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Entrepreneurial leadership as a determinant of business performance: A study of Small and Medium Enterprises (SMEs) in Johannesburg

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A research report submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Management (ENVC)

Johannesburg, 2016

ABSTRACT

Entrepreneurial Leadership is a fledgling discourse within the entrepreneurial fraternity, yet its absence in enterprises contributes to most of the firms' abrupt ending. Studies show the lifespan of SMEs in South Africa only lasting the first three years of existence. Entrepreneurial Leadership plays critical role in the business performance of the SME in Johannesburg. A sample of 123 respondents was drawn from mostly owners and managers of SMEs in Johannesburg. A multi-prong approach for data collection was administered in the study; this included calling the prospective respondents both on their landline telephones and mobiles and some were given hard copies of the questionnaire to complete. For the convenience of other prospective respondents, an e-link questionnaire was sent by email, and directly, to the mobile phones. The conclusion of the study showed a correlation between entrepreneurial leadership and business performance, correlation between entrepreneurial orientation and business performance and finally, the moderating effect of entrepreneurial leadership on entrepreneurial orientation and business performance in Johannesburg. Given the gap in the market for the practitioners in the sphere of SME, the application of findings of this report will be helpful to the prolonged tenure of the SME in Johannesburg. The theory amassed in the study will also contribute towards further studies in Entrepreneurial Leadership.

DECLARATION

I, Patrick M Shao, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Management (ENVC) in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Patrick Maile Shao

Signed at ……

On the …….. day of …… 20…..

DEDICATION

This project is dedicated to my wife, Dr N.C Shao, for her continual support in the pursuance of my transformational renewal that led, among other things, to a re-visitation of my unfinished business, including my educational empowerment. It is equally devoted to my three beautiful children, Okamelang, Iponahatseng and Ipopeng Shao, all of whom supported me unreservedly.

The project is also dedicated to the memory of my father, Zacharia Machache Shao (1927-1979) and mother, Lipuo Anna Shao (1938-2009), rest in peace knowing that your son has not let go of the baton to pursue better living conditions.

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All acknowledgements towards the completion of this project are directed to my supervisor, Dr R. Venter, and my research assistants.

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1 CHAPTER 1: INTRODUCTION

It can be argued that the discovery of diamonds near Kimberley in 1876, and gold in Johannesburg in 1886 has served as a springboard for economic opportunities and the subsequent economic growth in South Africa (Van der Merwe, 2016). An argument was advanced by Bundy (1979) and Christopher (1983) that John Barrow, a British native and geographer, made reference to the existence of gold in the Witwatersrand and Orange River area as far back as 1806, however any such sighting was to be kept secret or would have been an offence by law and would have attracted a fine of £500.

The mineral revolution of 1886 led to major infrastructure investments in pursuance of innovative solutions to ease the extraction of these commodities from ever deepening mines, thus the diversification of the economy into the secondary sector for the manufacturing of steel, iron, and many other construction materials (Harrison & Zack, 2012).

However, contrary to popular belief, the discovery of the mined commodities dates to as early as the 11th century in the Kingdom of Mapungubwe in Limpopo when remnants of gold were used by the indigenous people to craft gold artefacts and ornaments (Christopher, 1983). Archaeological discoveries of the smelting tools used by the Sotho-Tswana people to exploit the mineral wealth attest to the fact that some form of entrepreneurial exploration began long before the discovery of gold which was widely Eurocentric (Sadr & Rodier, 2012).

Bundy (1979) equally emphasises that black people were highly entrepreneurial until unceremoniously uprooted from their peasant lifestyles in the hinterland of the country by the white capital supremacy to work in the Witwatersrand mines and elsewhere as cheap labour. Thus, the rise of the entrepreneurial spirit was birthed long before the discovery of diamonds and gold, mainly by the aboriginal San people, and later, by Sotho and Tswana people who inhabited the present-day Johannesburg as far back as the 13th century (Sadr & Rodier, 2012).

The harnessing of the entrepreneurial opportunities required the concerted entrepreneurial leadership which was provided by the aboriginal people in order to guide and manage the growth of the economy of the day, however the supply was below the demand (Bundy, 1979).

Regardless of the post gold mineral revolution and the decline thereof, the present-day Johannesburg economy has undergone a full life cycle of transformation from primary sector which was dominated by mining to secondary sector under the auspices of manufacturing and the current tertiary sector under the guidance of the services sector, including financial services and information technology. Johannesburg remains a force to be reckoned with as it commands respect as the economic hub of South Africa (Harrison & Zack, 2012). Johannesburg has become the economic hub of South Africa and Gauteng contributes 16% and 47% of the Gross Domestic Product (GDP) respectively (Grossberg & Nhemachena, 2015).

Johannesburg is regarded as the biggest city in South Africa by population size, accommodating over 4.5 million residents despite its relatively small land size of 1,645km^2. It hosts the headquarters of most of the multinational companies and is benefiting from high migration patterns, inevitably attracting capital investment in Small and Medium Enterprises. Its main economic sector drivers are finance, community services, business services, manufacturing and trade (Statistics South Africa, 2016). This attests to the argument by Harrison and Zack (2012), that Johannesburg has come a full circle development from primary to the tertiary sector. Despite its competitive advantage, the unemployment rate is 25% and the youth unemployment is at 33% and the city is said to have low entrepreneurial activity (Statistics South Africa, 2016).

The profile report of South Africa in terms of the Global Entrepreneurial Monitor, (GEM), 2015/2016, (Kelley, Singer, & Herrington, 2016) records that the rate of entrepreneurial activity also known as Total Entrepreneurial Activity (TEA) stood at 10.6% in 2013, and in 2014 it dropped to 7.0%. It experienced a marginal upswing in 2015, where it was recorded at 9.2% despite the triple challenges of

unemployment, poverty and inequality. In 2015, South Africa was ranked 38th out of 60 countries with regard to its entrepreneurial activities.

Kelley et al. (2016) further revealed that the three key reasons cited for low entrepreneurial activities were unprofitable ventures (34.9%), problems with finance (27.6%) and personal reasons (17.8%). Having said that, cognisance should be devoted to the confidence level of both perceived opportunities and capabilities which increased from 37% to 38% and 40.9% to 45.4% respectively in the period under review.

Consequent to the discovery of gold in Johannesburg in the 19th century, an upswing in the demand for accommodation, transportation, food, leisure and other forms of secondary and tertiary opportunities introduced economic opportunities which attracted the influx of people into Johannesburg. To exploit such plethora of entrepreneurial opportunities, it required leadership and innovation (Van Onselen, 2001).

It is against this background that this research puts forward an argument that the highest entrepreneurial activities, including entrepreneurial leadership, should come from Johannesburg.

1.1 Purpose of the Study

Fernald, Solomon, and Tarabishy (2005) upheld that Entrepreneurial Leadership (EL) is a type of leadership that engages with the conceptualisation of the future of the enterprise by resolving the current challenges, thereby introducing new approaches and innovative solutions to the firms. Entrepreneurial Leaders can be distinguished by their disposition of vision, problem solving, strategic initiatives, risk taking, decision making and negotiating skills. It is a construct that deals with entrepreneurial behaviour that enables leaders to face challenges in their tasks and roles in their organisations (Pihie, Asimiran, & Bagheri, 2014). This construct can be broken into two layers, which are leadership and entrepreneurship. While the former deals with the capacity to instil vision, and

motivate followers towards common values, for instance, the pursuance of new profit margins, the latter deals with the exploitation of new business opportunities.

The discourse of Entrepreneurial Leadership (EL) is considered to be in the infancy phase, thus fragmented in focus and still requires rigour to sharpen its methodology and theory. It is considered as a union between the fields of entrepreneurship, leadership and entrepreneurial orientation as these fields of study have a long history and a proven record of research (Covin & Slevin, 1991; Gupta, MacMillan, & Surie, 2004; Kuratko, Hornsby, & Goldsby, 2007). Despite this, scholars in the field are slowly filling the gaps that exist in theory (Bagheri & Pihie, 2011; Leitch, McMullan, & Harrison, 2013; Roomi & Harrison, 2011a).

Scholars such as Jung, Chow, and Wu (2003); Keller (1992), have argued that entrepreneurial orientation, combined with leadership, forms a transformational style of leadership which positively influence the performance of organisations, thus propelling entrepreneurial leadership as a key determinant in business performance.

The purpose of this study is to establish the extent to which the entrepreneurial leadership influences business performance of Small and Medium Enterprises in Johannesburg, ultimately adding to the current theoretical discourse and advancing the knowledge base of the practitioners in the field of entrepreneurial leadership.

1.2 Context of the Study

Kunene (2008) argued that the success of Small and Medium Enterprises (SME) in South Africa is contingent on two primary factors, namely external and internal factors. The external factors that influence the performance include, among others, socio-political climate, economic stability of the country, and the socio-cultural complexities. The internal factors as postulated by Robinson (1982), include the lack of planning by the small firms and the ad hoc nature of managing the business. Whereas the external factors are outside the scope of influence by the managers and owners of the enterprises, the internal factors are within the

control of the managers and the owners. Venter et al. (2015) directs that if these factors are not properly profiled, they can have an impact on the entrepreneurial orientation of the enterprise and subsequently impact on its performance and entrepreneurship.

Studies conducted by Herrington, Kew, and Kew (2014); Turton and Herrington (2013) under the auspices of Global Entrepreneurship Monitor - South African Report for 2013 and 2014 respectively, have shown a low rate of entrepreneurship in South Africa. In 2014, the entrepreneurial initiatives in this country stood at 7%, let alone the country being beset by the social ills of unemployment and poverty. Out of 128 countries assessed for their innovativeness, South Africa stood at 54th, below Mauritius, which was ranked 53rd (Dutta, 2016). The picture painted by the World Economic Forum's *Global Competitiveness Report*, ranked South Africa at 49th compared to Mauritius which occupied 47th position out of the 138 world economies (Schwab, 2016). Although these can be regarded as anecdotal indicators, they somehow paint a frame of reference under which the SMEs in the country and Johannesburg in particular operate.

The paradox of SMEs existing in a resource-rich environment like Johannesburg, yet their success rate is minimal cannot only be attributed to the exogenous and endogenous factors; there must be other factors that are influencing the survival of the SMEs in Johannesburg. It is the argument of this paper that the missing link or factor for the success of the SMEs in Johannesburg is the lack of entrepreneurial leadership, thus it cannot be overlooked.

1.3 Problem Statement

Gupta et al. (2004) see the role of entrepreneurial leadership as the capacity to steer the business venture into creating requisite demands in an uncertain environment through the conception of new transaction sets. This is ensured through envisioning the future probabilities, thus leading the organisation to transform its current transactions.

Three distinct features of EL have been delineated, namely, first, EL possess unique characteristics that enable them to lead the process of entrepreneurial activities. The entrepreneurial characters unique to the EL include an appetite for risk; this enables the EL to see prospects of success in the midst of adversity, innovativeness; this brings about the ingenuity and creativity to improve the performance of the organisation and pro-activeness; which leads to the recognition of new paths and opportunities. The second distinct feature is that the EL leads their organisations in high complex and demanding economic and competitive situations. The dexterity of the EL enables them to steer their organisation in the paths of performance during strenuous and uncertain conditions. Finally, they capitalise on and harvest their followers' creativity and innovativeness in order to ensure the longevity of their entrepreneurial activities. The provision of such leadership is critical for the SMEs development to transform their performance in the current transaction set (Pihie et al., 2014; Venkataraman, 1998).

The emphasis of literature and past research reveals the inclination to Entrepreneurial Orientation as a key determinant of business performance, (Chung-Wen, 2008; Covin, Green, & Slevin, 2006; Covin & Lumpkin, 2011; Covin & Wales, 2012; Lumpkin & Dess, 1996). Recent scholarly developments have stepped outside of this trajectory, to search for other determinants of business performance. In the study conducted by Gupta et al. (2004) using the Global Leadership and Organisational Behaviour Effectiveness (GLOBE) research instrument on 62 society cross cultural samples, to establish whether middle managers endorse leadership as an agent of performance, concluded that entrepreneurial leadership has a major impact in improving results in organisations and society at large.

In the studies conducted in a South African context, most of the success and failures of new and established ventures are attributed to internal and external factors to the enterprise that impede or harness the performance (Abor & Quartey, 2010; Aigbavboa & Thwala, 2014; Kunene, 2008).

The current study has identified the inadequacy of knowledge regarding the entrepreneurial leadership as a key determinant of business performance. It is also determined that there are low levels of understanding of the role played by entrepreneurial leadership in the SMEs in guiding ventures to success. Hence, there is a need to test the moderation of entrepreneurial leadership on entrepreneurial orientation and business performance with the hope of stimulating research on entrepreneurial leadership as a determinant of business performance.

1.4 Main Problem

The effect of Entrepreneurial Leadership as a determinant of business performance has not been fully explored in the Small and Medium Enterprises in South Africa, let alone in the City of Johannesburg. The underlying factor is that EL as a area of study is still at the formation stage, and thus lacks the robust theoretical points of reference and a centring paradigm.

The same should also be said with the inculcation of entrepreneurial activities in the City of Johannesburg SMEs as the efforts of government are still in the early developmental stages. This then confronts us with the dual challenge of a lack of a robust theoretical basis, as well as the contextual gap for the practitioners to enact solutions in their SMEs.

The study addresses three sub-problems that are intertwined to the objective of the study:

1.4.1 Sub-Problem No.1: Entrepreneurial Leadership and business performance

To explore the effect of Entrepreneurial Leadership on business performance

1.4.2 Sub-Problem No.2: The relationship between entrepreneurial leadership and entrepreneurial orientation

To explore the relationship between entrepreneurial leadership and entrepreneurial orientation within the context of SMEs

1.4.3 Sub-Problem No.3: Entrepreneurial Leadership moderates the relationship between Entrepreneurial Orientation and Business Performance

To investigate the how Entrepreneurial Leadership moderates the relationship between Entrepreneurial Orientation and Business Performance.

1.5 Promotion of Entrepreneurship by Government and Support Organisations

The call for the growth of entrepreneurship has become critical in both government circles and the private sector. The strategy of the South African government to fight poverty and unemployment has been placed on the plinth of growing entrepreneurial activities and indeed, efforts are directed at reorienting the country's economy towards entrepreneurship.

The City of Johannesburg has established Entrepreneurial centres across key administrative regions in the City as shown in Figure 1:1 where the aspiring small and medium enterprises can get both financial and non-financial support. They have joined hands with the financial institutions to address the low levels of entrepreneurship in the City. These efforts have been augmented by both Gauteng Provincial Government and National Government to address the gap in the economy.



Figure 1.1: Administrative Regions of City of Johannesburg

Source: www.joburg.org.za

At first appearance, such support should lead to entrepreneurial success and SMEs performance. Conversely, the performance of most SMEs is still below average, according to Herrington et al. (2014). There seems to be no intention of expansion and forward planning, hence most of the businesses dissolve within three years of formation. The entrepreneurial activities in South Africa remain at 7% despite the high unemployment rate that is around 25%. Ladzani, Smith, and Pretorius (2012) maintain that SMEs lack strong leadership and strategic planning skills. Coupled with the challenge of lack of leadership, Smit and Watkins (2012) argued that a small number of SMEs owners are aware of risk but instead their risk control focus is on a loss programme thereby losing the big picture of the venture. This could be pointing us to a need to look at inculcating

entrepreneurial leadership in the SMEs and extra measures to ensure business performance.

1.6 The effect of Entrepreneurial Leadership on Business Performance

The influence of entrepreneurial leadership should not be difficult to isolate. Lechler (2001, p.269) argues that there are five dimensions of success in the team venture, namely, "…economic success, competitive position, efficiency, client satisfaction, competitive position, economic success, and personal success. Davidsson (1991)'s contribution to the small firm success debate is industry experience, profitability and opportunity for growth. The sum total of the variables of success in the SMEs has been interrogated in detail.

1.7 Significance of the Study

The study is intended to add value to the theory and to contextualise the gap that exists in the field of entrepreneurial leadership. The discourse of entrepreneurial leadership is still at an early stage and still needs to develop a robust theory which can be applied to the contextualised gap (Fernaldet al., 2005; Hejazi, Malei, & Naeiji, 2012; Leitch et al., 2013). It is the intention of this study to make inputs towards theory and practice, in particular, shifting focus towards the integration in the field of leadership, entrepreneurship and strategy (Gupta et al., 2004a).

1.8 Limitations of the Study

The first critical limitation of this study is that its definition and parameters of Small and Medium Enterprises does not necessarily comply with the parameters of SME as set out in the National Small Business Act 1996 (Act No. 102 of 1996). Over and above this limitation, the following limits have been singled out:

- The focus of the study is on the Small and Medium Enterprises located within the jurisdiction of the City of Johannesburg,

- The distribution of the questionnaires was not equally distributed across the seven administrative regions, namely Region A to G of the City of Johannesburg as depicted in Figure 1.1, and
- The generated questionnaires and the subsequent administering were intended for the owners and senior managers of the enterprises

Lastly, Business Performance as a variable can at most, be studied using historical data laid over a prolonged period and as such, requires a longitudinal study. Given the fact that the current study is a cross sectional study, there are inherent limitations, for example, causality may not be determined conclusively.

1.9 Definition of Terms

- Business Performance: This construct entails both the internal and external environment of the venture, namely, the ability to implement the objectives of the venture, efficiency in using the resources of the company, increased customer satisfaction, leadership and management skills and healthy profit margins.
- Entrepreneurial Leadership: The presence of long term vision, decision making, problem solving, risk taking and strategic initiatives in the entrepreneurial venture.
- Entrepreneurial Orientation: the short to medium term strategic alignment of the enterprise in pursuit of the opportunities to exploit, balanced by risk taking, pro-activeness, innovation, competitive aggression and autonomy.
- Small Medium Enterprises (SMEs): Enterprises employing between 1 and 150 employees with income of between R1 to over R2 million.

1.10 Assumptions

Empirical research in the discourse of entrepreneurial orientation having a cause and effect on business performance have an established trail of evidence in research recordings, attesting to the positive association between the two domains. As argued in this report, entrepreneurial orientation’s lifespan is short

to medium, therefore its span of control does not expand beyond its threshold. The assumption therefore, is that entrepreneurial leadership has a wider span of influence on business performance, given its strategic forecast and long term reach. Therefore, the

- challenges facing the SMEs in Johannesburg are not homogenous therefore require a differentiated solution approach; and
- enactment of Entrepreneurial Leadership in the SME will bring about a much-needed relief which will lead to business performance.

1.11 Chapter Outline

This Chapter focused on the introduction of the study, which traces the economic history of entrepreneurial leadership in South Africa and Johannesburg, in particular. Focus then shifted to the praxis of the study and its context in relation to the challenges facing SMEs in Johannesburg and South Africa at large. The problem statement and key challenges the study is resolving is also under scrutiny.

The importance of the study, especially noting the nascent nature of entrepreneurial leadership with its fragmented theoretical discourse, is discussed. The Chapter further looks at the limitations of the study, defines the parameters of the key terms and makes assumptions of the domains under scrutiny.

Chapter 2 deals with the literature review. It departs from the premises of tracing the history of entrepreneurship in Johannesburg which was largely influenced by the discovery of gold in 1886 and the subsequent secondary and tertiary opportunities, which it can be argued that they define the contemporary Johannesburg. The constructs of Entrepreneurial Leadership, Entrepreneurial Orientation and Business Performance are explored and the relationship is brought to the fore. The model under scrutiny introduces three hypotheses, namely:

- H1: There is a positive relationship between Entrepreneurial Leadership and Business Performance amongst SMEs in Johannesburg
- H2: There is a positive and signicant relationship between Entrepreneurial Orientation and Business Performance on SME in Johannesburg
- H3: Entrepreneurial Leadership moderates the positive relationship between Entrepreneurial Orientation and Business Performance of the SME operating in Johannesburg

Chapter 3 deals with the research methodology employed in the study. Given the fact that the study entrenches a positivist discourse, adherence to the scientific methodology to arrive at conclusions which will be replicable, precise, simplified and falsified were engaged. Cross sectional research was found to be appropriate for the nature of the study in the light of its snapshot effect advantage. Making use of a sample of 123 respondents out of a total of 10,629 Small and Medium Enterprises in Johannesburg, quantitative methods were used to collect, analyse and interpret the data.

Chapter 4 focuses on the presentation of the results which pays attention to descriptive statistics covering the demographic profile of the respondents. The Entrepreneurial Leadership Questionnaire, i.e. research instrument used in the collection of data is tested for validity and reliability. The three aforementioned hypotheses are also tested to measure the level of correlation.

Chapter 5 discusses the results by juxtaposing them with similar research findings which corroborate the current findings. Finally, the study ends by providing conclusions and recommendations for scholars, academics and practitioners. It also suggests future research in the field of entrepreneurial leadership.

1.12 Conclusion

The discovery of gold in Johannesburg in 1886 and the subsequent stimulation of the secondary and tertiary market meant the City has graduated from its primary mining activities to compete on a global scale with other Cities in a quest to improve its standing and the quality of life of its citizens. Entrepreneurial activities at the advent of the mining revolution implied that a platform has been created for the betterment and the continual forward planning of the city.

Amidst challenges faced by SMEs of finance, market penetration and managerial capital and the general low level of Total Entrepreneurial Activities (TEA) across South Africa, the resilience of Johannesburg resulting from the bedrock of entrepreneurial leadership, has buffered it against collapse.

Entrepreneurial Leadership, as a nascent study, has been outpaced by over emphasis of empirical research on entrepreneurial orientation as a determinant of business performance. However, this study attempts to now add to the thin base of knowledge and practice of entrepreneurial leadership as a determinant of business performance, given its long-term span of focus.

2 CHAPTER 2: LITERATURE REVIEW

2.1 Introduction: Entrepreneurship in Johannesburg

The socio-economic history of Johannesburg has often been associated with the discovery of gold in 1886 as the main economic driver in the City. However, studies conducted by Van Onselen (2001), among others, has asserted that there were economic activities prior to the advent of the mineral revolution brought about by the discovery of gold. The ceramic utensils discovered using satellite imagery have shown that the Bantu speaking people, especially the Sotho and Tswana, were using mined utensils and later used these tools to carve stone walls (Sadr & Rodier, 2012). The work of Bundy (1979) later attests to the high South African peasant activities where black people were mostly tilling the land and were livestock farmers. The proceeds from the land and pastoral activities were mostly bartered among themselves and the surplus was traded in the towns. This in essence, is what is known as entrepreneurial activities, given the fact that the people traded amongst themselves and fed their surplus to the market which was in the urban areas.

Although the education systems of the missionaries was predominantly about preserving the white privilege at the expense of the black majority, it, to a certain extent, built a human capital amongst the Africans who were exposed to it and this became the foundation of entrepreneurial capacity (Southall, 2014). This led to a few Africans being educated and subsequently, they had the privilege of owning land and becoming commercial farmers who supplied the demand for produce in the urban and rural centres. This group was later to be known as the African elite or the black petit bourgeoisie, who occupied leadership positions in their communities and thus directed the means of production albeit in the limited capacity as they were constantly under the watchful eye of the white domination who thwarted their efforts (Bundy, 1979; Cobley, 1990; Southall, 2014).

2.2 Discovery of Gold and the growth of entrepreneurial leadership opportunities

The economic boom resulting from the discovery of gold in 1886 brought about myriad entrepreneurial opportunities in Johannesburg. At the initial stages of the early discoveries of gold, the tools of trade for the excavations were largely undercapitalised, but were later capitalised in the mines during the boom of 1888-1889 (Van Onselen, 2001).

Triggered by the economic boom of the discovery of gold and the worldwide exposure of Johannesburg, there was great capital investment in the form of advanced mining technology, mostly by the western investors from the United Kingdom and America. As Johannesburg was expanding, other economic opportunities were realised, including transportation in the forms of taxis, trams and trains (Beavon, 2001), manufacturing (Schirmer, 2008) also gained traction and gave rise to entrepreneurial initiatives such as the 'Amawasha', a Zulu guild devoted towards washing the clothing of the mine workers in the designated areas in Braamfontein.

Other economic opportunities that were harvested were building housing for the white Randlords in the North of Johannesburg and for black cheap labour force in areas such as Klipspruit. The plethora of entrepreneurial opportunities attracted the likes of A.H. Nellmapuis who saw the opportunities of establishing an alcohol firm called De Eerste Fabrieken; its success attracted investors across the globe. A.H. Nellmapuis later expanded his entrepreneurial expeditions into the transportation sector. Other notable entrepreneurs who reaped the entrepreneurial opportunities resulting from mining included F.A Unger, John Martin, and Ernest Oppenheimer (Van Onselen (2001).

Muller (1990) postulated that the entrepreneurial leadership of the black people under a restrictive climate, cannot be underplayed as it contributed enormously to the South African economy. Figure 2.1 and Figure 2.2 demonstrates the existence of entrepreneurial leadership in the 1920's.

The vision at the disposal of these entrepreneurial leaders has impacted the economy of the day and set a tone to the development landscape of South Africa (Bell, 2001). Such entrepreneurial initiatives required innovation, vision, risk taking; all of which has to do with entrepreneurial leadership. In his conclusion, Van Onselen (2001) argued that there was little that came from the industrial strategies of the Kruger Administration as it was forever behind schedule. Instead the exploitation of the entrepreneurial opportunities was led mostly by the private sector.



Figure 2.1: Entrepreneurial Activities in Johannesburg

Source: South African History Online, 1920's



Figure 2.2: The 19th century Entrepreneurial Activities: The Amawasha

Source: The Joburg Book (Brodie, 2008)

2.3 Legal Framework for the existence of SMEs in Johannesburg, Gauteng

Most of the governments of the day come up with policies and legislation that will cater for the needs of their own people. At the centre of president Paul Kruger, and his predecessors was the economic emancipation of the poor Afrikaner white (Van Onselen, 2001). They were given priority in terms of jobs in the bricklaying, cab drivers, and access to finance to start businesses. This trajectory has continued to take effect even in the democratic South Africa, where the government of the day has come up with policies and legislation to aid the previously disadvantaged black people. Table 2.1 shows some of the legislation and policies enacted by the new democratic government to lift the economic status of the previously disadvantaged black people.

Table 2.1: Government Economic Empowerment Policies

Author & Year	Name of Document	Short Description
Government of South Africa (1996)	National Small Business Act 1996, (Act No. 102 of 1996)	Provision of guidelines to aid Small Businesses
Government of South Africa (2003)	Broad-Based Black Economic Empowerment Act, 2003, (Act No.53 of 2003)	Promotion of black economic empowerment
Gauteng Provincial Government (2010)	The Gauteng SMME Policy Framework (2010-2014)	Stimulation of entrepreneurship in the province
Gauteng Provincial Government (2014)	Strategy on Revitalisation of Township Economy	Revitalisation of entrepreneurship in the townships
Grossberg and Nhemachena (2015)	The City of Johannesburg (COJ) economic overview 2013: a review of the state of the city's economy and other key indicators	Review of the economic status of Johannesburg
City of Johannesburg (2015)	Economic Development Strategy for City of Johannesburg	Provision of framework for strategic intervention in Johannesburg

2.4 Small and Medium Enterprises (SMEs) in the City of Johannesburg

The National Small Business Act, 1996 (Act No.102 of 1996) differentiates Small Micro and Medium Enterprises (SMMEs) into four (4) categories, namely, micro enterprises, very small enterprises, small enterprises and medium enterprises. Mahembe (2011) states that South Africa has between 2.4 to 6 million SMMEs, of which around 20% of the SMEs were registered with the Companies and

Intellectual Property Commission (CIPC). As of June 2016, City of Johannesburg (2016) was administering a database of 10 629 registered SMEs service providers. The scope of work of the service providers covered most services including construction, catering, event management, and provision of professional services. One of the shortcomings of the database was that not all registered service providers were active and it also had a number of duplications.

2.4.1 Overview, obstacles and interventions for SMEs in South Africa

The role played by the SME in the world, especially in the developing economies like South Africa, cannot be underestimated as they serve as a conduit for job creation, poverty alleviation and magnets of innovations. The already mentioned high unemployment rate in Johannesburg by Statistics South Africa (2016) and the low entrepreneurial activities in the South Africa by Herrington et al. (2014) opens a varied opportunities for entrepreneurial leaders to come up with sustainable solutions to the debacle.

Abor and Quartey (2010) argued that SMEs contribute between 52 to 57% to GDP of South Africa and provide about 61% to employment. Fatoki and Smit (2011) confirmed these percentages and further expand that there is still room for the establishment of new SMEs to guard against the saturation of the current SMEs and their impact on the growth of the economy.

2.4.2 Obstacles facing SMEs in South Africa

Most scholars (Abor & Quartey, 2010; Aigbavboa & Thwala, 2014; Mazanai & Fatoki, 2012; Olawale & Garwe, 2010; Rogerson, 2000; Smit & Watkins, 2012) have singled out the most common obstacles besetting the SME in South Africa as lack of access to finance, low skills set, lack of equipment, access to international markets, and scarcity of management talent. Berry et al. (2002) puts a spanner in the debate by attributing such to a lack of leadership, while Rogerson (2000) is succinct about factors of supply and demand where in most cases, the

owners of the SME lacks a skill of evaluating the business climate, hence a high degree of failure rate.

2.4.3 Interventions for SME Growth

As far back as 2002, Berry et al. (2002) identified factors such as insufficient entrepreneurship, lack of business opportunities, and a narrow capital base for the economy. In a study conducted by Ladzani, Smith, and Pretorius (2010), it was found that there is a need to accelerate efforts to build the human capital of the owners and managers of SMEs, especially in areas of leadership and strategic planning. This necessitates for government and big enterprise to join efforts to create an enabling environment for the SME growth.

2.5 The Constructs of Entrepreneurial Leadership, Entrepreneurial Orientation and Business Performance

For EL to be effective in the SME, it needs to be located at the following strategic locations, support organisations such as government, financial institutions and mentoring organisations. The nascent entrepreneurs operating in this space must also exhibit a high level of entrepreneurial intensity, orientation and performance.

Fernald et al. (2005) stipulate that Entrepreneurial Leadership is characterised by vision, problem solving, decision making, risk taking, and strategic initiatives. A leader in the entrepreneurial ventures must be guided by a sense of the future her or she wants to achieve. This vision provides a mind map on the terrain to be travelled. Once the Entrepreneurial Leader has drawn the vision, he or she needs to provide solutions to the different challenges on the path to the ideals he or she wants to achieve, make decisions, take calculated risks and always keep a strategic overview of the venture.

While EL capacity assists in steering the enterprise in strategic and long term planning, EO grounds the venture on the mindset of the pursuance of new ventures (Rauch, Wiklund, Frese, & Lumpkin, 2004). According to Venter et al.

(2015), the five critical elements of EO have been elucidated as risk taking, innovation, pro-activeness, competitive aggressive and autonomy. The two aforementioned constructs, namely EL and EO are critical in the survival of the SMEs.

2.5.1 The Construct of Entrepreneurial Leadership

The construct of Entrepreneurial Leadership can be defined from a variety of plinths in the field of entrepreneurship. According to Pihie et al. (2014); Swiercz and Lydon (2002) at the core of entrepreneurial leadership, there are two competencies which must be possessed by the aspiring entrepreneurial leader, that is the personal competencies which include pro-activeness, risk taking and innovation. The other critical competency is the functional capacity which distinguishes the entrepreneur from the rest of his/her peers. These can be, among other specialist skills, in accounting, engineering, and social capital depending on the field of operation.

These personal competencies transcend the mere personal characteristics in that such are geared towards venture performance and success (Bagheri, Pihie, & Krauss, 2013; Cunningham & Lischeron, 1991; Man, Lau, & Chan, 2002).These competencies are endemic to the leader, often not tangible, however propelling him/her to focus on the sustainability of the company, (Swiercz & Lydon, 2002). Entrepreneurial Leadership, according to Gupta, MacMillan, and Surie (2004), contains two challenges that beset the construct, namely the scenario enactment and cast enactment, whereas the first deals with the efforts devised by the leader to harvest opportunities in different scenarios that have been created to multiply benefits within the constraints of limited resources, the latter deals with influencing the followers and the potential stakeholders to see the prospects of success when the leader changes the current transaction by using additional resources in the quest of transforming the cast scenario.

González and Guillen (2002) uphold that there are three dimensions that form the core of leadership, namely the technical dimension, the leader must demonstrate technical expertise, knowledge, and capacity to attract the commitment of the

followers in the pursuance of the enterprise mission, the leader must also command a high psycho-emotive intelligence which enables him/her to create a plausible climate, social capital to have influence in the networks and emotional stability to project a dependable person. Finally, the ethical dimension adds to the leadership's moral standing in the society and the ability to attract and influence followers based on his trustworthiness, reliability, and principles.

Table 2.1 demonstrates the characteristics of entrepreneurial leadership while Figure 2.3 shows the split between functional competencies and self-competencies. Both emphasise entrepreneurial leadership skills. The entrepreneurial leadership characteristics model by Gupta et al. (2004) has however been critiqued for its lack of an ethical dimension due to the fact that it does not pay attention to moral ideology (Van Zyl & Mathur-Helm, 2007).

Table 2.2: Characteristics of Entrepreneurial Leader

Dimensions	**Roles**	**Attributes**
Scenario Enactment	Framing the Challenge	• Performance Orientation • Ambitious • Informed • Extra Insight
	Absorbing uncertainty	• Visionary • Foresight • Confidence Builder
	Path Clearing	• Diplomatic • Bargainer • Convincing • Encouraging

Dimensions	Roles	Attributes
Cast Enactment	Building commitments	• Inspirational • Enthusiastic • Team builder • Improvement Orientated
	Specifying Limits	• Integrator • Intellectually stimulating • Positive • Decisive

Source: Gupta et al. (2004, p. 250)

Entrepreneurial leadership competencies

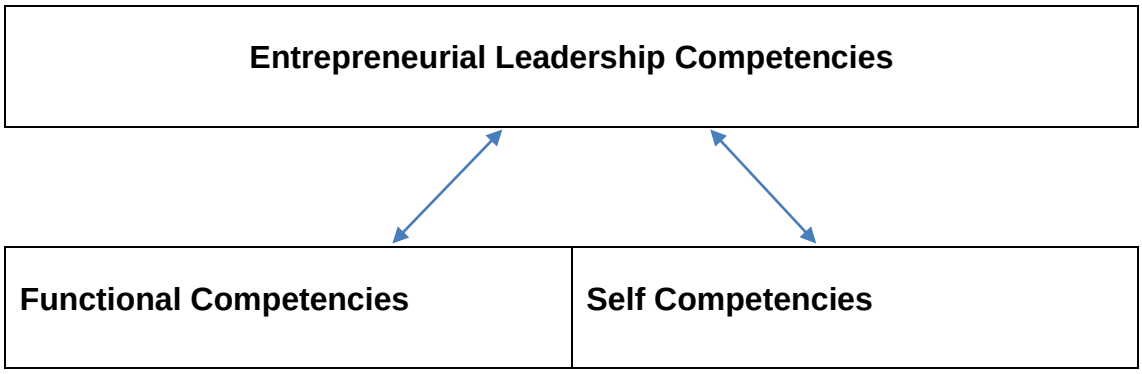


Figure 2.3: Entrepreneurial Leadership Competencies

Source: Swiercz and Lydon (2002, p. 384)

In an attempt to clarify the construct of entrepreneurial leadership, Roomi and Harrison (2011) assert that the discourse between entrepreneurship and leadership gives effect to entrepreneurial leadership. Whereas entrepreneurship's focus is on the opportunities and exploitation thereof, leadership is about setting up the strategic vision and influencing followers towards the end goal, therefore when the two constructs are fused, they give rise to entrepreneurial leadership.

Hejazi, Malei, et al. (2012) elucidate the construct within the context of small and medium enterprises and assert that Entrepreneurial Leadership is not an event, but a process of actively presenting the vision to the followers and ensuring the achievement of the outcomes of an enterprise. The concomitant risk related to the pursuance of the opportunities must be borne in mind by the followers and the leaders. Perhaps the definition that pins the construct under scrutiny is by Gupta et al. (2004) who approach the construct from the all-embracing and fusion perspective whereby entrepreneurship, entrepreneurial orientation and entrepreneurial management are combined with the view to establishing a strategic approach to build value in the organisation.

Table 2.3 below demonstrates definitional emphasis over time.

Table 2.3: Synopsis of Entrepreneurial Leadership Construct

Definition	Author	Year
Leadership role performed in the entrepreneurial ventures	(Mintzberg, Ahlstrand, & Lampel, 1998)	1998
The possession of two critical skills, i.e., functional & self-competencies	(Swiercz & Lydon, 2002)	2002
Fusion of Entrepreneurship, Entrepreneurial Orientation, & Entrepreneurial Management	(Gupta et al., 2004b)	2004
Fusion of Leadership & Entrepreneurship in pursuance of opportunities guided by the strategic vision	(Roomi & Harrison, 2011b)	2011
The process of balancing opportunity, vision & risk	(Hejazi, Maleki, & Naeiji, 2012)	2012

2.5.2 The Evolving Theory of Entrepreneurial Leadership

Research on Entrepreneurial Leadership is considered to be at the developmental phase, thus fragmented in focus. Scholars in the field are slowly filling the gaps that exist in theory (Bagheri & Pihie, 2011; Leitch et al., 2013; Roomi & Harrison, 2011).

Leitch et al. (2013), points to three factors which demonstrate the neonatal stage of the entrepreneurial leadership theory, that is, its a-theoretical nature, the inability to succinctly define the concept and its limitation of grappling with the institutional implications on development and practice. Efforts are pointing towards closing theoretical gaps as there have been developments in treating entrepreneurial leadership as a distinct paradigm with theory and practice (Bagheri et al., 2013). However, Bagheri and Pihie (2011) argue that the knowledge that exists is not sufficient to formulate a robust theoretical basis against which a focused entrepreneurial leadership theory can be formulated.

Swiercz and Lydon (2002) contest that, as with the life cycle of an enterprise, entrepreneurial leadership undergoes developmental stages. In this, it goes through two stages known as the formative growth phase and the institutional growth phase. While the former deals with focus on the development of the service or product, alienating the niche market, and manufacturing, the enterprise grows and stabilises. Phase 2 depicts the entrepreneur channelling attention to the long-term sustainability of the enterprise, sharpening the innovative edge and steering the firm on its entrepreneurial orientation. The transition between Phase 1 and Phase 2 requires a lot of strategic inflection whereby the leader zooms inwardly in the enterprise to determine the required remedies to either stagnation or improvement. In the instance where diagnosis points to, for instance, aging infrastructure, the prescription might be the installation of new state of the art infrastructure. Figure 2.4 depicts the Model of Entrepreneurial Leadership.

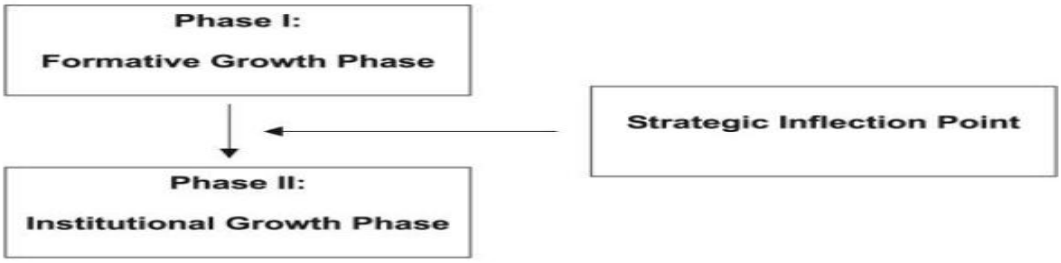


Figure 2.4: Entrepreneurial Leadership Model.

Source: (Swiercz & Lydon, 2002, p. 381)

2.5.2.1 Leadership and its relation to Entrepreneurship

Fernald, Solomon, and Tarabishy (2005) say that the construct of leadership scrutiny has been studied since 500 BC, that is, as far back as the Ancient Greek philosopher Homer (Oosthuizen, 2015), the only burgeoning study is Entrepreneurial Leadership. These scholars, together with Becherer, Mendenhall, and Eickhoff (2008); House and Aditya (1997); Renko, Tarabishy, Carsrud, and Brannback (2015) argue that the Entrepreneurial Leader's challenge is to balance the imperative of strategic leadership, that is streamlining the venture vision over the long term, decision making, problem solving, negotiation skills, navigating the enterprise past risk prospects, and strategic initiatives. Their success is measured by guiding their enterprises through these unchartered waters.

As alluded earlier, the development of entrepreneurial leadership theory has been critiqued for its a-theoretical approach, an independent definitional deficiency and shortcomings to tackle the institutional implications (Leitch et al., 2013). Notwithstanding the critique, literature on theories of leadership has revealed a number of theories which can be used to ascribe the theoretical basis of leadership influence on followers and its subsequent effect on the enterprise performance. Gupta et al. (2004) attest to three types of leadership perspective, namely Transformational Leadership (TL), Team Oriented Leadership (TOL) and Value Based Leadership (VBL).

2.5.2.2 Transformational Leadership

Lopez-Zafra, Garcia-Retamero, and Landa (2008) attribute the first articulation of the construct of the Transformational Leadership Style to Burns (1978) as expanded by Bass (1999); Bass and Avolio (1994). It involves winning the confidence of the followers by becoming role models, thereby motivating their followers to excellent performance. These leaders share the emotional bond with their followers and subsequently derive benefit from the emotional status of their followers. The co-influence of this emotional discourse serves as a springboard for performance on the enterprise floor.

The transformational leadership addresses the need for leaders to evoke performance from followers through a transcendence of self-interested behaviour which enacts self-actualisation. This is achieved by creating willingness on the follower to abandon the current conventional activities for creative entrepreneurial action. Keller (1992) holds that TL positively influenced the performance of research and development project teams. It enhances innovation within the organisation as well as entrenching tendencies to innovate. TL has a positive influence on the market success of the innovation (Gumusluoglu & Ilsev, 2009). According to Gupta et al. (2004), it has a lot of similarities with entrepreneurial leadership because the leader, through of his/her entrepreneurial spirit, innovativeness, and specialist competencies, influences the followers' drive to emulate or even do better than the leader.

Mandell and Pherwani (2003) indicate that Bass & Avolio (1994), have held that the transformational leadership has four dimensions, also known as the "Four I's", these are idealized influence, this is the charisma which the leader has which influences the followers into focusing on the vision and the mission of the enterprise. This buys a sense of belonging on the side of the follower. Second, the inspirational motivation, here the leader instils a sense of pride in the followers given the fact that their leader becomes an active role model. Third, the intellectual stimulation, here the followers are inspired by the leader's new ideas and innovativeness in tackling the challenges facing the enterprise. This encourages the followers to have an entrepreneurial spirit and navigating

solutions to enterprise opportunities. Last, the individualised consideration is the form of coaching and mentoring, whereby the leadership provides the follower with feedback and assists in linking his/her intentions with that of the enterprise long term goals (Hartog, Muijen, & Koopman, 1997).

Renko, El Tarabishy, Carsrud, and Brännback (2015) declared that over and above the behaviour, passions, and competency of the leader, there are other elements that can impact on the success of entrepreneurial leadership, such as the contextual issues of the follower. Other factors include follower susceptibility to entrepreneurial leadership. When the follower is directly exposed to the positive leadership behaviour of the leader, he/she is likely to replicate this behaviour. This, in turn, will influence the follower in the positive direction of the enterprise vision and mission. This direct exposure, affects the follower's self-efficacy, empowerment and entrepreneurial passion.

2.5.2.3 Team Oriented Leadership (TOL)

The focus of Team Oriented Leadership is on the interaction between leaders and group members. The leader entrenches group participation and the interchange of ideas and competencies. This discourse of leader-member, might predict the team performance (Surie & Ashley, 2008).The primary aim is on achieving the enterprise goals as a team during the interaction of the team leader and the follower. Key to the team leader is to influence the team towards achieving the goals of the enterprise (Tubbs, 1994).

2.5.2.4 Value Based Leadership (VBL)

House and Aditya (1997) emphasis that Value Based Leadership is an extension of Transformational leadership. The two are not mutually exclusive. The leader points the follower to the vision of the enterprise and sets behavioural standards to espouse so that the follower can emulate these. In essence, the leader becomes a role model thus enforcing the mission and vision of the company (Gupta et al., 2004; Lajin & Zainol, 2015).Table 2.3 demonstrates the interchange between the three aforementioned theories.

Table 2.4: Juxtaposing Entrepreneurial Leadership & Other Universal Leadership Models

Comparing entrepreneurial leadership and other universal leadership models

	Neocharismatic leadership	Value-based leadership	Team-oriented leadership
Universal attributes shared with entrepreneurial leadership	Foresight Encouraging Positive Confidence builder Decisive		Effective bargainer Informed Team builder
Universal attributes not shared with entrepreneurial leadership	Plans ahead Dynamic Motive arouser Motivational Excellence oriented	Trustworthy Just Honest	Intelligent Win–win problem solver Administratively skilled Communicative Coordinator
Nonuniversal attributes shared with entrepreneurial leadership	Enthusiastic * Convincing Performance-oriented Improvement-oriented Inspirational Visionary Intellectually stimulating	Intuitive	Diplomatic Integrator
Nonuniversal attributes unique to entrepreneurial leadership	Ambitious *		

Source: (Gupta et al., 2004, p.255)

Other than the three theories which have been discussed, there are theories that can add value to the understanding of the entrepreneurial leadership perspective. Attention now shifts to the discussion on Transactional and Laissez-faire Leadership styles.

2.5.2.5 Transactional Leadership

At the centre of transactional leadership, there are two primary role-players (leader and follower) who are involved in the bartering of benefits, thus transactional relationship. The leader trades his/her entrepreneurial efforts with the followers in pursuance of the superordinate values with the enterprise. The key thrust of the paradigm is that the leader is involved in a cost-benefit relationship with the followers. While followers are rewarded for their contribution towards attainment of the enterprise vision and mission, the leader derives fulfilment from keeping the followers in line with the higher values of the company and the subsequent business performance (Hartog, Van Muijen, & Koopman, 1997).

2.5.2.6 Laissez-faire Leadership

Cherry (2016) posits that laissez-faire leadership is a form of delegated leadership whereby the leader hands over the leadership of the enterprise to the followers. Hartog et al. (1997) are however, sceptical about the impact of such a leader who is inactive in the proceedings of the enterprise. The followers take the initiatives outside of the sanctioning by the leader.

2.6 Entrepreneurial Orientation

Unlike many sub-domains within the discipline of entrepreneurship, entrepreneurial orientation has been widely researched and covered for over thirty years (Covin, Green, & Slevin, 2006; Covin & Lumpkin, 2011; Covin & Wales, 2011; Lumpkin & Dess, 1996; Wiklund, 1999; Yang, 2008). It has been covered in different entrepreneurship literature along the lines of entrepreneurial proclivity, intensity, posture, and style, including corporate entrepreneurship (Zahra, Jennings, & Kuratko, 1999).

2.6.1 Defining Entrepreneurial Orientation

Venter et al. (2015) asserted that entrepreneurial orientation is the inclination of the enterprise towards promoting the entrepreneurial behaviour which can be used to measure the enterprise performance, and has becomes the defining character of the enterprise. The owners of the enterprise have the intention to continually exploit the opportunities as they avail themselves. Zahra and Neubaum (1998) emphasise the element of radical innovation in steering the venture into strategic paths. The stakeholders need to play along in managing risks factors, with the ultimate goal of leading the venture to performance. Lumpkin and Dess (1996) weighed in on the decisions, processes and activities of the new entrants in navigation around risks by introducing new innovation to enable them to aggressively capture the market share.

The quoted scholars' definitions share common ground in an attempt to de-densify the construct of entrepreneurial orientation, namely, it is forward planning

while meandering through risk, it is purposeful, the owners are leaving nothing to chance, and it has to do with keeping the enterprise in the performing mode. Table 2.5 summarises the definition of Entrepreneurial Orientation

Table 2.5: Scholars definition of Entrepreneurial Orientation

Scholars	Year	Definition	Ultimate Goal
Urban & Venter	2015	Inclination towards promoting entrepreneurial behaviour	Enterprise performance and growth
Zahra & Neubaum	1998	Innovation towards uncharted terrain	
Lumpkin & Dess	1996	Aggressive capture of market share	

2.6.2 The Dimensions of Entrepreneurial Orientation

Lumpkin and Dess (1996), Lumpkin and Dess (2001), Covin and Lumpkin (2011) posit that the entrepreneurial orientation is the firm strategy signifying its positioning towards exploitation of the opportunities. It assists the venture in niche concentration, thereby focusing its market segmentation. It is made up five different dimensions which play a critical role in any venture and define its longevity in the market. These are as follows, autonomy, pro-activeness, risk, innovativeness and competitive aggressiveness (Callaghan & Venter, 2011; Lumpkin & Dess, 1996).

2.6.2.1 Autonomy

Rauch, Wiklund, Lumpkin, and Frese (2009); Hughes and Morgan (2007) define autonomy as an independent action taken by the entrepreneurial leader or entrepreneurial team which they pursue with passion to its ultimate conclusion.

There is clear intention to provide such a team with freedom to be creative, and advocate new ideas. The determinants for encouraging autonomy on ventures are contingent on access to information, empowerment of teams and open communication channels (Engel, 1970; Spreitzer, 1995). Such flexibility encourages members of the team to apply their acquired human capital and to account to the fate of entrepreneurial activities they are introducing, thus adds to the task fulfilment and enrichment (Grewal & Tansuhaj, 2001).

When ventures pursue such independent positioning without stifling, they often realise and harvest growth levels. One of the ventures that that been recognised to be successful across the globe is Google, a web based venture whose business model focuses on advertisement by providing a multifaceted platform for consumers and marketers to interface. Different teams are given freedom to innovate and come up with fresh ideas on the improvement of the business offering.

2.6.2.2 Proactiveness

The stimulation and urge to lead unprovoked in the market with the entrepreneurial activities best simplifies the construct of proactiveness. According Lumpkin and Dess (1996), Venter et al. (2015), and Callaghan and Venter (2011), proactiveness has to do with forward planning in relation to the market opportunities at the disposal of the enterprise. Instead of reacting to competition, enterprise take a first in introducing new services, new technology, and new innovation in anticipation of the future demands (Rauch et al. 2009). In the life-cycle of the enterprise, especially if they have reached the maturity stage, entrepreneurial leadership rejuvenates systems and introduces new services and innovation, thereby adding to the survival of the venture over an extended period (Venkataraman, 1998). In summary, proactiveness reflects the attitude to contestants, originator of action and market pioneer (Erasmus & Scheepers, 2008).

2.6.2.3 Risk Taking

Entrepreneurs in general, irrespective of the growth levels of their ventures, have a challenge to balance the rate of investment returns from the perceived opportunities and committing resources in such a utopia, given the volatility and unpredictability of the market. Risk can be defined as the chances of gaining or losing economic or financial benefits as a consequence of pursuing opportunities in the uncertain environment. Endemic in any risky exploration are good or bad results. Depending on the context, there are two broad categories of risk, namely static and speculative risk. While the former deals with the risk that impacts on the enterprise without positive returns, the latter deals with both losses and gains from the risk exposure. Entrepreneurial leaders must inculcate an entrepreneurial behaviour that plans and mitigates risks so that they derive maximum benefits from the uncertain environment. Such a risk register must calculate the extent of both internal and external factors that can have a severe blow to the enterprise (Covin & Lumpkin, 2011; Covin & Wales, 2012; Erasmus & Scheepers, 2008; Lumpkin & Dess, 1996; Lumpkin & Dess, 2001; Rauch, Wiklund, Frese, & Lumpkin, 2004; Rauch et al., 2009; Urban & Sefalafala, 2015; Van Zyl & Mathur-Helm, 2007a; Verbano & Venturini, 2013).

2.6.2.4 Innovativeness

Venter et al. (2015) posit that innovativeness is the quest for new opportunities and solutions in pursuance of excellence or self-indulgent tendencies, such as market leaders. It is the critical part of the orientation of the enterprise as it has an effect on the long-term survival of the enterprises. In pursuance of excellence in innovation, the ventures must take stock of their current operations and begin to sculpt the future market penetration.

Chen (2007) upholds that entrepreneurial leadership and top management has a duty to ensure that they create a conducive environment in which the entrepreneurial team can begin to manifest new creative ways of doing business and lower the burdens of usage of old technologies by inventing new technology.

Innovation intervention strategies can take shape in three areas of the company life-cycle, namely, technological innovation, which is research into the development and engineering of new technologies and processes, secondly, product market innovativeness which deals with product design and finally, the administrative innovation which deals with the improvements in managerial systems and organisational structures, thus improving the internal operations of the firm (Hult, Hurley, & Knight, 2004; Venter et al., 2015).

Walsh (2012) stipulated three types of innovation, disruptive, discontinuous and sequential. While the disruptive innovation deals with the introduction of radical technology or services in the market this innovation is distinct and differentiates itself to be the first or to uniquely address needs in the market. Its first introduction in the market, following a robust gap analysis, pre-supposes high levels of risk of acceptance by the market. Once the innovation technology has been successfully launched, it must be commercialised to reap the benefits and such will be informed by the commercial risk and the most appropriate commercialisation strategy. It should be borne in mind that the success of any innovation is contingent on resource allocation, market timing and commitment. This is the terrain of entrepreneurial leaders and top management (Van Zyl & Mathur-Helm, 2007; Verbano & Venturini, 2013).

2.6.2.5 Competitive Aggressiveness

Competitive aggressiveness is the conscious intensity levelled by the firm to claim its slice of the market share. Its objective is to outperform the rivals in the market and thereby claim a greater pre-eminence in the market, unleash a forceful retaliation against its competitors, and gain a competitive advantage, (Lumpkin & Dess, 1996; Lumpkin & Dess, 2001; Rauch et al., 2009).

Covin and Covin (1990) maintain that the duty to take an aggressive posture towards competitors with the ultimate goal of a bigger market lies on the shoulders of general management and should be calculated by introducing innovative moves and proactive actions. It is important that firms become proactive and calculate their movements. They should be the first to introduce the products or services in the market, the so-called first movers, that is, the leaders

in the market and adopt a highly competitive posture in order to undo the competitors.

Table 2.6: Types of Aggressive Strategies

Scholar & Year	Types of Strategies	Ultimate Goal
Porter (1985)	Offensive Strategy	Preserving the competitive edge
MacMillan (1983)	Pre-emptive Strategy	Seizing beneficial competitive spot
MacMillan (1982)	Competitive initiative	

Table 2.6 outlines some of the competitive aggressiveness strategies that can be adopted by firms.

Small firms should be cognisant of the big companies' strength to retaliate against their challenge that could end up pushing them out of business (Covin & Covin, 1990)**.** The case in point which took place in South Africa, is the rivalry between Coca-Cola and PepsiCo which led to the demise of the latter in 1997. PepsiCo was reinterring the South African market after it disinvested during the call for sanctions in the 1980s. As a "new" market entrant it came up with the strategy of a joint venture under the umbrella of New Age Beverages which was formed by PepsiCo, black business and prominent United States persons.

The motive was to unseat Coca-Cola as a leading brand by introducing aggressive initiatives which would lead to Black Economic Empowerment. The market share was not in their favour as they were competing against a giant with a market share of 81% versus their 4.7%, (Moses & Vest, 2010; Spivey, 2009).

Despite this anecdotal evidence, there are new entrants in the saturated market which claimed the market share and successfully expanded it. Nando's, a fast food company entered the market amidst giants like Kentucky Fried Chicken and Wimpy and has been a successful South African born brand and has internationalised its products and services across the globe (Maumbe, 2012). It

can be argued that this is as a result of entrepreneurial leadership provided by the founders of the brand.

In the study of 161 small manufacturing companies conducted by Covin and Slevin (1989), it was found that small firms thrived in a hostile environment, given their application of the competitive aggression strategies. These findings were earlier accentuated by Hall (1980); Miller and Friesen (1983) who considered the effect of leadership and innovation respectively in succeeding in a hostile environment.

Operating in the societies that are overregulated like South Africa might be more cumbersome than operating in free market economies. In 1989, the Parliament of South Africa established a statutory body by the name of the Competition Commission by Act of Parliament (Act No. 89 of 1998) to regulate fair competition among enterprises, while also advocating for a bigger market share for the businesses owned by previously disadvantaged persons. To date, the on-going unearthing of cartels on price fixing and collusion by mostly big companies has brought relief to entrepreneurial ventures on the blockages of entry introduced by such market leaders.

2.7 Business Performance

Hansen and Wernerfelt (1989) postulate that there are two phases against which the firms' performance can be seen, namely, the economic and the organisational factors. While economic factors also argued as external factors as seen by Olawale and Garwe (2010), these include variables such as the characteristics of the industry, firm position relative to its competitors, access to markets, fiscal monetary policies, inflation, interest rates, and quantity and quality of the firm's resources. Other external factors that influence the firm's performance are the rate of crime and corruption and labour legislation (Olawale & Garwe, 2010). The internal factors influencing the business performance deal primarily with the behavioural and sociological paradigm, including the influence of managers on employees' performance, planning within the organisation, access to finance,

management skills, location and networking and technological capital (Hansen & Wernerfelt, 1989; Olawale & Garwe, 2010).

The balance of the external and internal environment leads to business growth which is mostly measured by the factors such as sales, assets, productivity, profits and profit margins (Li, Huang, & Tsai, 2009; Olawale & Garwe, 2010).

2.7.1 The Construct of Business Performance

Business Performance as a construct can be measured both qualitatively and quantitatively (Yıldız & Karakaş, 2012). The criteria used to measure such a business performance are manifold and include the following: looking at the financial margins of business in terms of its sales and revenue and profit, and operations where focus is on qualitative factors such as customer satisfaction. The entrepreneurial intensity of SMEs will need to be such that the businesses perform by demonstrating the qualitative imperatives like loyalty to the firm and performance in terms of quantitative factors like increased revenue and year on year increasing profit margins.

2.7.2 Effect on Business Performance

Hult et al. (2004) upheld that success of the firms are depended on the extent of the innovative drive for finding solutions to the current problem, thereby easing future burdens in the society. The study conducted by Rauch et al. (2009) showed the positive influence of risk taking, innovation and proactiveness on business performance. Furthermore, the study in the SME performance in Taiwan concluded that there is a high correlation between innovation and business performance (Chung-Wen, 2008).

2.7.3 Entrepreneurial Leadership and Entrepreneurial Orientation

Entrepreneurial leadership entails the development of a vision statement which needs the buy-in of the supporters who in turn, exploit the strategic prospects of the future (Gupta et al., 2004). Entrepreneurial leaders stand in between the current status of the organisation and the future they would like to achieve. McGrath and MacMillan (2000) stated that there are five roles played by the entrepreneurial leader, these are namely “framing”, they anticipate challenges and guide their teams towards the solution.

Secondly, they “absorb uncertainty” by defining the future through the crafting of the vision, in the event the prediction is not positive, the entrepreneurial leader will take the responsibility, thirdly, is “path clearing,” they scan and clear the internal and external environment of the firm thereby providing solutions to potential risks. Fourthly, they “build commitment” by inspiring and motivating the team and finally “specify limits” which ensures the followers are in line with the objectives of the firm.

While the concentration of entrepreneurial leadership is on keeping the firm on a visionary path for the future, entrepreneurial orientation focuses the firm on three key factors risk, innovation and proactiveness (Hughes & Morgan, 2007). The construct of Entrepreneurial Orientation deals with the process whereby firms adopt a mindset of exploiting the new opportunities as they present themselves to the entrepreneur. In essence, EO is the strategy that steers the firm in line with its organisational purpose, vision and the competitive edge (Rauch et al., 2004). Figure 2.5 shows the framework model for entrepreneurial orientation.

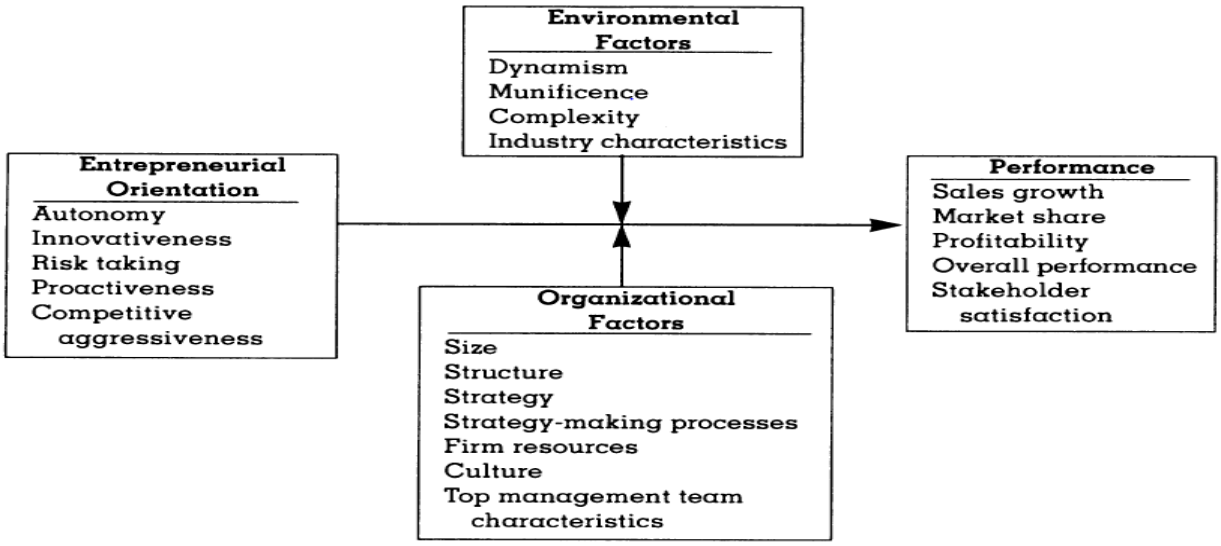


Figure 2.5: Framework of Entrepreneurial Orientation

Source: (Lumpkin & Dess, 1996, p.152)

Figure 2.8 shows framework depicting EO and performance

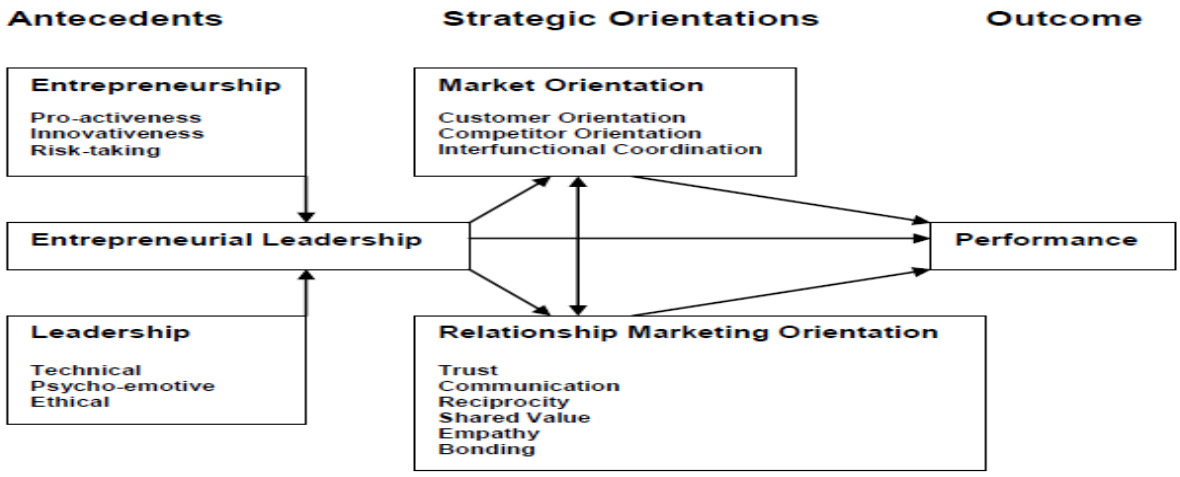


Figure 2.6: EO & Performance Framework

Source: (Van Zyl & Mathur-Helm, 2007, p.18)

The two constructs, namely EL and EO, are critical to the success of the enterprise. There seems to be equal opinions that a Transformational Leadership style has got more correlation to the business performance and that, if combined with higher entrepreneurial orientation, can result in higher yields of business

performance (Block, 2003; Chung-Wen, 2008; Lowe, Kroeck, & Sivasubramaniam, 1996). Furthermore, the transformational leadership style posits a stronger relationship on the organisational strategic posture (Tarabishy, Solomon, Fernald, & Sashkin, 2005). It is therefore critical for the entrepreneurs to bear in mind that inculcating the vision is one aspect, however there is equally a need for the proactive transformation of the firm's transaction set (Venkataraman, 1998).

The study explores the constructs of entrepreneurial leadership and orientation as independent variables that influence the dependent variable, Business Performance. The Moderating effect of Entrepreneurial Leadership on the relationship between Entrepreneurial Orientation and Business Performance are also explored.

2.8 Formulation of Hypotheses and Development of Conceptual Framework

The relationship between EL and EO as independent variable and moderating variable respectively and their influence on Business performance of the SMEs in Johannesburg are investigated through a literature review to construct the hypothesis which will be proven empirically through the conducting of quantitative research.

2.8.1 Influence of Entrepreneurial Leadership (EL) on Business Performance (BP)

Gupta et al. (2004) held that organisations must be more entrepreneurial to ramp up their performance, adaptation and quest for survival in the market place. To inculcate a culture of business performance in the organisation, the entrepreneurs need to ensure the existence of entrepreneurial efforts in order to take business related risk, innovate and compete against their business rivals. Gupta et al. (2004) concludes that EL consolidates the three constructs into one,

i.e. entrepreneurship, entrepreneurial orientation and entrepreneurial management with leadership.

McGrath and MacMillan (2000) recommend the inclusion of an entrepreneurial mind-set as core to strategic management; this will result in entrepreneurial leadership. Gupta et al (2004) conclude therefore that Entrepreneurial Leadership is leadership that creates visionary scenarios to mobilise the followers who support it and partake in the exploitation of the strategic value creation.

Renko, El Tarabishy, et al. (2015) argue that there are a number of factors that influence the success of entrepreneurial leadership, these include the extent of follower interaction with entrepreneurial leaders. This interrelationship is further anchored by the follower self-efficacy, empowerment and the level of entrepreneurial passion. The EL must prioritise the empowerment of the follower so that in turn, she/he must take the responsibilities delegated to her/him. The setting and context is also crucial in the success of EL. The entrepreneur leader must at all times endeavour to create an environment conducive for fostering innovation, creativity and opportunity recognition. Also key to the success of EL is the entrepreneurial orientation and availability of resources.

H1: There is a positive relationship between Entrepreneurial Leadership and Business Performance amongst SMEs in Johannesburg as depicted in Figure 2.7.

2.9 The relationship between EO and Business Performance (BP)

A number of variables can be attributed to Business Performance in the SME. Such a performance can be as a result of a combination of factors including the entrepreneurial orientation of the enterprise, entrepreneurial leadership and the adequate human capital to steer the enterprise into high profit margins. According to Smit and Watkins (2012), the discourse of most practitioners of business management turn to orient BP to access to finance.

The impediments that derail SME to perform are attributable to access to finance and poor credit history of the SMEs. Mazanai and Fatoki (2012) upheld that, access to finance is the single most significant impediment that impedes the survival of SMEs in South Africa. This view is held by many, including Levy (1996) who found that South African banks, irrespective of their flexible banking systems, demand unreasonable collateral when processing applications for business loans. Mahembe (2011) emphasises the challenge of access to capital to SME as among the key determinants to the performance of SMEs, a view equally reiterated by Berry et al. (2002). The second factor considered is the significance of human capital, i.e. high levels of education and training. Most SMEs underrate the importance of education and their skills sets in managing the enterprises, especially the lack of financial skill compromises the performance (Smit & Watkins, 2012). Other factors cited in literature including access to markets, capacity to innovate and take risks (Rogerson, 2000).

The approach of the academic scholars on a similar subject seems to deviate to focus on entrepreneurial orientation and entrepreneurial leadership (Rogerson, 2000). Murphy, Trailer, and Hill (1996) measured firm performance looking at three dimensions: ‘efficiency, growth and profit’.

H2: There is a positive and signicant relationship between Entrepreneurial Orientation and Business Performance on SME in Johanneburg as depicted in Figure 2.7.

2.10 The moderating relationship of EL on EO and BP

Entrepreneurial Leadership intervention on the enterprise floor enables the harmonious flow of the entrepreneurial process which encourages the exploitation of opportunities, thereby promoting creativity and innovation (Chen, 2007). An argument has been raised by Gupta et al. (2004) that Entrepreneurial Leadership encapsulates the vision, long term goals and the strategic outcomes of the enterprise. As a result, it requires a unique collection of skills to enact in the venture. The entrepreneurial leader is tasked with the duty of assembling resources, including human capital and technological capital for the maximisation

of the opportunities. In simple terms, entrepreneurial leadership is the backbone of the success of the enterprise (Chen, 2007). Incidentals that occur in the venture can be largely attributed to leadership as it alters the performance of the venture, given the influence exacted by the leaders on the followers (Bass & Riggio, 2006).

This brings us to Hypothesis 3, which is the moderating effect of entrepreneurial leadership on entrepreneurial orientation and business performance.

H3: Entrepreneurial Leadership moderates the positive relationship between Entrepreneurial Orientation and Business Performance of the SME operating in Johannesburg. The moderating effect of EL on EO and BP is depicted in Figure 2.7.

2.11 Synopsis of the Literature Review on Entrepreneurial Leadership, Entrepreneurial Orientation & Business Performance

Author	Construct	Study Findings
(Covin & Slevin, 1991; Fernald et al., 2005; González & Guillen, 2002; Gupta et al., 2004a; Hejazi, Malei, et al., 2012; Kuratko, 2007; Leitch et al., 2013; Oosthuizen, 2015; Pihie, Akmaliah, Bagheri, & Asimiran, 2014; Pihie et al., 2014; Roomi & Harrison, 2011a; Swiercz & Lydon, 2002a)	Definition of Entrepreneurial Leadership, history & current status	Fusion of Leadership & Entrepreneurship has given rise to Entrepreneurial Leadership. Gaps in theory & fragmentation are fading as the entrepreneurial leadership claim its place as a distinct discipline

Author	Construct	Study Findings
(Bagheri & Pihie, 2011; Burns, 1978; Covin et al., 2006; Covin & Slevin, 1989; Darling, Keeffe, & Ross, 2007; Gupta et al., 2004a; Koryak et al., 2015; Leitch et al., 2013; Oosthuizen, 2015; Roomi & Harrison, 2011a; Tarabishy et al., 2005; Urban, Van Vuuren, & Barreira, 2008; Wah, 2004)	Effects of Entrepreneurial Leadership on Business Performance	Entrepreneurial Leadership has a positive effect on the business performance
(Covin & Lumpkin, 2011; Frank, Kessler, & Fink, 2010; Keh, Nguyen, & Ng, 2007; Kraus, Rigtering, Hughes, & Hosman, 2012; Kreiser & Davis, 2010; Li, Huang, & Tsai, 2009; Pistrui, Welsch, Wintermantel, Liao, & Pohl, 2000; Rauch et al., 2009; Venkatraman & Ramanujam, 1986; Venter et al., 2015; Johan Wiklund & Shepherd, 2005)	Influence of Entrepreneurial Orientation on Business Performance	Entrepreneurial Orientation of a firm determines Business Performance
(Covin & Slevin, 1991; Gupta et al., 2004a; Hejazi, Malei, et al., 2012; Hitt, Ireland, Camp, & Sexton, 2001; Ireland & Webb, 2007; Koryak et al., 2015; Kuratko & Audretsch, 2009; Kuratko et al., 2007)	Moderating effects of Entrepreneurial Leadership on Entrepreneurial Orientation & Business Performance	Entrepreneurial Leadership has an impact on entrepreneurial orientation & business performance

Author	Construct	Study Findings
(Abor & Quartey, 2010; Aigbavboa & Thwala, 2014; Berry et al., 2002; Cooke & Wills, 1999; Kunene, 2008; Ladzani et al., 2010; Mahembe, 2011; Mazanai & Fatoki, 2012; Olawale & Garwe, 2010; Robson & Bennett, 2000; Rogerson, 2001, 2006, 2008; Rwigema & Karungu, 1999; Venkatraman & Ramanujam, 1986)	SME Performance SME Growth	Challenges of SME performance & growth can be resolved by entrepreneurial leadership

2.12 Model of the Study

Figure 2.7 demonstrates three hypotheses which the study has scrutinised.

- H1: There is a positive relationship between Entrepreneurial Leadership and Business Performance of the SME in Johannesburg.

- H2: There is a positive and signicant relationship between Entrepreneurial Orientation and Business Performance on SME in Johanneburg.

- H3: Entrepreneurial Leadership moderates the positive relationship between Entrepreneurial Orientation and Business Performance of the SME operating in Johannesburg.

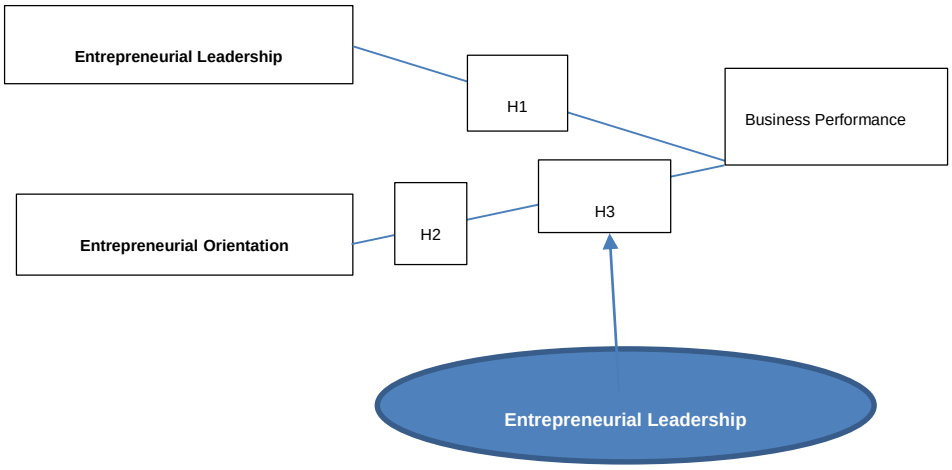


Figure 2.7: Relationship of EL to PB, EO & BP and Moderating effects of EL on EO & BP.

2.13 Conclusion

The history of entrepreneurial leadership on the Witwatersrand can be tracked as far back as the mining revolution precipitated by the discovery of gold in 1886. Despite the inadequate technological expertise and tools to exploit mining to the fullest, the presence of vision, creativity and proclivity to advance the gain from the economic opportunities of the time, the people continued to find solutions and expand their entrepreneurial territories. This led to the transition from primary to secondary market to the current tertiary market in which Johannesburg remains the economic hub of the country some 100 years later. Such dexterity can be attributed to long term planning of entrepreneurial leadership.

The post-democratic state recognised that not all in the country benefitted from the spoils of the past regime and introduced legislative and policy frameworks that will enable SMEs to flourish.

The study endeavours to establish the extent of influence of entrepreneurial leadership on business performance. Evidence solicited in the literature, repeatedly pointed to the fact that entrepreneurial orientation influenced business performance. Conversely, the studies of the performance of SMEs in South Africa has recounted the obstacles of finance, access to markets, low human capital

and scarcity of management talent. The paradox that prevails in resource-rich Johannesburg, is that most SMEs are not surviving beyond the third year.

This study therefore departed from the conventional acceptance of Entrepreneurial Orientation as the depicter of Business Performance and introduced Entrepreneurial Leadership as a moderator between Entrepreneurial Orientation and Business Performance. Although the discourse of Entrepreneurial Leadership is at the nascent phase, evidence concludes that leadership plays a critical role in business performance, given its long term forecast.

3 CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction

Kothari (2004) posited that research methodology is the employment of a scientific approach in systematically studying the research problem. It is the aggregate sum of research designs, research methods and techniques that demonstrate the logic in exploring the research inquiry. Bhattacherjee (2012) outlines that such a robust scientific methodology needs to meet four-point criteria, namely, replicability - allowing other scholars to independently replicate the study and find similar results, precision - the theoretical concepts must be on point and simplified for further measurement, falsifiability - the theory must be stated in such a way it can be disproven and parsimony - it must permit the adoption of the simplest logic.

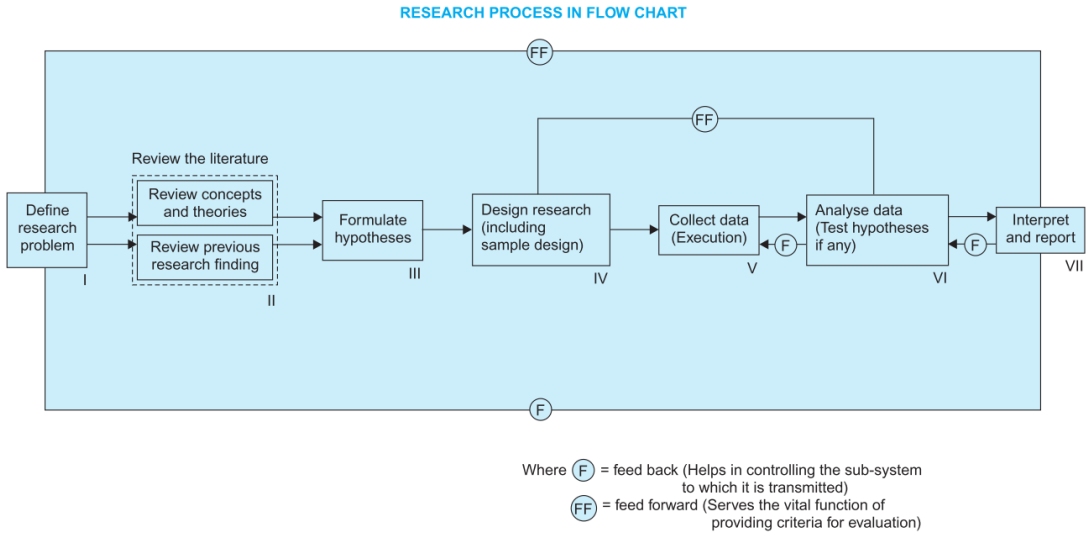


Figure 3.1: Chart Depicting Research Process

Source: (Kothari, 2004, p.11)

The focus of this section is on research methodology, namely the research paradigm which looks at the theoretical basis of this research which is embedded in a positivist paradigm. It looks at the research design including the population

and sampling, research instrument, procedure for data collection, and synthesis, limitations of the study, the validity and reliability of the research.

3.2 Research Paradigm

This research follows a positivist paradigm whose weight is on the quantitative research. Taylor and Medina (2013); Sale, Lohfeld, and Brazil (2002) advised that at the centre of a positivist approach, are two central poles, that is ontology and epistemology. While the former deals with the nature of the internal and external reality of the researcher, the latter deals with standards generated to justify the conclusion made by the researcher. Focus of the inquiry is on facts and objectivity of the truth, such facts can be reached through scientific inquiry irrespective of time and space and can be generalised (Tekin & Kotaman, 2013). The positivist paradigm nests in the quantitative research to ensure the value-free deductions and application to the general population (Sale et al., 2002). Such quantitative research is premised upon determination of the relationship between variables under scrutiny in a population (Blumberg, Cooper, & Schindler, 2011). The two most recognised methods of analysing quantitative data are descriptive and inferential analysis, (Bhattacherjee, 2012). The strengths of quantitative research as postulated by Johnson and Onwuegbuzie (2004) are that it permits the testing and validation of the theories, and it enables a pre- and post-testing of the predetermined hypothesis, replication of results is possible, and the results and findings are largely of value.

Against such a background, the quantitative research was used given its comparative advantage of being less time consuming and its potential to generalise findings to the population of SMEs, using the sample drawn from SME owners and managers in Johannesburg.

3.3 Research Design

Kothari (2004) stated that research design is the blue-print for data collection, measurement and analysis. It provides the forward planning on the entire process of research and anchors the inquiry to the pre-set objectives.

Some of the factors that are critical for a robust research design are the means of obtaining data, objectives of the problem to studied, and nature of the problem studied (Kothari, 2004).

Cross-sectional research method was used in conducting this research, given its orientation as a snapshot study at a particular time and space (Levin, 2006; Sedgwick, 2014). The duo further maintain that all measurements of the sample are obtained at the single point of time, thus making it suitable for estimating prevalence of behaviour in a population. Given its descriptive nature, a questionnaire survey is the most common tool used and if repeated at different times, it can help in assessing the trends in a population. Furthermore, it enables the collection of a significant volume of data that can be statistically analysed to measure relationships between variables. The cross sectional survey has been criticised for its non-replicability of the same study if undertaken at another time (Levin, 2006).

3.4 Population and Sample

A population in scientific research is an aggregate of individuals sharing a common trait and characteristics and a sample is a representative portion of the population where the researcher has extracted data. The ultimate goal of sampling is to enable the researcher to generalise the results of the study back to the population (Marshall, 1996).

3.4.1 Population

In terms of this study, the target population was the SMEs in the City of Johannesburg. As of June 2016, the City of Johannesburg (2016) supply database, had 10,629 registered SMEs. The services offered by the registered SMEs range from labour intensive services such as catering, and construction to professional services including conveyancing, project management, and event management.

It emerged during the conducting of the pilot study, which was the precursor to this full research, that there were a number of duplicates in the database as the service providers had often registered multiple times, and also not all the registered SMEs in the database were actively rendering services to the City. The database was then used as a guide to a possible aggregate of service providers in the City of Johannesburg.

3.4.2 Sample and sampling method

In order to arrive at the sample size to be used for the study, the incumbent made use of the services of Creative Research System, a survey company specialising in conducting surveys for various institutions. In terms of the estimated calculations, the size of the sample given for a population of the 10,629 is 371 respondents. Table 3.1 shows the estimation of sample size based on different population sizes. Where N = Population Size and n = Sample Size.

Table 3.1: Calculation of Sample Size

N - n		N - n		N - n
4,000 - 351		14,000 - 374		10,629 - 371

Source: Creative Research System, 2016

3.5 The Research Instrument: Entrepreneurial Leadership Questionnaire

The research instrument used during this research is known as the Entrepreneurial Leadership Questionnaire (ELQ). It was designed by Hejazi, Malei, and Naeiji, in 2012, to measure the influence of Entrepreneurial Leaders of the SMEs of Tehran, Iran. The designers posited that ELQ assesses four leadership factors, i.e. strategic, communicative, personal and motivational. It also assesses several demographic variables such as, gender, age, educational level and experience of entrepreneurial activities. The instrument was tested for validity and reliability using Factor Analysis and Cronbach's Alpha value on each of the four main categories listed above. Table 3.2 shows the results of testing of the instrument by the designers.

Table 3.2: **Results of Testing of Instrument**

Row	Effective factors on Entrepreneurial Leadership	Variance Percentage	Cumulative Variance Percentage	Cronbach's Alpha value
1	Strategic Factor	35.6	35.6	0.84
2	Communicative Factor	19.1	54.7	0.92
3	Personal Factor	10.6	65.3	0.88
4	Motivational Factor	7.2	72.5	0.76

Source: (Hejazi, Malei, et al., 2012, p.73-74)

3.5.1 Enhancement to the Entrepreneurial Leadership Questionnaire (ELQ)

To cover the scope of the current research, two additional domains were added to the instrument, that is, the entrepreneurial orientation and business performance. The addition of the two additional domains was informed by the fact

that the quest of the researcher is to test Entrepreneurial Leadership as the predictor of business performance and to test the moderation effect of the Entrepreneurial Leadership on Entrepreneurial Orientation and Business Performance.

The enhanced ELQ was re-tested for reliability and the results came with a Cronbach Alpha of 0,9045, signalling a high level of reliability (Lee, 2015).

3.5.2 The Five-Point Likert Scale

Clason and Dormody (1994) narrated that Likert Scales were first designed in 1932 by Rensis Likert as a presumption for the existence of an underlying continuous variable which characterises the respondent's attitudes and opinions. The tool uses scales to categorise the attitudes of the respondents during the survey.

In terms of the current inquiry, the survey questionnaire used a five point Likert scale, covering categories such as strongly disagree, disagree, not sure, agree and strongly agree. As the survey questionnaires were directed at the senior managers and owners of the SMEs in Johannesburg, questions were simplified and grouped in terms of each variable under scrutiny as depicted in Figure 3.2.



Figure 3.2: Five Point Likert Scale

3.5.3 The variables covered in the Research Instrument

The questions covered by the questionnaire had four categories with sub-sets of questions.

3.6 Demographic Profile

The questionnaire enquired about the following demographic profile of the respondents, namely, gender, age, education level, rating of entrepreneurial activities, tenure in entrepreneurial activities, number of employees, annual turnover.

3.6.1 Entrepreneurial Leadership (EL)

As directed by the literature review, (Hejazi, Malei, et al., 2012), EL covered four subsets of enquiry namely strategic factors, communication factors, personal factors and motivational factors.

3.6.2 Entrepreneurial Orientation (EO)

A number of scholars including (Callaghan & Venter, 2011; Hughes & Morgan, 2007; Lumpkin & Dess, 1996; Lumpkin & Dess, 2001; Rauch et al., 2009; Urban & Sefalafala, 2015; Venter et al., 2015; Verbano & Venturini, 2013) commonly confirm the dimensions of EO as Innovation Factors, Proactive and Autonomy Factors, Risk Factors, Competitive Aggression.

3.6.3 Business Performance (BP)

The BP variable covered the internal and external environment (Olawale & Garwe, 2010).

Table 3.3 shows that questions covered in the research and the expansion on the rationale for the questions posed.

Table 3.3: Questions covered in the Inquiry

Variables	Reference	Questions	Comment
Demographics	Questions: 1.1 - 1.8	gender, age, education level, rating of entrepreneurial activities, tenure in entrepreneurial activities, number of employees, annual turnover	To ascertain the extent to which the demographic status of respondent's impact on the entrepreneurial leadership, entrepreneurial orientation and Business performance
Entrepreneurial Leadership (EL)	Questions: 2.1 – 2.4	Strategic factors, communication factors, personal factors and motivational factors.	The purpose of the questions is to determine the categories where most entrepreneurs fall in terms of the afore-mentioned factors
Entrepreneurial Orientation (EO)	Questions 3.1 - 3.5	Innovation Factors, Proactive and Autonomy Factors, Risk Factors, Competitive Aggression	to ascertain the extent to which your enterprise is poised towards pursing new ventures
Business Performance (BP)	Questions 4.1 - 4.2	internal and external environment	will assist the Researcher in determining the views on the business performance.

3.7 Procedure for data collection

Two types of data were collected in the study, secondary data and primary data.

3.7.1 Secondary Data

This is the data collected from literature and it has informed the theoretical underpinnings of the study. It was largely collected from the journals and books in the libraries.

3.7.2 Primary Data Collection

Questionnaires were coded in tranches of 1 – 100; 101 – 200; 201 – 300; 301 - 450 with the ultimate goal of distributing 450 questionnaires which were hand delivered to the respondents making use of the services of research assistants. Prospective respondents were called on their land lines and mobile numbers and arrangements were agreed.

As time progressed, assessment of collected and filled questionnaires was done, the response rate was low and it was decided to upscale the collection by using other data collection platforms such as Qualtrics, a survey package with the convenience of enabling responses using smart phones.

3.8 Data Analysis and Interpretation

Collected data from the respondents was captured in the Excel software programme and simultaneously cleaned to safeguard against any form of data corruption that might occur. The data in the Excel programme was later imported to Strata.14, a statistical software package found to be relevant for the nature of the study.

Regression analysis was used to test the relationship between the hypotheses under scrutiny in this study. This statistical analysis tool is used to analyse the association between multiple variables with the depended variable (Lee, 2015).

3.9 Limitations of the Study

Most of the 10 629 registered service providers in the database of the City of Johannesburg were no longer active; as a result, this impacted the sample. This might have been as a result of service providers multi-listing their companies in different names on the same database. This kind of duplication invariably meant some respondents might have received the questionnaire more than once with the possibility of completing it twice.

The distribution of the questionnaires were not distributed evenly across the seven administrative regions of the City due to the demand being skewed towards the Inner City (Region F) and the Northern suburbs of the City.

3.10 Validity and Reliability

The praxis for scientific research is to arrive at conclusions that are valid and replicable over a period of time. To best arrive at solid solutions to the phenomenon being addressed, researchers use the measures of validity and reliability.

Validity in research is the extent to which a research project sufficiently determines what is expected to measured (Bhattacherjee, 2012; Golafshani, 2003; Wagner, Kawulich, & Garner, 2012). The validity of the study in question is the extent to which the instrument used has managed to determine how entrepreneurial leadership is a determinant of business performance.

Bhattacherjee (2012) drills into the construct of validity by looking at the internal validity, which is the extent to which the changes in the depended variable, (in terms of this study, the Business Performance) can be attributed to the independent variable (in terms of this project, the Entrepreneurial Leadership). The scholar further upholds the existence of external validity which is the general application of the sample results to the entire population.

While the legitimacy of the study focuses on the accurateness of the measurement, the reliability construct deals with the consistency of the study to yield more or less similar results when repeated several times, (Bhattacherjee, 2012; Cortina, 1993; Cronbach, 1951; Golafshani, 2003; Nunnally, 1967; Tavakol & Dennick, 2011; Wagner et al., 2012).

Christmann and Van Aelst (2006) argue that the most popular measurement of reliability is the Cronbach Alpha analysis which was invented by Lee Cronbach in his research work in 1951, (Sijtsma, 2009; Tavakol & Dennick, 2011). Among the features singled out about the invention, are measurement of reliability, estimation of consistency between items to reflect on the internal consistency, its

ability to resist outliers (Christmann & Van Aelst, 2006). According to Tavakol and Dennick (2011), the alpha score values between 0.70 - 0.95 are acceptable and expresses an opinion about the reliable research instrument.

3.11 Conclusion

The systematic logic pursued in this study is influenced by the positivist paradigm which dictates for the scientific approach to the internal and external environment of the researcher as well as employing proven standards to justify the conclusions of the study.

A sample was drawn from a population of 10 629 SMEs which were registered with the City at the time of conducting the study. The research instrument used was the Entrepreneurial Leadership Questionnaire (ELQ) with a five point Likert Scale to capture the veracity of the respondents' attitudes. The instrument assesses the extent to which Entrepreneurial Leadership influences Business Performance of the SMEs.

Data was collected from existing literature and surveys and interpreted by commissioning regression analysis to determine the correlations between the domains.

The Cronbach Alpha analysis of 0.9045 shows a competitive reliability value thus enabling the research to be replicated. The Mean and Standard Deviation as per variable principal component analysis shows the internal reliability of the data and the high correlation levels among variables.

4 CHAPTER 4: PRESENTATION OF RESULTS

4.1 Introduction

The focus of this Chapter is the presentation of the research results on two levels, the demographic profile of the respondents and the testing of the three primary domains of the inquiry, which are entrepreneurial leadership, entrepreneurial orientation and business performance. The crux of the study is to prove that entrepreneurial leadership has a positive relationship with business performance as well as to substantiate that entrepreneurial leadership moderates the relationship between entrepreneurial orientation and business performance. The profile of the respondents is demonstrated below in the form of graphs, listed as Figure 4.1 to Figure 4.8.

4.2 Demographic Profile of the Respondents

Demographic profiles of the respondents in research help with the quantifiable data in measuring the frequencies of occurrence in the sample under inquiry. Such tendencies can be stratified and measured on a once-off basis; this is for either a cross sectional study or over the long term which is undertaken during the longitudinal study (Bantel, 1992). In the current study, the incumbent looked at the following, gender, age, educational level, industry classification, rating of entrepreneurial activities, tenure in entrepreneurial activities, number of employees, and turnover of the enterprise. The total sample of the study was 123 respondents.

As depicted in Figure 4.1 regarding gender representation of the respondents, out of the sample size of 123 respondents, 56.91% were male, 39.02% were female while 4.63% were other and unspecified. This means that the majority of respondents were males, followed by female. The respondents who did not identify themselves as either male or female were 1.63%, while 3% were unspecified.

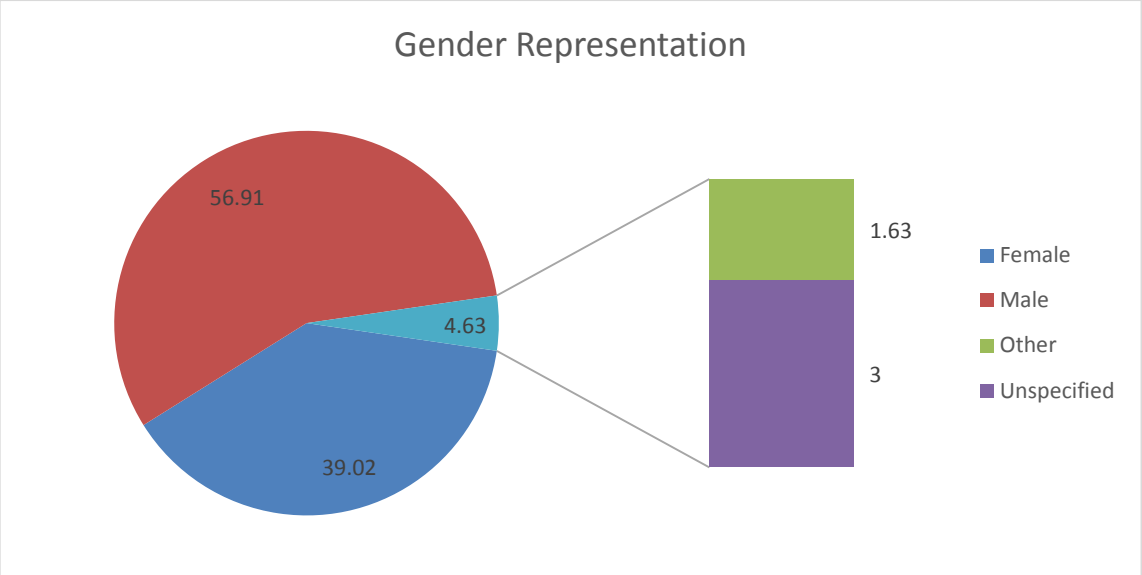


Figure 4.1: Gender Representation of Respondents

Figure 4.2 shows 23.58% of the respondents who were in the majority were between the ages of 26-30, followed by 19.51% who are of the ages of 31-35. This shows a high representation of youth entrepreneurs in the study.

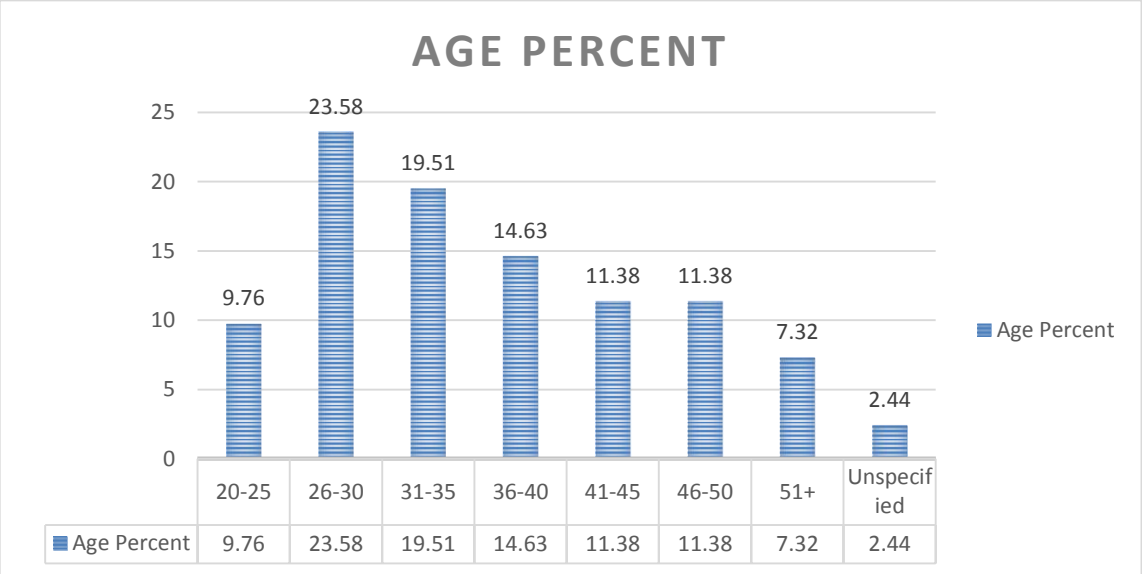


Figure 4.2: Age Spread of Respondents

The human capital of the respondents as depicted by Figure 4.3, shows an aggregate of 73,17% possessed technical to master's level qualification. This shows a high level of qualification and educational level.

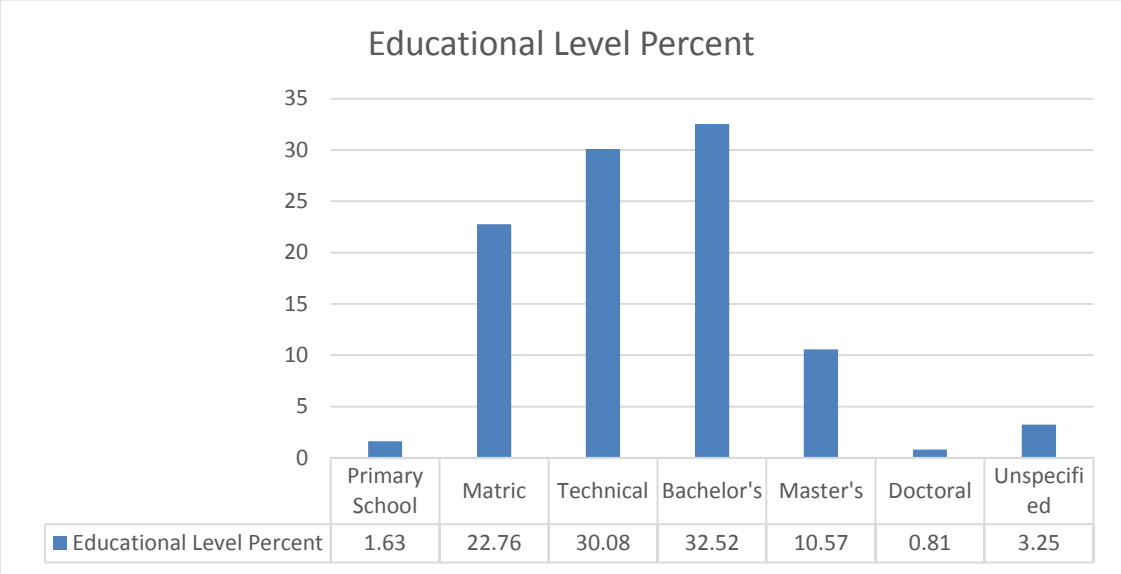


Figure 4.3: Educational Levels of Respondents

The industry which was highly represented was the service industry, which was represented by 37.4% as reflected in Figure 4.4.

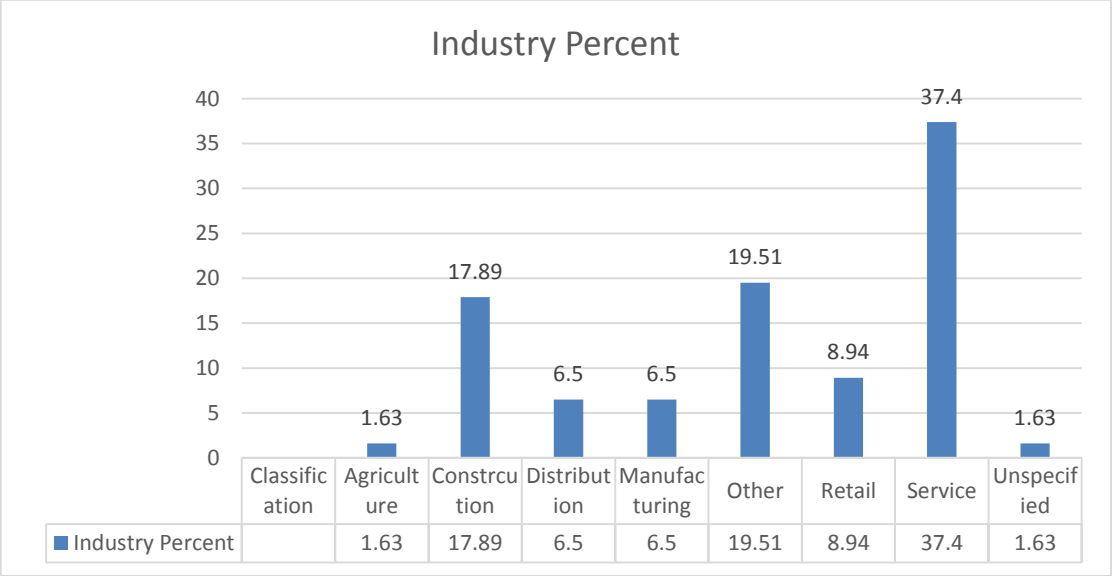


Figure 4.4: Industry Classification of Respondents

The highest entrepreneurial activities rating of respondents stood at 39.02% where were the intermediates, followed by starters who were at 34.96%. The respondents with the advanced rating who were equally high stood at 24.39%. Details are reflected in Figure 4.5.

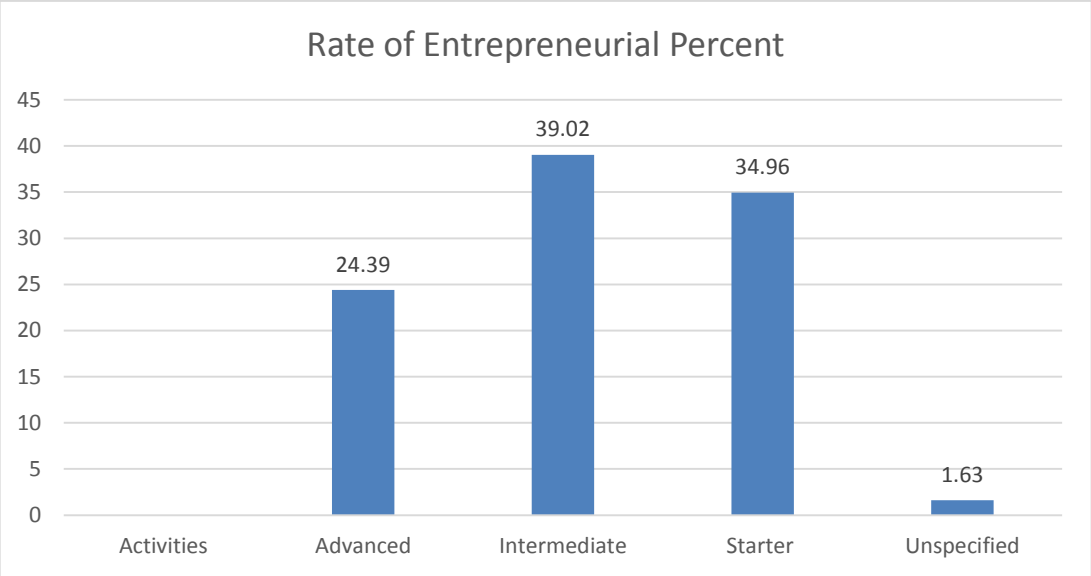


Figure 4.5: Rating of Entrepreneurial Activities

Figure 4.6 depicts the sample showing 56.91% respondents having 0-5years experience in entrepreneurial activities, while 10.57% were at 16+ years of experience.

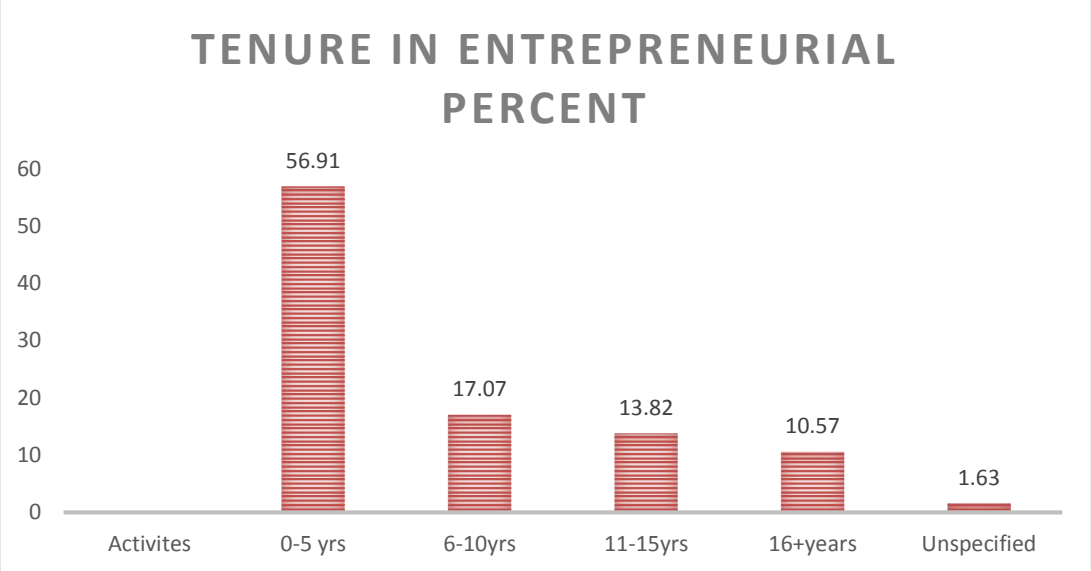


Figure 4.6: Tenure in Entrepreneurial Activities

Figure 4.7 shows 81.3% have between 0-50 employees, while 8.94% had a staff complement between 51-100.

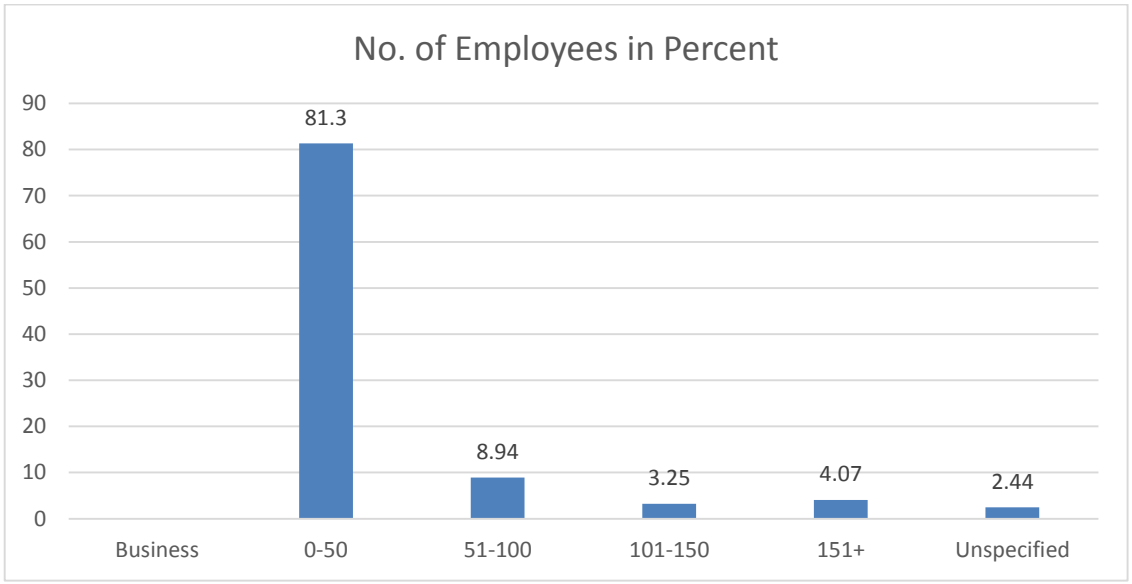


Figure 4.7: Number of Employees

Figure 4.8 shows 55.28% of respondents intimated that annual enterprise turnover of 0-500 000 while 21.14% had a turnover of over R2m.

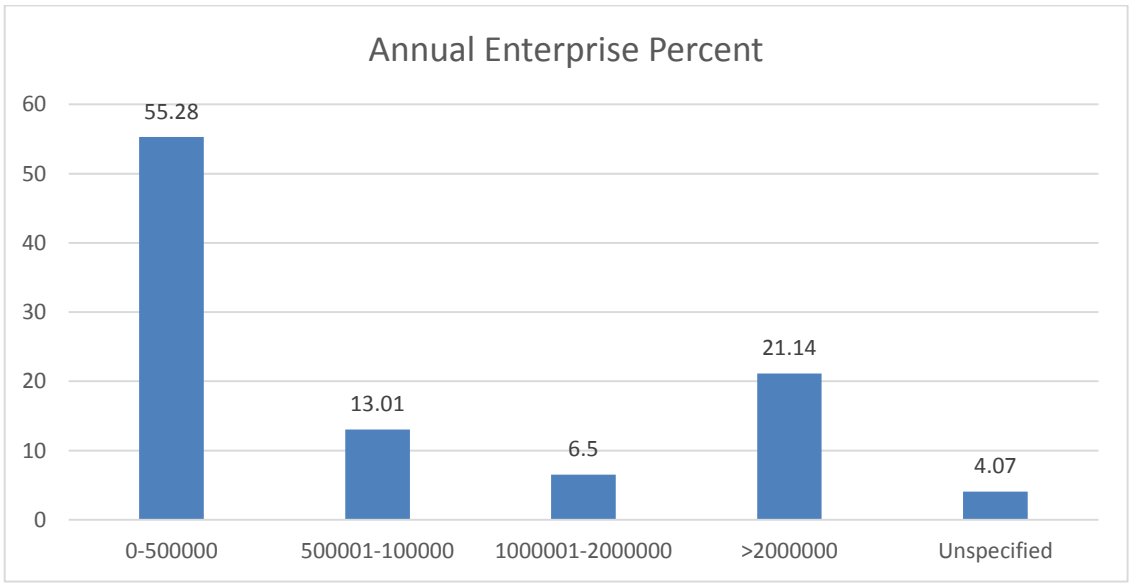


Figure 4.8: Annual Enterprise Turnover

4.2.1 The initial testing for Reliability of the Entrepreneurial Leadership Questionnaire (ELQ)

In the study conducted by Hejazi, Malei, et al. (2012) on designing a scale for measuring entrepreneurial leadership in SMEs, the reliability of entrepreneurial leadership scale had an Cronbach Alpha of 0.85 while the Cronbach's alpha of entrepreneurial leadership scales as tabulated in Table 3.2, were all over 0.76, which demonstrated high reliability of the instrument.

The study by Hejazi, Malei, et al. (2012) concluded that there was a correlation between demographic variables of age, gender, educational level, and experience in entrepreneurial activities.

In this study, the reliability of the instrument was at 0.90 thus excellent and the study found that the correlation between entrepreneurial leadership and business performance was found to be significant.

4.3 Analysis of Validity and Reliability

The statistical software package used in the calibration of data is Strata 14.0 which is the latest version developed by StataCorp (2015). It is mostly used in socio-economic research.

The test measure used in this research is the Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy which is suitable for Component Factor Analysis (Kaiser & Rice, 1974). It takes values between 0 and 1, with small values meaning that overall, the variables have too little in common to warrant a factor analysis. Historically, the following labels are given to values of KMO as depicted in **Table 4.1**

Table 4.1: Kaiser-Meyer-Olkin (KMO) Values

Values	Acceptance Level
0.00 to 0.49	Unacceptable
0.50 to 0.59	Miserable
0.60 to 0.69	Mediocre
0.70 to 0.79	Middling
0.80 to 0.89	Meritorious
0.90 to 1.00	Marvellous

4.3.1 External Reliability

The Cronbach Alpha of **0.9045** provides a basis to conclude that the study can be generalised to the greater population of the SMEs in Johannesburg.

4.3.2 Reliability of the Research Instrument

The measurement of the enhanced research instrument revealed that the Cronbach Alpha for the three domains was acceptable, Business Performance came at 0.7305 which is acceptable, Entrepreneurial Leadership and Entrepreneurial Orientation measured 0.8768 and 0.8302 respectively, which is high and acceptable. The p-values of the domains measured 0.000 showed a high significance level. See Table 4.2.

Table 4.2: Depicts the internal reliability of all the variables been tested

Domain	Cronbach's Alpha	Kaiser-Meyer-Olkin (KMO)	Chi-square(df)	p-value# Significance
Business Performance	0.7305	0.755	317.07	0.000
Entrepreneurial Leadership	0.8768	0.659	1314.7	0.000
Entrepreneurial Orientation	0.8302	0.676	714.97	0.000

The mean and the standard deviation per domain demonstrate the consistency of the data as the standard deviations are lower and closer to the mean, thus showing a normal distribution of curve. See Table 4.3 to 4.13. This substantiates the reliability of the data collected.

Table 4.3: Entrepreneurial Leadership Internal Reliability: 1 of 4

Variable			Mean	Std. Dev	Min	Max
Entrepreneurial Leadership (EL)	Strategic Factors **(SF)**	SF1	2.073529	1.175828	1	5
		SF2	2.441176	.9831772	1	5
		SF3	2.632353	1.144805	1	5
		SF4	1.75	.7201783	1	5
		SF5	2.029412	1.036219	1	5
		SF6	2.485294	1.099425	1	5
		SF7	2.338235	.9241421	1	5

Variable			Mean	Std. Dev	Min	Max
		SF8	2.014706	.7226123	1	5
		SF9	1.882353	.7233713	1	5

Table 4.4: Entrepreneurial Leadership Internal Reliability: 2 of 4

Variable			Mean	Std. Dev	Min	Max
Entrepreneurial Leadership (EL)	Communication Factors (CF)	CF1	1.852941	.833348	1	5
		CF2	1.882353	.9701425	1	5
		CF3	1.823529	.8092963	1	5
		CF4	1.558824	.6552282	1	5
		CF5	1.75	.7987864	1	5
		CF6	1.661765	.637399	1	5
		CF7	2.544118	.7213963	1	5
		CF8	1.926471	.935473	1	5
		CF9	1.985294	.6346382	1	5
		CF10	1.867647	.8268699	1	5

Table 4.5: Entrepreneurial Leadership Internal Reliability: 3 of 4

Variable			Mean	Std. Dev	Min	Max
Entrepreneurial Leadership (EL)	Personal Factors (PF)	PF1	1.808824	.7581862	1	5
		PF2	1.75	.7406129	1	5
		PF3	1.632353	.7708187	1	5
		PF4	1.676471	.7005579	1	5
		PF5	1.808824	.7776227	1	5
		PF6	2.720588	.6877519	1	5
		PF7	1.970588	.7324176	1	5
		PF8	2.25	.7798775	1	5
		PF9	1.764706	.8658987	1	5

Table 4.6: Entrepreneurial Leadership Internal Reliability: 4 of 4

Variable			Mean	Std. Dev	Min	Max
Entrepreneurial Leadership (EL)		MF1	1.720588	.7298658	1	5
		MF2	1.926471	.8863168	1	5
		MF3	2.691176	.5796899	1	5

Variable			Mean	Std. Dev	Min	Max
	Motivational Factors (MF)	MF4	1.764706	.7354082	1	5
		MF5	2.147059	.9185437	1	5
		MF6	1.514706	.7628041	1	5
		MF7	2.676471	.5844037	1	5

Table 4.7: Entrepreneurial Orientation Internal Reliability: 1 of 5

Variable			Mean	Std. Dev	Min	Max
Entrepreneurial Orientation (EO)	Risk Factors (RF)	RF1	2.191176	.7965851	1	5
		RF2	2.102941	.8662788	1	5
		RF3	2.352941	.8422554	1	5
		RF4	2.632353	.8447275	1	5
		RF5	2.808824	1.175081	1	5
		RF6	2.808824	1.175081	1	5

Table 4.8: Entrepreneurial Orientation Internal Reliability: 2 of 5

Variable			Mean	Std. Dev	Min	Max
Entrepreneurial Orientation (EO)	Competitive Aggression Factors (CAF)	CAF1	2.352941	1.103112	1	5
		CAF2	2.382353	.9147124	1	5

Variable			Mean	Std. Dev	Min	Max
		CAF3	2.794118	1.276175	1	5
		CAF4	2.279412	.9279344	1	5

Table 4.9: Entrepreneurial Orientation Internal Reliability: 3 of 5

Variable			Mean	Std. Dev	Min	Max
Entrepreneurial Orientation (EO)	**Autonomy Factors (AF)**	AF1	2.382353	1.079378	1	5
		AF2	2.308824	.8683034	1	5
		AF3	2.014706	.7821258	1	5

Table 4.10: Entrepreneurial Orientation Internal Reliability: 4 of 5

Variable			Mean	Std. Dev	Min	Max
Entrepreneurial Orientation (EO)	Innovation Factors (INF)	INF1	2.220588	1.076833	1	5
		INF2	2.308824	1.136338	1	5
		INF3	1.705882	.6704604	1	5
		INF4	2.397059	.6941054	1	5
		INF5	2.852941	1.330074	1	5
		INF6	1.970588	.7911939	1	5

Variable			Mean	Std. Dev	Min	Max
		INF7	1.911765	.8933468	1	5

Table 4.11: Entrepreneurial Orientation Internal Reliability: 5 of 5

Variable			Mean	Std. Dev	Min	Max
Entrepreneurial Orientation (EO)	Competitive Aggression Factors Pro	Prf1	1.941176	.7098949	1	5
		Prf2	2.029412	.8098385	1	5
		Prf3	2	.8464147	1	5
		Prf4	2.485294	1.057915	1	5
		Prf5	2.029412	.8098385	1	5

Table 4.12: Business Performance Internal Reliability 1of 2

Variable			Mean	Std. Dev	Min	Max
Business Performance	Business Performance (Internal Environment) = IE	BP_IE1	2.323529	.8541589	1	5
		BP_IE2	2.205882	.9233105	1	5
		BP_IE3	2.558824	1.097927	1	5
		BP_IE4	2.558824	1.111438	1	5

Variable			Mean	Std. Dev	Min	Max
		BP_IE5	3.161765	1.127807	1	5
		BP_IE6	2.529412	1.071623	1	5
		BP_IE7	2.264706	.9560124	1	5
		BP_IE8	2.044118	1.028458	1	5
		BP_IE9	3.132353	1.28021	1	5

Table 4.13: Business Performance Internal Reliability 2 of 2

Variable			Mean	Std. Dev	Min	Max
Business Performance	Business Performance (External Environment) = EE	BP_EE1	2.205882	.9070013	1	5
		BP_EE1	2.602941	1.067005	1	5
		BP_EE1	1.970588	.7525199	1	5
		BP_EE1	2.147059	.9185437	1	5
		BP_EE1	1.941176	.9123097	1	5

4.4 Principal Component Analysis

Although most of the variables contribute significantly towards the significance level of the variables, some of the characteristics do not contribute effectively as can be observed in the KMO. In other words, some of the KMO show below 0.5, suggesting some low contribution and were thus eliminated in the assessment

Table 4.14: **Significance level Kaiser-Meyer-Olkin (KMO)**

	Entrepreneurial Leadership	Eigenvectors (Loadings)	Kaiser-Meyer-Olkin (KMO)
Section 1: STRATEGIC FACTORS			
1.	I assign the vision of my company to my employees	0.048	0.5095
2.	I predict future problems & crises	0.094	0.4886
3.	I keep a holistic view & avoid details	-0.022	0.2451
4.	I am flexible in decision making	0.092	0.5389
5.	I see opportunities in threats	0.083	0.7823
6.	I am willing to invest in risky projects	0.075	0.4604
7.	I have established an information session for exploring environment of the company	0.181	0.6583
8.	I demonstrate the ability to illustrate future events	0.187	0.6823
9.	I apply my economic intuition in business	0.148	0.5668

	Entrepreneurial Leadership	Eigenvectors (Loadings)	Kaiser-Meyer-Olkin (KMO)
	Section 2: COMMUNICATION FACTORS		
1.	I have ability to persuade colleagues	0.222	0.7784
2.	I am showing empathy to others	0.219	0.8142
3.	I avoid disruptive conflict	0.147	0.6435
4.	I am an active listener	0.153	0.6576
5.	I control my feelings in the event of conflict	0.095	0.3744
6.	I inspire confidence among colleagues		0.6617
7.	I encourage my colleagues to participate in corporate & group activities	0.199	0.5857
8.	I hold regular meetings to obtain feedback from colleagues	-0.099	0.7272
9.	I recognize others' emotions in social interactions	0.228	0.7787
10.	I active communicate with the stakeholders of my organisation	0.189	0.6266
Section 3: PERSONAL FACTORS			
1	I am emotionally stable	0.201	0.7916

	Entrepreneurial Leadership	Eigenvectors (Loadings)	Kaiser-Meyer-Olkin (KMO)
1.	I am creative in making things & new methods	0.192	0.8317
2.	I am hands-on on the assigned tasks	0.243	0.7454
3.	I am open minded in dealing with events	0.230	0.8653
4.	I apply modesty & humility	0.237	0.7484
5.	I have courage in dealing with problems	0.245	0.2206
6.	I place people & things in their proper place	-0.036	0.7029
7.	I am candour & ingenious	0.183	0.6749
8.	I maintain discipline	0.160	0.5488
Section 4	**Section 4: MOTIVATIONAL FACTORS**		
1.	I have self-confidence to influence others	0.193	0.6544
2.	I enjoy influencing others	0.170	0.7552
3.	I am motivated for success in business	-0.093	0.4443
4.	I have ability to understand the needs of colleagues	0.194	0.5964
5.	I tend to make constant monitoring on the colleagues	0.120	0.6073
6.	I am motivated to perform hard work	0.245	0.8294

	Entrepreneurial Leadership	Eigenvectors (Loadings)	Kaiser-Meyer-Olkin (KMO)
7.	I transfer positive feelings to others	-0.025	0.3870

4.5 Testing of the Hypotheses

The inquiry sought to scientifically test three hypotheses with the intention of proving the crucial importance of Entrepreneurial Leadership (EL) in Business Performance (BP). The measures used to test the hypotheses were correlation coefficient, regression analysis, and P-value significance. The hypotheses are presented below:

4.5.1 Results pertaining to [Hypothesis 1]

Hypothesis 1: There is a positive relationship between Entrepreneurial Leadership and Business Performance.

Table 4.15: Testing of Hypothesis 1: Positive relationship between EL & BP

The regression equation is

BP=0.221*EL-0.188 (Sig=0.004)

. sureg (BP EL)

Equation	Obs	Parms	RMSE	"R-sq"	chi2	P
BP	79	1	1.886402	0.0944	8.24	0.0041

BP	Coef.	Std. Err.	z	P>|z|	[95% Conf.	Interval]
BP						
EL	.2213267	.0771081	2.87	0.004	.0701976	.3724559
-cons	-.1884432	.2122394	-0.89	0.375	-.6044247	.2275383

The result above showed a positive relationship between Entrepreneurial Leadership and Business Performance.

4.5.2 Results pertaining to [Hypothesis 2]

Hypothesis 2: There is a positive relationship between Entrepreneurial Orientation (EO) and Business Performance.

The corresponding equation is Business Performance=0.245* Entrepreneurial Orientation+0.112 (Sig=0.003)

Table 4.16: Testing of Hypothesis 2: Positive relationship between EO & BP

. sureg (BP EO PRF5)

Equation	Obs	Parms	RMSE	"R-sq"	chi2	P
BP	85	1	1.746214	**8.69**	8.24	**0.0032**

BP	Coef.	Std. Err.	z	P>|z|	[95% Conf. Interval]	
BP						
EL	.2451201	.0831726	2.95	0.003	.0821047	.4081355
-cons	.1119659	.1894053	0.59	0.554	-.2592616	.4831934

From the table above, there is the evidence to demonstrate that Hypothesis 2 is also accepted.

4.5.3 Results pertaining to [Hypothesis 3]

Hypothesis 3: Entrepreneurial Leadership moderates the relationship between Entrepreneurial Orientation and Business Performance

To test the moderation effect of EL on EO and BP, the corresponding equation below was used:

BP=0.048*EL+0.254*EO+0.750

Sig [0.606] [0.021]

Table 4.17: Testing of Hypothesis 3: The moderating effect of EL on EO & BP

. sureg (EL EO PRF5)(BP EL EO PRF5)

Equation	Obs	Parms	RMSE	"R-sq"	chi2	P
EL	68	1	2.354249	0.2450	22.07	0.0000
BP	68	2	1.812764	0.1164	8.96	0.0114

Equation	Coef.	Std. Err.	z	P>|z|	[95% Conf.	Interval]
EL						
EO PRF5	.5848325	.1245009	4.70	0.000	.3408153	.8288498
-cons	.4022032	.2863319	1.40	0.160	-.1589971	.9634035
BP						
EL	.0481247	.0933758	0.52	0.606	-.1348886	.231138
EO PRF5	.2544553	.1103283	2.31	0.021	.0382159	.4706947
-cons	.075036	.2236505	0.34	0.737	-.3633109	.5133829

The regression analysis showed between the two measures of Entrepreneurial Leadership moderating the relationship between Entrepreneurial Orientation and Business Performance. The level of significance changed from 0.004 to just 0.021 as can be observed from the model in Hypothesis 1 to the equation in Hypothesis 3 above. The relationship between Entrepreneurial Leadership and Business Performance is positive and significant (pr=0.000). In the second part, there is the evidence to demonstrate that the Entrepreneurial Leadership has dropped to become non-significant (pr=0.606).

Therefore, it is thus concluded that Entrepreneurial Leadership moderates the relationship between Entrepreneurial Orientation and Business Performance.

4.6 Summary of the Results

The results of Hypothesis 1: Relationship between Entrepreneurial Leadership and Business Performance showed a positive link between the two variables at the significance level of 0.004. The outcome suggests that when the Entrepreneurial Leadership is sound, there is a strong associated evidence to prove that the Business Performance will also grow.

The results of Hypothesis 2: Relationship between Entrepreneurial Orientation and Business Performance also showed an acceptable relationship at the significance level 0.003. This implies that Business Performance can be predicted from using Entrepreneurial Orientation. In other words, if this aspect is adequately improved, there is positive expectation of a better outcome from the Business performance of that organisation.

The results of Hypothesis 3: The moderation effect of Entrepreneurial Leadership on Entrepreneurial Orientation and Business Performance also showed Entrepreneurial Leadership influencing the discourse between Entrepreneurial Orientation and Business Performance. The test showed the level of significance changed from 0.004 to just 0.021 from the model in Hypothesis 1 to the equation in Hypothesis 3. The relationship between Entrepreneurial Leadership and Business Performance is positive and significant (pr=0.000). In the second part, there is the evidence to demonstrate that the Entrepreneurial Leadership has dropped to become non-significant (pr=0.606). Thus, proves the Hypothesis 3 as acceptable.

4.7 Conclusion

The demographic profile of the respondents show 56.9% male respondents compared to 39.02% female. The research attracted mostly people with an age range from 26-30 and 31-35 respectively. This shows a youthful inclination. This suggests that youths are predominantly involved in the sample.

Most respondents had an education level of a Bachelor's Degree thus a high human capital and a potential of development of entrepreneurial leadership. Most respondents were in service related enterprises (37.4%) and rated their entrepreneurial experience as new entrants as reflected by 56.9% who were between 0-5 years.

The overall Cronbach Alpha of the enhanced research instrument was .90, thus highly reliable. The orientation of the mean and standard deviation scores

showed closeness as the standard deviation was low. This accentuates the high correlation levels of the domains.

The results of the testing of the three hypotheses show a positive relationship between Entrepreneurial Leadership and Business Performance (H1). , a positive relationship between Entrepreneurial Orientation and Business Performance (H2) and a moderation effect of Entrepreneurial Leadership on Entrepreneurial Orientation and Business Performance.

5 CHAPTER 5: DISCUSSION OF THE RESULTS

5.1 Introduction

The sole intention of this Chapter is to discuss the results of the inquiry while supporting the findings with the Literature review. The two sets of results were drawn from the demographic profile of the respondents and the testing of the hypotheses.

5.2 Demographic profile of respondents

The sample of 123 respondents was drawn from the small and medium entrepreneurs in the jurisdiction of the City of Johannesburg as represented by the seven administrative regions as depicted in Figure 1.1 earlier, shown the statistics that concur with the Census 2011 results conducted by StatsSA.

The variables computed under the demographic profile included the following: Gender, Age, Education, Industry Classification, Rating of Entrepreneurial Activities, Tenure in Entrepreneurial Activities, Number of Employees and Annual turnover of Enterprises.

5.2.1 Gender and Age Spread of the Respondents

Out of the 123 respondents surveyed in the inquiry, 57% of the respondents were male followed by female who were 39%, while the balance of the percentage were spread amongst respondents who did not identify with either of the two genders and those who did not specify. In the study conducted by Hejazi, Malei, et al. (2012) in Tehran, Iran on designing a scale for measuring entrepreneurial leadership, most of the respondents were men, followed by women, as in the current study.

In terms of the Census 2011 Report prepared by Statistics South Africa, 2011, Johannesburg has a population of 4.5 million people, with a male population of

50.2% males compared with the female counterparts who stood at 49.8%. This mirrors the survey with its high number of male respondents.

The age distribution of the respondents showed 23.58% between ages of 26-30, followed by 19.51% who are of ages of 31-35. This shows a high representation of youth entrepreneurs in the study.

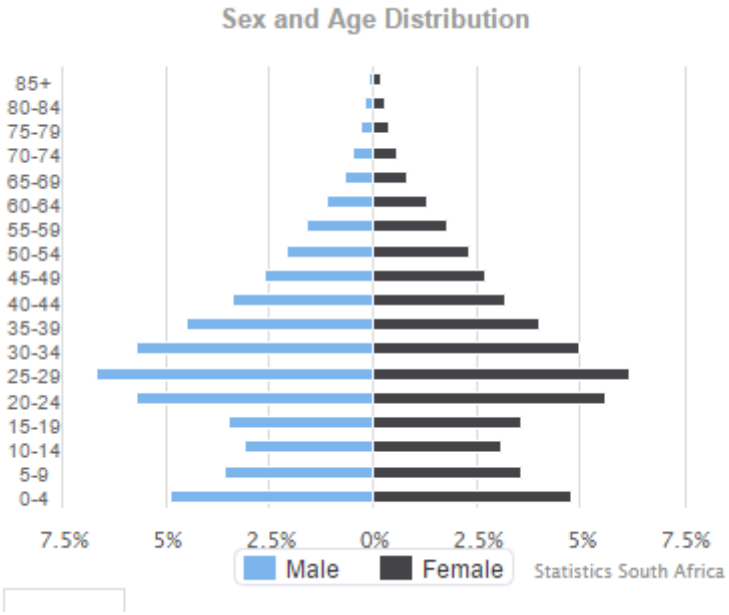


Figure 5.1: Sex & Age Distribution in Johannesburg

Source: Statistics South Africa, 2011

5.2.2 Education

The inquiry showed a high human capital of the respondents totalling 74% of respondents with a post matriculation qualification. In terms of Statistics South Africa, 2011, Johannesburg's levels of post matriculation stood at 5.3% of the population which proved a high literacy rate.

5.2.3 Industry Classification

The inquiry revealed 37.4% of the respondents classifying their industry as a service industry, followed by other at 19.5%, while construction was at 18%. City of Johannesburg (2015) has stated that the types of businesses operating in Johannesburg are service type industries. This includes services such as finance, information technology and travel. Harrison and Zack (2012) attributed this to the fact that Johannesburg has come full circle from the primary sector to the secondary sector now operating in the tertiary sector which is mainly driven by the service sector.

5.2.4 Tenure in Entrepreneurial Activities, Number of Employees and Annual Turnover of Enterprises

The high percentage (57%) of respondents pointed out that their tenure in the entrepreneurial activities was between 0-5 years while 81.3% of respondents intimated that they employ 0-50 employees in their enterprise. This is confirmed by the fact that 55% of the enterprises had an annual turnover of below R500 000.

While there might be other variables at play in these low entrepreneurial activities in Johannesburg, evidence in this report has confirmed that the lack of entrepreneurial leadership in the SME in Johannesburg has a major impact in the success of business performance. However, the low age ranges of the respondents currently partaking in the entrepreneurial activities offer a glimpse of prospects for future entrepreneurial leadership and subsequent business performance in the SME sector.

5.3 Discussion on Entrepreneurial Leadership and Business Performance

Hypothesis 1 of the current study proves the existence of a positive relationship between Entrepreneurial Leadership and Business Performance; the test shown a positive relationship between the two variables. The test showed a significance level of 0.004 which proved a high correlation between the two variables. This

means that there is a need for entrepreneurial leadership in order to improve the business performance of the SME in Johannesburg.

In the study conducted by Hejazi, Malei, et al. (2012), it was concluded that Entrepreneurial Leadership had a positive effect on the business performance of the SMEs in Tehran, Iran. The results of this study confirm the study undertaken in Tehran. This has also reconfirmed by Van Zyl, et al. (2007) that entrepreneurial leadership influence the different forms of firm performance thus result in both financial and non-financial dividends for the small and medium enterprises. This is as a result of possession a high level of emotional intelligence which enable them to spearhead their enterprises to higher levels of achievements.

In a cross-cultural study on entrepreneurial leadership, conducted by Gupta, et al. (2004), consisting of 62 countries, with a sample of 15 000 middle managers, it was proven that the leaders with the propensity to excel in their enterprises, positively influenced the performance of their enterprises. This clearly demonstrates the positive effect entrepreneurial leadership has on business performance.

5.4 Entrepreneurial Orientation and Business Performance

During the measurement and testing of Hypothesis 2, which probed the positive link between Entrepreneurial Orientation and Business Performance, a positive relationship was found between entrepreneurial orientation and business performance. The testing revealed a significance level of 0.003 between EO and BP. This is a statistically high correlation between the two variables.

The findings of this study replicated research conducted by various authors (Covin & Covin, 1990; Frank et al., 2010; Keh et al., 2007; Kraus et al., 2012; Rauch et al., 2009; Wiklund & Shepherd, 2005) who that found a positive association between entrepreneurial orientation and firm performance. This proves the importance of Entrepreneurial Orientation as it influences the direction of the venture in the short to medium term. Engelen, Gupta, Strenger and Brettel

(2015), have also confirmed the positive relationship between entrepreneurial orientation with firm performance.

5.5 Entrepreneurial Leadership as a moderator of relationship between Entrepreneurial Orientation and Business Performance

The testing of Hypothesis 3 on the moderation of a relationship between Entrepreneurial Orientation and Business Performance by Entrepreneurial Leadership was the cornerstone of this study.

The regression analysis conducted during the testing of this hypothesis showed a moderation effect of Entrepreneurial Leadership on Entrepreneurial Orientation and Business Performance. The shifts in the significance level from 0.004 to 0.021 occurred in Hypothesis 1, but when Entrepreneurial Leadership is introduced in the equation, the significance level dropped to 0.606 which is non-significant. This, in essence, showed the critical role of Entrepreneurial Leadership on the long-term survival of the SME.

Given the insufficiency of empirical studies on the moderating effects of entrepreneurial leadership on entrepreneurial orientation and business performance, some of the related empirical studies include the enquiry of Gupta et al. (2004) which used the Global Leadership and Organisational Behaviour Effectiveness (GLOBE) instrument to investigate the universality of entrepreneurial leadership. The study concluded that Entrepreneurial Leadership can be attributed with outstanding results in organisations and society in general.

The study conducted by Engelen, et al. (2015) on the Small and Medium Enterprises in six countries (United States, Switzerland, Thailand, Germany Austria and Singapore) on the moderating role of transformational leadership on entrepreneurial orientation and firm performance concluded that the top management leadership moderated the relationship between Entrepreneurial Orientation and Business Performance. This is, however, contingent of the availability of resources informed by the resource based theory and presence of

the top management in the psyche of employees and thus influences the enterprise direction. Research undertaken by Davis, Bell, Payne and Kreiser (2010) on the moderating effect of managerial power between entrepreneurial orientation and firm performance, re-emphasised the findings of the current study about the positive moderation effect of entrepreneurial leadership. The presence of leadership had an effect on the relationship between Entrepreneurial Orientation and Business Performance.

Koryak et al. (2015), in their research on entrepreneurial leadership capabilities and firm growth, have concluded that three important roles are played by the entrepreneurial leadership which guides the SME to business performance, firstly growth capabilities are an outcome of leadership behaviour and initiatives. Therefore, for the SME to realise growth, they need to invest in entrepreneurial leadership, secondly, entrepreneurial leadership must assume the position of decision making in a firm; this enables them to have a follow-up on their actions and lastly, it highlights the strategic approach and continuous development of the firm.

This enquiry can be claimed to be among ground-breaking research and has demonstrated the moderation effect of entrepreneurial leadership on entrepreneurial orientation and business performance. The correlation coefficient between Entrepreneurial Orientation and Business Performance stood at .2451201 with a P value of 95% significance level. When applied to measure the moderation effect of Entrepreneurial Leadership, between Entrepreneurial Orientation and Business Performance, the correlation coefficient increased to .2826002 at the same P value of 95% significance level. This symbolised the positive moderation effect of EL to EO and BP.

5.6 Conclusion

This research has proven the positive relationship between Entrepreneurial Leadership and Business Performance. This reaffirms the assentation of Gupta et al. (2004); Koryak et al. (2015) who upheld the positive relationship between Entrepreneurial Leadership and Business Performance.

The studies of several authors (Covin & Covin, 1990; Frank et al., 2010; Keh et al., 2007; Kraus et al., 2012) have reiterated the positive correlation between Entrepreneurial Orientation and Business Performance. The research of the incumbent deepened this finding of a positive relationship between EO and BP.

The moderating effect of EL on EO and BP which has been found to be significant, implies the adoption of a strategic approach to firm performance where the EL determines the growth of the business performance.

6 CHAPTER 6: CONCLUSIONS & RECOMMENDATIONS

6.1 Introductions

This chapter narrates the conclusions of the research inquiry into the Entrepreneurial Leadership as an emerging discipline in the 21st century. It elucidates on the possible implications of the study to the practitioners and scholars and provides suggestions for further research.

6.2 Summary of Literature

At the start of this project, the researcher was fixated on finding a positive influence of Entrepreneurial Leadership on Business Performance, utilising Johannesburg SMEs as a study unit. The burden was to unearth the root cause of the low success rate of SMEs in Johannesburg, despite the abundance of resources created by both government and the private sector. This eye-opening inquiry has concluded that the lack of entrepreneurial leadership in the SME in Johannesburg is one of the causes of the lack of success in the sector.

6.2.1 History of Entrepreneurial Leadership in Johannesburg

The discovery of gold on the Witwatersrand in 1886 brought with it much needed economic prosperity. As the mining activities were gaining popularity, the population of Johannesburg increased geometrically, (Van Onselen, 2001). It should however be borne in mind that the technological civilisation that existed prior to 1886, dated back to the 13th century where the aboriginal people were already undertaking mining albeit on a smaller scale.

The aboriginal people were also involved in peasant activities which required a lot of entrepreneurial leadership. The extent of the success found in the peasant activities translated in the aboriginal entrepreneurs supplying their produce and livestock to the mining towns. This was not well received by the government of the day and they devised means to uproot the black people out of a successful

peasant life style to work as cheap labour in the mining towns. This provides proof that entrepreneurial activities on the Witwatersrand were never started by the Europeans and Americans who migrated to Johannesburg following the discovery of gold (Sadr & Rodier, 2012; Bundy,1979).

The proliferation of the economy of Johannesburg and the subsequent diversification thereof required forward planning over the long term, emanating from the decline of mining activities. This invariably meant the need for entrepreneurial leadership was required to move the economy from the primary sector to the current tertiary sector (Harrison & Zack, 2012).

Like its counterparts, the post-democratic government in South Africa assessed the economic landscape of the past and found it to have been skewed in favour of the white minority and brought about a series of policy and legislative interventions in order to create an enabling environment for the Small and Medium enterprise to flourish. Legislation such as Employment Equity Act, 1998 (Act No. 55 of 1998), Preferential Procurement Act, 2000 (Act No. 5 of 2000), and Broad Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003) were passed by parliament and signed into law with the sole purpose of assisting black entrepreneurs to operate in an environment free of constraints.

In the City of Johannesburg alone there are a number of initiatives taken by government to boost entrepreneurship. A number of scholars (Abor & Quartey, 2010; Aigbavboa & Thwala, 2014; Mazanai & Fatoki, 2012; Olawale & Garwe, 2010; Rogerson, 2000; Smit & Watkins, 2012) have emphasised the lack of financial planning, low skill base, and lack of appropriate management talent as among key deterrents of SMEs in South Africa. This is despite a resource-rich City like Johannesburg. However, the GEM Report of 2015/2016 has noticed improvements and perceived opportunities and capabilities which have increased from 37% to 38% and 40.9% to 45.4% (Kelley et al. (2016).

6.2.2 The constructs of Entrepreneurial Leadership, Entrepreneurial Orientation and Business Performance

The discipline of Entrepreneurial Leadership is still in its infancy stages. Its survival to date has been attributed to the fusion of entrepreneurship and leadership (Gupta et al. (2004). A lot of empirical research has been devoted to Entrepreneurial Orientation whose lifespan is on the short to medium term as opposed to long term forecasting. Business Performance is highly influenced by the two phenomena, however, this study has now scientifically revealed that Entrepreneurial Leadership predicts the relationship between Entrepreneurial Orientation and Business Performance.

This empirical research has resolved the following; there is a positive relationship between entrepreneurial leadership and business performance, the abundance of literature proving the positive correlation between entrepreneurial orientation and business performance has been further confirmed in this research. Finally, the scientific conclusion following the inquiry that entrepreneurial leadership moderated the relationship between entrepreneurial orientation and business performance has also been confirmed.

While much emphasis was on the Entrepreneurial Orientation which deals with the performance of the short to medium term, space has now been created to usher in entrepreneurial leadership as the long term solution to firm performance.

The implications of the findings on this empirical research can be applied to two sectors in the arena of entrepreneurship, namely the practitioners, including government, big business and SME. The other arena in the space is the scholars, including academic and research institutes.

6.3 Summary of Results

The data collected in this research were analysed at two levels, that is, descriptive data and inferential analysis.

6.3.1 Descriptive Data Analysis

A sample of 123 respondents was drawn from a population of 10 629 registered SMEs in the City of Johannesburg.

The analysis showed an inclination of youth (43%) between the ages of 26-35 to have participated in the survey. In terms of gender, the majority of the respondents were males (56.9%) compared to 39% women. This somehow mirrored the gender distribution statistics of Johannesburg as calculated by StatisticsSA (2011) which reflected the number of males to be higher than that of females.

The human capital of the respondents revealed 74% of the respondents were post matriculants, while 62.6% had technical and bachelor's degree. The majority (37.4%) of the respondents were in the service sector. This confirms the tertiary sector operation of Johannesburg.

The annual turnover between R0-R500 000 which represented 55.28% and tenure in entrepreneurship of 0-5 years representing 56.91% signalled low entrepreneurial activities in Johannesburg which was consistent with the GEM Report of 2014 which stood at 7%.

6.3.2 Inferential Data Analysis

To test the Hypotheses of this study, regression analysis was used to ascertain the correlation levels between the domains.

- **Hypothesis 1**: There is a positive relationship between Entrepreneurial Leadership and Business Performance.

The testing of this hypothesis showed a significance level of 0.004 which meant a higher correlation between the two variables therefore the conclusion that there is a positive relationship between Entrepreneurial Leadership and Business Performance.

- **Hypothesis 2:** There is a positive relationship between Entrepreneurial Orientation and Business Performance.

  The testing of the relationship between the variables under hypothesis 2 equally revealed a positive relationship between Entrepreneurial Orientation and Business Performance. The significance level between the two variables was 0.003.

- **Hypothesis 3:** Entrepreneurial Leadership moderates relationship between Entrepreneurial Orientation and Business Performance**.**

  During the testing of this variable, the level of significance changed from 0.004 to 0.021 as can be observed from the model in Hypothesis 1. Therefore the relationship between EL and Business Performance is positive and significant (pr=0.000). In the second part, there is the evidence to demonstrate that the Entrepreneurial Leadership has dropped to become non-significant (pr=0.606). This proves the moderation of Entrepreneurial Leadership on the relationship between Entrepreneurial Orientation and Business Performance.

6.4 Recommendations

The recommendations emanating from this research are effective knowledge enhancement within the academia and policy implications by practitioners and government institutions.

6.4.1 Implications on the Scholars and Academics

There is a need to venture into a longitudinal study focusing on the entrepreneurial leadership with its implications on business performance of the

SME. This will assist in developing theory which will lead to finding entrepreneurial strategic solutions that will develop the creation of wealth.

Such research will also contribute towards the integration of theory and research in entrepreneurial leadership and business performance. It will also assist in sharpening the competitive edge of the SMEs for their long-term positioning.

6.4.2 Implications on the Practitioners

This study attracted 78% interest from respondents who are under the age of 45, this can only mean that although the current situation is pointing to low levels of Entrepreneurial Leadership, there are a number of interventions which can be ventured into:

- Building human capital in the form of entrepreneurial education is of paramount importance. Practitioners, especially government, can consider integrating entrepreneurial leadership in schools from basic education to higher education. This therefore calls for curricula reorganisation;
- Big business should incubate the SME in the value chain, designing and managing the strategic innovative projects whose impact is over a long-term span; and

Government, in consultation with big business, needs to build an enabling environment to assist SME in internationalisation and commercialisation of new innovations. Such interventions from government should adopt a long-term view

6.5 Limitations

This study did not adhere to the generally accepted definition and parameters of Small and Medium Enterprises as set out in the National Small Business Act 1996 (Act No. 102 of 1996).

The distribution of the questionnaires was not equally distributed across the seven administrative regions, namely Region A to G of the City of Johannesburg.

- The generated questionnaires and the subsequent administration were intended for the owners and senior managers of the enterprises.

Lastly, Business Performance as a variable can at most, be studied using historical data laid over prolonged period and as such, requires a longitudinal study. Given the fact that the current study is a cross sectional study, there are inherent limitations, for example, causality may not be determined conclusively.

6.6 Suggestions for further Research

The significance of the study on Entrepreneurial Leadership in the context of the socio-economic climate in South Africa cannot be understated. As a new paradigm of study, there is a need to develop robust theory for Entrepreneurial Leadership as a discipline to claim its position in both the academic and practitioner's sphere of influence. Such a study should take the shape of a longitudinal study to account for the long term perspective.

6.7 Conclusion

Literature has attested to the influence of Entrepreneurial Leadership on Business Performance and the positive effect of Entrepreneurial Orientation on Business Performance. This study departed from the conventional testing of Entrepreneurial Orientation and Business Performance to explore the long term effect of Entrepreneurial Leadership on Entrepreneurial Orientation and Business Performance, thus beginning to influence an extended research focus on entrepreneurial leadership. Government at both national and local levels, and the practitioners, should invest resources in the moulding and development of entrepreneurial leadership.

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APPENDIX A: ENTREPRENEURIAL LEADERSHIP QUESTIONNARE

Entrepreneurial leadership as a determinant of business performance: A study of Small and Medium Enterprises **(SMEs) in** Johannesburg

1. DEMOGRAPHIC INFORMATION

The Demographic Questions would like to ascertain the extent to which these variables have an effect in the entrepreneurial leadership. They also serve as background information: Please tick your response or fill-in the appropriate answer blanks.

1.1 Gender	
Male	
Female	
Other	
1.2 Age	
20-25	
26-30	
31-35	
36-40	
41-45	
46-50	
51+	
1.3 Educational Level	
Primary School	
Matric	
Technical College	
Bachelor's Degree	
Master's Degree	
Doctoral Degree	
1.4 Industry Classification	

Service	
Retail	
Manufacturing	
Distribution	
Agriculture	
Construction	
Wholesale Trade	
Other	
1.5 Rate your experience on Entrepreneurial Activities	
Starter	
Intermediate	
Advanced	
1.6 Tenure in Entrepreneurial Activities	
0-5 years	
6-10 years	
11-15 years	
16+ years	
1.7 Number of Employees in your enterprise	
0-50 employees	
51-100 employees	
101-150 employees	
151+ employees	
1.8 Annual Enterprise Turnover	
R0-R500 000	
R501 000-R1m	
R1.1m- R2m	
+R2.1m	

2. Entrepreneurial Leadership

There are 4 factors of leadership identified in terms of this questionnaire, namely, strategic, communication, personal and motivational factors. The purpose of the questions is to determine the categories where most entrepreneurs fall in terms of the afore-mentioned factors. Kindly tick the most relevant block .

Entrepreneurial Leadership		Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree
		1	2	3	4	5
Section 1	**Strategic Factors**					
10.	I assign the vision of my company to my employees					
11.	I predict future problems & crises					
12.	I keep a holistic view & avoid details					
13.	I am flexible in decision making					
14.	I see opportunities in threats					
15.	I am willing to invest in risky projects					
16.	I have established an information session for exploring environment of the company					
17.	I demonstrate the ability to illustrate future events					
18.	I apply my economic intuition in business decisions					
Section 2	**Communication Factors**					
1.	I have ability to persuade colleagues					
2.	I am showing empathy to others					

Entrepreneurial Leadership		Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree
		1	2	3	4	5
3.	I avoid disruptive conflict					
4.	I am an active listener					
5.	I control my feelings in the event of conflict					
6.	I inspire confidence among colleagues					
7.	I encourage my colleagues to participate in corporate & group activities					
8.	I hold regular meetings to obtain feedback from colleagues					
9.	I recognize others' emotions in social interactions					
19.	I active communicate with the stakeholders of my organisation					
Section 3	**Personal Factors**					
1.	I am emotionally stable					
2.	I am creative in making things & new methods					
3.	I am hands-on on the assigned tasks					
4.	I am open minded in dealing with events					
5.	I apply modesty & humility					

Entrepreneurial Leadership		Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree
		1	2	3	4	5
6.	I have courage in dealing with problems					
7.	I place people & things in their proper place					
8.	I am candour & ingenious					
9.	I maintain discipline					
Section 4	**Motivational Factors**					
1	I have self-confidence to influence others					
2.	I enjoy influencing others					
3.	I am motivated for success in business					
4.	I have ability to understand the needs of colleagues					
5.	I tend to make constant monitoring on the colleagues					
6.	I am motivated to perform hard work					
7.	I transfer positive feelings to others					

3. Entrepreneurial Orientation

The questions below would like to ascertain the extent to which your enterprise is poised towards pursing new ventures

Entrepreneurial Orientation		Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree
		1	2	3	4	5
Section 3	**Risk Factors**					
1.	I always pursue opportunities even though prospects are uncertain					
2.	I commit key enterprise resources to pursue opportunities in the market					
3.	I often direct enterprise resources towards unexplored new ventures					
4.	I always derive high dividends in unexploited markets					
5.	My enterprise suffered great losses as a result of entering untested terrains					
6.	My enterprise's profile was raised after venturing in high risk ventures					
Section 4	**Competitiveness aggression Factors**					
1.	I spent sizeable budget to advertise the products/services of the enterprise					
2.	I am always ahead of my competitors in the market					
3.	My enterprise is regarded among the top ten SMEs in the country					
4.	I exercise a high degree of boldness & confidence in the market					
Section 5	**Autonomy Factors**					
1	I always execute my duties independently					
2	Staff of my enterprise propose new innovation without interference					
3	I support the bottom-up approach for the enterprise					

Entrepreneurial Orientation		Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree
		1	2	3	4	5
Section 1	**Innovation Factors**					
1.	I introduce new services/products at least twice per annum					
2.	I apply only tried and tested technological advances in the enterprise					
3.	I am open to new ideas by staff to improve productivity of the enterprise					
4.	I pursue new opportunities based on the new innovation introduced					
5.	My enterprise has won recognition award/s in the past three (3) years					
6.	I keep a long term perspective about innovation I introduce					
7.	I am a leader in bringing new products and/ services in the market					
Section 2	**Proactiveness Factors**					
1.	I always ensure my innovative ideas are implemented					
2.	I patiently adapt new innovative decisions to match the outcome of enterprise vision					
3.	I continually search for new innovations to implement					
4.	I am always ahead of my competitors					
5.	I take ownership of the enterprise failures					

4. Business Performance

The following section of the questionnaire will assist the Researcher in determining the views on the business performance. The Researcher has used two broad categories in this regard, namely internal and external environment.

Business Performance		Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree
		1	**2**	**3**	**4**	**5**
Section 1	**Internal Environment**					
1.	My enterprise attracts financial support due to its perceived market focus					
2.	The sales volumes of my company are on an increasing scale					
3.	Over the past three (3) years, I have managed to open new enterprises resulting from successes of main enterprise					
4.	My enterprise has reduced the unemployment rate by significant margin					
5.	Over the past three (3) years, I scaled down some units in my enterprise					
6.	Over the past three (3), I have competitively led my enterprise to higher profit margins					
7.	I have chosen the prime location for my enterprise					
8.	I have built good networks for my enterprise					
9.	Success of my enterprise is not influenced by networks					
Section 2	**External Environment**					
1.	Over the past three (3) years, I have managed to steer my enterprise on growth path despise negative political environment					
2.	Positive government policies have contributed to profitability of my enterprise					
3.	I always scan the environment for the opportunities & threats					
4.	I always manoeuvre around the stringent labour laws to keep the enterprise performing					
5.	I always receive positive feedback from my clients/customers					

End of Questionnaire

APPENDIX B: LETTER OF INTRODUCTION

The Graduate School of Business Administration

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Johannesburg, 2193,

South Africa

PO Box 98, WITS, 2050

Website: www.wbs.ac.za

MASTERS in MANAGEMENT RESEARCH CONSENT FORM

(Entrepreneurship & New Venture Creation) Study

INFORMATION SHEET AND CONSENT FORM

Who I am

Hello, I am **Patrick Maile Shao**. I am conducting research for the purpose of completing my Masters in Management **(Entrepreneurship & New Venture Creation)** at Wits Business School.

What I am doing

I am conducting research on **"…Entrepreneurial Leadership as a determinant of Business Performance. A study of Small & Medium Enterprises (SME) in Johannesburg…"** I am conducting a quantitative study with 371 respondents to establish the effect which entrepreneurial leadership has on the business performance of the SME in Johannesburg. Upon completion, recommendations with be done towards improving performance of the SME.

Your participation

Kindly grant me an opportunity to conduct an interview with you. If you agree, I will ask you to participate in an interview for approximately **20 minutes**.

Please understand that **your participation is voluntary** and you are not being forced to take part in this study. The choice of whether to participate or not, is yours alone. If you

choose not take part, you will not be affected in any way whatsoever. If you agree to participate, you may stop participating in the research at any time and tell me that you don't want to continue. If you do this there will also be no penalties and you will NOT be prejudiced in ANY way.

Confidentiality

Any study records that identify you will be kept confidential to the extent possible by law. The records from your participation may be reviewed by people responsible for making sure that research is done properly, including my academic supervisor. (All of these people are required to keep your identity confidential.)

All study records will be destroyed after the completion and marking of my thesis. I will refer to you by a code number or pseudonym (another name) in the thesis and any further publication.

Risks/discomforts

At the present time, I do not see any risks in your participation. The risks associated with participation in this study are no greater than those encountered in daily life.

Benefits

There are no immediate benefits to you from participating in this study. However, this study will be extremely helpful to us in understanding effects of Entrepreneurial Leadership on SME business performance in Johannesburg.

If you would like to receive feedback on the study, I can send you the results of the study when it is completed sometime after **April 2017**.

Who to contact if you have been harmed or have any concerns

This research has been approved by the Wits Business School. If you have any complaints about ethical aspects of the research or feel that you have been harmed in any way by participating in this study, please contact the Research Office Manager at the Wits Business School, Mmabatho Leeuw. **Mmabatho.leeuw@wits.ac.za**

If you have concerns or questions about the research you may call my academic research supervisor **Dr Rob Venter at 011 717 8090**, or email him at **robert.venter@wits.ac.za**

CONSENT

I hereby agree to participate in research on **"…Entrepreneurial Leadership as a determinant of Business Performance. A study of Small & Medium Enterprises (SME) in Johannesburg…"**. I understand that I am participating freely and without being forced in any way to do so. I also understand that I can stop participating at any point should I not want to continue and that this decision will not in any way affect me negatively.

I understand that this is a research project whose purpose is not necessarily to benefit me personally in the immediate or short term.

I understand that my participation will remain confidential.

……..

Signature of participant **Date**:……..

APPENDIX: C-PRINCIPAL COMPENENT RESULTS

Principal components/correlation	**Number of Entries**	
	Number of Observations	68
	Number of Components	3
	Rho	0.2716
	Trace	74

Component	Eigenvalue	Difference	Proportion	Cumulative
1	10.6104	5.49287	0.1434	0.1434
2	5.11755	.746048	0.0692	0.2125
3	4.3715	.775892	0.0591	0.2716
4	3.59561	.318978	0.0486	0.3202
5	3.27663	.322771	0.0443	0.3645
6	2.95386	.16353	0.0399	0.4044
7	2.79033	.188639	0.0377	0.4421
8	2.60169	.159549	0.0352	0.4773
9	2.44214	.150664	0.0330	0.5103

Component	Eigenvalue	Difference	Proportion	Cumulative
10	2.29148	.277354	0.0310	0.5412
11	2.01413	.16304	0.0272	0.5685
12	1.85109	.123373	0.0250	0.5935
13	1.72771	.0378281	0.0233	0.6168
14	1.68989	.0171157	0.0228	0.6396
15	1.67277	.064316	0.0226	0.6623
16	1.60845	.19148	0.0217	0.6840
17	1.41697	.0175922	0.0191	0.7031
18	1.39938	.0392414	0.0189	0.7220
19	1.36014	.147165	0.0184	0.7404
20	1.21298	.0630705	0.0164	0.7568
21	1.14991	.0352032	0.0155	0.7724
22	1.1147	.0485553	0.0151	0.7874
23	1.06615	.072938	0.0144	0.8018
24	.993209	.0502496	0.0134	0.8153
25	.942959	.041036	0.0127	0.8280

Component	Eigenvalue	Difference	Proportion	Cumulative
26	.901923	.059715	0.0122	0.8402
27	.842208	.0248466	0.0114	0.8516
28	.817361	.0482013	0.0110	0.8626
29	.76916	.00385627	0.0104	0.8730
30	.765304	.0667472	0.0103	0.8833
31	.698557	.0625349	0.0094	0.8928
32	.636022	.0067541	0.0086	0.9014
33	.629268	.0530295	0.0085	0.9099
34	.576238	.0118943	0.0078	0.9177
35	.564344	.0805045	0.0076	0.9253
36	.483839	.0323662	0.0065	0.9318
37	.451473	.00459319	0.0061	0.9379
38	.44688	.0466277	0.0060	0.9440
39	.400252	.0166085	0.0054	0.9494
40	.383644	.0589469	0.0052	0.9546
41	.324697	.0167803	0.0044	0.9590

Component	Eigenvalue	Difference	Proportion	Cumulative
42	.307917	.00796629	0.0042	0.9631
43	.29995	.0232287	0.0041	0.9672
44	.276722	.0382602	0.0037	0.9709
45	.238461	.0135788	0.0032	0.9741
46	.224883	.0198084	0.0030	0.9772
47	.205074	.0191249	0.0028	0.9799
48	.185949	.0219592	0.0025	0.9825
49	.16399	.00701208	0.0022	0.9847
50	.156978	.0129292	0.0021	0.9868
51	.144049	.0196104	0.0019	0.9887
52	.124438	.00609589	0.0017	0.9904
53	.118343	.0194187	0.0016	0.9920
54	.0989239	.00400368	0.0013	0.9934
55	.0949202	.0242336	0.0013	0.9946
56	.0706866	.00993608	0.0010	0.9956
57	.0607505	.00879494	0.0008	0.9964

Component	Eigenvalue	Difference	Proportion	Cumulative
58	.0519556	.00279153	0.0007	0.9971
59	.049164	.00489673	0.0007	0.9978
60	.0442673	.00973633	0.0006	0.9984
61	.0442673	.00973633	0.0006	0.9984
62	.0256688	.000689505	0.0003	0.9992
63	.0249793	.00812191	0.0003	0.9995
64	.0168574	.0066178	0.0002	0.9998
65	.0102396	.0050803	0.0001	0.9999
66	.00515932	.00285894	0.0001	1.0000
67	.00230038	.00230038	0.0000	1.0000
68	0	0	0.0000	1.0000
69	0	0	0.0000	1.0000
70	0	0	0.0000	1.0000
71	0	0	0.0000	1.0000
72	0	0	0.0000	1.0000
73	0	0	0.0000	1.0000

Component	Eigenvalue	Difference	Proportion	Cumulative
74	0	0	0.0000	1.0000

APPENDIX: D- REGRESSION ANALYSIS RESULTS

Regression Analysis Results

BP=Business Performance; EO= Entrepreneurial Orientation & EL=Entrepreneurial Leadership

Hypothesis 1: There is positive relationship between Entrepreneurial Leadership and Business Performance.

. /* H1: There is positive relationship between Entrepreneurial L and Business Performance*/. sureg (BP EL)

Seemingly unrelated regression

Equation	Obs	Parms	RMSE	"R-sq"	chi2	P
BP	79	1	1.886402	0.0944	8.24	0.0041

BP	Coef.	Std. Err.	z	P>|z|	[95% Conf.	Interval]
BP						
EL	.2213267	.0771081	2.87	0.004	.0701976	.3724559
-cons	-.1884432	.2122394	-0.89	0.375	-.6044247	.2275383

The regression equation is

BP=0.221*EL-0.188 (Sig=0.004)

The result above showed positive relationship between Business Performance and Entrepreneurial Leadership.

Hypothesis 2: There is positive relationship between Entrepreneurial Orientation and Business Performance

. /* H2: There is positive relationship between Entrepreneurial Orientation and Business Performance*/

. sureg (BP EO PRF5)

Equation	Obs	Parms	RMSE	"R-sq"	chi2	P
BP	85	1	1.746214	**8.69**	8.24	**0.0032**

BP	Coef.	Std. Err.	z	P>|z|	[95% Conf.	Interval]
BP						
EL	.2451201	.0831726	2.95	0.003	.0821047	.4081355
-cons	.1119659	.1894053	0.59	0.554	-.2592616	.4831934

From the table above there is the evidence to demonstrate that Hypothesis 2 is also accepted.
The corresponding equation is $\text{Business Performance} = 0.245 * \text{Entrepreneurial Orientation} + 0.112$. **(Sig=0.003)**

Hypothesis 3: Entrepreneurial Leadership moderates relationship between Entrepreneurial Orientation **and** Business Performance**.**

. sureg (ELeadership EOrientPRF5)(BPerformance ELeadership EOrientPRF5)

Seemingly unrelated regression

Equation	Obs	Parms	RMSE	"R-sq"	chi2	P
EL	68	1	2.354249	0.2450	22.07	0.0000
BP	68	2	1.812764	0.1164	8.96	0.0114

Equation	Coef.	Std. Err.	z	P>|z|	[95% Conf. Interval]	
EL						
EO PRF5	.5848325	.1245009	4.70	0.000	.3408153	.8288498
-cons	.4022032	.2863319	1.40	0.160	-.1589971	.9634035
BP						
EL	.0481247	.0933758	0.52	0.606	-.1348886	.231138
EO PRF5	.2544553	.1103283	2.31	0.021	.0382159	.4706947
-cons	.075036	.2236505	0.34	0.737	-.3633109	.5133829

The corresponding equation is as presented below.

$$\textbf{Business Performance} = \mathbf{0.048} * \textbf{Entrepreneurial Leadership} + \mathbf{0.254} * \textbf{Entreprenerial Orientation} + \mathbf{0.0750}$$

Sig [0.606] [0.021]

The level of significance changed from **0.004** to just **0.021** as can be observed from the model in Hypothesis 1 to the equation in Hypothesis 3 above. In part of the table below, it can be found that the relationship between EL and Business Performance is positive and significant **(pr=0.000)**. In the second part, there is the evidence to demonstrate that the EL has dropped to become non-significant **(pr=0.606)**.