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The perceived relationship between the level of uncertainty avoidance and entrepreneurship in South Africa

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The perceived relationship between the level of uncertainty avoidance and entrepreneurship in South Africa

Mark Meiring

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 Business Administration

Johannesburg, 2012

ABSTRACT

As a country with a high unemployment rate, one of the goals for South Africa is to build the correct environment for jobs to be created. Part of the solution to increase the levels of entrepreneurship within South Africa, is through eradicating the stumbling blocks to entrepreneurial orientation. Uncertainty avoidance, a cultural dimension is one such stumbling block on the road to increased levels of entrepreneurship.

The goal of this paper was to propose that strong levels of perceived uncertainty avoidance lead to a decrease in the level of entrepreneurship.

An online survey was conducted of 74 respondents across three different demographic levels. The data was interpreted through a correlation matrix and a one-way ANOVA analysis. The results of the survey indicated there is a high level of uncertainty avoidance within the South African context and that this would lead to lower levels of entrepreneurship. It was noted that the level of manager has a lower of uncertainty avoidance than that of entrepreneur.

The findings of this research paper will benefit different stakeholders that have an interest in understanding why the levels of entrepreneurship in South Africa are low. It will also go in part towards the understanding of culture and how it needs to evolve to be able to increase the levels of entrepreneurship.

DECLARATION

I, Mark Meiring, 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 Business Administration in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Mark Meiring

Signed at ……

On the …….. day of …… 2012

DEDICATION

This work is dedicated to my loving family.

My wife, Chantel Meiring, who is an inspiration to me. My daughters, Tashlynne and Regan who have unselfishly supported me. Thank you for your belief in me, without you this would not have been possible.

ACKNOWLEDGEMENTS

I would like to express my gratitude to Professor Rasoava Rijamampianina, my supervisor, for his guidance and constant encouragement throughout this process.

My special and deepest thanks go to my family who have sacrificed their time and happiness, through not having a husband, father, son, brother, son-in-law around for the last few years. Thank you for your understanding in allowing me to pursue my dreams.

I would also like to thank my colleague, Ian Tingle, without your encouragement and support I would not have embarked on this MBA journey. To you I am forever grateful.

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CHAPTER 1: INTRODUCTION

1.1 Purpose of the study

The purpose of this research is to assess the perceived relationship between the level of uncertainty avoidance and entrepreneurship in South Africa.

1.2 Context of the study

The degree to which behaviours, such as risk taking and independent thinking are considered by society to be desirable, are indicated by the cultural values of the country (Lee and Peterson, 2000). Cultures that reinforce conformity and control group interests over the future, are likely to display a low risk-taking propensity (Thomas and Mueller, 2000). Thomas and Mueller (2000) also suggest that evidence exists for cultural values such as power distance and uncertainty avoidance being related to traits such as risk taking.

> "As the world becomes flat and boundaries break down, entrepreneurs need to understand the proper role of culture in order to obtain competitive advantage" (Naor, Linderman and Schroeder, 2010, pg 194).

Within a decentralized organization, control is achieved through operational rules and socialization, and not the excessive use of hierarchy (Boyacigiller, 1990). Lower levels in the organization can make decisions with little risk due to the existence of rules and standards (Perrow, 1961). A similar outcome is unobtrusively achieved through socialization. Just as research suggests that when people from different cultures work together misunderstandings occur (Adler, 1986), so does cultural distance influence investment decisions that the funding organization will be likely to make for entrepreneurial ventures.

The gap identified; is to explore the perceived relationship between uncertainty avoidance and the ability to secure funds for entrepreneurial ventures within the South African market.

1.3 Problem statement

The purpose of this research is to assess the perceived relationship between uncertainty avoidance level and entrepreneurship in South Africa.

1.4 Significance of the study

The study fills a gap in that there is currently no substantial research addressing perceived uncertainty avoidance level and its relationship with entrepreneurship in South Africa.

1.5 Delimitations of the study

Entrepreneurial orientation will be used to define entrepreneurship and the link between cultural dimensions and entrepreneurship. It is however, not part of the research that is being undertaken.

The research paper will not be limited to the viewpoints of entrepreneurs; it will also elicit responses from managers within organizations.

The demographic profile of the sample population will not be tested and does not form part of this research.

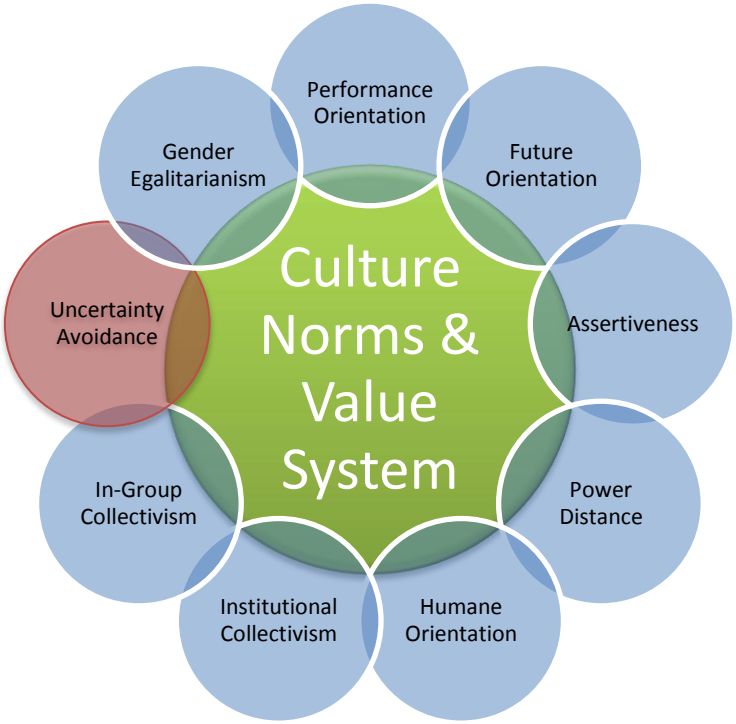

Figure 1: Culture Norms and Value System

National cultures are examined in terms of nine dimensions: performance orientation, future orientation, assertiveness, power distance, humane orientation, institutional collectivism, in-group collectivism, uncertainty avoidance, and gender egalitarianism (House, Javidan, and Hanges, 2002); (Hofstede, 1980).

This paper will only address one area from Figure 1 namely; uncertainty avoidance (Hill, 2009).

1.6 Definition of terms

Risk – the possibility of something bad happening at some time in the future; a situation that could have a bad result (Oxford, 2000).

Entrepreneurial orientation – how entrepreneurship is undertaken (Lee and Peterson, 2000)

1.7 Assumptions

The following assumptions have been made regarding the study:

- Sharing of information from the sample due to their position, uncertainty avoidance and entrepreneurship. Not fully understanding these areas will lead to poor results.
- The number of respondents will be adequate enough to gain meaningful data.
- That national culture in each country is unified. The inability to take into consideration the existence of different subcultures is not accounted for.
- Entrepreneurs already have entrepreneurial orientation predisposition.

CHAPTER 2: LITERATURE REVIEW

"The survival of mankind will depend to a large extent on the ability of people who think differently to act together." (Hofstede, 1967 - 2009)

2.1. Introduction

Entrepreneurship is a significant factor for socioeconomic growth and development (Lee and Peterson, 2000; Wennekers and Thurik, 1999) as it provides millions of job opportunities and generally increases national prosperity and competitiveness (Zahra, 1999; Stel, Carree and Thurik, 2005; Audretsch and Keilbach, 2004) Increasingly there is the need whereby entrepreneurship must assume a prominent role given that global competition is based upon agility, creativity and innovation (Lado and Vozikis, 1996; Morris, 1998).

The most widely cited description of entrepreneurship is that of accepting risk and uncertainty, only those cultures with a foundation that supports ambiguity and uncertainty will reap the benefits of entrepreneurial activities (Lee and Peterson, 2000; House and Aditya, 1997)

Hill (2009) "indicates that culture is not a constant; it evolves over time", however, it is slow and painful. This must be taken into account for future economic growth and job expansion in the South African context. The literature review will therefore briefly cover uncertainty avoidance - one dimension of culture, and the effects of culture on entrepreneurial activities. This chapter then concludes with the positing of the research proposition.

2.2. Entrepreneurship

2.2.1 Definition

There is still a remarkable level of confusion surrounding the definition of the word entrepreneurship and what an entrepreneur does.

Carland et al. (1984) sees an entrepreneur as:

> *"An entrepreneur is an individual who establishes and manages a business for the main purpose of profit and growth."* (Carland, Hoy, Boulton and Carland, 1984, pg 358).

One of the underlying dimensions Carland et al. (1984) does not mention is that of the risk that an entrepreneur will take on when creating a venture. For the purpose of this research paper the following definition by Nieman and Nieuwenhuizen (2009, pg 9), will be used when defining entrepreneur and entrepreneurship:

> "*An entrepreneur is a person who sees an opportunity in the market gathers resources and creates and grows a business venture to meet these needs. He or she bears the risk of the venture and is rewarded with profit if it succeeds." (Nieman and Nieuwenhuizen, 2009, pg 9).*

2.2.2 Entrepreneurial Orientation

Lee and Peterson (2000, pg 405), define entrepreneurial orientation as:

> *"The entrepreneurial process, namely how entrepreneurship is undertaken – the methods, practices, and decision-making styles used to act entrepreneurially."*

Taking risk is seen as one of the five dimensions within entrepreneurial orientation, and combined with the unique blend of cultural values can make it strong (or not) (Lee and Peterson, 2000).

2.2.3 Entrepreneurship versus Small Business

There are key differences between small businesses and entrepreneurial ventures (Morris, 1998) as reflected in Table 1. Entrepreneurship encompasses more than just running a business, it includes disciplines such as, innovation, growth-orientated outlook and risk (Nieman and Nieuwenhuizen, 2009).

Table 1: Differences between typical small businesses and entrepreneurial ventures
(Morris, 1998)

Characteristics of Small Business	Characteristics of Entrepreneurial Ventures
Stable	Unstable
Socially-orientated	Commercial-orientated
Involvement of family members	Involvement of professionals
More informal	More formal
Present-orientated	Future-orientated
Preference for low-risk/low-return activities	Preference for high-risk/high-return activities
Level resource needs	Expanding resource needs with ongoing cash shortages

2.2.4 Ability to secure funds

Both economic growth (Birley, 1987; Brockhaus, 1980) and innovation are intricate parts of entrepreneurial ventures. With a society that is stagnating economically the level of capital funding is too small to take advantage of opportunities that do exist, hence as economic growth increases entrepreneurship levels also improve (Kilby, 2003). Governments are able to show support for entrepreneurship through funding of risky ventures, increasing availability of labour and privatizing state owned enterprises (Morris, 1998; Riskin, 1977).

2.3. Culture

2.3.1 Definition

While there is no agreed upon definition of culture, the following two definitions by Hofstede (1980) and House, et al. (2002) are used as a basis upon which most definitions are created

Geert Hofstede, defined culture as:

> *"the collective programming of the mind which distinguishes the members of one human group from another" (Hofstede, 1980, pg 21).*

Robert House, states the following as a start to beginning to define culture:

> *"culture is used by social scientists to refer to a set of parameters of collectives that differentiate the collectives from each other in meaningful ways" (House et al., 2002, pg 5).*

2.3.2 Dimensions of Culture

National cultures are examined in terms of nine dimensions, the last six dimensions were first identified by Hofstede (1980).

1. *Performance orientation* is the rewarding of members for improvement within the designated culture.
2. *Future orientation* deals with the engagement of cultural behaviours such as planning, and investing which are viewed as future orientated.
3. *Humane orientation* focuses on the fairness, generosity, and kindness to others and the rewarding thereof by the population members of a designated culture.
4. *Assertiveness* is the degree that individuals are confrontational in social relationships.
5. *Power distance* focuses on how a society deals with the fact that people are unequal in physical and intellectual capabilities and how power should be shared.

6. *Institutional collectivism* is the practise of encouraging and distributing resources collectively.
7. *In-group collectivism* is the expression of cohesiveness within families.
8. *Uncertainty avoidance* deals with a societies tolerance for uncertainty and ambiguity; it indicates to what extent a culture programs its members to feel either comfortable or uncomfortable in unstructured situations.
9. *Gender egalitarianism* is the minimization of gender differences.

2.4 Uncertainty avoidance dimension

The identification of uncertainty avoidance is defined by Hofstede (1980) and Trompenaars (1998) as dealing with a societies tolerance for uncertainty and ambiguity; it indicates to what extent a culture programs its members to feel either comfortable or uncomfortable in unstructured situations (Hofstede, 1980; Trompenaars, 1998). The definition goes on to show that if uncertainty avoidance is *strong,* there is little acceptance for uncertainty or risk, and should it be *weak* a general acceptance for uncertainty and risk will take place.

2.5 Perceived relationship between uncertainty avoidance level and entrepreneurship

Confronting uncertainty when dealing with a new entrepreneurial venture brings to the fore that entrepreneurs have to make their own decisions with very little historical information (Shane, 1995). Lee and Peterson (2000) indicate that “cultures that support this way of thinking are less tolerant of power distance and are willing to accept living with uncertainty” and are therefore more likely to succeed in entrepreneurial ventures.

Cultural values indicate the degree to which a society considers entrepreneurial behaviours, such as risk taking and independent thinking, to be desirable as per Hayton, George and Zahra (2002).

Using Hofstede (1980) and Trompenaar’s (1998) cultural dimensions we see the following emerge:

Table 2: Cultural Dimensions of Various Countries/Regions (Hofstede, 1980; Trompenaars, 1998)

Cultural Dimension	Conducive Entrepreneurial Culture	Countries / Regions			
		U.S.	Japan	China	South Africa *
Uncertainty Avoidance	Weak	Weak	Strong	Strong	Strong
Power Distance	Low	Low	High	High	High

* South African figures based on 2003 results as per Hofstede (2009)

2.6 Proposition

P_1 Strong levels of perceived uncertainty avoidance leads to a decrease in the level of entrepreneurship.

2.7 Conclusion of Literature Review

> "As the world becomes flat and boundaries break down, entrepreneurs need to understand the proper role of culture in order to obtain competitive advantage" (Naor et al., 2010, pg 194).

Culture needs to evolve over time (Hill, 2009) so that the entrepreneurial orientation (Lee and Peterson, 2000) is brought to the fore and that entrepreneurship, which is a significant factor for socioeconomic growth and development (Lee and Peterson, 2000), provides millions of job opportunities and generally increases national prosperity and competitiveness (Zahra, 1999).

Economically the level of capital funding is too small to take advantage of opportunities that do exist, hence as economic growth increases entrepreneurship levels also improve (Kilby, 2003) and this means more than just running a small informal business, it includes disciplines such as, innovation, growth-orientated outlook and risk (Nieman and Nieuwenhuizen, 2009) which are part of the nature of entrepreneurship.

2.7.1 Proposition 1:

Strong levels of perceived uncertainty avoidance leads to a decrease in the level of entrepreneurship.

CHAPTER 3: RESEARCH METHODOLOGY

The quantitative approach that was used for this research is discussed in this section, and it is followed by a description of the instrument and procedure that was used for data collection.

3.1 Quantitative Research

Quantitative research is defined by Golafshani (2003) as a methodology that employs quantitative measures in order to test generalisations. It is also used to give insight into relationships between measureable variables (Leedy and Ormrod, 2005). All aspects of the study can be designed before data is collected and this is why this research methodology was preferred.

The process of quantitative research as described by Bryman and Teevan (2004) was followed during this study. This process, adopted by the researcher, allowed for the links between the stages to be fully investigated and understood.

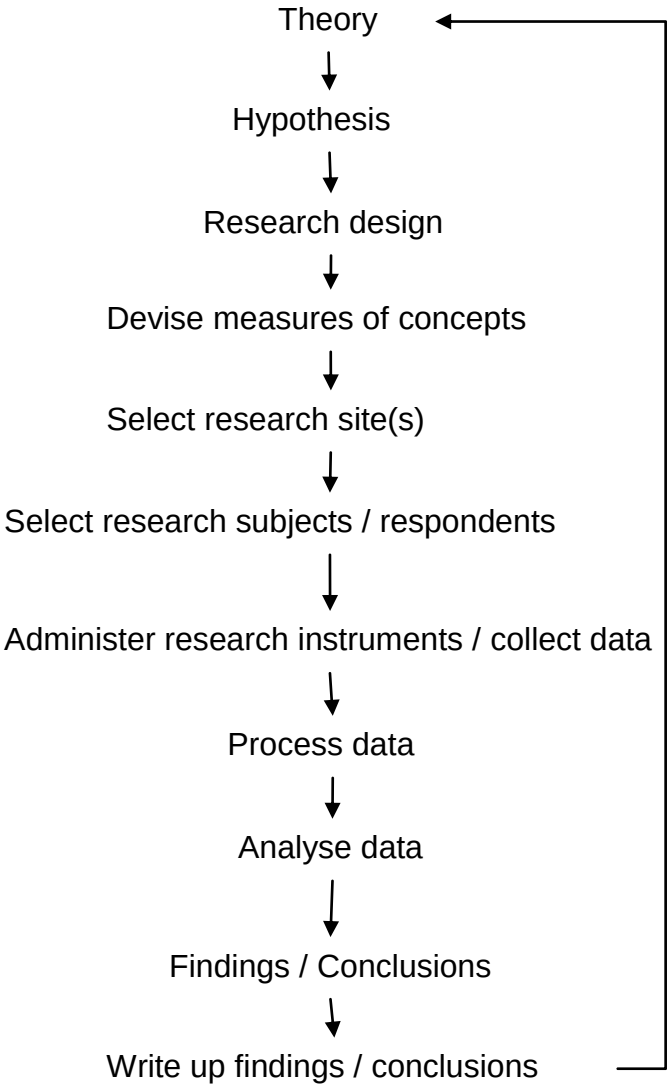

Figure 2: The process of quantitative research
(Bryman and Teevan, 2004)

Data collection in the form of an online survey questionnaire was used, with quantitative measures, in the form of a Likert scale, being used to process the data. The quantitative analysis method, described by Hair (2010), analysis of variance, was used in order to interpret results from the survey.

3.2 Research Design

Technology for web-based online survey research is young and evolving. Today, survey software packages and web based online survey services are making online survey research much easier and faster. Many researchers are

unaware of the advantages and disadvantages associated with conducting web based survey research online (Wright, 2005). These advantages are outlined below.

1. The internet has the ability to provide access to groups and individuals who would otherwise be difficult to reach through other channels (Wellman, 2002; Wright, 2005);
2. Thousands of people can be reached through an online survey; these people may have common characteristics. The survey can be completed in a short amount of time, despite being separated by great geographic distances (Yun, 2000);
3. Online surveys can also save time by allowing the researcher to collect data while working on other tasks (Ilieva, Baron and Healey, 2002). Preliminary analyses can be completed on collected data while waiting for the desired number of responses to accumulate (Ilieva et al., 2002);
4. Costs can be brought down and money saved by moving from a paper format to an electronic medium.

Online surveys offer many advantages over traditional surveys. However, there are also disadvantages to be considered by the researcher who is contemplating using the online survey methodology.

3.3 Population and sample

3.3.1 Population

The population to be surveyed will be broken down into three categories as indicated in Table 3, other, entrepreneur, and manager. All categories will be tested for the independent questions based on culture.

Table 3: Profile of respondents

Description of respondent level, e.g. manager, union representative, student	Number to be sampled
Other	50
Entrepreneur	100
Manager	100

3.3.2 Sample and sampling method

The sampling method for this research consisted of approaching students from the Master of Business Administration (MBA) classes at the Wits Business School (WBS) to participate in the research under the category of 'manager'. The category of 'entrepreneur' was populated through the various financial institutions that offer financing to entrepreneurs, as well as approaching the Centre for Entrepreneurship (CFE) at the WBS for a mailing list to send out the anonymous survey for completion.

This sample is not a true random sample but more one of convenience. This type of sample was chosen due to the cost and time impact in getting a truly random sample (Bryman and Teevan, 2004).

3.4 The research instrument

The researcher acted as the coordinator of the online surveys containing the questionnaire. The instrument to be used was developed by House (House, Javidan, Hanges, and Dorfman, 2004).

The independent questions were compiled by the researcher to garner further information as to whether the respondent completing the survey fell into the category of entrepreneur, manager or other. The researcher was then able to

establish whether or not strong levels of perceived uncertainty avoidance led to a decrease in the levels of entrepreneurship.

3.5 Procedure for data collection

The researcher contacted students from two WBS MBA classes to complete the questionnaire. It was from this contact list that referral chains from these students expanded the number of respondents to the survey.

The CFE was contacted to garner a list of possible entrepreneurs who were emailed a link to the online survey. This was done in conjunction with obtaining a list of entrepreneurs from other financial institutions, with the objective of widening the respondent sample.

3.6 Data analysis and interpretation

The results of the online survey were analysed using the correlation methodology, this method aimed to assist in addressing the research proposition: Do strong levels of perceived uncertainty avoidance lead to lower levels of entrepreneurship?

The Likert scale data gathered from the survey is ordinal level data (Jamieson, 2004). Ordinal data does not provide clear interval measures and cannot be presumed equal as each variable differs from the next (Easterby-Smith, Thorpe and Lowe, 2002).

3.7 Limitations of the study

Certain disadvantages are known to exist in email surveys; and pose potential risks to the collection of data.

Problems (Howard, 2001), such as multiple email addresses for the same person, multiple responses from participants, and invalid or inactive email addresses can make random sampling online a problematic method in many circumstances (Couper, 2000).

Response rates in email surveys are equal to or better than those for traditional mailed surveys, however these findings may be questionable because non-response rate tracking is difficult to ascertain in online surveys (Thompson, Surface, Martin and Sanders, 2003).

Furthermore, it is not certain whether the recipient of the mailed survey is the individual who actually completes and returns it (Schmidt, 1997).

3.8 Validity and reliability

In order for research to be of value it must have high levels of validity and reliability (Bailey, 1982). Leedy and Ormrod (2005) define reliability as the consistency of results should the concept not have been changed.

3.8.1 External validity

Validity was assessed by correlating the value scales based on ‘should be’ with others from the World Values Surveys as per House et al. (2004). It is however, noted that the sample was not chosen randomly and is not generalizable; the possibility for bias is therefore recognisable.

Real-life entrepreneurs and managers were sampled for this research, and were not under a controlled circumstance. The research will then be viewed as having higher validity in a real-world context.

3.8.2 Internal validity

The extent to which the instrument offers coverage of the topic led to internal validity (Bailey, 1982; Leedy and Ormrod, 2005). All participants in this research were ensured anonymity. The researcher trusts that they have answered truthfully on the factors affecting their ability to acquire financial funding.

3.8.3 Reliability

As defined by Hair et al (2010), reliability assesses the degree of consistency between multiple measurements, this is to ensure responses are not varied across time periods.

The research survey was only sent to one individual in an entrepreneurial venture, in all events the entrepreneur himself or herself. Should the same survey be repeated it is expected that the results will be the same as only that particular individual can answer for the venture as a whole indicating consistency between multiple measurements.

CHAPTER 4: PRESENTATION OF RESULTS

The results of the online survey that was completed will be described through the demographical profile of respondents. Culture was measured in two separate constructs, ‘as is’ and ‘should be’, to which a correlation matrix was applied. The general culture was finally calculated using a one-way ANOVA analysis.

4.1 Demographic profile of respondents

The total amount of respondents to the electronic survey that was sent out was 74. The split between respondents was as follows; entrepreneur – 49 percent, manager – 36 percent, and other – 15 percent, as per Table 4.

Table 4: Actual profile of respondents

Description of respondent level	Actual number respondents	Percentage per level
Other	11	15 %
Entrepreneur	36	49 %
Manager	27	36 %
Total	74	100 %

4.2 Results pertaining to the main proposition

4.2.1 Correlation tables

Table 5: ‘As is’ correlations

	Q1	Q2	Q5	Q6
Q1	1.00			
Q2	0.6033***	1.00		
Q5	0.3698	0.2192	1.00	
Q6	0.0798	0.0539	0.3849**	1.00

N: 74, Cronbach’s α: 0.6194, ***= p <0.01, **= p <0.05

The correlation between Question 1 and 2 is found to be significant at the level of 0.01. While Question 5 and 6, is also found to be significant.

Table 6: 'Should be' correlations

	Q3	Q4	Q7	Q8
Q3	1.00			
Q4	0.4897	1.00		
Q7	0.5971***	0.3279	1.00	
Q8	0.1718	0.1954	0.4225***	1.00

N: 74, Cronbach's α: 0.7067, ***= p <0.01, **= p <0.05

Questions 3 and 7 are found to be significant as the questions come from both the structure of society and organizational, both are however, related to the theme of *should be*. Questions 7 and 8 are found to be significant.

The Cronbach's alpha for both constructs 'as is' and the 'should be' are between 0.6 and 0.8. No items qualified for removal in the calculating of the Cronbach's alpha, as this would not have led to any significant strengthening of the overall result.

4.2.2 One-way analysis of general

Results were analysed using a one-way ANOVA analysis.

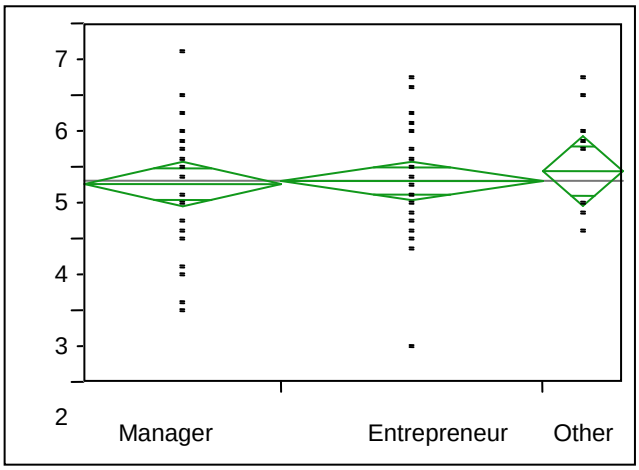

Figure 3: One-way Analysis of General

One-way Anova

Table 7: Summary of Fit

Rsquare	0.005538
Adj Rsquare	-0.02248
Root Mean Square Error	0.809222
Mean of Response	4.820946
Observations (or Sum Wgts)	74

On the Likert scale of 1 to 7, the mean of 4.820 is moderately strong.

Table 8: Analysis of Variance

Source	DF	Sum of Squares	Mean Square	F Ratio	Prob > F
Q9	2	0.258913	0.129456	0.1977	0.8211
Error	71	46.493621	0.654840		
C. Total	73	46.752534			

The Prob>F value will provide the p-value of the F-test. This p-value is 0.8211 which is greater than 0.05, at a 95 percent level of confidence even at a 90 percent level of confidence this is also true.

Table 9: Means for One-way ANOVA

Level	Number	Mean	Std Error	Lower 95%	Upper 95%
Manager	27	4.77315	0.15573	4.4626	5.0837
Entrepreneur	36	4.81597	0.13487	4.5470	5.0849
Other	11	4.95455	0.24399	4.4680	5.4410

Std Error uses a pooled estimate of error variance. There is no significant difference of the mean between the levels.

4.3 Summary of the results

To complete the one-way ANOVA for general culture the average of the two constructs was done and then an ANOVA used to test the difference between

the levels. The Cronbach's alpha ranges from 0.600 to 0.800 which indicates that the levels of reliability are acceptable. The Prob>F value indicates that there is no significant difference between the different levels being measured, while the mean is moderately strong at 4.820 on a Likert scale of between 1 and 7.

CHAPTER 5: DISCUSSION OF THE RESULTS

The main proposition sought to show that a strong level of perceived uncertainty avoidance would lead to a decreased level of entrepreneurship in South Africa. This chapter then presents a discussion of the results in relation to the main proposition and in the context of the reviewed literature. The discussion of the results will follow in order of the analysis as in Chapter 4.

5.1 Demographic profile of respondents

Table 10: Comparison of respondents for completed survey

Description of respondent level	Number to be sampled	Actual number respondents	Percentage of respondents
Other	50	11	22 %
Entrepreneur	100	36	36 %
Manager	100	27	27 %
Total	250	74	30 %

A population of 250 was considered sufficient to give a strong enough analysis for the research paper requirement. Once the survey had been completed a total of 74 responses were collected. As noted in the limitations of the study; invalid or inactive email addresses can make random sampling online a problematic method. This was found to be true. The response rate was 30 percent of the original number proposed. The full demography of the South African populace was not tested as stated in the delimitations of the study.

5.2 Discussion pertaining to the main proposition

5.2.1 Correlation

Questions one and two have a strong significance as seen in Table 5. The questions revolve around society practises ‘as is’, which can be viewed as the respondents agreeing that orderliness, consistency, societal requirements, and

instructions are stressed and spelled out. This would be to the detriment of society as people now do not have leeway to think or act outside of these boundaries as set by society. Lado and Vozikis (1996) indicated the need whereby entrepreneurship must assume a prominent role given that global competition is based upon agility, creativity and innovation, yet question one indicates that society stresses orderliness and consistency at the expense of experimentation and innovation.

We see again, within the correlation of organizational practices 'as is', in Table 6, that instructions and consistency are stressed and spelt out so that innovation is dampened.

The respondents' answers to questions seven and eight indicate that they feel that even within the organizational values 'should be' construct, that orderliness and consistency should be stressed and that job requirements and instructions should be spelt out. Shane (1995) indicates that a new entrepreneurial venture brings to the fore that entrepreneurs have to make their own decisions with very little historical information, the correlation within questions seven and eight indicate that the respondents require this historical information to be spelt out for them indicating a high level of uncertainty avoidance.

5.2.2 One-way ANOVA

The Prob>F value indicates that there is no significant difference between the different levels being measured. Entrepreneurs need to understand the proper role of culture in order to obtain competitive advantage (Naor et al., 2010), showing that entrepreneurs have still not come to grips with how to deal with culture in the work environment. All levels (manager, entrepreneur and other) show a strong level of uncertainty avoidance.

The overall mean across all three levels as seen in Table 7 is recorded as 4.820, as per House et al. (2004), a score above that of 4.800 was deemed to be strong. As the results reflect a 4.820, the perceived level of uncertainty avoidance is scored as moderately strong and would thus lead to a decrease in the level of entrepreneurship in South Africa.

Should the level of uncertainty avoidance be *strong,* there is little acceptance for uncertainty or risk (Hofstede, 1980). The calculated mean, using the one-way ANOVA analysis, is moderately strong at 4.820 on a Likert scale of 1 to 7. This indicates that there is a moderately strong level of perceived uncertainty avoidance which would lead to a decrease in the level of entrepreneurship in South Africa.

It is noted that the manager has a lower mean than that of the entrepreneur, indicating that managers have a lower level of uncertainty avoidance. Thus the manager level is seen as being less risk-averse, possibly due to the current climate of uncertainty in the world today. The entrepreneur has a mean of 4.815 when compared with the manager who has a mean of 4.773, therefore is it concluded that entrepreneurs are perceived to be more risk averse as they are unsure of the economic climate. The entrepreneur has to be more careful with his or her capital in the recessionary period and therefore has a higher level of uncertainty avoidance.

5.3 Conclusion

High levels of entrepreneurship can lead to significant growth for socioeconomic development within a country (Lee and Peterson, 2000). Cultural values such as uncertainty avoidance indicate the degree to which a society considers entrepreneurial behaviours, such as risk taking and independent thinking, as a requirement for growth.

The high level of perceived uncertainty avoidance leads to a decrease in the level of entrepreneurship. Entrepreneurial orientation (Lee and Peterson, 2000) needs to be brought to the fore so that entrepreneurship, which is a significant factor for socioeconomic growth and development, can prosper.

CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

The results garnered from the survey show that even across different demographics, that is entrepreneur, manager, and other within the South African context, perceived levels of uncertainty avoidance are still high and this leads to lower levels of entrepreneurship. Table 7, demonstrates that the mean is 4.820 and this level is moderately strong and according to House (2002) viewed as high.

It is evident from the results that in the South African context that uncertainty avoidance levels are still perceived to be high and that this would lead to a lower level of entrepreneurship within the country. In light of this view, it is evident that culture needs to evolve to be able to decrease the levels of uncertainty avoidance and thus increase entrepreneurial orientation (Lee and Peterson, 2000).

The results further show that within the constructs of organizational values 'should be', that consistency and job instructions are spelt out in detail and stressed, even at the expense of experimentation and innovation. Society practices 'as is' construct supports this as the respondents felt that this was what is currently happening in society today in South Africa.

6.1 Suggestions for further research

- Future research into the demographic profiling of South Africa to ascertain which culture within South Africa has a higher level of uncertainty avoidance. This would then be able to identify the areas that a particular culture may need to look at so as to evolve and move towards lowering the level of uncertainty avoidance and increasing entrepreneurial ventures. Hill (2009) indicates that culture needs to evolve to bring entrepreneurial orientation to the fore.

- It would be interesting to investigate whether the incubation of social entrepreneurship ventures which have a different value outcome will be able to be implemented within the South African context. As these are still widely seen as charities the funds can be put to good use within the communities to uplift them, while educating people on the fundamentals of entrepreneurial ventures.

- Furthermore, future research revolving around the acquisition of funding by the entrepreneur and why it was or was not awarded by financial or other institutions could indicate to these institutions that the model used to finance an entrepreneur in a high uncertainty avoidant country may need to differ from the traditional model of funding.

- It has been noted in the survey results that the level of manager was seen to have lower levels of uncertainty avoidance than that of entrepreneurs. It would be interesting to see if these managers would vacate their roles to that of entrepreneur given the correct circumstance or would they rather remain in the manager role.

- In addition, further investigation into neighbouring countries and their levels of uncertainty avoidance may lead to the same results as South Africa's. Should it be different, what are the levels of entrepreneurship in those countries?

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APPENDIX A

Actual Research Instrument

Dear participant

I am currently busy with my research report towards the Master of Business Administration (MBA) degree at the Wits Business School. The title of my research is **"The perceived relationship between the level of uncertainty avoidance and entrepreneurship in South Africa"**. The research will identify whether high levels of uncertainty avoidance is prevalent in entrepreneurs or in managers.

I am kindly appealing to you to participate in the research survey, in order to acquire accurate results from this research. Responses will be treated with the utmost confidentiality and participants are assured of anonymity, as well as there being no demographic indicators in the questionnaire.

Please would you be so kind as to complete the online questionnaire which should not take longer than 10 minutes. I am hoping to have all responses by the **05 February 2012.** If required, I can be contacted on +27 (0)82 4970220 or at meiringmark@gmail.com.

Many thanks

Sincerely

Mark Meiring

Research Questions

Independent questions

Uncertainty avoidance: Society Practices (as is)

1. In this society, orderliness and consistency are stressed, even at the expense of experimentation and innovation. (reverse scored)

Strongly agree			Neither agree nor disagree			Strongly disagree
1	2	3	4	5	6	7

2. In this society, societal requirements and instructions are spelled out in detail so citizens know what they are expected to do. (reverse scored)

Strongly agree			Neither agree nor disagree			Strongly disagree
1	2	3	4	5	6	7

Uncertainty avoidance: Society Values (should be)

3. I believe that orderliness and consistency *should be* stressed, even at the expense of experimentation and innovation. (reverse scored)

Strongly agree			Neither agree nor disagree			Strongly disagree
1	2	3	4	5	6	7

4. I believe that societal requirements and instructions *should be* spelled out in detail so citizens know what they are expected to do. (reverse scored)

Strongly agree			Neither agree nor disagree			Strongly disagree
1	2	3	4	5	6	7

Uncertainty avoidance: Organizations Practices (as is)

5. In this organization, orderliness and consistency are stressed, even at the expense of experimentation and innovation. (reverse scored)

Strongly agree			Neither agree nor disagree			Strongly disagree
1	2	3	4	5	6	7

6. In this organization, job requirements and instructions are spelled out in detail so employees know what they are expected to do. (reverse scored)

Strongly agree			Neither agree nor disagree			Strongly disagree
1	2	3	4	5	6	7

Uncertainty avoidance: Organizations Values (should be)

7. In this organization, orderliness and consistency *should be* stressed, even at the expense of experimentation and innovation. (reverse scored)

Strongly agree			Neither agree nor disagree			Strongly disagree
1	2	3	4	5	6	7

8. In this organization, job requirements and instructions *should be* spelled out in detail so employees know what they are expected to do. (reverse scored)

Strongly agree			Neither agree nor disagree			Strongly disagree
1	2	3	4	5	6	7

Dependant question

9) Based on the definitions are you a?

Manager	
Entrepreneur	
Other	

Entrepreneur
"An entrepreneur is a person who sees an opportunity in the market gathers resources and creates and grows a business venture to meet these needs. He or she bears the risk of the venture and is rewarded with profit if it succeeds."

Manager
"A person who is employed to control the running of a business, similar organization or part of one."

Other
Neither a manager nor an entrepreneur.

APPENDIX B

Cronbach's Alpha

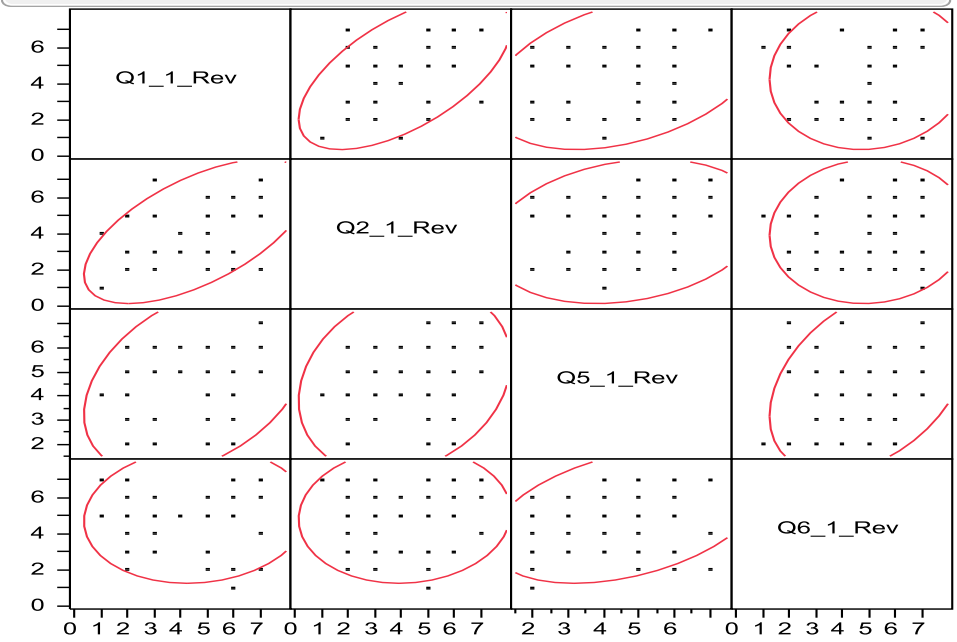
Table 5 Cronbach's alpha

Multivariate

Correlations

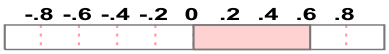
	Q1_1_Rev	Q2_1_Rev	Q5_1_Rev	Q6_1_Rev
Q1_1_Rev	1.0000	0.6033	0.3698	0.0798
Q2_1_Rev	0.6033	1.0000	0.2192	0.0539
Q5_1_Rev	0.3698	0.2192	1.0000	0.3849
Q6_1_Rev	0.0798	0.0539	0.3849	1.0000

Scatterplot Matrix



Cronbach's α

	α
Entire set	0.6194



Excluded

Col	α
Q1_1_Rev	0.4536
Q2_1_Rev	0.5314
Q5_1_Rev	0.5083
Q6_1_Rev	0.6691

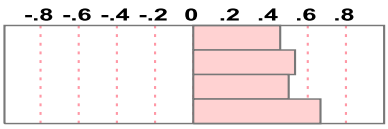


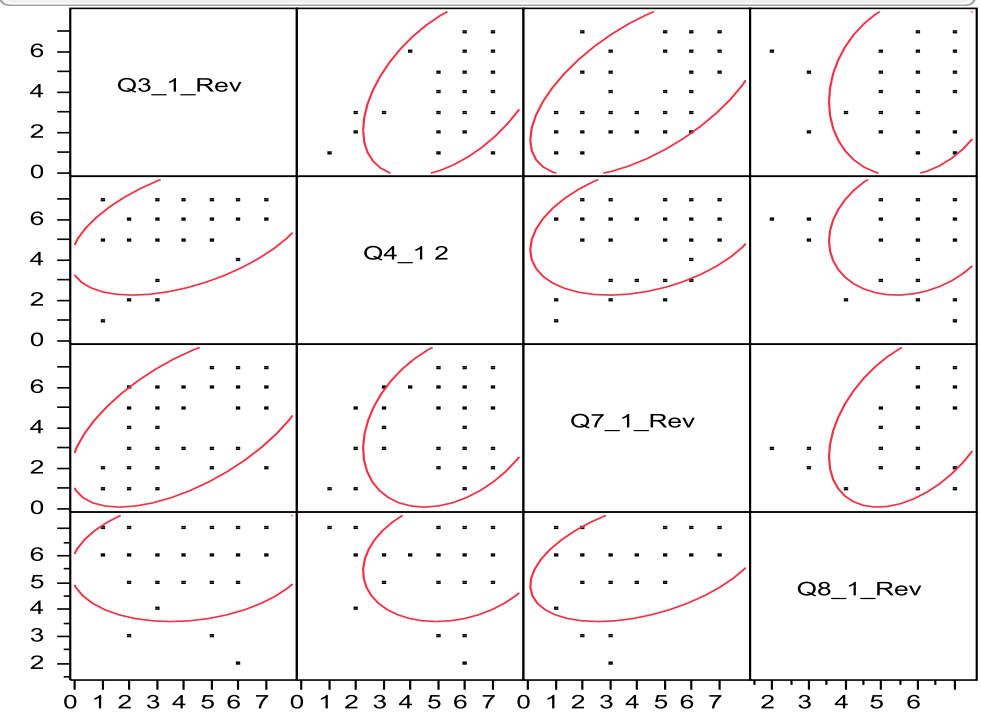
Table 6 Cronbach's alpha

Multivariate

Correlations

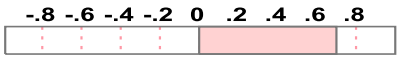
	Q3_1_Rev	Q4_1 2	Q7_1_Rev	Q8_1_Rev
Q3_1_Rev	1.0000	0.4897	0.5971	0.1718
Q4_1 2	0.4897	1.0000	0.3279	0.1954
Q7_1_Rev	0.5971	0.3279	1.0000	0.4225
Q8_1_Rev	0.1718	0.1954	0.4225	1.0000

Scatterplot Matrix



Cronbach's α

	α
Entire set	0.7067



Excluded

Col	α
Q3_1_Rev	0.5603
Q4_1 2	0.6656
Q7_1_Rev	0.5514
Q8_1_Rev	0.7295

