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Entrepreneurial orientation and performance of small- and medium-sized hotels in Gauteng, South Africa

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 in Entrepreneurship and New Venture Creation

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ABSTRACT

Entrepreneurial orientation has been widely touted as an essential element for augmenting firm performance. The main purpose of the current research study, consequently, was to ascertain the influence of entrepreneurial orientation with its dimensional variables – innovativeness, risk-taking and proactiveness on the performance of small- and medium-sized hotels in Gauteng, South Africa. To measure performance, both financial and nonfinancial criteria was then utilised. Furthermore, the external environment, in terms of (a) dynamism, (b) hostility and (c) turbulence, were used as a contingent to exert the outcome of a moderating influence on the entrepreneurial orientation and performance relationship.

The study adopted a quantitative and positivist research approach. A cross-sectional method was used to gather the data by means of a questionnaire. Altogether, 309 questionnaires were disseminated to the owners and managers of small- and medium-sized hotels, both online and manually distributing the questionnaires concerned through visits to the respondents in question. Only 128 respondents participated in the survey. Cronbach's alpha was then employed as the appropriate measure for reliability.

The entrepreneurial orientation dimensions diverged into two, instead of into three, dimensions. Therefore, the results indicated a significant and positive association between risk-taking and proactiveness in relation to performance. Of the two dimensions, proactiveness was found to be a more predictive dimension than was risk-taking in the variance explained. The hypothesis pertaining to the moderating influence of external environmental factors on performance was rejected.

Based on the findings made in the current study, the hotel owners and managers surveyed should be able to drive a culture of risk-taking and proactiveness to drive the performance for their establishments to be able to survive. Ultimately, the present study's contribution could be wide-ranging in providing evidence from an African emerging context that has received minimal attention to date.

Key words: Risk-taking; Innovativeness; Proactiveness; Environmental contingency; South Africa

DECLARATION

I, Maloela Catherine Sekoere, 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 in the field of Entrepreneurship at the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.



Maloela Sekoere

Signed at Wits Business School

On the 29th day of April 2021.

DEDICATION

This research report is dedicated to my children, Lineo and Masike Sekoere. Thank you for being patient while Mommy was determined on accomplishing her academic goals.

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To almighty God, thank you for carrying me through this journey and for being my pillar of strength throughout.

I wish to thank the following individuals who facilitated my completion of the study. Firstly, my supervisor, Professor Boris Urban, my sincere thanks for the much-needed support and guidance that you have afforded me throughout the entire research study. Your knowledge of the topic simplified what looked like an insurmountable subject. Without you, pursuing the study would have not been such a rewarding journey; therefore, I am eternally grateful for your time and assistance in this regard.

Secondly, my dear husband, thank you for your unyielding support and understanding with which you provided me throughout the entire research. All my big moments occur only because of you.

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Lastly, to my syndicate group, particularly Bopane Mothemela, who assisted with the data collection – your moral and emotional support are highly appreciated.

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CHAPTER 1: INTRODUCTION

1.1. Introduction

Contemporarily, global competition, as well as the global economy, have created myriad changes in the environment, with both forces having increased the extent of competition, causing shortening product life cycles. Therefore, conventional management skills are deemed inadequate to respond to such ever-changing market conditions (Tajeddini & Mueller, 2019). Consequently, such pressures lead to numerous firms positioning Entrepreneurial Orientation (EO) as an organisational culture, so as to achieve the required level of competitiveness (Hernández-Perlines, 2016). EO has been extrapolated as a crucial construct present in the entrepreneurship and strategic management literature over the past two decades (Tang, Tang, Marino, Yuli & Qianwen, 2008). Although, initially, EO was tested in the developed economies, subsequently, emerging markets have slowly followed suit (Tang et al., 2008) with the cases involved typically excluding African countries (Urban & Verachia, 2019). Wales, Gupta, Marino and Shirokova (2019) caution that, although various concepts that were initially developed in the former economies are challenged when they are applied in the latter contexts, nevertheless, such contexts benefit from further adaptations and considerations.

One of the pioneers to operationalise the EO concept was Miller (1983, p. 771) who refers to an entrepreneurial firm as a firm that "engages in product-market innovation, undertakes some-what risky ventures and is first to come up with 'proactive' innovations, beating competitors to the punch". For the reasons stated above, contemporarily, research pertaining to EO and business performance has come to be widely studied (Abbas, Abdullah & Saad, 2020; Lumpkin & Dess, 2001). Miller (2011) argues that the collective research indicates that EO, as a construct, differs widely in terms of nature and context. Milovanović and Galetić (2008) note, the relationship between EO and performance is a complex and comprehensive one. Owing to the complexity of the relationship concerned, Lumpkin and Dess (1996) cite both external and internal organisational characteristics on which the relationship depends. Given the above insights, the current researcher, therefore, set out to investigate how entrepreneurially oriented small- and medium-sized hotels (SMSHs) are, and to which degree their entrepreneurial pursuit contributes to enhanced organisational outcomes in the context of South Africa. With the background to the current study having been presented, the following section is aimed at

describing the theoretical framework that underpins the current study, and in terms of which the aforesaid research endeavour was formulated.

1.2. Theoretical Background to the Study

Scholars have theorised EO as an action that creates new products, services or businesses that are entirely new. The action concerned destroys creatively, with it challenging the existing products and services, as well as market relationships (Schumpeter, 1934, as cited in Peters & Kallmuenzer, 2018). Thus, Peters and Kallmuenzer (2018) assume that the preceding circumstances serve to shape the role of an entrepreneur. Those who test newly discovered technologies, or who show and take initiative are likely to succeed as entrepreneurs, in opposition to those who do not (Lee & Peterson, 2000). Ultimately, entrepreneurs seek to explore new opportunities to respond to environmental change and to take appropriate action to attain performance (Chow, 2006). Much research that has been commissioned on EO and its dimensions suggests that organisations can be regarded as possessing EO only if they engage in innovativeness, proactiveness and risk-taking simultaneously (Covin & Miller, 2014). In contrast, those firms that tend to engage in low levels of such behaviours, are likely to portray an averse orientation (Covin & Slevin, 1993). Adopting EO as a successful strategy, as well as a firm-level phenomenon is challenging, with it therefore, requiring alignment of the entrepreneurial actions of employees and exceeding the mere taking of a simple decision, with ramifications throughout the organisation's entrepreneurial strategy (Ireland, Covin & Kuratko, 2009).

Noteworthily, innovation is broadly regarded as a crucial aspect of entrepreneurship (Al-Shami et al., 2021). Firms that possess supreme innovation capabilities tend to be more successful in responding to ever-changing environments, and in turn, in developing new capabilities to keep abreast of such conditions, consequently being able to sustain their superior performance (Zaltman, Duncan & Holbek, 1973). In concurring with the above, Drucker (1998) notes that innovation is the most effective way of achieving development of the business in the marketplace, as well as a competitive edge over other organisations, and the attainment of sustainable performance. The attributes of a strong EO indicate a corporate culture that is prepared to deal with uncertainty and which is open to particular outlooks with which to advance progress, by means of the adoption of innovative behaviour (Lumpkin & Dess, 1996). It is important to note, innovative ambidexterity is quite complicated for young businesses, as they tend to be relatively unaware of what strategies and resources are available to them.

However, this does not discount that such enterprises can, nevertheless, be entrepreneurially sound (Hughes, Hughes, Morgan, Hodgkinson & Younggeun, 2021).

Corporate Entrepreneurship (CE) involves the undertaking of varied potential tasks, such as product innovation, proactiveness and risk-taking, which are aimed at facilitating organisational sustainability and renewal (Covin & Slevin, 1991). Sharma and Chrisman define CE as "the process whereby an individual or a group of individuals, in association with an existing organisation, create a new organisation, or instigate renewal or innovation within that organisation" (1999, p. 18). As CE provides visible support to businesses for their development and promotions, the role that it plays has never before been more relevant. Firms that possess a high level of CE are regarded as being agile and dynamic enough to be able to respond to market opportunities (Hornsby, Kuratko, Holt & Wales, 2013). Numerous internal and external factors are important to the initiation of CE activities (Kuratko, Hornsby & Covin, 2014). The success of CE implementation is contingent upon the specific business environment (Zahra, 1993), culture (Hayton, George & Zahra, 2002) and organisational preparedness concerned (Hornsby et al., 2013) as well as on the employees involved and the amount of support granted by top-level managers. It is important to note that both EO and CE activities can, individually, enhance firm performance (Zahra, 1996).

Concerning culture, Kreiser, Marino, Dickson and Weaver (2010) concluded that national culture impacts on organisational proactiveness and risk-taking in terms of an organisation's behaviour, with it having vital managerial implications. The authors further assert that SMEs ought to be conscious of the probable cultural influences that exist, in an attempt to foresee their competitors' strategies (Kreiser et al., 2010). Furthermore, entrepreneurship appears to have enhanced compatibility with certain cultures, and with appropriate company culture and structure. Cultural values and norms tend either to conflict or to converge with a society's ability to develop a strong EO. Ultimately, the theory behind EO not only applies to the firm's behaviour, but also to the process of entrepreneurial development at the societal level of the countries concerned (Peters & Kallmuenzer, 2018).

The tourism industry, which presents a plethora of entrepreneurial opportunities, is characterised by the presence of small and medium enterprise. According to Ahmad and Muhammad Arif (2016), therefore, the industry forms a suitable and important context for exploring the phenomenon of entrepreneurship (Peters & Kallmuenzer, 2018). With the theory

of the current research study in place, the context of the present study will be highlighted in the next section.

1.3. Context of the Study

The tourism industry has caught the imagination of planners, the public, economists and politicians in order to ignite the growth of the economy in South Africa (Nuntsu, Tassiopoulos & Haydam, 2004). This is owing to the fact that the industry presents a plethora of entrepreneurial opportunities (Fadda, 2018). This industry, which falls within the ambit of consumer services, is portrayed as a super-sector, consisting of leisure and travel as a main sector and recreational activities, accommodation, airlines, food and beverage, travel and tourism as subsectors. With regards to particular tourism enterprises, the current research study, therefore, focused on the accommodation subsector/hotel industry, with particular emphasis on SMSHs.

Predominantly, the tourism industry is currently dominated by small- and medium-sized enterprises (SMEs), which tremendously contribute to the economy and which play a major part in the development of the country (Ahmad, Supian, Yunus, Tanius & Ishak, 2019). Overall, the largest contributor to the gross domestic product (GDP) in South Africa is the accommodation subsector, which operates hand-in-hand with the tourism industry, with a contribution of 8.9 per cent being made in the year 2017, meaning that it was one of the largest contributors to the national economy in the year concerned (Small Enterprise Development Agency [SEDA], 2020). In 2018/19, tourism further contributed R116.9 billion to the South African economy, through the direct spend of both domestic and international tourists (SAT, 2019). The economic importance of tourism is supported by the vast contribution that it makes to the GDP as well as to employment creation (SAT, 2019). The industry is expected to grow still further, with it being anticipated that it will contribute 10.1 per cent of the GDP by 2028. As both a condition for, and a consequence of, tourism growth, the accommodation subsector is equally experiencing exponential growth (Tichaawa & Kimbu, 2019).

From 1990 to 2010, small hotels were adversely hit by the changing structure of the tourism industry, leading to the closure of old traditional liquor-dominated hotels and to the concomitant emergence of new market segments, most notably boutique hotels. The period highlighted above was characterised by market expansion in the number of medium-sized hotels and by steady growth within the category of large establishments (Rogerson, 2014).

Rogerson (2014) further asserts that, in 1990, South Africa had only 20 hotels of five-star quality, whereas, by 2010 the number had increased to 162 establishments. The restructuring of the hotel sector came about due to South Africa's entry into the global space of tourism (Rogerson, 2014). With the country witnessing international trends in its hotel development, advancement of market segmentation and marked differentiation aimed at catering for specific market niches (Rogerson & Kotze, 2011). Innovative hotel products were established with the growth and appearance of distinctive forms of hotels, namely all-suite hotels, airport hotels, boutique hotels and large luxury hotels (Rogerson, 2014).

In South Africa, SME survival and growth has been of great concern (Schachtebeck, Groenewald & Nieuwenhuizen, 2019). Despite the value of SMEs to the country's economies, the nature of such enterprises and of the tourism industry as a whole, has experienced challenges that could drive firms to failure during their start-up phase (Rogerson, 2014). Notwithstanding location or the state of the industry as a whole, Ahmad and Muhammad Arif (2016) cite a reason for the failure of some hotels, in their first few years, as being the lack of entrepreneurial strategising. Such formulation and implementation of strategies has improved organisational performance, with it having assisted them in terms of the long-term growth of their enterprises (Altin, Koseoglu, Yu & Riasi, 2018).

However, recently, a predicament triggered by the coronavirus (Covid-19) pandemic, has come to threaten the smooth functioning and performance of business with the tourism industry having been devastated by the illness (Kuckertz et al., 2020). Accordingly, the situation caused by the prevalence of Covid-19 ought be perceived as a prospect to reconsider, essentially, tourism's growth trajectory, as well as to question the logic behind the concept of an increased number of arrivals implying the accessing of more substantial benefits than in the past (Gössling, Scott & Hall, 2020). Under the influence of the above-mentioned global pandemic, a lot of firms have realised that downstream customer needs are on pause or have totally changed, leading to the need for them, creatively, to open up new options for their customers (Li-Ying & Nell, 2020). However, it is currently uncertain how businesses in the accommodation sector can ensure rooms are made secure for anew guests, or how specific Covid-19 cases arising in the establishments should be treated (Gössling et al., 2020). With the context of the current research study in place, the statement of the research problem will be highlighted below.

1.4. Problem Statement

Noteworthily, SMEs worldwide, tend to prevail in the tourism sector, being responsible for a great percentage of the fiscal production, and for offering a large proportion of employment to the local population, particularly in the insular regions and peripheral areas (Buhalis & Peters, 2006). However, Schachtebeck et al. (2019) state that in South Africa, SME survival and growth has been of great concern, owing to the domination of large corporates and to the worsening socio-economic landscape (Goldberg, Habberton & Ratchliffe, 2015). The excessive failure rate of SMEs in the country, has consistently been probable to be between 70% and 80% (Adeniran & Johnston, 2011). This level is contingent upon the SMEs concerned being incapable to remain competitive within an ever-changing competitive environment or in their failure to establish a foothold within an increasingly competitive marketplace (Lotz & Van der Merwe, 2013).

Therefore, so as to counteract the aforementioned impediments formed by the dominance of large corporates and by the weakening socio-economic landscape, it is crucial for SMEs to develop their internal growth rates and to transform themselves into so-called 'high-growth enterprises' by adopting EO as a firm strategy (Goldberg et al., 2015). The adoption of such a strategy, according to Hussain, Khan and Shah (2015) has been established as surely affecting business performance particularly when fostering SME proactive innovativeness and autonomy (Matchaba-Hove & Goliath, 2016). As highlighted by Schachtebeck et al. (2019) entrepreneurially orientated organisations have the proclivity to flourish more quicker than do nonentrepreneurial organisations, with the former also tending to have higher survival rates than do the latter.

As highlighted by Covin and Slevin (1991) although EO as a construct, has proliferated as an important attribute of firms that exhibit high performance, studies investigating entrepreneurial culture and firm performance in service industries are still relatively scarce (Hernández-Perlines, 2016). Most of the existing research that has been conducted on EO and its potential effects on firm performance has focused on the manufacturing or industrial sector (Hayat, Latif, Humayon, Ahmed & Azeem, 2019). In South Africa, due consideration should be given to the fact that today's hotel industry makes a major impact to the economy of the country and that it operates within a highly competitive environment, due to the constant changes that are being undergone, including technological changes, the accessing of uncontrolled information by consumers, shifts in their behaviours and new kinds of rivalry such as Airbnb, in terms of which

formal establishments having to share the economy with such unregulated platforms (Ghantous & Alnawas, 2020). Therefore, too few empirical studies exist, specifically regarding the effect of EO and performance on hotels and leisure facilities (Fatoki, 2019; Peters & Kallmuenzer, 2018; Tajeddini, 2010).

Due to the above-mentioned dearth of material, the current researcher thought it both crucial and relevant to investigate how hotels, in such a context, exhibit alternate behaviours to modify, refine and continuously improve their current products and services. In doing so, to what degree they considered EO to be a crucial factor in relation to their establishments, in terms of it being regarded as a driver of outstanding performance and of the competitive edge of such establishments, was found to require investigation. Moreover, the relationship of EO and firm performance appeared to remain contradictory with several studies having revealed a positive correlation regarding the above relationship (Kreiser & Davis, 2010). On the other hand, some studies show a relatively low correlation (Zahra, 1991). Therefore, such mixed results were found to warrant the undertaking of further research in the above regard (Urban & Barreria, 2010). In the above-mentioned light, the current researcher sought to determine the influence of the EO construct and its distinctive dimensions in relation to the performance of SMSHs in Gauteng. According to Kwiotkowska (2018) due to organisations dealing with dynamic, hostile and complex implications of the environment that they operate, the external environment, in terms of (a) dynamism, (b) hostility and (c) turbulence is used as a contingent for driving the relationship between EO and the performance of such enterprises in the emerging context of South Africa.

1.4.1. Main Problem

The main problem in the current study required to ascertain the level of EO and firm performance and to determine the influence of the external environmental factors in terms of (a) dynamism, (b) hostility and (c) turbulence have on the performance of small- and medium-sized hotels in Gauteng, South Africa.

1.5. Research Purpose and Research Questions of the Study

The purpose of the current study was to ascertain the level of EO as a construct and its distinctive dimensions (risk-taking, innovativeness and proactiveness), how they contribute to business performance criteria (using the financial and nonfinancial outcomes) from the

investigation into SMSHs in Gauteng province. The research literature consulted to assess the EO and business performance was to include, or to consider a moderating variable, so as to clarify the existing relationship still further (Vij & Bedi, 2012; Wang, 2008). Consequently, the current research study also addressed the external environment, as was previously mentioned, in the form of considering a contingent to the EO–firm performance relationship. The research questions discussed below guided the research study.

1.5.1 Research Questions

The following research questions guided the study:

- Q1: To what extent does Entrepreneurial Orientation influence the performance of small- and medium-sized hotels?
- Q1a: To what extent does risk-taking, as a distinct dimension of Entrepreneurial Orientation, influence the performance of small- and medium-sized hotels?
- Q1b: To what extent does innovativeness, as a distinct dimension of Entrepreneurial Orientation, influence the performance of small- and medium-sized hotels?
- Q1c: To what extent does proactiveness, as a distinct dimension of Entrepreneurial Orientation, influence the performance of small- and medium-sized hotels?
- Q2: To what extent does the external environment, in terms of (a) dynamism, (b) hostility and (c) turbulence, moderate the relationship between Entrepreneurial Orientation and the performance of small- and medium-sized hotels?

1.6. Conceptual/Theoretical Definition of Terms

The following key concepts that are used in the study are delineated below.

1.6.1. Entrepreneurial Orientation

EO consists of "process, practices and decision-making activities that lead to new entry" (Lumpkin & Dess, 1996, p. 136). Miller (1983, p. 771) explains an entrepreneurial organisation as being "one that that engages in product-market innovation, undertakes somewhat risky ventures, and is first to come up with proactive innovations, beating competitors to the punch".

1.6.2. Small- and Medium-Sized Hotels

A hotel is a form of accommodation in the tourism industry at which a person can stay when away from home (Muriithi, Kyalo & Kinyanjui, 2019). A privately owned SMSH is one that does not form part of a hotel group. Small hotels have approximately 50 rooms and usually employ no more than 10 people, whereas medium-sized hotels have from 51 to 120 rooms and are often located at tertiary locations (Cetinel, Yolal & Emeksiz, 2009).

1.6.3. Firm Performance

Firm performance is the degree to which firm goals that are in contrast with its competition are achieved, based on the business owners' and chief executive officers' perceptions (CEOs) (Filser & Eggers, 2014).

1.6.4. The External Environment

Duncan (1972) defines the external environment as the overall social and physical aspects that are taken directly into perspective when making decisions regarding either the groups or the individuals in a business. The current research study conceptualises the external environmental factors as consisting of (a) hostility, (b) dynamism and (c) turbulence.

1.7. Contribution Made by the Study

While researchers have explored the EO–performance confluence in different organisations and industries, as well as countries, such studies have seldom been undertaken in the emerging economies. As a consequence, the value of the current research should prove to be substantial for the South African tourism industry, and specifically, for hotelier practitioners in general, as the sector concerned makes a major impact to the GDP of the country. Due to such recognition, with the external environment exerting pressure on firms, due to the increased amount of competition involved, businesses have been forced not only to compete in terms of their offerings, but also in terms of how the offerings are delivered to their consumers. Instead of merely examining the EO relationship in terms of firm performance, a nuanced approach can be seen in the conceptual framework of the study in Chapter 2, where the research model is seen to relate by way of various pathways, by means of depicting the potential effect of each dimension of EO on firm performance. Therefore, the current study is capable of yielding

valuable insights pertaining to EO and to performance in the accommodation subsector, particularly in the developing nation context.

1.8. Delimitations of the Study

The findings of the current study reflect the behaviour of participating owners and managers in the hotel sector of SMSHs in an urban setting (namely, in Gauteng province). Therefore, it might not essentially characterise the behaviour of those in other tourism sectors, such as the food and beverage sector or recreational activities in a rural setting. The study focuses on SMSHs operative in Gauteng province, focusing on hotels that do not form part of a hotel chain, and which are privately owned. Furthermore, the study is delimited to investigating the three distinct dimensions of EO, namely risk-taking, innovativeness and proactiveness, with it excluding the additional two dimensions: aggressiveness and autonomy.

1.9. Assumptions of the Study

The current research presumed that:

- the participants would be able to respond to, and to reflect their unbiased view of the questionnaire administered, so that the researcher could collect the required data; and
- the responses made would represent the firm attributes and the perceptions of the level of EO and performance that reflected their establishments.

1.10 Format of the Thesis

The current thesis consists of six chapters that follow the outline given below.

Chapter One: Introduction

The first chapter has initiated the study by means of providing an introduction outlining the theoretical background underpinning the study of which the research endeavour was formulated. Moreover, the context in which the study was conducted is provided. Subsequently, the statement of the research problem is presented, followed by the research purpose and the questions that guided the current study. The chapter further describes the conceptual definitions of terms used throughout the research study. The contributions made to

the current body of knowledge and to the broad tourism industry are specified, as well as are the delimitations and the assumptions of the study.

Chapter Two: Literature Review

This chapter presents an overview of the literature reviewed, with the aim of providing understanding of entrepreneurship and EO in relation to how the three distinct dimensions, namely risk-taking, innovativeness and proactiveness, impact on firm performance. The chapter further explores the external environmental factors in terms of dynamism, hostility and turbulence as contingencies that relate to the EO and firm performance relationship.

Chapter Three: Research Methodology

This chapter provides a discussion pertaining to the research methodology or paradigm employed in the current study. It explains the target population, the sample size, the sampling frame and expands on the research instrument utilised. Furthermore, the chapter describes the procedure followed for the data collection methods used, as well as the data analysis and interpretation. The chapter concludes with a discussion of the study's limitations and ethical concerns that were observed during the research study.

Chapter Four: Presentation of Results

This chapter presents the empirical findings that were derived from the survey. The chapter commences with how the data was screened, followed by the illustration of the demographic profile of the respondents. The validity and reliability analysis employed are also discussed in detail. Consequently, the correlation analysis, regression and hypotheses testing are presented. Lastly, the hierarchical multiple regression analysis is presented, as well as the summary of the results.

Chapter Five: Discussion of the Results

This chapter discusses and interprets the detailed analyses, with the aim of showing how the predefined objectives that guided the research study have been fulfilled.

Chapter Six: Conclusions, Implications and Recommendations

The final chapter rounds off the study by presenting the conclusions that were drawn pertaining to the study. In addition, the chapter delineates the limitations of the study. Recommendations

and suggestions for future research opportunities are outlined, in order to provide hoteliers and tourism practitioners with insights into the effectiveness of EO and its dimensions on firm performance.

CHAPTER 2: LITERATURE REVIEW

2.1. Introduction

Research into EO and performance has gained momentum largely within academic circles (Hayat et al., 2019). The EO construct appears to be a powerful and useful tool for determining entrepreneurial behaviour at firm level, and its effect on firm performance. Therefore, the present chapter consists of the literature review and introduces key theories that informed the current research study. The literature review also enhances the understanding of EO and its distinctive dimensions, so as to operationalise the constructs under investigation. The chapter further reviews the external environmental factors, in terms of dynamism, hostility and turbulence, regarding how they relate to EO-firm performance relationship.

Moreover, the conceptual model developed for the study aims at providing an improved understanding of how the three distinct dimensions built around EO influence firm performance, the understanding of which is also grounded on the topics presented in the literature review. The next subsection elaborates on the concept of entrepreneurship.

2.2. Entrepreneurship

'Entrepreneurship' is an elusive term that implies the existence of multiple phenomena, such as economic growth, ideas, innovation, new venture creation, creativity and discovery. Lumpkin and Dess (1996) contend that the most important activity of entrepreneurship is securing new entry. However, Wong, Ho and Autio (2005) argue that entrepreneurship is not only exhibited through market penetration by new firms, but also through innovating and imitating entries into new markets by already existing firms. For instance, the latter authors highlight technological innovation as being yet another manifestation of entrepreneurship (Wong et al., 2005). Doran, McCarthy and O'Connor (2018) reason, firstly, that entrepreneurship can take place in an existing organisation, with it not solely being restricted to new start-ups. Secondly, a myriad of reasons exist for starting a new business, with not all of them developing from the need to exploit a new idea. Thirdly, the use of firm births to exemplify the process may form part of an overly simplistic interpretation of entrepreneurship.

The behavioural position of entrepreneurship is suggested by several authors, like Shane and Venkataraman (2000, p. 218), who conceptualise entrepreneurship as "a discovery and

exploitation of profitable opportunities and the set of individuals who discover, evaluate and exploit them". The opportunities concerned aim "to create future goods and services". Schumpeter (1982) asserts that a dynamic economy, in terms of which new products displace existing products from the market, consists of a process termed 'creative destruction'. Ultimately, the 'Schumpeterian entrepreneur' is an individual who innovates and creates, while, in the process, creatively destroying. Moreover, the 'Kirzenian entrepreneur' is alert to opportunities in the market, taking advantage of disequilibria to make profits (Kirzner, 1973). Therefore, entrepreneurship involves taking advantage of an opportunity and creating value from it, in the form of financial, cultural or social values. Knight (1921) states that an entrepreneur has to deal with uncertainty regarding the exploitation of opportunities. The entrepreneurial process view suggests that entrepreneurship is the process of forming something new with value, by means of allocating sufficient effort, as well as time, with social, financial and psychic risk, in turn for the receipt of independence and monetary and personal satisfaction as propounded (Hisrich & Peters, 1998).

The more comprehensive and integrated definition, provided by Kuratko and Hodgetts (2007) describes entrepreneurship as a vigorous course of vision, creation and change. The process entails the application of passion and energy towards the establishment and carrying out of different concepts and creative solutions. Crucial elements include: the preparedness to take calculated risks in relation to equity, career or time; the skill to devise an efficient venture team; the creative ability to organise the required resources; the ultimate dexterity of putting together a sound business plan; and, lastly, to be able to seize opportunity where others see only disequilibrium, ambiguity and uncertainty. According to Venter and Urban (2015) entrepreneurship consists of the following distinctive domains: (1) corporate entrepreneurship; (2) technopreneurship; and (3) social entrepreneurship. The different domains are delineated below:

- **Corporate entrepreneurship** is entrepreneurship that takes place in relatively large organisations, with it sometimes being referred to as intrapreneurship or corporate venturing. Such entrepreneurship consists of the creation of new firms, new opportunities or innovating services, products or even processes in existing organisations. Entrepreneurial behaviour within such organisations is regarded as departing from the traditional way of doing things.

- **Technopreneurship** involves gathering resources, including capital, talent and a vast amount of risk, so as to be able to identify significant technology-oriented commercial opportunities. Those who seize upon such opportunities with technical or specialist skills are often referred to as technopreneurs, with them expressing willingness and determination to overcome any obstacle in their way.

- **Social entrepreneurship** involves social entrepreneurs, who are those that are change agents in society, in terms of identifying the available opportunities for addressing social ills. Although the term 'social entrepreneurship' may be new, the phenomenon is not. Social entrepreneurs tend to adopt a mission in pursuit of new opportunities to create and sustain social value, without being limited by the resources at hand.

Noteworthily, entrepreneurs matter not only in terms of innovation and market satisfaction, but also in terms of how much they stimulate economic activity in pursuit of their vision. In finding unique opportunities that drive their pursuit towards realising their vision, such entrepreneurs can either form new enterprises or contribute significant value to the existing enterprises through innovation (Abbas et al., 2020). The effect of entrepreneurship on the development of the economy varies, given its stage of economic growth. The prominence of entrepreneurship is contingent upon a country's stage of economic development (Ferreira, Fayolle, Fernandes & Raposo, 2017). Therefore, it is important to outline the significance of entrepreneurship to the growth of the economy.

2.2.1 Linking Entrepreneurship and Economic Growth

Entrepreneurial activity is a key aspect contributing to the economic progress of a country (Voda, Butnaru & Butnaru, 2020). According to modern economic theory, Sergi, Popkova, Bogoviz and Rugulina (2019) note that economic growth is, essentially driven by entrepreneurship. The world economy reached its peak with regards to economic performance approximately two decades ago, by means of fostering and promoting entrepreneurial behaviour (Kuratko, 2007). Kuratko (2007) further alludes to entrepreneurship playing two essential roles to the world economy. Firstly, it forms an important part in the rejuvenation process that defines and pervades the market economies. New and evolving businesses play an integral role in the advances that lead to technological change and productivity growth. Secondly, entrepreneurship is a key tool by which millions enter the social and economic

mainstream of the global society. The ultimate source of economic strength has always been the entrepreneurial quest of economic growth, upward mobility and equal opportunity. The above notion is synonymous with that of Kloepfer and Castrogiovanni (2018) who contend that entrepreneurship and entrepreneurs have been perceived as essential driving forces for innovation, economic transformation, economic growth and employment creation. Terjesen, Acs and Audretsch (2010) highlight that entrepreneurship is affected by national conditions. Therefore, it is imperative to understand the absolute influence of national culture, as it plays a pivotal role in terms of entrepreneurship (Hayton et al., 2002). Such culture influences citizens' perceptions and the values of innovation and creativity, the conditions leading to the aforementioned constructs, as well as the decisions made by the policymakers and the state leaders regarding the factors influencing economic growth (Jourdan & Smith, 2021). For this reason, some entrepreneurial activity is less in some countries in comparison to others (Eroglu & Picak, 2011). Albeit that entrepreneurial activity has been touted as being a significant factor for attaining innovation and a competitive edge, it translates into impacting on communities through both individual and organisational actions (López-Cabarcos, Piñeiro-Chous, Quiñoá-Piñeiro & Santos-Rodrigues, 2021). Hofstede (1980) distinguishes the cultural dimensions concerned consisting of: (a) uncertainty avoidance; (b) power distance; (c) masculinity/femininity; and (d) individualism/collectivism. Therefore, the cultural values and norms that are based on the preceding cultural dimensions will tend either to converge or conflict with a society's ability to develop a strong EO (Peters & Kallmuenzer, 2018). EO is not only important for the survival and growth of companies, but also for the economic prosperity of nations (Morris, 1998).

It is important to note, the Global Entrepreneurship Monitor (GEM) report is an international longitudinal study that gauges the extent of entrepreneurship and its associated factors in various countries. Note, 50 countries participated in the 2019/2020 GEM report. In terms of the report, a comparative study is undertaken regarding the nature and rate of entrepreneurial development in each economy, whether it is (a) low-income; (b) middle-income; or (c) high-income (Bosma et al., 2020). The GEM is a report that postulates the information pertaining to entrepreneurial activity in a country (Linan & Fernandez-Serrano, 2014). The GEM consortium, over the past 19 years, has established a yardstick for gauging and providing a comparison of entrepreneurial activity between counties, as well as a series analysis of country performance regarding entrepreneurial activity. For consistency purposes, a standardised research design for all countries is utilised to obtain reliable data (De Jongh, 2018).

According to Bowmaker-Falconer & Herrington (2018/2019) the national surveys undertaken in terms of the GEM report are gathered on an annual basis, with the two main sources of primary data including the Adult Population Survey (APS) and the National Experts Survey (NES). The APS data are collected from the adult population that is between 18 and 64 years of age, measuring the profile of entrepreneurs in terms of their demographics, societal attitudes, motivation, self-perceptions and entrepreneurial talent. The NES data, in contrast, are collected from the national experts in entrepreneurship in a country. The GEM key indicator measures the total early-stage entrepreneurial activity (TEA) that gives insight into each country's economy, in terms of its individual participation in the initial stages of the entrepreneurial cycle. The report indicates an inverse relationship between TEA rates and a country's GDP. The GEM framework depicts the relationship between entrepreneurship and the environment. Therefore, entrepreneurial activity, at individual and national levels, may respond to the different sets of environmental parameters relating to the establishment of business activity. The social, economic, political and cultural aspects are represented through the national framework conditions (NFCs), whereas the entrepreneurial framework conditions (EFCs) relay precisely to the quality of the entrepreneurial ecosystem, including the commercial and legal infrastructure, entrepreneurial education, and government policy, culture and norms, to mention only a few. The GEM also arranges entrepreneurs according to the level of their enterprise development. The basic assumption is that national economic growth derives from individuals' personal capabilities to seize and exploit opportunities (Bowmaker-Falconer & Herrington, 2018/2019).

In the higher income economies, the number of opportunities in existence tend to motivate the entrepreneurs present to create businesses that add significant value to their respective economies. In contrast, the entrepreneurs in lower income countries are generally motivated by necessity. In addition, self-belief and confidence drive entrepreneurial intentions. Moreover, the level of established business ownership determines whether an economy is conducive to growth. South Africa ranks low in terms of opportunity, due to the relatively poor quality of education, the restricted labour market, and the problems associated with doing business (Bosma et al., 2020). Ultimately, consensus can be found in the entrepreneurship literature that the existence of entrepreneurship is important for economic growth (Audretsch, 2007). Figure 2.1 below depicts the GEM framework.

Indeed, entrepreneurship plays a key part in the economic advancement and growth of a country (Hayat et al., 2019). Doran et al. (2018) found that entrepreneurship plays a part in

driving the growth of the economy in developing and developed nations, with entrepreneurship being imperative to the stimulation of economic growth, even though certain practices of entrepreneurial activity are seen as being more notable compared to others. The aforesaid researchers' results also portray evidence of a disparity in the relevance of the act of entrepreneurship in developing and developed countries. Although entrepreneurial attitudes are insignificant in terms of describing growth in middle- or lower-income economies, they are deemed positive and significant in regard to high-income nations. Most importantly, the aforementioned study revealed that, in the developed economies, entrepreneurs are mostly internationally oriented, growth-driven and innovative, compared to those in the emerging economies (Doran et al., 2018).

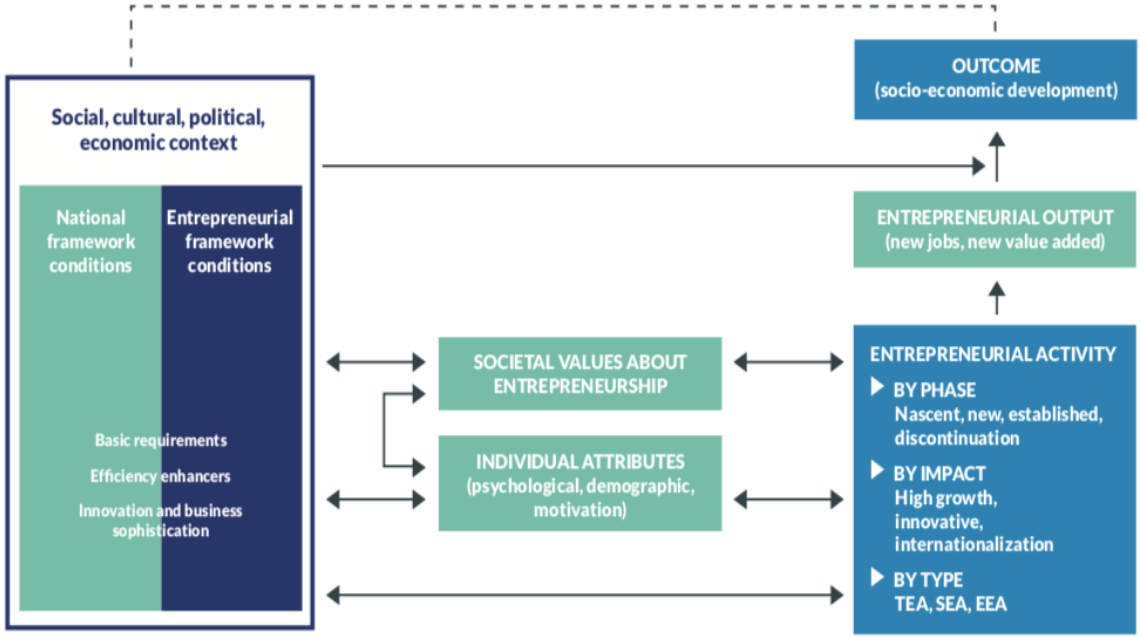


Figure 2.1: GEM framework

Source: Bosma et al. (2020, p. 15).

In sum, according to Sergi et al. (2019) the developed countries are typified by low economic growth rates, but tend to have a high quality of life, strong sustainability, high levels of GDP per capita, and intensive innovation development of economic growth. Conversely, the developing countries tend to record high economic growth rates, even though they tend to have a low quality of life, low sustainability, low levels of GDP per capita and poor levels of innovative development in terms of economic growth. Ultimately, entrepreneurial activities are

considered as a significant element of economic growth strategies in both the developed and the developing countries (Desai, 2009).

Research, according to Kuratko (2007) alludes, in the United States of America (USA), nearly one new organisation with employees being created each year with 300 adults. Fairlie (2014) indicates that, in 2013, 280 of 100 000 adults created a new business every month, suggesting the creation of nearly 476 000 new firms per month. The author states that a decline occurred from 2012 to 2013 regarding the total rate of business creation, with the trend in decline having commenced in 2011 (Fairlie, 2014). The US economy has been said to be revitalised, owing to the efforts made by entrepreneurs, with the world having now turned to free enterprise as a model for economic development (Kuratko, 2007).

Shane (2018) argues that the US economy has become less entrepreneurial over time, indicating that several stakeholders, including many media experts, pundits and policymakers, have responded to the above concern with a call for government action. Tseng (2019) concur with the above, noting that since the 1970s, a decline has occurred in the start-up rate as well as there having been a slow, but an increasing firm exit rate in the USA. Nevertheless, a study commissioned by Kauffman Foundation indicates that, during the beginning of the 21st century, almost all new jobs in the USA were created by fast-growing technology start-ups (Fuerlinger, Fandi & Funke, 2015). However, Lee and Peterson (2000) note that the depth of entrepreneurship in the USA remains to be on the capacity to maintain a culture and infrastructure that is best fit to its development. The authors further highlight that the culture encourages individuals to behave in accordance and engenders an ideology that supports a strong EO.

In Europe, in particular, the interest in economic growth is growing fast, in sight of the steadily high levels of unemployment experienced (Wennerkers & Thurik, 1999). Ample evidence exists, according to the aforementioned authors, that economic activity tended to move away from large firms and toward the establishment of small firms in the 1970s and 1980s. Small firms surely are a driver in terms of which entrepreneurship tends to thrive. For instance, Turkey, in the perspective of entrepreneurship advancement, has gone through several stages involving a variety of industry-related policies. From 1923 to date, the policies implemented have been reasons to private entrepreneurship and transition toward a planned economy, a liberal economy and an outward-oriented liberal economy. Nevertheless, the prominence of SMEs has been realised in the 2000s, in the light of the escalating amount of competition that has been experienced among the different countries concerned. Turkish SMEs have played an

important role in the privatisation wave, helping to speed up the development of the national and local economies with their flexibility and private sector involvement. Also, by playing an important role in cross-border activities and networks, SMEs have tended to accelerate the development of a significant bridge-building process between Turkey and members of the European Union (Wennekers & Thurik, 1999). Fuerlinger et al. (2015) conclude that, as Europe lacks entrepreneurial activity, it should strengthen its focus on entrepreneurship-driven innovation, so as to be able to compete globally. However, Germany, being the largest economy in Europe, has fostered the evolution of an entrepreneurial culture (with such being a unique characteristic of the country), derived from the specific organisational and scientific cultural prerequisites involved.

In China, the behaviour of institutions tends to affect entrepreneurial behaviour, with new ventures and start-ups having to change their operations and structures in order to conform with the institutional dynamics involved. China's economic shift has boosted the restrictions on entrepreneurship, with it having providing a more and more free and open business environment, steering to a boom in the amount of entrepreneurship undertaken (He, Guo & Zu, 2016). According to He, Lu and Qian (2018) the economic transition has allowed entrepreneurial efforts and private business development since the 1980s. China's economic change can mostly be credited to the unleashing of entrepreneurial forces by the lowering and removing of institutional hurdles to market entry and private enterprise development. Together with its increasing institutional improvement and economic changeover, Chinese entrepreneurs have also been progressing. Entrepreneurial development in China, as such, is moving in a golden era. Ever since the year 2015, mass entrepreneurship and innovation have become the new national economic development strategy, with the Chinese government having devoted tremendous amounts of resources to the establishment of start-ups, particularly advanced ones. Even though public funding for private firms exists, favoured policies have traditionally inclined towards foreign- and state-owned businesses (He et al., 2018). In addition, Lee and Peterson (2000) note that the Chinese people have learned to be passive regarding their work, with them often seeming to respond to directions, instead of being prepared to take charge of change. Such a shortfall has tended to result in the employees concerned seeming to be unwilling to accept responsibility for their own actions, and simply awaiting instructions regarding what they should do. Consequently, China seems to be an unlikely environment for the development of a strong EO. However, the paradox does exist that the Chinese people have tended to be entrepreneurial and hard-working throughout their history (Lee & Peterson, 2000).

In the African context, entrepreneurship is used to revive deprived economies, with such endeavour being viewed as a way of creating self-employment, with it typically encompassing informal enterprises that are survivalists, and little registered with government institutions (Urban, 2015). For instance, Biltagy, Mahrous, Said and Kamel (2017) note that, in Egypt, the young populace is at an entrepreneurial advantage, owing to the fact that it is deemed to be a lucrative market, with it being the leading in the Middle East and North Africa (MENA) region; therefore, there is significant opportunity for innovation and growth in the region. Even more so, Egypt faces a myriad of challenges that could be overcome with the application of ample entrepreneurial activities and ideas. Venter and Urban (2015) state that the majority of African businesses are micro and small-scale informal sector firms, being staffed by only one to three employees, with only 2 per cent having 10 or more employees. However, researchers tend to believe that such informal small, medium and micro enterprises (SMMEs) serve as a stimulus to the African deprived economies, with self-employment being regarded as directed towards entrepreneurial development.

In the context of South Africa, according to Venter and Urban (2015) the national authority is willing to augment entrepreneurial activity with programmes of social justice, service delivery and black economic empowerment, particularly owing to the country being the most unequal society in the world (Francis & Webster, 2019). Particularly, with an economy that is regarded as underdeveloped and with real GDP per capita having deteriorated since 2011 (Bowmaker-Falconer & Herrington, 2018/2019). By means of augmenting innovations and introducing competition and change, as well as by means of enhancing the extent of rivalry throughout the economy, entrepreneurship should be able to stimulate South Africa's national growth (Voda et al., 2020). Venter and Urban (2015) assert that, so far, only a limited amount of assistance has been received from the government in terms of the boosting of entrepreneurial development, which has been obstructed, although government policies suggest that the government is geared towards supporting entrepreneurship. Noteworthily, the constant decline in the extent of entrepreneurial activity in South Africa has come to correlate with the growing presence of the state on the entrepreneurial scene, which has come to distort the prevailing ecosystem of entrepreneurship. The government has been advised that, instead of supporting entrepreneurs financially, it should, rather, focus on the funding of private businesses with experience, expertise and skills to enhance their efficiency (Venter & Urban, 2015).

Noteworthily, South Africa has become an entrepreneurial forerunner in the sub-Saharan Africa region (Global Entrepreneurship and Development Institute [GEDI], 2017). The country

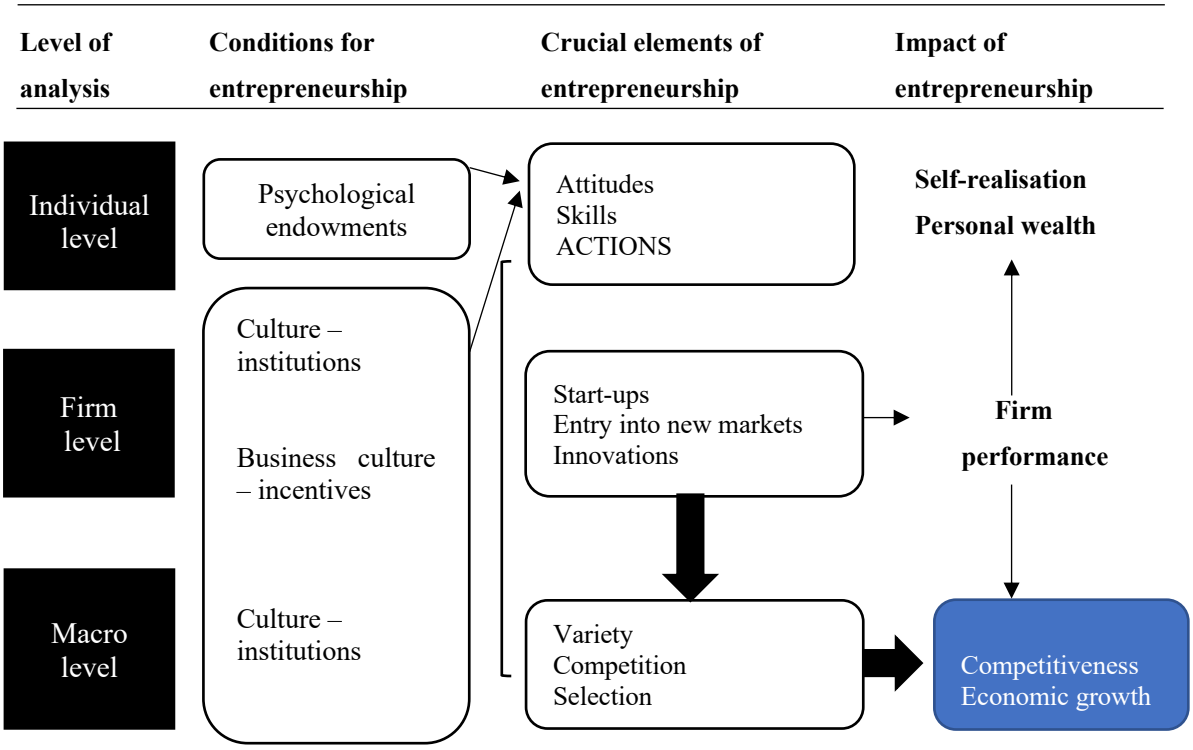
has made significant strides in terms of overcoming limiting structural factors, with it having produced some of the utmost successful and innovative enterprises on the entire African continent. Additionally, the country provides the institutional backing that is pertinent for high-growth firms to develop and flourish, while in contrast, government policies are aimed at closing the historic gaps. With the addition of targeted, coordinated policies to address the remaining blockages, South Africa is said to be poised to accomplish even more growth than before because of the practice of entrepreneurship and to facilitate implementation of the goal of growth-oriented and innovative entrepreneurship that is motivated to mature and thrive within the South African conditions and through engagement with the global economy. South Africa is in need of a national entrepreneurship policy framework that is created on the strengths and weaknesses, as well as on the causal factors, that define the entrepreneurial ecosystem. South Africa is, however, far unlike other countries at similar levels of development in Africa, with the country having a much improved and advanced environment than do other African countries, such as Egypt, Nigeria or Ghana. While the South African entrepreneurial ecosystem is unbalanced and underdeveloped, the country is far stronger, compared to most of its peers in terms of product and process innovation as well as competition. For instance, South Africa more closely resembles such a country as China than it does countries like Russia and Brazil, which possess only weak innovation capability (GEDI, 2017). Despite South Africa having progressed regarding the establishment of a heightened enabling institutional environment, high crime rate and ongoing corruption have adversely impacted on the country's entrepreneurs in terms of attitudes and norms related to exerting legitimate entrepreneurial efforts (Herrington, Kew & Mwanga, 2017). Urban's (2019) study pertaining to the influence of the regulatory, normative and cognitive institutions on EO in South Africa, states that the corruption and crime rate experienced in the country impede the development of EO on the national scale.

Few research studies have been undertaken with regards to the role and influences of state culture on firms' EO (Fayolle, Basso & Bouchard, 2010). Lee and Peterson (2000) contend that the theory pertinent to EO not only affects firm behaviour, but also to the process of entrepreneurial development at the national societal level. Whether entrepreneurship tends to proliferate in certain societies is not solely contingent on their cultural foundations. Conversely, entrepreneurship differs on the distinctive combination of cultural aspects, including attitudes, values and behaviours that collectively drive or delay the promotion of a strong EO. Lee and Peterson (2000) highlight that, to develop a spirit of entrepreneurship, a society, or an organisation, requires the existence of motivated individuals, a favourable environment and a

national culture that drives and fosters entrepreneurial activity. Hayton et al. (2002) note that entrepreneurial phenomena are largely contingent upon national cultural characteristics.

Contemporarily, the mainstream view of entrepreneurship and economic growth is the dominating theoretical paradigm that suggests a link from the individual level that stretches throughout the firm, up to the macro level, with entrepreneurship being regarded as an endogenous component of economic growth (Audretsch & Thurik, 2000). When the basic settings are in place, and the assistance of innovation and entrepreneurship, economic growth should become expected. Table 2.1 below depicts a framework for the linking of entrepreneurship and economic growth (Wennekers & Thurik, 1999).

Table 2.1: Framework for the linking of entrepreneurship to economic growth



Source: Wennekers and Thurik (1999, p. 51).

2.3. Entrepreneurial Orientation

Covin and Slevin (1989) refer to EO as an 'entrepreneurial posture' and is often expressed in the entrepreneurship literature by means of being the outlook of firms involved in the quest of seizing new opportunities (Fayolle et al., 2010). Scholars have theorised about EO as an action

that creates new products and services, or even entirely new firms (Peters & Kallmuenzer, 2018). In the above regard, EO is characterised as being an entrepreneurship process that shows how entrepreneurs undertake practices and make and implement decisions for new market entry (Lee & Peterson, 2000). Lumpkin and Dess (1996) deem EO as a multidimensional construct that characterises the firm's entrepreneurial behaviour. Miles, Covin and Heeley (2000) define strategic posture as the extent to which organisations are prone to undertake calculated risks, embrace innovativeness and compete aggressively, so as to achieve a competitive edge over their rivals and so as to be able to exploit potential opportunities. In contrast, firms with a conservative strategic posture are non-innovative, risk- averse and reactive in their approach (Miles et al., 2000). Therefore, Lee and Peterson (2000) suggest that firms that exhibit the former practices possess a strong EO, compared to those who lack the preceding characteristics, who reveal ownership of a relatively weak EO.

The EO of a firm can be initiated and fostered throughout the entrepreneurial process by the entrepreneur, as well as by top talents within the entrepreneurial team forming a collaboration (Yoon, 2018). As was mentioned in Chapter 1, national culture has a pivotal influence on EO. Lee, Howe, and Kreiser (2019) agree with the aforementioned sentiments and theorise that firms underpinning both individualistic and collectivistic dimensions may coexist with one another and be considered, while reinforcing EO, rather than being considered polar opposites. Wiklund and Shepherd (2003) note that the success of EO implementation relies on the attitude, commitment, experience and understanding of the proprietors or managers of SMEs.

In the literature, EO is often identified as a multidimensional concept (Lumpkin & Dess, 1996). Although Lumpkin and Dess (1996) and Dess, Lumpkin and Covin (1997) consider EO to consist of five dimensions, a number of scholars have settled to using the three salient dimensions, namely innovativeness, risk-taking and proactiveness, to contextualise the phenomenon of entrepreneurship (Miller, 1983; Wiklund & Shepherd, 2005; Zahra & Covin, 1995). An additional two EO dimensions, autonomy and aggressiveness, are suggested by (Lumpkin & Dess, 1996). Against such a backdrop, the present researcher has, therefore, adopted the outlook expressed in Miller's (1983) earlier research to explore the phenomena of innovativeness, risk-taking and proactiveness. According to Fadda (2018, p. 26), "these dimensions encompass the most acknowledged entrepreneurial skills and are from the entrepreneurship and strategy-making process literature". Consequently, EO is deemed to be an entrepreneurial strategy, which is utilised by key managers to achieve outstanding performance

in line with their organisations' goals, to create competitive advantage and to sustain vision (Rauch, Wiklund, Lumpkin & Frese, 2009).

Lumpkin and Dess (1996) developed a conceptual model of EO that encapsulates four overarching aspects: EO itself; environmental factors; organisational factors; and performance. The framework, as it is presented in Figure 2.2 below, indicates the contingent elements that could affect the EO–performance relationship.

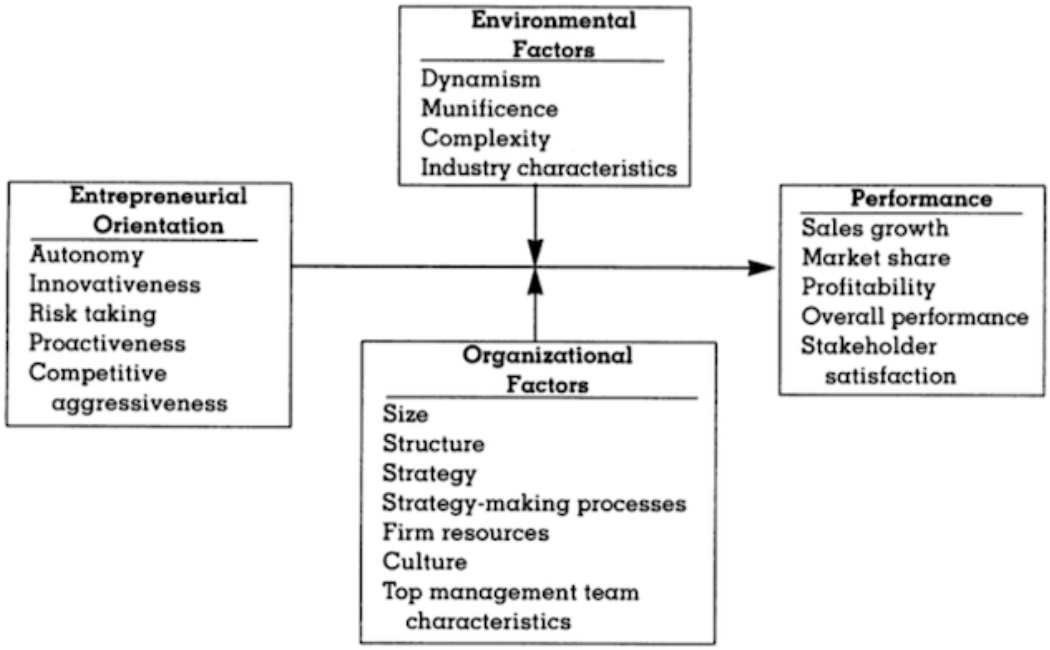


Figure 2.2: Conceptual framework of EO

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

The multidimensional stance can specify additional details pertaining to the foundation of EO, as well as to the influence of each dimension on firm performance (Fadda, 2018). Therefore, the concept of firm performance will be explained in the next section.

2.4. Firm Performance

Firm performance is regarded as the end result of the activities of an investment or business over a certain period. The measuring of performance can be used as a gauge to assess an organisation's level of commitment and strategy aimed at attaining outcomes (Fatoki, 2019). Organisational performance is also regarded as a multidimensional construct including

financial and market performance, human resource performance, customer-focused performance and organisational effectiveness (Singh, 2011). Such performance may be contingent upon the indicators used to assess the effectiveness of the actions of firm managers taken against their rivals (Gupta & Wales, 2017). A summary of entrepreneurial phenomena in established organisations is given in Table 2.2 below.

The most common distinctive element of performance can be rated in terms of nonfinancial and financial measures (Rauch et al., 2009). Relatable to such economic factors as return on sales, return on equity, sales growth and return on investment and profitability are financial measures, whereas operational measures address such nonfinancial outcomes as market share, quality, satisfaction, market effectiveness and new product development (Zehir, Can & Karaboga, 2015). As financial performance measures, alone, are insufficient to determine the overall performance of an organisation, both measures (financial and nonfinancial) could be used to gauge organisations' performance optimally (Lumpkin & Dess, 1996). In terms of prior research, and given its prevalence, organisational performance is frequently measured as a dependent variable for EO studies (Rauch et al., 2009). Both financial and nonfinancial measures were used as dependent variables for the purpose of the current study, with the focus being lain on stakeholder satisfaction and on relative performance regarding financial performance. Rauch et al. (2009) note that, from the overall take, entrepreneurship and EO are perceived as the catalysts of firm growth and performance.

Table 2.2: Summary of entrepreneurial phenomena in established organisations

Authors	Focal entrepreneurial phenomenon	Locus of entrepreneurship	Relationship between entrepreneurship phenomenon and strategy
Covin and Slevin (1991)	Entrepreneurial Orientation	Unspecified	Reciprocal relationship between EO and strategy
Lumpkin and Dess (1996)	Entrepreneurial Orientation	Strategy and EO are distinct, non-causally related phenomena	Unspecified
Wiklund and Shepherd (2003)	Entrepreneurial Orientation	Small business management	Unspecified
Urban and Barreria (2010)	Entrepreneurial Orientation	Top-level management serving as a proxy for firms	Reciprocal relationship between EO and technology orientation
Filser and Eggers (2014)	Entrepreneurial Orientation	Top management	Unspecified

Source: Adapted from Ireland et al. (2009) and Molokwu, Barreria and Urban (2013, p. 15).

2.5. Entrepreneurial Orientation and Firm Performance

EO has been acknowledged as being a key determinant of performance heterogeneity across firms (Covin & Slevin, 1991). Central to previous research arguments, the notion regarding firms benefiting from their embracing of newness and a degree of boldness and responsiveness has been highlighted (Rauch et al., 2009). Ma and Tan (2006) note that EO, as presented in the entrepreneurship literature, is often described as forming part of the approach of organisations involved in the pursuit of new prospects. Entrepreneurial posture in a firm stems from the adoption of a strategic management perspective, which plays a vital role regarding the attaining

of organisational good performance and goals (Fadda, 2018). Wiklund and Shepherd (2003) acknowledge the relevance of EO in the performance of SMEs. In addition, Ferreira et al. (2017) is in congruence with the preceding sentiments that highlight the importance of EO as being essential for the survival and performance of SMEs.

The relationship of EO and firm performance is particular to its natural context, with the dimensions of EO varying distinctively in certain contexts (Kreiser & Davis, 2010; Miller, 2011). Galbreath, Lucianetti, Thomas and Tisch (2020) contend that the empirical findings on the relationship are conflicting. However, Kreiser and Davis (2010) state that a large corpus of research has revealed a significant and positive correlation that exceeds the number of researchers who refute it (Kaya & Agca, 2009). Rezaei and Ortt (2018) agree with the preceding notion, citing that EO has positive effects on firm outcomes in varying contexts, including varied markets and countries, and in relation to distinct types of firm. For instance, in terms of the Spain-based study, the findings made painted a consistent picture that EO significantly and positively affects hotel performance (Hernández-Perlines, 2016). Of the three aspects of EO, innovativeness was noted as being the largest contributor in the above regard. Therefore, the current research study was conducted in a different emerging context, so as to establish whether the positive results pertaining to EO and to hotel performance will manifest. Consequently, the following hypothesis holds true:

Hypothesis 1 (H1): There is a positive influence of Entrepreneurial Orientation on the performance of small- and medium-sized hotels.

2.6. Dimensions of Entrepreneurial Orientation

2.6.1. Risk-Taking and Firm Performance

Risk-taking as a concept, is a quality associated with entrepreneurship (Lumpkin & Dess, 1996). Risk-taking is a "firm's readiness to make bold decisions and daring resource commitments towards organisational initiatives with uncertain returns" (Gupta & Wales, 2017, p. 54). Again, it can be regarded as the disposition to perform tasks with unknown returns that were not requested or even in the dearth of authority to undertake such tasks (Covin et al., 2020). Milovanović and Galetić (2008) state that it is important for a firm to take action to challenge the existing state of things, which in turn, enables the securing of performance. Conversely, those firms that do not develop new customer

opportunities are prone to encounter a decrease in the superiority of their performance. Therefore, building on, and in line with previous research, the following hypothesis is proposed:

Hypothesis (H_{1a}): There is a positive influence of risk-taking as a distinct dimension of Entrepreneurial Orientation on the performance of small- and medium-sized hotels.

2.6.2. Innovativeness and Firm Performance

Innovativeness is a crucial ingredient of EO, as it is a vital way by which organisations can engage in new opportunities (Lumpkin & Dess, 1996). Schumpeter (1942, as cited by Taylor, 2013) was in the lead of emphasising the role innovation plays in the entrepreneurial process. Schumpeter (1942) postulates that wealth is created when the existing market structures are dislocated by the launch of new goods and services, which in turn, results in the emergence of new firms. In the process, the entrepreneur can be seen as an innovator who initiates the evolution of an economy.

According to Covin et al. (2020), innovativeness is a means of pursuing novel solutions to work-related tasks. Another definition, given by Gupta and Wales (2017, p. 54) states that innovativeness "reflects a firm's willingness to support new ideas, creativity and experimentation in the development of internal solutions or external offerings". Morris, Kuratko and Covin (2008) contend that such external factors as improved technologies, government deregulation and the globalisation of markets, as well as internal factors, like the ability to attract and to retain high-quality employees and to develop new capabilities, are driving companies to exhibit innovativeness. While "innovations can vary in their degree of radicalness, innovativeness represents a basic willingness to depart from existing technologies or practices and venture beyond the current state of the art" (Lumpkin & Dess, 1996, p. 142). Central to the above-mentioned notions is the emphasis on innovatory that steers the firm to renew its stance in existing ways that are leading to the improvement of innovative markets, including by means of the ability to test new avenues (Milovanović & Galetić, 2008). In the above regard, the following hypothesis is postulate:

Hypothesis (H_{1b}): There is a positive influence of innovativeness as a distinct dimension of Entrepreneurial Orientation on the performance of small- and medium-sized hotels.

2.6.3. Proactiveness and Firm Performance

Another dimension of EO is proactiveness, which is essential to the development of EO, owing to the fact that the dimension concerns the execution period of entrepreneurship. Noteworthily, pre-emptive individuals carry out what is required to bring about added advantage, by means of pioneering the seizing of opportunities (Lee & Peterson, 2000). Covin et al. (2020) describe proactiveness as an inclination toward discretionary action, with the aim of foreseeing and responding to new value creation opportunities. Firms that are proactive tend to secure better positioning in relation to the market share, because they are likely to allocate resources before the competition, thus continuously being proactive in terms of their rivals (Milovanović & Galetić, 2008). Therefore, the following hypothesis is proposed:

Hypothesis (H_{1c}): There is a positive influence of proactiveness as a distinct dimension of Entrepreneurial Orientation on the performance of small- and medium-sized hotels.

2.7. Environmental Contingencies

The external environmental factors consist of all physical and non-physical factors that fall beyond the operation of SMEs, including suppliers, customers, competitors and technological and socio-political influences that shape the decision-making and individual behaviour of SMEs. Taking into consideration the aforementioned definition, physical factors refer to all the tangible elements involved, whereas non-physical factors refer to all the intangible factors concerned, like social factors (Abbas et al., 2020). Strategic management has conceptualised the environment as a key construct among others, used to understand performance (Kwiotkowska, 2018). EO and performance may vary in certain environments (i.e. in terms of external factors) (Wiklund & Shepherd, 2005). The external environment of an organisation, for the purpose of the current study, was operationalised as being an environmental characteristic, focusing on (a) dynamism, (b) hostility and (c) turbulence that could encourage and elicit performance organisational performance. These factors are delineated in the next subsections.

2.7.1. Dynamism

Dynamism is the uncertainty in the magnitude, or rate, of change in the environment (Kreiser, Anderson, Kuratko & Marino, 2019; Tajeddini & Mueller, 2019). Miller (1983, p. 62) more comprehensively defines the dynamism that is present in the environment as the "unpredictability of consumers' and competitors' behaviour, speed of changes in the market trends, industry innovation, research and development". In dynamic environments, ample business prospects present themselves and the force of demand constantly changes, resulting, in turn, in increases in those organisations that are inclined to seize on new opportunities, owing to them possessing a good fit in terms of the environment and their strategic orientation (Wiklund & Shepherd, 2005). For instance, organisations that are faced with technological uncertainty tend to explore and innovate, leading to improvements in their technological performance (Zhai et al., 2018). In other words, a dynamic environment is expected to drive firms toward positive performance implications, when they align with the EO present in their firms. Accordingly, firms operating in a dynamic environment are highly likely to succeed in changing and uncertain environments, where the level of risks and amount of cost are linked to newness and novelty that can be recouped by means of seizing new product market niches (Lumpkin & Dess, 2001).

2.7.2. Hostility

Miller (1987, p. 62) defines hostility as being "a competition level, number of competition dimensions and legal restrictions". The more intense competition is, the greater is the amount of pressure exerted on those firms that are present in a hostile environment (Lumpkin & Dess, 2001). However, scholars have observed that some firms are able to pursue entrepreneurial activity, regardless of the hostile environments that might be involved (Kreiser et al., 2019). In hostile environments, firms need to be innovative, because intensified competition needs organisations to be innovative, so that they can customise their products for the rest of the competition, enabling them to attract more customers through the production of superior quality offerings. Moreover, adopting proactiveness allows firms to offer the market new products, ahead of their competitors. Therefore, benefits are derived by firms exhibiting EO in unfavourable environments (Shirokova, Bogatyreva & Beliaeva, 2015).

2.7.3. Environmental Turbulence

Abiodun and Mahmood (2015) regard a turbulent environment as being ever-changing, leading to the persistence of uncertainty and dynamism. Those firms that invest in EO are likely to continue increasing their business outcomes, even in the unfavourable circumstances of excessive turbulence. Such firms are capable of constantly adapting to environmental changes, by way of exploring the opportunities that become available to them (Kraus, Rigtering, Hughes & Hosman, 2012). New opportunities are expected to surface continuously, in light environments concerned being dynamic and turbulent. Also, where technology keeps on evolving, new market entries tend to realised and proliferate. In turn, such ongoing dynamism usually provokes companies to be proactive in looking for new opportunities, as well as to be more risk-taking and innovative in terms of their decision-making strategies. In dynamic and turbulent settings, where the requests of supply and demand and applied technologies are rapidly changing, additional business opportunities tend to arise (Milovanović & Wittine, 2014). Against such a backdrop, the following hypothesis is proposed:

Hypothesis (H2): The external environment in terms of (a) dynamism, (b) hostility and (c) turbulence moderates the relationship between Entrepreneurial Orientation and the performance of small- and medium-sized hotels.

2.8. Conceptual Framework of the Hypotheses

Figure 2.3 below depicts the current study's conceptual framework. The model shows the relationship between the independent variables, which is based on the EO construct and its dimensions, consisting of risk-taking, innovativeness and proactiveness. Performance (financial and nonfinancial) is used as the dependent variables. Lastly, the model also shows the moderating variable that is based on the external environmental factors, composed of (a) dynamism, (b) hostility and (c) turbulence. Lastly, the control variables include the size and age of the hotel establishment concerned.

2.9. Conclusion of the Literature Review

The purpose of the current chapter was to offer and introduce the broad topic of entrepreneurship and the aspect of the EO construct. The unleashing of entrepreneurial

potential in countries around the world serves to open doors for added competitiveness on a global scale, with it leading to the ability to maintain a comparatively high standard of living (Lee & Peterson, 2000). Entrepreneurship has long been touted as a crucial element for socio-economic development and growth, owing to the provision of millions of job opportunities giving rise to national prosperity (Zahra, 1999). Equally, EO is also vital at the societal level of countries, as well as being an important attribute for organisation that show high levels of performance. The EO dimensions that are recognised in the literature include autonomy, risk-taking, innovativeness, proactiveness and competitive aggressiveness (Lumpkin & Dess, 1996). The current study regarded only three dimensions of EO, that is risk-taking, innovativeness and proactiveness (Miller, 1983). The reasons that can affect a firm's performance are of an internal and external nature. In the present study, the focus was on the external factors that were considered as a contingent affecting the EO–performance relationship, namely hostility, dynamism and environmental turbulence. The study emphasised the importance of the three dimensions of EO in terms of driving firm performance.

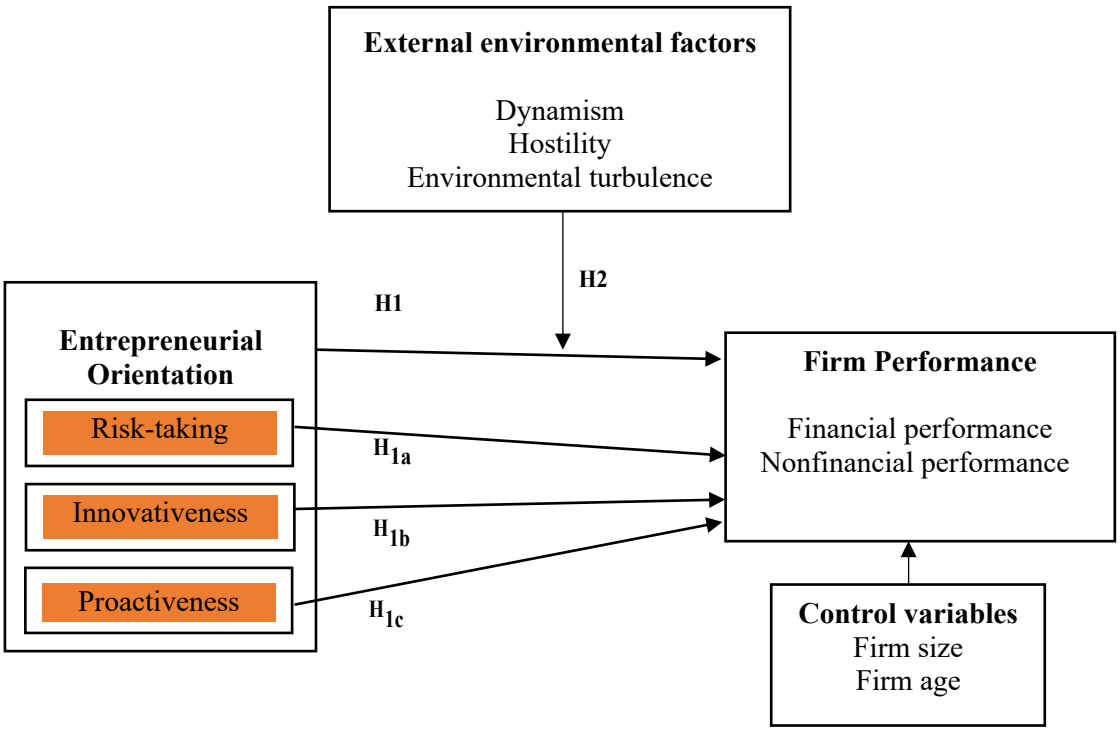


Figure 2.3: Conceptual framework of the EO and firm performance relationship

Source: Adapted from Shirokova et al. (2015, p. 12).

CHAPTER 3: RESEARCH METHODOLOGY

The five hypotheses depicted in the conceptual framework of the study in Chapter 2 of the current thesis, encapsulate all the research variables and proposed relationships, and are subjected to statistical testing in the following chapter (Chapter 4). In line with the study's model, Chapter 3 presents the research design and methodology adopted for the current research study, with the focus being on the sampling procedure and the processes undertaken regarding data collection. Furthermore, the reliability and validity of the research study are also delineated in the chapter. Chapter 3 concludes by presenting the limitations to the study, as well as the ethical issues that were observed by the researcher. The following subsection explores the research methodology adopted for the study.

3.1. Research Methodology/Paradigm

The current research study is quantitative and cross-sectional in nature. The study adopted a positivist paradigm, emulating other past studies, like that of (Muriithi, Kyalo & Kinyanjui, 2019). According to McGrath and Johnson (2003) positivism refers to a philosophical realism that suggests that there is only one true reality, which is measurable and identifiable. The positivist paradigm takes a deductive approach so as to be able to utilise quantitative methods to capture, analyse and interpret the data collected. The deductive approach is valuable, in the sense that it permits the use of assumptions, existing rules, theories and findings to draw conclusions and for results to be generalisable (Creswell, 2013). Noteworthily, the researcher had no influence whatsoever over the results obtained, owing to the research involved being based on evidence, and so as to ensure that no bias was involved, with the researcher remaining uninvolved with the respondents in the study.

Quantitative research is commissioned within the context of a scientific method, meaning the adoption of an approach that uses objectively agreed upon procedure and criteria to obtain results with statistical reliability (Pellisier, 2007). Similar research to the current study has been commissioned using quantitative methods to unravel the association between EO and performance and to exert moderating influence over the external environmental factors involved between the EO and the firm performance relationship (Abbas et al., 2020; Shirokova et al., 2016; Tajeddini & Mueller, 2019).

The study used the cross-sectional survey method as a source of primary data, with the data being collected at a single point in time (Blumberg, Cooper & Schindler, 2014). The questionnaire was self-administered by the researcher to the respondents. The instrument was disseminated online, using Qualtrics software, as well as it being manually distributed either to the owner or to the manager of the hotel establishment. Neuman (2011) found the use of a cross-sectional design to be advantageous, due to that, in terms of such a design, the respondents concerned are able to undertake the survey involved when it suits them, and owing to the research being able to reach a wide geographical area. However, the limitation of the design includes the respondents having their own interpretation of the questions, so that they tend to respond differently to them, depending on their personal comprehension (Macinati, 2008).

3.2. Research Design

A research design is the overall plan of how to set about responding to research questions (Saunders, Lewis & Thornhill, 2012). The current study was quantitative in nature, taking a positivist paradigm. The study also adopted a deductive approach. A cross-sectional survey was employed to collect the required data, so as to be able to ascertain the influence of the EO construct in terms of each distinctive dimension (risk-taking, innovativeness and proactiveness) on firm performance, as well as the moderating influence on the EO–performance relationship, to see whether the hypotheses predicted are supported or refuted. The researcher thought that using a survey was best suited to the study, as it offered a multitude of inherent strengths compared to other methods that existed for collecting data. Additionally, the study was exploratory in nature. The primary data required were collected by means of the administration of an online survey, using Qualtrics software to disseminate the self-administered instrument as well as physical distribution to the SMSHs in Gauteng province. The researcher made certain that the data gleaned was collected in an ethical way, by obtaining the informed consent of the participants prior to the study. With the research design having been discussed, the following section expands on the population and the sample of the study.

3.3. Research Population and Sampling Method

3.3.1. Population

A population for a study is normally the group about whom the researcher wants to investigate and draw conclusions (Babbie et al., 2001). Thus, the population of interest in the current research study was all the existing SMSHs in Gauteng province, registered with the Federated Hospitality Association of Southern Africa (FEDHASA) however, those that do not form part of a hotel group. According to Cetinel et al. (2009) SMSHs are categorised by the number of hotel rooms as well as employees that determine the size of the establishment. The hotels that participated in the current study were selected from the aforementioned association, which is a leading association, according to the accommodation industry databases (Du Plessis & Saayman, 2011). In the Association, at the time of the present study, 1561 of the members were SMSHs, therefore determining the population size of the current study.

3.3.2. The Sample and the Sampling Method

To ensure the representativeness of the entire population, only the owner or the manager of a hotel establishment were able to participate in the study, as they were expected to be able to respond to key questions and to know the necessary information regarding the EO and the performance of their firms. As Urban and George (2018) highlight, such individuals normally engage in strategic discussions and operate at levels of significant decision-making in their respective organisations. Noteworthily, only one representative (either the owner or the manager) from each establishment formed part of the sample for the current research study.

In the light of the above, a sample size of 309 hotels was determined. The size of the sample was, therefore, established in line with the information and the calculations provided by Krejcie and Morgan (1970). The above aided as a guide in informing the necessary size of the sample. The sample was conveniently selected from a determinate population, so as to achieve a 95% confidence level and a 5% margin of error. For both surveys (in the form of the online and the manually administered questionnaires), a cover letter was included, revealing the main purpose of the research study, the guidelines given for undertaking the survey, as well as the timeline followed in completing the survey. Ultimately, the data collection resulted in the researcher obtaining 150 completed questionnaires. However, after cleaning of the data, only 128 surveys were actually usable for the purpose of the research study. Nevertheless, the researcher

believed that the amount of questionnaires was adequate for the required data analysis and for the appropriate inferences to be made. The study therefore, utilised the convenience sampling method for economic purposes as the researcher has the liberty to select whoever they can select. As such, the sampling criteria for the qualifying hotels were based on hotel size (small- or medium-sized) and region (Gauteng province only). Table 3.1 below depicts the profile of the respondents and the sample size of the study.

Table 3.1: Profile of respondents

Respondents' type	**Sample size**
Owner/manager of SMSH establishments	*n* = 128

3.4. The Research Instrument

Questionnaires are one of the utmost prevalent means of collecting data (Altinay & Paraskevas, 2008). For the purpose of collecting the primary data required, the questionnaire survey comprised of five sections (see Appendix A) which are expanded below.

Section A, being the first part of the questionnaire survey, sought to establish the respondents' and hotels' demographic profile. The following eight different demographic variables were measured in terms of the section: the nature of the ownership of the establishment; the job designation; gender; race; number and education level of the owner/managers surveyed; and the age and size of the hotel.

Section B was aimed at gauging the level of EO present at the hotel concerned. The questions related to each hotel's orientation in terms of risk-taking, innovativeness and proactiveness. Accordingly, the respondents were required to indicate their level of agreement or disagreement with the various statements given pertaining to EO. The rating was based on a 7-point Likert scale, according to which the answers could range from 1 = strongly disagree to 7 = strongly agree.

Section C focused on the hotel's performance, compared to its competitors. In focusing on the respondents' performance, they were asked a number of questions regarding their hotel's financial and nonfinancial performance, so as to be able to select the best possible response,

according to their firm's attributes. The rating, in line with that in the previous section, was based on a 7-point Likert scale, according to which the answers could range from 1 = strongly disagree to 7 = strongly agree.

Section D was aimed at gathering the required data regarding the external environmental factors, in terms of (a) dynamism, (b) hostility and (c) turbulence. The rating, in line with those in the previous sections, was based on a 7-point Likert scale, according to with the answers could range from 1 = strongly disagree to 7 = strongly agree.

Table 3.2 below shows each construct, together with its measured dimensions. The extent of Entrepreneurial Orientation (EO) was measured utilising three different dimensions: risk-taking (RT); innovativeness (INN); and proactiveness (PR). The items concerned were adapted from previous studies (Covin & Slevin, 1989; Hernández-Perlines, 2016). Each dimension was surveyed in terms of five different question items. The responses determined the entrepreneurial index, with the higher the scores, the higher the EO possessed by the hotel involved, for instance.

Firm performance (FP), in contrast, was determined in terms of two dimensions: financial performance (FP) and nonfinancial performance (NFP). Such determination was consistent with that employed in previous empirical studies undertaken using financial and nonfinancial performance (Hernández-Perlines, 2016; Hughes & Morgan, 2007). Five item questions were used for financial similarly, five being used for nonfinancial performance.

Lastly, the external environmental factors were assessed in terms of three different dimensions, namely dynamism (D), with five item questions, hostility (H), with three, and turbulence (T), with five. Similarly, the items were adapted from previous studies (Jaworski & Kohli, 1993; Kwiotkowska, 2018).

Noteworthily, the hotel managers or owners involved were expected to self-report on a series of statements based on the best possible attribute that their establishments had reflected, during the last three years of operation. The research undertaken, in line with that of authors who suggested that allowing for the preceding three years to be surveyed was a broad enough spectrum of time to enable consideration of both the cyclical and the seasonal fluctuations in business practices and performance (Urban & George, 2018).

Table 3.2: Measures used in the current study

Construct	Literature sources	Dimensions	Item	Comment on instrument
Entrepreneurial Orientation 7-point Likert scale (closely similar to that employed in the current study)	Covin and Slevin (1989) Hernández-Perlines (2016)	Risk-taking Innovativeness Proactiveness	RT 01 RT 02 RT 03 RT 04 RT 05 INN 01 INN 02 INN 03 INN 04 INN 05 PR 01 PR 02 PR 03 PR 04 PR 05	EFA used to test the validity of three factors Cronbach alpha of 0.7 across three dimensions
Firm performance 7-point Likert scale (closely similar to that employed in the current study)	Hernández-Perlines (2016) Hughes and Morgan (2007)	Financial Nonfinancial	FP 01 FP 02 FP 03 FP 04 NFP 01 NFP 02 NFP 03 NFP 04 NFP 05	EFA used to test validity of two factors Cronbach alpha of 0.7 across two dimensions
External environmental 7-point Likert scale (closely similar to that employed in the current study)	Jaworski and Kohli (1993); Kwiotkowska (2018)	Dynamism Hostility Environmental turbulence	D 01 D 02 D 03 D 04 D 05 H01 H02 H03 ET 01 ET 02 ET 03 ET 04	EFA used to test validity of all three factors Cronbach alpha of 0.7 across three dimensions

3.5. Procedure for the Data Collection

The data gleaned were collected by means of a research instrument administered from November 2020 to March 2021. The study used a predetermined self-administered questionnaire, using the aforementioned database (FEDHASA) as stated earlier. Initially, the questionnaire was disseminated in the form of an online survey, in terms of which an email with a link was sent to the respondents concerned through FEDHASA. The respondents were then expected to answer the questions that opened the survey in Qualtrics. Additionally, the

researcher, together with an associate, physically distributed the questionnaires concerned through making onsite visits to the respondents in question, owing to the responses to the online survey having been extremely slow to come in. Due to such a slow response rate, weekly email reminders were sent to the respondents involved, requesting the recipients to complete the online survey sent to them by FEDHASA. However, if the questionnaire was not answered, or if no response was received after the elapse of a period of twelve weeks, the respondent was noted as having not responded. Qualtrics software programme managed to track the online responses made by the respondents.

For both surveys (in the form of the online and the manually administered questionnaires), a cover letter was included, revealing the main purpose of the research study, the guidelines given for undertaking the survey, as well as the timeline followed in completing the survey. Ultimately, the data collection resulted in the researcher obtaining 150 completed questionnaires as highlighted earlier.

Noteworthily, the data collection that took place was most effectively carried out through the physical distribution of questionnaires, with most of the responses having been attained in this way. The researcher together with the associate distributed surveys and targeted suburbs (in Gauteng) with most FEDHASA members for convenience purposes to the establishments concerned. The establishments in question was contacted beforehand for appointment purposes due to adhere to Covid-19 protocols. Upon completion of data collection, the researcher then captured the data on Qualtrics together with online responses in order to form one dataset, for ease of cleaning the data then later converted to SPSS.

The slow response rate encountered was largely attributable to the fact that the required data was collected during the Covid-19 pandemic period, when some hotels in Gauteng province had been badly affected by the virus, and had halted their operations. Nevertheless, as mentioned earlier, the dissemination of physical questionnaires was undertaken between the months of November 2020 and March 2021. For instance, from the first of March, South Africa was on the adjusted level 1 lockdown, with such establishments being allowed to operate at the time, enabling the researcher to capitalise on such an instance to distribute the questionnaires physically. Ultimately, the researcher was within the parameters of the legislation pertaining to the pandemic, successfully adhering to all the mandatory protocols in terms of the hoteliers who completed the questionnaire. Additionally, such was an advantageous method of distribution for the researcher, in comparison to online survey dissemination, as the researcher and the associate were able to reach a wide range of the respondents.

3.6. Data Analysis and Interpretation

The Statistical Package for Social Scientists (SPSS) was utilised to capture and analyse the relevant data. The Statistical Package was used to summarise and describe the data obtained with the use of tables, descriptive statistics, graphic presentations and bar charts. With SPSS, the processing and analysing of data includes the use of correlation and regression models, with the aim of analysing the size, degree, strength of the relationship and the direction between the variables studied. The researcher was assisted by a trained statistician with regards to analysing data.

3.6.1. Descriptive Statistics

Field (2013) notes that the obtaining of demographic statistics is important for a research study, as such statistics determine the sample characteristics, so as to be able to establish whether the sample surveyed truly represents the nature of the population under investigation. Demographic statistics are descriptive, with them serving as control variables. Hotel age can be understood as the number of years that have elapsed since the establishment concerned came into being. Overall, enterprises that have been in the market for a relatively long period of time are assumed and expected to be relatively conservative and less entrepreneurial than are others with a shorter history, which could lead to the former being slower in reaction to changes in the external environment (Song, Podoynitsyna, Ven der Bij & Halman, 2008). Accordingly, the size of the establishment was also encompassed in the study as a control variable. The hotel size was determined by the number of hotel rooms the establishment at the time of survey completion. Such variables are normally considered in EO research (Kraus et al., 2012). Consequently, firm size and age tend to influence organisational performance (Su, Xie & Li, 2011).

3.6.2. Exploratory Factor Analysis

To confirm the convergence in, or the differentiation of constructs in the study, an exploratory factor analysis (EFA) was conducted. EFA is used to detect groups of variables in terms of measuring the same construct in the study. The main conditions for the existence of an EFA include that a relationship ought to exist between the variables, and that an adequate sample size should be attained when conducting such an analysis, so as to be able to achieve reliable outcome factors (Kennett, Huang, Vodenska, Havlin & Stanley, 2015).

3.7. Validity and Reliability of Research

The researcher employed both reliability and validity tests to establish if the research instrument correctly gauged what it was intended to measure in terms of the multi-item scales for the different constructs used. The aforementioned tests were undertaken to minimise any measurement error that might occur (Field, 2009). The validity of research can be assessed in various ways, with the current study using both external and internal validity, as will be delineated in the following sections.

3.7.1. External Validity

Pellisier (2007) terms validity as the degree to which an empirical measure adequately reflects the real meaning of the concept under investigation. External validity refers to the witnesses causal relationship that could be generalised throughout people, contexts, or even time (Blumberg et al., 2014). Pertaining to external validity, similar research studies (that have been conducted in various nations) to the current research have been undertaken, with them already having revealed the positive relationship of EO with firm performance. Such studies include those of (Covin & Slevin, 1991; Covin et al., 2020; Hernández-Perlines, 2016; Rezaei & Ortt, 2018).

3.7.2. Internal Validity

In contrast to external validity, internal validity is involves whether the instrument measures exactly what it purports to measure (Blumberg et al., 2014). For validity purposes, the variables of the current research study were measured independently in terms of the core practices of EO, and the environmental factors and performance concerned, so as to identify the validity of the research design. Therefore, in the current study, principal axis factoring was also employed as an extraction method, on the basis that the constructs might have been too closely related. Promax was also selected for the rotation, so as to be able to converge the factors present in the same relationship.

3.7.3. Reliability

Instrument reliability is the characteristics of measurement, in terms of which the instrument can attain consistent results when the measurement is repeated either by the same, or by a

different person (Cooper & Schindler, 2014). As was mentioned earlier, at the time of the current study, the instrument had been repeatedly used in previous research, leading to the achievement of consistent results, with the instrument having been proved to be reliable in the above regard. Moreover, the Cronbach alpha was employed to determine the reliability of all the constructs involved. The output for such a test included the Cronbach coefficient alpha based on the standardised items, the inter-item correlation matrix and the item-total statistics. Cronbach alpha scores or values above ($\alpha = 0.70$) are regarded good for reliability tests, with them indicating both internal consistency and reliability (Bland & Altman, 1997; Cronbach, 1951).

3.8. Correlation Analysis

A correlation analysis was undertaken to gauge the existing association of variables in terms of their dependence and independence, with either Pearson or Spearman tests being used. For the purpose of the present research study, the Pearson correlation was performed to analyse the EO and the external environment in relation to performance. Such an analysis indicates the strength of the relationship among the different variables, with it either depicting a positive or a negative link. A correlation coefficient ranging between -1 and +1 indicates the existence of a precise correlation between the variables concerned. Conversely, if the correlation coefficient ranges between 0 and -1, a negative correlation exists between the variables. In contrast, a correlation coefficient between 0 and +1 shows that the correlation involved is positive (Field, 2013).

3.9. Multiple Regression Analysis

Prior to testing for regression analysis, the data was tested for the assumptions; normality and outliers in the data. Generally, such assumptions include the absence of outliers in the data, whether or not the data is normally distributed, the homogeneity of variance, those factors that are not highly correlated (multicollinearity/collinearity), and whether the errors detected are independent of one another. Such assumptions tend to be tested, using skewness and kurtosis to establish the normal distribution of the data. Whereas skewness is used to measure the symmetry of the data, kurtosis measures the distribution of the data in terms of it being peaked or flat (DeCarlo, 1997). Noteworthily, it is almost impossible to obtain perfectly normal distributed data, with no issues.

The current study adopted the multiple regression to predict hotel performance, based on the EO constructs that were developed using a 7-point Likert scale paradigm. Multiple regression was used simply because it tends to focus on predicting the dependent variable from the scores of a number of independent variables, rather than just indicating the relationship between the variables. As the indication of only one direction by the regression model would not have sufficed to answer all the research questions delineated in Chapter 1 in the current report, moderating analysis was conducted to test for the exert moderating influence between the EO and the firm performance relationship.

3.10. Limitations of the Study

As the current study was restricted to researching EO and its effects on hotel performance as such, the findings from the research concerned cannot be generalised to other SMEs in a different industry. Further studies will need to be commissioned on EO in future, so as to be able to determine the effects of such an orientation on performance in South African firms. The study used a convenience sampling frame, in terms of the sample involved being one of least reliable non-probability (Cooper & Schindler, 2014).

3.11. Ethical Considerations

Ethics in research is aimed at determining that there is adherence to standards and norms, and at ensuring that no one suffers adverse consequences from the research-related activities undertaken (Cooper & Schindler, 2014). Due to the study utilising a hybrid method of collecting data by means of an online survey and physically distributed questionnaires, the following text will expand on the ethics concerned. Regarding the physical handouts, the participants in the study were guaranteed anonymity and confidentiality pertaining to the responses, as was stipulated in the Wits Business School participant information sheet, which was attached together with the questionnaire when the instrument was administered. Noteworthily, the obtaining of voluntary consent from the participants in the study was regarded as a prerequisite for their partaking in the survey.

Regarding the online survey, the voluntary participation principle was also used as a prerequisite for commencing the survey. Owing to the fact that the data was analysed as group data, a declaration was made to provide the assurance that no reference would be made

to the actual individuals or establishments undertaking the survey. All of the participants were also made aware, in advance of their participation therein, that they could withdraw from participating in the study at any given time, should they feel uncomfortable at any stage regarding their involvement in it. As a result, the study can be seen to have adhered to a system of high research ethics.

3.12. Conclusion

The aim of Chapter 3 was to outline the research design and the methodology used in the current research study. The data was collected using a self-administered questionnaire, with the assistance of one data collector in relation to the manually distributed questionnaire. Ultimately, 150 questionnaires were collected from the SMSH establishments in Gauteng province, although only 128 questionnaires were usable for the data analysis. The data was firstly screened and cleaned to ensure that it met the quality standards upheld, with it, moreover, being tested for the violation of assumptions. Reliability and validity tests were undertaken. In addition, the researcher performed factor and correlation analysis, as well as multiple regression analysis, so as to be able to determine the degree of association with both the independent and the dependent variables. Therefore, multiple regression was used for predicting the dependent variable as distinct from the independent variable. The subsequent chapter (Chapter 4) will present and discuss the findings of the survey.

CHAPTER 4: PRESENTATION OF RESULTS

4.1. Introduction

The objective of the current chapter was to present the results of the study analysis. The chapter begins with presenting the demographic profile of the respondents concerned. Subsequently, EFA, as well as the reliability of measurement scale, is discussed. Lastly, the correlation and the results pertaining to the hypotheses, with a moderating analysis of the hypothesised relationships, follows. The following section delineates how the data obtained was cleaned and screened.

4.2 Data Screening

The total sample of the study was n = 309. However, the response rate was 49%, as the researcher obtained only 150 respondents. The following procedure was followed in cleaning the data. Those cells that were not going to be included for analysis, such as the date of completing the survey, the internet protocol (IP) address, the name of the respondent, their email address and their location latitude, to mention only some, were deleted from the data set. The 11 cases, where the respondents did not answer all the questions asked in the survey, were deemed invalid, and, therefore, deleted from the data set. Moreover, three of the respondents did not give their consent to be involved in the study, so that, despite them, nevertheless, proceeding to complete the survey, their data was excluded from the data set. Those eight respondents who, either did not answer an entire construct, or 80% of the questions, that were asked in the online survey also had their data removed from the data set.

Regarding those cases where most of the questions were completed, and only a few of the questions had missing values, prior to dealing with such values, the researcher performed frequency tables to assess the nature of the missing data. The omitted values concerned were subsequently superseded by means of running a series mean. Adopting such an approach, accordingly, led to the completion of all the fields involved, with there being no incomplete values or data left. The mean was chosen to allow the data to flow in the logical or specified order (in terms of a moving average) of all the questions concerned. The specified process was followed until no missing values were present in the data set. Such missing values were seen to be prominent in terms of the Likert scale questions. Upon cleaning the data, the researcher

was left with a sample size (n = 128) fitting for the purpose of analysis, thus being a suitable sample to have for analysis. The following section presents the demographic characteristics pertaining to the sample involved.

4.3. Demographic Profile of the Respondents

The current section provides the findings that were gleaned with regards to the demographic profile of the respondents concerned. Eight demographic variables were measured, namely: ownership of the establishment; job designation; gender; race; number of employees; education level; and age and size of the hotel. The section was separated into two parts: the respondents' characteristics and the findings outlining the firms' characteristics. The following section details the findings regarding the respondents' characteristics.

4.3.1. Respondents' Characteristics

4.3.1.1. Ownership of Establishment

The data set consisted of 128 respondents, who were required to specify the ownership of their establishment, with either a yes or no response. All the respondents from the data set responded to the aforementioned question, with the majority (63%) indicating that they did not own the hotel, whereas 37% indicated that they did. The findings obtained, as can be seen in Figure 4.1 below, clearly reveal that more establishment managers than establishment owners responded to the survey.

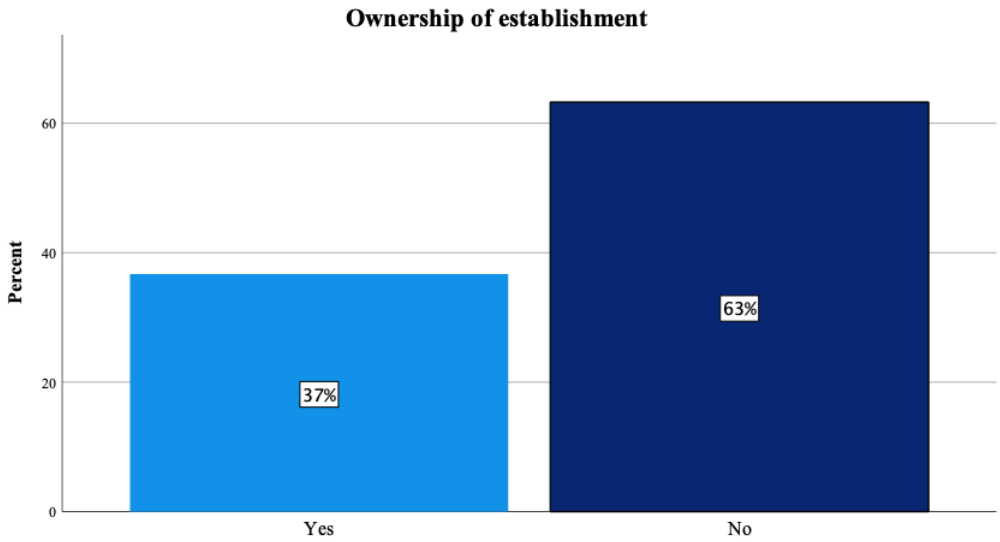


Figure 4.1: Ownership of the establishment

4.3.1.2. Job Designation

Figure 4.2 below demonstrates the findings that were made in relation to the portion of the respondents (63%) that indicated that they did not own the establishment at which they worked. Those concerned were further asked to specify their job designation. Most of the respondents were found to be general managers (49%), compared to those who were managing directors (36%), with the remaining consisting of CEOs (8%) or in possession of other designations (6%).

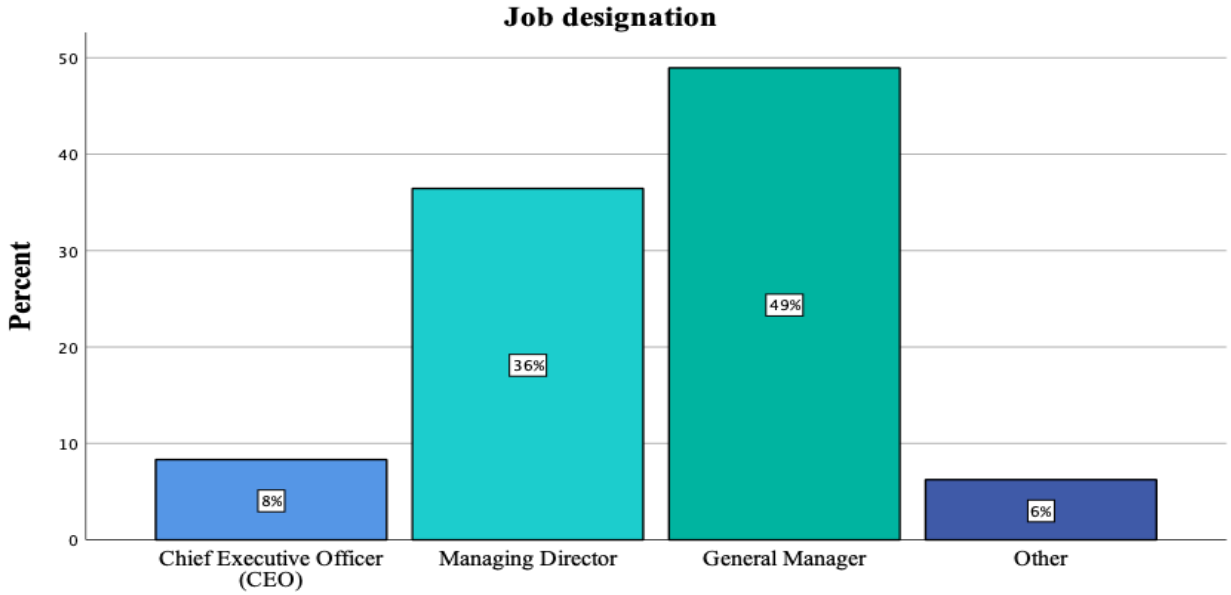


Figure 4.2: Job designation

4.3.1.3. Gender and Race Cross-Tabulation

The demographic profile of the respondents pertaining to gender distribution, as depicted in Table 4.1 below, was found to reveal the presence of slightly more women (52%) than men (46%) in the research study. Regarding race, most of the respondents were found to be white (31%), followed by those who were Indian (27%) or African (26%). The minority consisted of coloured or Asian people.

Table 4.1: Gender and race cross-tabulation

			Race						
			African	Colored	Indian	White	Asian	Other	Total
Gender	Male	Count	12	4	14	25	4	0	59
		% within Gender	20.3%	6.8%	23.7%	42.4%	6.8%	0.0%	100.0%
	Female	Count	21	7	19	14	4	1	66
		% within Gender	31.8%	10.6%	28.8%	21.2%	6.1%	1.5%	100.0%
	Other	Count	0	0	2	1	0	0	3
		% within Gender	0.0%	0.0%	66.7%	33.3%	0.0%	0.0%	100.0%
Total		Count	33	11	35	40	8	1	128
		% within Gender	25.8%	8.6%	27.3%	31.3%	6.3%	0.8%	100.0%

4.3.1.4. Education

Figure 4.3 below depicts the findings made regarding the level of education of the respondents. The majority (41%) of the respondents were found to have a degree (either undergraduate or postgraduate). Those who held a certificate/diploma made up 28% of the total, whereas those with a matriculation certificate formed 27%. A minority had either not completed high school (2%) or lacked a formal education (2%). The finding concerned revealed that the respondents involved, by and large, were fairly well educated. The making of such finding was important, in that it could have meant that the respondents would have been able to comprehend the EO construct involved.

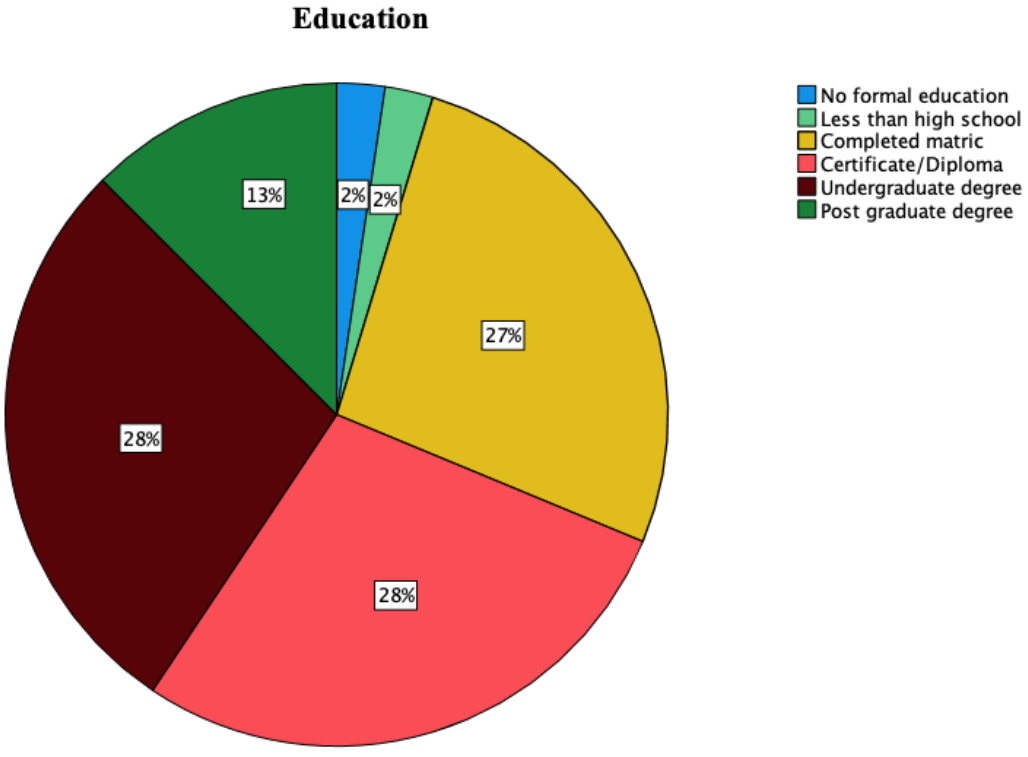


Figure 4.3: Level of education

4.3.2. Hotel Characteristics

The current research study was restricted to SMSHs, as was indicated in the first chapter of the present report. Although a total of 15 large hotels responded to the survey, they were, accordingly, excluded from the analysis.

4.3.2.1 Hotel Size

Figure 4.4 below indicates the majority of the respondents (59%) were found to be medium-sized hotels, in comparison to the number of small hotels (41%). As categorised by Cetinel et al. (2009), small hotels tend to have approximately 50 rooms, and usually employ no more than 10 people, whereas medium-sized hotels usually have from 51 to 120 rooms and are often located in tertiary locations.

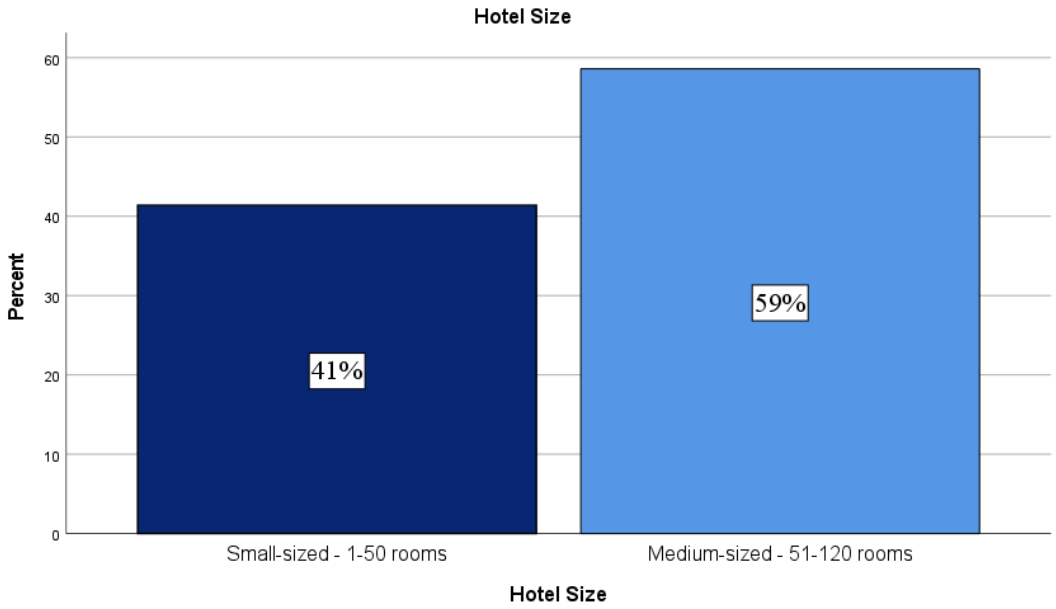


Figure 4.4: Hotel size

4.3.2.2. Hotel Age

The results reflected in Table 4.2 below show the number of years of operation of the establishments concerned. The table reveals that the majority (29%) of the SMSHs surveyed had, at the time of the study, been operating for from four to six years, followed by those that have been operating for a period of seven to nine years, with the remainder having been in

business for as long as 10 to 12 years (23%). Only two of the establishments had been operative for under a year.

Table 4.2: Hotel age

Hotel age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 1 (one) year	2	1.6	1.6	1.6
	1-3 years	7	5.5	5.5	7.0
	4-6 years	37	28.9	28.9	35.9
	7-9 years	30	23.4	23.4	59.4
	10-12 years	30	23.4	23.4	82.8
	13-15 years	9	7.0	7.0	89.8
	16-18 years	7	5.5	5.5	95.3
	19-21 years	3	2.3	2.3	97.7
	More than 21 years	3	2.3	2.3	100.0
	Total	128	100.0	100.0	

4.3.2.3 Number of Employees

Figure 4.5 below illustrates the number of employees working at the establishments surveyed. Almost half (45%) of the respondents indicated that their companies had between 21 and 30 employees, followed by the 22% who had between 1 and 10 employees, with 13% reporting between 31 to 40 employees, and a few (2%) having over 51. The findings made could be attributable to the fact that the sampled establishments were either small- or medium-sized.

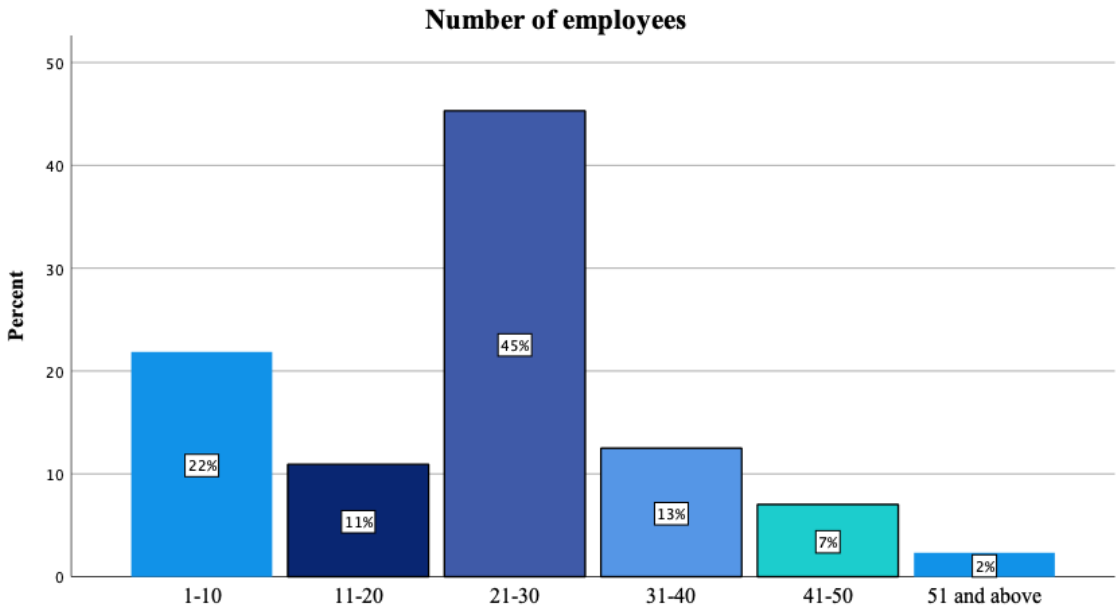


Figure 4.5: Number of employees

4.4. Validity – Exploratory Factor Analysis

The validity test was performed using SPSS, so as to confirm either the convergence or the discrimination of the research constructs present in the study. The number of cases (128) was adequate to ensure the validity of the analysis, which required the involvement of at least 100 cases.

Ultimately, the steps conducted included all the independent variables of EO dimensions, consisting of risk-taking (RT); innovativeness (INN) and proactiveness (PR), as well as the dependent variables relating to performance, including both financial (FP) and nonfinancial (NFP). The moderating variables, being the external environmental factors relating to dynamism (DYN), hostility (HOST) and turbulence (T), were all selected and loaded for validity testing. For extraction purposes, an eigenvalue greater than one was used. For the convergence and divergence of the constructs, a pattern matrix was considered. As an extraction method, a principal axis factoring was also selected, on the basis that the constructs might have been correlated. Moreover, Promax was utilised for rotation purposes, so as to converge the factors in the same relationship. The output for the above test included Kaiser–Meyer–Olkin (KMO) and Bartlett's test of sphericity, with the total variance being explained, and the scree plot and pattern matrix also being reported on, and discussed, in the following sections.

4.4.1. Sampling Adequacy

The KMO measure of sampling adequacy and Bartlett's test for sphericity concerned are depicted in Table 4.3 below. The KMO is intended to test whether the sample was adequate to run factor analysis and whether it exceeded the cut-off point of 0.5 (Kaiser, 1970, 1974). The Bartlett's test ($p < 0.001$) served to confirm the existence of correlation between the test variables concerned, with it examining the suitability of the data gleaned for purposes of factor analysis.

Table 4.3: KMO and Bartlett's test

KMO and Bartlett's Test

KMO measure of sampling adequacy		.873
Bartlett's Test of sphericity	Approx. chi-square	1721.456
	df	300
	Sig.	.000

4.4.2. Total Variance Explained

Regarding the total variance explained, the variance was divided into 25 possible factors of extraction, as can be seen in Table 4.4 below. Only 4 of the 25 factors were extracted above the eigenvalue greater than one, which is a commonly used criterion that is recommended by (Kaiser, 1970). According to Osbourne (2015) the eigenvalue refers to the measure of explained variance. In the present instance, the cumulative percentage explained 60.36% of the four factors. The preceding value was found to be acceptable, as it exceeded 50% (Nunally, 1978). For purposes of the extraction, principal axis factoring was employed, as the constructs were expected to correlate, as per the contents of the literature reviewed, hence it was considered appropriate for use.

Table 4.4: Total variance explained

Total Variance Explained

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings[a]
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	8.484	33.938	33.938	8.031	32.123	32.123	7.243
2	3.875	15.500	49.437	3.433	13.732	45.855	3.986
3	1.467	5.869	55.307	1.001	4.006	49.861	4.561
4	1.264	5.057	60.364	.760	3.041	52.902	5.098
5	.957	3.827	64.191				
6	.899	3.597	67.788				
7	.845	3.381	71.169				
8	.751	3.005	74.174				
9	.722	2.888	77.062				
10	.636	2.545	79.607				
11	.545	2.180	81.787				
12	.515	2.058	83.845				
13	.503	2.011	85.856				
14	.443	1.772	87.628				
15	.420	1.682	89.309				
16	.407	1.627	90.936				
17	.353	1.413	92.349				
18	.324	1.294	93.644				
19	.304	1.214	94.858				
20	.296	1.185	96.043				
21	.249	.997	97.041				
22	.247	.990	98.031				
23	.186	.742	98.773				
24	.159	.637	99.410				
25	.147	.590	100.000				

Extraction Method: Principal Axis Factoring.

a. When factors are correlated, sums of squared loadings cannot be added to obtain a total variance.

4.4.2.1. Scree Plot

The scree plot, as shown in Figure 4.6 below, reinstated and confirmed the total variance explained (Table 4.4), with the total number of factors extracted exceeding the eigenvalue of one. The table shows that four factors were yielded.

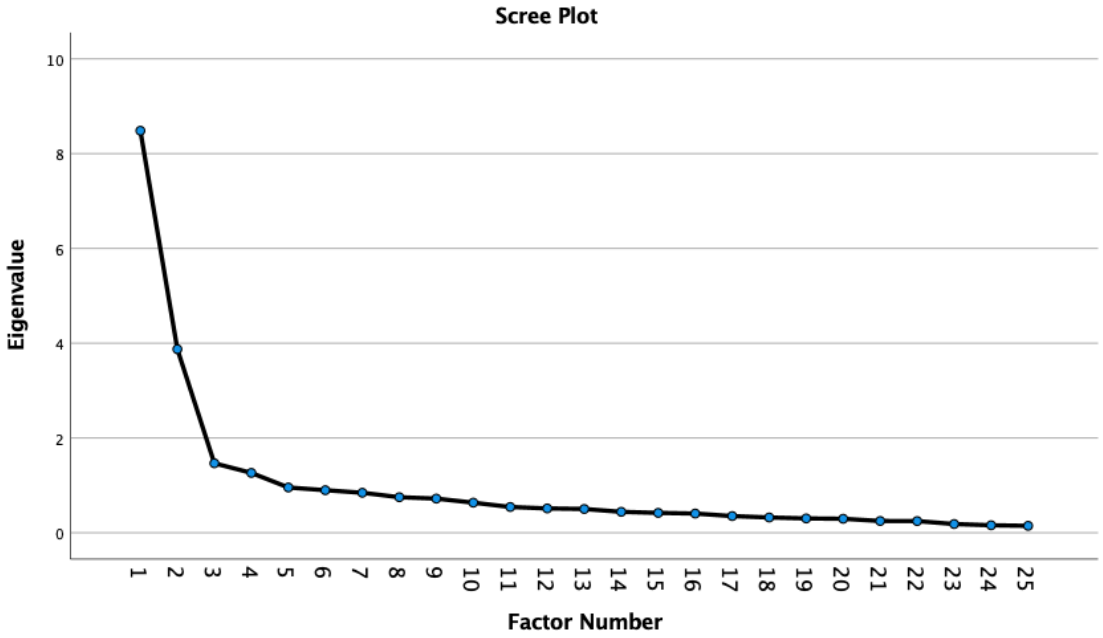


Figure 4.6: Scree plot

4.5. Rotation of Factors

So as to comprehend the factors that were extracted, a rotated pattern matrix was observed, as can be seen in Table 4.5. The Promax rotation method was used to transform those variables that related or that converged into a factor relationship. All the items with loadings lower than 0.4 were suppressed, and all of the items with loadings higher than 0.4 were accepted as having valid loadings. All of the items that either cross-loaded or that did not load were removed, whereas those with negative loadings were reversed. Initially, the study started with 37 items. According to the literature, eight factors were anticipated from the extraction. However, after several attempts had been made to produce a clean pattern matrix, the analysis was still found to yield 25 items, converged into 4 factors after rotation, as supported by the scree plot: Factor_1 (NFP1, NFP2, NFP3, NFP4, NFP5, FP2, FP3, FP4, FP5, INN2 and INN5); Factor_2 (ENVT2, ENVT4, DYN1, DYN3, DYN4, DYN5 and HOST1); Factor_3 (RT3, RT4 and RT5); and Factor_4 (PR1, PR2, PR4, PR5). Noteworthily, those items that neither loaded nor cross-loaded, included FP1, INN1, INN3, INN4, ENVT1, ENVT2, DYN2, HOST2, HOST3, RT1,

RT2 and PR3), were removed from further analysis. Two of the five innovation items, as labelled (Performance02 and Performance05), were found to converge on Factor 1, with performance being seen in the pattern matrix on Table 4.5, as the two items were highly correlated with performance. Furthermore, the external environmental factors, were found to converge into a single factor (Factor 2), although five of the twelve items concerned either did not load, or cross-loaded, as was earlier highlighted.

Table 4.5: Pattern matrix

Pattern Matrix[a]

	Factor			
	1	2	3	4
NonFinancial_Performance_03	.936			
NonFinancial_Performance_02	.865			
NonFinanvial_Performance_04	.773			
NonFinancial_Performance_01	.758			
NonFinancial_Performance_05	.673			
Financial_Performance_03	.616			
Financial_Performance_04	.604			
Financial_Performance_05	.579			
Performance_05	.534			
Financial_Performance_02	.488			
Performace_02	.463			
Environmentla_Turbulence_03		.798		
Environmental_Turbulence_04		.792		
Dynamism_05		.729		
Dynamism_03		.664		
Dynamism_01		.660		
Dynamism_04		.628		
Hostility_01		.420		
Risk_Taking_03			.764	
Risk_Taking_05			.691	
Risk_Taking_04			.511	
Proactiveness_02				.677
Proactiveness_04				.531
Proactiveness_05				.499
Proactiveness_01				.492

Extraction Method: Principal Axis Factoring.
Rotation Method: Promax with Kaiser Normalization.[a]

a. Rotation converged in 5 iterations.

4.6. Reliability Analysis

Instrument reliability refers to the characteristics of measurement in terms of which an instrument can attain consistent results when the measurement is repeated, either by the same or by a different person (Cooper & Schindler, 2014). Cronbach alphas were performed on the data obtained. Such alpha scores ought to surpass (α = 0.70) scale reliability (Cronbach, 1951), although alpha scores of (α = 0.50) are deemed acceptable (DeCarlo, 1997). For all the factors (Factor 1, Factor 2, Factor 3 and Factor 4) concerned in the present study, reliability tests were undertaken, owing to the fact that each factor had to be confirmed for purposes of reliability. One factor (as informed by the pattern matrix) was selected individually and run for such a test. The output for the reliability test includes the Cronbach alpha, which is based on standardised items, inter-item correlation matrix and item–total statistics. Noteworthily, all the items for all the factors needed to meet the item–total correlation (>0.03).

The reliability results for each construct are presented below. First, firm performance is discussed, followed by the external environmental factors, risk-taking and proactiveness. The results are depicted in **Tables 4.6 to 4.17**, with the validity and reliability scales being summarised in **Table 4.18** below.

4.6.1. Factor 1: Firm Performance

Firm performance was gauged, based on the two measurement scales of financial and nonfinancial performance. Noteworthily, innovativeness was highly correlated with firm performance in the validity test, so both items were retained. Therefore, the aforementioned scales redeemed a high reliable scale (α = .924), indicating a scale that was consistent with all of the 11 items concerned, rendering excellent Cronbach's alpha. Moreover, all of the inter-item correlations were (>0.3), signifying that the items correlated with the scales and, consequently, that they showed convergent validity.

Table 4.6: Reliability statistics (Factor 1)

Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	N of Items
.923	.924	11

Table 4.7: Inter-item correlation matrix (Factor 1)

	NFP_01	NFP_02	NFP_03	NFP_04	FP_03	FP_03	FP_04	FP_05	FP_02	P_02	P_05
NFP_01	1.000	.600	.613	.485	.500	.529	.566	.536	.480	.396	.537
NFP_02	.600	1.000	.730	.673	.524	.497	.597	.592	.407	.522	.682
NFP_04	.485	.673	.589	1.000	.536	.536	.552	.431	.550	.569	.573
NFP_05	.500	.524	.619	.536	1.000	.443	.442	.451	.435	.501	.515
FP_03	.529	.497	.510	.536	.443	1.000	.525	.480	.376	.529	.530
FP_04	.566	.597	.524	.552	.442	.525	1.000	.537	.552	.522	.616
FP_05	.536	.592	.570	.431	.451	.480	.537	1.000	.400	.481	.559
FP_02	.480	.407	.456	.550	.435	.376	.552	.400	1.000	.473	.454
P_02	.396	.522	.568	.569	.501	.529	.522	.481	.473	1.000	.550
P_05	.537	.682	.553	.573	.515	.530	.616	.559	.454	.550	1.000

Table 4.8: Item-total statistics (Factor 1)

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
NFP_01	49.32	82.440	.689	.538	.917
NFP_02	49.46	75.967	.777	.713	.912
NFP_03	49.48	77.621	.767	.660	.913
NFP_04	49.45	80.910	.731	.604	.915
NFP_05	49.25	82.110	.654	.467	.918
FP_03	49.56	83.539	.650	.465	.918
FP_04	49.41	81.125	.717	.555	.915
FP_05	49.36	81.602	.663	.477	.918
FP_02	49.73	83.366	.595	.449	.921
P_02	49.78	77.810	.672	.502	.918
P_05	49.43	80.940	.740	.587	.914

4.6.2. Factor 2: The External Environmental Factors

Table 4.9 depicts that the external environment scale held firm at greater than 0.7 (seven items, $\alpha = 0.861$). All of the items were retained, owing to their overall reliability being very good. As all of the inter-item correlations exceeded 0.3, they were retained as well.

Table 4.9: Reliability statistics (Factor 2)

Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	N of Items
.862	.861	7

Table 4.10: Inter-item correlation matrix (Factor 2)

	ENVT_03	ENVT_04	DYN_01	DYN_03	DYN_04	DYN_05	HOST_01
ENVT_03	1.000	.525	.462	.515	.516	.527	.442
ENVT_04	.525	1.000	.522	.406	.538	.598	.256
DYN_01	.462	.522	1.000	.578	.523	.507	.407
DYN_03	.515	.406	.578	1.000	.400	.451	.447
DYN_04	.516	.538	.523	.400	1.000	.505	.355
DYN_05	.527	.598	.507	.451	.505	1.000	.399
HOST_01	.442	.256	.407	.447	.355	.399	1.000

Table 4.11: Item-total statistics (Factor 2)

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
ENVT_03	29.91	27.166	.672	.467	.836
ENVT_04	29.53	26.897	.640	.491	.841
DYN_01	29.91	27.481	.674	.488	.836
DYN_03	29.84	27.928	.619	.439	.844
DYN_04	29.73	27.504	.635	.427	.842
DYN_05	29.69	26.374	.674	.478	.836
HOST_01	30.16	29.487	.499	.305	.859

4.6.3. Factor 3: Risk-Taking

The results obtained on the reliability scale for risk-taking was generally good (3 items: α = 0.751). According to George and Mallery (2003), however, an alpha of 0.5 is considered

suitable. Nevertheless, the items concerned were retained, owing to the overall Cronbach being appropriate.

Table 4.12: Reliability statistics (Factor 3)

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.752	.751	3

Table 4.13: Inter-item correlation matrix (Factor 3)

	RT_03	RT_04	RT_05
RT_03	1.000	.428	.614
RT_04	.428	1.000	.461
RT_05	.614	.461	1.000

Table 4 14: Item-total statistics (Factor 3)

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
RT_03	9.88	4.277	.613	.403	.630
RT_04	9.80	4.804	.495	.246	.760
RT_05	9.81	3.996	.636	.425	.600

4.6.4. Factor 4: Proactiveness

Table 4.15 depicts a good reliable scale (4 items; $\alpha = 0.727$), which is (>0.7). The result shows that all the inter-item correlations were (>0.3), indicating that all the items concerned correlated with their respective scales. All the scales involved, thus, determined the relevant convergent validity and reliability.

Table 4.15: Reliability statistics (Factor 4)

Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	N of Items
.729	.727	4

Table 4.16: Inter-item correlation matrix (Factor 4)

	PR_01	PR_02	PR_04	PR_05
PR_01	1.000	.525	.258	.387
PR_02	.525	1.000	.443	.405
PR_04	.258	.443	1.000	.384
PR_05	.387	.405	.384	1.000

Table 4.17: Item-total statistics (Factor 4)

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
PR_01	13.80	7.549	.507	.312	.675
PR_02	13.61	6.460	.607	.392	.612
PR_04	13.45	7.793	.462	.247	.699
PR_05	13.28	7.133	.502	.255	.678

As some factors did not pass the validity test, the variables that are discussed in this section are fewer than was initially stated in chapter 2 of the current research report. Those variables pertaining to performance, financial and nonfinancial performance converged into one factor (Factor 1). In terms of innovativeness being regarded as a dimension of EO, three of the five items mentioned did not form valid items, and two items converged with performance to become one factor, as was earlier highlighted, due to their high correlation. Three of the external environmental factors (dynamism, hostility and turbulence) also converged into a single factor (Factor 2) and items of risk-taking (Factor 3) and proactiveness (Factor 4). Ultimately, therefore, only four factors could be seen yielded, instead of the eight, as per the contents of the literature highlighted. Accordingly, the next table (Table 4.18) depicts a

summary of the retained valid and reliable factors of the study. Additionally, the Cronbach alpha values for each construct are also depicted.

Table 4.18: Summary of retained valid and reliable factors

Constructs	Initial Items for Validity	Number of Items Retained	Cronbach Alpha	Level of Reliability
Hotel performance	10	11	α = .924	Excellent
Risk-taking	5	3	α = .751	Good
Proactiveness	5	4	α = .727	Good
The external environmental factors	12	7	α = .861	Very good

Noteworthily, a composite score was created for all the items per factor, for the purpose of regression analyses. The items concerned were averaged into one value representing and creating a variable, rather than being considered in terms of an individual item per factor. The results pertaining to correlation analysis are delineated in the following section.

4.7. Correlation Analysis (Linearity)

The Pearson correlation was computed, as the variables showed normality. Such a correlation was employed to analyse the link between the predictor variable (risk-taking and proactiveness) and the moderating variable (the external environmental factors), with the outcome variable (performance). The Pearson correlation was selected over other methods, due to the need to ascertain the correlation size, direction and strength of the relationship of each of the hypotheses concerned.

As Table 4.19 below shows, the Pearson correlation test indicated a positive association between the study's independent variables, namely risk-taking and proactiveness, with the dependent variable being performance. The significance of the positive correlation between risk-taking and proactiveness was found to depict a significant level ($p < 0.005$). The results support a positive relationship and a strong correlation between performance and risk-taking ($r = 0.427$), as well as between performance and proactiveness ($r = 0.554$). Moreover, the external environment and the performance were found to show a negative correlation at a statistical level of ($p > 0.005$).

Table 4.19: Linear correlation

		PERF	EXT_ENV	RT	PR
PERF	Pearson Correlation	--			
	N	127			
EXT_ENV	Pearson Correlation	-.016	--		
	Sig. (2-tailed)	.854			
	N	127	127		
RT	Pearson Correlation	.427**	.068	--	
	Sig. (2-tailed)	.000	.451		
	N	127	127	127	
PR	Pearson Correlation	.554**	.211*	.294**	--
	Sig. (2-tailed)	.000	.017	.001	
	N	127	127	127	127

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

4.8. Regression Assumption Testing

As the current section presents a discussion of regression analysis, it was felt imperative to conduct and prove that the assumptions concerned were not violated. Accordingly, the data gleaned were then tested for the following assumptions: normality; linearity; homogeneity of variance; multicollinearity/collinearity; the absence of outliers; independence of error; and normality of errors. Keeping in mind that it is almost impossible to have a perfectly normal distributed data with no issues.

4.8.1. Outliers

In Figure 4.7, observation 2 can be seen as an unengaged respondent, with a standard deviation of zero. Consequently, the case was removed from further analysis. The process of winsorising was then applied (Dixon, 1980), with the outliers being replaced with the next lowest value for risk-taking in cases 4 and 6, as well as in the proactiveness of case 4. Figure 4.7 below presents the box plot involved, prior to addressing the issue of outliers and Figure 4.8 presents the box plot with outliers addressed, after all the observations of outliers had been winsorised.

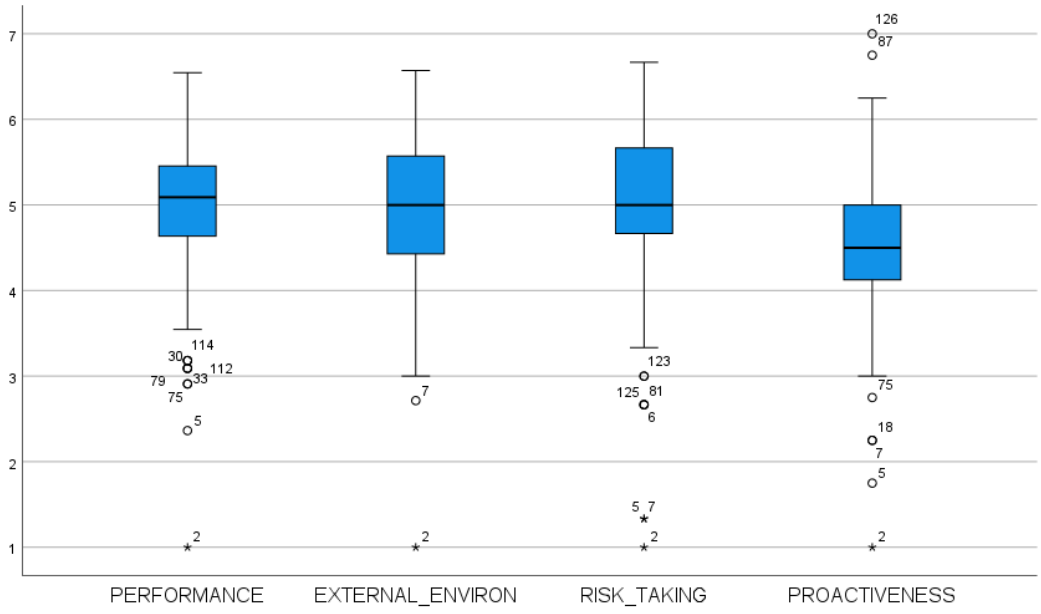


Figure 4.7: Box plot (before winsorising)

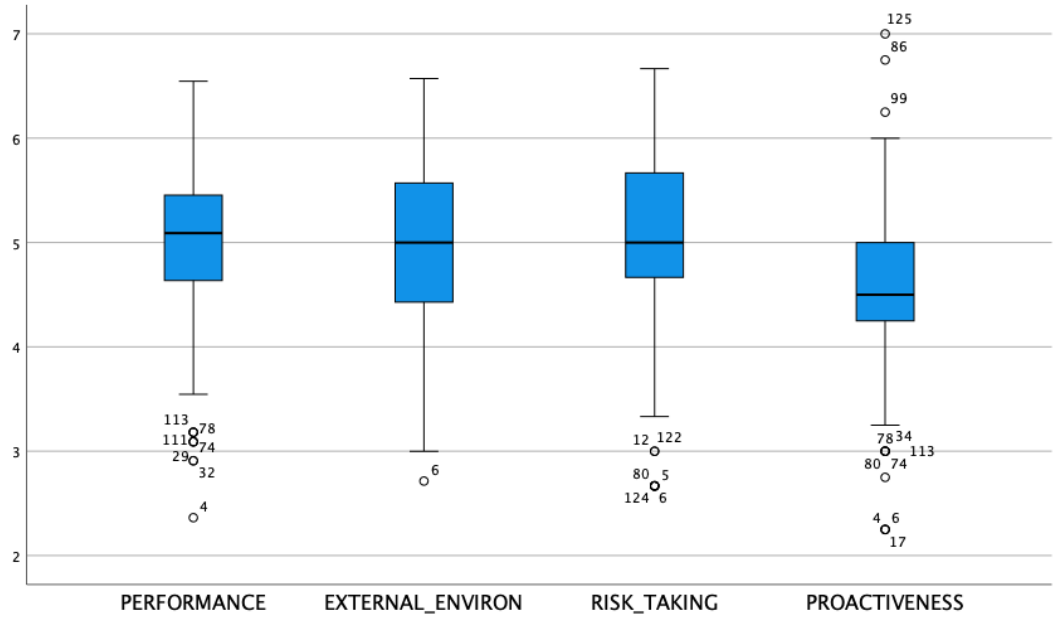


Figure 4.8: Box plot (after winsorising)

4.8.2. Normal Distribution

The descriptive statistics table below (Table 4.20) depicts the skewness and kurtosis of the data involved. Mostly, the application of parametric tests requires that the assumption of normality be attained (Field, 2009). Concerning the statistical values of the level of skewness present, the data were found to be fairly normally distributed, as no variable fell outside the acceptable

range of <-3 and 3>. Overall, the data were found to be fairly normal. The requirements of kurtosis entail checking how flat or peaked the distribution of the data is. Taking into cognisance the statistics for kurtosis, the data was found not to raise any kurtosis issues, particularly in terms of any greater than the acceptable range of <-7 and 7> (DeCarlo, 1997). Therefore, all the normality requirements can be seen to have been met.

Table 4.20: Descriptive statistics

	N	Min.	Max.	Sum	Mean		Std. Deviation	Skewness		Kurtosis	
		Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic	Std. Error	Statistic	Std. Error
PERF	127	2.36	6.55	632.27	4.9785	.07330	.82604	-.800	.215	.722	.427
EXT_ENV	127	2.71	6.57	635.29	5.0022	.07031	.79233	-.220	.215	-.211	.427
RT	127	2.67	6.67	631.01	4.9686	.07576	.85377	-.687	.215	.854	.427
PR	127	2.25	7.00	577.00	4.5433	.07010	.79000	-.278	.215	1.514	.427
Valid N (listwise)	127										

4.8.3. Homoscedasticity and independent errors

Figure 4.9 below depicts a linear graph suggesting the relationship of the predictor variables, risk-taking and proactiveness, with the outcome variable (performance), with the direction of the relationships concerned being seen as positive and moving in the same direction.

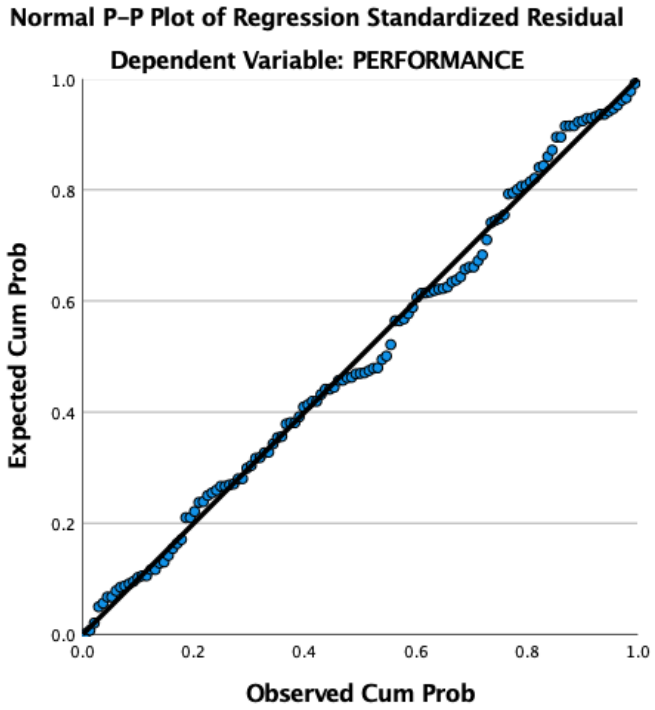


Figure 4.9: Normal P-P plot of regression

4.8.4. Normal Errors

Regarding the distribution of the data, Figure 4.10 depicts a histogram that indicates that the data was found to fall within the range of moderately normally distributed data.

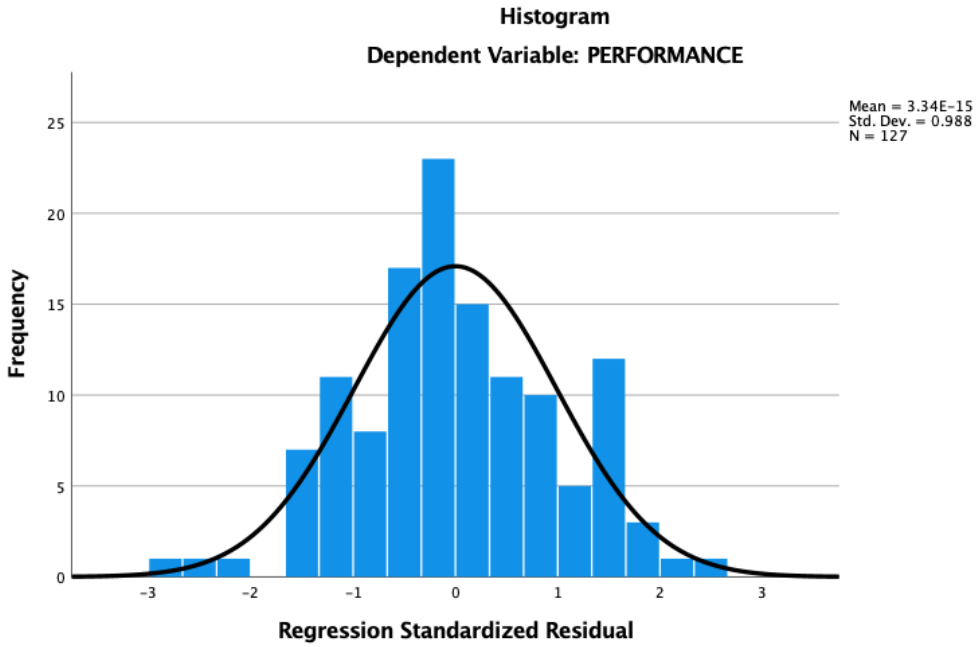


Figure 4.10: Normal distribution histogram

The scatter plot below (Figure 4.11) indicates that the regression was found to be fairly standardised, with the homogeneity of variance assumption not being violated, due to it falling within the acceptable range (-3 and 3).

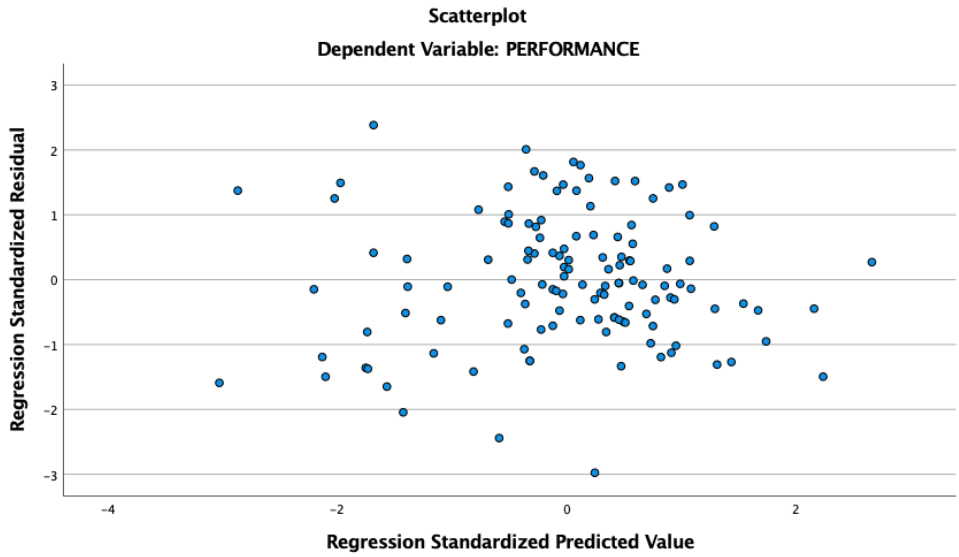


Figure 4.11: Scatterplot

4.9. Hypotheses Testing

The hierarchical multiple regression was the main technique utilised to test the current study's hypotheses. Firstly, the correlation analysis was undertaken where the strength, size, direction as well as the significance of the relationship among variables were then analysed. The test proceeded with the regression model. Lastly, the moderation analysis in terms of external environmental factors is presented.

4.9.1. Results Pertaining to Hypothesis 1

The model summary depicted below in Table 4.21 depicts that risk-taking and proactiveness predicted 40.2% of variation in hotel performance ($R^2 = 0.402$). Administration of the Durbin Watson tests for establishing the independence of errors (1.8) was found to be an acceptable value, as it was less than -4 (Durbin & Watson, 1951).

Table 4.21: Model summary

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.634[a]	.402	.388	.64645	1.802

a. Predictors: (Constant), EXTERNAL_ENVIRON, RISK_TAKING, PROACTIVENESS

b. Dependent Variable: PERFORMANCE

Table 4.22 below depicts the analysis of variance (ANOVA) summary, which shows a significant linear relationship, with it indicating $p < 0.005$. The aforementioned value obtained suggests the presence of a positive relation between risk-taking and proactiveness in terms of performance. Therefore, the data obtained can be seen as supporting Hypotheses H_{1a} and H_{1c}.

Table 4.22: Analysis of variance

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	34.573	3	11.524	27.577	<.001[b]
	Residual	51.401	123	.418		
	Total	85.974	126			

a. Dependent Variable: PERFORMANCE

b. Predictors: (Constant), EXTERNAL_ENVIRON, RISK_TAKING, PROACTIVENESS

The coefficients table below (Table 4.23) depict the correlation coefficients of the relationship between risk-taking and proactiveness in terms of performance. With regards to the standardised coefficients, the predictor variables risk-taking and proactiveness can be seen to predict (β = 29.0) and (β = 49.8), respectively, for the outcome variable (performance). Noteworthily, proactiveness predicts hotel performance more than it does risk-taking. For every hotel establishment undertaking somewhat risky ventures, the extent of firm performance could be seen to increase. Therefore, hypotheses H_{1a} and H_{1c} are both viewed as being supported. Furthermore, the coefficient model has no collinearity issues, as the tolerance is less than 10 (Collinearity Tolerance = .913 and .877), which is an acceptable value (Bowerman & O'Connell, 1990).

Table 4.23: Coefficients

Model		Unstandardised Coefficients		Standardised Coefficients	t	Sig.	95,0% Confidence Interval for B		Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	1.953	.514		3.798	.000	.935	2.970					
	RT	.281	.071	.290	3.980	.000	.141	.421	.427	.338	.277	.913	1.095
	PR	.521	.078	.498	6.690	.000	.367	.675	.554	.517	.466	.877	1.140
	EXT_ENV	-.147	.074	-.141	-1.978	.050	-.294	.000	-.016	-.176	-.138	.956	1.047

a. Dependent Variable: PERFORMANCE

The following section will delineate a summary of results with regards to the regression analysis of the models:

Hypothesis (H_1a): There is a positive influence of risk-taking as a distinct dimension of Entrepreneurial Orientation on the performance of small- and medium-sized hotels. Regarding the hypothesis concerned, the variables show a correlation (r = 0.427), which suggests the presence of a strong positive correlation. Therefore, the hypothesis is supported at a statistical level of $p < 0.005$.

Hypothesis (H_{1c}): There is a positive influence of proactiveness as a distinct dimension of Entrepreneurial Orientation on the performance of small- and medium-sized hotels. Regarding the hypothesis concerned, the correlation shows a strong relationship, with a correlation coefficient of ($r = 0.554$), suggesting the presence of a strong positive correlation, at a statistical level of $p < 0.005$.

4.9.2. Results Pertaining to Hypothesis 2

The objective of the current section is to provide the results that were attained from the moderation analysis, as the hypothesis below postulate:

Hypothesis (H2): The external environment in terms of (a) dynamism, (b) hostility and (c) turbulence will moderates the relationship between Entrepreneurial Orientation and the performance of small- and medium-sized hotels.

Owing to the fact that EO diverged into two factors, namely (a) risk-taking and (b) proactiveness, during the validity test, instead of three factors (inclusive of innovativeness), the hypothesis could not be tested as it was initially stated. However, it was revised to form two hypotheses (H_{2a} and H_{2b}), suggesting the following:

Hypothesis (H_{2a}): The external environment in terms of (a) dynamism, (b) hostility and (c) turbulence moderates the relationship between risk-taking and the performance of small- and medium-sized hotels; and

Hypothesis (H_{2b}): The external environment in terms of (a) dynamism, (b) hostility and (c) turbulence moderates the relationship between proactiveness and the performance of small- and medium-sized hotels.

4.9.2.1. Hierarchical Multiple Regression Analysis

According to Field (2013), correlation coefficients should fall between -1 and +1. Whereas correlations above 0.4 are regarded as being strong, those that fall between 0.2 and 0.4 are considered to be weak. The hierarchical multiple regression analysis was undertaken to establish the relationship between the dependent variable (performance) and the independent variables (risk-taking and proactiveness).

As the dimension of innovativeness did not pass the validity test, the variables discussed in the current section are fewer than were initially stated in chapter 2 of the present research report. Regarding the dimensions of EO, three of the five items of innovativeness were found not to be valid factors, while two items converged with performance to form a single factor (Factor 1), as was earlier highlighted, since they were highly correlated. Ultimately, only four factors were found to be valid, instead of the eight that are highlighted in the relevant literature.

Results pertaining to hypothesis 2a: Therefore, the external environmental factors and moderation or interaction term were found to be insignificant, at $p > 0.005$, with only risk-taking having been found to be statistically significant ($p < 0.005$), as can be seen in Model 2. The coefficient of determination, thus, could be seen either to increase or to improve from 01% to 22%, considering the variations present in the R2 change.

Table 4.24: Model summary

Model Summary[c]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.215[a]	.046	.031	.81324	.046	2.999	2	124	.053	
2	.473[b]	.224	.192	.74259	.178	9.238	3	121	.000	1.622

a. Predictors: (Constant), Hotel_Age, Hotel_Size

b. Predictors: (Constant), Hotel_Age, Hotel_Size, Interaction1_RT_EE, ExternalE_C1, RiskTaking_C1

c. Dependent Variable: Performance

In Table 4.25 below, the multiple regression results depict the presence of a significant level ($p <$ 0.005) of risk-taking in the prediction of hotel performance.

Table 4.25: Moderation analysis of variance

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.967	2	1.983	2.999	.053[b]
	Residual	82.008	124	.661		
	Total	85.974	126			
2	Regression	19.250	5	3.850	6.982	.000[c]
	Residual	66.725	121	.551		
	Total	85.974	126			

a. Dependent Variable: Performance

b. Predictors: (Constant), Hotel_Age, Hotel_Size

c. Predictors: (Constant), Hotel_Age, Hotel_Size, Interaction1_RT_EE, ExternalE_C1, RiskTaking_C1

The multiple regression results shown in Table 4.25 illustrate a significant level ($p < 0.005$) of risk-taking was present in the predicting of hotel performance. Therefore, risk-taking can be seen to be linearly correlated with performance ($\beta = 360$). However, the interaction effect of the external environment in Model 2 can be seen to impact negatively on risk-taking and the performance relationship, as ($\beta = -162$) denotes, with ($p > 0.005$).

Therefore, in terms of hypothesis (H_{2a}), the external environment could not be seen to positively impact the relation between risk-taking and the performance of SMSHs.

Table 4.26: Moderation coefficients

Coefficients[a]

Model	Unstandardised Coefficients		Standardised Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
(Constant)	4.355	.265		16.443	.000	3.831	4.879		
Hotel_Size	.267	.164	.160	1.628	.106	-.058	.592	.800	1.249
Hotel_Age	.046	.051	.089	.910	.365	-.054	.146	.800	1.249
(Constant)	4.543	.256		17.765	.000	4.036	5.049		
Hotel_Size	.088	.155	.053	.568	.571	-.219	.396	.744	1.344
Hotel_Age	.070	.049	.135	1.438	.153	-.026	.166	.724	1.381
RiskTaking_C1	.348	.084	.360	4.130	.000	.181	.515	.845	1.184
ExternalE_C1	-.126	.090	-.121	-1.391	.167	-.305	.053	.852	1.173
Interaction1_RT_EE	-.141	.076	-.162	-1.864	.065	-.292	.009	.852	1.173

a. Dependent Variable: Performance

Results pertaining to hypothesis 2b: The hypothesis testing was performed, as can be seen in Table 4.27, with the control variables, hotel age and size, as well as proactiveness, being integrated in Model 1. Consequently, the variables relating to the external environment were added to Model 2. Thus, the external environmental factors and the moderation, or interaction, term were found to be insignificant at $p > 0.005$, with only proactiveness being found to be statistically significant ($p < 0.005$) as is shown in Model 2. Therefore, the coefficient of determination could be seen to increase, or to improve, from 01% to 33%, considering the variations present in the R2 change.

Table 4.27: Model summary

Model Summary[c]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.215[a]	.046	.031	.81324	.046	2.999	2	124	.053	
2	.578[b]	.334	.307	.68775	.288	17.460	3	121	.000	1.894

a. Predictors: (Constant), Hotel_Age, Hotel_Size

b. Predictors: (Constant), Hotel_Age, Hotel_Size, Interaction2_PR_EE, Proactiveness_C1, ExternalE_C1

c. Dependent Variable: Performance

The multiple regression results, as illustrated in Table 4.28, show significant interaction between proactiveness and the prediction of hotel performance, at a significant level of $p < 0.005$.

Table 4.28: Moderation analysis of variance

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.967	2	1.983	2.999	.053[b]
	Residual	82.008	124	.661		
	Total	85.974	126			
2	Regression	28.742	5	5.748	12.153	.000[c]
	Residual	57.232	121	.473		
	Total	85.974	126			

a. Dependent Variable: Performance
b. Predictors: (Constant), Hotel_Age, Hotel_Size
c. Predictors: (Constant), Hotel_Age, Hotel_Size, Interaction2_PR_EE, Proactiveness_C1, ExternalE_C1

Table 4.29 below indicates the multiple regression results obtained, showing the significant level $p < 0.005$ of proactiveness in terms of predicting hotel performance. So, proactiveness is linearly correlated with performance at the related coefficient ($p > 0.005$) and ($\beta = 589$). However, the interaction effect of the external environment in Model 2 negatively impacts on proactiveness and performance relationship, as ($\beta = -0.152$) denotes, with $p > 0.005$. Therefore, in terms of hypothesis (H_{2a}), the external environment cannot be seen to positively influence the association between proactiveness and the performance of SMSHs.

Table 4.29: Moderation coefficients

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	4.355	.265		16.443	.000	3.831	4.879		
	Hotel_Size	.267	.164	.160	1.628	.106	-.058	.592	.800	1.249
	Hotel_Age	.046	.051	.089	.910	.365	-.054	.146	.800	1.249
2	(Constant)	4.874	.241		20.242	.000	4.397	5.351		
	Hotel_Size	-.069	.148	-.041	-.465	.643	-.362	.224	.704	1.421
	Hotel_Age	.048	.045	.093	1.068	.288	-.041	.138	.722	1.384
	Proactiveness_C1	.616	.086	.589	7.195	.000	.446	.785	.822	1.217
	ExternalE_C1	-.159	.085	-.152	-1.862	.065	-.328	.010	.821	1.217
	Interaction2_PR_EE	.045	.079	.045	.569	.570	-.112	.202	.890	1.123

a. Dependent Variable: Performance

4.10. Summary of the Results

The sample size of the current study was (n = 128), with more women (52%) than men (46%) having participated in the research study. Regarding race, most respondents (31%) were found to be white. Pertaining to education, the respondents were fairly educated (41%), being in possession of either an undergraduate or a postgraduate degree. Noteworthily, almost half (49%) of the respondents were found to be general managers. With regards to the establishments' characteristics, the majority of the respondents (59%) were found to be medium-sized hotels, with 37 of them having already been in operation for several years (from between 4 to 6 years). Furthermore, the sample revealed that almost half (45%) of the hotels had between 21 and 30 employees.

The above discussion then proceeded to establish the reliability and the validity of the construct scales. Overall, the sample size indicated adequacy, with (KMO = 0.873) being greater than the acceptable value (0.5). The total variance explained could be seen to extract 4 of the 25 factors that explained 60.36% of the 4 factors, although, according to the literature, 8 factors were to have been anticipated. The EO diverged into two factors (risk-taking and proactiveness), instead of three. Innovativeness did not pass the validity test, as two of the items correlated with performance and the remaining three either did not load or cross-loaded. The reliability results (using Cronbach alpha scores) of all of the above-mentioned four factors met a reliability scale of above (a = 0.70). The reliability results were based on the Cronbach alpha, the standardised items and the inter-item correlation matrix, as well as on the item–total statistics.

Hierarchical multiple regression was undertaken to establish the relationship between the dependent variable (performance) and the independent variables (risk-taking and proactiveness). The output of the hypotheses test was reported accordingly. Moreover, moderation analysis was also undertaken, to establish the correlation between the independent variables and the dependent variable, based on the interaction of the external environmental factors. The initial hypothesis (H2), as stated in chapter 2 of the current research report, therefore, was split into two alternative hypotheses (H_{2a} and H_{2b}), owing to the fact that the EO diverged into two factors in the validity test. Therefore, the output pertaining to such results, including those of the model summary, the ANOVA and the coefficients for the aforementioned hypotheses, were not supported, as was reported in subsections 4.11.1 and 4.11.2. Table 4.30 below shows a summary of the hypotheses tested.

Table 4.30: Summary of the hypotheses tested

Hypotheses	Pearson Correlation Coefficient	Regression Coefficient β	*P*-value	Supported or Not Supported
H_{1a}: There is a positive influence of risk-taking as a distinct dimension of Entrepreneurial Orientation on the performance of small- and medium-sized hotels	$r = 0.427$	$\beta = 0.290$	$P < 0.005$	Supported
H_{1b}: There is a positive influence of innovativeness as a distinct dimension of Entrepreneurial Orientation on the performance of small- and medium-sized hotels	–	–	–	Was not tested, due to the validity divergence of EO
H_{1c}: There is a positive influence of proactiveness as a distinct dimension of Entrepreneurial Orientation on the performance of small- and medium-sized hotels.	$r = 0.554$	$\beta = 0.498$	$P < 0.005$	Supported
H_{2a}: The external environment (a) dynamism, (b) hostility and (c) turbulence moderates the relationship between risk-taking and the performance of small- and medium-sized hotels	–	$\beta = -0.121$	$P > 0.005$	Was not supported
H_{2b}: The external environment (a) dynamism, (b) hostility and (c) turbulence moderates the relationship between proactiveness and the performance of small- and medium-sized hotels	–	$\beta = -0.152$	$P > 0.005$	Was not supported

CHAPTER 5: DISCUSSION OF THE RESULTS

5.1. Introduction

The current study determined the association between EO and firm performance, based on the evidence obtained from SMSHs in Gauteng, South Africa. Furthermore, it assessed the effect of the two dimensions of EO – risk-taking and proactiveness – on firm performance. The study also considered the hostility, dynamism and turbulence of the external environment as moderating the relationship between EO and firm performance, with them being treated as variables capable of affecting the strength of the relationship concerned. Therefore, the present chapter underscores the key findings made in the empirical survey, with the aim of showing how the research objectives of the study were fulfilled. The chapter, accordingly, discusses and interprets the results of the hypotheses presumed to hold true. The following section discusses the demographic profile of the participants, consisting of the respondents' characteristics, and followed by a description of the firms concerned.

5.2 Demographic Profile of the Respondents

The results reflect a slightly female-dominated gender representation of women. The findings are synonymous with those made by SEDA (2020), which states that South African women are primarily concentrated and over-represented in such sectors as education, the retail trade and accommodation and food service. In addition, the finding made can be attributed to the fact that female entrepreneurial activity is on the rise in South Africa, with their contribution to the ratio concerned increasing from 12.5 women to 8.2 men in 2017 to 10.9 women to 9.6 men in 2019, according to (Bowmaker-Falconer & Herrington, 2018/2019).

Most of the respondents were found to be white, with the minority being black, coloured or Asian. The finding is important, as it agrees with Herrington, Kew and Kew's (2010) findings that black Africans in South Africa tend to be far less involved in entrepreneurial activity than are the members of other racial groups.

Due to the sample being well educated, the respondents were likely to have been able to adapt the EO toward their organisations, due to their level of education being translated into their respective hotel performance. Moreover, the results indicate that the respondents were likely

to provide reliable information that could generate good results in terms of their respective hotels.

The establishments surveyed were found to be medium-sized hotels. This was in line with the literature, as was mentioned in the first chapter of the current study, where the years 1990 and 2010 saw the closure of most old traditional-style hotels, with the expansion of innovative medium-sized hotels, like boutique hotels, in South Africa (Rogerson, 2014).

In the country, the issue of SME survival and growth has been of great concern (Schachtebeck et al., 2019). According to Adeniran and Johnston (2011) the high failure rate was proclaimed to be approximately 70% to 80% of the existent SMEs, notwithstanding their location or the state of the industry as a whole (Ahmad & Muhammad Arif, 2016). Therefore, with respect to the level of experience involved, the majority of the SMSHs surveyed were found to have been operating for a period of between 4 and 6 years at the time of the study. Such a finding was surprising, because of the amount of concern that was expressed regarding the high failure rate of enterprises in South Africa. However, the finding could be attributable to the fact that the sample was educated. GEM research has consistently shown that the more educated entrepreneurs are, the more likely they are to establish a firm, and for the firm concerned to flourish. Considering the number of years that the enterprises concerned had been in business, ultimately the finding suggests that the education of a firm's owner or manager plays a big role in the performance of the business overall.

The findings pertaining to the number of employees involved might have been attributable to the fact that the sampled establishments were small- or medium-sized. However, considering the size of the establishments concerned, the finding was in line with Nieuwenhuizen's (2019) study, which states that over 95% of businesses worldwide are SMEs, accounting for 60% of the workers employed in the private sector. In particular, Nieuwenhuizen's (2019) study draws attention to the SAT (2018/19) findings that the tourism sector is renowned for its economic importance, which is supported by the significant contribution that it makes to employment creation, in terms of sustained and inclusive growth. With the demographic profile of the respondents having been discussed, the following section provides a discussion of the findings made in relation to the hypotheses.

5.3. Discussion Pertaining to Hypothesis 1

Hypothesis 1: There is a positive influence of Entrepreneurial Orientation on the performance of small- and medium-sized hotels.

The preceding hypothesis (H1) has three sub-hypotheses, as was highlighted in the literature chapter of the current research report. Although the relationship of EO and firm performance appeared to remain contradictory, as was mentioned in Chapter 2 of the current thesis, with several studies revealing a positive correlation regarding the above relationship (Kreiser & Davis, 2010), and with other studies showing a relatively low correlation (Zahra, 1991), and an even insignificant correlation in some instances (Alegre & Chiva, 2013). Therefore, such inconclusive findings from past studies have been found to warrant the undertaking of further research in the above-mentioned light (Abbas et al., 2020; Urban & Barreria, 2010).

As expected by the researcher, the results indicate a strong correlation between the independent and dependent variables in this respect. The results of this empirical study show that EO has an influence on overall performance, as it is positively and directly associated with the outcomes of SMSHs in Gauteng, South Africa. The results obtained are in support of the notion of the general positive benefits that firms tend to derive from adopting a strategic posture so as to achieve organisational good performance over their rivals (Fadda, 2018). In addition, EO has been acknowledged as being a key determinant of performance heterogeneity across firms (Covin & Slevin, 1991). It is imperative for a firm to take action to challenge the existing state of things, which, in turn, enables the securing of performance. Conversely, those firms that do not develop new customer opportunities are prone to encounter a decline in the superiority of their performance (Milovanović & Galetić, 2008).

This study, therefore, agrees with that of Lumpkin and Dess (2001), who explored the relationship between EO and firm performance in the USA, across a sample of 94 firms. Furthermore, Rauch et al. (2009) suggest that EO is positively associated with firm performance. Gupta and Batra (2016) indicate that the overall EO has had a positive effect on SME firm performance in the emerging economy of India, stating that EO enables Indian SMEs to channel their risk-taking, innovative and proactive inclinations in an appropriate direction, allowing them to counter their liability of size, which might otherwise negatively impact on their more conservative competitors in unfavourable institutional environments. Such studies are of importance, as they conclude that organisations with a strong EO tend to experience enhanced performance (Galbreath et al., 2020).

H_{1a}: There is a positive influence of risk-taking as a distinct dimension of Entrepreneurial Orientation on the performance of small- and medium-sized hotels.

The results obtained suggest a strong positive association between risk-taking and overall performance in SMSH establishments. The hoteliers reflected high levels of risk propensity, considering risk-taking as a positive attribute that translated into good performance for their establishments. The result was to have been expected by the researcher, considering that the hotels in South Africa tend to operate in a highly competitive environment, coupled with ever-changing technologies, fickle consumers and uncontrolled information and shifts in behaviours (Ghantous & Alnawas, 2020). As mentioned in the earlier chapters, the importance of risk-taking resonates with a quality that is associated with entrepreneurship (Lumpkin & Dess, 1996). Ultimately, such results are corroborated in the literature by (Miller & Friesen, 1982). Moreover, the study agrees with that of Filser and Eggers (2014), who show that risk-taking has had a positive and significant effect on the firm performance of SMEs in Switzerland. This research is also synonymous with that of Peters and Kallmuenzer (2018), who consider risk-taking to influence the performance of SME hospitality family-owned businesses in Tyrol, Austria positively. Lastly, the results also agree with, and are represented in the literature by, a study commissioned by Hernández-Perlines (2016) who painted a consistent picture in the current study regarding the importance of risk-taking and proactiveness and it having a significant relationship with the performance of hotels in Spain.

H_{1b}: There is a positive influence of innovativeness as a distinct dimension of Entrepreneurial Orientation on the performance of small- and medium-sized hotels.

Noteworthily, hypothesis (H_{1b}) was excluded from the hypothesis testing, owing to the fact that the EO dimensions diverged into only two factors (risk-taking and proactiveness) instead of into three factors (risk-taking, innovativeness and proactiveness) during the validity test.

H_{1c}: There is a positive influence of proactiveness as a distinct dimension of Entrepreneurial Orientation on the performance of small and medium-sized hotels.

The findings on proactiveness follow a similar trajectory in terms of risk-taking. However, proactiveness reflects an overwhelmingly strong correlation with performance in comparison to risk-taking. Nevertheless, the finding suggests that most SMSHs are market pioneers and leaders in terms of being ahead of their competitors. Firms that are proactive tend to secure

more favourable positioning in relation to the market share, because they are likely to allocate resources before the competition, thus continuously being proactive in terms of their rivals (Milovanović & Galetić, 2008). The findings obtained confirm that superior performance is enhanced by taking risks and by being proactive, which agrees with the findings made by Li, Zhao and Tan (2008). The authors suggest that, in the emerging markets, the environments tend to change rapidly, so that more opportunities tend to present themselves to those firms that are inclined to take risks and to be equally proactive (Li et al., 2008).

The study results, once again, agree with those found in a study by Rezaei and Ortt (2018), which indicated proactiveness as primarily influencing the performance of high-tech SMEs in the Netherlands. Similarly, the findings obtained are in line with those of Le Roux and Bengesi (2014), who indicated a significant positive relationship with SME performance in emerging economies. Therefore, in sum, the managers involved ought to be vigilant regarding the role that each individual dimension plays in influencing performance, so as to allocate resources that are, accordingly, based on what is beneficial to hotel businesses (Njoroge, Anderson, Mossberg & Mbura, 2020)

Lastly, the results from many previous studies have supported the relationship between EO and firm performance (Covin & Slevin, 1989; Gupta, Guo & Canever, 2014; Lee & Peterson, 2000; Lumpkin & Dess, 1996; Lumpkin & Dess, 2001; Rauch et al., 2009). The empirical findings show that individual factors of EO tend to have different effects on firm outcomes, regarding their individual contributions to either increasing or decreasing firm performance (Fadda, 2018; Miller, 2011). As mentioned earlier, of the two dimensions, proactiveness predicts hotel performance more than does risk-taking, thus the dimensions concerned are not essentially evenly represented in every context. The findings obtained paint a similar picture in terms of a study conducted in China, Mexico and Spain, whose results show that not all the dimensions of EO possess similar importance across different countries (Basco, Hernández-Perlines & Rodríguez-García, 2020). Therefore, context plays an important role with regards to each dimension predicting performance (Miller, 2011). The following section will discuss findings with regards to hypothesis 2.

5.4. Discussion Pertaining to Hypothesis 2

Hypothesis (H2): The external environment, in terms of (a) dynamism, (b) hostility and (c) turbulence, will moderates the relationship between Entrepreneurial Orientation and the performance of small- and medium-sized hotels.

The preceding hypothesis (H2), as initially predicted, has two sub-hypotheses, owing to the divergence of the EO dimensions (i.e. risk-taking and proactiveness) and postulate:

Hypothesis (H_{2a}): The external environment, in terms of (a) dynamism, (b) hostility and (c) turbulence, moderates the relationship between risk-taking and the performance of small- and medium-sized hotels; and

Hypothesis (H_{2b}): The external environment, in terms of (a) dynamism, (b) hostility and (c) turbulence, moderates the relationship between proactiveness and the performance of small- and medium-sized hotels.

The contingency approach context can also be seen as being crucial, as was emphasised in Chapter 2 of the current research report, as motivated by the research gaps concerned (Kwiotkowska, 2018). Lumpkin and Dess (1996) introduced an integrative framework for exploring the EO–performance relationship, indicating its context specificity, as government dynamics vary, with different countries having idiosyncrasies and cultures of their own, especially due to the firms operating on a given border not necessarily behaving as the firms do in the adjoining countries (Galbreath et al., 2020). Therefore, the present study extended the ambit of previous studies, by means of examining the contingency perspective involved, in terms of (a) dynamism, (b) hostility, and (c) turbulence.

Therefore, a regression model was employed to ascertain (a) the moderating role of external environmental factors on the risk-taking and performance relationship among hotels in Gauteng (H_{2a}), and (b) the interaction role of the external environmental factors on the relationship between proactiveness and performance among Gauteng-based hotels (H_{2b}).

The coefficient results in Table 4.25 and 4.28, pertaining to the risk-taking–performance relationship moderated by the external environmental factors, as well as to the proactiveness–performance relationship moderated by environmental factors, respectively, show both hypotheses (H_{2a} and H_{2b}) to contradict the prediction and the findings in most past literature,

due to the inclusion of the interaction present in the model. The interaction was found to worsen both relationships existing between the independent variables and the dependent variable.

The making of such a finding was not expected in South Africa, due to the environment in which today's hotel industry operates being characterised by a high level of competition, owing to ongoing technological and other changes, as well as to the fickle behaviour of consumers (Ghantous & Alnawas, 2020). Therefore, practising ambidextrous innovation is most relevant in those industries undergoing major environmental changes (Zhang, Edgar, Geare & O'Kane, 2016). Increasingly, the continuous changes undergone have brought about innovative hotel products, which have emerged due to the need to cater to market segmentation and differentiation, for the purpose of satisfying market niches (Rogerson & Kotze, 2011). Against the above-mentioned backcloth, it is surprising that the findings of the current study refute those of Abbas et al. (2020), who concluded that the EO–SME's performance relationship studied was positively significant, with the relationship concerned being improved by the moderation of the dynamic business environment in the textile sector in Pakistan. The authors involved noted that the moderating results were substantial, and that they served to improve the overall financial performance in the textile SMEs concerned. However, the literature suggests that those organisations that face periods of technological uncertainty tend, out of necessity, to innovate, leading to improvements in their technological performance (Zhai et al., 2018). In other words, a dynamic environment is expected to drive firms toward positive performance, when they incorporate an EO approach in their firm's outlook. Moreover, adopting a spirit of proactiveness allows firms to offer the market new products, before their competitors do. Therefore, benefits are to be derived by those firms exhibiting an EO, even in unfavourable environments, as additional business opportunities then tend to become available (Shirokova et al., 2015).

Furthermore, the current results obtained do not support the findings of (Shirokova et al., 2015) who found that the contingency relationship between EO and the external environment, in terms of whether it was hostile or dynamic, together with the firm's performance, predicted an enhanced positive moderating effect, which was statistically supported in the Russian market. The findings of the current research are, therefore, disconcerting, given that, according to Lumpkin and Dess (1996), there is evidence to suggest that the presence of EO is contingent upon certain considerations, such as the organisational and environmental context of a firm, that lie beyond the boundaries of the construct concerned.

In contrast, the findings made agree with the existing outcomes of Milovanović and Wittine (2014), who found no evidence for the moderating role of the external environment in terms of hostility, turbulence and dynamism regarding the relationship between the EO and SMEs in Italy. Therefore, the present study cautions organisations that certain environmental factors provide an optimal situation for entrepreneurial behaviours, whereas other specific environmental configurations are not as optimal for the encouragement of entrepreneurial activities (Kreiser & Davis, 2010).

In the above respect, little clarity exists regarding those environmental forces that serve to enhance firm performance (Gupta & Batra, 2016; Tajeddini & Mueller, 2019). Rauch et al. (2009) note that little is, as yet, known about the environmental effects on the link between EO and performance. Consequently, continued efforts along such lines could serve to deepen the prevailing understanding of the EO–performance relationship, in the light of such changes being made with the purpose of gaining new insights (Milovanović & Wittine, 2014). In the current research report, however, the results obtained still demonstrate a negative effect in the above regard.

5.5. Conclusion

The objectives of the current study were to ascertain the influence of the distinctive dimensions of EO on performance. Moreover, the researcher determined to gauge the effects of the moderating influence of the association of the hypotheses on the direction, size, strength and significance of the relationships concerned.

A linear positive correlation could be seen to exist between risk-taking and performance, as well as an association between proactiveness and performance. Of the two dimensions, proactiveness seemed to have a more predictive value than did risk-taking. Therefore, both hypotheses were supported in the above regard. Conversely, the moderation effect of environmental factors on the relationship between risk-taking and performance was not supported. Equally, the moderation effect of the environmental factors between proactiveness and performance indicated a negative hypothesis.

In the light of the above, in the tourism context, the current thesis, thus, adds to the research commissioned on the hotels' multidimensional nature, exhibiting high correlations with performance. Therefore, the findings of the study support and extend the applicability of the

multidimensional perspective of EO from the traditional focus on the mature Western economies and China (Rauch et al., 2009) to the emerging economy context, including South Africa, owing to the fact that such economies represent situations of fundamental and comprehensive institutional transformation (Gupta et al., 2014).

CHAPTER 6: CONCLUSIONS, IMPLICATIONS AND RECOMMENDATIONS

6.1. Introduction

The previous chapter (Chapter 5) of the current research report presented a discussion of the research findings made, in line with the main aim of indicating how the research objectives of the study were attained. Consequently, the present and final chapter will outline the conclusions drawn for the study, in line with the predefined objectives. Furthermore, the implications and recommendations of the study are presented, followed by its limitations. Lastly, the directions for future research are outlined, so as to provide hotel practitioners and the government of South Africa with insights pertaining to the importance and the effect of entrepreneurship, in terms of EO, on hotel performance.

6.2. Conclusions of the Study

Primarily, the current research study hypothesised the positive influence of EO and its distinctive dimensions on the performance of SMSHs in Gauteng (H1a–H1c). Therefore, innovativeness was not incorporated into the study for purposes of further statistical analysis. The study also explored the external environment in terms of a) dynamism, b) hostility and c) turbulence as moderating factors of the EO–performance relationship.

The study validated that the adoption of EO drives overall firm performance, as the literature highlights (Covin & Slevin, 1991). Noteworthily, the external environmental factors were expected to influence hotel performance positively, as predicted by the degree of risk-taking and proactiveness involved. However, both hypotheses were rejected.

When scrutinising the results, the main conclusion drawn in connection with the general results is that a clear disparity in strength and significance exists in terms of the two EO dimensions. Proactiveness is seen as being the more important dimension, considering that it can be used to explain performance, with it, thereby, becoming a sufficient and necessary condition for causing the effect in the SMSH establishments in Gauteng. The result agrees with those found in the previous studies, who argue that the ideal level of each dimension of EO differs, based on an organisation's environment (Hernández-Perlines, Moreno-García & Yañez-Araque,

2016; Kreiser & Davis, 2010). Therefore, Kreiser and Davis (2010) state, rather than striving to attain the utmost level of EO, a firm ought to seek to find the most effective configuration of its innovative, proactive and risk-taking behaviour. Particularly, each of the dimensions concerned should exist in some form, although their configurational relationship is likely to vary in terms of different settings and contexts.

Lastly, hypothesis 2 posited that the external environment, in terms of (a) dynamism, (b) hostility and (c) turbulence, moderates the relationship between EO and the performance of SMSHs. As was previously highlighted, owing to the fact that EO diverged into two factors, namely (a) risk-taking and (b) proactiveness, during the validity test, the hypothesis could not be tested as it was initially stated.

A positive relationship exists between risk-taking and proactiveness in relation to performance. However, when the interactive effect is introduced, the relationship deteriorates in the above regard. Thus, the hypothesis concerned agrees with those in the prior studies of Zahra and Garvis (2000), who postulate that EO may be negatively associated with performance in hostile environments. Such a postulation suggests that proactive practices are likely to be more positively associated with firm performance in financially positive environments than they are in hostile ones (Kreiser & Davis, 2010). Moreover, risk-taking is also likely to yield high outcomes in economically positive environments, owing to the heightened availability of resources in such environments. Therefore, the presence of organisations in hostile environments should discourage them from taking needless risks that might negatively impact on firm survival (Zahra & Garvis, 2000).

6.3. Implications and Recommendations

Taking into cognisance that EO and performance research has tended, in the past, to be overlooked and to be relatively scant for such service industries as hospitality (Hernández-Perlines, 2016), with its samples having generally excluded African countries (Urban & Verachia, 2019), the present study, therefore, was undertaken to provide meaningful implications for SMSH owners and managers. Based on the results obtained in the study, the hoteliers involved should be able to inculcate a climate and culture within their establishments that promotes innovation, supports risk-taking and fosters an environment that drives an ongoing proactive search for market opportunities to enable their hotels to survive. Ultimately,

the study's contribution could be wide-ranging, in providing evidence from an African emerging context viewpoint that has, so far, received minimal attention.

Although several preceding studies have underscored the relationship between EO and SME performance (Covin, Green & Slevin, 2006), the current study exceeds the bounds of the traditional approach that has been taken to determine the extent of each distinctive dimension of EO variance explained in terms of hotel performance. Even though the dimension of innovativeness was not included in the statistical analysis, the current study has been able to reveal that proactiveness can be more predictive than is risk-taking in relationship to performance. Thus, the findings made in the current study should enable both the hoteliers and the government to detect the relevant predictors of hotel performance in the context of the emerging economies.

Most EO–performance studies have, so far, been very context-specific (Boso, Story & Cadogan, 2013; Filser & Eggers, 2014), such as in the case of the current research study, with most of them having been commissioned in a single country (Ahlstrom & Bruton, 2002). Therefore, the current researcher recommends that using several different contexts to explore the relationship between EO and performance could yield enhanced results and could contribute to the broader body of knowledge of cross-culture generalisability.

6.4. Limitations of the Study

The limitations of the present study are as follows:

- Firstly, a pilot study was not undertaken for this particular research study to rectify any problems and errors concerning the questionnaire, before disseminating it to the target audience. Following the application of such a procedure could have benefited the researcher by enabling her to amend any errors confronted during the pilot survey, as well as affording her the opportunity to ascertain the average amount of time that it would take to complete each questionnaire survey.
- Secondly, as the current research study was conducted in the South African SMSH sector, the results are limited to such a context, with the findings of the study not being generalisable in terms of other contexts or in relation to large hotels operative in other locations.

- Thirdly, the study was limited to investigating only three distinctive dimensions of EO, namely risk-taking, innovativeness and proactiveness. Thus, the additional two dimensions (competitive aggressiveness and autonomy) were excluded from the study.
- Lastly, a convenience sampling frame was utilised to collect data for the research, owing to the objective difficulties encountered with data collection in the emerging markets (Shirokova et al., 2015). Therefore, the method employed is regarded as being the least reliable non-probability sample available (Cooper & Schindler, 2014).

6.5. Suggestions for Further Research

The findings of the present study outline future research opportunities. Significant differences might exist regarding the EO test results to be obtained in various regions of South Africa, as the current study was limited to the region of Gauteng alone, with the results for other parts remaining for future research to determine.

The current study employed a quantitative research technique, in terms of which the research participants indicated their opinions and attributes, based on their different interpretations of the issue (Macinati, 2008). Therefore, future research could employ mixed research designs, using both qualitative and quantitative research methods, for the collecting of data.

Moreover, the study used a cross-sectional survey method as a source of collecting primary data. Therefore, further studies could adopt a longitudinal approach, as such studies should aid in depicting the relationship over various time spans, so as to be able to record the changes undergone. Thus, such longitudinal studies could provide relevant stakeholder information that offers additional insight into the emerging South African context.

As was mentioned earlier in Chapter 1, the current study adopted the outlook expressed in Miller's (1983) earlier work regarding exploring the phenomena of EO, in the form of innovativeness, risk-taking and proactiveness, instead of in terms of the five dimensions suggested (Lumpkin & Dess, 1996). Thus, the current research has established that each dimension has a varied effect on performance, with it being suggested that future research should consider all five of the dimensions to determine whether they have a separate, or additional, effect in the above regard.

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APPENDIX A: RESEARCH INSTRUMENT

SURVEY ON ENTREPRENEURIAL ORIENTATION (EO) AND PERFORMANCE OF SMALL- AND MEDIUM-SIZED HOTELS (SMSH)

Section A: Demographics

1.1 Owner of establishment

Yes	No

1.2 If no, please indicate your job designation

Chief Executive Officer (CEO)	Managing Director	General Manager	Other (Specify)

1.3 Gender

Male	Female	Other

1.4 Race

African	Coloured	Indian	White	Asian	Other

1.5 Number of employees (excluding owner)

1-10	11-20	21-30	31-40	41-50	51>

1.6 Highest education level attained

No formal Education	Less than High school	Completed Matric	Certificate/ Diploma	Undergraduate Degree	Post-graduate Degree

1.7 Hotel size (number of rooms)

Small Hotel 1-50 rooms	Medium Hotel 51-120 rooms

1.8 Hotel age

Less than 1 (one) year	1-3 years	4-6 years	7-9 years	10-12 years	13-15 years	16-18 years	19-21 years	More than 21 years

Section B: Entrepreneurial Orientation of hotel

The following questions relate to your hotel's orientation - risk-taking, proactiveness and innovativeness. Selecting a 1 = strongly disagree; selecting a 7 = strongly agree and selecting 4 = neutral stance.

Please indicate how much you agree or disagree with the following statements by circling one option in each row	Strongly disagree	Disagree	Somewhat disagree	Neutral	Somewhat agree	Somewhat agree	Agree
Risk-taking							
1.My hotel believes that owing to the nature of the environment, bold, wide raging acts are necessary to achieve its objectives	1	2	3	4	5	6	7
2.My hotel typically adopts a bold aggressive posture in order to maximise the probability of exploiting potential opportunities	1	2	3	4	5	6	7
3.My hotel prefers to undertake investment projects with moderate risk because income expectations are higher.	1	2	3	4	5	6	7
4.When my hotel faces a decision with some degree of uncertainty, it usually adopts a conservative stance to minimise the risk of a wrong decision.	1	2	3	4	5	6	7
5.My hotel has a strong proclivity of high-risk projects (with chances of very high-risk returns)	1	2	3	4	5	6	7
Innovativeness							
6. At my hotel there exists a very strong emphasis on research and development (R&D), technological leadership and innovations	1	2	3	4	5	6	7
7. In the past five years my hotel has entered new businesses and/or launched new products	1	2	3	4	5	6	7
8. My hotel usually makes significant changes in products/services	1	2	3	4	5	6	7
9. My hotel usually encourages development of employees' ideas for the purpose of business improvement	1	2	3	4	5	6	7
10. My hotel is creative in its methods of operation	1	2	3	4	5	6	7
Proactiveness							
11.My hotel usually responds to actions by competitors and is rarely the first hotel operator to undertake actions.	1	2	3	4	5	6	7
12.My hotel is often a pioneer in the development of new products, techniques, or technologies	1	2	3	4	5	6	7
13.My hotel usually avoids confrontation with other hotels.	1	2	3	4	5	6	7
14.My hotel initiates actions to which competitors then respond	1	2	3	4	5	6	7
15.My hotel typically adopts a "beat competitor's" approach	1	2	3	4	5	6	7

Source: Adapted from Covin and Slevin (1989); Hernández-Perlines (2016).

Section C: Performance of the hotel compared its competition

Please gauge performance of your hotel in comparison to major competitors. Selecting a 1 = strongly disagree; selecting a 7 = strongly agree and selecting 4 = neutral stance.

Please indicate how much you agree or disagree with the following statements by circling one option in each row	Strongly disagree	Disagree	Somewhat disagree	Neutral	Somewhat Agree	Agree	Strongly agree
Financial							
16. Relative to competing products/services, those of our hotel have been more successful in terms of average daily rate	1	2	3	4	5	6	7
17. Relative to competing products/services, those of our hotel have been more successful in terms of employment rate	1	2	3	4	5	6	7
18. Relative to competing products/services, those of our hotel have been more successful in terms of revenue per available room	1	2	3	4	5	6	7
19. Relative to competing products/services, those of our hotel have been more successful in terms of Return on Investment (ROI)	1	2	3	4	5	6	7
20. Relative to competing products/services, those of our hotel have been more successful in terms of profitability	1	2	3	4	5	6	7
Non-financial							
21. Our hotel has been able to achieve customer satisfaction	1	2	3	4	5	6	7
22. Our hotel has been able to satisfy other stakeholders	1	2	3	4	5	6	7
23. Our hotel has strength of the competitive position	1	2	3	4	5	6	7
24. Our hotel has been able to expand existing customer base	1	2	3	4	5	6	7
25. Our hotel has been able to sustain customer base and achieving repeat visits	1	2	3	4	5	6	7

Source: Adapted from Hernández-Perlines (2016); Hughes and Morgan (2007).

Section D: External environment.

These set of questions are designed for the external environment (dynamism, hostility and environmental turbulence) affecting your hotel. Selecting a 1 = strongly disagree; selecting a 7 = strongly agree and selecting 4 = neutral stance.

Please indicate how much you agree or disagree with the following statements by circling one option in each row	Strongly disagree	Disagree	Somewhat disagree	Neutral	Somewhat agree	Agree	Strongly agree
Dynamism							
25. Changes in marketing practices are frequent	1	2	3	4	5	6	7
26. The aging rate of products/services is very fast	1	2	3	4	5	6	7
27. Competitor's behaviour is unpredictable	1	2	3	4	5	6	7
28. The supply of products/services and customer behaviour are unpredictable	1	2	3	4	5	6	7
29. The pace of changes in the service provision of technology is very fast	1	2	3	4	5	6	7
Hostility							
30. The environment of the hotel is a very risky, one false step can lead to a big failure	1	2	3	4	5	6	7
31. The market activities of the main competitors more and more influence the scope of the activities of the hotel (prices, supply, services and quality)	1	2	3	4	5	6	7
32. The market activities of key competitors became more hostile	1	2	3	4	5	6	7
Turbulence							
33. In our kind of business customers' needs change considerably over time	1	2	3	4	5	6	7
34. In our industry, market demand and customer tastes have been unpredictable	1	2	3	4	5	6	7
35. In our industry, actions of competitors have been highly unpredictable	1	2	3	4	5	6	7
36. The technology in our industry has been changing rapidly	1	2	3	4	5	6	7

Source: Adapted from Kwiotkowska (2018); Jaworski and Kohli (1993).

APPENDIX B: CONSISTENCY MATRIX

To ascertain the level of influence EO and the external environment in terms of (a) dynamism; (b) hostility and (c) turbulence have on the performance of SMSH in Gauteng, South Africa.							
Objectives	**Literature review**	**Hypotheses**	**Research questions**	**Variables**	**Source of data**	**Type of data**	**Analysis**
O1: To investigate the level of influence Entrepreneurial Orientation has on the performance of small- and medium-sized hotels	Covin et al. (2020) Gupta and Wales (2017) Hernández-Perlines (2016) Lumpkin and Dess (1996) Miller (1983) Peters and Kallmuenzer (2018) Rezaei and Ortt (2018) Shirokova et al. (2015)	**H1**: There is a positive influence of Entrepreneurial Orientation on the performance of small- and medium-sized hotels	**Q1:** To what extent does Entrepreneurial Orientation influence the performance of small- and medium-sized hotels?	**IV** -EO **DV**-Performance	Data gathered using a research instrument 7-point Likert scale **Questions 1-15**	Nominal Ordinal	Multiple regression
O2: To determine the level of influence risk-taking has as a distinct dimension of Entrepreneurial Orientation on the performance of small-		**H_{1a}:** There is a positive influence of risk-taking as a distinct dimension of Entrepreneurial Orientation on the performance of small- and medium-sized hotels	**Q2:** To what extent does risk-taking as a distinct dimension of Entrepreneurial Orientation influence the performance of small- and medium-	**IV** -Risk-taking **DV**-Performance	Data gathered using a research instrument 7-point Likert scale	Nominal Ordinal	Multiple regression

and medium-sized hotels.	Urban and Barreira (2010) Covin et al. (2020) Gupta and Wales (2017) Hernández-Perlines (2016) Peters and Kallmuenzer (2018) Rezaei and Ortt (2018) Shirokova et al. (2015) Urban and Barreira (2010) Zehir, Can and Kaaraboga (2015)		sized hotels?		**Question 1-5**		
O3: To ascertain the level of influence innovativeness has as a distinct dimension of Entrepreneurial Orientation on the performance of small- and medium-sized hotels		**H_{1b}:** There is a positive influence of innovativeness as a distinct dimension of Entrepreneurial Orientation on the performance of small- and medium-sized hotels	**Q3:** To what extent does innovativeness as a distinct dimension of Entrepreneurial Orientation influence the performance of small- and medium-sized hotels?	**IV**- Innovativeness **DV**- Performance	Data gathered using a research instrument 7-point Likert scale **Question 6-10**	Nominal Ordinal	Multiple regression
O4: To examine the level of influence proactiveness has as a distinct dimension of Entrepreneurial Orientation on the performance of small- and medium-sized hotels		**H_{1c}:** There is a positive influence of proactiveness as a distinct dimension of Entrepreneurial Orientation on the performance of small- and medium-sized hotels.	**Q4:** To what extent does proactiveness as a distinct dimension of Entrepreneurial Orientation influence the performance of small- and medium-sized hotels?	**IV** - Proactiveness **DV**- Performance	Data gathered using a research instrument 7-point Likert scale **Question 11-15**	Nominal Ordinal	Multiple regression

O5: To assess the level of influence the external environment in terms of (a) dynamism (b) hostility (c) environmental turbulence has on the relationship between Entrepreneurial Orientation and the performance of small- and medium-sized hotels	Kwiotkowska (2018) Wiklund and Shepherd (2005)	**H2:** The external environment in terms of (a) dynamism, (b) hostility and (c) turbulence will moderate the relationship between Entrepreneurial Orientation and the performance of small- and medium-sized hotels	**Q5:** To what extent does the external environment in terms of (a) dynamism (b) hostility and (c) turbulence moderate the relationship between Entrepreneurial Orientation and the performance of small- and medium-sized hotels?	**IV** - EO **MV** – External environment (a) dynamism (b) hostility and (c) turbulence **DV**- Performance	Data gathered using research instrument 7-point Likert scale **Question 25-36**	Nominal Ordinal	Multiple regression

APPENDIX C: COVER LETTER

To: Owner or manager of establishment,

My name is Maloela Sekoere, I am currently undertaking research as part of the requirements for attaining the degree - Master of Management: Entrepreneurship and New Venture Creation through the Wits Business School, under the supervision of Professor Boris Urban. The main aim of the research is to determine entrepreneurial orientation and performance of small- and medium-sized hotels in Gauteng, South Africa. As part of the research endeavour, I would kindly like you to partake in completing the survey. It will take approximately 15 minutes to complete the survey.

If you are willing to take part in this research, please note there are no personal direct benefits. Your confidentiality and anonymity will be always well-preserved. A fictitious name will be assigned to represent your participation. The data collected during this interview will be used strictly for academic purposes. If you wish to receive a summary of this research report, it will be available online through the university's library upon completion. Should you wish to verify the authenticity of this project, please contact Prof. Urban +27(0) 11 717 3762 or email boris.urban@wits.ac.za. And, if you have any concerns or complaints regarding the ethical procedures of this study, you are welcome to contact the University Human Research Ethics Committee +27(0) 11 717 1408, email hrec-medical.researchoffice@wits.ac.za

Regards

M.C Sekoere

Email: 1535636@students.wits.ac.za

APPENDIX D: PARTICIPANT INFORMATION SHEET AND CONSENT FORM

Information sheet

My name is Maloela Sekoere, currently undertaking research as part of the requirements for attaining the degree - Master of Management: Entrepreneurship and New Venture Creation through the Wits Business School, under the supervision of Professor Boris Urban. The main aim of the research is to determine entrepreneurial orientation and performance of small- and medium-sized hotels in Gauteng, South Africa.

Your participation

As part of the research endeavour, I would like you to partake in completing the survey. This activity will entail-the first part of the survey, you will be expected to complete your hotels demographics. The second part, this is where you will have to indicate the best possible answer on a series of questions that reflect your hotel's attributes. It will take approximately 15 minutes to complete the survey.

Confidentiality

If you are willing to take part in this research, please note there are no personal direct benefits. Your anonymity and confidentiality will be always preserved. Your name will not be linked to any statements or comments made, and a fictitious name will be assigned to represent your participation. The data collected during this interview will be used strictly for academic purposes. Furthermore, your participation is voluntary, and you can withdraw from participation in this study, without explanation, at any given time.

Your assistance in adding value to this research study is highly appreciated. If you wish to receive a summary of this research report, it will be available online through the university's library upon completion. Should you wish to verify the authenticity of this project, please contact Prof. Urban +27(0) 11 717 3762 email boris.urban@wits.ac.za. The information you

provide for the purpose of this research project will be stored securely on a laptop protected by means of a password and will be kept for not more than five (5) years.

If you perhaps have any concerns or complaints regarding the ethical procedures of this study, you are welcome to contact the University Human Research Ethics Committee +27(0) 11 717 1408, email hrec-medical.researchoffice@wits.ac.za

Consent form

I therefore, agree to take part in the survey regarding Entrepreneurial orientation and performance of small- and medium-sized hotels in Gauteng, South Africa. I fully understand it is not an obligation to participate but out of my free will. I can decide to withdraw my participation, and this will not cause me any harm or negatively affect me. The research endeavour will not really be beneficial to me whatsoever. Also, my participation will remain confidential.

Signature of Participant	**Date**

Commencing this survey instinctively acknowledges that you have gone through this information and accept to participate in this survey well informed