be performed, hypotheses three was formulated to test the nature of the relationship between EO and OLC.

The results of hypotheses three returned a positive moderate relationship between EO and OLC with correlation coefficient of 0.379 and the regression equation was found to be significant with p-value less than 0.05 which was 0.03. This finding is consistent with Wang (2008) who found learning mediated the EO – performance relationship who argued "EO creates a fertile internal environment for organizational learning to take place. The more entrepreneurial a firm, the more learning-oriented it is, the more likely it instils values that promote commitment to learning, open-mindedness, and shared vision" (p.640). Ability to learn from learn from business environment enhances firms EO practices to identify right opportunities and knowing which opportunities to divest from proactively. These finding are consistent with Dada & Fogg (2016) who found that EO had a positive impact on OLC which was significantly moderated by SME engagement with business ecosystems and universities in knowledge sharing.

Hypotheses four sought to add to literature where it has been argued that solely looking at EO to explain performance is not sufficient to explain firm performance (Lumpkin & Dess, 1996; Wiklund & Shepherd, 2005), the hypotheses was built to test arguments by Alegre & Chiva (2013; Altinay et al. (2015); Wang (2008) that learning capability is missing variable in explaining this performance relationship. To test the hypotheses multiple regression analysis was performed on the data and results showed that OLC marginally improved EO – performance relationship with correlations coefficient improving from 0.339 in hypotheses one on EO – performance relationship to 0.345 when OLC is added to equation. The adjusted R square also improved marginally from 11.5% to 11.9% meaning EO explained 11,5% of

performance variability when it was tested alone and when OLC was added to equation this improved to 11,9%. This moderation was positive but however not statistically significant since p-value was greater than 0.05 at 95% confidence level. The positive moderating effect of OLC on EO – performance relations contradicts the finding by Altinay et al. (2015) did not mediate the EO – performance relationship where performance was measure using sales and market share growth. Lonial & Carter (2015) also found EO and learning had significant effect on performance and sustainable performance is achieved where SMEs demonstrate both competencies and capabilities. The insignificant findings in this study could be due to low sample and external macroeconomic conditions in South Africa of low growth where business performance are under pressure (OECD, 2017), Ipinnaiye et al., (2017) argued that macroeconomic factors affected SME performance.

6.7   Summary of research findings

The research findings from data analysis revealed that there was a positive moderate relationship between EO and Performance. This confirmed literature finding of positive influence of EO on performance.

The relationship between OLC and performance was found to be positive but weak, this could be attributable to complex relationship between two variables where cause and effect is not easily identifiable.

A significant positive relationship was found between EO and OLC which supported findings from literature that OLC foster a fertile environment enabling OLC to thrive. Entrepreneurial firms are forward looking and leaning enables them to study the environment and respond accordingly.

OLC was found to moderate the EO performance relationship although this moderation was not significant. When OLC was added to the regression equation, the combined predictive effect of EO and OLC improved to 11.9% as evidenced by R squared from 11.5% when EO performance was tested independently. The low effect contrary could be attributable to macroeconomic variables since literature has confirmed that SME performance is dependent on internal and external variables, this study only looked at internal variables and omitted externalities which could have significant contribution to SME performance in this context.

7. CONCLUSION

7.1 Introduction

The purpose of this study was to understand the nature of the relationship between EO and SME performance and moderating role of learning capability in the context of South Africa an emerging economy. This relationship had been predominantly studied in matured economies and by studying the effect of constructs in emerging economy the researcher hoped to contribute to SME literature.

This chapter provides summary on research finding and conclusion on research questions. Whilst the research was going through literature on SME, it was evident the importance of thriving SME sector is to any economy. It is for this reason that National Development Plan has growing SME sector high on its priority list in contributing to economic growth and fighting unemployment in the country. Despite the importance of the sector, it was found in literature that SME faces many challenges due it size limitations, low balance sheets to attract funding, managerial resource constraints amongst others (Lonial & Carter, 2015). Entrepreneurial orientation is strategic construct that has received considerable attention to explain SME performance (Rauch et al., 2009; Wales, 2016). This construct drew researcher interest to apply in South African SME context, EO through its dimensions of innovativeness, risk taking and proactiveness are the primary behaviours of entrepreneurial firms which sets them apart from conservative firms enabling sustainable performance (Lumpkin & Dess, 1996; Miller, 2011)

When reviewing literature, although most scholars had found positive effect of EO on SME performance there was consensus that this not enough to achieve sustainable performance (Lumpkin & Dess, 1996; Wales, 2016). This drove researchers interest to seek more understanding of other contextual variables that can augment EO effect on performance. Altinay et al. (2015); Wang (2008) argued that learning and integration of knowledge are missing link in augmenting the EO performance relationship. This study followed that argument to understand in learning had moderating effect on EO performance relationship.

This led to the formulation of the research question as "what is nature of relationship between EO and Performance and if this relationship was moderated by OLC". This question led to hypotheses being formed that were used to answer the research questions. The hypotheses formulated were:

- Hypotheses 1: There is positive relationship between EO and SME Performance
- Hypotheses 2: There is positive relationship between organisational learning capability and SME Performance
- Hypotheses 3: There is positive relationship between EO and Organisational Learning Capability
- Hypotheses 4: Organisational learning capability moderates the relationship between EO and SME Performance

The researcher hoped these questions would answer the research question and make positive contribution to SME literature and sector in general by providing empirical evidence of constructs tested and their contribution in SME performance.

7.2   Principal findings

A positive moderate relationship was found between EO and SME performance, however contrary literature reviewed this relationship was not statistically significant. The mean scores for EO had shown that SMEs tended to rate themselves highly as entrepreneurial firms but when it came to performance the self- reported scores were rated modestly. The findings could be indicative of other contextual factors that explain performance, it was found on literature reviewed that EO performance relationship is context dependent and EO might not solely predict firm performance. The positive effect of EO showed that when entrepreneurial firms engages in innovative, risk-taking and proactive behaviours such behaviours have moderate prediction of performance.

The interesting finding was how high the responses for OLC were for SMEs sampled and indication that sample saw value in learning and have ingrained learning capabilities in their firms. However, when this was regressed against performance, the effect was positive weak correlation which supported literature views that there is no cause and effect between OLC and performance. OLC is an enable of performance that had to be applied in conjunction with other strategic variables, on its own there is no direct link between and performance.

A significant positive relationship was found between EO and OLC which supported literature that OLC provides rich dividend for entrepreneurial to achieve competitive advantage. Finding supported literature that entrepreneurial challenge norm and engage in learning and knowledge acquisition to improve their knowledge base. Learning enables firms to understand contextual changes in business environment, consumer trends and through EO, innovatively and proactively design new products and services to meet emerging consumer needs. This

finding was important in hypotheses of OLC as moderator to EO performance relationship. When hypotheses four was tested, it was found that OLC positively moderated the EO performance relationship albeit slightly. OLC improved this relationship from EO explaining 11.5% of performance variability to combined 11.9% when OLC was added regression equation. The finding was not statistically significant predictor of performance variability however it was positive suggesting the SME that combine these internal capabilities can expect to realise positive effect on performance. The researcher noted as found in literature that performance is multidimensional construct which is explained by many internal and external variables. Further the context which SMEs test had to be taken into consideration since sample operated in environment of low economic growth which might have limited the construct impact on performance.

7.3 Implications for management and stakeholders

7.3.1 Business implications

The SME owners need to consider improving their EO practices and behaviour to be considered entrepreneurial which will improve their performance outcomes. Business leaders must assess their internal EO and OLC practices and behaviours and assess how do these have an impact on their performance outcomes. The EO and OLC capabilities are not at individual level, the leaders must ingrain these behaviours firmwide, promote innovation and experimentation in from their employees and consider improving their risk tolerance levels. In terms of OLC leader must lead from the front, show commitment to learning, encourage the employees to continuously challenge the status quo and be champions of change. Business leaders must recognise that not all experimentation and innovation would result in favourable outcomes, there will be instances of failure and success which business must embrace and learn equally from both to foster innovativeness and failure tolerance. Innovation can happen by tolerance to failure.

Business leader must further identify what other contextual factors in their entrepreneurial pursuits influence performance. Existence of strong EO and OLC has been found to provide rich resource base for SME in entering to new markets whether local and international, in pursuits of these new market opportunities business leaders need to consider how they follow EO and OLC practices to have realistic chance of success in new markets. Further business leaders must consider how can they leverage business ecosystem in pursuit of new markets, whether they form strategic alliances or network partners to overcome limitation of SME size and financial constraints. Partnership with Universities in knowledge creation and in R&D practices could improve knowledge base of SMEs and fast track their new product innovation

considering SME might suffer from low budgets to fund R&D activities. Partnerships with Universities also beneficial for improving and embedding knowledge with business ensuring SME are appropriately skilled.

7.3.2   Academic implications

A gap was identified in literature where EO performance had been studied predominantly in developed markets with limited studies in emerging markets. This study attempted to close that gap by performing the study in emerging market and with OLC as moderator. However, the sample was small and might not have statistical significance. More studies with bigger samples and other moderating and mediating variable should be undertaken by academic community to understand contextual factors enabling sustainable SME and drive national competitiveness through the sector.

Universities as knowledge institutions further need to consider how to partner with SMEs to collaboratively create knowledge that will benefit the sector and how to give SMEs access to universities research work and collaborate in R&D practices. Literature found that when university engagement significantly augmented the EO OLC relationship which results in improved firm performance.

7.4   Limitations of the research

The sample size poses significant research study limitations which might prevent the results from being statistically significant and generalisable to wider population. The researcher did not have access to sampling frame, researcher depended on SEDA to forward research survey to SME and as such the researcher was unable to determine response rate and sampling adequacy. The research was conducted via internet survey completion and self-administered by participants which depending on mood of participant might have affected the completion of the survey (Saunders & Lewis, 2012). The cross-sectional nature of the research also meant the research data was collected at point in time which could not provide true representation of company performance. The researcher was unable to verify performance of SMEs, the questions asked SMEs to evaluate their performance on Likert scale which potentially could have had over reporting by SMEs.

7.5   Suggestion for future research

The effect of EO on SME performance in emerging market economy with bigger samples need to be performed to achieve statistical significance of the results. Other factors need to added to this relationship to enhance the effect of EO on SME performance. The studies in EO have largely been quantitative and researchers have called for more qualitative research in EO performance relationship to obtain deep insight on how EO influences firm performance and competitive advantage.

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9. ANNEXURES

Annexure 1: Proposed questionnaire

Section 1: Introduction to Research Survey and Consent Letter

Dear Sir/Madam

The purpose of this research is to understand the role of entrepreneurial orientation and learning capability on SME Performance. The research aims to contribute to body of knowledge that seeks to understand the impact of these resource capabilities on SME performance.   SME's operate in dynamic complex and uncertain environments where change and disruption are inevitable resulting in increased competition and business performance pressures. SME's are important in fostering economic growth, job creation and increasing countries national competitiveness which makes studies on SME Performance and factors enabling sustained SME performance critical.

You are hereby invited to voluntary participate in the study to help researcher test the hypothesised theoretical relationships enabling SME Performance. Your participation is anonymous, and you are not required to provide your name and that of your company. Participation in the survey is voluntary and you can withdraw at any time. The survey questionnaire is designed to be completed within 10 minutes.

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Consent declaration:

Do you give consent to participate in this research study?

Yes	No

Section 2: Demographic questions

1. **How many employees are employed by the company**

Between 0 and 10	1
Between 11 and 50	2
Between 51 and 250	3
More than 251	4

2. **Please indicate the company's total annual turnover**

Between R0 and R5 million	1
More than R5m but less than R50m	2
More than R50m but less than R100m	3
More than R100m	4

3. **Please indicate the industry or sector the company operates in**

Agriculture	1
Mining and Quarrying	2
Manufacturing	3
Utilities	4
Construction	5
Retail, motor trade and repair services	6
Wholesale	7
Hospitality	8
Transport and storage services	9
Financial and Business Services and Consulting	10
Information communications and Technology	11
Community, social and personal services	12

4. **Please indicate number of years the company has been in business**

0 – 1 years	1
2 – 3 years	2
4 – 5 years	3

6 – 10 years	4
11 – 19 years	5
20 – 49 years	6
More than 50 years	7

5. Number of founding members

1 member	1
2 – 5 members	2
6 – 10 members	3
More than 10 members	4

Section 3: Research Questions

3.1 Entrepreneurial Orientation Measures adapted from (D'Angelo & Presutti, 2019)

EO Questions	Strongly Disagree	Disagree	Somewhat Disagree	Neutral	Somewhat Agree	Agree	Strongly Agree
Our company is known as innovator among businesses in our industry.	1	2	3	4	5	6	7
We promote new, innovative products/services in our company	1	2	3	4	5	6	7
Our company provides leadership in developing new products/services	1	2	3	4	5	6	7
Top managers of our company, in general, tend to invest in high-risk projects	1	2	3	4	5	6	7
This company shows a great deal of tolerance for high risk projects	1	2	3	4	5	6	7
We seek to exploit anticipated changes in our target market ahead of our rivals	1	2	3	4	5	6	7

Organisational learning capability adapted from (D'Angelo & Presutti, 2019)

OLC Question	Strongly Disagree	Disagree	Somewhat Disagree	Neutral	Somewhat Agree	Agree	Strongly Agree
We view our organization's ability to learn as the key to our competitive advantage	1	2	3	4	5	6	7
The basic values of this organization include learning as key to improvement	1	2	3	4	5	6	7
Learning in our organization is seen as a key commodity necessary to guarantee organizational survival	1	2	3	4	5	6	7
We promote experimentation and innovation as a way of improving the work processes, products and services	1	2	3	4	5	6	7

There is total agreement on our organizational vision across all levels, functions, and divisions	1	2	3	4	5	6	7
All employees are committed to the goals of this organization	1	2	3	4	5	6	7
We continually judge the quality of our decisions and activities taken over time	1	2	3	4	5	6	7
We repeatedly emphasize the importance of knowledge sharing in our company	1	2	3	4	5	6	7

Performance variables (Wiklund & Shepherd, 2003)

Please rate your firm performance over past three years and next years forecasts or budgets, comparing to your two closest competitors indicate how your firm performance has been in comparison to competitors and industry at large.

Firm Performance Variables	Much lower	Lower	Similar	Higher	Much Higher
Sales and Revenue growth	1	2	3	4	5
Employment Growth	1	2	3	4	5
Profit growth	1	2	3	4	5
New product or service innovation	1	2	3	4	5
New technology adoption	1	2	3	4	5
Customer satisfaction	1	2	3	4	5

Annexure 2 – SME Classification as per Department of Small Business Development

Column 1	Column 2	Column 3	Column 4
Sectors or sub-sectors in accordance with the Standard Industrial Classification	Size or class of enterprise	Total full-time equivalent of paid employees	Total annual turnover
Agriculture	Medium	51 - 250	≤ 35,0 million
	Small	11- 50	≤ 17,0 million
	Micro	0 – 10	≤ 7,0 million
Mining and Quarrying	Medium	51 - 250	≤ 210,0 million
	Small	11- 50	≤ 50,0 million
	Micro	0 – 10	≤ 15,0 million
Manufacturing	Medium	51 - 250	≤ 170,0 million
	Small	11- 50	≤ 50,0 million
	Micro	0 – 10	≤ 10,0 million
Electricity, Gas and Water	Medium	51 - 250	≤ 180,0 million
	Small	11- 50	≤ 60,0 million
	Micro	0- 10	≤ 10,0 million
Construction	Medium	51 - 250	≤ 170,0 million
	Small	11- 50	≤ 75,0 million
	Micro	0- 10	≤ 10,0 million
Retail, motor trade and repair services.	Medium	51 - 250	≤ 80,0 million
	Small	11- 50	≤ 25,0 million
	Micro	0 – 10	≤ 7,5 million
Wholesale	Medium	51 - 250	≤ 220,0 million
	Small	11- 50	≤ 80,0 million
	Micro	0 – 10	≤ 20,0 million
Catering, Accommodation and other Trade	Medium	51 - 250	≤ 40,0 million
	Small	11- 50	≤ 15,0 million
	Micro	0 – 10	≤ 5,0 million
Transport, Storage and Communications	Medium	51 - 250	≤ 140,0 million
	Small	11- 50	≤ 45,0 million
	Micro	0 – 10	≤ 7,5 million
Finance and Business Services	Medium	51 - 250	≤ 85,0 million
	Small	11- 50	≤ 35,0 million
	Micro	0- 10	≤ 7,5 million
Community, Social and Personal Services	Medium	51 - 250	≤ 70,0 million
	Small	11- 50	≤ 22,0 million
	Micro	0 – 10	≤ 5,0 million

Source: Government Gazette, No 42304, 15 March 2019