



Individual entrepreneurial orientation and entrepreneurial motivations: A lifecycle perspective

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Abstract

The creation of start-up businesses that are of high growth in South Africa could be achieved by understanding the entrepreneurial orientation and motivations of individuals who are already in business

The study focused mainly on individual entrepreneurial orientation and the entrepreneurial motivations that exists in entrepreneurs different stages of the business lifecycle. The strategy of the study was a quantitative approach with a non-random convenient sample. The findings just yielded two dimensions for entrepreneurial orientation namely innovation and pro-activeness. The entrepreneurial motivations were not really clear and it was not possible to make generalisations out of the findings.

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.

The name and the original signature of the student and the date should follow the declaration.

Veronica Shezi

Date

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Table of Contents

Abstract.....		ii
Acknowledgements		iv
1	Introduction to the Research Problem.....	1
1.1	Research Title.....	1
1.2	Introduction.....	1
1.3	Research Motivation	3
1.3.1	Relevance of the study: Entrepreneurship in South Africa	3
1.3.2	Relevance of Entrepreneurship Research Construct: Entrepreneurial Orientation.....	3
1.3.3	Relevance of the individual as the unit of analysis: Individual Entrepreneurial Orientation.....	3
1.4	Research Scope	4
1.5	Research Problem	6
1.6	Conclusion.....	7
2	Literature Review.....	8
2.1	Theory of Entrepreneurship	8
2.1.1	Defining entrepreneurship.....	8
2.1.2	Individual Entrepreneurial Orientation	8
2.1.3	Innovativeness.....	10
2.1.4	Risk-taking.....	10
2.1.5	Pro-activeness	11
2.1.6	Competitive aggressiveness	12
2.1.7	Autonomy	12
2.2	Theory of Entrepreneurial Motivation	14
2.3	Entrepreneurial Orientation and Business Creation	15
2.4	Entrepreneurial Orientation and Lifecycle of the Business	16

2.5	Conclusion.....	18
3	Research Questions	20
3.1	Introduction.....	20
3.2	Research question 1.....	20
3.3	Research question 2.....	20
3.4	Research question 3.....	20
3.5	Research question 4.....	20
3.6	Research question 5.....	21
3.7	Research question 6.....	21
3.8	Research question 7.....	21
3.9	Research question 8.....	21
3.10	Conclusion.....	21
4	Research Methodology	22
4.1	Introduction to Research Methodology.....	22
4.2	Research design.....	22
4.3	Defence of Research Design	22
4.4	Research method.....	23
4.4.1	Sampling and sample size	23
4.4.2	Data Collection	24
4.5	Instrument Design.....	24
4.5.1	Entrepreneurial orientation scale.....	24
4.5.2	Entrepreneurial motivation scale.....	25
4.5.3	Demographics.....	25
4.6	Data Analysis.....	25
4.7	Conclusion.....	26
5	Results	27
5.1	Introduction.....	27

5.2	Descriptive Statistics.....	27
5.3	Entrepreneurial orientation dimension.....	29
5.4	Summated scale for IEO.....	31
5.5	Entrepreneurial motivations	32
5.6	Summated scale for Motivation.....	34
5.7	Demographic	35
5.8	Research question 1	37
5.9	Research question 2	40
5.10	Research question 3.....	44
5.11	Research question 6.....	44
5.12	Research question 9.....	45
5.13	Conclusion.....	47
6	Research Findings.....	48
6.1	Introduction.....	48
6.2	Research question 1	48
6.2.1	Introduction.....	48
6.2.2	Discussion of results.....	49
6.2.3	Conclusion.....	50
6.3	Research question 2.....	50
6.3.1	Introduction.....	50
6.3.2	Discussion of results.....	51
6.3.3	Conclusion.....	52
6.4	Research question 3.....	52
6.4.1	Introduction.....	53
6.4.2	Discussion of results.....	53
6.4.3	Conclusion.....	54
6.5	Research question 4.....	54

6.5.1	Introduction.....	54
6.5.2	Discussion of results.....	54
6.5.3	Conclusion.....	54
6.6	Research question 5.....	55
6.6.1	Introduction.....	55
6.6.2	Discussion of results.....	55
6.6.3	Conclusion.....	55
6.7	Research question 6.....	56
6.7.1	Introduction.....	56
6.7.2	Discussion of results.....	56
6.7.3	Conclusion.....	56
6.8	Research question 7.....	56
6.8.1	Introduction.....	56
6.8.2	Discussion of results.....	57
6.8.3	Conclusion.....	57
6.9	Research question 8.....	57
6.9.1	Introduction.....	57
6.9.2	Discussion of results.....	58
6.9.3	Conclusion.....	58
6.10	Conclusion Remarks.....	58
6.10.1	Individual entrepreneurial orientation conclusion.....	58
6.10.2	The relationship between entrepreneurial orientation and biometrics.....	59
6.10.3	Entrepreneurial motivation conclusion.....	59
6.10.4	Relationship between entrepreneurial motivations and biometrics.....	59
6.10.5	Causal relationship between individual entrepreneurial and entrepreneurial motivational factors.....	60
6.10.6	Conclusion.....	60

7	Conclusion.....	61
7.1	Introduction.....	61
7.2	Overview of literature review.....	61
7.3	Conclusion from the study	62
7.4	Entrepreneurial orientation on literature	62
7.5	Entrepreneurial orientation and motivations	62
7.6	Limitations of study	63
7.7	Conclusion.....	64
7.8	Contribution of study.....	64
7.9	Recommendations.....	64
7.10	Suggestion for future research.....	64
8	References	65

1 Introduction to the Research Problem

1.1 Research Title

Individual entrepreneurial orientation and motivations: A lifecycle perspective

1.2 Introduction

“Entrepreneurial activity is considered a critical catalyst for the creation of sustainable new enterprises which in turn provide jobs. Particularly in South Africa the importance of fostering entrepreneurial talent cannot be over-emphasised – with a high unemployment rate and the associated socio-economic problems, the country needs innovative people who can meaningfully contribute to the economy.”(de Souza, 2012)

The Global Entrepreneurship Monitor GEM of 2011 showed a low total early-stage entrepreneurial activity (TEA) for South Africa (Kelly, Singer & Herrington, 2012). The TEA rate in South Africa for 2011 was 9.1% which remained constant compared to 8.9% in 2010. The South African TEA rate remains below average compared to other economies around the world. The report further states that rate in perceived opportunities and societal attitudes towards entrepreneurship has marginally increased between 2006 and 2011 in South Africa but remain very low second lowest of the BRICS economies.

Entrepreneurial activities are the solutions in reducing unemployment and economic development. Ladzani & Van Vuuren, 2002, cited in (Urban & Naidoo, 2012) record that in South Africa 50 per cent of new businesses fail and these failures are caused by weakness in innovation, lack of financial acumen, marketing, entrepreneurial flair, practical knowledge and human resource management. When these firms fail and not reach their full potential they result in unemployment due to job losses and frustrated communities.

A high unemployment rate of 24.9 per cent in the second quarter of 2012 (Martinez & Cohen, 2012), low early-stage entrepreneurial activity and enterprise development have triggered the study into the individual entrepreneurial orientation of entrepreneurs in

different life cycle stages of the business as a way of stimulating the creation of start-ups that will lead to high growth enterprises by aspiring entrepreneurs.

An entrepreneur is an individual responsible for alteration of financial assets from region of lesser throughput to the region of greater throughput and larger profits (Herrington, Kew & Kew 2009). He/she is responsible for organising, managing and assuming risk for the business.

Enterprise development through entrepreneurial mind-set will result in poverty alleviation, job creation and better quality of life in South Africa (Neneh, 2012). Abor in 2010 noted that 91 per cent of formal business entities in South Africa are the SMEs and they contribute between 52 to 57 per cent GDP and provide 61 per cent employment. Small and medium size enterprises are the key sources of global economy providing employment, production and innovation worldwide. Failure of SMEs in South Africa in 5 years varies from 50 to 95 per cent (Willemse, 2010) and about 71 percent of them do not become established businesses. For economic development and employment to take place from the business viewpoint the start-up operation of successful small business is the solution.

Entrepreneurial orientation is a concept that has to be studied on several levels, first as individual orientation of the individual that is in search for new business opportunities and then as process then practical and decision-making activities on enterprise level (Elenurm, 2012). Entrepreneurial orientation is defined as the “willingness of a firm to engage in entrepreneurial behaviour” (Wiklund, 1998, p. 65) cited in (Kollmann & Stockmann, 2012). This research will follow the five dimension approach which includes: innovation, risk taking, proactiveness, competitive advantage and autonomy to represent a single construct of entrepreneurial orientation (EO) (Lumpkin & Dess, 1996). The dimensions relationship varies depending on the context and environment (Rauch et al., 2009). The dimensions that are exhibited in a matured business will be investigated so as to encourage entrepreneurs in the start-up phase to adopt these dimensions and minimise the high rate of start-up failure.

1.3 Research Motivation

1.3.1 Relevance of the study: Entrepreneurship in South Africa

South Africa is faced with a blemishing high unemployment rate 24.9 per cent. High levels of entrepreneurial activity in the form of starting and growing new businesses are one of the ways the country can take advantage of poverty alleviation and economic development. Start-ups creation and entrepreneurship have proven to be the major factors in economic growth (Ahmad & Seymour, 2008; Gries & Naudé, 2009; Schumpeter, 1934). The creation of a small business is a mechanism of transformation and development in the economy and stimulated by entrepreneurial attitudes (Aloulou & Fayolle, 2005). The start-ups failure in South Africa is partly attributed to lack of entrepreneurial knowledge and business management skills (El Namaki, 1990; Scarborough & Zimmerer, 1996). The creation of employment is dependent on the SMME sector which is a small, medium and micro enterprise.

1.3.2 Relevance of Entrepreneurship Research Construct: Entrepreneurial Orientation

Most entrepreneurs start businesses without taking into consideration all the functional areas in the business (Urban & Naidoo, 2012). Entrepreneurial skills such as creativity, innovation and risk taking should always be recognised by aspiring entrepreneurs. A dimensions that is prominent at the early phases of business creation and in developing countries is a positive relationship between entrepreneurship and economic growth (Hill, Camp & Sexton (2001) cited in Wang (2008) and South Africa is regarded as a developing country.

1.3.3 Relevance of the individual as the unit of analysis: Individual Entrepreneurial Orientation

A person that creates a business is an entrepreneur (Kirzner, 1973). Kirzner (1973) further reputed that a person that could recognise information unevenness and take advantage of it, an arbitrageur, is an entrepreneur. Schumpeter's (1934) classic work defined an entrepreneur as a person who presents innovative new products and finds new markets. Economic growth through entrepreneurial activities has been identified as a role of

entrepreneurship according to the growth theory (Romer, 1990, 1994) cited in Hashi & Kransniqi (2012).

Applying the demand and supply sides forces on the economy of start-up development, an entrepreneur that is pushed into starting a business out of necessity comes from the supply side forces and the one that demand side forces is the one that identifies opportunities and creates innovative businesses (Hashi & Kransniqi, 2012). As a result different entrepreneurs depict different implications for economic growth. Necessity driven entrepreneurs contribute less to the economy compared to opportunity-driven entrepreneurs (Estrin et al., 2006) cited in Hash & Kransniqi (2012). Smallbone & Welter (2009) have warned about over generalising or misrepresenting entrepreneurial behaviour especially in cases where the external environment is not stable. It is possible for entrepreneurs to change their entrepreneurial behaviour irrespective of their original motivations and goals for being in business. Individuals who pursue self-employment in early stages of evolution are able to spot new opportunities as the environment changes and become better educated in market changes and customer needs (Drnovsek & Glas, 2006; Smallbone & Welter, 2001a). An entrepreneur that is able to change his/her behaviour due to changing external environment is likely to create a start-up that can adjust to economic changes and evolve over time.

1.4 Research Scope

Dweck (1999, 2000) provided insights into the psychological motivational processes essential for achievement in the two self-theories of intelligence that she has established. The author stated that individuals hold either a fixed mind-set growth mind-set. The fixed mind-set is the entity theory of intelligence. The individuals with this mind-set believe that one's intelligence, abilities, talents, and attributes are permanent and unchangeable. On the other hand she alluded that the individuals with the growth mind-set which is an incremental theory of intelligence, believe that one's capability and achievements are due to education, that acumen can grow and change with determination and believe in trying other tactics or looking for help when faced with problems have a tendency to embrace learning goals (Dweck, 2006; Johnson, 2009). The reasoning behind this is that successful leaders have a growth mind-set, which is required in running excellent organisations in changing environments (Dweck, 2006). Entrepreneurs who adopt a growth mind-set in the

early stages of their start-up could have a greater chance avoiding to fall into the statistics of start-up failures.

More than half of new businesses fail within the first few years of their creation (Cooper, Woo & Dunkelberg, 1988). Not forgetting that there are those that become successful and create wealth for founders and employment for employees.

As individuals differ on the specific jobs that they perform, entrepreneurs as well differ in the skills they possess as well as the abilities and characteristics required in starting businesses that are successful (Baron, 2009). There are some aspects of motivations that lead these individuals to become entrepreneurs with self-efficacy which is a conviction in one to gather and implement necessary resources (Bandura, 1997).

A mixture of several motivational and cognition mechanisms within environmental settings and opportunities also play a role in the evolution of an individual from one stage of an entrepreneurial process to another (Baum & Locke, 2004; Shane, Locke & Collins, 2003; cited in Urban, 2012). Shane et al. (2003) argues that in an entrepreneurial process human motivation plays a critical role. Entrepreneurs with high entrepreneurial self-efficacy (ESE) have a tendency to interpret their environment as more opportunistic rather than troubled with risk and believe in their ability to influence and achieve their goals (Chen, Greene & Crick, 1998; de Noble, Jung & Ehrlich, 1999) cited in Urban (2012).

This study of the entrepreneurial orientation of entrepreneurs who are already involved in business at different life cycle stages of their business will give insights on which dimension is important for entrepreneurs to possess when they intend starting businesses of high growth. The dimensions of entrepreneurs who have matured businesses will be used as the basis of what entrepreneurs in start-up businesses should attempt to possess. The adaption of this orientation will minimise the high rate of start-up failures.

Life cycle stages were defined as a “unique configuration of variables related to an organisational context and structure” (Hanks et al., 1993). Organisational context in this definition include: organisational age, size, growth rate and focal tasks or challenges faced by the firm while ‘structure’ includes structural form, formalisation, centralisation, and vertical differentiations of the number of organisational levels.

Borrowing from the product life cycle stages of growth creation, growth, maturity and decline, the life cycle stages will be defined as a three-stage cycle measured in the number of years. The initial stage will be a start-up which is 1 to 5 years, the second stage is the growth stage from 5 to 10 years and the third stage will be the matured stage from 10 years and more.

1.5 Research Problem

Bolton & Lane (2012), conducted research in measuring the traits and attitudes that are intrinsic in the original EO scale for assessing the individual. Their work was a survey performed on a student sample (n =1102) from mid-south university using Lumpkin & Dess'(1996) original EO variables (innovation, willingness to risk, pro-activeness, competitive aggressive and autonomy). Students responded to the Likert scale items which were adopted for students, using Lumpkin, Cogliser & Schneider (2009), validated measures of entrepreneurial traits, where they changed for example "my firm" to "I" to adapt for individuals. Their analysis resulted in three dominating factors accounting for 60 per cent of the variance namely, innovation, risk-taking and pro-activeness which were already dominant in the study of EO (Rauch, et al., 2009, cited in Bolton, 2012). For future research Bolton & Lane (2012) recommended that the instrument should be tested on non-student samples. Following on their recommendation this research seeks to measure the individual entrepreneurial orientation of entrepreneurs.

There exists a high failure rate of start-up businesses as about 71 per cent of them do not make it into becoming established businesses in South Africa (Willemse, 2010). The high unemployment rate at 24,9 per cent (Stats SA) accompanied by the low total early-stage entrepreneurial activity (TEA) in South Africa (Kelly, Singer & Herrington, 2012) have fuelled a need to investigate the entrepreneurial orientation of individuals to gain insights into which entrepreneurial orientation must be adopted by individuals in the start-up stage to minimise start-up failure. The two self-theories of intelligence (Dweck, 1999, 2000) state that individuals either hold mixed mind-sets or growth mind-sets with the individuals with the growth mind-set being able to run successful businesses with changing environment.

1.6 Conclusion

This section has introduced the research problem and the relevance of the study in South Africa. The literature that has been introduced has set the base for further investigation of the individual entrepreneurial orientation in relation to entrepreneurial motivation within the life cycle of the business.

2 Literature Review

2.1 Theory of Entrepreneurship

2.1.1 Defining entrepreneurship

An array of definitions has been developed for entrepreneurship as a core construct, as a science progressed over time. Sathiabama (2010) describes entrepreneurship as a dynamic procedure of generating wealth by an individual or group of individuals. Rwigema and Venter (2004:6) defines a course of abstracting establishing initiation and through innovation fostering a business prospect into a possibly high growth in a compound and under stable environment as entrepreneurship. Entrepreneurship is a way to financial freedom and success.

Sarasvathy & Venkataraman (2011), Shepherd & Patzelt (2011), and McMullen (2011) altogether highlighted entrepreneurship as a foundation for “creating a better”. This is due to the emerging research on social entrepreneurship. Shane & Venkataraman (2000) argued that entrepreneurship is no longer equal to new, small, or owner-managed firms. Griffiths, Kickul, Bacq and Terjesen (2012) acknowledge that entrepreneurship should be a multilevel approach which remains unaddressed.

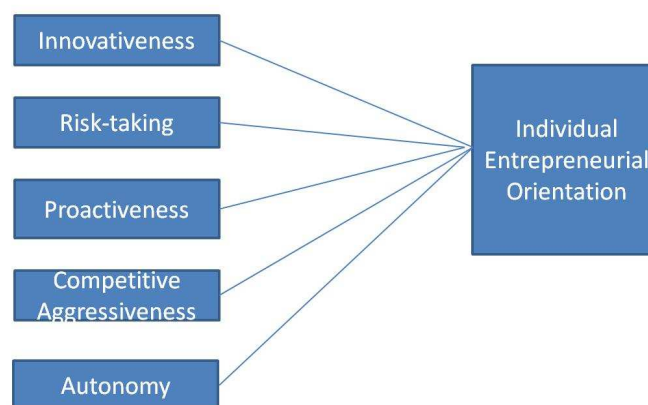
Baumol (1968) identified explicative entrepreneurs who tend to create more new businesses identical to the ones they see around them and innovative entrepreneurs who create new products and services. In an interview with Baumol, Griffiths et.al (2012) noted that explicative entrepreneurs with their predictable activities add little to industrial revolution even though they play a significant part in fighting poverty by opening predictable small shops or little workshops often by not being able to find employment elsewhere. They revealed that innovation involves the birth of the idea, object creation to having process that result in it being manufactured and sold in the business.

2.1.2 Individual Entrepreneurial Orientation

At an organisational level, entrepreneurial orientation is defined as procedures of strategy creation that serve as the foundation of decisions related to entrepreneurial actions (Covin & Slevin, 1991; Hughes & Morgan, 2007; Keh, Nguyen & Ng 2007; Lumpkin and Dess,

1996; Madsen 2007; Wiklund, 1999; Rauch et al., 2009). Entrepreneurial orientation describes a mind-set response to environmental changes and starting new business also provides a useful context to analyse entrepreneurship atmosphere within an organisation (Lumpkin and Dess, 1996, 2001). EO has material repercussions for business owners and the businesses they are operating. Five behavioural traits seem to be predominantly associated with entrepreneurial orientation, namely innovativeness, the willingness of risk taking, being proactive, competitive aggressive as well as autonomous behaviour (Lumpkin & Dess, 1996). While innovativeness, risk-taking and proactive behaviour has been more prominent in research on entrepreneurial orientation, autonomy and competitive aggressive behaviour has not been investigated regularly (Rauch et al. 2009; Hughes & Morgan, 2007). Incomplete analysis of EO is provided by these studies (e.g. Kropp, Lindsay & Shoham, 2008; Lumpkin & Dess, 2001; Wiklund & Shephard, 2003). Studying all five dimensions will assist in understanding the EO at each stage of the life cycle and the impact each dimension has at different stages. Theory can then be informed on which dimension is more important at different stages and guidance will be provided on which dimension to develop at different stages of the life cycle of the business (Vora, Vora & Polley, 2012.).

Figure 1: A schematic demonstration of the five entrepreneurial orientation dimensions



Source (Lumpkin & Dess, 1996)

Vora, Vora and Polley (2012) emphasises that the five levels of entrepreneurial orientation do not always function at the same level and will vary in different circumstances from individual to individual and enterprise to enterprise. It would also not necessarily be beneficial to the businesses should entrepreneurial orientation be functioning at high levels at all times (Hughes & Morgan, 2007; Lumpkin & Dess, 1996).

The term 'individual entrepreneurial orientation' therefore includes the following concepts: innovativeness, risk-taking, proactive, competitive aggressive and autonomous behaviour in varying degrees (Lumpkin & Dess, 1996; Dess & Lumpkin, 2005). The intensity of the presence the individual orientation factors will differ from situation to situation and from organisation to organisation (Vora *et al.*, 2012). This implies that the individual entrepreneurial orientation factors do not all have to be present to guarantee success. These dimensions will be discussed accordingly.

2.1.3 Innovativeness

Innovation refers to the process of creatively exploring and pursuing new ideas (Lumpkin & Dess, 1996) beyond the level of excellence (Dess & Lumpkin, 2005). Innovation is fundamentally a process of turning opportunities into ideas and putting these ideas into practical use (Flynn, Doodley & Cormican, 2003). Dhliwayo and Van Vuuren (2007) alleged that the types of mind-sets that make entrepreneurs to make realistic judgments when faced with doubts are entrepreneurial mind-sets that have to do with creativity, innovation and taking opportunities that lead to organisational wealth creation and success. As a broader definition, innovation should include radical and incremental innovation, as well as diffusion, subsequent absorption and use of innovation in a cumulative process (Lundvall, 2003). The broader definition perspective captures the majority of entrepreneurial activities (Smallbone, 2003), which includes different types of innovations of product/services and processes (Vora *et al.*, 2012). Luecke and Katz (2003) give a convenient definition of innovation from an organisation perspective as an introduction of a new product or technique

2.1.4 Risk-taking

In financial analysis, risk is used in the context of risk-return trade-off ranging from 'safe' risks with little insecurity, to 'high' risks with large financial uncertainties (Lumpkin & Dess,

1996). Miller and Friesen define risk as the degree to which managers are willing to make large and risky resource commitments – i.e., those which have a reasonable chance of costly failure (Miller & Friesen, 1978, p.923). On the other hand venturing into the unknown is another type of risk discussed in entrepreneurship literature that includes personal risk, social risk, and or psychological risk (Gasse, 1982). In a company's perspective, risk taking refers to the tendency for high risk with chances of high return or high losses and infers a inclination to act confidently even without knowing all potential penalties (Kollman & Stockmann, 2012). Dhliwayo & Vuuren, (2007) define risk taking as a vital component of the strategic entrepreneurial mind-set as it is important for the growth and success of a business. Janney & Dess (2006) argued that in a new business creation process risk-taking decisions are taken more and concluded with three dimensions of a risk taking construct: risk as a variance; risk as a downside loss and bankruptcy; and risk as an opportunity. According to societal beliefs women have lower risk preference than men, risk taking is more of a masculine tendency (Kelling, Zirkes & Myerowitz 1976). The risk preference of women is low compared to men in the general population and in specialist populations including managers, entrepreneurs, and business students (Powell & Ansic, 1997; Jianakoplos & Bernasek, 1998; Barsky, Juster, Kimbal & Shapiro, 1997; Hallahan, Faff & McKenzie 2004; Williams and Narendran, 1999; Sexton & Bown-Upton, 1990 Powell & Ansic, 1997; Croson & Gneezy, 2009).

Entrepreneurs display different propensities towards risk – there are those who are more risk averse than others depending on the situations they are facing. Entrepreneurial ventures with an active entrepreneurial orientation seize market opportunity by participating in risk-taking behaviour such as incurring heavy debt and making a large resource commitment (Lumpkin & Dess, 1996). However this form of risk-taking should never be a gamble but cautious and calculated – taking both benefits and threats into consideration (Dess & Lumpkin, 2005).

2.1.5 Pro-activeness

Pursuing disruptive opportunities, cutting-edge outlook characterised by the introduction of new products and services in advance of competition and acting in expectation of future depicts pro-activeness Miller (1983). Entrepreneurs have to always look for opportunities, self-motivated to start their own businesses and change the game in the market (Rauch & Frese, 2007). Pro-activeness is an indication that the entrepreneurial activities require

creative initiatives to acquire new opportunities, strategically eliminating mature life cycles, developing alternative products in advance of opposition (Venkatraman, 1989). The attitude of anticipating and acting on forthcoming desires and tendencies thereby forming first-mover benefit over competition refers to pro-activeness (Lumpkin & Dess, 1996). A proactive firm is always in the lead, it does not follow competition. Crant (1996) has argued that pro-activeness is not necessary at all the times. An individual's pro-activeness is related to entrepreneurial intentions and entrepreneurial action in terms of their firm's ability to grow (Jose, Acedo & Florin, 2006, p. 53; cited in Ahlin, Donovsek & Hirsich, 2012). Entrepreneurs are expected to have a high proactive dimension based on the literature. Entrepreneurs tend not to be attached to red tape so they are able to move around and reinvent themselves all the time.

2.1.6 Competitive aggressiveness

The direct challenge to confront competitors is referred to as competitive aggressive behaviour towards competitors concerning market share, price reductions, service and manufacturing excellence as well as swift reaction as followers (Lumpkin & Dess, 1996; Venkatraman, 1989). Rauch *et al* (2009) alluded that a firm's determination to outdo its competitors characterised by a robust attack attitude or hostile reactions to competitive pressures describes competitive aggressiveness. Competitive aggressiveness differs from proactive behaviour in the sense that it is aimed at acting in opposition to competitors, to respond on demand; while proactiveness is aimed at meeting market needs (Lumpkin & Dess, 1996). A study that was conducted by Khandwalla (1997) has revealed that in a competitive hostile environment high performing firms tend to adopt the entrepreneurial aggressive strategies. Entrepreneurs are in a competitive environment, especially those in the early stages of their business, the literature suggests that they should possess high competitive aggressiveness.

2.1.7 Autonomy

Schumpeter (1934) proposed innovation as relating to presenting new products to the market. Autonomy is defined as the self-driven initiative taken by individuals to propose new products and services by taking the lead in implementing it (Dess & Lumpkin, 2005; Lumpkin & Dess, 1996). Lumpkin, Cogliser & Scheneider (2009) noted that autonomy was often omitted as a dimension and they cited two reasons that could be attributed to this

omission: firstly, autonomy is not one of the “original” dimensions of EO identified by Miller (1983), further some researchers view autonomy as an antecedent of entrepreneurial behaviour. The second reason was absence of an effective firm-level scale to measure autonomy from an EO perspective which has caused obstruction in the adoption of autonomy as a dimension. Autonomous organisations make it possible for their employees to “act independently, to make key decisions, and to proceed” (Lumpkin & Dess, 1996, p.140). In the processes of leveraging a firm’s existing strengths, identifying opportunities that are outside the organisation’s present competences, and encouraging the development of new businesses and/or improve business practices autonomy is vital from the context of EO (Kanter, North, Bernstein, & William, 1990). Autonomy boosts innovation, encourages the introduction of entrepreneurial ventures and escalates the competitiveness and effectiveness of a firm (Brock, 2003; Burgelman, 2001, cited in Lumpkin et al, 2009). Lumpkin et, al (2009) proclaimed that firms that are reliant on taking part in decision making and need agreement to be reached before introduction entrepreneurial initiatives may suffer monetarily.

A “top-down” and “bottom-up” approach encourages autonomy in an organisational context (Quinn & Spreitze, 1997). Companies like 3M and the Virgin Group are famous for supporting independent attitude and effort that is characteristic of autonomy (Lumpkin et al, 2009). Organisations that inspire autonomous decision making at the grassroots level offer distinct motivations and organisational plans intended to nourish entrepreneurial venture and most of the decisions are made from the bottom to the top (Helgesen, 1996, cited in Lumpkin et al, 2009). Most of the best ideas for entrepreneurial ventures come from bottom to top. Within a small business setup an owner or the entrepreneur is the one that will exhibit the autonomous characteristics in taking decisions and driving the business (Vora, Vora & Polley, 2012). Autonomy implies the fostering of a driving force to develop new products and initiate new services. Kropp et al., 2008, cited by Vora, Vora & Polley in 2012 illustrated that developing of new products through problem solving and creativity demonstrate innovativeness.

In the following section the theory of entrepreneurial motivation will be described.

2.2 Theory of Entrepreneurial Motivation

Different studies focus on entrepreneurial characteristics (Churchill & Lewis, 1986; Shaver & Scott, 1991). Gilad and Levin (1986) proposed the 'push and pull theory' to explain the incentive for entrepreneurial motivation. They argue that the "push" theory indicates that individuals become entrepreneurs due to negative external forces such as job dissatisfaction, difficulty finding employment, or insufficient salary. On the other hand they argue that the "pull" theory refers to individuals who are attracted to entrepreneurship by seeking independence, self-fulfilment, wealth and other desired outcomes. Ryan & Deci (2002) and Brunstein & Maier (2005) categorised motivational patterns as intrinsic and extrinsic motivation. Two motivational patterns among women entrepreneurs were identified as opportunity-driven and necessity-driven entrepreneurs GEM (2005).

A comprehensive psychological force that guides an individual's behaviour in an organisation, an individual's level of effort, and an individual's scope of perseverance in the aspect of obstacles is a mirror image of motivation (Dunnette & Hough, 1990). Through motivation entrepreneurs gain knowledge, skills and ability as such gain momentum to implement necessary projects (Shane et al., 2003; cited in Neneh 2012). Individuals who can positively assess developments and those who cannot, those who believe in fast growth and those who believe in slow growth, those who receive external funding and those who seek opportunities can be separated by motivation (Neneh, 2012).

Becoming an entrepreneur entails accepting a financial risk that goes with owning a business but also the direct benefit from potential success of the business (Segal, Borgia & Schoenfeld, 2005). Becoming an entrepreneur has its dark side whereby one has to deal with uncertainty, impediments, failures and frustrations associated with the process of creating a new firm (Campbell, 1992). There are different reasons individuals become entrepreneurs, McClelland (1961) suggested that entrepreneurs displays a high need for achievement, which is associated with an aspiration to do well, leading to a feeling of accomplishment. Task-inducement was later suggested by Miner (1980) cited in Stewart & Roth (2007) which includes self-achievement defined as an aspiration to achieve through individual's capabilities and determinations as a way of boosting self-esteem through achievement (Milner, 1993). Entrepreneurs show different achievement motivation relative to their business goals (Stewart & Roth, 2007). Those who are growth orientated show a

significantly high achievement motivation when compared to start-ups owners who are struggling for daily survival, their achievement motivation was not significantly high who are growth orientated were found to display a higher need for achievement when compared to manager and on the other hand the entrepreneurs that own start-ups who are more focused on the day to day survival were not significantly higher on achievement than manager wishes of an entrepreneur.

Business creation has been associated with the need for independence, need for personal development and perception that the business will generate wealth (Westhead & Wright, 1998). The dimensions that were suggested by Lumpkin Dess (1996) which were primarily based on a company level could also apply to individual (Wu, Matthews & Dagher, 2007) that the entrepreneurial orientation consist of autonomy, innovativeness, risk-taking, proactiveness and competitive advantage. Entrepreneurs were considered to be innovative and independent (Hisrich, 1992). Carland et al, (1984) cited in (Wu, Mathews & Dagher, 2007) included as characteristics of entrepreneurs innovation, risk-taking, growth, a need to control, a need for achievement and a desire to be independent.

Robichaud et al., (2001) in their work linked all the entrepreneurial needs identified in reviewed studies to come up with a model integrating four dimensions – intrinsic reward, independence/autonomy; intrinsic reward; and family security. Certain characteristics have been associated with the motivation of becoming entrepreneurial. A clearer insight into the motivational intentions that direct individuals to become entrepreneurial and maintain business operations should provide more insight into the behavioural patterns that lead to successful business performance (Robichaud et al., 2001).

2.3 Entrepreneurial Orientation and Business Creation

Ladzani & Van Vuuren 2002 cited in (Urban & Naidoo, 2012) said in South Africa 50 per cent of new businesses fail due to a lack of financial acumen, marketing, entrepreneurial flair, practical knowledge and human resource management. Low levels of education and training, lack of capacity as well as deprived business skills are factors contributing to failure in start-ups operations (Yanta, 2001, cited in Urban & Naidoo, 2012). Further Urban & Naidoo cited Shepard *et al.*, 2000, who enlighten that entrepreneurs tend to start enterprises and ignoring the key dimensions of running their enterprises, necessary skills

must be obtained for survival process. Entrepreneurs should acknowledge and not overlook the importance of the dimensions that are essential in the different stages of the business to ensure success. Businesses of high growth that have been created by entrepreneurs exhibit solid entrepreneurial skills, and competency in a variety of skills contribute to the profitability and sustainability of the business (Chrisman & McMullan, 2000). Mere survival is normally equated to sustainability and success in emerging countries like South Africa due to uncertain market conditions and high failure rate of new businesses (Urban & Naidoo, 2012).

Entrepreneurial ideas, activities and ambitions are conveyed in a setting that is mixed and is critical in modelling the venture and setting the basis for future sustainable growth (Zahra and Wright, 2011). Welter (2011), contends that in new business creation and modelling entrepreneurial orientation the institutional setting that succeeds in intermediate economies is fundamental. In order to clarify this argument Welter goes further in developing a connection, by illustrating the effect of gender on women's setting within the context of family member subordinates in Uzbekistan. The market environment is crucial in modelling entrepreneurial process; there are both opportunities and challenges in setting new ventures in the current unstable environment (Wright & Marlow, 2012). Harvey 2012 argues that the economic viewpoint is that in creating more innovative vibrant economies entrepreneurship is the solution, but market volatility threatens the entrepreneurial activities. Women have been making inroads in the entrepreneurial space where it has been found that men are twice as likely as women to start their businesses (Reynod et al., 2002, cited in Kickul, Marlino & Barbos, 2008). Kickul et al (2008) further highlighted that almost 30 per cent of adolescent females are less likely to consider an entrepreneurial career. The number of men involve in the start-up stage of business is larger than women (Kelly, Singer & Harrington, 2012); this implies that only a few women are active in business creation.

2.4 Entrepreneurial Orientation and Lifecycle of the Business

Different dimensions have been used to denote business success; others use profit while others include survival or number of years in business existence (Tengeh, Ballard & Slabbert, 2012).

Phelps et al., (2007) cited in Wright & Marlow, (2011) within the business creation and growth process of constant interest is the passing setting associated with the analysis of business life cycle.

Entrepreneurial businesses have shown different ways of growing; some pursue to build incomes while some pursue to advance their technological capabilities before introducing the products on the market (Clarysee *et al.*, 2010) cited in (Wright & Marlow, 2012). Entrepreneurial businesses may grow in different ways, some firms seeking to build revenues some may seek to develop the business.

Von Broembsen (2005) cited in (Tengeh, Ballard & Slabbert 2012) noted that in a South African perspective creating new business is a two stage process, the first stage is the start-up stage, which includes identification of business offering, access to finance and set up required infrastructure including hiring staff. This phase is said to take about three months and it is called a start-up. The next phase is the development phase, it is when the business is trading and competing for the market share, this phase takes about three to 42 months and it is called a new firm. A new firm is defined as the business that has paid salaries for three months, if the business hasn't paid salaries at all it can be classified as a start-up indefinitely (Von Broembsen, 2005) cited in (Tengeh, Ballard & Slabbert 2012). An established is the business that has been around for 42 months or more (Von Broembsen, 2005).

The models used in describing the stages of the business in entrepreneurship textbooks have been found to be contradictory with others mentioning three stages (Sahlman, Stevenson, Roberts & Bhide, 1999, p. 355) four (Timmons & Spinelli, 2003 p. 276), five (Kuratko and Hodgetts, 2007, p. 610) and six stages (Birley & Muzyka, 2000. P.251; Baron and Shane, 2005, p.336) cited in Levie & Lichtenstein (2008).

Life cycles of organisational development has been suggested by researches to be from birth to death adjusting from biological science (Chandler, 1962; Greiner, 1972; Galbraith, 1982; Churchill, 1983; Quinn & Cameron, 1983; Miller & Friesen, 1980, 1984; Smith, Mitchell & Summer, 1985; Dodge & Robbins, 1992; Hanks, Watson, Jensen & Chandler, 1993; Kazanjian, 1988; Beverland & Lockshin, 2001; Lester, Parnell & Carraher, 2003). Chandler (1962) as one of the early contributors had identified a four stage model of

organization and argued that as life cycle stages changes so does the firm strategies and structures. As the organization grow and develop managers could use an effective life cycle model to detect critical organizational changes and problems (Hanks et al., 1993; Beverland & Lockshin, 2001).

Life cycle stages were defined as a “unique configuration of variable related to organisational context and structure” (Hanks et al., 1993). Organisational context in their definition include: organisation age, size, growth rate and focal tasks or challenges faced by the firm while structure include structural form, formalisation, centralisation, and vertical differentiations, the number of organisational levels. Smith, Mitchell Summer (1985) contended that organisational life cycle models vary broadly from three to ten stages (Adizes, 1989).

Levie & Lichtenstein (2008) claim that business life cycles and stages are not an accurate representation of the early growth and development of entrepreneurial businesses, through their work they came up with the *Dynamic State model* which simply shift the growth stages from biological theory to the scientific foundation. This model links strategy, business opportunities, entrepreneurship and support business sustainability.

Adapting from the four product life cycle stages of growth creation, growth, maturity and decline, the life cycle stages will be defined as a three stages cycle measured in the number of years. The initial stage will be a start-up which is 1 to 5 years, second stage is the growth stage from 5 to 10 years and the third stage will be the matured stage from 10 years and more.

2.5 Conclusion

The literature review has revealed that entrepreneurship is a vital force that enables economic development and growth. Entrepreneurial orientation was also presented as having dimensions that could be applied to an individual responsible for entrepreneurial activities and entrepreneurs. The changing environmental conditions were found to be affecting the entrepreneurial activities. Entrepreneurs are expected to exhibit the five dimensions of entrepreneurial orientation. There is also a possibility that they might not have all of the dimensions. The motivation of the entrepreneurs was investigated and

found to be rooted on four dimensions, the life cycle was found to be contradicting in its definitions and a three stage was adopted for the purpose of the research.

The following section presents the research questions which were constructed on the backdrop of the literature review presented in this section.

3 Research Questions

3.1 Introduction

The main objective of this research is to study the entrepreneurial orientation and motivational factors of owning a business within different life cycle stages in South Africa. The five dimensions of entrepreneurial orientation namely, innovativeness, risk taking, proactiveness, competitive aggressiveness and autonomy were presented from the previous section. The relationship between the entrepreneurial orientation and entrepreneurial motivation is to be investigated. The following research questions are stated to investigate the relationship:

3.2 Research question 1

Is there a significant relationship between individual entrepreneurial orientation and biographic variables?

3.3 Research question 2

Is there a significant relationship between entrepreneurial motivation and biographic variables?

3.4 Research question 3

Is there a causal relationship between entrepreneurial motivation and individual entrepreneurial orientation (IEO) with the innovativeness factor as an outcome variable?

3.5 Research question 4

Is there a causal relationship between entrepreneurial motivation and individual entrepreneurial orientation with risk taking factor as an outcome variable?

3.6 Research question 5

Is there a causal relationship between entrepreneurial motivation and individual entrepreneurial orientation with the pro-activeness factor as an outcome variable?

3.7 Research question 6

Is there a causal relationship between entrepreneurial motivation and individual entrepreneurial orientation with competitiveness/aggressiveness factor as an outcome variable?

3.8 Research question 7

Is there a causal relationship between entrepreneurial motivation and individual entrepreneurial orientation with the autonomy factor as an outcome variable?

3.9 Research question 8

Is there a significant relationship between individual entrepreneurial orientation and business age?

3.10 Conclusion

The questions above will form the basis of statistical testing to reveal the relationship between entrepreneurial orientation and entrepreneurial motivations. Literature has revealed that an individual entrepreneur might not exhibit all of the entrepreneurial dimensions investigated in this study.

4 Research Methodology

4.1 Introduction to Research Methodology

The aim of this section is to provide the description of the path that the research has followed. The purpose of this research was to investigate the entrepreneurial orientation of individuals already in business and their motivations. The different life cycle stages were compared in relation to entrepreneurial orientation to investigate which dimension is prominent at different lifecycle stages.

The strategy of the research was a survey strategy which allowed for the collection of data using questionnaires and analysis using quantitative descriptive and inferential statistics (Saunders, Lewis & Thornhill, 2009, p.144).

The research methodology chapter is divided into seven main components: proposed research design, defence of research design, research method, sampling and sample size, data collection, measuring instrument design and data analysis. A detailed description of the research design, population, data collection, measuring instrument and data analysis will be discussed.

4.2 Research design

The quantitative research strategy was descriptive exploratory to investigate if a causal relationship exists between entrepreneurial orientation and entrepreneurial motivations of entrepreneurs in different life cycle stages of their businesses in South Africa. Surveys in the form of questionnaires were administered to a convenient sample of business owners in South Africa.

4.3 Defence of Research Design

The research strategy survey was descriptive and exploratory. The descriptive statistics such as the mean, standard deviation, frequency distribution were used to classify the entrepreneurs. Surveys allow the collection of data from a sizeable population in the most economic way (Saunders, Lewis & Thornhill, 2009, p. 144). The surveys were conducted in

the form of self-administered questionnaires given to business owners in the Gauteng region. A valuable tactic of collecting new insights is conducting an exploratory study (Saunnder, Lewis & Thornhill, 2009, p. 139). The advantage of using questionnaires is that it is easy to administer and data collected is reliable because respondents are limited to alternatives, stated Malhotra(2010, p. 211). Research followed an exploratory direction to see if there was a relationship between entrepreneurial orientation and entrepreneurial motivations. The descriptive study method was viewed to be appropriate in accordance with the main aim of the research and Malhotra's (2010) assertion about the use of questionnaires.

The research questions were based on well-studied constructs of entrepreneurial orientation and entrepreneurial motivations based on the literature review offered in this research which further signifies the use of descriptive research methodology.

4.4 Research method

Descriptive research is known to use a quantitative method in the form of surveys which make it easy and inexpensive to collect the data.

4.4.1 Sampling and sample size

The population was made up of business owners that were operating in the Gauteng area with the founder of the business being the main decision maker of the business. The business was to have been in operation for at least two years and no more than 15 years. This was done as a way of eliminating bias caused by business that have been inherited from family or other people that have operated it before, but due to the very low responses this restriction was ignored to include the inherited businesses as well.

Franchised businesses were not considered in this study since they have been established by other individuals and they come with a clear formulae of how to operate the business.

An individual business owner was the one responsible for completing the questionnaire in so doing making up the unit of analysis.

4.4.2 Data Collection

The sample was a non random convenient sample made up of business owners that were provided with self-administered questionnaires to complete at their own time. A questionnaire containing the different instruments under investigation was sent to the selected sample of business owners. The questionnaire consisted of a cover letter, letter of consent, two psychometric instruments (entrepreneurial orientation and entrepreneurial motivation) as well as different questions concerning biographic and demographic information. The cover letter gave a description of the investigation and ensured the confidentiality and anonymity of the participants. The business owners were requested to return the questionnaires within a week. A follow-up phone call was made to the participants after 14 days to request that they fill in the questionnaire should they not have completed the questionnaire.

Most of the questionnaires were delivered at the place of work and homes of these individuals. After six weeks of data collection with a very low response rate, the questionnaires were further sent to the respondents electronically and only 82 responses were received. Out of the 82 responses 61 responses were usable for data analysis. The rejected questionnaires were deemed unusable due to incompleteness and not meeting the parameters of the population group. The limits to the population group was that the respondents had to be owners of the businesses that they were operating. The minimum required sample was 60 so having received 61 usable responses it was time to start the data analysis.

4.5 Instrument Design

The measuring instrument was structured in three sections: the demographics, the entrepreneurial orientation dimensions and entrepreneurial motivations factors. The discussion of the measuring instruments is covered in this section with the actual instrument attached as **Annexure A**.

4.5.1 Entrepreneurial orientation scale

The Individual Entrepreneurial Orientation (IEO) scale as developed by Bolton and Lane (2012) was used to measure the individual entrepreneurial orientation of business owners. The IEO was measured by seven-point Likert scale varying from 1 (strongly disagree) to 7

(strongly agree). This scale measured three factors namely, risk taking, innovativeness and proactiveness (Cronbach Alphas were not reported). The items loaded were between 0.51 and 0.87. The high item of loading of above 0.30 are an indication that the scale should be acceptable

4.5.2 Entrepreneurial motivation scale

Entrepreneurial Motivation (EM) was measured by using the Robichaud, McGraw and Roger (2001) scale. The instrument is measured on five-point Likert scale varying from 1 (unimportant) to 5 (extremely important). The EM measures four factors (Cronbach Alphas reported in brackets) – factor 1: autonomy and independence (0.84), factor 2: extrinsic motivation (0.78), factor 3: security and well being of the family (0.75), and factor 4: intrinsic motivation (0.73). With the Cronbach Alphas ranging between 0.73 and 0.84, the reliability of the scale is regarded as high.

4.5.3 Demographics

The purpose of including the demographic questions was to understand the nature of the sample. The inclusion of the experience in the current business was used to establish the number of years the business has been operating. For instance there was a response with the answer “none” to the experience in the current business and it was rejected for the data analysis.

4.6 Data Analysis

Questionnaires were used, the questionnaires with all of the questions on the psychometric instruments answered were deemed valid. The reliability of the instrument was tested by means of Item Analysis.

The questionnaires were coded from V1 to V42 assigning each item on the questionnaire with a number to enable ease of interpreting, classifying and recording the data.

Research question one investigated the relationship between individual entrepreneurial orientation and entrepreneurial motivation. In order to answer this research question, Pearson Product Moment Correlation was used to investigate the significance of the

relationships between the individual entrepreneurial orientation and entrepreneurial motivation factor.

Research question two investigated the possible significance of the relationship between individual entrepreneurial orientation and the biographic variables. The relationship between individual entrepreneurial orientation and the biographic variables measured on continuous scales was investigated by means of Pearson Product Moment Correlation. The relationship between the individual orientation as dependent variable and categorical biographic variable as independent variables was investigated by means of ANOVA.

The third research question investigated the relationship between entrepreneurial motivation and the different biographic variables. The relationship between entrepreneurial motivation and the biographic variables measured on continuous scales will be investigated by means of Pearson Product Moment Correlation. The relationship between entrepreneurial motivation as dependent variable and categorical biographic variables as independent variables was investigated by means of ANOVA.

Questions four to eight were an investigation into the causal relationship of the entrepreneurial motivation factors as independent variables on the five different individual entrepreneurial orientation factors as independent variables. This investigation was done by means of Multiple Regression Analyses with the five different individual orientation factors as dependent variables and the entrepreneurial motivation factors as dependent variables.

4.7 Conclusion

This chapter has referred to the research methodology; the questionnaires were administered to a non-random convenient sample. Two pre-existing scales were used to measure the entrepreneurial orientation and the entrepreneurial motivations of business owners who are regarded as entrepreneurs. The quantitative study was defended using the literature presented. 61 of 82 responses were used for data analysis. Factor analysis was employed and other relevant tests.

The results of the study are presented in the following chapter.

5 Results

5.1 Introduction

The results of the statistical tests that were performed are presented in this chapter.

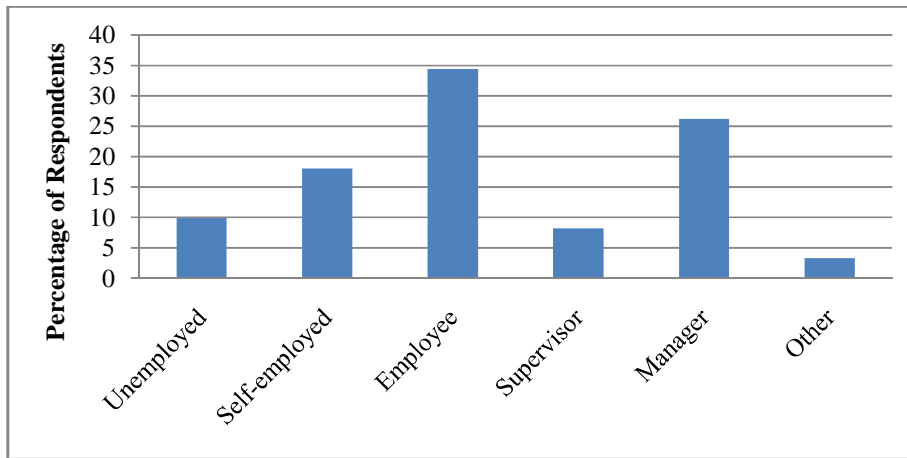
5.2 Descriptive Statistics

These results are based on a sample of 61 survey respondents. Most of the respondents were South African citizens (88%) and 12% non-South African. Slightly above half (52%) were male and the other 48% female. Majority of the respondents (60%) had a national Diploma and higher. The businesses sampled were in Retail and wholesale (10%), Transportation (10%), consulting (11%), food and beverage (10%), agriculture (7%), IT (5%), Manufacturing (8%), beauty (10%), construction (7%) and other industries (23%).

The highest proportion of respondents' businesses were close corporations (43%), followed by private companies (26%), sole proprietors (15%), partnerships (11%), public companies (3%) and 2% other. Almost two-thirds of the respondents (64%) personally started their businesses, followed by 26% joint partnerships, 2% purchased and the other 8% inherited the businesses.

Before venturing into business the highest proportion of respondents was employees (34%) followed by managers (26%), then self-employed (18%), supervisors (8%) and 3% other. Business start-up finance was mainly personal (41%) followed by savings (21%), loan from the bank (15%), from relatives (13%) and other sources accounted for 10% of the start-up funding.

Figure 2



As shown in the table below, the average age of the entrepreneurs was 39.48 years with a standard deviation of 10.33 years with the youngest respondent being 23 years old and the oldest was 71 years old. On average the entrepreneurs have been in for 9.4 years and employed on average 66 full-time employees and 4 part-time employees. The respondents spent on average 41.18 hours per week on their businesses, but the time ranges from 3 hours per week to a maximum of 90 hours per week.

Table 1: Demographics

Variable	Statistic	Variable	Statistic
Gender		Nationality	
Male	52%	South African citizen	88%
Female	48%	Non-South African citizen	12%
Highest Level of Education		Industry of main business	
Secondary school	23%	Retail & Wholesale	10%
Std 10 or equivalent	3%	Transportation	10%
Post-school certificate/diploma	13%	Consulting	11%
National Diploma/ National Higher Diploma	8%	Food & Beverage	10%
Bachelor's degree or equivalent	31%	Agricultural	7%
Honours degree or equivalent	5%	IT	5%
Master's degree or equivalent	11%	Manufacturing	8%
Doctoral degree or equivalent	5%	Beauty	10%
Ownership		Construction	7%
Close Corporation	43%	Other	23%
Private Company	26%	How business was started	
Sole proprietor	15%	Personally	64%

Partnership	11%	Inherit	8%
Public Company	3%	Purchase	2%
Other	2%	Join partnership	26%
Previous experience before starting the business		Business start-up funding	
Unemployed	10%	Personal	41%
Self-employed	18%	Savings	21%
Employee	34%	Relatives	13%
Supervisor	8%	Bank loan	15%
Manager	26%	Other	10%
Other	3%		

5.3 Entrepreneurial orientation dimension

The nine-item IEO factors were factor analysed using Principal Component Analysis with Varimax rotation to determine content validity. The initial factor analysis resulted in three factors but with the attribute "I usually act in anticipation of future problems, needs or changes" loading highly on two factor and thus was removed and factor analysis rerun without the attribute.

Table 2: Rotated Component Matrix 1

Rotated Component Matrix^a				
	Fact or 1	Fact or 2	Fact or 3	Communalities
In general, I prefer a strong emphasis in projects on unique, one-of-a-kind approaches rather than revisiting tried and true approaches used before.	.753	.128	-.191	.620
I like to take bold action by venturing into the unknown	.746	.214	.085	.609
I tend to act "boldly" in situations where risk is involved	.728	.145	.116	.564
I often like to try new and unusual activities that are not typical but not necessarily risky.	.596	.073	.542	.655
I usually act in anticipation of future problems, needs or changes.	.421	.436	-.335	.479
I tend to plan ahead on projects.	.038	.863	.108	.758
I prefer to 'step-up' and get things going on projects rather than sit and wait for someone else to do it.	.185	.746	.082	.598
I prefer to try my own unique way when learning new things rather than doing it like everyone else does.	.243	.706	.145	.579
I am willing to invest a lot of time and/or money on something that might yield a high return	-.022	.221	.855	.780
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.				
a. Rotation converged in 5 iterations.				

The data was further analysed by removing the item “I usually act in anticipation of future problems, needs or changes” that loaded on two factors from the IEO. A factor analysis of the remaining eight items resulted in two distinct factors namely “Innovation” and “Proactiveness”. The results are shown in the two tables below;

Table 3: Rotated Component Matrix 2

Rotated Component Matrix ^a				Group
	Factor 1	Factor 2	Communalities	
In general, I prefer a strong emphasis in projects on unique, one-of-a-kind approaches rather than revisiting tried and true approaches used before.	.778		.607	Innovation
I like to take bold action by venturing into the unknown	.757		.610	
I tend to act "boldly" in situations where risk is involved	.695		.502	
I usually act in anticipation of future problems, needs or changes.	.569		.356	
I tend to plan ahead on projects.		.801	.682	Proactiveness
I prefer to ‘step-up’ and get things going on projects rather than sit and wait for someone else to do it.		.673	.550	
I prefer to try my own unique way when learning new things rather than doing it like everyone else does.		.667	.562	
I am willing to invest a lot of time and/or money on something that might yield a high return		.620	.420	
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.				
a. Rotation converged in 3 iterations.				

Table 4: Extraction Method: Principle Component Analysis

Component	Total Variance Explained								
	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.958	36.972	36.972	2.958	36.972	36.972	2.274	28.428	28.428
2	1.331	16.642	53.614	1.331	16.642	53.614	2.015	25.185	53.614
3	.942	11.771	65.385						
4	.905	11.311	76.696						
5	.744	9.306	86.002						
6	.429	5.367	91.369						
7	.371	4.637	96.005						

8	.320	3.995	100.000					
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Extraction Method: Principal Component Analysis.

The factor analysis accounted for 53.6% of the variance with 'Innovation' explaining 37.0% and 'Pro-activeness' explaining 16.6% of the variance. Cronbach's alpha was calculated to assess the internal consistency (reliability) of two constructs and both constructs had high Cronbach's alpha coefficient, 0.700 for innovativeness and 0.689 for pro-activeness. A construct with a Cronbach's alpha coefficient greater than 0.5 implies that the questions measuring that construct can be grouped together to construct a summated scale for the construct. Results for each of the two constructs are shown in the table below.

Table 5: Cronbach's Alpha

Construct	Items	Cronbach's Alpha
Innovation	In general, I prefer a strong emphasis in projects on unique, one-of-a-kind approaches rather than revisiting tried and true approaches used before.	0.700
	I like to take bold action by venturing into the unknown	
	I tend to act "boldly" in situations where risk is involved	
	I usually act in anticipation of future problems, needs or changes.	
Pro-activeness	I tend to plan ahead on projects.	0.689
	I prefer to 'step-up' and get things going on projects rather than sit and wait for someone else to do it.	
	I prefer to try my own unique way when learning new things rather than doing it like everyone else does.	
	I am willing to invest a lot of time and/or money on something that might yield a high return	

5.4 Summated scale for IEO

Further analysis was carried out using the summated scales. A summated scale was calculated for each construct by finding the average of the items in each construct. The average rating for both the constructs was calculated and the means are indicated in the Table below.

Table 6: Individual Entrepreneurial Orientation Dimensions Results

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Innovation	61	1.50	7.00	5.332	1.200
Pro-activeness	61	2.50	7.00	6.127	.939

Pro-activeness was rated higher than innovation with mean ratings of 6.13 and 5.33 respectively.

5.5 Entrepreneurial motivations

Eighteen attributes were rated on a 5 point Likert scale on what motivated the respondents to be in business. The 18 items were factor analysed using Principal Component Analysis with varimax rotation to determine content validity. The results for the factor analysis are shown in the following table:

Table 7: Motivational Factors Rotated Compound Matrix

Rotated Component Matrix ^a						Group
	Factor 1	Factor 2	Factor 3	Factor 4	Communalities	
To gain public recognition	.798				.744	Need for achievement
To provide jobs for family members	.797				.696	
To build a business to pass on	.737				.730	
To prove I can succeed	.705				.558	
To increase sales and profits	.686				.545	
So I will always have job security	.659				.755	
To increase my income	.532				.689	
To maintain my personal freedom		.906			.858	Self-fulfilment
To do something I enjoy		.829			.803	
To be closer to my family		.662			.557	
For my own satisfaction and growth		.644			.442	
To meet the challenge		.537			.750	
To make my own decisions			.788		.757	Autonomy
To acquire a comfortable living			.774		.807	
Self-employment			.673		.567	
To be my own boss			.618		.697	

To build up equity for retirement				.743	.760	Reward/ extrinsic
To maximize business growth				.711	.722	

The factor analysis resulted in four distinct factors namely “Need for achievement”, “Self-fulfilment”, “Autonomy”, and “Reward/ extrinsic”. The factor analysis accounted for 69% of the variance with “Need for achievement” explaining for 40% of the variance, “Self-fulfilment” (12%), “Autonomy” (9%), and “Reward/ extrinsic” (7%).

Table 8: Motivations Extraction Method: Principal Component Analysis

Component	Total Variance Explained								
	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	7.214	40.078	40.078	7.214	40.078	40.078	3.945	21.915	21.915
2	2.247	12.481	52.559	2.247	12.481	52.559	3.323	18.460	40.375
3	1.707	9.486	62.045	1.707	9.486	62.045	3.016	16.756	57.131
4	1.270	7.054	69.099	1.270	7.054	69.099	2.154	11.967	69.099
5	.985	5.473	74.572						
6	.924	5.136	79.708						
7	.678	3.769	83.477						
8	.538	2.987	86.463						
9	.490	2.721	89.184						
10	.373	2.072	91.256						
11	.343	1.905	93.161						
12	.318	1.768	94.929						
13	.239	1.326	96.255						
14	.190	1.057	97.312						
15	.168	.931	98.243						
16	.129	.717	98.960						
17	.103	.570	99.530						
18	.085	.470	100.000						

Extraction Method: Principal Component Analysis.

Cronbach’s alphas were also calculated to assess the internal consistency (reliability) of the 4 constructs. All the constructs had high Cronbach’s alpha values, 0.881 for “Need for achievement”, 0.801 for “Self-fulfilment”, 0.826 for “Autonomy”, and 0.691 for “Reward/

extrinsic". Thus, since the Cronbach's alpha are high, summated scales can be calculated for each construct. Results are shown in the table below.

Table 9: Entrepreneurial Motivations Cronbach's Alpha

Construct	Items	Cronbach's Alpha
Need for achievement	To gain public recognition	.881
	To provide jobs for family members	
	To build a business to pass on	
	To prove I can succeed	
	To increase sales and profits	
	So I will always have job security	
Self-fulfilment	To increase my income	.801
	To maintain my personal freedom	
	To do something I enjoy	
	To be closer to my family	
	For my own satisfaction and growth	
Autonomy	To meet the challenge	.826
	To make my own decisions	
	To acquire a comfortable living	
	Self-employment	
Reward/ extrinsic	To be my own boss	.691
	To build up equity for retirement	
	To maximize business growth	

5.6 Summated scale for Motivation

Further analysis was carried out using the summated scales. A summated scale was calculated for each construct by finding the average of the items in each construct. The average rating for the 4 constructs was calculated and the means are indicated in the table below:

Table 10: Entrepreneurial Motivations Results

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Need for achievement	61	1.29	5.00	3.95	.879

Self-fulfilment	61	2.00	5.00	4.31	.713
Autonomy	61	1.50	5.00	4.23	.824
Reward/ extrinsic	61	1.50	5.00	4.21	.883

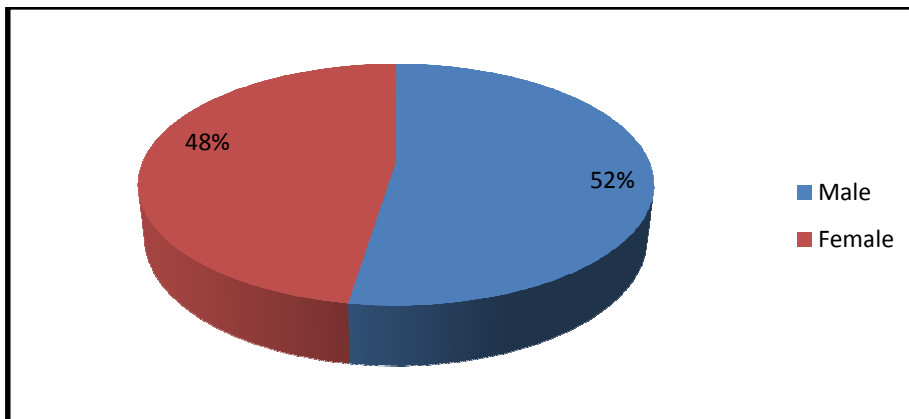
Self-fulfilment (4.31) was the highest rated item, followed by Autonomy (4.23), then Reward/ extrinsic (4.21) and lastly need for achievement (3.95).

5.7 Demographic

Question V31: Your gender, male or female

This question required the respondents to choose their gender. Table 1 below shows the cumulative percentage of male as 52.5% and that of female as 47.5%

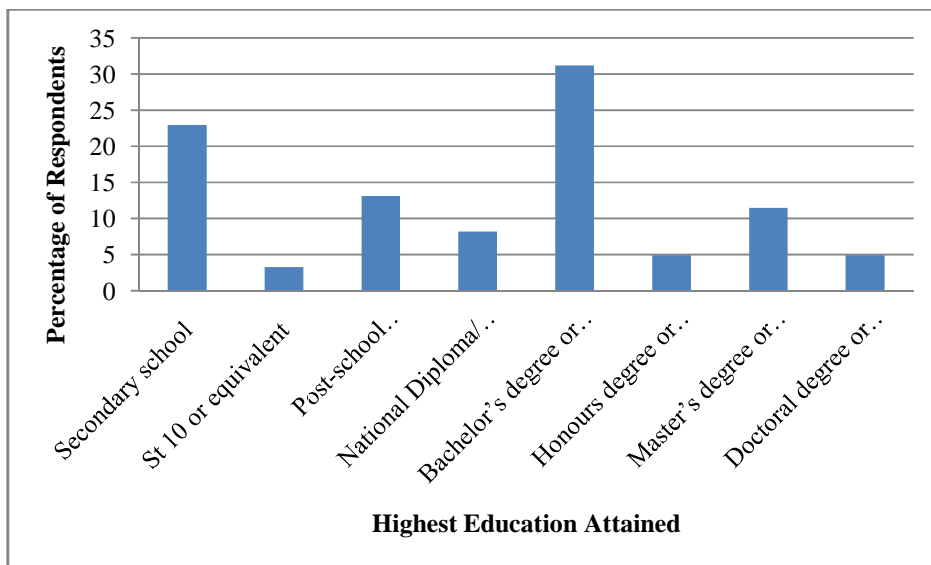
Figure 3: Respondents Gender Percentage



Question V33: Your highest education attainment

In this question respondents were required to choose their highest level of education

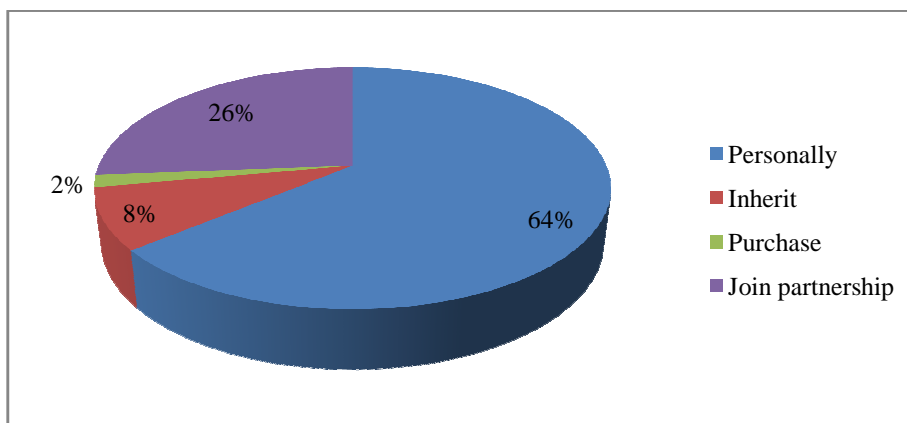
Figure 4: Level of education attained



Question V36: How did you start the business?

In this question the respondents were asked how they started their businesses so as to establish if they are the original owners of the business or they have inherited it.

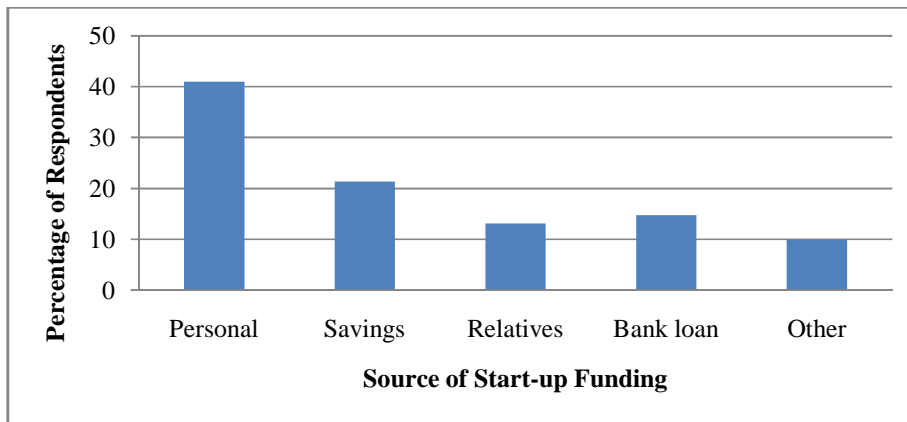
Figure 5: How business was started



Question V37: Business start-up funding

The respondents were required to select the method they have used in starting their businesses.

Figure 6: Source of start-up funding



5.8 Research question 1

Is there a significant relationship between individual entrepreneurial orientation and biographic variables?

This research question is split into three questions to deal with age, gender, and education.

2 (a) Is there a significant relationship between individual entrepreneurial orientation and age?

To answer this research question, correlation analysis was conducted to investigate the significance of the relationships between the individual entrepreneurial orientation and age. The null hypothesis was that there is no relationship between the individual entrepreneurial orientation and age against the alternative hypothesis that there is a relationship between the individual entrepreneurial orientation and age. The results are shown in the following table:

Table 11

Correlations		
		Age (years)
Innovation	Pearson Correlation	.101
	Sig. (2-tailed)	.439
	N	61
Pro-activeness	Pearson Correlation	.049
	Sig. (2-tailed)	.710

	N	61
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The results revealed that the correlation between IEO factors and age is very low and the p-values of the tests were both greater than 0.05 and thus the null hypothesis cannot be rejected and it is concluded that there no significant relationship between individual entrepreneurial orientation and age.

2 (b) Is there a significant relationship between individual entrepreneurial orientation and gender?

To answer this research question, independent samples t-test was conducted to investigate whether there was a difference between the individual entrepreneurial orientations of males from that of females. The null hypothesis was that there is no difference in the individual entrepreneurial orientation based on gender against the alternative hypothesis that there is a difference in the entrepreneurial orientation of by gender. The results are shown in the table below:

Table 12

Group Statistics				T-test for Equality of Means		
Gender		N	Mean	Std. Deviation	t-value	P-Value
Innovation	Male	32	5.38	1.354	.345	.731
	Female	29	5.28	1.025		
Pro-activeness	Male	32	6.07	1.026	-.492	.624
	Female	29	6.19	0.847		

There is no significant difference between the individual entrepreneurial orientation for males and females because the p-values of the t-tests were all greater than 0.05.

2 (c) Is there a significant relationship between individual entrepreneurial orientation and Education?

One-way analysis of variance (ANOVA) was conducted to assess whether there was a difference in the individual entrepreneurial orientation by education level. The null hypothesis will be that all education groups have the same level of individual

entrepreneurial orientation against the alternative hypothesis that at least one education group have a different IEO rating. The results are shown below.

Table 13

Descriptive						
		N	Mean	Std. Deviation	Minimum	Maximum
Innovation	Secondary school	14	5.036	0.930	3.75	6.50
	St 10 or equivalent	2	6.250	1.061	5.50	7.00
	Post-school certificate/diploma	8	5.281	1.775	1.50	7.00
	National Diploma/ National Higher Diploma	5	5.150	1.207	3.50	6.25
	Bachelor's degree or equivalent	19	5.303	1.265	2.25	6.75
	Honours degree or equivalent	3	5.750	1.250	4.50	7.00
	Master's degree or equivalent	7	5.607	1.126	3.75	6.50
	Doctoral degree or equivalent	3	5.667	1.041	4.50	6.50
	Total	61	5.332	1.200	1.50	7.00
Pro-activeness	Secondary school	14	6.036	1.082	3.00	7.00
	St 10 or equivalent	2	5.125	2.652	3.25	7.00
	Post-school certificate/diploma	8	5.719	1.491	2.50	7.00
	National Diploma/ National Higher Diploma	5	6.350	0.548	5.50	7.00
	Bachelor's degree or equivalent	19	6.237	0.626	5.00	7.00
	Honours degree or equivalent	3	6.500	0.433	6.25	7.00
	Master's degree or equivalent	7	6.393	0.430	5.75	7.00
	Doctoral degree or equivalent	3	6.250	0.500	5.75	6.75
	Total	61	6.127	0.939	2.50	7.00

All age groups had high values for both innovation and pro-activeness. The analysis of whether there are differences in ratings by education is shown in the ANOVA table below:

Table 14

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Innovation	Between Groups	4.507	7	.644	.416	.888
	Within Groups	81.958	53	1.546		
	Total	86.465	60			

Pro-activeness	Between Groups	4.893	7	.699	.771	.614
	Within Groups	48.059	53	.907		
	Total	52.953	60			

The p-values for both innovation (0.888) and pro-activeness (0.614) where greater than 0.05 conclude that there is no significant relationship between individual entrepreneurial orientation and Education.

5.9 Research question 2

Is there a significant relationship between entrepreneurial motivation and biographic variables?

This research question is split into three questions for age, gender, and education

2 (a) Is there a significant relationship between entrepreneurial motivation and age?

To answer this research question, correlation analysis was conducted to investigate the significance of the relationships between the entrepreneurial motivation and age. The null hypothesis was that there is no relationship between the entrepreneurial motivation and age against the alternative hypothesis that there is a relationship between the entrepreneurial motivation and age. The results are shown in the table below.

Table 15

Correlations		
		Age (years)
Need for achievement	Pearson Correlation	-.088
	Sig. (2-tailed)	.501
	N	61
Self-fulfillment	Pearson Correlation	-.103
	Sig. (2-tailed)	.431
	N	61
Autonomy	Pearson Correlation	-.065
	Sig. (2-tailed)	.618
	N	61
Reward/ extrinsic	Pearson Correlation	-.003
	Sig. (2-tailed)	.981
	N	61

The results revealed that all the entrepreneurial motivation factors have a very weak and negative correlation to age. The p-values are all greater than 0.05 and thus the null hypothesis cannot be rejected and it is concluded that there no significant relationship between individual entrepreneurial orientation and age.

2 (b) Is there a significant relationship between entrepreneurial motivation and gender?

To answer this research question, independent samples t-test was conducted to investigate whether there was a difference between the entrepreneurial motivations of males from that of females. The null hypothesis was that there is no difference in the entrepreneurial motivation based on gender against the alternative hypothesis that there is a difference in the entrepreneurial motivation of by gender. The results are shown in the table below;

Table 16

Group Statistics					T-test for Equality of Means	
Gender		N	Mean	Std. Deviation	t-value	P-value
Need for achievement	Male	32	3.85	0.841	-.871	.387
	Female	29	4.05	0.922		
Self-fulfillment	Male	32	4.22	0.730	-1.049	.298
	Female	29	4.41	0.692		
Autonomy	Male	32	4.10	0.931	-1.327	.190
	Female	29	4.37	0.674		
Reward/ extrinsic	Male	32	4.17	0.885	-.381	.705
	Female	29	4.26	0.893		

There is no significant difference between the entrepreneurial motivation for males and females because the p-values of the t-tests were all greater than 0.05. Thus it can be concluded that there is no significant relationship between entrepreneurial motivation and gender

2 (c) Is there a significant relationship between entrepreneurial motivation and Education?

One-way analysis of variance (ANOVA) was conducted to assess whether there was a difference in entrepreneurial motivation by education level. The null hypothesis will be that

all education groups have the same level of entrepreneurial motivation against the alternative hypothesis that at least one education group have a different entrepreneurial motivation rating. The results are shown below.

Table 17

Descriptives						
		N	Mean	Std. Deviation	Minimum	Maximum
Need for achievement	Secondary school	14	4.265	0.794	2.57	5.00
	St 10 or equivalent	2	3.571	1.414	2.57	4.57
	Post-school certificate/diploma	8	4.071	0.748	3.14	4.86
	National Diploma/ National Higher Diploma	5	4.486	0.540	3.71	5.00
	Bachelor's degree or equivalent	19	3.827	0.812	2.14	5.00
	Honours degree or equivalent	3	2.476	1.296	1.29	3.86
	Master's degree or equivalent	7	3.694	0.867	2.57	5.00
	Doctoral degree or equivalent	3	4.286	0.495	3.71	4.57
	Total	61	3.946	0.879	1.29	5.00
Self-fulfillment	Secondary school	14	3.993	0.982	2.00	5.00
	St 10 or equivalent	2	4.700	0.424	4.40	5.00
	Post-school certificate/diploma	8	4.175	0.759	3.00	5.00
	National Diploma/ National Higher Diploma	5	4.280	0.502	3.80	5.00
	Bachelor's degree or equivalent	19	4.421	0.614	3.00	5.00
	Honours degree or equivalent	3	4.533	0.306	4.20	4.80
	Master's degree or equivalent	7	4.400	0.643	3.60	5.00
	Doctoral degree or equivalent	3	4.800	0.346	4.40	5.00
	Total	61	4.310	0.713	2.00	5.00
Autonomy	Secondary school	14	4.256	0.888	2.75	5.00
	St 10 or equivalent	2	4.500	0.707	4.00	5.00
	Post-school certificate/diploma	8	4.469	0.647	3.25	5.00
	National Diploma/ National Higher Diploma	5	4.600	0.454	4.00	5.00
	Bachelor's degree or equivalent	19	4.026	0.961	1.50	5.00
	Honours degree or equivalent	3	3.750	0.901	3.00	4.75
	Master's degree or equivalent	7	4.143	0.864	3.00	5.00
	Doctoral degree or equivalent	3	4.583	0.382	4.25	5.00
	Total	61	4.227	0.824	1.50	5.00

Reward/ extrinsic	Secondary school	14	4.036	0.950	2.00	5.00
	St 10 or equivalent	2	3.250	2.475	1.50	5.00
	Post-school certificate/diploma	8	4.438	0.678	3.50	5.00
	National Diploma/ National Higher Diploma	5	4.600	0.418	4.00	5.00
	Bachelor's degree or equivalent	19	4.289	0.871	2.00	5.00
	Honours degree or equivalent	3	3.167	0.764	2.50	4.00
	Master's degree or equivalent	7	4.429	0.450	4.00	5.00
	Doctoral degree or equivalent	3	4.500	0.866	3.50	5.00
	Total	61	4.213	0.883	1.50	5.00

The analysis of whether there are differences in ratings by education is shown in the ANOVA table below:

Table 18

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Need for achievement	Between Groups	10.831	7	1.547	2.310	.039
	Within Groups	35.502	53	.670		
	Total	46.333	60			
Self-fulfillment	Between Groups	3.024	7	.432	.834	.564
	Within Groups	27.451	53	.518		
	Total	30.474	60			
Autonomy	Between Groups	3.202	7	.457	.646	.716
	Within Groups	37.522	53	.708		
	Total	40.724	60			
Reward/ extrinsic	Between Groups	7.415	7	1.059	1.428	.214
	Within Groups	39.315	53	.742		
	Total	46.730	60			

The results show that only need for achievement was significantly related to education level because the p-value is 0.039 which is less than 0.05 (the significance level). Thus we reject the null hypothesis for this factor and conclude that there is a significant relationship between need for achievement and Education.

Self-fulfilment, Autonomy and Reward/ extrinsic are not significantly related to Education since the p-values are greater than 0.05.

5.10 Research question 3

Is there a causal relationship between entrepreneurial motivation and individual entrepreneurial orientation (IEO) with IEO innovativeness factor as outcome variable?

5.11 Research question 6

Is there a causal relationship between entrepreneurial motivation and individual entrepreneurial orientation with the IEO proactive factor as outcome variable?

To answer this research question, regression analysis using the stepwise method was conducted to investigate whether pro-activeness (dependent variable) is caused by motivational factors names; “Need for achievement”, “Self-fulfilment”, “Autonomy”, and “Reward/extrinsic” as independent variables.

Table 19

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.414 ^a	.171	.157	.86233
a. Predictors: (Constant), Reward/ extrinsic				

The r-square also known as the coefficient of multiple determination is 0.171; therefore, about 17.1% of the variation in pro-activeness is explained by the fitted model. The regression equation appears to be very weak in making predictions on pro-activeness since value of the r-square is small. The ANOVA table is shown below:

Table 20

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.080	1	9.080	12.210	.001 ^b
	Residual	43.873	59	.744		
	Total	52.953	60			

a. Dependent Variable: Pro-activeness
b. Predictors: (Constant), Reward/ extrinsic

The Analysis of variance (ANOVA) table has figures testing whether the regression model is significant. The test statistic is 12.210 and the p-value of the test statistic is 0.001 which is less than 0.05 and thus we reject the null hypothesis at 5% significance level, implying that the model is significant (at least one of the independent variables is useful in predicting pro-activeness, and therefore the model is useful). The table below gives the parameter estimates.

Table 21

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.270	.543		7.866	.000
	Reward/ extrinsic	.441	.126	.414	3.494	.001

a. Dependent Variable: Pro-activeness

The results in the table above show that:

- Pro-activeness = 4.270 + 0.441 Reward/ extrinsic
- The p-value for the coefficient of Reward/ extrinsic is 0.001 which is less than 0.05 and thus Reward/ extrinsic is a significant contributor to pro-activeness. Thus, an increase in the need to Reward/ extrinsic motivation will lead to an increase in pro-activeness.
- “Need for achievement”, “Self-fulfilment”, and “Autonomy” are not significant contributors to pro-activeness and thus they were excluded in the model.

5.12 Research question 9

Is there a significant relationship between the individual entrepreneurial orientation and business age?

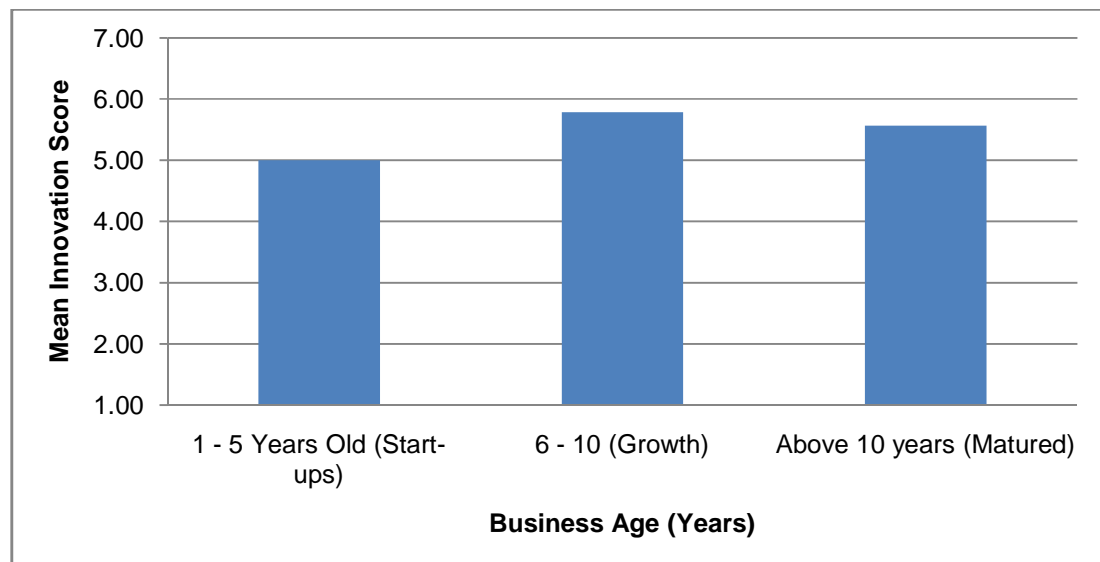
One-way analysis of variance (ANOVA) was conducted to assess whether there was a difference in the individual entrepreneurial orientation by business age (Number of years in current business). Business age was grouped into three groups namely; Start-ups (0 – 5

years), Growth (6 – 10 years) and Matured (above 10 years). The null hypothesis was that respondents in the different business age groups have the same level of individual entrepreneurial orientation against the alternative hypothesis that at least respondents in one business age group have a different IEO rating. The results are shown below.

Table 22

Descriptives						
		N	Mean	Std. Deviation	Minimum	Maximum
Innovation	1 - 5 Years Old (Start-ups)	26	5.000	1.223	1.50	7.00
	6 - 10 (Growth)	14	5.786	1.055	3.75	7.00
	Above 10 years (Matured)	20	5.563	1.085	2.25	7.00
	Total	60	5.371	1.171	1.50	7.00
Pro-activeness	1 - 5 Years Old (Start-ups)	26	5.942	1.082	2.50	7.00
	6 - 10 (Growth)	14	6.464	0.562	5.50	7.00
	Above 10 years (Matured)	20	6.088	0.926	3.25	7.00
	Total	60	6.113	0.940	2.50	7.00

Figure 7



All age groups of businesses had high values for both innovation and pro-activeness. The analysis of whether there are differences in ratings by education is shown in the ANOVA table below:

Table 23

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Innovation	Between Groups	6.720	2	3.360	2.581	.085
	Within Groups	74.217	57	1.302		
	Total	80.936	59			
Pro-activeness	Between Groups	2.498	2	1.249	1.433	.247
	Within Groups	49.680	57	.872		
	Total	52.178	59			

5.13 Conclusion

The outcomes of the research were presented in this above section. Only two dimensions were exhibited in the individual entrepreneurial orientation namely innovativeness and pro-activeness. The Cronbach's alpha test was used to confirm the reliability of the two dimensions found. Further analysis was carried out using the summated scales. The two dimensions found further revealed that they are all present in different life stages of business life cycle.

Entrepreneurial motivations showed four factors namely need for achievement, self-fulfilment, autonomy and reward/extrinsic factors. The Cronbach's alpha was calculated for each construct confirming the reliability of the results. Further analysis were carried out using summated scales

6 Research Findings

6.1 Introduction

The aim of this chapter is to discuss the findings of this research based on the literature review and the results presented in chapter 5 of this research and research questions.

Individual entrepreneurial orientation of entrepreneurs in this case business owner was investigated and entrepreneurial motivations of these entrepreneurs were assessed together with the original research questions. The results have revealed some disparities.

6.2 Research question 1

Is there a significant relationship between individual entrepreneurial orientation and biographic variables?

6.2.1 Introduction

It has been established in the literature that the entrepreneurial orientation is more male dominated. Women have been making in ways in the entrepreneurial space it has been found that man are twice as likely as women to start their businesses (Reynod et al., 2002) cited in (Kickul, Marlino & Barbos, 2008). Kickul et al (2008) further highlighted that almost 30 per cent of adolescents' girls are less likely to consider an entrepreneurial career. The number of men involved in the start-up stage of business is larger than women (Kelly, Singer & Harrington, 2012); this implies that only a few women are active in business creation.

It has also been established that start-ups fail due to lack of skills and acumen, Ladzani & Van Vuuren 2002 cited in (Urban & Naidoo, 2012) said in South Africa 50 per cent of new businesses fail, lack of financial acumen, marketing, entrepreneurial flair, practical knowledge and human resource management. Low level of education and training, lack of capacity as well as deprived business skills are factors contributing to failure in start-ups operations (Yanta, 2001) cited in Urban & Naidoo, 2012. Literature in this section confirms that education has a positive relationship with entrepreneurial orientation.

6.2.2 Discussion of results

This research question was split into three questions addressing the age, gender and education.

- a) *Is there a significant relationship between individual entrepreneurial orientation and age?*

The correlation analysis was conducted to investigate the significance of the relationships between the individual entrepreneurial orientation and age. The null hypothesis was that there is no relationship between the individual entrepreneurial orientation and age against the alternative hypothesis that there is a relationship between the individual entrepreneurial orientation and age. The results revealed that the correlation between IEO factors and age is very low and the p-values of the tests were both greater than 0.05 and thus the null hypothesis cannot be rejected and it is concluded that there no significant relationship between individual entrepreneurial orientation and age.

- b) *Is there a significant relationship between individual entrepreneurial orientation and gender?*

An independent samples t-test was conducted to investigate whether there was a difference between the individual entrepreneurial orientations of males from that of females. The null hypothesis was that there is no difference in the individual entrepreneurial orientation based on gender against the alternative hypothesis that there is a difference in the entrepreneurial orientation of by gender. There is no significant difference between the individual entrepreneurial orientation for males and females because the p-values of the t-tests were all greater than 0.05.

- c) *Is there a significant relationship between individual entrepreneurial orientation and gender?*

One-way analysis of variance (ANOVA) was conducted to assess whether there was a difference in the individual entrepreneurial orientation by education level. The null hypothesis will be that all education groups have the same level of individual entrepreneurial orientation against the alternative hypothesis that at least one education group have a different IEO rating. All age groups had high values for both innovation and pro-activeness. The analysis of whether there are differences

in ratings by education is shown in the ANOVA. The p-values for both innovation (0.888) and pro-activeness (0.614) were greater than 0.05 (the significance level) and thus we reject the null hypothesis. It is thus; conclude that there is no significant relationship between individual entrepreneurial orientation and Education

6.2.3 Conclusion

The research question was posed whether there is a significant relationship between individual entrepreneurial orientation and biographic variables? The question was divided into three sub questions with the first one investigating the relationship between the individual entrepreneurial orientation and age and it was found that there was no significant relationship between individual entrepreneurial orientation and age.

The second section was answering the question about the relationship between individual entrepreneurial orientation and education it was found that there was no significant relationship between individual entrepreneurial orientation and gender. Both males and females exhibited a p value greater than 0.05.

The third section dealt with the relationship between individual entrepreneurial orientation and education. It was found that there was no significant relationship between individual entrepreneurial orientation and education.

6.3 Research question 2

Is there a significant relationship between entrepreneurial motivation and biographic variables?

6.3.1 Introduction

Entrepreneurs show different achievement motivation relative to their business goals (Stewart & Roth, 2007), those who are growth orientated show a significantly high achievement motivation when compared to start-ups owners who are struggling for daily survival.

6.3.2 Discussion of results

This research question is split into three hypotheses for age, gender, and education.

a. *Is there a significant relationship between entrepreneurial motivation and age?*

Correlation analysis was conducted to investigate the significance of the relationships between the entrepreneurial motivation and age. The null hypothesis was that there is no relationship between the entrepreneurial motivation and age against the alternative hypothesis that there is a relationship between the entrepreneurial motivation and age. The results revealed that all the entrepreneurial motivation factors have a very weak and negative correlation to age. The p-values are all greater than 0.05 and thus the null hypothesis cannot be rejected and it is concluded that there no significant relationship between individual entrepreneurial orientation and age

b. *Is there a significant relationship between entrepreneurial motivation and gender?*

Independent samples t-test was conducted to investigate whether there was a difference between the entrepreneurial motivational factors of males from that of females. The null hypothesis was that there is no difference in the entrepreneurial motivation based on gender against the alternative hypothesis that there is a difference in the entrepreneurial motivation of by gender. There is no significant difference between the entrepreneurial motivation for males and females because the p-values of the t-tests were all greater than 0.05. Thus it can be concluded that there is no significant relationship between entrepreneurial motivation and gender

c. *Is there a significant relationship between entrepreneurial motivation and education?*

One-way analysis of variance (ANOVA) was conducted to assess whether there was a difference in entrepreneurial motivation by education level. The null hypothesis will be that all education groups have the same level of entrepreneurial motivation against the alternative hypothesis that at least one education group have a different entrepreneurial motivation rating. The analysis of whether there are differences in ratings by education results show that only need for achievement was significantly related to education level because the p-value is 0.039 which is less than 0.05 (the significance level). Thus we reject the null hypothesis for this factor and conclude that there is a significant relationship between need for achievement and education.

Self-fulfilment, Autonomy and Reward/ extrinsic are not significantly related to Education since the p-values are greater than 0.05.

6.3.3 Conclusion

The research question was posed whether is there a significant relationship between entrepreneurial motivations and biographic variables? The question was split into three sub questions with the first one investigating the relationship between the entrepreneurial motivations and age and results revealed that all the entrepreneurial motivation factors have a very weak and negative correlation to age. The p-values are all greater than 0.05 and thus the null hypothesis cannot be rejected and it is concluded that there no significant relationship between entrepreneurial motivations and age

The second section was investigating the relationship between entrepreneurial motivations and gender, there is no significant difference between the entrepreneurial motivation for males and females because the p-values of the t-tests were all greater than 0.05. Thus it can be concluded that there is no significant relationship between entrepreneurial motivation and gender

The third section was investigating the relationship between entrepreneurial motivations and education. It was found that there was no significant relationship between individual entrepreneurial orientation and education. The results show that only need for achievement was significantly related to education level because the p-value is 0.039 which is less than 0.05 (the significance level). Thus we reject the null hypothesis for this factor and conclude that there is a significant relationship between need for achievement and Education.

Self-fulfilment, Autonomy and Reward/ extrinsic are not significantly related to Education since the p-values are greater than 0.05.

6.4 Research question 3

The research question was posed whether Is there a causal relationship between entrepreneurial motivation and individual entrepreneurial orientation (IEO) innovativeness factor as an outcome variable?

6.4.1 Introduction

Entrepreneurial orientation describes a mind-set response to environmental changes and starting new business also provides a useful context to analyse entrepreneurship atmosphere within an organization (Lumpkin and Dess, 1996, 2001).). Innovation is fundamentally a process of turning opportunities into ideas and putting these ideas into practical use (Flynn, Doodley & Cormican, 2003). Dhliwayo and Vuuren (2007) alleged that the types of mind-set that make entrepreneurs to make realistic judgments when faced with doubts are entrepreneurial mind-set that have to do with creativity, innovation and taking opportunities that lead to organisational wealth creation and success.

6.4.2 Discussion of results

Using regression analysis innovation as a dependent variable was investigated and it was found that innovation is caused by motivational factors namely: Need for achievement, Self-fulfilment, Autonomy and Reward/extrinsic as independent variables. The null hypothesis was that innovation is not dependent on the entrepreneur motivation factors against the alternative hypothesis that innovation is caused by at least one of the entrepreneur motivation factors. The r-square also known as the coefficient of multiple determination is 0.164; therefore, about 16.4% of the variation in innovation is explained by need for self-fulfilment and autonomy. The regression equation appears to be very weak in making predictions on innovation since value of the r-square is small. The ANOVA test was then performed yielding the following results $\text{Innovation} = 3.798 + 0.765 \text{ Self-fulfilment} - 0.414 \text{ Autonomy}$.

The p-value for the coefficient of Self-fulfilment is 0.002 which is less than 0.05 and self-fulfilment is a significant contributor to innovation. Thus an increase in the need to self-fulfil will lead to an increase in innovativeness. The p-value for autonomy is 0.041 which is less than 0.05 and thus Autonomy is also a contributor to innovation but the coefficient is negative, which means that an increase in the need for autonomy will lead to a decline in innovation. "Need for achievement" and "Reward/ extrinsic" are not significant contributors to innovation as they were excluded in the model.

6.4.3 Conclusion

There was a causal relationship between entrepreneurial motivational factors namely self-fulfilment and autonomy, and individual entrepreneurial orientation namely innovativeness. A high need for achievement will lead to high innovativeness. Autonomy also contributed to innovation but an increase in the need for autonomy will lead to a decline in innovativeness. Need for achievement and reward/extrinsic factors did not contribute to innovation

6.5 Research question 4

Is there a causal relationship between entrepreneurial motivation and individual entrepreneurial orientation with IEO risk taking factor as outcome variable?

6.5.1 Introduction

In financial analysis, risk is used in the context of risk-return trade-off ranging from 'safe' risks with little insecurity, to 'high' risks with large financial uncertainties (Lumpkin & Dess, 1996). Miller and Friesen define risk as the degree to which managers are willing to make large and risky resource commitments – i.e., those which have a reasonable chance of costly failure (Miller & Friesen, 1978). Entrepreneurs displays different appetites for risk there are those who more risk averse than the others depending on the situations they are facing. Koelinger (2007) study found that there is negative relationship are individual who are realistic about their

6.5.2 Discussion of results

Risk taking was not found as a dimension in this study.

6.5.3 Conclusion

It was not possible to make statistical inferences with risk taking as a factor because the factor analysis has excluded risk taking as a dimension in this study (see explanation in Chapter 5).

6.6 Research question 5

The research question was posed to access whether is there a causal relationship between entrepreneurial motivation and individual entrepreneurial orientation with the IEO proactive factor as outcome variable?

6.6.1 Introduction

6.6.2 Discussion of results

Regression analysis was conducted to investigate the causal relationship between entrepreneurial motivational factors namely “Need for achievement”, “Self-fulfilment”, “Autonomy”, and “Reward/ extrinsic” as independent variables. The null hypothesis was that pro-activeness is not dependent on the entrepreneur motivation factors against the alternative hypothesis that pro-activeness is caused by at least one of the entrepreneur motivation factors.

The r-square also known as the coefficient of multiple determination is 0.171; therefore, about 17.1% of the variation in pro-activeness is explained by the fitted model. The regression equation appears to be very weak in making predictions on pro-activeness since value of the r-square is small. The Analysis of variance (ANOVA) testing whether the regression model is significant. The test statistic is 12.210 and the p-value of the test statistic is 0.001 which is less than 0.05 and thus we reject the null hypothesis at 5% significance level, implying that the model is significant (at least one of the independent variables is useful in predicting pro-activeness, and therefore the model is useful).

Pro-activeness = 4.270 + 0.441 Reward/ extrinsic

The p-value for the coefficient of Reward/ extrinsic is 0.001 which is less than 0.05 and thus Reward/ extrinsic is a significant contributor to pro-activeness.

6.6.3 Conclusion

A causal relationship was found between entrepreneurial motivation and individual entrepreneurial orientation with pro-activeness as a factor. An increase in the entrepreneurial motivational factor, reward/ extrinsic factor will lead to an increase in pro-activeness.

“Need for achievement”, “Self-fulfilment”, and “Autonomy” are not significant contributors to pro-activeness and thus they were excluded in the model.

6.7 Research question 6

Is there a causal relationship between entrepreneurial motivation and individual entrepreneurial orientation with IEO competitive/aggressive factor as outcome variable?

6.7.1 Introduction

Vora, Vora and Polley (2012) emphasizes that the five levels of entrepreneurial orientation do not always function at the same level and will vary in different circumstances from individual to individual and enterprise to enterprise. It would also not necessary be beneficial to the businesses should entrepreneurial orientation be functioning at high levels at all times (Hughes & Morgan, 2007; Lumpkin & Dess, 1996).

6.7.2 Discussion of results

Competitive aggressiveness was not found as a dimension in this study.

6.7.3 Conclusion

It was not possible to make statistical inferences with competitive aggressiveness as a factor because the factor analysis has excluded competitive aggressiveness as a dimension in this study.

6.8 Research question 7

Is there a causal relationship between entrepreneurial motivation and individual entrepreneurial orientation with IEO autonomy factor as outcome variable?

6.8.1 Introduction

Lumpkin, Cogliser & Scheneider (2009) noted that autonomy was often omitted as a dimension and they cited two reasons that could be attributed to this omission: firstly autonomy is not one of the “original” dimensions of EO identified by Miller (1983), further some researchers view autonomy as an antecedent of entrepreneurial behaviour. The

second reason was absence of an effective firm-level scale to measure autonomy from an EO perspective which has caused in obstructing the adopting of autonomy as a dimension. Autonomous organisations make it possible for their employees to “act independently, to make key decisions, and to proceed” (Lumpkin & Dess, 1996, p.140). In the processes of leveraging a firm’s existing strengths, identifying opportunities that are outside the organisation’s present competences, and encouraging the development of new businesses and or improve business practices autonomy is vital from the context of EO (Kanter, North, Bernstein, & William, 1990). Autonomy boosts innovation, encourages the introduction of entrepreneurial ventures and escalations the competitiveness and effectiveness of firm (Brock, 2003: Burgelman, 2001) cited in Lumpkin et al, 2009. Lumpkin et, al 2009 further cited (Covin, Green, & Slevin, 2006) proclaiming that firms that are reliant on taking part in decision making and need agreement to be reached before introduction entrepreneurial initiatives may suffer monetarily.

6.8.2 Discussion of results

Autonomy was not found as a dimension in this study.

6.8.3 Conclusion

It was not possible to make statistical inferences with autonomy as a factor because the factor analysis has excluded autonomy as a dimension in this study (as discussed in Chapter 5).

6.9 Research question 8

Is there a significant relationship between the individual entrepreneurial orientation and life cycle of business?

6.9.1 Introduction

Entrepreneurs get into business for different reasons; there are those who are interested in the growth of their businesses and those who just want to be there because they are following a hobby. Entrepreneurial businesses have shown different ways of growing; some pursue to build incomes while some pursue to advance their technological capabilities before introducing the products on the market (Clarysee *et al.*, 2010) cited in

(Wright & Marlow, 2012). Entrepreneurial businesses may grow in different ways, some firm seeking to build revenues some may seek to develop the business. Levie & Lichtenstein (2008) claim that business life cycle and stages are not accurate representation of the early growth and development of entrepreneurial businesses

6.9.2 Discussion of results

One-way analysis of variance (ANOVA) was conducted to assess whether there was a difference in the individual entrepreneurial orientation by business age (Number of years in current business). Business age was grouped into three groups namely; Start-ups (0 – 5 years), Growth (6 – 10 years) and Matured (above 10 years). The null hypothesis was that respondents in the different business age groups have the same level of individual entrepreneurial orientation against the alternative hypothesis that at least respondents in one business age group have a different IEO rating. All life cycle stages had high values for both innovation and pro-activeness. The p-values for both innovation (0.085) and pro-activeness (0.247) are greater than 0.05 (the significance level) and thus the null hypothesis cannot be rejected. It is thus; concluded that there is no significant relationship between individual entrepreneurial orientation and life cycle of the business.

6.9.3 Conclusion

The study has revealed that there was no significant relationship between individual entrepreneurial orientation and life cycle stages of the business

6.10 Conclusion Remarks

6.10.1 Individual entrepreneurial orientation conclusion

The nine IEO factors were factor analysed, the attribute “I usually act in anticipation of future problems, needs or changes” loaded highly in two factors and thus was removed. A rerun on the eight remaining factors resulted in two distinct dimensions namely “innovation and pro-activeness”. The factor analysis accounted for 53.6% of the variance with innovation explaining 37% and pro-activeness explaining 16.6% of the variance. The Cronbach’s Alpha was calculated to assess the reliability of the two constructs and they both had a high Cronbach’s Alpha coefficient, 0.700 for innovation and 0.689 for pro-activeness. It was expected that the entrepreneurs will at least display three dimensions

out of the five based on the previous studies that have been conducted on this field. Innovativeness, risk-taking and pro-activeness behaviours has been more prominent in research on entrepreneurial orientation, autonomy and competitive aggressiveness behaviours has not been investigated regularly (Rauch et al., 2009; Hughes & Morgan, 2007). Vora, Vora & Polley, 2012 have confirmed that the dimensions don't have to be present all at the same time, bearing in mind that entrepreneurs tend to be risk averse when they are in business. The absence of risk-taking in this study could be attributed to the risk averseness of the entrepreneurs.

6.10.2 The relationship between entrepreneurial orientation and biometrics

It was found that there was no significant relationship between individual entrepreneurial orientation and age, gender and education. This finding was not surprising given the nature of the sample. The sample had an average age of 39.48 with the youngest at 23 years and the oldest at 71 years, the gender was split almost 50% with males making up 52% and females making up 48% of the total sample. These entrepreneurs are actively involved in business they are not at the point where they deciding if they want to be entrepreneurs or not hence the results yielding no significance relationship between individual entrepreneurial orientation and biometrics.

6.10.3 Entrepreneurial motivation conclusion

Eighteen attributes were rated on a point Likert scale on what motivated the respondents to be in business. The 18 items were factor analysed and the factor analysis resulted in four distinct factors namely "Need for achievement", "Self-fulfilment", "Autonomy", and "Reward/ extrinsic". The factor analysis accounted for 69% of the variance with "Need for achievement" explaining for 40% of the variance, "Self-fulfilment" (12%), "Autonomy" (9%), and "Reward/ extrinsic" (7%). Cronbach's Alphas were also calculated to assess the internal consistency (reliability) of the 4 constructs. All the constructs had high Cronbach's Alpha values, 0.881 for "Need for achievement", 0.801 for "Self-fulfilment", 0.826 for "Autonomy", and 0.691 for "Reward/ extrinsic".

6.10.4 Relationship between entrepreneurial motivations and biometrics

The analysis was conducted on three biometrics namely age, gender and education. There was no significant relationship that was observed between entrepreneurial

motivations and age and gender. A significant relationship existed between “Need for achievement” and Education. Self-fulfilment, Autonomy and Reward/ extrinsic were not significantly related to Education. It was expected that all the motivational factors will have significant relationship with education.

6.10.5 Causal relationship between individual entrepreneurial and entrepreneurial motivational factors

A causal relationship was established between individual entrepreneurial orientation and entrepreneurial motivational factors. The two dimensions that were produced during the factor analysis of the individual entrepreneurial orientation factors “innovativeness and pro-activeness” were loaded as dependent variables respectively against Need for achievement, Self-fulfilment, Autonomy and Reward/extrinsic as independent variables. Innovation was found to have a causal relationship with autonomy, the relationship was found to be a negative relationship, and an increase in need for autonomy will lead to a decline in innovation. The relationship between pro-activeness and reward/extrinsic was found to be significant.

The life cycle stages of the business did not reveal and significant relationship with the individual entrepreneurial orientation which made it impossible to make recommendations to aspiring entrepreneurs about the entrepreneurial orientation and different life cycle stages of the business.

6.10.6 Conclusion

This chapter focused on the findings, the next chapter will focus on the recommendations, and future research.

7 Conclusion

7.1 Introduction

Entrepreneurship has been seen as a vehicle to drive the economic development in the South African environment. The low total early-stage entrepreneurial activities that have been illustrated by the Global entrepreneurial Monitor GEM created the interest to study the individual entrepreneurial orientation and motivations of business owners in different stages of the life cycle of the business. The results that emerged in the study are not fully expected but are accepted given the sample that has been used.

7.2 Overview of literature review

Entrepreneurial activities are the solution in reducing unemployment and economic development. Ladzani & Van Vuuren 2002 cited in (Urban & Naidoo, 2012) record that in South Africa 50 per cent of new businesses fail and these failures are caused by the following: weakness in innovation, lack of financial acumen, marketing, entrepreneurial flair, practical knowledge and human resource management. When these firms fail and not reach their full potential they result in unemployment due to job losses and frustrated communities. The investigation of the individual entrepreneurial orientation was expected to shed a light of the dimensions of the entrepreneurs that are currently active in the economy of South Africa. Their orientation was to be used to encourage aspiring entrepreneurs of which dimensions are prominent in different stages of the business which was represented by the number of years in business. The dimensions of the entrepreneurs were expected to address the lack of entrepreneurial flair that causes the early failure of start-up businesses.

Businesses that are created by the entrepreneurs have a potential of providing employment and thus minimise the suffering to the poor. Enterprise development through entrepreneurial mind-set will result in poverty alleviation, job creation and better quality of life in South Africa (Neneh, 2012). Abor in 2010 noted that 91% of formal business entities in South Africa are the SMEs and they contribute between 52 to 57% GDP and provide 61% employment. Small and medium size enterprises are the key sources of global economy providing employment. Having an entrepreneurial mind-set is not enough it must

translate to an action of creating new businesses. The creation of new businesses requires an element of innovativeness, proactivity accompanied by risk-taking.

7.3 Conclusion from the study

The sample that was used in the sample did not display the qualities that truly reflect the entrepreneurial qualities of an acceptable entrepreneur. The study need to be conducted in future with clear parameters.

7.4 Entrepreneurial orientation on literature

Entrepreneurship is a vehicle that should be used to stimulate economic development. Sarasvathy & Venkataraman (2011), Shepherd & Patzelt (2011), & McMullen (2011) altogether highlighted entrepreneurship as a foundation for “creating a better”. This is due to the emerging research on social entrepreneurship. Shane & Venkataraman, 2000 argued that entrepreneurship is no longer equal to new, small, or owner-managed firms. Griffiths, Kickul, Bacq and Terjesen (2012) acknowledge that entrepreneurship should be a multilevel approach which remains unaddressed. The entrepreneurial orientation of the individuals in business is important in creating the entrepreneurial flair that adds to the success of their businesses. At an organisational level, entrepreneurial orientation is defined as procedures of strategy creation that serve as the foundation of decisions related to entrepreneurial actions (Covin & Slevin, 1991; Hughes & Morgan, 2007; Keh, Nguyen & Ng 2007; Lumpkin and Dess, 1996; Madsen 2007; Wiklund, 1999; Rauch et al., 2009). Entrepreneurial orientation describes a mind-set response to environmental changes and starting new business also provides a useful context to analyse entrepreneurship atmosphere within an organization (Lumpkin and Dess, 1996, 2001).

7.5 Entrepreneurial orientation and motivations

A comprehensive psychological force that guides an individual's behaviour in an organisation, an individual's level of effort, and an individual's scope of perseverance in the aspect of obstacles is a mirror image of motivation (Dunnette & Hough, 1990). Through motivation entrepreneurs gain knowledge, skills and ability as such gain momentum to implement necessary projects (Shane et al., 2003) cited in Neneh (2012). Individuals who can positively assess developments and those who cannot, those who

believe in fast growth and those who believe in slow growth, those who receive external funding and those who seek opportunities can be separated by motivation (Neneh, 2012).

7.6 Limitations of study

- The sample was not representative as it was a non-random convenient sample, the sample was sourced by using non probability sampling techniques therefore the findings cannot be generalised to the population of business owners in South Africa.
- Systematic bias from sampling bias, the difference between the results from the study and the results from theory.
- The non-response bias also made it impossible to have a true reflection of the traits of the business owners.
- Snowballing effect that was used could have also introduced the self-selection bias; it is not possible to know in the snowball sample if the sample is representative.
- The use of questionnaires limited the respondents to elaborate further on their views due the structured questions.
- It is possible for respondents not to understand the questions and just respond because they have to complete the questionnaires.
- The sample was be taken from business owners in the Gauteng Area with no clear specification of the industry that they are involve in will also result in more generalisation during that data analysis.
- The use of electronic survey could have resulted in more responses.

7.7 Conclusion

The objectives of the study were not fully achieved. It is possible to make recommendations to aspiring entrepreneurs on which dimension to have in the early stage of their business. It is noted that innovativeness and pro-activeness is very important in their entrepreneurial journey. It has also been noted that autonomy as a motivational factor affects innovativeness.

7.8 Contribution of study

The insights that were gained in this study about the entrepreneurial orientation of business owners in South Africa will create a future basis to explore more on this topic.

7.9 Recommendations

The start-up failure rate is too high – there should be mechanisms to investigate further how to minimise the problem and in the process stimulate economic growth.

7.10 Suggestion for future research

The study should be repeated on a sample that is clearly defined, preferably entrepreneurs in the early start up stage.

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